



CONTEMPORARY LEGAL ISSUES ON
REAL ESTATE INVESTMENT IN

PHÚ QUỐC

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**A. BRIEF ON INVESTMENT –
TAX POLICIES IN
PHÚ QUỐC**

TAX – INVESTMENT POLICIES (cont.)

1. Foreign-invested projects in Phú Quốc shall be granted under the procedures for REGISTRATION of investment license as those applied to domestic-invested ones.
2. Projects invested in Phú Quốc shall be granted investment incentives within the List A according to Decree 164/2003/NĐ-CP dated 22 December 2003 of the Government guiding the implementation of the Law on Corporate Income Tax.

TAX – INVESTMENT POLICIES (cont.)

- 2. Enjoy a tariff on corporate income tax of 10% to be applied for throughout duration of the implementation of the project; be entitled to be exempted from corporate income tax for 4 years from the establishment date; and reduced 50% that tax for 9 consecutive years counted from the first profitable year.**
- 3. Reduce 50% income tax for people having high income, including Vietnamese and foreigner working in Phú Quốc.**
- 4. Be exempt from import tax towards one-time imported commodities in order to create the fixed property during the time of investment to projects. This incentive would be applied where the project(s)' scale is broadened.**

B. LAND – HOUSING POLICIES IN PHÚ QUỐC

LAND – HOUSING POLICIES IN PHÚ QUỐC (cont.)

1. Land rental price

Annual land rental price shall be 50% of price list prescribed by the Government, however at least equivalent to 0,25% land price based on the use of leased/rent land issued by the Kien Giang People's Committee which is unchanged in 5 years.

2. Exemption of land rental

- a) Exemption of 11-year land rental shall be applied to projects which are not belong to the List of industries, sectors subject to encouraged investment;
- b) Exemption of 11-year land rental shall be applied to which are belong to the List of industries, sectors subject to encouraged investment.

LAND – HOUSING POLICIES IN PHÚ QUỐC (cont.)

2. Housing ownership

- a) Overseas Vietnamese(s) shall be entitled to buy houses attached to land use right in Phú Quốc.
- b) Foreigners who permanently reside in Vietnam and foreign investors shall be entitled to buy houses and to lease land for long term in Phú Quốc.

**C. Key changes of DECREE
84/2007/NĐ-CP OF The
Government on grant of LUR
Certificate(s), land withdraw
and compensation which may
affect investment activities in
Phu Quoc**

Key changes

- Residential developers for sale/lease are entitled to 70-year term of land use with multiple extensions without further payments, and right to pay land use fee upfront. In this case, the land rental shall be the land use fee.
- Foreign developers shall be entitled to be “assigned” projects from local developers.
- Developers shall have the right to choose payment method of land use fee or land rental upon conversion of land use purpose in case they are “assigned” land use right to carry out their project(s).

Land use term: 70 years!

1. Land use term for developers shall be up to 70 years from the commencement date of land use, and where expired, may be extended many times, 70 years each time, in respect of (i) the land where the foreign investors are “assigned” projects; (ii) the land on which the residential developers shall be implement their projects, and allowed by the State to pay the rental at one time or win in land auctionst; with no further payment but the relevant land use fee.
2. No land use fee regarding the land used for the public uses.

Project assignment

3. Joint ventures or 100% foreign invested organizations shall be “assigned” projects from local investors for the following projects:
 - a) Investment projects of infrastructure of industrial zones, export processing zones, industrial complexes and other centralized business zones with the same regime of land use;
 - b) Investment projects of economic zone and hi-tech zones;
 - c) Investment projects of infrastructure of urban areas and rural residential zones;
 - d) Investment projects for production and business;
 - đ) Investment projects for construction and sales of residential houses which has completed investment in uniform construction of common infrastructure of the project.

LUR upon conversion of JVC into WFOE

- a) In case the land contributed to the JVC is long term used, the land use term shall be 70 years commencing the JVC-into-WFOE conversion date;

- b) In case the land contributed to the JVC is limited term used, the land use term shall be the remaining term.

LUR upon conversion of JVC into WFOE

5. Upon the conversion of JVC into WFOE, the form of using land shall be land lease, and the investors have the right to choose:
 - a) To pay the land use fee in a lump sum; or
 - b) To pay the land use fee on an annual basis.

Residential Development for sale/lease: The right to choose the land using form

6. Local developers and overseas Vietnamese shall be entitled either: to be land allocated with land use payment or to land lease with annual land.
7. Local developers and overseas Vietnamese shall be entitled either: to lease the land and pay the land use fee at one time or annually.

The right to invest into housing!

8. In case the land falls into those shall be withdrawn to develop housing, the land user shall have the right to invest by himself/herself or appoint other individual(s), organization(s) to invest, if:
- Land area(s) matched with land zoning;
 - Investment project(s) as required by Laws;
 - Financial qualifications to carry out the project(s).

THANK YOU



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