



Forvis Mazars in Vietnam Alert

Thought catalysts

Venture capital (National & Local) in Vietnam:

Legal pathways, 2025 updates, and ecosystem overview

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Venture capital (National & Local) in Vietnam: Legal pathways, 2025 updates, and ecosystem overview

Executive summary

In 2025, Vietnam adopted new measures relevant to early stage capital formation and startup ecosystems. **Resolution 198/2025/QH15** introduced tax and administrative mechanisms intended to support private sector development, including specific incentives for **innovative startups**, startup investment fund managers, and supporting intermediaries. **Decree 264/2025/ND CP** established a legal framework for a **National Venture Capital Fund** and local venture capital funds, indicating a formal structure for state backed venture activity alongside private VC pathways.

This report summarizes (1) the baseline VC legal corridor (including Law on assistance for small and medium-sized enterprises 2017 and Decree 38/2018/ND CP on investment in small and medium-sized startup enterprises, amended in July 2025), (2) the 2025 updates on incentives and state backed VC architecture, and (3) high level implications for both investors and startups, noting areas where implementation practice will determine outcomes.

Scope and method

This paper is a high-level assessment based on official legal texts and reputable professional summaries; it does not provide legal advice or detailed tax interpretation.

Venture capital in Vietnam

1. Ecosystem overview

Vietnam’s venture ecosystem includes a mix of offshore and onshore investors, corporate venture activity, and policy supported innovation entities, with recent policy emphasis on **mobilizing private capital** and **formalizing state participation**. Geographically, the ecosystem is still highly concentrated: Hanoi (~2,127 startups) and Ho Chi Minh City (~2,098 startups) dominate, while Da Nang is a smaller but rising hub (Tracxn cites 147 startups in Da Nang in its dataset).

This momentum is sustained through coordinated efforts of government and national institutions like TECHFEST (national startup convening platform), NSSC/ NATEC ecosystem content and policy support, and Vietnam Innovation & Private Capital reframing the conversation from “startup” toward a **broader private capital landscape** with government linked institutions like National Innovation Center shaping the narrative.

On the macro foundation, the joint Vietnam Innovation & Private Capital Report 2025 (VPCA + NIC with BCG collaboration) positions Vietnam as a **resilient growth market** with **maturing capital markets** and **policy backing for innovation**, highlighting a US\$36b digital economy in 2024 and a trajectory toward much larger digital contribution to GDP by 2030.

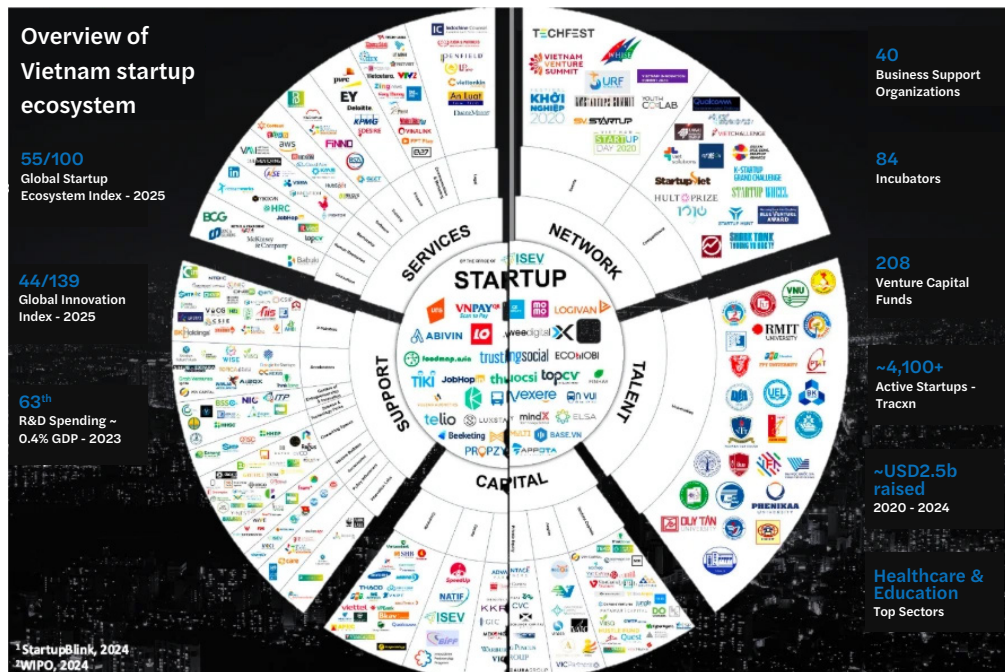


Figure 1: Overview of Vietnam startup ecosystem

Source: NSSC, VinVentures

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1. Ecosystem overview

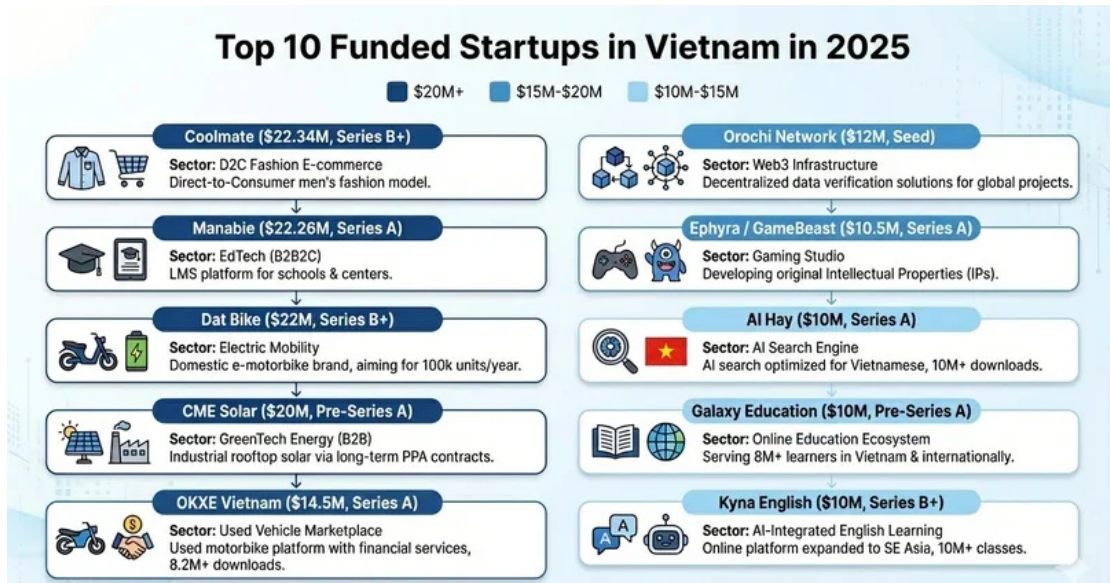


Figure 2: Top 10 Funded Startups in Vietnam in 2025

In this context, two key regulations were issued in 2025 that promise to provide tailwind for venture ecosystem in the next decades.

Resolution 198

Resolution 198 frames private sector development as a policy priority and includes measures touching on compliance burden and incentives that can affect startup formation and scaling conditions.

Decree 264

Decree 264 set the formal structure for state backed venture activity alongside private VC pathways, following regional peers such as Singapore (SG Growth Capital), Malaysia (Cradle Fund + VentureTECH), Thailand (BOI matching fund + NIA co-investment).



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2. Baseline legal corridor: Investment in innovative Startups

Law on assistance for small and medium-sized enterprises 2017 and Decree 38/2018/ND-CP, amended in July 2025

The 2017 Law establishes a legal framework to promote investment in innovative startups by articulating several core principles. It recognizes the **broad eligibility of investors**, including venture capital funds as well as domestic and foreign organizations and individuals (primarily through equity-based mechanisms such as capital contributions and share acquisitions). The Law further emphasizes the role of **private capital as the foundation of startup investment, tax policy incentives**, and also sets out **principles governing State participation**, whereby public authorities may allocate budget for indirect investment through selected startup funds, rather than engaging in direct investment into startups.

This overarching framework is further elaborated under Decree 38/2018/ND CP, which provides detailed rules and guidance for investing in innovative startups, including the establishment and operation of innovative startup investment funds (private funds) as well as the mechanisms for co-investment and State participation. However, after seven years of implementation, Decree 38 has revealed a number of practical shortcomings, particularly in relation to the operational mechanisms of innovative startup investment funds. Accordingly, in July 2025, the Decree was amended and supplemented by **Decree No. 210/2025/ND-CP** to better accommodate the rapid growth of the startup ecosystem and meet investors' expectations.

A key breakthrough introduced by the new Decree 210 is the expansion of permissible capital contributions to startup investment funds. Previously limited mainly to cash and certain tangible assets, the framework now formally recognizes **intangible assets**, such as intellectual property rights, technology, and technical know-how. This shift reflects the State's timely alignment with the knowledge-based economy, where innovation, technology, and intellectual assets constitute the core value drivers of innovative startups. In addition, Decree No. 210/2025/ND-CP significantly broadens the permissible investment forms for startup funds. Beyond direct equity investment (capped at 50% ownership), funds may now invest in **convertible instruments and share subscription rights**, with the latter being non-transferable to third parties. These changes are expected to significantly accelerate the growth of Vietnam's innovative startup ecosystem in the coming years.

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2025 Update #1: Resolution 198/2025/QH15 – Innovative Startups relevant incentives and support

The promulgation of Resolution 198 concretizes the spirit of Resolution No. 68-NQ/TW (2025) of the Party Central Committee regarding private sector development. Being effective from 17 May 2025, this Resolution 198 introduces special mechanisms to promote innovative startups in Vietnam, with a primary focus on tax incentives.

3.1. Corporate Income Tax (CIT) incentives

Qualifying income from innovative startup activities may benefit from 2 years CIT exemption followed by 4 years of 50% CIT reduction (applying not only to innovative startups but also to innovative startup investment fund management companies and supporting intermediaries).

3.2. Capital transfer tax treatment

Personal Income Tax (PIT)/CIT exemptions for income from transfers of shares/capital (and related rights) in innovative startups, which is relevant to investor exit economics and secondary transactions (subject to implementation guidance and eligibility conditions).

3.3. Policies on experts and human resources

PIT exemption for the first 2 years, followed by a 50% reduction for the next 4 years, on salaries and wages of experts and scientists working at innovative startups.

3.4. Access to business premises

Priority allocation of production and business space, along with at least a 30% reduction in land rental fees for the first 5 years.

Innovative startups	Fund managers/ intermediaries	Investors	Experts/ Scientists
<ul style="list-style-type: none">• CIT: 2-year exemption, 4-year 50% reduction• Priority land allocation, rental fee reduction• Runway impact (if eligible)	<ul style="list-style-type: none">• CIT relief for qualifying income• Lower operating tax drag (if eligible)	<ul style="list-style-type: none">• PIT/CIT exemption on capital gain• Affect net exit proceeds	<ul style="list-style-type: none">• PIT: 2-year exemption, 4-year 50% reduction• Enhance talent attraction/ retention

Venture capital in Vietnam

2025 Update #2: Decree 264/2025/ND CP – National and Local VC Funds

Decree 264/2025/ND CP regulates establishment, organization, operation, management, state budget capital ratios and supervision mechanisms for the National Venture Capital Fund and local venture capital funds, under the framework referenced in the Law on Science, Technology and Innovation 2025. This marks the first time Vietnam has established a comprehensive legal framework for VC investment - a key driver of the innovative startup ecosystem.

4.1. National VC Funds

The National VC Fund is established and operates as either a multi-member limited liability company or a joint stock company in accordance with the Law on Enterprises. The Ministry of Science and Technology acts as the state owner's representative and is responsible for appointing representatives of the state capital in the fund.

The National VC Fund undertakes direct and co-investments in innovative startups both domestically and internationally, including through equity participation and collaboration with other venture capital and startup funds. It may also establish or invest in other funds as part of a fund-of-funds strategy, while contributing to the development of the national innovative startup ecosystem.

State capital in the National VC Fund is provided as a one-off allocation from the Ministry of Science and Technology's development investment budget, with a minimum of VND 500 billion.

4.2. Local VC Funds

Local VC funds are established and operate in the form of an enterprise in accordance with the Law on Enterprises. The Provincial People's Committee acts as the state owner's representative and appoints representatives of the state capital in the fund.

Compared to the National VC Fund, local venture capital funds have a more limited and domestically focused mandate. They primarily conduct direct and co-investments in innovative startups within Vietnam, without overseas investment or fund-of-funds activities, while also supporting the development of the local startup ecosystem.

For local VC funds, charter capital includes a State contribution allocated as a one-off from the local development investment budget upon establishment, with the initial proportion determined by the provincial People's Committee.



Venture capital in Vietnam 2025 Update #2: Decree 264/2025/ND CP — National and Local VC Funds

4.3. Socialization of the Funds

Alongside catalytic State funding, both National and Local VC funds seek to mobilize participation from domestic and foreign organizations and individuals. Notably, fund managers (covering those involved in capital contribution decisions, formulation and execution of investment strategies and plans, portfolio management, and overall fund operations) may benefit from civil liability exemption and exclusion of administrative liability for investment losses, subject to certain conditions.





Specifically, such losses must result from objective risks rather than intentional misconduct; the managers must fully comply with applicable investment principles, internal regulations, and duties of transparency and good faith; and they must have fulfilled all requirements on due diligence, reporting, disclosure, and investment approval in accordance with the Fund's charter.

In summary, a formal state backed VC structure can affect the ecosystem through (i) co-investment potential, (ii) earlier stage funding availability, and (iii) signaling effects on priority sectors; however, actual impact typically depends on governance design, manager selection, pipeline quality, and speed of deployment. Under Decree 264, funds are required to adopt investment strategies for each cycle, with a capital deployment term of up to 10 years, extendable to 15 years in exceptional cases. A strict risk management framework applies, capping total losses at 50% of charter capital, with periodic risk assessments and reporting obligations.







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5. Peer comparison

Dimension	 Vietnam (Decree 264)	 Singapore (SG Growth Capital)	 Malaysia (Cradle & VentureTECH)	 Thailand (BOI Matching Fund & NIA)
Legal basis	Decree 264/2025/ND CP (effective Oct 2025) establishing National VC Fund + Provincial VC Funds	Merger of EDBI + SEEDS Capital into SG Growth Capital (effective 1 Apr 2025)	MOSTI led ecosystem support under SUPER 2021–2030; collaboration announced Aug 2024	BOI Matching Fund approved July 2024; NIA listed VC requirement
Structure	Separate National fund + multiple provincial funds , each as legal enterprises	Single national investment platform with multiple mandates (early → growth)	Two complementary state entities covering early to later stages	Grant like matching scheme layered onto private VC rounds
Initial public capital	National fund: VND 500bn initial; target VND 2tn in 5 years; local funds funded by provincial budgets	Not disclosed as a single pool; capital embedded via EDBI + SEEDS programs	Cradle: annual budget allocations; VentureTECH: state impact capital	Matching up to THB 20–50m per startup, capped to VC amount
Investment model	Direct equity, co investment, fund of funds; national fund may invest overseas	Co investment with strict private lead; fund-of-funds + direct investments	Grants → equity → impact capital continuum; less formal co investment ratios	1:1 style matching with NIA listed VC as lead investor
Risk tolerance	Explicitly allows up to 50% loss of charter capital per cycle (portfolio based)	Market driven; loss tolerance implicit, no statutory cap disclosed	Conservative; emphasis on sustainability and commercialization metrics	Low risk appetite; funding linked to VC validation and Thai ownership
Private capital crowd-in	Designed but still early stage; depends on fund governance quality	Very strong – government always minority, private sector leads	Moderate; crowd in via sequential funding, not hard matching	High per deal, but only after VC cheque already committed

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5. Peer comparison

Dimension	 Vietnam (Decree 264)	 Singapore (SG Growth Capital)	 Malaysia (Cradle & VentureTECH)	 Thailand (BOI Matching Fund & NIA)
Target stages	Early to growth (long cycle: 10–15 years)	Seed →→ deep tech growth & strategic scaling	Pre seed to Series B (ecosystem continuity focus)	Pre Series A to Series A only
Geographic focus	Vietnam centric; national fund can invest overseas strategically	Singapore anchored, global scaling mandatory	Malaysia based startups	Thailand incorporated, majority Thai owned
Governance	State owner (MOST / provincial PCs), professional managers allowed	Fully professional, investment committee driven	Government agencies with program KPIs	Administrative scheme, BOI approval process

Benchmarking against regional peers, Vietnam structurally resembles a first-generation sovereign VC framework, while Singapore is on its third iteration. Vietnam also differs from Malaysia’s ecosystem continuity (grant -> seed -> growth) priority and Thailand’s competitiveness subsidy.

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6. Watchpoints (12 – 24 months)

The combined effect for VC from Resolution 198 and Decree 264 is tremendous: more potential policy tailwinds and state capital as a co-invest catalyst, but also new eligibility boundaries, documentation burdens, and implementation uncertainty (especially around tax exemptions and fund governance). Yet, investors would do well to pay attention to the following areas:

For Resolution 198:

- “Innovative startup” definition: build a **“tax incentive eligibility file”** in the data room: Intellectual property (IP) ownership chain, R&D evidence, product novelty, growth metrics, and any government innovation status - because the payoff (capital gains and CIT/PIT exemptions) is meaningful but may be challenged if eligibility is unclear.
- Capital gain tax exemptions: there may be more incentives to keep deals onshore (rather than offshore SPVs) if the capital gains exemption is **reliably implementable** - but only after practice clarifies it.
- Tax holidays for startups and “startup fund managers/ intermediaries”: isolate and document **eligible income** streams early (contracting, invoicing, cost allocation), because later reclassification risk can erase the benefit.
- Inspection/ audit limit: still exercise diligence on tax filings, e-invoices, labor contracts, social insurance, and related party flows because inspection **relief does not equal immunity**.
- Land and credit incentives: treat these as project finance levers - useful in climate/energy/industrial tech - but not a broad-based advantage unless the province/bank execution is reliable. Build **conservative models**; assume delays.

For Decree 264:

- State-backed National VC Fund: if you plan to syndicate with the National Fund, budget extra time for process and build **term sheets** that can survive committee review (clear valuation logic, milestone-based tranches, governance rights, downside protection).
- “Enterprise form” for funds: treat co-investing with a state-backed fund like investing with a **limited partner (LP)**.
- Risk tolerance is codified: When syndicating, be ready to show **downside scenario analysis** and **structured governance** to fit the fund’s risk narrative.

Contacts

Laurent Nguyen

Partner

Head of Financial advisory

laurent.bp.nguyen@forvismazars.com

Hai Hoang

Director, Financial advisory

hai.hoang@forvismazars.com

Ho Chi Minh City Office

9th – 11th Floor, Viet Dragon Tower, 141 Nguyen Du Street

Ben Thanh Ward, Ho Chi Minh City

Vietnam

Tel: +84 (28) 38 24 14 93

Hanoi Office

14th Floor, Peakview Tower, 36 Hoang Cau Street

O Cho Dua Ward, Hanoi

Vietnam

Tel: +84 (24) 39 36 10 31

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