

THE GOVERNMENT

SOCIALIST REPUBLIC OF VIET NAM
Independence - Freedom - Happiness

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Hanoi , May 19, 2007

DECREE

ON SCIENCE AND TECHNOLOGY ENTERPRISES

THE GOVERNMENT

*Pursuant to the December 25, 2001 Law on Organization of the Government;
Pursuant to the June 9, 2000 Law on Science and Technology;
Pursuant to the November 29, 2005 Law on Enterprises;
At the proposal of the Minister of Science and Technology,*

DECREES:

Chapter I

GENERAL PROVISIONS

Article 1.- Governing scope and subjects of application

1. Governing scope

This Decree provides for the establishment of science and technology enterprises and the State's support and preferential policies towards science and technology enterprises.

2. Subjects of application

This Decree applies to Vietnamese and foreign organizations and individuals that have the lawful right to own or use scientific research and technological development results and wish to establish science and technology enterprises.

Of the above subjects, public scientific research and technological development organizations and scientific and technological service organizations which are reorganized into science and technology enterprises are collectively referred to as public science and technology organizations.

Article 2.- Science and technology enterprises

Science and technology enterprises specified in this Decree are enterprises established by subjects defined in Clause 2, Article 1 of this Decree and managed and operating under the Enterprise Law and the Science and Technology Law.

Major activities of science and technology enterprises are to produce and deal in products and goods turned out from scientific research and technological development results and from the performance of scientific and technological tasks. Apart from these activities, science and technology enterprises may produce and deal in other products and goods and provide other services in accordance with law.

Article 3.- Scientific research and technological development results

1. Scientific research and technological development results (referred to as scientific and technological results for short) serve as a basis for consideration and grant of science and technology enterprise certificates.

2. Elements for determination of scientific and technological results

Scientific and technological results mean the outcomes of performance of scientific and technological tasks (scientific research and technological development programs, subjects, schemes and projects), technology incubation results, which are performed by subjects defined in Clause 2, Article 1, or are transferred from other individuals or organizations; use of state budget capital or capital of other sources; or competent state management agencies' certification of the right to use or own those results, etc.

The Ministry of Science and Technology shall guide in detail elements for determination of scientific and technological results.

Article 4.- Purposes of establishment of science and technology enterprises

To create favorable conditions for organizations and individuals to apply scientific and technological results to production and business; to step up commercialization of products and goods being results of scientific and technological activities; and to develop the technology market, contributing to national socio-economic development.

Chapter II

ESTABLISHMENT OF SCIENCE AND TECHNOLOGY ENTERPRISES

Article 5.- Order of establishing a science and technology enterprise

1. The subjects defined in Clause 2, Article 1 of this Decree (except public scientific and technological organizations) shall establish a science and technology enterprise in the following order:

a/ Compiling a business registration dossier as specified in the Enterprise Law for enterprise establishment and making the business registration at a competent business registry;

b/ After its establishment, the enterprise shall compile a dossier of registration for science and technology enterprise certification and submit it to the Science and Technology Service of the province or centrally run city where the enterprise is headquartered for consideration and grant of the science and technology enterprise certificate.

2. Public scientific and technological organization shall establish a science and technology enterprise in the following order:

a/ Formulating a scheme on its reorganization into a science and technology enterprise and submit it to a competent state management agency for approval;

b/ Compiling a business registration dossier as specified in the Enterprise Law for enterprise establishment and making the business registration at a competent business registry;

c/ After its establishment, the enterprise shall compile a dossier of registration for science and technology enterprise certification and submit it to the Science and Technology Service of the province or centrally run city where the enterprise is headquartered for consideration and grant of the science and technology enterprise certificate.

Article 6.- Formulation and approval of reorganization schemes

1. Formulation of a scheme

a/ A public science and technology organization shall formulate a scheme on its reorganization into a science and technology enterprise in the form of limited liability company with two or more members or a joint-stock company;

b/ Such a scheme should clearly indicate the state-owned capital amount in money and assets (working offices, workshops, research equipment, working facilities, assigned land area with use right, scientific and technological results, etc.) to be allocated to the public science and technology organization for contribution to the science and technology enterprise; the plan on re-arrangement of officials and employees, and other contents under the guidance of the Ministry of Science and Technology.

2. Approval of a scheme

Heads of state management agencies with the scheme-approving competence shall consider and approve schemes on reorganization of their attached public science and technology organizations.

The Ministry of Science and Technology shall specify contents of schemes on reorganization of public science and technology organizations, guide the formulation and approval of schemes and define state management agencies with the scheme-approving competence.

Article 7.- Dossiers of registration for certification of science and technology enterprises

1. A dossier of registration for certification of a science and technology enterprise, submitted by subjects defined in Clause 2, Article 1 of this Decree (except public science and technology organizations), comprises:

- a/ A written application for certification of the science and technology enterprise;
- b/ The business registration certificate;
- c/ The production and business project.

The production and business project should clearly state to-be-produced and -dealt-in products and goods turned out from scientific and technological results, and production and business assurance conditions, enclosed with written certifications of the lawful right to use or own scientific and technological results.

2. A dossier of registration for certification of a science and technology enterprise, submitted by a public science and technology organization, comprises, apart from the documents specified in Clause 1 of this Article, the competent state management agency's decision approving the reorganization scheme.

The Ministry of Science and Technology shall specify contents of dossiers of registration for certification of science and technology enterprises, guide the evaluation thereof, and grant and revoke science and technology enterprise certificates.

Article 8.- Registration and grant of science and technology enterprise certificates

1. Science and Technology Services of provinces or centrally run cities where science and technology enterprises are headquartered have the competence to consider, grant and revoke science and technology enterprise certificates and inspect and handle violations.

2. Within 30 working days after receiving a valid dossier, the provincial/municipal Science and Technology Service shall consider and evaluate the registration dossier and grant the science and technology enterprise certificate. If refusing to grant such a certificate, it shall, within the above time limit, give a written reply, clearly stating the reasons therefor.

3. Enterprises are not required to pay the registration fee for grant of science and technology enterprise certificates.

4. Science and technology enterprise certificates concurrently serve as scientific and technological activity registration certificates.

Article 9.- Validity of science and technology enterprise certificates

1. Science and technology enterprise certificates serve as a basis for consideration and implementation of support and preferential policies towards science and technology enterprises.
2. A science and technology enterprise certificate is valid from the date of its grant to the end of the enterprise income tax exemption or reduction duration specified in Clause 2, Article 10 of this Decree.

Chapter III

SUPPORT AND PREFERENTIAL POLICIES

Science and technology enterprises are entitled to support and preferential policies according to law and a number of specific support and preferential policies below.

Article 10.- General provisions

1. To be considered and assigned by competent state management agencies the right to use or own state-owned scientific and technological results.
2. To be entitled to enterprise income tax exemption or reduction like enterprises investing in hi-tech parks in accordance with law after taxable incomes are generated provided that turnover from the production of, and dealing in, products and goods created from scientific and technological results accounts for at least 30% in the first year, at least 50% in the second year, and at least 70% from the third year on, of the total turnover of a science and technology enterprise.

Science and technology enterprises are not entitled to the above preferences in the fiscal year in which the prescribed conditions are not met.

3. Reasonable expenses to be subtracted upon calculation of taxable incomes from scientific research and technological development, production, business, service and other activities must comply with the provisions of law.
4. To be entitled to the registration fee exemption upon registration of land use rights or house ownership rights.
5. To be entitled to credit and investment preferences of the Bank for Investment and Development of Vietnam, the Scientific and Technological Development Fund and other funds for execution of production and business investment projects in accordance with law.
6. To be given priority in the use of research equipment for scientific research and technological development activities in national key laboratories, technology incubators, business incubators and scientific and technological research establishments of the State.
7. To enjoy free-of-charge consultancy and training services provided by technology incubators and business incubators set up by state agencies.

8. To be leased land and infrastructure at the lowest lease rates by management boards of industrial parks, export-processing zones, economic zones or hi-tech parks and local People's Committees according to regulations.

Article 11.- Regulations applicable to science and technology enterprises joined by public science and technology organizations

1. Public science and technology organizations are allocated state-owned capital and assets by competent state management agencies for contribution to science and technology enterprises. The value of such capital and assets constitutes a portion of state capital invested in those science and technology enterprises. Science and technology enterprises may purchase or hire state-owned assets not assigned to them according to law.

2. After being granted the science and technology enterprise certificate, a public science and technology organization shall be assigned by a competent state management agency regular funds in a lump sum corresponding to the reorganization duration ahead of the set deadline (December 2009) for contribution to the science and technology enterprise.

3. Public science and technology organizations' officials and employees who have signed indefinite labor contracts may continue signing such contracts when working in science and technology enterprises and their salaries shall be ranked according to the enterprises' salary tables at the salary coefficient equal to or immediately higher than the coefficient applicable before they move to science and technology enterprises.

4. Public science and technology organization-managing agencies shall implement regimes and policies towards redundant officials and employees who do not participate in science and technology enterprises' activities according to the policy of streamlining payrolls in public non-business units or arrange other jobs for those officials and employees. Funds for implementation of payroll streamlining regimes and policies shall be included in annual expenditure estimates of ministries, branches and localities according to regulations.

5. Science and technology enterprises may apply the provisions of the Government's Decree No. 115/2005/ND-CP of September 5, 2005, providing for autonomy and accountability mechanisms applicable to public science and technology organizations, which are not contrary to the Enterprise Law and this Decree.

Chapter IV

RESPONSIBILITIES OF STATE MANAGEMENT AGENCIES

Article 12.- Responsibilities of the Ministry of Science and Technology

1. To assume the prime responsibility for, and coordinate with the Ministry of Finance, the Ministry of Home Affairs and concerned agencies in, guiding and organizing the implementation of this Decree.

2. To assume the prime responsibility for, and coordinate with concerned agencies in, formulating and executing propaganda programs on the development of science and technology enterprises; national technology incubation programs; schemes on the establishment of technology incubators and business incubators; schemes on the development of consultancy, brokerage and technology transfer organizations and financial investment organizations with a view to supporting the formation and development of science and technology enterprises.

3. To bear responsibility before the Government and the Prime Minister for urging and inspecting the implementation of this Decree; to act as a major body in settling problems arising in the course of implementation of this Decree and report problems falling beyond its competence to the Prime Minister for solution; and annually review, draw experience from, and report on the implementation of this Decree to the Prime Minister.

Article 13.- Responsibilities of the Ministry of Finance

1. To assume the prime responsibility for, and coordinate with the Ministry of Science and Technology in, guiding the allocation of capital, assets, or the right to use or own state-owned scientific and technological results to public science and technology organizations which contribute capital to science and technology enterprises; specify levels of deduction from science and technology enterprises' profits in the use of or ownership to state budget-originating scientific and technological results for remittance into the state budget.

2. To guide local tax offices to coordinate with provincial/municipal Science and Technology Services in implementing the provisions of Clause 2, Article 10 of this Decree.

Article 14.- Responsibilities of the Ministry of Home Affairs

To issue documents guiding the arrangement of jobs or the implementation of regimes and policies for public science and technology organizations' officials and employees who do not participate in science and technology enterprises' activities.

Article 15.- Responsibilities of ministries, ministerial-level agencies, government-attached agencies and provincial/municipal People's Committees

1. To issue documents guiding the implementation of this Decree's provisions related to their functions and tasks.

2. To direct their attached public science and technology organizations in formulating reorganization schemes and consider and approve those schemes according to their competence.

3. To direct the inspection, examination, and settlement of complaints and denunciations related to activities of science and technology enterprises under their management in accordance with law; decide on additional investment, or propose competent state management agencies to give supports or make additional investment; decide on the recovery of state capital and assets in case science and technology enterprises fail to produce or deal in the products indicated in dossiers of

registration for certification of science and technology enterprises, inefficiently operate or violate law.

Chapter V

IMPLEMENTATION PROVISIONS

Article 16.- Handling of violations

Organizations and individuals that violate the provisions of this Decree shall, depending on the nature and severity of their violations and the consequences caused by them, be handled according to law.

Article 17.- Implementation effect

This Decree takes effect 15 days after its publication in "CONG BAO." To annul previous regulations which are contrary to this Decree.

Article 18.- Implementation responsibilities

1. The Minister of Defense, the Minister of Public Security and heads of political organizations and socio-political organizations shall, based on the characteristics, nature and domains of activities of their attached science and technology organizations, decide on the application of this Decree's provisions.
2. Ministers, heads of ministerial-level agencies, heads of government-attached agencies, presidents of provincial/municipal People's Committees, and heads of concerned agencies and organizations shall implement this Decree.

**ON BEHALF OF THE GOVERNMENT
PRIME MINISTER**

Nguyen Tan Dung