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LAW ON DIGITAL TECHNOLOGY INDUSTRY – NATIONAL DIGITALIZATION ERA

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On June 14, 2025, the Vietnamese National Assembly officially passed the **Law on Digital Technology Industry** ("**DTIL**"), marking a significant turning point in establishing a comprehensive legal framework for the digital technology industry in Vietnam. This is the first time Vietnam has enacted a separate law specifically regulating the digital technology sector, particularly matters related to digital assets and artificial intelligence (AI). This Law not only establishes clear regulations on types of digital assets and provides incentive policies for developing digital technology industry activities, but also builds a solid legal basis for developing the semiconductor industry, digital technology, and AI applications, thereby promoting national digital transformation.

DTIL demonstrates a strong commitment from the State through mobilizing investment resources for research and development, mastering technology, and building shared infrastructure. A crucial highlight is the special incentive policies to attract and retain high-quality human resources and digital technology talents, as well as the controlled testing mechanism (sandbox), which allows businesses to innovate without being overly constrained by existing regulations. Notably, the superior incentive policies for developing the semiconductor industry and considering artificial intelligence as a new

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production method affirm Vietnam's strategic vision in grasping global technological trends.

The primary focus of DTIL is to foster the development of the digital technology industry as a pillar of the digital economy. In the context of Vietnam strategically shifting from information technology application to the development of high-tech industries, dedicating a separate chapter with a detailed structure and comprehensive regulations is a contemporary approach that demonstrates a development-oriented governance mindset. The diversity and close interlinkage among the contents of Chapter II indicate DTIL's direction to form a synchronized policy network, supporting value-chain development, from training – research – manufacturing – data – market. This marks a clear progress in legislative thinking, aligning with the interdisciplinary nature of the digital technology industry and the reality of national digital transformation.

Digital Technology Industry Activities and Digital Technology Products and Services

DTIL defines digital technology industry activities as encompassing everything from designing and manufacturing hardware – software, developing digital content, and system integration to providing digital services and developing technology solutions. The specific enumeration of numerous activities throughout the chain, from research to operation – maintenance, demonstrates a comprehensive approach covering the entire lifecycle of digital technology products and services, rather than limiting it to traditional production or

commercial stages. Notably, the inclusion of activities such as operating digital infrastructure, human resource training, and technology transfer, etc., indicates an approach not confined solely to technical – production aspects, but also incorporating supporting activities within the industry chain.

The criteria for identifying key digital technology products and services[1], such as added value, impact on digital transformation, export potential, etc., demonstrate the State's strategic orientation in guiding the market and pinpointing areas where resources should be concentrated.

Research and Development of Digital Technology Products and Services

Instead of solely focusing on production or application, DTIL emphasizes the importance of digital technology, encouraging and supporting organizations and individuals to carry out research, design, and development activities for digital technology products and services, while also promoting the formation and development of digital technology R&D facilities. Placing R&D at the center of the digital technology industry strategy demonstrates the State's attention to the factors that create robust development for the digital economy to develop the digital economy and generate new impetus for economic growth.

Digital Technology Industry Human Resources

[1] Article 14 DTIL

DTIL has oriented the development of *"digital technology industry human resources"* at three main levels: education, enterprises – state agencies, and local authorities. This spans from the formation of human resources within the national education system to continuous training, evaluation, and support directly within enterprises and agencies. It also encourages human resource training according to widely recognized international, regional, and foreign standards[2]. DTIL not only promotes continuous training, retraining, and upskilling but also establishes financial incentives – ranging from preferential credit, scholarships, and tuition fee exemptions/reductions to support for specialized training costs – to minimize economic barriers for learners and businesses. Concurrently, policies at enterprises and state agencies include additional income regimes, special recruitment mechanisms for high-quality human resources, and opportunities for rotation and secondment among units, thereby increasing flexibility and connecting experts with national digital technology projects.

Local authorities are empowered to support human resource development for key digital technology product manufacturing projects, including semiconductors and AI[3]. The mechanism of *"partial support for high-quality human resource rental costs"* and *"training and upskilling costs"* helps foster cooperation between local authorities and businesses, while attracting investment into areas with potential.

[2] Aritcle 18 DTIL
[3] Article 18.3 DTIL

Infrastructure for Digital Technology Industry Development

DTIL has focused on developing a synchronized digital technology industry infrastructure, from investing in and constructing research facilities, laboratories, and data centers to establishing and expanding concentrated digital technology zones. Investment activities in building digital technology industry infrastructure (such as research-design facilities, laboratories, data centers, concentrated digital technology zones) are classified as *"specially incentivized investment"* sectors, enjoying incentive mechanisms under the Law on Investment, Law on Taxation, Law on Land, and related guiding documents; along with public-private partnership mechanisms and support for building technical infrastructure (electricity, roads, water, waste treatment) to create a premise for businesses and localities to closely link and develop. The flexibility allowing organizations and individuals to import used equipment for R&D helps reduce capital costs and accelerate the production and testing processes[4].

Projects in digital technology zones will also be eligible for support policies under the Law on Investment. The State supports investment in internal technical infrastructure and external connectivity, which helps reduce financial burdens for investors while ensuring the synchronization of the infrastructure system. It also supports the development of public transportation to digital technology zones to attract long-term labor and reduce urban congestion. Housing and service projects for workers within digital technology zones receive

[4] Aritcle 21 DTIL

incentives under the laws on housing and real estate business. These incentives and supports are all aimed at encouraging the development of digital industrial cities, contributing to reducing housing pressure in major cities, and clearly demonstrating the State's policy of comprehensive support for the development of digital technology zones.

Finally, DTIL allows businesses to utilize public infrastructure assets (under certain conditions), providing exemptions and reductions in access costs and increasing the efficiency of public investment asset utilization[5]. Legislating this mechanism is crucial given the context where many high-tech equipment pieces might be underutilized in public domains.

Data for Digital Technology Industry Development

DTIL manages and promotes the development of digital data, in line with the *"data is a type of national resource"* principle[6]. DTIL prohibits "*imposing, causing commercial, technical, or other obstacles"* to prevent customers from storing or moving digital data as per Article 26.2, which helps protect user rights and aligns with international trends[7].

DTIL encourages organizations and enterprises to *"self-assess and publicly disclose data quality",* which is tied to national technical

[5] Article 25 DTIL
[6] Article 6.1 Data Law
[7] EU's GDPR on the data subject's right of access allows them to request information about the processing of their personal data.

standards and regulations issued by the Ministry of Science and Technology. This increases corporate responsibility but concurrently requires an independent and transparent oversight mechanism to prevent misinformation.

Incentives and Supports for Digital Technology Industry Development

The manufacturing of digital technology products and the provision of digital technology services are also among the sectors and trades eligible for tax, land, and investment incentives and support under current laws. Projects involving AI, chips, and data centers, classified as *"specially incentivized investment"* sectors (Law on Investment, Article 16), will receive corporate income tax **("CIT")** incentives (Law on CIT), land rent exemptions and reductions (Law on Land), local budget support (Law on State Budget), and prioritized customs clearance for eligible enterprises (Law on Customs 2014, as amended and supplemented). Providing those incentives to encourage innovative startups in the digital technology industry is a flexible move, helping to reduce financial burdens, providing a clear and sustainable development orientation, and attracting more foreign investors.

Market Development for Digital Technology Products and Services

DTIL stipulates the necessary activities to develop the market for digital technology enterprises, from providing trend and standard information, supporting supply-demand connections, promoting, advertising, and assisting citizens in accessing domestic products, to

institutionalizing the *"Make in Vietnam"* program, prioritizing the use of Vietnamese digital technology products in state budget projects, ensuring a stable output market. Article 30 assigns all these activities to the digital technology industry development budget as per Article 11, corresponding to the *"development investment"* expenditure in the Law on State Budget. This ensures sufficient resources are available to immediately implement communication, connection, and support programs for digital enterprises both domestically and internationally.

Regulations on preferential leasing and procurement of digital technology products and services using state budget funds are directly linked to the Law on Bidding. This allows digital technology products and services to be recognized as meeting standards by the Ministry of Science and Technology to apply preferential contractor selection mechanisms or direct appointment in special cases.

Sustainable Development in the Digital Technology Industry

Article 32.1 establishes a *"closed-loop cycle"* in the digital technology industry through resource reuse, recycling, refurbishment, repair, and sharing. This mechanism is compatible with the "3R" principles (Reduce–Reuse–Recycle) stipulated by the Law on Environmental Protection, whereby organizations and individuals must prioritize resource use and reuse, and are responsible for minimizing industrial waste emissions. Digital technology enterprises must fully comply with environmental protection regulations, including the obligation to recover and treat discarded products as per the Law on Environmental Protection, and fulfil the obligation to pay environmental protection

tax as per the Law on Environmental Protection Tax. This ensures that every stage, from design and manufacturing to the usage of digital technology, must be linked with economic and legal responsibilities in waste management and environmental impact. Vietnam is building a "green" and sustainable digital industry ecosystem, while also meeting global commitments on emission reduction and energy transition[8].

Digital Technology Industry Information

The Ministry of Science and Technology is responsible for building and managing the national information system in the digital technology industry. This system is necessary for providing comprehensive data on the entire sector, from information on enterprises, products, and human resources to investment projects, etc. Connecting with other national databases helps create an overall picture, supporting state management and policy planning. The digital technology industry database includes various groups of information[9]. Notably, products generated by AI must have identification markers, reflecting a concern for transparency and risk management associated with new technologies. However, data collection needs to balance management requirements with confidentiality, especially concerning sensitive information such as trade secrets.

[8] The regulation on "green digital industry" is also in line with the spirit of laws and draft laws such as the 2024 Draft Renewable Energy Law, Decree 06/2022/ND-CP (Carbon Management, Carbon Market), and Decision No. 232/QD-TTg dated January 24, 2025, which issues the roadmap for the pilot carbon market (pilot ETS) for the period 2025-2028...

[9] Article 34.2 DTIL

Regarding the responsibility to provide and manage data[10], agencies, organizations, and enterprises must update information periodically or on an ad-hoc basis, and the inter-connection, sharing, and utilization of data among agencies must also comply with Decree 47/2022/ND-CP on the management, sharing, and provision of public data services.

Semiconductor Industry

First, the principle of "close linkage with the global semiconductor ecosystem" in Article 36 must be associated with the Law on Investment, wherein projects for semiconductor chip manufacturing, design, packaging, and testing are listed as "*specially incentivized investment*" sectors. Emphasis is placed on training high-quality human resources to meet the needs of the semiconductor industry. As a result, Vietnam can attract foreign capital and high technology through mechanisms providing tax exemptions, reductions, and land and fee incentives for prioritized projects.

Second, the regulation on *"specific incentives*" for chip design projects and the import of used equipment[11], including financial support for training, R&D, and technology import, must be implemented in accordance with the Law on Investment and the Law on State Budget, as local budgets can be used to support digital industry development. Simultaneously, it must comply with regulations on machinery and equipment import in the Law on Customs.

[10] Article 35 DTIL
[11] Article 39 DTIL

Third, encouraging enterprises to participate in the semiconductor supply chain[12] needs to be linked with incentives for supporting industry projects under Article 28 of DTIL. They also benefit from prioritized customs procedures as per the Law on Customs and CIT incentives under the Law on CIT. Regulations on *"on-the-spot import and export"* must also comply with the Law on Customs and the Law on CIT to avoid double taxation for foreign traders.

Artificial Intelligence (AI)

First, the humanitarian principle of "*human-centered*" and cybersecurity and safety. These principles are consistent with the AI ethical frameworks of the EU and OECD[13], ensuring cybersecurity and safety and personal data protection operate in parallel with the Law on Cybersecurity and are consistent with the spirit of the Law on Personal Data Protection, reflecting a balanced approach between technology development and human rights protection[14]. Particularly, the principle regarding the explainability and control of algorithms reflects an urgent need in the context of increasingly complex AI systems.

Second, according to Article 42, "*key programs, schemes, and projects*" related to AI must be synchronized with the National Digital

[12] Article 40 DTIL

[13] According to **Principle 1 of the EU AI Act** (2024): *"...to promote the uptake of human-centric and trustworthy artificial intelligence (AI) while ensuring a high level of protection of health, safety, and fundamental rights as enshrined in the Charter of Fundamental Rights of the European Union..."*; **OECD AI Principles (**2019) - Principle 1 (Inclusive Growth): *"AI should benefit people and the planet by driving inclusive growth, sustainable development, and well-being."*

[14] Article 41 DTIL

Technology Development Master Plan (Resolution 52/NQ-TW) and the Implementation Plan for the Law on Cybersecurity Information Safety.

Third, Article 43 addresses risk management, transparency, and accountability for high-risk and high-impact AI systems, like the "risk-based" approach found in the EU's draft AI Act and in international practices such as the OECD AI Principles[15]. Identifying two categories - high-risk AI and high-impact AI - demonstrates a nuanced approach to management. However, specific evaluation criteria need clarification to avoid overlaps or overlooking unique cases. Furthermore, the regulation concerning AI identification markers[16] is a notable point: it requires transparency in human-AI interaction. This provision aims to protect users, prevent risks from deepfakes or fraudulent AI, and establish a legal basis for tracing the origin of digital content.

Fourth, DTIL also clearly delineates the responsibilities of three groups of entities involved with AI (developers, providers, and users), creating a clear legal basis for management and handling violations. This approach aligns with the practice that an AI system often involves various parties throughout its product lifecycle, consistent with the provisions of the Law on Intellectual Property and the Law on Consumer Rights Protection.

Digital Assets

[15] The **EU AI Act** classifies AI into four risk levels (Unacceptable, High, Limited, Minimal), where high-risk AI (High-risk AI) must undergo an assessment before being marketed (Chapter 2, Article 6); **OECD AI Principles**: *"There should be transparency and responsible disclosure around AI systems to ensure that people understand AI-based outcomes and can challenge them."*

[16] Article 44 DTIL

In the past, the State Bank of Vietnam repeatedly affirmed that cryptocurrency (like Bitcoin) is not a currency and not a legal tender in Vietnam[17]. After a long period in a "gray zone," digital assets have now been legalized through DTIL. According to Article 46, digital assets are assets as defined by the Civil Code, and property rights[18] will also apply to digital assets, also helping to establish ownership over data, software, and digital content. DTIL has excluded *"securities, digital forms of fiat currency, and other financial assets"* from the concept of *"virtual assets"* and *"crypto-assets"* under Article 47. This aligns with the Law on Securities, which defines securities as *"assets, including shares, bonds, fund certificates...,"* and *"digital forms of fiat currency"* comply with legal documents and guiding texts from the State Bank, which are not considered digital assets as they fall under their own regulatory framework, aiming to avoid overlap or conflict with existing regulations.

The implementation of management measures for digital assets[19], such as applying cybersecurity measures and anti-money laundering regulations (according to the Cybersecurity Law and the Anti-Money Laundering Law), ensures that all activities related to the storage and transfer of encrypted assets are secure, transparent, and not exploited for illegal activities. Additionally, the business conditions *for "providing cryptocurrency services"* will pave the way for the legalization and regulation of these activities, while also creating a safer environment

[17] Official Letter No. 5747/NHNN-PC dated July 21, 2017, of the State Bank of Vietnam.
[18] Article 185 Civil Code
[19] Article 48 DTIL

for investors and users. However, it is also necessary to add tax regulations for digital asset transactions to ensure more comprehensive, transparent, and easier management of these assets by state authorities.