

23 Feb 2026



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Vietnam: Digital technology law – Legal foundations and strategic incentives to accelerate digital economic growth

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10 Jul 2025 □ 4 minute read

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In brief

On 14 June 2025, the National Assembly passed the Law on Digital Technology Industry ("**DTI Law**") in its ninth session.

The DTI Law provides a comprehensive legal framework for digital technologies, including AI, semiconductors, and digital assets. It aims to promote innovation, support technology enterprises, and enhance Vietnam's global competitiveness in the digital economy.

The DTI Law is set to take effect on **1 January 2026**, with provisions concerning financial and investment incentives for digital technology activities taking effect early from **1 July 2025**.

Key takeaways

- **Application scope:** The DTI Law applies to both domestic and foreign entities engaged in digital technology industry activities in Vietnam.
- **Digital technology scope:** Digital technology industry activities encompass both the production of digital technology products — spanning hardware, software and digital content — and the provision of services such as consulting, design, integration, operation, maintenance, digitization, data processing and distribution.
- **Vietnam's first AI regulatory framework in the making:** The DTI Law marks the country's inaugural legislation dedicated to governing artificial intelligence (AI). Below are its key highlights:

- **Definition of AI system:** AI systems are digital technologies that use data-driven algorithms to carry out tasks with varying degrees of autonomy and adaptability. These systems can generate outputs such as predictions, content or decisions, which can impact both physical and digital environments. This definition aligns with international standards, including those set by the Organisation for Economic Co-operation and Development (OECD).
- **AI governance principles:** The development, provision and deployment of AI must adhere to certain principles. For example: (i) it should be human-centered; (ii) it must ensure transparency, safety and cybersecurity; (iii) it should comply with laws regarding data protection and consumer rights; and (iv) it must align with other relevant regulations. Throughout its lifecycle, AI must incorporate risk management to ensure accountability and explainability while remaining under human control.
- **Risk classification and management:** The DTI Law adopts a risk-based classification model for AI governance, which is similar to the approach taken by the EU AI Act to a certain extent. Accordingly, under the DTI Law, AI systems are classified based on their potential risks and societal impact as high-risk systems and high-impact systems. The Government will detail specific requirements for these types of systems in a guiding decree.
- **Labeling requirement:** For systems that interact directly with humans or generate digital products, clear identification is mandatory. The Ministry of Science and Technology is responsible for issuing and managing the official list of AI-generated digital products and ensuring compliance with labeling standards.
- **Regulatory responsibilities:** The Government will issue detailed regulations tailored to the management of AI systems across various sectors. Additionally, ministers and heads of relevant agencies are tasked with guiding the development, provision and deployment of AI systems within their respective domains based on practical and sector-specific conditions.
- **Stakeholder obligations:** All stakeholders, including developers, providers and users, are obligated to comply with legal and ethical standards, ensure transparency and risk control, and maintain accountability throughout the AI system's lifecycle.
- **Digital assets to be under further regulation:** For the first time, the legal framework provides a clear definition of "digital assets." This term encompasses virtual assets, crypto assets and other forms of digital assets, with further classifications to be determined by the Government. The Government is also tasked with developing regulations governing the transfer, ownership, business conditions and cybersecurity requirements associated with these assets.
- **Regulation on digital data:** The DTI Law orients the development of digital data as a vital resource and production material in digital technology industry activities. It also prohibits providers from applying technical or commercial measures that hinder users from storing or transferring their data to other platforms or services.
- **Sandbox mechanism:** The DTI Law introduces the concept of a sandbox as a controlled testing environment for emerging technological products and services. This shift aims to ensure regulatory coherence and alignment across Vietnam's broader legal framework for science, technology and innovation.
- **Investment incentives for digital technology and innovative start-ups:** Investments in software production, artificial intelligence, semiconductor chips and AI data centers may qualify for special

incentives, including favorable taxation, land-use policies and investment opportunities. Large-scale key projects are entitled to additional incentives, such as reduced corporate income tax, access to land, direct financial support from local budgets and priority customs procedures. Furthermore, innovative start-up projects can receive funding for various needs, including training, talent acquisition, research and development, prototyping, consultancy and technological innovation.

- **Talent development and attraction:** High-quality human resources, including foreign professionals and overseas Vietnamese professionals, can obtain a five-year temporary residence card, along with personal income tax incentives and additional support while working in Vietnam. Talents in digital technology are given priority in terms of salary, bonuses, working conditions and opportunities for participation in international research and collaboration.

Conclusion

The DTI Law is set to take full effect on 1 January 2026, pending the issuance of guiding documents by the Government and the Ministry of Science and Technology, as mandated by the legislation. These documents are expected to be finalized in the coming months to ensure timely implementation.

As Vietnam advances its digital transformation agenda, the DTI Law lays critical legal groundwork to support innovation and investment in emerging technologies. By introducing a modern regulatory framework and targeted incentives, the law aims to attract both domestic and international stakeholders. For businesses, this is more than a compliance milestone—it's a timely opportunity to align with national priorities, drive innovation, and lead in a fast-evolving digital economy.

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