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Hanoi, October 17, 2014

DECREE

On investment in, and the financial mechanism applicable to, scientific and technological activities¹

Pursuant to the December 25, 2001 Law on Organization of the Government;

Pursuant to the June 18, 2013 Law on Science and Technology;

At the proposal of the Minister of Science and Technology;

The Government promulgates the Decree on investment in, and the financial mechanism applicable to, scientific and technological activities.

Chapter I

GENERAL PROVISIONS

Article 1. Scope of regulation

This Decree details and guides the implementation of Articles 52, 53, 54, 58 and 63 of the Law on Science and Technology regarding investment in, and financial mechanism applicable to, scientific and technological activities, some necessary contents on state budget estimation and expenditures on scientific and technological activities, and state management of science and technology development funds.

Article 2. Subjects of application

This Decree applies to state agencies, organizations and individuals involved in scientific and technological activities and other related organizations and individuals.

Article 3. Interpretation of terms

In this Decree, the terms below are construed as follows:

1. Fund assignment means the grant of financial autonomy in the use of funding amounts approved by competent agencies in connection with the

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responsibility for guaranteeing results of assigned tasks according to set objectives and requirements to organizations and individuals in charge of scientific and technological tasks.

2. Saved amount means the difference between the total estimated fund already approved for a scientific or technological task and the total actually paid amount calculated after the scientific or technological task is completed and assessed upon the acceptance test by the scientific or technological-managing authority as “pass” or higher level.

3. Final product means the product turned out by a scientific or technological task, which is approved by the agency competent to manage the scientific or technological task and stated in the contract on the performance of the scientific or technological task.

Chapter II

INVESTMENT IN SCIENTIFIC AND TECHNOLOGICAL ACTIVITIES

Section 1

STATE INVESTMENT

Article 4. Contents of state budget expenditures on science and technology

1. Expenditures for science and technology development

Expenditures for development of scientific and technological potential, investment in, and support for, the construction of physical and technical foundations for science and technology organizations of all economic sectors, shall be made for the following contents:

a/ Building, upgrading, and enhancing research capacity of, science and technology organizations, including laboratories, experimental workshops and stations; analysis, testing, inspection, calibration and conformity assessment centers; specialized design, manufacture and testing establishments; technology application and transfer establishments, standardization, metrology and quality control establishments; and intermediary organizations of the science and technology market;

b/ Building research and development zones for hi-tech parks;

c/ Building information infrastructure, developing national databases and making statistics on science and technology;

d/ Other investments serving science and technology development.

2. Expenditures for non-business science and technology activities, including:

a/ Performance of scientific and technological tasks, including funds directly allocated to scientific and technological tasks and funds for management of scientific and technological tasks by competent agencies, and funds for post-acceptance test assessment of scientific and technological tasks;

b/ Regular operations and tasks within the functions of public science and technology organizations in accordance with regulations on the mechanism of autonomy and accountability applicable to public science and technology organizations;

c/ Allocation of charter capital and supplementary capital for national funds in the field of science and technology;

d/ Training and re-training of science and technology managers and researchers at home and abroad to improve their professional qualifications;

dd/ Purchase of scientific research and technological development results; purchase of technologies in accordance with the law on technology transfer; support for technology transfer and import;

e/ Hiring of domestic and foreign specialists and consultancy organizations;

g/ Promotion of the application of scientific and technological advances;

h/ Promotion of the commercialization of scientific research and technological development results; and technology incubation and renewal;

i/ Dissemination of scientific and technological knowledge; communication and information activities and making of statistics on science and technology; organization of symposiums and seminars at home and abroad;

k/ Support for intellectual property registration and protection, standardization, metrology and quality control activities and publicization of scientific research results; science and technology rewards and prizes;

l/ Support for international integration in science and technology: Participation in international conferences and seminars; survey and search for scientific and technological information and technology suppliers in foreign countries; participation in international scientific and technological activities, events and forums; payment of membership dues to international science and technology organizations; allocation of domestic funds for international science and technology projects; guaranteeing operations of overseas science and technology representation networks;

m/ Maintenance and repair of physical and technical foundations and equipment serving scientific and technological activities;

n/ Other related expenses.

Article 5. Planning, estimation and allocation of state budget funds for science and technology

1. Planning and estimation of budgets for science and technology

a/ The Ministry of Science and Technology shall propose the ratio between development investment expenditures and non-business expenditures for science and technology and the ratio between central and local budget expenditures;

b/ Based on the guidance on state budget estimation, the Ministry of Science and Technology shall guide ministries, ministerial-level agencies, government-attached agencies and provincial-level People's Committees in making state budget plans and estimates for science and technology in the subsequent planning year;

c/ Based on the capacity of the state budget, practical demands and results of use of budget allocations of ministries, ministerial-level agencies, government-attached agencies and provincial-level People's Committees in the preceding year, the Ministry of Science and Technology shall propose plans on and estimates of state budget funds for science and technology to the Ministry of Planning and Investment and the Ministry of Finance;

d/ Based on the guidance of the Ministry of Science and Technology, provincial-level Science and Technology Departments shall propose their provincial-level People's Committees to guide the making of local budget plans and estimates for science and technology; process and summarize such plans and estimates for submission to provincial-level People's Committees.

2. Estimation of state budget funds for science and technology

a/ The Ministry of Planning and Investment shall make and submit to the Government science and technology development investment estimates according to the estimates proposed by the Ministry of Science and Technology. If making changes to the estimates proposed by the Ministry of Science and Technology, the Ministry of Planning and Investment shall notify these changes to the Ministry of Science and Technology;

b/ The Ministry of Finance shall make and submit to the Government science and technology non-business expenditure estimates according to the estimates proposed by the Ministry of Science and Technology. If making changes to the estimates proposed by the Ministry of Science and Technology, the Ministry of Finance shall notify these changes to the Ministry of Science and Technology;

c/ Provinces and centrally run cities shall, based on their allocated annual budgets for science and technology, formulate plans on allocation of investment development and non-business operation funds for science and technology at levels not lower than the levels assigned by the central budget.

Provincial-level Planning and Investment Departments shall make and submit to provincial-level People's Committees science and technology development investment expenditure estimates according to the estimates proposed by provincial-level Science and Technology Departments. If making changes to the estimates proposed by provincial-level Science and Technology Departments, provincial-level Planning and Investment Departments shall notify these changes to provincial-level Science and Technology Departments before submitting the estimates to provincial-level People's Committees.

Provincial-level Finance Departments shall make and submit to provincial-level People's Committees science and technology non-business expenditure estimates according to the estimates proposed by provincial-level Science and Technology Departments. In case of making changes to the estimates proposed by provincial-level Science and Technology Departments, provincial-level Finance Departments shall notify these changes to provincial-level Science and Technology Departments before submitting the estimates to provincial-level People's Committees.

3. Allocation of budget estimates for science and technology

After the total budget estimate is approved by the National Assembly, funds for science and technology shall be allocated as follows:

a/ Science and technology development investment funds, funds for regular operations and contingency funds included in science and technology non-business funds shall be allocated in accordance with the Law on State Budget;

b/ Funds for performance of scientific and technological tasks shall be allocated as follows:

Funds for performance of national-level scientific and technological tasks shall be transferred to the National Science and Technology Development Fund.

Funds for performance of ministerial- and provincial-level science and technology tasks shall be transferred to science and technology development funds of ministries, ministerial-level agencies, government-attached agencies, provinces and centrally run cities. For a ministry, ministerial-level agency, government-attached agency, province or centrally run city which has not yet established its own science and technology development fund, these funds

shall be transferred directly to the level-I budget-funded unit of such ministry, ministerial-level agency, government-attached agency or the provincial-level Science and Technology Department.

c/ After contracts on performance of scientific and technological tasks are signed, funds for performance of these scientific and technological tasks shall be allocated to state treasury accounts of units in charge of these scientific and technological tasks.

4. The Prime Minister shall provide principles and criteria for allocation of funds for scientific and technological activities.

Article 6. Special investment mechanism and method of performing special scientific and technological tasks

1. Special scientific and technological tasks are the tasks specified in Article 54 of the Law on Science and Technology.

2. Special investment mechanism

a/ The State shall guarantee sufficient funds for performance of special scientific and technological tasks. These funds shall be mobilized from the state budget and other lawful sources;

b/ Funds for performance of special scientific and technological tasks shall be approved with the total funding amount and funding sources specified for each task;

c/ The Minister of Science and Technology shall propose to the Prime Minister special scientific and technological tasks, enclosed with their total investment level and funding structure. The Prime Minister shall decide these tasks according to his/her competence or submit them to the National Assembly for consideration and decision.

3. Method of performance

a/ Special scientific and technological tasks shall be assigned directly to organizations for performance right after they are approved by competent authorities. For urgent special scientific and technological tasks, organizations in charge of such tasks shall promptly carry out them as required by competent state agencies. They will be advanced funds for performance of such tasks and, at the same time, shall make total fund estimates for submission to the competent authorities prescribed at Point c, Clause 2 of this Article for approval;

b/ Organizations in charge of special scientific and technological tasks may open separate accounts for receiving and disbursing fund amounts allocated for performance of such tasks as approved;

c/ When needing additional funds for the performance of special scientific and technological tasks, organizations in charge of such tasks shall report them to the Ministry of Science and Technology for submission to the competent authorities prescribed at Point c, Clause 2 of this Article for decision;

d/ Organizations in charge of special scientific and technological tasks shall report on the performance of such tasks to competent agencies on a periodical basis or upon request;

dd/ Competent state management agencies shall promptly respond to requests and recommendations made by organizations in charge of special scientific and technological tasks to mobilize social sources for performance of these tasks.

4. A special scientific and technological task shall be regarded as having been fulfilled after competent state agencies in charge of science and technology issue documents certifying that it has passed the pre-acceptance test.

5. The Ministry of Science and Technology shall assume the prime responsibility for, and coordinate with related ministries and sectors in, guiding, examining and evaluating the performance of special scientific and technological tasks.

Article 7. Science and technology development funds of ministries, ministerial-level agencies, government-attached agencies, provinces and centrally run cities

1. The science and technology development fund of a ministry, ministerial-level agency, government-attached agency, province or centrally run city may be set up when the following conditions are fully met:

a/ Staff and technical and physical foundations are available for the operation of the fund; the non-business payroll can be arranged within the current total non-business payroll;

b/ The funding structure of state budget and other funding sources is ensured;

c/ The setting up of the fund does not result in an increase in administration expenses covered by the state budget.

2. The science and technology development fund of a ministry, ministerial-level agency or government-attached agency is a non-business unit set up by the minister, head of the ministerial-level or head of the government-attached agency.

The science and technology development fund of a province or centrally run city is a non-business unit set up by the chairperson of the People's Committee of the province or centrally run city.

3. Science and technology development funds shall be used for the purposes specified in Clause 1, Article 60 of the Law on Science and Technology.

4. A fund shall be formed from the following sources:

a/ Capital initially granted from the state budget fund for science and technology development of the ministry, ministerial-level agency, government-attached agency, province or centrally run city;

b/ Additional capital annually allocated from the state budget for ministerial- or provincial-level scientific and technological tasks;

c/ Revenues from the fund's operations;

d/ Amounts voluntarily transferred from or entrusted by science and technology development funds of enterprises;

dd/ Amounts entrusted by science and technology development funds of other ministries, ministerial-level agencies, government-attached agencies, provinces and centrally run cities;

e/ Amounts voluntarily contributed, donated, presented or entrusted by organizations, enterprises and individuals and other lawful sources.

5. The charters of science and technology development funds of ministries, ministerial-level agencies, government-attached agencies, provinces and centrally run cities shall be formulated after the model charter promulgated by the Minister of Science and Technology, and approved by ministers, heads of ministerial-level agencies, heads of government-attached agencies or chairpersons of provincial-level People's Committees.

6. Ministers, heads of ministerial-level agencies, heads of government-attached agencies and chairpersons of provincial-level People's Committees shall report on the setting up and operation of their science and technology development funds to the Ministry of Science and Technology for summarization and reporting to the Prime Minister.

7. The Prime Minister shall detail Clause 1 of this Article.

Section 2

INVESTMENT BY ENTERPRISES

Article 8. Funding sources of enterprises for science and technology investment

1. Science and technology development funds of enterprises.

2. Other lawful capital sources of enterprises.

Article 9. Deduction for setting up science and technology development funds of enterprises

1. A state enterprise shall annually deduct between 3% and 10% of the income liable to enterprise income tax to set up its science and technology development fund.

2. A non-state enterprise may make deductions for setting up its science and technology development fund at an appropriate level not exceeding 10% of the income liable to enterprise income tax.

3. The Prime Minister shall promulgate regulations to encourage enterprises to make deductions for setting up science and technology development funds to invest in promoting scientific and technological potential for enterprises themselves and their production and business sectors, contributing to raising effectiveness and competitiveness.

Article 10. Spending items of science and technology development funds of enterprises

1. Performance of national-, ministerial- and provincial-level scientific and technological tasks;

2. Performance of enterprises' scientific and technological tasks

Enterprises shall issue regulations on proposal, identification, performance, evaluation and acceptance test of their scientific and technological tasks, and regulations on spending and use of their science and technology development funds and send these regulations to the tax agency with which they have made tax registration for control. At-law representatives of enterprises shall take responsibility for the observance of the regulations.

The drafting of these regulations must adhere to the principle of publicity and transparency within enterprises.

3. Support for science and technology development of enterprises

a/ Investing in technical and physical foundations for scientific and technological activities of enterprises: Building research and development organizations, analysis, testing, inspection and calibration centers, information infrastructure and databases and making scientific and technological statistics; paying expenses for maintenance and repair of technical and physical foundations and equipment serving scientific and technological activities; paying other expenses serving science and technology development; quality management systems;

b/ Procuring of the right to use or own technological know-how and knowledge transferred in the forms of technological plan, technological process, technical design, technical solution, technical specification, technical drawing or diagram, computer program, or information data; production rationalization or technology renewal solutions; patents, utility solutions, plant varieties, industrial designs; initiatives; and domestic and foreign research results and products serving scientific and technological activities of enterprises;

c/ Procuring machinery and equipment accompanied by objects of technology transfer prescribed in Article 7 of the Law on Technology Transfer so as to replace part or the whole of technologies currently in use with more advanced ones in order to improve productivity and product quality or renovate or develop new products;

d/ Salaries or expenses for hiring specialists or expenses for contracting science and technology organizations at home or abroad to carry out scientific and technological activities for enterprises;

dd/ Training science and technology workers for enterprises in accordance with the law on science and technology;

e/ Expenses for initiatives in accordance with regulations on initiatives;

g/ Expenses for science and technology cooperation with domestic and overseas organizations, individuals and enterprises: Expenses for surveys of and searches for partners and technology demands at home and abroad; expenses for joint scientific and technological researches encouraged and prioritized by the State;

h/ Expenses for evaluation, test, appraisal, advertising and commercialization of new products and technologies; expenses for intellectual property right registration.

4. Amounts to be transferred between science and technology development funds as prescribed in Clause 2, Article 11 of this Decree, except for foreign-invested enterprises with overseas parent companies.

5. Amounts to be transferred to state-run science and technology development funds as prescribed at Point a, Clause 5, Article 11 of this Decree.

6. Fund management expenses.

7. Payments from science and technology development funds of enterprises must have documents as prescribed by the fund spending and use regulation. In case an enterprise wishes to use an amount higher than the existing balance of its science and technology development fund for scientific

and technological activities in a year, it may use the to-be-deducted amount of the subsequent year or include the excessive amount into deductible expenses when determining enterprise income tax in the tax period.

Article 11. Management of science and technology development funds of enterprises

1. Annually enterprises shall make reports on the deduction for, and use of their science and technology development funds and send them to the tax office where they register enterprise income tax payment and the provincial-level Science and Technology Department and Finance Department. Such report shall be submitted together with the enterprise income tax finalization report.

2. Enterprises may transfer capital between their science and technology development funds by the following modes:

a/ Between parent companies and member enterprises and vice versa;

b/ Between parent companies and subsidiary companies and vice versa.

3. The transfer of capital and the rate of capital transferred between the science and technology development fund of a corporation or parent company and the science and technology development funds of member enterprises or subsidiary companies and vice versa shall be decided by the Chairman of the Board of Directors or Members' Council or director general or director (at-law representative of the enterprise) on the basis of the fund deduction rate prescribed in the fund's organization and operation charter, investment demands of scientific and technological activities at member enterprises and the science and technology development demand and plan of the whole system.

4. Enterprises that transfer capital between their science and technology development funds under Clause 2 of this Article shall report on the transfer of capital and use of transferred amount to their managing tax office and provincial-level Finance Department and Science and Technology Department of the locality where they make business registration.

5. In case an enterprise has no need to use or does not use up its science and technology development fund:

a/ If being a state-owned enterprise, it shall remit the unused amount to the National Science and Technology Development Fund or the science and technology development fund of its managing ministry, province or centrally run city.

If being a non-state enterprise, it may contribute the unused amount to the science and technology development fund of the province or centrally run city where it registers tax payment;

b/ In case a non-state enterprise does not make contributions to any state-run science and technology development fund, within 5 years, counting from the year following the year of making deduction for setting up the fund, if the enterprise's science and technology development fund remains unused, is not used up or is improperly used, the enterprise shall pay to the state budget an enterprise income tax on the amount deducted for setting up the fund but left unused or improperly used and an interest on such enterprise income tax.

6. When an enterprise that has made contributions to a science and technology development fund prescribed a Point a, Clause 5 of this Article needs funding to perform a scientific and technological task, it may request support from such fund.

The science and technology development fund that has received capital transferred from the enterprise shall, based on the fund estimate of the scientific and technological task, provide a monetary support equal to or higher than the transferred amount, depending on its capacity.

7. The Ministry of Science and Technology shall assume the prime responsibility for, and coordinate with the Ministry of Finance in, detailing Articles 10 and 11 of this Decree.

Section 3

INVESTMENT BY ORGANIZATIONS AND INDIVIDUALS

Article 12. Raising of non-state budget funds for science and technology

1. The State shall encourage organizations and individuals to invest in scientific and technological activities in Vietnam in the form of direct investment, joint venture or partnership with Vietnamese science and technology organizations or enterprises, or entrusted investment. In this case, investment projects shall be entitled to incentives prescribed by law.

2. Organizations and individuals may provide financial assistance for scientific and technological activities in Vietnam in cash, in kind or intellectual asset. Donors may determine financial assistance purposes and designate Vietnam-based organizations and individuals to receive their financial assistance in accordance with current law.

3. The State shall encourage organizations and individuals to mobilize non-refundable aid from domestic and foreign organizations and individuals for scientific and technological activities.

4. The Prime Minister shall stipulate the management and use of financial assistance for scientific and technological activities.

Article 13. Science and technology development funds of organizations or individuals

1. Science and technology development fund set up by an organization or individual is an organization that operates for not-for-profit purposes to provide non-refundable financial assistance, concessional loans or interest-free loans or loan guarantee to meet science and technology development needs. The procedures for setting up this fund and its loan provision and loan guarantee activities must comply with law.

2. Science and technology development funds of organizations or individuals shall be set up from non-state budget contributions of their founders, voluntary or donated capital contributions and other lawful sources.

3. Science and technology development funds of organizations or individuals shall register their operation at provincial-level Finance Departments of localities where their head offices are based and, at the same time, notify their funding to provincial-level Science and Technology Departments.

4. Science and technology development funds set up by organizations or individuals shall be prioritized in renting land for construction of their head offices and branch offices.

Chapter III

FINANCIAL MECHANISMS APPLICABLE TO SCIENTIFIC AND TECHNOLOGICAL ACTIVITIES

Article 14. Management of state budget funds for performance of scientific and technological tasks

1. Scientific and technological tasks shall be identified and approved regularly and continuously in a year on the basis of approved state budget estimates and other funding sources for performance of scientific and technological tasks in the planning year and subsequent years corresponding to the duration of performance of approved scientific and technological tasks.

2. State budget funds for performance of scientific and technological tasks shall be allocated through science and technology development funds at all levels or level-II and level-III budget-funded units. Directors of science and technology development funds and heads of level-II and level-III budget-

funded units shall transfer funds for performance of approved scientific and technological tasks to state treasury accounts of managing agencies according to schedules stated in contracts signed by competent agencies with organizations or individuals in charge of scientific and technological tasks.

If no science and technology development fund is set up yet, heads of competent state agencies shall sign contracts for performance of scientific and technological tasks with organizations or individuals in charge of these tasks. Level-I budget-funded units of ministries, ministerial-level agencies, government-attached agencies or provincial-level Science and Technology Departments shall transfer budget estimates for performance of approved scientific and technological tasks to designated state treasury accounts of level-II and level-III budget-funded units for performance of these tasks.

3. For national-level scientific and technological tasks, the Ministry of Science and Technology shall collaborate with managing agencies in examining, supervising and urging organizations and individuals in charge of scientific and technological tasks to strictly fulfill contractual commitments.

For ministerial- and provincial-level scientific and technological tasks, managing agencies shall examine, supervise and urge the fulfillment of contractual commitments.

Article 15. Final product-based fund assignment for state budget-funded scientific and technological tasks

1. State budget-funded scientific and technological tasks are eligible for final product-based fund assignment when fully meeting the following criteria:

a/ Having final products with specified names, primary quality criteria, units of measurement, degree of quality or scientific requirements to be met, quantity or scale, and places of application; being confirmed by the task-selecting science and technology council as having satisfied the criteria for eligibility for final product-based fund assignment; and being accepted by the task managers and agencies in charge of these tasks;

b/ Having their estimates of total funds correctly and fully calculated on the basis of current economic-technical norms; if no economic-technical norms are available, state agencies competent to approve fund explanations and estimates for performance of scientific and technological tasks shall make decision and take responsibility for their decision;

c/ Having fund explanations and estimates approved by competent state agencies.

2. Process and procedures for final product-based fund assignment for state budget-funded scientific and technological tasks:

a/ The head of the organization or the individual in charge of performing scientific and technological tasks makes a written commitment to accepting the method of fund assignment;

b/ The organization or individual assigned to perform scientific and technological tasks finalizes fund explanations and estimates for these tasks and sends them to a competent state agency;

c/ The competent state agency considers and approves fund explanations and estimates of scientific and technological tasks, which specify the tasks eligible for final product-based fund assignment; signs a contract for performance of scientific and technological tasks with the organization or individual assigned to perform these tasks; the signing of contracts for performance of national-, ministerial- and provincial-level scientific and technological tasks must comply with Clause 2, Article 27 of the Law on Science and Technology;

d/ Scientific and technological tasks eligible for final product-based fund assignment which are financed by science and technology development funds of relevant levels or competent state agencies comply with requests of organizations in charge of performing these tasks, depending on the contents, objectives, requirements and schedule of scientific and technological contracts;

dd/ Scientific and technological tasks eligible for final product-based fund assignment shall be regarded as having been completed after a science and technology competent state agency gives written certification that the pre-acceptance test result is at least pass;

e/ A contract on performance of scientific and technological tasks shall be liquidated after the task performance result is certified in writing by a competent state agency in charge of science and technology and the registration of the task performance result is certified by a competent state agency in charge of registration and preservation of scientific and technological task performance results.

3. In case state budget-funded scientific and technological tasks eligible for final product-based fund assignment are suspended or assessed as fail, competent state agencies shall examine and identify the cause of such suspension or assessment and issue handling decisions.

a/ Persons approving scientific and technological tasks who show irresponsibility, causing loss or waste of resources and state budget funds for performance of scientific and technological tasks, shall be held responsible before law for such loss or waste and be handled in accordance with law;

b/ Organizations or individuals in charge of scientific and technological tasks shall:

Refund unused funds allocated for scientific and technological tasks to the state budget.

Not be required to refund the used funds to the state budget, if the cause is objective.

Refund at least 40% of the used funds to the state budget, if the cause is subjective.

4. The whole allocated funds shall be finalized after scientific and technological tasks are completed and the related parties liquidate scientific and technological contracts.

For scientific and technological tasks performed over many years, organizations and individuals in charge of performing these tasks shall annually summarize and report on the actually received and used funds according to the budgetary year.

Article 16. Partial fund assignment for state budget-funded scientific and technological tasks

1. State budget-funded scientific and technological tasks eligible for partial fund assignment are scientific and technological tasks which are prone to high risks and for which no specific criteria can be determined for their final products and must meet the following criteria:

a/ Having their parts with specified contents, objectives, requirements, results and funds for implementation; being confirmed by the task-selecting science and technology council as having satisfied the criteria for eligibility for partial fund assignment; and being accepted by the task managers and agencies in charge of performing these tasks;

b/ Having estimates of total funds for their parts eligible for fund assignment correctly and fully calculated on the basis of current economic-technical norms; if no economic-technical norms are available, state agencies competent to approve fund explanations and estimates for performance of scientific and technological tasks shall make decision and take responsibility for their decision;

c/ Having fund explanations and estimates approved by competent state agencies.

2. Process and procedures for partial fund assignment for state budget-funded scientific and technological tasks:

a/ The organization or individual assigned to perform scientific and technological tasks finalizes fund explanations and estimates of scientific and technological tasks and sends them to a competent state agency;

b/ The head of the competent state agency considers and approves fund explanations and estimates of scientific and technological tasks, specifying the task parts and funds eligible for fund assignment; the signing of contracts for performance of national-, ministerial- and provincial-level scientific and technological tasks must comply with Clause 2, Article 27 of the Law on Science and Technology;

c/ Science and technology development funds of relevant levels or competent state agencies allocate funds for performance of scientific and technological tasks according to the contents, objectives, requirements and schedules of scientific and technological contracts;

d/ State budget-funded scientific and technological tasks eligible for partial fund assignment shall be regarded as having been completed after a science and technology competent state agency gives a written certification that the pre-acceptance test result is at least pass;

dd/ A contract on performance of scientific and technological tasks shall be liquidated after the task performance result is certified in writing by a competent state agency in charge of science and technology and the registration of task performance results is certified by a competent state agency in charge of registration and preservation of scientific and technological task performance results.

3. In case state budget-funded scientific and technological tasks eligible for partial fund assignment are suspended or assessed as fail, competent state agencies shall examine and identify the cause of such suspension or evaluation and issue handling decisions.

a/ Persons approving scientific and technological tasks who show irresponsibility, causing loss or waste of resources and state budget funds for performance of scientific and technological tasks, shall be held responsible before law for such loss or waste and be handled in accordance with law;

b/ Organizations or individuals in charge of performing scientific and technological tasks shall:

Refund the unused funds allocated for scientific and technological tasks to the state budget.

Not be required to refund the used funds to the state budget, if the cause is objective.

Refund at least 30% of the used funds to the state budget, if the cause is subjective.

4. The allocated funds shall be finalized after scientific and technological tasks are completed and the related parties liquidate scientific and technological contracts by the method of finalization of funds for both tasks eligible and tasks ineligible for fund assignment.

For scientific and technological tasks performed over many years, organizations and individuals in charge of performing these tasks shall annually summarize and report on the actually received and used funds according to the budgetary year.

Article 17. Use of state budget funds for performance of scientific and technological tasks

1. Organizations and individuals in charge of performing state budget-funded scientific and technological tasks eligible for final product-based fund assignment or partial fund assignment may rationally use their assigned funds for fulfillment of their research tasks as follows:

a/ They may change fund items and contents and decide on fund norms in the total assigned funds;

b/ They may use fund amounts saved from the assigned funds under internal spending regulations of their managing agencies.

2. The assigned funds shall be properly used with supporting documents, ensuring publicity and transparency within the organizations in charge of performing scientific and technological tasks.

3. Organizations and individuals in charge of performing state budget-funded scientific and technological tasks eligible for partial fund assignment shall manage and use the funds not assigned to them in accordance with current law.

4. The Ministry of Science and Technology shall collaborate with the Ministry of Finance in guiding in detail Articles 15, 16 and 17 of this Decree and the handling of assets formed during performance of state budget-funded scientific and technological tasks.

Article 18. Purchase of scientific research and technological development results

1. Scientific research and technological development results may be purchased when the following conditions are met:

a/ To-be-purchased scientific research and technological development results are valuable to socio-economic development and national defense and security assurance, and satisfy the clarity, transparency and quantity criteria;

b/ There are organizations or individuals committing to applying or using scientific research and technological development results;

c/ Organizations or individuals that undertake to conduct scientific research and technological development accept the appraisal process for research and development contents and funds under current regulations of competent state agencies and commit to raising funds by themselves for performance of scientific and technological tasks.

2. Competent state agencies shall sign contracts with organizations or individuals, clearly stating the terms on performance time, scientific and technological products, funds for purchase of scientific research and technological development results, form of payment upon receiving scientific research and technological development results from organizations or individuals, and shall form a science and technology council to assess scientific research and technological development results.

3. On the basis of result assessment records of the science and technology council, which assess such results at least as pass, competent state agencies shall pay 100% of the contractual value to purchase scientific research and technological development results of organizations or individuals. In case the scientific research and technological development result is unsatisfactory or cannot be available within the time limit specified in the contract, competent state agencies may refuse payment and liquidate the contract.

4. Heads of competent state agencies who decide to purchase scientific research and technological development results with state budget funds shall take responsibility for such purchase and use efficiency of the purchased result.

Article 19. Fund assignment for scientific and technological tasks, purchase of scientific research and technological development results with non-state budget funds

Enterprises, organizations and individuals that perform scientific and technological tasks and purchase scientific research and technological development results with non-state budget funds may apply the provisions of Articles 15, 16, 17 and 18 of this Decree.

Article 20. Incentives for science and technology enterprises

Science and technology enterprises are entitled to the following incentives:

1. Being considered and assigned by competent state agencies the right to use or the right to own scientific and technological results under state ownership.

2. Enjoying enterprise income tax exemption or reduction like enterprises investing in hi-tech parks under the law on enterprise income tax and relevant legal documents.

3. Deducting reasonable expenses upon calculation of taxable incomes for scientific research and technological development activities, production, business and service activities and other activities in accordance with law.

4. Enjoying registration fee exemption upon registration of land use rights and house ownership.

5. Enjoying investment credit incentives of the Vietnam Development Bank, science and technology development funds and other funds in accordance with law for implementation of production and business investment projects.

6. Being prioritized in the use of research equipment for scientific research and technological development activities at national key laboratories, technology incubation institutions, business incubation institutions or scientific and technological research institutions of the State.

7. Receiving counseling and training services from technology incubation institutions or business incubation institutions established by state agencies.

8. Being prioritized by industrial park, export-processing zone, economic zone or hi-tech park management boards and local People's Committees in renting land or infrastructure at the lowest rates under regulations.

9. Enjoying land rental exemption or reduction under regulations.

Chapter IV

ORGANIZATION OF IMPLEMENTATION

Article 21. Effect

1. This Decree takes effect on December 1, 2014.

2. To annul the Prime Minister's Decision No. 117/2005/QĐ-TTg of May 27, 2005, promulgating the model charter on organization and operation of science and technology development funds of ministries, ministerial-level agencies, government-attached agencies and provinces and centrally run cities.

Article 22. Implementation responsibility

The Minister of Science and Technology shall organize and guide the implementation of this Decree.

Ministers, heads of ministerial-level agencies, heads of government-attached agencies, chairpersons of provincial-level People's Committees, and heads of related agencies and organizations shall implement this Decree.-

On behalf of the Government

Prime Minister

NGUYEN TAN DUNG

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