

A background image of a modern building with a glass facade and a curved structure, viewed from a low angle looking up. The text 'NEWS LETTER' is overlaid on the image in large, bold, white and blue letters.

NEWS LETTER

Amidst the process of renovation and integration, the Private Economic Sector (PES), which includes Small and Medium-sized Enterprises (SMEs), is increasingly asserting its position as a key driver of the economy. The PES contributes significantly to GDP growth, job creation, income enhancement, and social security. Furthermore, this sector helps promote international integration and effectively mobilizes social resources for production and business development.

However, the PES continues to face numerous obstacles. The goal of reaching 1.5 million enterprises and contributing 55% of GDP by 2025 is under significant pressure regarding feasibility. The majority of private enterprises currently have small scale, limited competitiveness, and face difficulties accessing capital, land, and high-quality labor. Linkages with FDI and state-owned enterprises remain weak, while the institutional and policy system continues to be a considerable barrier.

THE PRIVATE SECTOR: IMPETUS FOR A MODERN ECONOMY

The implementation of **Resolution 68-NQ/TW** and Resolution 138/NQ-CP demonstrates the high resolve of the Party and State. Notably, the Government focuses on **08 groups of tasks**:

- 1) Renewing mindset
- 2) Reforming institutions, protecting property rights
- 3) Facilitating access to land, capital, and human resources
- 4) Promoting innovation, digital transformation, and green development
- 5) Strengthening linkages between private enterprises, FDI, and SOEs
- 6) Supporting medium and large enterprises; 7) Supporting small and micro enterprises
- 8) Promoting entrepreneur ethics, culture, and social responsibility.

These are crucial steps to realize the aspiration for fast, sustainable national development, placing private enterprises at the center of the national economic development strategy.



Synchronized Solutions for Compliance Costs Amidst Policy Volatility

The issue of "continuously changing policies" regarding accounting and tax remains a classic challenge for SMEs, exacerbated by legal overlaps, unstable reform roadmaps, and the gap between macro policies and small business realities. Given their pivotal economic role (accounting for 96.8% of total enterprises and contributing 38% of GDP - General Statistics Office 2024), Vietnamese SMEs face a paradox in tax and accounting compliance burden with three key challenges:

- 1. High Compliance Cost:** Costs reaching up to 15% of revenue, which is 2.5 times higher than for large enterprises (CIEM 2025).
- 2. Policy Violation:** 72% of tax violations resulting from failure to keep up with policy changes on e-invoices, VAT rates, and deductible expenses (PCI 2024).
- 3. Hidden Costs:** Including management time (30-50 hours/month) and the risk of unexpected inspections.

Facing this reality, Resolution 68/NQ-TW promises macro solutions through mechanisms such as: deploying credit incentive packages, establishing local legal consulting centers, reforming inspection and administrative procedures, and providing support for taxes, fees, and charges. While awaiting policy implementation, SMEs can proactively mitigate risks through a dual strategy: Outsourcing professional accounting services, which cuts 40-50% of operating costs (equivalent to 20-30% of full-time staff costs) and reduces over 80% of documentation errors; combined with digitizing internal processes via accounting software that automates 70% of operations (tax declaration, e-invoice management)—freeing up 20-30 hours/month for profitable activities.

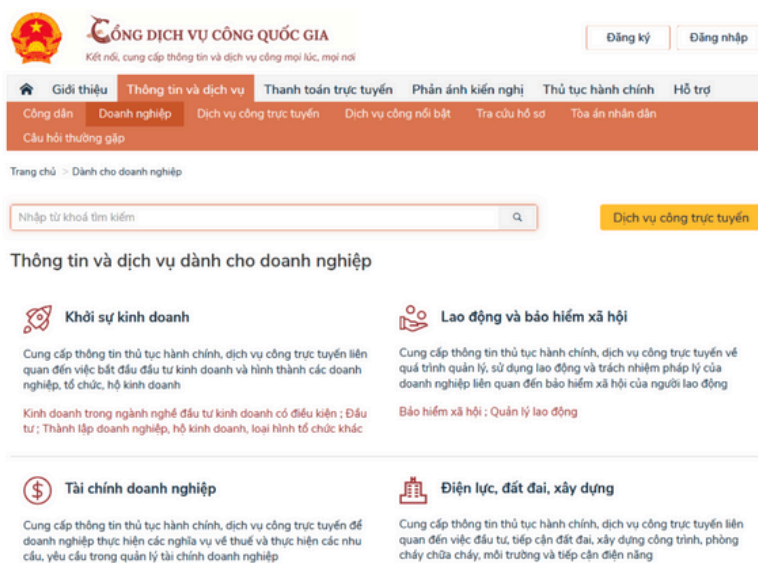


This integrated model not only optimizes direct costs but also creates intangible advantages: increased credit scores (reducing loan interest by 1.5-2% thanks to financial transparency - CIEM 2025), attracting investment capital (68% of VC funds prioritize SMEs adhering to VSV standards 2024), and enhancing brand reputation (increasing customer retention by 40% - PCI 2024). Practical results show: SMEs that simultaneously adopt this solution reduce tax penalties to under 5% (VnEconomy 2024). When combined with the support mechanisms from Resolution 68, the total compliance burden is projected to decrease by up to 60%—transforming resources into a leverage for innovation, realizing the goal of 2 million enterprises by 2030, and becoming the most critical driving force of the national economy.



DIGITAL TRANSFORMATION AND THE BREAKTHROUGH JOURNEY OF SMES

Vietnam aims to become a high-income nation by 2045, and Digital Transformation (DX) is the crucial key to this goal, especially for the Small and Medium-sized Enterprise (SME) community, the backbone of the economy. DX helps SMEs optimize operations, expand markets, and build a transparent, efficient business environment, thereby driving growth and realizing the aspiration for national prosperity.



Paving the Way for SMEs to Access a Constructive and Transparent Institution

SMEs in Vietnam often struggle with complex and opaque administrative procedures. To address this, starting in early 2025, the Vietnamese Government has resolutely implemented DX to build a more transparent institution. Resolution 57-NQ/TW (late 2024) guides the modernization of institutions and the reduction of barriers through DX. The 2025 administrative procedure reform plan aims that by the end of 2025, **100% of eligible procedures will be conducted online** and **80% will be processed entirely online**. This allows SMEs to conduct administrative transactions quickly and transparently through the National Public Service Portal, saving time and costs, which is particularly beneficial for SMEs in remote areas.

Furthermore, the National Data Strategy (February 2024) and the goal of **digitizing 100% of asset and income control by 2025**, along with the National Data Center (operational in August 2025), will create an open data ecosystem. This will enable SMEs to access market information effectively, ensure fairness, and reduce corruption, particularly through the electronic public procurement system (e-GP).

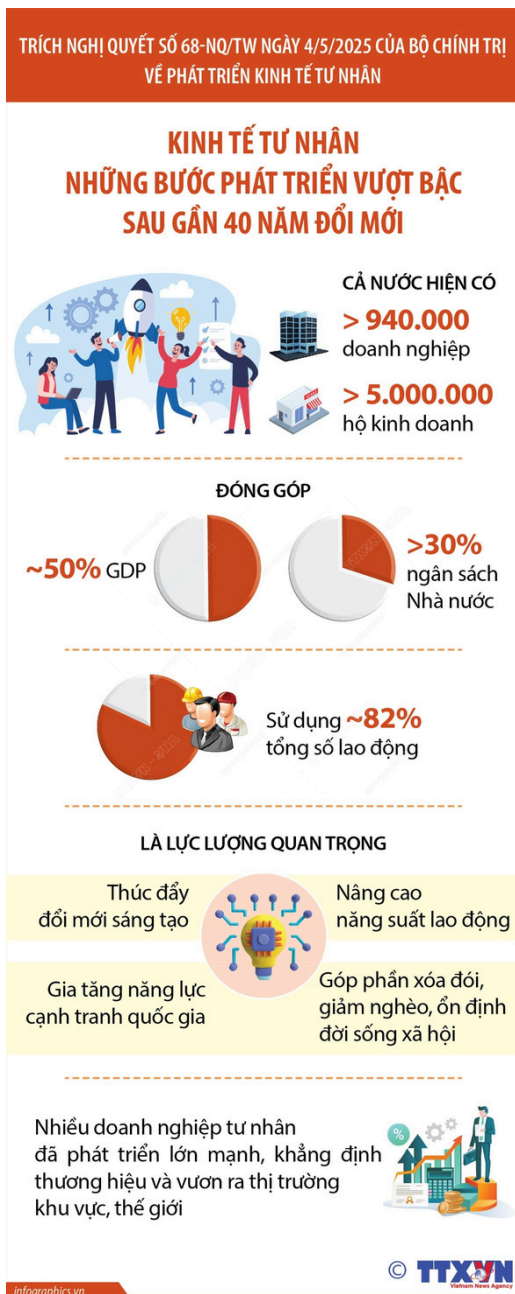
General Secretary Tô Lâm stated at the National Conference on May 18th in Hanoi: Developing the private sector becomes "one of the most important driving forces" of the national economy (in the spirit of Resolution 68).

Digital Transformation: The Key to Liberation

SMEs are the main growth engine of Vietnam. The proportion of fixed assets in the non-state sector has tripled (from 20% to 61%), and SME revenue in 2023 was double that of state-owned enterprises. DX is the strategic weapon enabling SMEs to thrive in global competition. Resolution 68-NQ/TW (May 4, 2025) sets the goal of having **2 million private enterprises by 2030**, and at least **3 million by 2045**, contributing over **60% of GDP**.

To achieve this goal, DX helps SMEs by:

- **Optimizing Operations:** Automating internal processes such as production management, supply chain, CRM, accounting, and HR using software and digital platforms, thereby reducing errors, costs, and improving productivity.
- **Expanding Markets and Customer Reach:** Breaking down geographical barriers and accessing national and international markets through e-commerce, social media, and digital marketing, allowing SMEs to compete with large corporations.
- **Enhancing Competitiveness and Innovation:** Applying Artificial Intelligence, Big Data, and data analytics to understand customer behavior, forecast demand, make informed business decisions, and encourage innovation in business models, products, and services.



DX is a vital strategy, a "dual leverage" for Vietnam's development, especially through SMEs. DX, coupled with governance, creates transparent institutions, reduces the burden on businesses, and frees up SME resources for innovation. Simultaneously, DX unlocks growth potential, helping SMEs make breakthroughs, compete, and reach the international level. Institutions and the private sector have a strong, mutual linkage. Digitized, lean institutions reduce barriers, freeing up SME resources for investment and innovation, creating a positive feedback loop. DX success lies not only in technology but also in building a digital culture, resolving bottlenecks in human resources, processes, and change management. SMEs face challenges such as a lack of digital skills, investment costs, and fear of change. Therefore, the Government needs to provide training support, appropriate digitization solutions, and incentive policies. With the Government's efforts starting in 2025 and the proactiveness of SMEs, DX is the path for Vietnam to achieve prosperity by 2045, with SMEs taking the lead.