

LAW**AMENDING THE LAW ON VALUE ADDED TAX, LAW ON SPECIAL SALES TAX, AND
LAW ON TAX MANAGEMENT**

Pursuant to the Constitution of the Socialist Republic of Vietnam;

The National Assembly hereby promulgates a Law amending *Law 13 on Value Added Tax* of 2008 (as amended by Law 31 of 2013), *Law 27 on Special Sales Tax* of 2008 (as amended by Law 70 of 2014), and *Law 78 on Tax Management* of 2006 (as amended by Law 71 of 2014).

Article 1

To amend and add to a number of articles of Law 13 on Value Added Tax [VAT] as amended by Law 31 of 2013:

1 *To amend clauses 1, 9 and 23 of article 5 as follows:*

[Good and services not subject to VAT:]

- "1. Products of cultivation, husbandry, aquaculture, seafood and fisheries which have not been processed into other products or which have only been subject to conventional preliminary treatment by the organizations and individuals producing, catching or selling them and/or at the import stage;

An enterprise or co-operative which purchases products of cultivation, husbandry, aquaculture, seafood and fisheries which have not been processed into other products or which have only been subject to conventional preliminary treatment and then sells them to another enterprise or co-operative is not required to declare and pay VAT but [and] is entitled to a credit of input VAT.
9. Medical health services and veterinary services including medical examination and treatment and disease prevention for humans and for animals; and services of caring for seniors and disabled people.
23. Export products being exploited natural resources and [mined] minerals which have not been processed into other products and export products being goods which have been processed from natural resources and minerals with a total value of natural resources or minerals plus energy expenses accounting for 51% of the cost price of the product."

2 *To amend clause 1(g) of Article 8 as follows:*

[Tax rates: The tax rate of zero (0) per cent applies to exported goods and services, international transportation, and to goods and services which are not subject to VAT in accordance with article 5 of this Law, except for the following:]

"(g) Exported products as stipulated in article 5.23 of this Law.

Exported goods and services being goods and services consumed outside Vietnam [or] in non-tariff zones; and goods and services supplied to foreign customers in accordance with Government regulations."

3 *To amend clauses 1 and 2 of article 13 as follows:*

[Cases in which VAT will be refunded:]

"1. Any business establishment paying VAT in accordance with the tax credit method and which has [creditable] input VAT which has not been fully credited in a month or quarter is entitled to a credit in the following period.

Any business establishment which has registered to pay VAT in accordance with the tax credit method, which has a new investment project and is in the investment phase, and which has VAT on goods and services purchased for use in the investment which has not yet been credited and the remaining amount of tax is three hundred (300) million dong or more, is entitled to a VAT refund.

A business establishment is not entitled to a VAT refund but is permitted to carry forward the amount not yet credited of the investment project in accordance with the law on investment to the next period in the following cases:

- An investment project of a business establishment which has not yet contributed the full amount of charter capital as registered; a business in a conditional industry or trade when all conditions as prescribed in the *Law on Investment* have not been satisfied or have not been maintained during the operational process;
- An investment project for exploitation of natural resources or for mining minerals which is licensed on or after 1 July 2016 or an investment project for the manufacture of products and goods with the total value of natural resources or minerals plus energy expenses accounting for 51% or more of the cost price of the product in accordance with the investment project.

The Government shall provide detailed regulations on this clause.

2. Any business establishment which within one month or quarter has exported goods and services and input VAT which has not yet been fully credited of three hundred (300) million dong or more, is entitled to a VAT refund for the month or quarter, except for goods imported for export or exported goods which are not exported within the geographical area of customs operations as prescribed in the *Law on Customs*. A refund shall be made on the principle of refund first and check after, in the case of a taxpayer manufacturing export goods who has not committed a breach of the law on tax and customs for a two (2) year consecutive period; and in the case of a taxpayer not within the high risk category as prescribed in the *Law on Tax Management*."

Article 2

To amend and add to a number of articles of Law 27 on Special Sales Tax [SST] as amended by Law 70 of 2014:

1 To amend and add to clauses 1 and 2 of article 6 as follows:

[SST taxable prices shall be:]

- "1. In the case of domestically manufactured goods and imported goods, [the SST taxable price] shall be the selling price of the manufacturing or importing establishment.

If the goods subject to SST are sold to a commercial business establishment in the relationship of parent-subsidiary company with the seller, or in the relationship of another subsidiary company of the same parent of the manufacturing or importing establishment, or if the commercial business establishment has an associated relationship with the seller, then the SST taxable price shall not be less than a percentage (%) compared to [of] the average price at which commercial business establishments purchase directly from the manufacturing or importing establishment which sells to them in accordance with Government regulations.

2. In the case of imported goods at the import stage [the SST taxable price shall be] the price used for calculating import duties plus the import duty. If imported goods are subject to exemption or reduction of import duty, then their taxable price shall exclude the amount of exempt or reduced import duty. In the case of imported goods subject to SST, the amount of SST paid at the import stage shall be credited when determining the amount of SST payable when the goods are sold."

2 To amend item 4 in the Special Sales Tax Tariff set out in article 7 as follows:

No.	Goods and Services	Amended Tax Rate (%)
4.	Vehicles of less than 24 seats:	
	(a) Passenger vehicles of 9 or less seats except for 4(dd), 4(e) and 4(g) in this Tariff:	
	- Type with cylinder capacity of 1,500cm³ or less:	
	+ From 1/07/2016 to the end of 31/12/2017	40
	+ From 1/01/2018	35
	- Type with cylinder capacity above 1,500cm³ up to 2,000cm³	
	+ From 1/07/2016 to the end of 31/12/2017	45
	+ From 1/01/2018	40
	- Type with cylinder capacity above 2,000cm³ up to 2,500cm³	50
	- Type with cylinder capacity above 2,500cm³ up to 3,000cm³	
	+ From 1/07/2016 to the end of 31/12/2017	55
	+ From 1/01/2018	60
	- Type with cylinder capacity above 3,000cm³ up to 4,000cm³	90
	- Type with cylinder capacity above 4,000cm³ up to 5,000cm³	110
	- Type with cylinder capacity above 5,000cm³ up to 6,000cm³	130
	- Type with cylinder capacity above 6,000cm³	150
	(b) Passenger vehicles of 10 to less than 16 seats except for 4(dd), 4(e) and 4(g) in this Tariff;	15
	(c) Passenger vehicles of 16 to less than 24 seats except for 4(dd), 4(e) and 4(g) in this Tariff;	10

No.	Goods and Services	Amended Tax Rate (%)
	(d) Passenger vehicles carrying both passengers and cargo except for 4(dd), 4(e) and 4(g) in this Tariff:	
	- Type with cylinder capacity up to 2,000cm ³	15
	- Type with cylinder capacity above 2,500cm ³ up to 3,000cm ³	20
	- Type with cylinder capacity above 3,000cm ³	25
	(dd) Vehicles run on petrol combined with electrical power [or] bio-energy, in which the density of petrol used does not exceed 70% of the energy used	70% of the rate applicable to a vehicle of the same type as stipulated in sub-clauses 4(a), 4(b), 4(c) and 4(d).
	(e) Vehicles run on bio-energy	50% of the rate applicable to a vehicle of the same type as stipulated in sub-clauses 4(a), 4(b), 4(c) and 4(d).
	(g) Vehicles run on electrical power:	
	Passenger vehicles of 9 or less seats	15
	Passenger vehicles of 10 to less than 16 seats	10
	Passenger vehicles of 16 to less than 24 seats	5
	Vehicles designed to carry both passengers and cargo	10
	(h) Motorhome vehicles, irrespective of their cylinder capacity:	
	+ From 1/07/2016 to the end of 31/12/2017	70
	+ From 1/01/2018	75

Article 3

To amend and add to a number of articles of Law 78 on Tax Management of 2006 (as amended by Law 71 of 2014):

1 To amend and add to article 61 as follows:

[Tax exemption and reduction]

"1. Tax management agencies shall grant tax exemption or reduction to the cases eligible for tax exemption or reduction as stipulated in legal instruments on tax, and shall grant tax exemption for family households and individuals with non-agricultural land use tax payable annually of fifty thousand (50,000) dong or less."

2 To amend and add to article 92.4 as follows:

[Tax exemption and reduction]

"4. [Administrative tax decisions] shall not be compulsorily enforced where a taxpayer is permitted by the tax management agency to pay the amount of tax debt in instalments within a time-limit not exceeding 12 months from the first day of the tax enforcement time-limit. The payment of tax debt in instalments shall be considered based on the request of the taxpayer and must be guaranteed by a credit institution. The taxpayer must pay a late payment charge of 0.03% per day calculated on the amount of late tax payment".

3 *To amend and add to article 106.1 as follows:*

[Dealing with late payment of tax]

"1. Any taxpayer making a late payment of tax in comparison with the stipulated deadline or extended deadline, or with the deadline prescribed in a notice of the tax management agency or the deadline prescribed in a decision of the tax management agency dealing with a breach, must pay the amount of tax payable in full plus a late payment charge of 0.03% per day calculated on the amount of late tax payment.

Tax debts which arose prior to 1 July 2016 and which the taxpayer has not yet paid to the [State] budget, including tax arrears collectable as the result of an inspection by the tax management agency, shall be carried forward and the rate of late payment charge prescribed in this provision shall apply as from 1 July 2016.

In the case of a taxpayer supplying goods and services for which the State budget [is liable] to pay but for which payment has not yet been made and therefore the taxpayer is unable to pay tax on time resulting in a tax debt, such taxpayer is not required to pay a late payment charge calculated on the amount of such tax debt but not exceeding the amount which the State budget has not yet paid arising within the period of time for which such budget has not yet paid."

3 Article 42.3 [time-limit for duty payment on import and export goods] is hereby repealed.

Article 4 *Implementing provision*

1 This Law is of full force and effect as from 1 July 2016, except for clause 2 below.

2 Article 3.4 of this Law shall be of full force and effect as from 1 September 2016.

3 The Government shall issue detailed regulations on the articles assigned in this Law.

This Law was passed by Legislature XIII of the National Assembly of the Socialist Republic of Vietnam at its 11th session on 6 April 2016

Chairman of the National Assembly

NGUYEN THI KIM NGAN