

**THE NATIONAL
ASSEMBLY**

**SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness**

Law No. 106/2016/QH13

Hanoi, April 06, 2016

LAW

**AMENDMENTS TO SOME ARTICLES OF THE LAW ON VALUE-ADDED TAX, THE
LAW ON SPECIAL EXCISE DUTY, AND THE LAW ON TAX ADMINISTRATION**

Pursuant to the Constitution of Socialist Republic of Vietnam;

The National Assembly promulgates the Law on amendments to some Articles of the Law on Value-added tax No 13/2008/QH12, which is amended under the Law No. 31/2013/QH13, the Law on special excise duty No. 27/2008/QH12 which is amended under the Law No. 70/2014/QH13, the Law on Tax administration No. 78/2006/QH11 which is amended under the Law No. 21/2012/QH13 and the Law No. 71/2014/QH13.

Article 1

Amendments to some Articles of the Law on Value-added tax No. 13/2008/QH12, which is amended under the Law No. 31/2013/QH13:

1. Clauses 1, 9 and 23 of Article 5 are amended as follows:

"1. Farming, breeding, aquaculture produces that have not been processed into other products or have only been preliminary processed by the manufacturers or catchers when they are sold and imported.

Enterprises and cooperatives buying farming, breeding, aquaculture produces that have not been processed into other products or have only been preliminary processed and selling them to other enterprises or cooperatives are not required to declare and pay VAT but may deduct input VAT."

"9. Health services, veterinary medicine services including medical examination and treatment services for human and animals; care services for elderly people and disabled people."

"23. Exports that are raw natural resources or minerals which have not been processed into other products; exports that are goods processed from natural resources or minerals where the total value of natural resources or minerals plus energy costs makes up at least 51% of the product price."

2. Point g Clause 1 of Article 8 is amended as follows:

"g) The exports specified in Clause 23 Article 5 of this Law.

Exported goods/services that are consumed outside Vietnam, within free trade zones; goods/services provided for foreign customers as prescribed by the Government."

3. Clause 1 and Clause 2 of Article 13 is amended as follows:

"1. A business establishment that pays VAT using credit-invoice method may offset input VAT that remains after deduction in the month or the quarter against VAT incurred in the next period.

Where a business establishment has registered to pay VAT using credit-invoice method has a new investment project which is still in its investment stage, VAT on goods/services purchased serving the investment has not been deducted, and the remaining tax is at least VND 300 million, VAT shall be refunded.

The VAT that has not been deducted shall not be refunded and instead be carried forward to the next period in the following cases:

a) The investment project does not have adequate charter capital as registered; engages in conditional business lines while the corresponding conditions have not been fully satisfied as prescribed by the Law on Investment or the fulfillment of such conditions is not maintained throughout its operation;

b) The project is a natural resource extraction project or mineral extraction project licensed from July 01, 2016 or a manufacture project where the total value of natural resources or minerals plus energy costs makes up at least 51% of the product price.

The Government shall regulate this Clause.

2. A business establishment whose exported goods/services incur an input VAT of at least VND 300 million which has not been deducted in the month or quarter shall receive VAT refund for that month or quarter, unless such goods are imported for exportation or exports are not exported within a customs controlled area as prescribed by the Law on Customs. Inspection after refund shall apply to any manufacturer of exports that does not violate regulations of law on taxation or customs for two consecutive years; any taxpayer that is not considered high-risk as prescribed by the Law on Tax administration."

Article 2

Amendments to some Articles of the Law on special excise duty No. 27/2008/QH12, which is amended under the Law No. 70/2014/QH13:

1. Clause 1 and Clause 2 of Article 6 is amended as follows:

"1. Taxable prices of goods domestically produced and imports are selling prices imposed by manufacturers or importers.

Where goods subject to special excise tax are sold to a trading establishment which has a parent company-subsidary company relationship or subsidiaries in the same parent company as the manufacturer or importer, or a trading establishment has an association therewith, the taxable price must not fall below the percentage (%) of average price paid by the trading establishments directly buying from the manufacturers or importers prescribed by the Government;

2. Taxable prices of imports at importation are the prices subject to import duty plus (+) import duty. If imports are eligible for exemption or reduction of import duty, taxable price shall not include the reduction or exemption. Special excise tax on goods that was paid at importation may be deducted when determining the special excise tax on goods when they are sold;"

2. Clause 4 of Section I of Special excise tax schedule in Article 7 is amended as follows:

No.	Goods/service	Tax rate (%)
4	Motor vehicles for the transport of fewer than 24 people	
	a) Motor vehicles for the transport of not more than 9 people, except for those specified in Point 4dd, 4e, and 4g of this Schedule	
	- Of a cylinder capacity not exceeding 1,500 cm ³	
	+ From July 01, 2016 to December 31, 2017 inclusive	40
	+ From January 01, 2018	35
	- Of a cylinder capacity exceeding 1,500 cm ³ but not exceeding 2,000 cm ³	
	+ From July 01, 2016 to December 31, 2017 inclusive	45
	+ From January 01, 2018	40
	- Of a cylinder capacity exceeding 2,000 cm ³ but not exceeding 2,500 cm ³	50
	- Of a cylinder capacity exceeding 2,500 cm ³ but not exceeding 3,000 cm ³	
	+ From July 01, 2016 to December 31, 2017 inclusive	55
	+ From January 01, 2018	60
	- Of a cylinder capacity exceeding 3,000 cm ³ but not exceeding 4,000 cm ³	90
	- Of a cylinder capacity exceeding 4,000 cm ³ but not exceeding 5,000 cm ³	110
	- Of a cylinder capacity exceeding 5,000 cm ³ but not exceeding 6,000 cm ³	130
	- Of a cylinder capacity exceeding 6,000 cm ³	150

	b) Motor vehicles for the transport of 10 - 15 people, except for those specified in Point 4dd, 4e, and 4g of this Schedule	15
	c) Motor vehicles for the transport of 16 - 23 people, except for those specified in Point 4dd, 4e, and 4g of this Schedule	10
	d) Motor vehicles for the transport of both passengers and cargoes, except for those specified in Point 4dd, 4e, and 4g of this Schedule	
	- Of a cylinder capacity not exceeding 2,500 cm ³	15
	- Of a cylinder capacity exceeding 2,500 cm ³ but not exceeding 3,000 cm ³	20
	- Of a cylinder capacity exceeding 3,000 cm ³	25
	dd) Motor vehicles running on both gasoline and electricity or bioenergy, the proportion of gasoline consumption does not exceed 70% of total energy used	70% of tax rates applied to vehicles of the same kind specified in Point 4a, 4b, 4c, and 4d of this Schedule
	e) Motor vehicles running on bioenergy	50% of tax rates applied to vehicles of the same kind specified in Point 4a, 4b, 4c, and 4d of this Schedule
	g) Motor vehicles running on electricity	
	- For the transport of not more than 9 people	15
	- For the transport of 10 - 15 people	10
	- For the transport of 16 - 23 people	5
	- For the transport of both passengers and cargoes	10
	h) Motorhomes regardless of cylinder capacity	
	- From July 01, 2016 to December 31, 2017 inclusive	70
	- From January 01, 2018	75

Article 3

amendments to some Articles of the Law on Tax administration No. 78/2006/QH11, which is amended under Law No. 21/2012/QH13 and Law No. 71/2014/QH13:

1. Article 61 is amended as follows:

“Article 61. Tax exemption and tax reduction

The tax authority shall grant tax exemption and tax reduction to the entities eligible for tax exemption and tax reduction specified in legislative documents on taxation, and tax exemption too households and individuals whose annual levies on non-agricultural land do not exceed VND 50,000.”

2. Clause 4 of Article 92 is amended as follows:

"4. Tax enforcement measures may be postponed if the taxpayer is permitted by the tax authority to pay the tax debt by installments for a period not exceeding 12 months from the beginning of the tax enforcement period. The payment of tax by installments shall be considered according to the taxpayer's request, provided a credit institution offers a guarantee. The taxpayer shall pay late payment interest on the unpaid tax at 0.03% per day."

3. Clause 1 of Article 106 is amended as follows:

"1. Any taxpayer who fails to pay tax by the deadline or extended deadline or the deadline specified in the tax authority's notice or the deadline specified in the tax authority's decision shall fully pay tax and late payment interest on the unpaid tax at 0.03% per day.

From July 01, 2016, the rate of late payment interest specified in this Clause shall apply to tax debts incurred before July 01, 2016 that have not been paid by taxpayers, including those discovered after inspections by competent authorities.

Where a taxpayer that provides goods/services which are supposed to be paid by state budget incurs a tax debt because such goods/services have not been paid for, such taxpayer is exempt from paying the late payment interest on the unpaid tax, provided such unpaid tax does not exceed the amount owed by state budget."

4. Clause 3 of Article 42 is annulled.

Article 4

1. This Law comes into force from July 01, 2016, except for the provisions specified in Clause 2 of this Article.

2. Clause 4 Article 3 of this Law comes into force from September 01, 2016.

3. The Government shall elaborate the Articles and Clauses of this Law within its responsibility.

This Law is adopted by the 13th National Assembly of Socialist Republic of Vietnam on this 6th of April 2016.

**PRESIDENT OF THE NATIONAL
ASSEMBLY**

Nguyen Thi Kim Ngan

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