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THE NATIONAL ASSEMBLY

Số: 09/2003/QH11

CỘNG HÒA XÃ HỘI CHỦ NGHĨA VIỆT NAM

Độc lập - Tự do - Hạnh phúc

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Hà Nội, Ngày 17 tháng 06 năm 2003

## LAW ON ENTERPRISE INCOME TAX

*(No. 09/2003/QH11 of June 17, 2003)*

*In order to contribute to boosting the production and business development and mobilizing part of income into the State budget; to ensure equitable and reasonable contributions by organizations and individuals producing and/or trading in goods and/or providing services with incomes;*

*Pursuant to the 1992 Constitution of the Socialist Republic of Vietnam, which was amended and supplemented under Resolution No. 51/2001/QH10 of December 25, 2001 of the Xth National Assembly, its 10th session;*

*This Law prescribes the enterprise income tax,*

### Chapter I

#### GENERAL PROVISIONS

##### **Article 1.-** Payers of enterprise income tax

Organizations and individuals engaged in goods production and trading and/or service provision (hereinafter referred collectively to as business establishments) with incomes shall all have to pay enterprise income tax, except for the subjects defined in Article 2 of this Law.

##### **Article 2.-** Subjects not liable to enterprise income tax

Family households, individuals, cooperation groups and cooperatives engaged in agricultural production with incomes from cultivation, husbandry and aquaculture products are not liable to enterprise income tax, except for family households and peasants engaged in large-scale commodity production with high incomes as defined by the Government.

##### **Article 3.-** Interpretation of terms

In this Law, the following expressions shall be construed as follows:

1. *Organizations engaged in goods production and trading and/or service provision* include State enterprises, limited liability companies; joint stock companies; partnerships;

foreign-invested enterprises and foreign parties to business cooperation contracts under the Law on Foreign Investment in Vietnam; foreign companies and organizations doing business in Vietnam not under the Law on Foreign Investment in Vietnam; private enterprises; cooperatives; cooperation groups; economic establishments of political organizations, socio-political organizations, social organizations, socio-professional organizations, people's armed force units; administrative agencies and non-business units engaged in goods production and trading and/or service provision.

*2. Individuals engaged in goods production and trading and/or service provision* include individual business households and business groups; family households and individuals engaged in agricultural production; businesspeople; independent practitioners; individual property lessors; foreign businesspeople with incomes generated in Vietnam.

*3. Resident establishments of foreign companies in Vietnam* are business establishments through which foreign companies conduct part or all of their income-generating business operations, including:

a/ Branches, executive offices, factories, workshops, transport means, mines, oil or gas fields and any natural resource-exploiting places in Vietnam;

b/ Construction sites; construction, installation and/or assembly projects;

c/ Establishments providing services, including consultancy services, through their employees or other subjects;

d/ Agents of foreign companies;

e/ Vietnam-based representatives who are competent to sign contracts on behalf of foreign companies or incompetent to sign contracts on behalf of foreign companies but regularly performing the delivery of goods or the provision of services in Vietnam.

In cases where a double taxation avoidance agreement which the Socialist Republic of Vietnam has signed otherwise provides for resident establishments, the provisions of such agreement shall apply.

#### **Article 4.-** Obligations and responsibilities to implement the Law on Enterprise Income Tax

1. Business establishments are obliged to pay tax fully and on time as prescribed by this Law.

2. Tax offices shall, within the ambit of their tasks and powers, have to strictly implement the provisions of this Law.

3. State agencies, political organizations, socio-political organizations, social organizations, socio-professional organizations and people's armed force units shall, within the ambit of their respective functions, tasks and powers, have to supervise the implementation of, and coordinate with the tax offices in implementing, this Law.

4. Vietnamese citizens shall have to assist tax offices and tax officials in implementing the provisions of this Law.

## Chapter II

### TAX CALCULATION BASES AND TAX RATES

#### **Article 5.-** Tax calculation bases

Tax calculation bases are taxable incomes and tax rates.

#### **Article 6.-** Taxable incomes

Taxable incomes include incomes from goods production and trading and/or service provision activities and other incomes, including those generated from goods production and trading and/or service provision activities overseas.

#### **Article 7.-** Determination of taxable incomes

1. Taxable incomes from goods production and trading and/or service provision activities equal the turnovers therefrom minus the reasonable expenses related to taxable incomes.
2. Other taxable incomes include incomes earned from securities trading margin, property ownership and use rights; incomes from the transfer of land use right or land rent right; profits from the transfer, lease or liquidation of property or deposits, lending of capital, sale of foreign currencies; year-end balance of reserves; recovered bad debts which had been written off from accounting records; payable debts with creditors being unidentifiable; incomes from business activities in the previous years which had been omitted but later discovered, and other incomes.

The Government shall specify methods of determining taxable incomes for income amounts from the transfer of land use right and land rent right as well as tax rates according to the partially progressive tax table, which must not exceed 30% of remaining income from the transfer of land use right and land rent right after the enterprise income tax is paid.

In cases where a double taxation avoidance agreement which the Socialist Republic of Vietnam has signed otherwise provides for methods of determining taxable incomes for resident establishments, the provisions of such agreement shall apply.

#### **Article 8.-** Turnover

Turnover used for the calculation of taxable income is the total of money proceeds from the sale of goods, processing remuneration and/or service provision charges, including price subsidies, surcharges or extra-sums enjoyed by business establishments. In cases where a turnover arises in a foreign currency, it must be converted into Vietnam dong at the exchange rate announced by the State Bank of Vietnam at the time when such foreign-currency turnover arises.

#### **Article 9.-** Expenses

1. Reasonable expenses to be subtracted for the calculation of taxable income include:

a/ Depreciation of fixed assets used for production and/or business activities. The depreciation rate shall be based on the value of fixed assets and depreciation duration. Establishments producing and/or dealing in goods and services with high economic efficiency may apply quicker depreciation rates which, however, must not exceed two times the prescribed depreciation rate, in order to quickly renew their technologies.

The Finance Ministry shall specify fixed asset standards and depreciation rates prescribed at this Point;

b/ Costs of raw materials, materials, fuel, energy and goods volume actually used in goods production and trading and/or services related to turnover and taxable income in a period, which are calculated according to a reasonable wastage rate and actual ex-warehouse prices;

c/ Salaries, wages, allowances provided for by the Labor Code, mid-shift meal allowance, except for salaries or wages of owners of private enterprises, heads of individual business households and incomes of the founding members of companies who do not directly take part in production and business management;

d/ Expenses for scientific and technological researches; innovations and improvements; health care; training of laborers according to the prescribed regime; financial donations for education;

e/ Expenses for services purchased from outside: electricity, water, telephone; repair of fixed assets; rent of fixed assets; audit; legal services; designing, establishment and protection of trademarks; property insurance; payments for use of technical materials, patents, technological licenses not belonging to fixed assets; technical services and other services purchased from outside;

f/ Payments for female laborers as provided for by law; expenses for labor protection devices or outfits; expenses for protection of business establishments; working mission allowances; deductions for payment of social insurance and medical insurance premiums under the liability of employing business establishments; trade union funding; support of the Party's and mass organizations' activities at business establishments; deductions for setting up the superior levels' management funds and associations' funds according to the prescribed regime;

g/ Payment of interests on loans for goods production and trading and/or service provision to banks and other credit institutions as well as economic organizations at the actual interest rates; payment of interests on borrowings from other subjects at the actual interest rates at the time of signing borrowing contracts, which must not exceed 1.2 times the lending interest rate of commercial banks at the time of borrowing;

h/ Deductions for reserves according to the prescribed regime;

i/ Severance allowances for laborers;

j/ Expenses for the sale of goods and/or services;

k/ Expenses for advertisement, marketing and trade promotion directly related to goods production and trading and service provision activities and other expenses, which are controlled at no more than 10% of the total expenditure. For trading activities, the total expense for determining the controlled level shall not include purchasing prices of goods sold;

l/ Payable taxes, charges, fees and land rents, which are related to goods production and trading and/or service provision activities, and accounted into reasonable expenses;

m/ Business administration expenses allocated by foreign companies to their resident establishments in Vietnam as prescribed by the Government;

n/ Expenses for purchase of goods and/or services of non-business organizations and/or individuals without invoices and vouchers prescribed by the Government.

2. The following expenses shall not be accounted into reasonable expenses:

a/ Deductions advanced as expenses but actually not spent;

b/ Expenses without vouchers or with invalid vouchers;

c/ Fines and expenses not related to tax-calculation turnover and taxable income;

d/ Expenses covered by other capital sources.

3. The reasonable expenses prescribed in Clause 1 of this Article shall all be recorded in accounting books in Vietnam dong; for expenses in foreign currency(ies), they must be converted into Vietnam dong at the exchange rate(s) announced by the State Bank of Vietnam at the time when such foreign-currency expenses are effected.

#### **Article 10.- Tax rates**

1. The enterprise income tax rate applicable to business establishments is 28%.

2. The enterprise income tax rate applicable to business establishments conducting activities of prospection, exploration and exploitation of oil and gas and other precious and rare natural resources is between 28% and 50%, depending on each project or business establishment.

The Government shall specify this Article.

### Chapter III

#### TAX DECLARATION, PAYMENT AND SETTLEMENT

#### **Article 11.- Responsibilities of business establishments**

Business establishments shall have the responsibilities:

1. To strictly abide by the regimes on accounting, invoices and vouchers according to the provisions of law;
2. To fully declare their turnovers, expenses and incomes strictly according to the regimes prescribed by the Finance Ministry;
3. To pay fully and on time payable tax amounts and fines into the State budget according to the notices of tax offices;
4. To supply documents, accounting books, accounting statements, invoices and vouchers related to the tax calculation at the requests of tax offices;
5. To purchase, sell, exchange, and account the values of, goods and services at market prices.

**Article 12.- Tax declaration**

1. Every year, business establishments shall base themselves on the results of goods production and trading and/or service provision of the previous year and the result projection for the subsequent year to declare their turnovers, expenses and taxable incomes as well as the whole year's payable tax amounts divided for each quarter, according to the form set by the tax offices and submit the declarations to the tax offices directly managing them on January 25 at the latest; in case of big changes in the production and business situation during the year, the business establishments shall have to report such to their managing tax offices for adjustment of the tax amounts to be temporarily paid for the whole year and each quarter. If the tax offices examine and detect that the tax declarations by the business establishments are improper, they may fix the tax amounts to be temporarily paid for the whole year and each quarter.
2. For business establishments which have not yet applied the prescribed regime of accounting, invoices and vouchers, the tax amounts to be paid monthly shall be calculated according to the presumptive turnover and the taxable income percentage suitable to each branch or trade, which are set by competent tax offices.

**Article 13.- Tax payment**

1. Business establishments shall temporarily pay fully and on time into the State budget the quarterly tax amounts according to their declarations or tax amounts fixed by tax offices. The deadline for the quarterly tax payment shall be the last day of the quarter.

The Government prescribes simple and convenient procedures for tax payment, thus raising the business establishments' sense of responsibility before law, and at the same time enhances the work of inspection, examination and handling of law violations committed by tax offices, ensuring the tight and effective tax collection management.

2. The business establishments defined in Clause 2, Article 12 of this Law shall have to pay tax into the State budget every month according to the notices of tax offices. The deadline for the monthly tax payment stated in such notices is the 25th day of the following month at the latest.

3. Business establishments engaged in consignment trading shall have to declare and pay tax upon each consignment to the tax offices of the localities where the goods are purchased before transporting such goods.

4. For foreign organizations or individuals doing business without resident establishments in Vietnam but having incomes generated in Vietnam, the organizations or individuals that pay such incomes shall have to deduct the tax amounts at the rates prescribed by the Finance Ministry from the total paid incomes and remit them into the State budget concurrently with the transfer of payment money to the foreign organizations or individuals.

**Article 14.-** Tax settlement

1. Business establishments shall have to make annual tax settlements with the tax offices. A tax settlement must reflect fully and accurately the following:

a/ Turnover;

b/ Reasonable expenses;

c/ Taxable income;

d/ Payable income tax amount;

e/ Income tax amount already temporarily paid in the year;

f/ Income tax amount already paid abroad for incomes received therefrom;

g/ Underpaid or overpaid income tax amount.

2. The tax-settlement year is calculated according to the solar year. In cases where business establishments are allowed to apply a fiscal year other than the solar year, the tax settlement shall be made according to that fiscal year. Within 90 days as from the end of a solar year or a fiscal year, business establishments shall have to submit their tax settlement reports to the tax offices, and fully pay the outstanding tax amounts into the State budget within 10 days thereafter. Overpaid tax amounts shall be cleared against the payable tax amounts of the subsequent period.

In case of enterprise transformation, merger, consolidation, division, separation, dissolution or bankruptcy, business establishments shall have to make tax settlements with the tax offices and submit tax settlement reports within 45 days after the date of issuance of decisions on the enterprise transformation, merger, consolidation, division, separation, dissolution or bankruptcy.

The Finance Ministry shall guide the settlement of enterprise income tax prescribed in this Article.

**Article 15.-** Tasks, powers and responsibilities of tax offices

Tax offices have the following tasks, powers and responsibilities:



1. To guide business establishments in declaring and paying tax in strict accordance with the provisions of this Law;
2. To notify business establishments of the delayed submission of declaration forms, delayed tax payment and decisions on sanctioning violations of tax legislation; if business establishments fail to fully pay tax and/or fine amounts according to tax notices, to be entitled to apply the handling measures prescribed in Clause 4, Article 23 of this Law to ensure the full collection of tax and fine amounts; in cases where the said handling measures have been taken but business establishments still fail to pay fully tax and/or fine amounts, to transfer the dossiers thereof to competent State agencies for handling according to the provisions of law;
3. To inspect and examine the tax declaration, payment and settlement by business establishments, ensuring their compliance with the provisions of law. In cases where purchasing prices, selling prices, business expenses and other factors are found unreasonable, the tax offices have the right to re-determine them so as to ensure the accurate and full collection of enterprise income tax;
4. To handle tax-related administrative violations and settle tax-related complaints;
5. To request business establishments to provide accounting books, invoices, vouchers and other dossiers and documents related to the tax calculation and payment; to request banks, other credit institutions, and concerned organizations and individuals to provide documents related to the tax calculation and payment;
6. To keep and use data and documents provided by business establishments and other subjects according to the prescribed regime.

**Article 16.-** Right to fix taxable incomes

1. The tax offices shall fix taxable income for tax calculation for business establishments in the following cases:
  - a/ Failing to observe or improperly observing the regime of accounting, invoices and vouchers;
  - b/ Failing to declare or improperly declaring bases for tax calculation or failing to prove the bases already stated in their declarations at the requests of tax offices;
  - c/ Refusing to produce accounting books, invoices, vouchers and necessary documents related to the calculation of enterprise income tax;
  - d/ Doing business without business registrations.
2. Tax offices shall base themselves on the investigation documents on the situation of goods production and trading and/or service provision activities of the business establishments or on taxable incomes of business establishments engaged in the same business line, with the similar business scale, to fix the taxable income. If the business establishments disagree with such fixed taxable income level, they may lodge complaints to the immediate superior tax offices according to the provisions of law; pending the

settlement thereof, the business establishments shall still have to pay tax at the fixed tax level.

## Chapter IV

### ENTERPRISE INCOME TAX EXEMPTION AND REDUCTION

**Article 17.-** Tax exemption and reduction for investment projects on setting up business establishments, cooperatives, relocated business establishments

1. Investment projects on setting up new production establishments in branches, trades, fields or geographical areas in which the investment is encouraged, or cooperatives shall enjoy the tax rates of 20%, 15% and 10%.
2. Investment projects on setting up new production establishments in branches, trades, fields or geographical areas in which the investment is encouraged, business establishments relocated under the planning and business establishments relocated to geographical areas in which the investment is encouraged shall be entitled to the tax exemption for 4 years at most after their taxable incomes are generated, and a 50% reduction of payable tax amounts for 9 subsequent years at most.

The Government shall specify branches, trades, fields and geographical areas in which the investment is encouraged; tax rates and application duration for each branch, trade, field or geographical area in which the investment is encouraged; tax exemption duration, tax reduction levels and duration as prescribed in this Article.

**Article 18.-** Tax exemption and/or reduction for business establishments investing in building new production lines, expanding their production, renewing technology, improving the ecological environment or raising their production capacity

Production establishments investing in building new production lines, expanding their production, renewing technology, improving the ecological environment and raising their production capacity shall be exempt from enterprise income tax on their increased incomes brought about by such investment for 4 years at most and a 50% reduction of payable tax amounts for 7 subsequent years at most.

The Government shall prescribe the methods of determining the increased incomes brought about by investment, and tax exemption or reduction duration for each case prescribed in this Article.

**Article 19.-** Tax exemption and reduction for other cases

1. The following incomes of business establishments shall be exempt from enterprise income tax:

a/ Income from the performance of contracts on scientific research and development of technologies, products being in the stage of trial production, or products turned out from new technologies applied for the first time in Vietnam;

b/ Income from the performance of technical service contracts in direct service of agriculture;

c/ Income from business establishments' goods production and trading and/or service provision activities reserved for laborers being disabled people;

d/ Income from job training reserved for disabled people, children in exceptionally difficult plights and social-evils doers;

e/ Income of cooperatives and individual households engaged in goods production and trading and/or service provision with low incomes under the regulations of the Government.

2. Enterprise income tax shall be exempt for investors contributing capital with patents, technical know-hows, technological processes or technical services; enterprise income tax shall be reduced for income from the transfer of the value of capital portions of foreign investors to Vietnamese enterprises under the Government's regulations.

3. Enterprise income tax shall be reduced for business establishments engaged in production, construction or transport activities and employing a large number of female laborers under the Government's regulations.

4. Enterprise income tax shall be reduced for business establishments employing a large number of laborers, laborers being ethnic minority people under the Government's regulations. Enterprise income tax shall be exempt for income portions from activities of job training reserved for ethnic minority people.

**Article 20.-** Transfer of losses

If business establishments, after making the tax settlements with the tax offices, suffer from losses, they shall be entitled to transfer such losses to the following year, which shall be offset against their taxable incomes. The duration eligible for the loss transfer shall not exceed 5 years.

**Article 21.-** Procedures for effecting tax exemption, tax reduction and loss transfer

The tax exemption, tax reduction and loss transfer prescribed in Articles 17, 18, 19 and 20 of this Law shall apply only to the business establishments which have strictly observed the regime of accounting, invoices and vouchers and paid tax according to their declarations, except for individual households engaged in goods production and trading and/or service provision with low incomes. Business establishments shall determine by themselves the conditions for enjoying tax preferences, tax exemption, and tax reduction and loss transfer levels for registering them with the tax offices and for implementation upon making tax settlements.

The tax offices are tasked to examine the conditions for enjoying tax preferences, determine tax exemption or reduction amounts which the business establishments are entitled to, loss amounts which the business establishments are allowed to offset against their taxable incomes.

In cases where business establishments incorrectly determine the conditions for tax preferences, tax exemption or reduction amounts, loss amounts to be offset against their taxable incomes, they shall be sanctioned for tax-related administrative violations.

## Chapter V

### COMMENDATION, REWARD AND HANDLING OF VIOLATIONS

#### **Article 22.-** Commendation and reward

Tax offices and tax officials that well fulfill their assigned tasks; organizations and individuals that record achievements in the implementation of the provisions of this Law, business establishments which well perform their tax payment obligations shall be commended and/or rewarded.

The Government shall specify the commendation and reward.

#### **Article 23.-** Handling of tax-related violations committed by tax payers

Tax payers that violate the provisions of this Law shall be handled as follows:

1. If failing to strictly observe the provisions on the regime of accounting, invoices and vouchers, tax declaration, payment and settlement, as prescribed in Articles 11, 12, 13, 14 and 21 of this Law, they shall, depending on the nature and seriousness of their violations, be sanctioned for tax-related administrative violations;
2. If delaying the payment of tax and/or fines as compared with the prescribed payment date or the deadline stated in tax handling decisions, they shall, apart from paying fully the tax and/or fine amounts, have to pay an amount equal to 0.1% (one thousandth) of the delayed payment amount for each day of delayed payment;
3. If falsely declaring or evading tax, they shall, apart from having to fully pay the tax amount according to the provisions of this Law, be imposed a fine being one to five times the frauded tax amount, depending on the nature and seriousness of their violations; if evading tax in large amounts, relapsing into already administratively sanctioned tax-related violations or committing other serious violations, they shall be examined for penal liability according to the provisions of law;
4. If failing to pay tax and/or fine according to tax notices or under tax-handling decisions, they shall be handled as follows:
  - a/ Deductions from the business establishments' deposits at banks, other credit institutions or treasuries to pay tax and/or fines.

The concerned banks, other credit institutions or treasuries shall have to make deductions from deposit accounts of the business establishments to pay tax and/or fines into the State budget under tax-handling decisions of tax offices or competent agencies before collecting debts;

b/ Seizure of goods and/or material evidences to ensure the full collection of tax and/or fines;

c/ Inventory of assets according to the provisions of law to ensure the full collection of tax and/or fine arrears.

**Article 24.-** Competence of tax offices in handling tax-related violations

1. The heads of the tax offices directly managing the tax collection are competent to handle violations committed by tax payers prescribed in Clauses 1 and 2, and impose fines being one to five times the frauded tax amount according to the provisions in Clause 3, Article 23 of this Law.

2. The directors of the tax departments and the directors of the tax sub-departments directly managing the tax collection may apply the handling measures prescribed in Clause 4, Article 23 of this Law and forward dossiers of violations to the competent agencies for handling violations prescribed in Clause 3, Article 23 of this Law according to the provisions of law.

**Article 25.-** Handling violations committed by tax officials and other individuals

1. Tax officials and other individuals who abuse their positions and powers to illegally seize or appropriate tax and/or fine amounts, shall have to refund to the State the whole tax and/or fine amount already illegally used, and shall, depending on the nature and seriousness of their violations, be disciplined or examined for penal liability according to the provisions of law.

2. Tax officials and other individuals who show signs of irresponsibility or mishandle violations, thus causing damage to tax payers, shall have to pay compensation therefor according to the provisions of law and shall, depending on the nature and seriousness of their violations, be disciplined or examined for penal liability according to the provisions of law.

3. Tax officials and other individuals who abuse their positions and powers to act in complicity with or cover violators, or commit other acts in violation of the provisions of this Law shall, depending on the nature and seriousness of their violations, be disciplined or examined for penal liability according to the provisions of law.

4. Persons who obstruct or incite others to obstruct the implementation of this Law shall, depending on the nature and seriousness of their violations, be administratively sanctioned or examined for penal liability according to the provisions of law.

Chapter VI

COMPLAINTS AND STATUTE OF LIMITATIONS

**Article 26.-** Rights and responsibilities of tax payers in making tax-related complaints

1. Tax payers have the right to complain about the improper implementation of the provisions of this Law by tax officials and/or tax offices.

Complaints must be sent to the tax offices directly managing the tax collection within 30 days after the receipt of notices or handling decisions of the tax officials and/or tax offices.

Pending the settlement thereof, tax payers shall still have to abide by notices or handling decisions of the tax offices.

2. In cases where complainants disagree with decisions of agencies settling their complaints or upon the expiry of the time limit prescribed by the legislation on complaints and denunciations, their complaints remain unsettled, they have the right to lodge their complaints to the immediate superior tax offices or initiate lawsuits according to the provisions of law.

**Article 27.-** Responsibilities and powers of tax offices in settling tax-related complaints

1. Tax offices, upon receiving tax-related complaints, shall have to consider and settle them within the time limit prescribed by the legislation on complaints and denunciations.

2. Tax offices which receive complaints have the right to request complainants to supply dossiers and documents related to the complaints; if the complainants refuse to provide the requested dossiers and documents, the tax offices shall be entitled to refuse to consider and settle their complaints.

3. Tax offices shall have to reimburse tax and/or fine amounts improperly collected to business establishments within 15 days after receiving the handling decisions of superior tax offices or competent agencies according to the provisions of law.

4. Upon detecting or concluding on false tax declaration, tax evasion or tax-related errors, tax offices shall have to collect the tax and/or fine arrears or reimburse tax amounts overpaid within the latest five years as from the date of inspection and detection of the false tax declaration, tax evasion or tax-related errors. In cases where business establishments fail to make tax registration, declaration or payment, the time limit for collecting tax and/or fine arrears shall be counted from the date the business establishments commence their operation.

5. Heads of superior tax offices shall have to settle tax-related complaints of tax payers against their subordinate tax offices. The Finance Minister's decisions on settling tax-related complaints shall be final ones.

## Chapter VII

### ORGANIZATION OF IMPLEMENTATION

**Article 28.-** The Government shall direct the organization of the implementation of this Law throughout the country.

**Article 29.-** The Finance Minister shall have to organize and inspect the implementation of this Law throughout the country.

**Article 30.-** The People's Committees of all levels shall, within the ambit of their tasks and powers, direct the implementation and inspect the observance of this Law in their respective localities.

## Chapter VIII

### IMPLEMENTATION PROVISIONS

**Article 31.-**

1. This Law takes effect as from January 1, 2004.
2. The May 10, 1997 Law on Enterprise Income Tax shall cease to be effective as from the effective date of this Law.

To annul regulations on the reimbursement of enterprise income tax already paid for income amounts reinvested or tax on incomes transferred abroad prescribed in Articles 42 and 43 of the Law on Foreign Investment in Vietnam.

To annul regulations on land use right transfer tax applicable to business establishments prescribed in the Law on Land Use Right Transfer Tax. Incomes earned from the land use right transfer by business establishments shall be subject to enterprise income tax according to the provisions of this Law. Incomes earned from the land use right transfer by non-business individuals shall be subject to tax on personal incomes according to the provisions of law.

All previous prescriptions on enterprise income tax contrary to this Law are hereby annulled.

3. Foreign-invested enterprises, foreign parties to business cooperation contracts already granted investment licenses, domestic enterprises already granted certificates of investment preferences shall continue enjoying the tax preferences provided for in their investment licenses or certificates of investment preferences. In cases where their investment licenses or certificates of investment preferences provide for preferential levels lower than the tax preference levels provided for in this Law, they shall enjoy the preferential levels provided for in this Law for the remaining preferential duration.

**Article 32.-** The Government shall detail and guide the implementation of this Law.

*This Law was passed on June 17, 2003 by the XIth National Assembly of the Socialist Republic of Vietnam, at its 3rd session.*

Chairman of the National Assembly  
NGUYEN VAN AN