



This document has been provided by the International Center for Not-for-Profit Law (ICNL).

ICNL is the leading source for information on the legal environment for civil society and public participation. Since 1992, ICNL has served as a resource to civil society leaders, government officials, and the donor community in over 90 countries.

Visit ICNL's **Online Library** at
<http://www.icnl.org/knowledge/library/index.php>
for further resources and research from countries all over the world.

Disclaimers

Content. The information provided herein is for general informational and educational purposes only. It is not intended and should not be construed to constitute legal advice. The information contained herein may not be applicable in all situations and may not, after the date of its presentation, even reflect the most current authority. Nothing contained herein should be relied or acted upon without the benefit of legal advice based upon the particular facts and circumstances presented, and nothing herein should be construed otherwise.

Translations. Translations by ICNL of any materials into other languages are intended solely as a convenience. Translation accuracy is not guaranteed nor implied. If any questions arise related to the accuracy of a translation, please refer to the original language official version of the document. Any discrepancies or differences created in the translation are not binding and have no legal effect for compliance or enforcement purposes.

Warranty and Limitation of Liability. Although ICNL uses reasonable efforts to include accurate and up-to-date information herein, ICNL makes no warranties or representations of any kind as to its accuracy, currency or completeness. You agree that access to and use of this document and the content thereof is at your own risk. ICNL disclaims all warranties of any kind, express or implied. Neither ICNL nor any party involved in creating, producing or delivering this document shall be liable for any damages whatsoever arising out of access to, use of or inability to use this document, or any errors or omissions in the content thereof.

NATIONAL ASSEMBLY

SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness

10 May 1997
(as amended 3 September 1999
and 27 October 2000)

LAW ON VALUE ADDED TAX

In order to contribute to the promotion of production activities and the expansion of distribution of goods and services, to encourage the development of the national economy and to mobilize part of the income of consumers for the State Budget;

Pursuant to the 1992 Constitution of the Socialist Republic of Vietnam;

This Law provides for value added tax.

CHAPTER I

General Provisions

Article 1 *Value Added Tax*

Value added tax is tax imposed on the added value of goods or services arising during the process of production, distribution to consumption.

Article 2 *Taxable Objects*

Goods and services used for the purposes of production, business and consumption in Vietnam shall be subject to value added tax, except as provided for in article 4 of this Law.

Article 3 *Taxpayers*

Organizations and individuals producing and trading taxable goods and services (hereinafter collectively referred to as *business establishments*) and organizations and

individuals importing taxable goods (hereinafter collectively referred to as *importers*) shall be liable to pay value added tax.

Article 4 *Objects Not Subject To Value Added Tax*

The following goods and services shall not be subject to value added tax:

1. Products of cultivation, husbandry or aquaculture which have not yet been processed into other products or which have only been semi-processed by organizations or individuals producing and selling such products;
2. Salt products;
3. Goods and services which are subject to special sales tax shall not be subject to value added tax in respect of the processes for which special sales tax has been paid;
4. Specialized machinery, equipment or means of transportation which form part of a technological process or construction materials which are not yet able to be produced domestically and are required to be imported to form the fixed assets of enterprises; aircraft, drilling platforms or watercraft leased from foreign parties which are not yet able to be produced domestically used for production or business; **equipment, machinery, replacement parts, specialized means of transportation and supplies which are required to be imported in service of prospecting, exploration and development of petroleum fields and which are not yet able to be produced domestically;**¹
5. Transfers of land use rights subject to land use right transfer tax;
6. Sales of State owned houses by the State to existing tenants;
7. Credit services, investment funds and securities trading activities;²
8. Life insurance; student insurance; insurance of animals and plants and non-profit-making insurance activities;

1 *As amended by article 1.1 of Resolution 90-1999-NQ-UBTVQH10 of the Standing Committee of the National Assembly dated 3 September 1999, effective as of 1 October 1999; and by article 1.1 of Resolution 240-2000-NQ-UBTVQH10 of the Standing Committee of the National Assembly dated 27 October 2000, effective as of 1 January 2001.*

2 *As amended by article 1.2 of Resolution 240-2000-NQ-UBTVQH10 of the Standing Committee of the National Assembly dated 27 October 2000, effective as of 1 January 2001.*

9. Medical services;
10. Non-profit-making cultural, exhibition and sports activities; artistic performances, film production; import, publication and screening of film footage and documentary videos;³
11. Education and vocational training;
12. Radio and television broadcasting according to programmes funded by the State Budget;
13. - Printing, publication, import and distribution of newspapers, magazines, specialized newsletters, political books, textbooks, teaching materials, books on legislation, books printed in languages of ethnic minorities, propaganda pictures, photos and posters;
- Printing of money;⁴
14. Public services of cleaning and water drainage in urban areas and residential areas, maintenance of zoos, flower gardens, parks, trees in streets, public lighting systems and funeral services;
15. Repair, renovation and construction of cultural and artistic works, public works, infrastructure and welfare housing funded by public contribution and humanitarian aid;
16. Public passenger transportation by bus;
17. Geological surveys, exploration, measuring and formulation of maps, which can be characterized as basic surveys of the State;
18. Water supply and drainage serving agricultural production; clean water produced by organizations and individuals for consumption in rural, mountainous and island areas and remote and distant regions;
19. Specialized arms and weaponry required for national defence and security;

3 *As amended by article 1.2 of Resolution 90-1999-NQ-UBTVQH10 of the Standing Committee of the National Assembly dated 3 September 1999, effective as of 1 October 1999.*

4 *As amended by article 1.3 of Resolution 90-1999-NQ-UBTVQH10 of the Standing Committee of the National Assembly dated 3 September 1999, effective as of 1 October 1999.*

20. - Imported goods in the following cases: humanitarian aid, non-refundable aid; gifts to State bodies, political organizations, socio-political organizations, social organizations, socio-professional organizations; units of the people's armed forces; **donations and gifts to individuals in Vietnam within the limits stipulated by the Government**, personal effects of foreign organizations and individuals under diplomatic immunity regulations; hand luggage within duty-free limits;
- Goods to be sold to international organizations and foreign individuals for humanitarian and non-refundable aid to Vietnam;⁵
21. Goods in transit or transshipment or crossing Vietnamese borders; goods temporarily imported and re-exported and goods temporarily exported and re-imported;
22. Goods and services provided directly for international transportation and consumers outside Vietnam, **except for repair of machinery, equipment and means of transportation for foreign parties and labour export services**;⁶
23. Technology transfers; **software, except for export computer software**;⁷
24. Gold imported in bars and foils which are not yet processed into fine art articles, jewellery or other products;
25. Certain exported unprocessed minerals to be stipulated in detail by the Government;
26. Goods and services of business individuals having low income levels. Low income levels shall be stipulated by the Government.

No tax credit or refund shall be made in respect of the input value added tax of the goods and services provided for in this article as being not subject to value added tax.

⁵ As amended by article 1.4 of Resolution 90-1999-NQ-UBTVQH10 of the Standing Committee of the National Assembly dated 3 September 1999, effective as of 1 October 1999; and by article 1.3 of Resolution 240-2000-NQ-UBTVQH10 of the Standing Committee of the National Assembly dated 27 October 2000, effective as of 1 January 2001.

⁶ As amended by article 1.4 of Resolution 240-2000-NQ-UBTVQH10 of the Standing Committee of the National Assembly dated 27 October 2000, effective as of 1 January 2001.

⁷ As amended by article 1.5 of Resolution 240-2000-NQ-UBTVQH10 of the Standing Committee of the National Assembly dated 27 October 2000, effective as of 1 January 2001.

Where necessary, the Standing Committee of the National Assembly may amend or add to the list of goods or services which are not subject to value added tax as provided for in this article and report to the National Assembly for approval at its next session.

Article 5 *Obligations and Responsibilities for Implementation of Law on Value Added Tax*

1. Business establishments and importers shall be obliged to pay tax in full and in a timely manner in accordance with this Law.
2. Tax offices shall be responsible for implementing strictly the provisions of this Law within their respective duties and powers.
3. State bodies, political organizations, socio-political organizations, social organizations, socio-professional organizations and units of the people's armed forces shall, within their respective functions, duties and powers, supervise and co-ordinate with tax offices in the implementation of the *Law on Value Added Tax*.
4. Vietnamese citizens shall be responsible for assisting tax offices and tax officers in the implementation of this Law.

CHAPTER II

Bases for and Method of Tax Calculation

Article 6 *Bases for Tax Calculation*

The bases for calculation of value added tax are taxable prices and tax rates.

Article 7 *Taxable Prices*

Prices used for calculation of value added tax shall be:

1. In respect of goods and services, the sale price excluding value added tax;
2. In respect of imported goods, the imported price at port plus import duties;
3. In respect of goods and services used for the purposes of exchange, internal consumption, gifts or donations, the taxable price of goods of the same or equivalent category at the time of such use;

4. In respect of leases of assets, the rent received from time to time;
5. In respect of goods sold by instalment payments, the lump sum price of the goods without taking into account the instalments made from time to time;
6. In respect of the processing of goods, the processing price;
7. In respect of other goods and services, the price to be provided for by the Government.

Prices used as the bases for calculation of value added tax in respect of goods and services under this article shall include any additional charges or fees earned by business establishments.

Where a taxpayer generates turnover from sales and purchases in foreign currency, it must convert such foreign currency into Vietnamese dong at the official rate of exchange published by the State Bank of Vietnam at the time when the turnover arises for the purpose of calculation of taxable prices.

Article 8 *Tax Rates*

Value added tax rates are provided for as follows:

1. Tax rate of zero (0) per cent for export goods, **including export goods subject to special sales tax; export computer software; repair of machinery, equipment and means of transportation for foreign parties and labour export services**,⁸
2. Tax rate of five per cent for the following goods and services:
 - (a) Clean water used for production and living consumption;
 - (b) Fertilizers, ores used for production of fertilizers; pesticides and growth stimulants for animals and plants;
 - (c) Medical equipment and instruments; medical sanitary cotton and bandages;
 - (d) Preventive and curative medicines;

⁸ As amended by article 2.1 of Resolution 240-2000-NQ-UBTVQH10 of the Standing Committee of the National Assembly dated 27 October 2000, effective as of 1 January 2001.

- (e) Teaching and study aids;
 - (f) Children's toys; technical and scientific books, literary and artistic books, children's books, legal books, except for printed legislation referred to in clause 13 of article 4 of this Law;
 - (g) Products of cultivation, husbandry, aquaculture which have not yet been processed, including breeding animals, seeds, seedlings, except for the items provided for in clause 1 of article 4 of this Law;
 - (h) Unprocessed forestry products (except wood and bamboo shoots); fresh foodstuffs;
 - (i) Products made from jute, sedge, bamboo and thatch;
 - (j) Semi-processed cotton made from domestically grown cotton;
 - (k) Food for cattle, poultry and other domesticated animals;
 - (l) Technical and scientific services;
 - (m) Services directly serving agricultural production;
- ⁹ Coal, mechanical products (excluding mechanical consumer products), basic chemicals;
- ¹⁰ **C Products from metallurgy, rolling and drawing of ferrous, non-ferrous or precious metals, except for imported gold referred to in article 4.24 above;**
- C Moulds of all types;**
- C Power cable for voltages of 600V or more;**
- C Computers, modules of computers;**

⁹ *These goods were removed from article 8.3 and inserted in article 8.2 pursuant to article 2.1 of Resolution 90-1999-NQ-UBTVQH10 of the Standing Committee of the National Assembly dated 3 September 1999, effective as of 1 October 1999.*

¹⁰ *The following goods were removed from article 8.3 and inserted in article 8.2 pursuant to article 2.2 of Resolution 240-2000-NQ-UBTVQH10 of the Standing Committee of the National Assembly dated 27 October 2000, effective as of 1 January 2001.*

- C **Explosives;**
- C **Welding rods;**
- C **Grindstone;**
- C **Newsprint;**
- C **Pressurized spray canisters;**
- C **Rubber latex in semi-processed form;**
- C **Artificial hard boards;**
- C **Soil, stone, sand and gravel;**
- C **Tyres and sets of tyres and tubes of size 900-20 or more;**
- C **Products of pharmaceutical chemistry and pharmaceutical products being materials for production of medicines for disease treatment and prevention;**
- C **Neutral glass tubes;**
- C **Artificial limbs; crutches; wheelchairs and other tools especially used for the disabled;**
- C **Goods subject to special sales tax in the process of trading for which tax is paid in accordance with the tax credit method;**
- C **Net, rope and fibre for knitting of fishing net;**
- C **Construction and installation;**
- C **Maintenance, repair and restoration of historical or cultural relics, museums, except for activities referred to in article 4.15 above;**
- C **Dredging of fairways, river ports, seaports; recovery of sunken property and salvage;**
- C **Transportation, loading and unloading of goods;**
- C **Books subject to value added tax;**

C Magnetic tapes or disks whether or not they are programmed;**C Distribution and screening of video films.**

3. Tax rate of ten (10) per cent for the following goods and services:
- (a) Petroleum, gas, ore and other minerals;
 - (b) Commercial electricity;
 - (c) Electronic, electrical equipment;
 - (d) Cosmetics;
 - (e) Fibres, cloth, garments and embroidery products;
 - (f) Paper and paper products;
 - (g) Sugar, milk, candy, beverages and other processed foodstuffs;
 - (h) Porcelain, terracotta, glass, rubber, plastic, wood products and wooden products; cement, bricks, tiles and other construction materials;
 - (i) -
 - (j) -
 - (k) Postal and telecommunication services;
 - (l) Leasing houses, warehouses, yards, factory buildings, machinery, equipment and means of transportation;
 - (m) Legal consultancy services;
 - (n) Taking, printing and enlarging photos; recording, duplicating and hiring tapes; recording, duplicating and showing videos;
 - (o) Hairdressing, tailoring, dyeing, washing, ironing and bleaching;

- (p) Other goods and services, apart from those provided for in clauses 1, 2 and 4 of this article and apart from those goods subject to special sales tax with respect to the production and import processes;
 - Hotels, tourism, restaurants.¹¹
4. Tax rate of twenty (20) per cent for the following goods and services:
- (a) Gold, silver and precious stones traded by business establishments;
 - (b) -
 - (c) Construction lottery and other types of lottery;
 - (d) Maritime shipping agency;
 - (e) Brokerage services.

Where necessary, the Standing Committee of the National Assembly may amend or add to the list of goods or services subject to different tax rates provided for in this article and must report to the National Assembly for approval at its next session.

Article 9 *Method of Tax Calculation*

Value added tax payable shall be calculated by the tax credit method or calculated directly on the basis of added value.

1. Tax credit method:

The amount of tax payable shall be equal to the output value added tax less the input value added tax.

The output value added tax shall be equal to the taxable price of the goods or service sold multiplied by the tax rate.

The input value added tax shall be equal to the aggregate amount of value added tax which has already been paid as evidenced by the added value statement made upon purchase of goods or services or by the value added tax payment receipts for imported goods.

¹¹ *These services were deleted from article 8.4(b) and inserted in article 8.3 pursuant to article 2.2 of Resolution 90-1999-NQ-UBTVQH10 of the Standing Committee of the National Assembly dated 3 September 1999, effective as of 1 October 1999.*

2. Calculation of tax directly on the basis of added value:

The amount of tax payable shall be equal to the added value of the goods or service multiplied by the value added tax rate.

The added value shall be equal to the output sale price of goods or services less the input purchase price.

The method of tax calculation based directly on added value shall only apply to the following:

- (a) Production and business individuals and foreign organizations and individuals conducting business activities in Vietnam beyond the scope of the *Law on Foreign Investment in Vietnam* and not maintaining adequate books of account, receipts and source documents to enable tax calculation by the tax credit method;
- (b) Gold, silver and precious stone trading establishments.

Article 10 *Credit of Input Value Added Tax*

1. Business establishments paying value added tax by the tax credit method are permitted to credit input value added tax (hereinafter referred to as *input tax*) as follows:

- (a) Input tax on goods and services used for production or trading of goods and services which are subject to value added tax shall be credited fully;
- (b) Where goods or services are used for production or trading of both goods and services which are subject to value added tax and goods and services which are not subject to value added tax, only input tax on goods and services used for production and trading of goods and services which are subject to value added tax shall be credited;
- (c) Upon determination of the tax payable for a month, input tax arising during such month shall be declared and credited;

In respect of fixed assets requiring credit of large amounts of input tax, such input tax may be credited gradually or may be refunded pursuant to regulations issued by the Government;

- (d) Where a production or processing establishment purchases unprocessed agricultural, forestry or aquatic products from producers without added value statements, it may be credited with an amount of input tax equal to

between one and five per cent of the price of the purchased agricultural, forestry or aquatic products; the specific rate applicable to each type of goods shall be provided for by the Government;

The tax credit method provided for in this article shall not apply to exports;

- (e) The Government shall provide for the credit of input tax in special cases.
2. Input tax to be credited shall be determined on the following bases:
- (a) The amount of value added tax recorded in added value statements in respect of purchased goods and services or value added tax payment receipts in respect of imported goods. Where goods or services are purchased without added value statements or where statements fail to state the amount of value added tax, no tax may be credited;
 - (b) In respect of the goods stipulated in clause 1(d) of this article, the statement of purchased goods shall be made in the form issued by the tax office.

Article 11 *Receipts and Other Source Documents*

1. Purchases and sales of goods and services must be recorded in receipts and other source documents in accordance with law.
2. Business establishments paying tax by the tax credit method must use added value statements and must record fully and correctly all items required, including sale price, additional charges and fees, value added tax amount and price paid.

Where a receipt fails to state the value added tax amount, the value added tax amount shall be determined as equal to the paid price indicated in the receipt multiplied by the value added tax rate.

3. In respect of dockets and tickets which state the price paid and which may be considered as payment documents, the price paid appearing on the dockets and tickets shall be deemed to include the value added tax amount.

CHAPTER III

Tax Registration, Declaration, Payment and Finalization

Article 12 *Registration of Tax Payment*

1. Business establishments, including their affiliated establishments, must register for payment of value added tax with the tax office directly in charge in accordance with guidelines provided by the tax office. Newly established establishments must register for payment of value added tax within ten (10) days from the date of issuance of their business registration certificates. In case of any merger, amalgamation, division, demerger, dissolution, bankruptcy or changes to business activities, a business establishment must notify the tax office thereof at least five days prior to the occurrence of such merger, amalgamation, division, demerger, dissolution, bankruptcy or changes to business activities.
2. Where a business establishment paying tax calculated directly on the basis of added value retains adequate receipts, source documents and accounting records and registers voluntarily for tax payment by the tax credit method, the tax office shall consider and grant permission.

Article 13 *Tax Declaration*

1. Business establishments must declare value added tax on a monthly basis and submit tax declaration forms to the tax office within the first ten (10) days of the following month. Business establishments must declare and submit tax declaration forms to the tax office even where no input tax or output tax arises. Business establishments must make their declarations fully, correctly and in accordance with standard tax declaration forms and shall be responsible for the accuracy of such declarations.
2. Business establishments and importers of goods must declare and submit value added tax declaration forms on each occasion when goods are imported at the same time as import duty declarations to the tax office in charge of the port at which the goods are imported.
3. Business establishments trading in lots must declare and pay tax in respect of each lot of goods to the local tax office where the goods are purchased prior to the goods being taken away.
4. Where a business establishment deals in different items of goods and services subject to different value added tax rates, it must declare value added tax for each individual item of goods or service at the applicable tax rate. Where it is unable to determine individual applicable tax rates, it shall calculate and pay tax at the highest tax rate applicable to the goods produced or services provided.

The Ministry of Finance shall provide the standard tax declaration form and guidelines for declaration.

Article 14 *Tax Payment*

Value added tax shall be paid into the State Budget in accordance with the following provisions:

1. Business establishments shall pay value added tax in full and in a timely manner into the State Budget in accordance with the tax payment notice issued by the tax office.

The time-limit for tax payment stated in the notice for a month shall be no later than the twenty fifth day of the following month.

2. Business establishments and importers of goods shall be liable to pay value added tax on each occasion when goods are imported.

Value added tax notices and payments in respect of imported goods shall be made within the time-limit applicable to import duty notices and payments.

3. During any tax period, if a business establishment paying value added tax by the tax credit method has input tax exceeding output tax, it may carry forward any credit amount to the following tax period.

Where a business establishment invests in fixed assets and receives a large credit of input tax, the provisions stipulated in clause 1(c) of article 10 of this Law shall apply.

4. Value added tax shall be paid into the State Budget in Vietnamese dong.

Article 15 *Tax Finalization*

Business establishments must finalize their taxes with the tax office on an annual basis. A year for the purpose of tax finalization shall be a Gregorian year. Within sixty (60) days of the end of each year, business establishments must submit tax finalization reports to the tax office and shall pay any outstanding amount of tax within ten (10) days of submission of finalization reports. Any excessive amounts which have been paid shall be credited against the tax liability for the following period.

In case of merger, amalgamation, division, demerger, dissolution or bankruptcy, business establishments must finalize their taxes with the tax office and submit tax

finalization reports to the tax office within forty five (45) days of issuance of the decision on merger, amalgamation, division, demerger, dissolution or bankruptcy.

Article 16 *Tax Refund*

Value added tax shall be refunded only in the following cases:

1. Business establishments paying tax by the tax credit method shall be considered for tax refund each quarter if the input tax credited in the months of the quarter exceeds the output tax or shall be considered for refund of input tax in respect of fixed assets pursuant to clause 1(c) of article 10 of this Law.
2. Tax finalization upon merger, amalgamation, division, demerger, dissolution or bankruptcy reveals that excessive tax has been paid.
3. Tax refund shall be made pursuant to a decision of the competent tax office in accordance with law.

The Ministry of Finance shall provide for the procedures and power to authorize tax refunds in accordance with this article.

Article 17 *Duties, Powers and Responsibilities of Tax Offices*

Tax offices shall have the following duties, powers and responsibilities:

1. To provide guidelines for registration, declaration and payment of tax in accordance with this Law by registered business establishments;
2. To issue notices to business establishments with respect to the amounts of tax payable and the time-limits for tax payment in accordance with the applicable regulations. Where a business establishment fails to pay tax after the time-limit stated in the notice, to issue further notices of the amounts of tax and fines payable for delayed payment in accordance with clause 2 of article 19 of this Law. Where the business establishment fails to pay in full the tax and fines stated in any such notice, the tax office may take action as provided for in clause 4 of article 19 of this Law in order to recover the tax and fines in full. Where the business establishment still fails to pay in full the tax and fine after such action has been taken, the tax office shall forward the relevant documents to the authorized State body for resolution in accordance with law;
3. To examine and inspect the tax declaration, payment and finalization of business establishments in order to ensure strict compliance with law;
4. To impose administrative tax penalties and to deal with tax complaints;

5. To demand taxpayers to provide books of account, receipts, source documents and other documents relating to the calculation and payment of tax; to demand credit organizations, banks and other relevant organizations and individuals to provide documents relating to the calculation and payment of tax;
6. To maintain and use data and documents provided by business establishments and others in accordance with the applicable regulations.

Article 18 *Authority to Determine Tax Amounts*

1. The tax office shall determine the amount of value added tax payable by taxpayers in the following cases:
 - (a) Failure to maintain, or to maintain adequately, books of account, receipts and source documents as required by the regulations;
 - (b) Failure to declare tax or failure to comply with the time-limit for submission of declaration forms as notified; failure, upon submission of tax declaration forms, to declare correctly the bases for calculation of value added tax;
 - (c) Refusal to provide books of account, receipts, source documents and other necessary documents relating to the calculation of value added tax;
 - (d) Discovery of business activities conducted without business registration.
2. The tax office shall determine the amount of tax payable by taking into account the business situation of the business establishments or according to the amount of tax payable by other establishments of similar size operating in the same line of business.

Where a business establishment is not satisfied with the amount of tax payable so determined, it may lodge a complaint with a superior tax office. Pending resolution of the complaint, the business establishment must still pay the amount of tax as determined.

CHAPTER IV

Dealing with Breaches and Rewards

Article 19 *Dealing with Tax Offences Committed by Taxpayers*

Taxpayers in breach of the *Law on Value Added Tax* shall be dealt with as follows:

1. Where they fail to comply strictly with the regulations on registration, declaration, payment and finalization of tax, accounting systems and maintaining accounting records in accordance with articles 11, 12, 13, 14 and 15 of this Law, they shall, depending on the nature and seriousness of the breach, be subject to administrative penalty for a tax offence.

Where taxes or fines are paid after the time-limit stipulated or specified in a tax decision, they shall be liable to pay, in addition to the full amount of tax or fine, one tenth of one (0.1) per cent of the late amount for each day of delay.

3. Where they falsely declare or evade taxes, they shall be liable to pay, in addition to the full amount of tax stipulated by this Law, a fine equal to between one and five times the amount evaded, depending on the nature and seriousness of the breach. Where taxpayers evade large amounts of tax, commit a tax offence after being subject to an administrative tax penalty, or commit other serious breaches, they shall be prosecuted for criminal liability in accordance with law.
4. Where taxpayers fail to pay tax or fines in accordance with a notice or tax decision, the following actions may be taken:

- (a) Appropriation of deposits of taxpayers at banks, Treasury or credit organizations for payment of tax or fines.

Banks, treasury and credit organizations shall be responsible for debiting the deposit accounts of taxpayers for the purpose of payment of tax and fines into the State Budget pursuant to a tax decision of the tax office or other authorized body prior to collection of the debt.

- (b) Seizure of the goods in question in order to recover the full amount of tax or fines payable.
- (c) Seizure of assets in accordance with law for the purpose of recovery of any outstanding amounts of tax and fines.

Article 20 *Authority of Tax Offices to Deal With Tax Offences*

1. The heads of tax offices may take action as stipulated in clauses 1, 2 and 3 of article 19 of this Law against offences of taxpayers under its authority.
2. The heads of the Taxation Department and tax offices may take action as stipulated in clause 4 of article 19 of this Law and may, in the case of the offences referred to in clause 3 of article 19 of this Law, forward the documents to an authorized body for resolution in accordance with law.

Article 21 *Dealing with Offences Committed by Tax Officers and Other Individuals*

1. Tax officers and other individuals who abuse their positions and powers to use or possess illegally taxes or fines shall be liable to refund to the State the full amount of the taxes or fines illegally used or possessed and shall, depending on the nature and seriousness of the breach, be subject to disciplinary action or criminal prosecution in accordance with law.
2. Tax officers and other individuals who are irresponsible or take wrongful action thereby causing damage to taxpayers shall be liable to pay compensation in accordance with law and shall, depending on the nature and seriousness of the breach, be subject to disciplinary action or criminal prosecution in accordance with law.
3. Tax officers and other individuals who abuse their positions and powers to assist and protect people breaching the *Law on Value Added Tax* or who commit other breaches of this Law shall, depending on the nature and seriousness of the breach, be subject to disciplinary action or criminal prosecution in accordance with law.
4. People who obstruct, or counsel others to obstruct, the implementation of the *Law on Value Added Tax* shall, depending on the nature and seriousness of the breach, be subject to administrative penalty or criminal prosecution in accordance with law.

Article 22 *Rewards*

Tax offices and tax officers successfully fulfilling their assigned tasks; organizations and individuals achieving merits in the implementation of the *Law on Value Added Tax*; and taxpayers who properly perform their tax obligations shall be rewarded.

The Government shall make detailed regulations in relation to rewards.

CHAPTER V

Complaints and Limitation Periods

Article 23 *Rights and Obligations of Taxpayers With Respect to Tax Complaints*

1. Taxpayers are entitled to lodge complaints against tax offices or tax officers incorrectly implementing the *Law on Value Added Tax*.

Complaints shall be lodged at the tax office directly in charge within thirty (30) days from the date of receipt of the notice or tax decision of a tax office or officer.

Pending resolution of a complaint, taxpayers must still comply with the notice or tax decision of the tax office.

2. Where the complainant is not satisfied with the resolution of the complaint by the tax office or where the complaint is not resolved after the time-limit stipulated in article 24 of this Law, the complainant may complain to the superior tax office or institute court action in accordance with law.

Article 24 *Responsibilities and Powers of Tax Offices With Respect to Resolution of Tax Complaints*

1. Tax offices must resolve tax complaints within fifteen (15) days from the date of receipt. This time-limit may be extended for complicated matters but shall not exceed thirty (30) days. Where a tax office receives a complaint which is beyond its authority, it must forward the documents or report to the authorized body for resolution and shall notify the complainant thereof within ten (10) days from the date of receipt of the complaint.
2. Tax offices receiving complaints may require the complainant to provide documents relating to the complaint. If the complainant refuses to provide such documents, the tax office may refuse to resolve the complaint.
3. Tax offices must refund to taxpayers any amount of tax or fines wrongfully collected within fifteen (15) days from the date of receipt by the superior tax office or the authorized body in accordance with law.
4. Where a false tax declaration, tax evasion or tax error is discovered, tax offices shall be responsible for recovering taxes or fines or for refunding taxes in respect of five years prior to the date of discovery of the false tax declaration, tax evasion or tax error. Where a business establishment does not register,

declare and pay tax, taxes and fines may be recovered retrospectively from the date on which the business establishment commenced its operations.

5. Heads of tax offices shall be responsible for resolving tax complaints of taxpayers against tax offices at lower levels.

The decision of the Minister of Finance on the resolution of a tax complaint shall be final.

CHAPTER VI

Organization of Implementation

Article 25

The Government shall direct the organization of implementation of the *Law on Value Added Tax* throughout the country.

Article 26

The Minister of Finance shall be responsible for organizing and inspecting the implementation of the *Law on Value Added Tax* throughout the country.

Article 27

People's committees at all levels shall, within their respective duties and powers, direct and inspect compliance with the *Law on Value Added Tax* within their respective localities.

CHAPTER VII

Implementing Provisions

Article 28

The *Law on Value Added Tax* shall be of full force and effect as of 1 January 1999.

The *Law on Turnover Tax*, the *Law on Amendment of and Addition to a Number of Articles of the Law on Turnover Tax* and all provisions relating to turnover tax

contained in other legal instruments shall be repealed as from the date on which the *Law on Value Added Tax* becomes effective.

Any problems relating to taxation, tax finalization, tax exemption and reduction and turnover tax breaches occurring prior to 1 January 1999 shall be resolved in accordance with the *Law on Turnover Tax*, the *Law on Amendment of and Addition to a Number of Articles of the Law on Turnover Tax* and any provisions relating to turnover tax contained in other legal instruments.

Where a production, construction or transport establishment incurs losses during the first years of implementation of the *Law on Value Added Tax* as a result of the amount of value added tax payable exceeding the amount otherwise payable at the previous turnover tax rate, it shall be considered for reduction of the amount of value added tax payable. The rate of reduction of value added tax shall be proportionate to the amount of loss incurred for this reason but shall not exceed fifty (50) per cent of the amount of tax payable. The duration of tax reduction shall be considered on an annual basis and shall be granted in accordance with the Gregorian year but shall not exceed three years from the date on which the *Law on Value Added Tax* becomes effective.

The Government shall make detailed provisions for reductions of value added tax under this article.

Article 29

Where international treaties to which the Socialist Republic of Vietnam is a party or signatory are inconsistent with this Law, value added tax shall be applied in accordance with such international treaties.

Article 30

The Government shall make detailed provisions for the implementation of this Law.

This Law was passed by Legislature IX of the National Assembly of the Socialist Republic of Vietnam at its 11th session on 10 May 1997.

Chairman of the National Assembly

NONG DUC MANH

This Law was amended by Resolution 90-1999-NQ-UBTVQH10 of the Standing Committee of the National Assembly dated 3 September 1999, effective as of 1

October 1999; and by Resolution 240-2000-NQ-UBTVQH10 of the Standing Committee of the National Assembly dated 27 October 2000, effective as of 1 January 2001.