

Vietnam News Brief*

A special update on Value Added Tax ("VAT") developments in Vietnam

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Circular 30 – amendment to Circular 32 on Value Added Tax ("VAT")

On 16 April 2008, the Ministry of Finance issued Circular 30 providing amendments to various provisions of Circular 32 dated 9 April 2007 on VAT. The Circular will become effective 15 days after it is published in the official gazette.

Some of the key changes include:

Promotional goods

You may recall that prior to the issuance of Circular 32, the provision of goods for advertising and promotional purposes was not subject to VAT. When Circular 32 was issued, the treatment changed such that the provision of these goods became subject to 10% VAT. Circular 30 has reverted back to the pre Circular 32 position i.e. from the effective date of Circular 30, the provision of goods and services for advertising and promotion purposes will not be subject to VAT.

Export processing enterprises ("EPEs")

A number of changes have been made with respect to EPEs:

- Goods/ services provided to EPEs from overseas suppliers are exempt from VAT.
- Domestic goods (i.e. stationery, goods for daily consumption) provided to EPEs are no longer required to go through customs procedures. Registration of the providers with the Board of Management of the Export Processing Zone is necessary only.

Cash support

Under Circular 30, cash support provided from any source and for any purpose will not be subject to VAT. This is again a reversion to the pre Circular 32 position. Cash support is included in other income for Corporate Income Tax purposes.

This publication is intended for general guidance only and should not form the basis of specific decisions. Please contact us for further information and details of our services. In Ho Chi Minh City: contact David Fitzgerald (Tax), Phan Thi Thuy Duong (Legal), Kenji Murayama (Japanese Business), Ian Lydall (Audit), Steve Gaskill (Advisory) at phone (84-8) 8230796, fax (84-8) 8251947. In Ha Noi: contact Dinh Thi Quynh Van (Tax), Le Anh Tuan (Legal), Yamagishi Akemi (Japanese Business), Nguyen Phi Lan (Audit), Marc de Pauw (Advisory) at phone (84-4) 946 2246, fax (84-4) 9460705.