

Vietnam News Brief*

An update on Special Sales Tax developments in Vietnam

18 December 2008

New Law on Special Sales Tax (“SST”)

On 14 November 2008 the Vietnam National Assembly passed a new Law on SST. The new Law makes various changes to taxable objects and tax treatment.

The new Law will be effective from 1 April 2009, except for beer and wine, where the changes will come into force from 1 January 2010. The new Law is brief and the exact details of specific provisions will only be known once the implementing decree and circular are issued.

1. Taxable objects

The new law has broadened the scope of taxable objects to include motorcycles, airplane and boat.

2. Objects not subject to SST

Some kinds of specialised automobiles, such as ambulances are not subject to SST.

Goods imported from overseas to non-tariff zones, goods from domestic market sold to non-tariff zones and goods exchanged among non-tariff zones are now exempt from SST.

3. Tax rate

Adjustments to various SST rates have been made under the new law (see table on the next page).

Type	Name	Tax rate (%)			
		2008	2009	2010-2012	2013 onwards
Goods					
1.	Cigar, cigarette				
	Cigar	65	65	65	65
	Cigarette	65	65	65	65
2.	Spirit/ Wine				
	Spirit from 40° and above	65	65	45	50
	Spirit from 20° to below 40°	30	30	45	50
	Spirit below 20° and fermented juice, medicinal wine	20	20	25	25
3.	Beer				
	Bottled beer, canned beer	75	75	45	50
	Draught beer	40	40	45	50
4.	Automobiles (*)				
5.	Motorcycle with cylinder capacity of above 125cm ³	0	20	20	20
6.	Airplane	0	30	30	30
7.	Boat	0	30	30	30
8.	Petrol, naphtha, reformed components	10	10	10	10
9.	Air-conditioners (not more than 90,000 BTU)	15	10	10	10
10.	Playing cards	40	40	40	40
11.	Votive paper	70	70	70	70
Service					
1.	Discotheques	30	40	40	40
2.	Massage, karaoke	30	30	30	30
3.	Casinos, jackpot games	25	30	30	30
4.	Entertainment with betting	25	30	30	30
5.	Golf	10	20	20	20
6.	Lottery	15	15	15	15

(*) SST applicable to automobiles is determined according to various criteria including number of seats, engine capacity and other attributes (e.g. fuel source). The tax rate varies from 15% to 60%. Should you need more clarification in this regard, please do not hesitate to contact us.