

Vietnam News Brief*

A special update on VAT reduction and CIT payment extension

05 February 2009

VAT REDUCTION AND CIT PAYMENT EXTENSION

The Ministry of Finance issued Decision 16 on 21 January 2009 announcing VAT rate reductions and CIT payment extensions.

VAT reductions

A 50% VAT rate reduction applies from 01 February to 31 December 2009 for various goods/services including:

- Various chemicals.
- Some mechanical products used as production materials.
- Automobiles of all kinds and various automobile components.
- Vessels or ships.
- Industrial concrete products.
- Automatic data processors, parts and accessories (including computers).
- Loading and unloading; dredging; recovery or salvage.
- Transportation activities (excluding international transportation).
- Hotels, tourism services in the form of a package tour.
- Printing services, except for printing money.

A full list is provided in the implementing regulations.

CIT payment extension

Further to the concessions already approved for SMEs, enterprises in the following industries are entitled to a 9-month delay of 2009 CIT payment:

- Construction or installation.
- Tourism services.
- Food trading.
- Fertilizer trading.
- Producing mechanical products used as production materials.
- Producing construction materials.