

## *PwC Vietnam NewsBrief*

### **Tax incentives for business expansion in 2009 - 2013**

On 7 April 2016, the Ministry of Finance (“MoF”) issued Official letter (“OL”) 4769 to all provincial tax departments providing guidance on regular investment activities.

According to OL 4769, if an enterprise has regular investment activities (i.e. organic growth) during the period 2009-2013, such regular investment activities shall not be considered business expansion and the enterprise will be allowed to apply its existing CIT incentives to all of its profits.

To be qualified as regular investment activities, all of the following criteria must be met:

- (i) Investment in machinery and equipment is funded by: (1) depreciation fund; (2) profit after tax; or (3) registered investment capital; and
- (ii) The regular investment does not cause the actual capacity to exceed the registered/approved production capacity (e.g. as stipulated in the investment certificate) of the project which is entitled to CIT incentives.

The treatment in OL4769 can be applied to the regular investment activities carried out during the 2009-2013 period. If enterprises have applied a different tax treatment, they can revise their CIT returns. In cases where decisions to recapture tax have been issued and/or enterprises are in appeal process, over-paid tax could be offset or refunded.

Enterprises should review their investment in fixed assets during the period from 2009-2013 to claim favorable tax treatment provided in this OL.

### **CIT incentives for industrial supportive products**

The MoF issued Circular 21/2016/TT-BTC on 05 February 2016 providing guidance on, amongst others, CIT incentives as promulgated under Decree 111/2015/ND- CP dated 03 November 2015 on development of supportive industries and provides that CIT incentives are applicable to profits from the production of industrial supportive products from 01 January 2015 if:

- a. Enterprise meets the requirements as stipulated in Law No. 71/2014/QH13 and related guiding documents.
- b. Enterprise has been granted with certification of incentives for production of industrial supportive products by competent authorities.

The procedures for granting certification of incentives are provided in Circular 55/2015/TT-BCT dated 30 December 2015 of Ministry of Industry and Trade.



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