

LAW

ON EXCISE TAX

*Pursuant to the 1992 Constitution of the Socialist Republic of Vietnam, which was amended and supplemented under Resolution No. 51/2001/QH10;
The National Assembly promulgates the Law on Excise Tax*

Chapter I

GENERAL PROVISIONS

Article 1. Scope of regulation

This Law provides for taxable and non-taxable objects, and payers, bases, refund, deduction and reduction of excise tax.

Article 2. Taxable objects

1. Goods:

a/ Cigarettes, cigars and other tobacco preparations used for smoking, inhaling, chewing, sniffing or keeping in mouth;

b/ Liquor;

c/ Beer;

d/ Under-24 seat cars, including cars for both passenger and cargo transportation with two or more rows of seats and fixed partitions between passenger holds and cargo holds;

e/ Two- and three-wheeled motorcycles of a cylinder capacity of over 125 cm³;

f/ Aircraft and yachts;

g/ Gasoline of all kinds, naphtha, reformade components and other components for mixing gasoline;

h/ Air-conditioners of 90,000 BTU or less;

i/ Playing cards;

j/ Votive gilt papers and votive objects.

2. Services:

a/ Dance halls:

b/ Massage parlors and karaoke bars;

c/ Casinos; prize-winning video games, including jackpot and slot games and games on similar machines;

d/ Betting;

- e/ Golf business, including the sale of membership cards and golf playing tickets;
- f/ Lottery business.

Article 3. Non-taxable objects

Goods specified in Clause 1, Article 2 of this Law are not subject to excise tax in the following cases:

1. Goods which are directly exported by producers or processors, or which are sold or entrusted by these producers or processors to other business establishments for export;
2. Imported goods, including:
 - a/ Goods as humanitarian aid or non-refundable aid; gifts for state agencies, political organizations, socio-political organizations, socio-political-professional organizations, social organizations, socio-professional organizations or people's armed forces units; and donations or gifts for individuals in Vietnam within the quotas prescribed by the Government;
 - b/ Goods transited or transported via Vietnamese border gates or borders, and goods transported to and from border gates under the Government's regulations;
 - c/ Goods temporarily imported for re-export and temporarily exported for re-import which are not subject to import duty or export duty within the time limit specified in the law on import duty and export duty;
 - d/ Personal effects of foreign organizations and individuals within diplomatic immunity quotas; personal belongings within duty-free luggage quotas; and goods imported for duty-free sale under law;
3. Aircraft and yachts used for commercial transportation of cargos, passengers and tourists;
4. Ambulances; prison vans; hearses; cars designed with both seats and standing places for transporting 24 or more people; cars running in recreation, entertainment and spoils areas which neither are registered for circulation nor move on roads;
5. Goods imported from abroad into non-tariff areas, goods sold from the inland into non-tariff areas for use only in non-tariff areas, and goods traded between non-tariff areas, except under-24 seat cars.

Article 4. Taxpayers

Excise taxpayers include producers and importers of goods and providers of services which are subject to excise tax.

Exporters that purchase excise tax-liable goods from producers for export and do not export but sell them domestically shall pay excise tax.

Chapter II

TAX BASES

Article 5. Tax bases

Excise tax bases include the taxed price of a taxable goods or service and the tax rate. The payable excise tax amount is the excise taxed price multiplied by the excise tax rate.

Article 6. Taxed price

The excise taxed price of a goods or service is the goods selling price or the service charge, exclusive of excise tax and value-added tax. Specifically:

1. For domestically produced goods, it is the selling price set by the producer;
2. For imported goods, it is the import-duty calculation price plus the import duty. For imported goods eligible for import duty exemption or reduction, it is exclusive of the exempted or reduced import duty amount;
3. For processed goods, it is the taxed price of the goods sold by processing-ordering establishment or the selling price of the product of the same or similar kind at the same time with the time of goods sale;
4. For goods sold on installment or deferred payment, it is the one-off selling price of such goods, exclusive of the installment or deferred payment interest;
5. For services, it is the service charge set by the service provider. The service provision in a number of cases is specified as follows:
 - a/ For golf business, it is the selling price of the membership card or golf-playing ticket, inclusive of the golf playing charge and deposit (if any);
 - b/ For casino, prize-winning video game and betting business, it is the turnover from such business minus the prize already paid to customers;
 - c/ For dance hall, massage parlor and karaoke bar business, it is the turnover from such business.
6. For goods and services used for barter, internal consumption or donation, it is the excise taxed price of the goods or service of the same or similar kind at the time of barter, internal consumption or donation.

Excise taxed prices of goods and services specified in this Article are inclusive of additional charges and revenues (if any) enjoyed by business establishments.

Taxed prices are calculated in Vietnam dong. In case taxpayers have foreign-currency turnover, foreign-currency amounts must be converted into Vietnam (long at the average exchange rate on the inter-bank foreign currency market, announced by the State Bank of Vietnam at the time of turnover generation, for determination of taxed prices.

The Government shall speedy this Article.

Article 7. Tax rates

Excise tax rates for goods and services are specified in the Excise Tariff below:

No.	Goods or services	Tax rate (%)
I	Goods	
1	Cigarettes, cigars and other tobacco preparations	65
2	Liquor	
	a/ Of 20° proof or higher	
	From January 1, 2010, through December 31, 2012	45
	From January 1, 2013	50
	b/ Of under 20° proof	25
3	Beer	

	From January 1, 2010, through December 31, 2012	45
	From January 1, 2013	50
4	Under-24 seat cars	
	a/ Passenger cars of 9 seats or fewer, except those specified at Points 4e, 4f and 4g of this Article	
	Of a cylinder capacity of 2,000 cm ³ or less	45
	Of a cylinder capacity of between over 2,000 cm ³ and 3,000 cm ³	50
	Of a cylinder capacity of over 3,000 cm ³	60
	b/ Passenger cars of between 10 seats and under 16 seats, except those specified at Points 4c, 4f and 4g of this Article	30
	c/ Passenger cars of between 16 seats and under 24 seats, except those specified at Points 4e, 4f and 4g of this Article	15
	d/ Cars for both passenger and cargo transportation, except those specified at Points 4e, 4f and 4g of this Article	15
	e/ Cars running on gasoline in combination with electricity or bio-fuel, with gasoline accounting for not more than 70% of the used fuel	70% of the tax rate for cars of the same kind as specified at Points 4a, 4b, 4c and 4d of this Article
	f/ Cars running on bio-fuel	50% of the tax rate for cars of the same type as specified at Points 4a, 4b, 4c and 4d of this Article
	g/ Electrically-operated cars	
	Passenger cars of 9 seats or fewer	25
	Passenger cars of between 10 seats and under 16 seats	15
	Passenger cars of between 16 seats and under 24 seats	10
	Cars for both passenger and cargo transportation	10
5	Two- and three-wheeled motorcycles of a cylinder capacity of over 125 cm ³	20
6	Aircraft	30
7	Yachts	30
8	Gasoline of all kinds, naphtha, reformade components and other components for mixing gasoline	10
9	Air conditioners of 90.000 BTU or less	10
10	Playing cards	40
11	Votive gilt papers and votive objects	70
II	Services	
1	Dance halls	40
2	Massage parlors and karaoke bars	30

3	Casinos and prize-winning video games	30
4	Betting	30
5	Golf business	20
6	Lottery business	15

Chapter II

TAX REFUND, DEDUCTION AND REDUCTION

Article 8. Tax refund and deduction

1. Excise taxpayers may have the paid tax amounts refunded in the following cases:

a/ Goods temporarily imported for re-export:

b/ Goods which are raw materials imported for export production and processing;

c/ Finalization of overpaid tax amounts upon merger, consolidation, separation, split-up, dissolution, bankruptcy, ownership change, enterprise transformation or operation termination;

d/ Upon issuance of tax refund decisions by competent agencies under law. and cases of excise tax refund under treaties to which the Socialist Republic of Vietnam is a contracting party.

The excise tax refund under Points a and b of this Clause is applicable only to actually exported goods.

2. Taxpayers that produce excise taxable goods from raw materials for which excise tax has been paid and that can produce lawful documents on tax payment may have the tax amounts paid for raw materials deducted upon the determination of payable excise tax amounts at the stage of production.

The Government shall specify this Article.

Article 9. Tax reduction

Taxpayers that produce excise taxable goods and face difficulties caused by natural disasters or unexpected accidents are entitled to tax reduction.

The tax reduction level shall be determined based on the actual extent of damage caused by natural disasters or unexpected accidents but must neither exceed 30% of the payable tax amount in the year the damage occurs nor exceed the balance between the value of damaged assets and the received compensation (if any).

Chapter IV

IMPLEMENTATION PROVISIONS

Article 10. Effect

1. This Law takes effect on April 1, 2009; the provisions applicable to liquor and beer will take effect on January 1, 2010.

To annul Excise Tax Law No. 05/1998/QH10; Law No. 08/2003/QH11 Amending and Supplementing a Number of Articles of the Excise Tax Law; and Article 1 of Law No. 57/2005/QH11 Amending and Supplementing a Number of Articles of the Excise Tax Law and Value-Added Tax Law, except the provisions applicable to liquor and beer which continue to be effective through December 31, 2009.

Article 11. Implementation guidance

The Government shall detail and guide the articles and clauses of this Law as assigned, and guide other necessary provisions of this Law to meet state management requirements.

This Law was passed on November 14, 2008, by the XIIth National Assembly of the Socialist Republic of Vietnam at its 4th session.

**CHAIRMAN OF THE NATIONAL
ASSEMBLY**

Nguyen Phu Trong