

**LAW
ON
AMENDMENT OF AND ADDITION TO
A NUMBER OF ARTICLES OF
LAW ON SPECIAL SALES TAX
AND LAW ON VALUE ADDED TAX**

Pursuant to the 1992 Constitution of the Socialist Republic of Vietnam as amended by Resolution 51-2001-QH10 passed by Legislature X of the National Assembly at its 10th Session on 25 December 2001;

This Law amends and adds to a number of articles of the *Law on Special Sales Tax* dated 20 May 1998 as amended by the *Law on Amendment of and Addition to the Law on Special Sales Tax* dated 17 June 2003, and of the *Law on Value Added Tax* dated 10 May 1997 as amended by the *Law on Amendment of and Addition to the Law on Value Added Tax* dated 17 June 2003.

Article 1

A number of articles of the *Law on Special Sales Tax* shall be amended and added to as follows:

1. *To amend and add to clause 6 of article 6 as follows:*

"Article 6 *Taxable prices*

6. In the case of spirits and beer and of businesses being casinos, jackpot games and golf, the Government shall provide specific regulations on the prices to be used for calculating special sales tax.

The prices used for calculating special sales tax in respect of goods and services provided for in this article shall include any additional charges which business establishments are permitted to collect.

When taxpayers have revenue from purchases or sales in foreign currency, they shall be required to convert their revenue in foreign currency into Vietnamese dong at the foreign exchange rate published by the State Bank of Vietnam at the time such revenue arises for the purpose of determining the prices to be used for calculating special sales tax."

2. To amend and add to article 7 as follows:

"Article 7 Tax rates

Special sales tax rates applicable to goods and services shall be provided for in accordance with the following Special Sales Tax Tariff:

SPECIAL SALES TAX TARIFF

No.	Goods and services	Tax rate (%)
I.	Goods:	
1.	Cigarettes and cigars:	
	(a) Cigars	65
	(b) Cigarettes:	
	Years 2006 - 2007	55
	From year 2008	65
2.	Spirits:	
	(a) Spirits from 40° or above	65
	(b) Spirits from 20° to below 40°	30
	(c) Spirits below 20°, including wines brewed from fruit and medicinal spirits	20
3.	Beer:	
	(a) Bottled beer and canned beer	75
	(b) Draught beer:	
	Years 2006 - 2007	30
	From year 2008	40
4.	Automobiles:	
	(a) Automobiles of 5 seats or less	50
	(b) Automobiles of 6 to 15 seats	30
	(c) Automobiles of 16 to under 24 seats	15
5.	Assorted types of petrol, naphtha, reformat components, and other components used to mix in petrol	10
6.	Airconditioners with capacity of 90,000 BTU or less	15
7.	Playing cards	40
8.	Votive paper	70
II.	Services:	
1.	Operating dancehalls, massage lounges, karaoke parlours	30
2.	Operating casinos, offering jackpot games	25
3.	Operating betting entertainments	25
4.	Golf: selling memberships and tickets for playing golf	10
5.	Operating lotteries	15

3. To amend and add to article 16 as follows:

"Article 16 Cases considered for exemption from and reduction of special sales tax

Where an establishment which produces goods subject to special sales tax is adversely effected by natural disasters, wars or other contingencies, it shall be considered for exemption from or reduction of special sales tax.

The Government shall provide detailed regulations on tax exemptions and reductions as provided for in this article."

Article 2

A number of articles of the *Law on Value Added Tax* shall be amended and added to as follows:

1. *To amend and add to clause 1 of article 4 as follows:*

"Article 4 *Objects not subject to value added tax*

The following goods and services shall not be subject to value added tax:

1. Products of cultivation, husbandry and aquaculture or fishing which have not yet been processed into other products or which have only been semi-processed by organizations or individuals producing, catching and selling products at the import stage;"
2. *To amend and add to clause 2(k) of article 8 which was amended to become clause 2(l) of article 8 by the Law on Amendment of and Addition to the Law on Value Added Tax dated 17 June 2003 as follows:*

"Article 8 *Tax rates*

....

2. Tax rate of five (5) per cent shall apply to the following goods and services:

....

- (l) Semi-processed cotton;

...."

Article 3

This Law shall be of full force and effect as of 1 January 2006.

Article 4

The Government shall provide detailed regulations and guidelines for implementation of this Law.

This Law was passed by Legislature XI of the National Assembly of the Socialist Republic of Vietnam at its 8th session on 29 November 2005.

The Chairman of the National Assembly

NGUYEN VAN AN