



**WORLD TRADE
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Committee on Subsidies and Countervailing Measures

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SUBSIDIES

**NEW AND FULL NOTIFICATION PURSUANT TO ARTICLE XVI: 1 OF THE GATT 1994
AND ARTICLE 25 OF THE AGREEMENT ON SUBSIDIES
AND COUNTERVAILING MEASURES**

VIET NAM

The following communication, dated 22 September 2015, is being circulated at the request of the Delegation of Viet Nam.

NOTIFICATION PERIOD: 2011-2013

1 PREFERENTIAL IMPORT TARIFF RATES

1. Title of the program

Preferential import tariffs granted for enterprises investing in regions or sectors entitled to investment incentives.

2. Objective of the program

To encourage enterprises to invest in regions or sectors which need to be invested for development.

3. Legal background and authority for the program

a. Legal background

- Import and Export Tariffs Law 2005;
- Decree No.87/2010/ND-CP dated 13 August 2010 guiding the implementation of several articles of the Import and Export Tariffs Law.

b. Authority

The Ministry of Finance

4. Form of the subsidy

Import tariff incentives

5. To whom and how the subsidy is provided

a. To whom the subsidy is provided

Projects in sectors eligible for import tariff incentives which are listed in Annex 1 to the Decree No. 87/2010/ND-CP or in regions eligible for import tariff incentives which are listed in the Decree No.124/2008/ND-CP dated 11 December 2008 and the Decree No. 53/2010/ND-CP dated 19 May2010.

b. How the subsidy is provided

Import tariff incentives contingent upon investment-encouraged areas and sectors are set forth in Clauses 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, and 16 of Article 12 of the Decree No. 87/2010/ND-CP as follows:

- i. Goods imported to create fixed assets of investment projects in sectors entitled to import duty preferences listed in the Appendix I to this Decree or in regions entitled to import duty incentives, and investment projects funded with official development assistance (ODA) which are exempted from import duty, include:
 - Equipment and machinery;
 - Special-use means of transport included in technological lines which cannot be domestically manufactured yet; worker-transporting vehicles including cars of 24 seats or more and waterway crafts;
 - Components, details, knocked down parts, spare parts, fittings, molds and accessories accompanying machinery, equipment and special-use means of transport described at Points a and b of this Clause for assembly into complete units;

- Materials and supplies which cannot be domestically produced yet, to be used for manufacturing equipment and machinery included in technological lines or for manufacturing components, details, knocked down parts, spare parts, fittings, molds and accessories accompanying equipment and machinery stated at Point a of this Clause for assembly into complete units;
 - Building materials which cannot be domestically produced yet.
- ii. Plant varieties and animal breeds permitted to be imported for the implementation of investment projects in the sectors of agriculture, forestry and fishery.
- iii. Exemption from import duty for imports specified in the Clauses 6 and 7 of the Article 8 of the Decree No. 87/2010/ND-CP is also applied to projects with expanded scale and renewed or replaced technology.
- iv. Duty exemption upon the first-time importation is applied to imported equipment and devices listed in the Appendix II to this Decree to create fixed assets of projects entitled to import duty incentives and investment projects funded with official development assistance (ODA) capital on hotels, office buildings, apartments for lease, housing, trade and technical service centres, department stores, golf courses, tourist resorts, sports facilities, recreation and entertainment centres, medical examination and treatment, training, cultural, financial, banking, insurance, audit, and consultancy services.
- Projects with goods enjoying import duty exemption upon first-time importation specified in this Clause are not entitled to duty exemption provided in other clauses of this Article.
- v. Duty exemption is applied to goods imported in service of petroleum activities including:
- Equipment and machinery; special-use means of transport necessary for petroleum activities; worker-transporting vehicles, including cars of 24 or more seats and waterway crafts, including components, details, knocked down parts, spare parts, fittings, molds and accessories accompanying the aforesaid equipment, machinery, special-use means of transport or worker-transporting vehicles for assembly into complete units or for use;
 - Supplies necessary for petroleum activities which cannot be domestically produced yet;
 - Medical equipment and devices and first-aid medicines for use on drilling platforms and floating works which are certified by the Ministry of Health;
 - Office equipment and facilities for petroleum activities;
 - Other goods temporarily imported for re-export for petroleum activities.
- vi. Shipbuilding establishments are exempt from export duty on exported seagoing vessels, and from import duty on machinery and equipment imported to create their fixed assets; means of transport included in technological lines imported to create fixed assets; and raw materials, supplies and semi-finished products to serve shipbuilding activities, which cannot be domestically produced yet.
- vii. Materials and supplies imported to directly serve the production of software products, which cannot be domestically produced yet, are exempted from import duty.
- viii. Goods imported for direct use in scientific research and technological development, including machinery, equipment, spare parts, supplies and means of transport which cannot be domestically produced yet, technologies which cannot be domestically produced yet; scientific documents, books and newspapers and journals and electronic sources on science and technology are exempted from import duty.
- ix. Materials, supplies and accessories which cannot be domestically produced yet and are imported for production activities of investment projects in sectors which

investment is specially encouraged promulgated in Appendix I to this Decree or in regions with extremely difficult socio-economic conditions (excluding projects to manufacture and assemble automobiles, motorcycles, air conditions, electric heaters, refrigerators, washing machines, electric fans, dish washers, disc players, audio systems, electric irons, water kettles, hair dryers, hand dryers and other articles as decided by the Prime Minister) are exempted from import duty for 5 (five) years after the date of starting manufacture.

- x. Goods produced, processed, recycled and assembled in non-tariff zones without using imported raw materials and accessories are exempted from import duty when they are imported into the domestic market; in case of using imported raw materials and accessories, these goods are only subject to import duty calculated based on imported raw materials and accessories constituting these goods when they are imported into the domestic market.
- xi. Machinery, equipment and means of transport (excluding under 24-seat cars and cars designed for passenger-cum-cargo transport equivalent to under 24-seat cars) temporarily imported for re-export by foreign contractors for the execution of ODA-funded projects in Vietnam are exempted from import duty upon their temporary import and exempted from export duty upon their re-export.

6. Subsidy per unit

Specific statistics data are not available.

7. Duration of the subsidy

From 2011 to 2013.

8. Statistic data permitting an assessment of the trade effects of the subsidy

Unfeasible.

2 INCENTIVES ON CORPORATE INCOME TAX

1. Title of the program

Incentives on corporate income tax rates for enterprises operating in regions or sectors entitled to incentives.

2. Objective of the program

To encourage enterprises to invest in regions or sectors which need for development.

3. Legal background and authority for the program

a. Legal background

Law on Corporate Income Tax No.14/2008/QH12 and guideline documents.

b. Authority

Ministry of Finance.

4. Form of the subsidy

Preferential corporate income tax rates.

5. To whom and how the subsidy is provided

a. To whom the subsidy is provided

- Enterprises established under Viet Nam's laws;
- Enterprises established under foreign laws (hereinafter referred to as foreign enterprise) with or without permanent residence entities in Viet Nam;
- Organisations established under the Law on Cooperatives;
- Non-productive entities established under Viet Nam's laws;
- Productive entities.

b. How the subsidy is provided (From 2011 to the end of 2013)

- Preferential tax rate of 10% in 15 years, tax exemption in 4 years, and 50% reduction of the tax amount payable in 9 succeeding years are applied to: (i) newly-established enterprise from a project carried out in the regions with especially difficult socio-economic conditions, economic zones, and high-technology parks; (ii) newly-established enterprises from a project in the sectors including high technology as prescribed by laws; scientific research and technology development; water plants, power plants, and water supply and drainage system; bridges, roads, and railroads; airports, seaports, and river ports; terminals, train stations, and other particularly important infrastructure decided by the Prime Minister; and software production.

For newly-established enterprises from a project in the above sectors with large scale, high technology or need of investment attraction, duration of applying preferential tax may be prolonged but the total time of applying preferential tax of 10% does not excess 30 years. The Prime Minister will decide the extension of applying preferential tax of 10% as described in this Law based on the proposal of the Minister of Finance.

- Corporate tax rate of 10% is applied to revenues of enterprises in the sectors of education and training, vocational training, healthcare, culture, sports and environment (hereinafter referred to as socialized sector) for the whole operation duration. Tax exemption in 4 years and 50% reduction of the tax amount payable in the next 5 years are applied to newly-established enterprises in the socialized sector operating in a region which is not in the list of regions with difficult and especially difficult socio-economic conditions.

- Preferential tax rate of 20% in 10 years, tax exemption in 2 years, and 50% reduction of the tax amount payable in the next 4 years are applied to newly-established enterprises from a project operating in a region with difficult socio-economic conditions.
- Preferential tax rate of 20% is applied to agricultural services cooperatives, people credit funds and micro-finance organizations for the whole operation time.

For agricultural services cooperatives, people credit funds and micro-finance organizations is entitled to the corporate tax rate of 20% after expiring the period of applying the corporate tax rate of 10% as described in the Article 15.1.a of the Decree No.124/2008/ND-CP.

The micro-finance organization as described in this Article is the entity established and operated under the Law on Credit organizations.

6. Subsidy per unit

Specific statistics data are not available.

7. Duration of the subsidy

From 2011 to 2013.

8. Statistic data permitting an assessment of the trade effects of the subsidy

Unfeasible.

3 INCENTIVES ON NON-AGRICULTURAL LAND USE TAX

1. Title of the program

Exemption and reduction of non-agricultural land use tax for a project in a sector and region entitled to investment incentives under investment laws.

2. Objective of the program

To encourage enterprise to invest in the sectors and regions which need for development.

3. Legal background and authority for the program

a. Legal background

- Law on Non-agricultural land use tax No.48/2010/QH12 effective from 01 January 2012;
- Decree No.53/2011/ND-CP dated 01 July 2011 of the Government.

b. Authority

Ministry of Finance.

4. Form of the subsidy

Preferential non-agricultural land use tax.

5. To whom and how the subsidy is provided

a. To whom the subsidy is provided

Projects in the sectors entitled to investment incentives; and projects in the regions entitled to investment incentives in the list attached with the Decree No.108/2006/ND-CP of the Government promulgating details and providing guidelines to implement some articles of the Investment Law.

b. How the subsidy is provided

Incentives on non-agricultural land use tax are regulated in the Article 9 and 10 of the Law on Non-agricultural land use tax No.48/2010/QH12 effective from 01 January 2012 as below:

- Exemption from non-agricultural land use tax for projects in the sectors which investment is especially encouraged; projects in the regions with especially difficult socio-economic conditions; and projects in the sectors which investment is encouraged operating in the regions with difficult socio-economic conditions;
- 50% reduction of tax amount payable for projects in sectors which investment is encouraged; and projects in the regions with difficult socio-economic conditions;
- Projects in the sectors and regions eligible for investment incentives are promulgated in the list attached with the Decree No.108/2006/ND-CP of the Government regulating details and providing guidelines to implement some articles of the Law on Investment.

6. Subsidy per unit

Specific statistics data are not available.

7. Duration of the subsidy

From 2012 to 2013.

8. Statistic data permitting an assessment of the trade effects of the subsidy

Unfeasible.

4 CREDIT PROGRAM FOR TRADERS DOING BUSINESS IN DISADVANTAGED REGIONS

1. Title of the program

Credit program for traders doing business in disadvantaged regions.

2. Objective of the program

The Bank for Social Policies lends money to traders doing business in disadvantaged regions (mountains, islands and ethnic minority areas) to meet the investment needs. The program is implemented in order to stimulate investment and prevent economic slowdown in the context of the economy is facing difficulties.

3. Legal background and authority for the program

a. Legal background

- Decision No.92/2009/QĐ-TTg dated 8 July 2009 of the Prime Minister on credits for traders doing business in disadvantaged regions;
- Decision No.1049/QĐ-TTg dated 26 June 2014 of the Prime Minister promulgating the list of administrative units in the disadvantaged regions.

b. Authority

- Ministry of Finance;
- The Bank for Social Policies.

4. Form of the subsidy

Direct support (in the form of loans).

5. To whom and how the subsidy is provided

a. To whom the subsidy is provided

Traders doing business in the commune, ward or town specified in the List attached to Decision No.1049/QĐ-TTg dated 26 June 2014 of the Prime Minister promulgating the List of administrative units in the disadvantaged regions.

b. How the subsidy is provided

- For individual traders who do not open bookkeeping and pay presumptive taxes in accordance with the law: the maximum loan is VND 30 million;
- For individual traders who open bookkeeping and declare tax payment in accordance with the law: the maximum loan is VND 100 million;
- For traders who are economical organizations legally established: the maximum loan is VND 500 million.

6. Subsidy per unit

Specific statistics data are not available.

7. Duration of the subsidy

From 2011 to 2013.

8. Statistic data permitting an assessment of the trade effects of the subsidy

Unfeasible.

5 CREDIT PROGRAM FOR HOUSEHOLDS MANUFACTURING OR DOING BUSINESS IN DISADVANTAGED REGIONS

1. Title of the program

Credit program for households manufacturing or doing business in disadvantaged regions.

2. Objective of the program

The Bank for Social Policies lends money to households manufacturing or doing business in disadvantaged regions (mountains, islands and ethnic minority areas) in order to develop production and business, contributing to the implementation of the agriculture and rural development program and equally economic growth across all regions of the country.

3. Legal background and authority for the program

a. Legal background

- Decision No. 31/2007/QĐ-TTg dated 5 March 2007 of the Prime Minister on credits for households manufacturing or doing business in disadvantaged regions;
- Decision No. 1049/QĐ-TTg dated 26 June 2014 of the Prime Minister promulgating the List of administrative units in the disadvantaged regions.

b. Authority

- Ministry of Finance;
- The Bank for Social Policies.

4. Form of the subsidy

Direct support (in the form of loans).

5. To whom and how the subsidy is provided

a. To whom the subsidy is provided

Households as promulgated in the Civil Code (including households doing farm business) not in the kinds of poor households. These households have production or do business in disadvantaged regions in sectors that are not prohibited by law.

b. How the subsidy is provided

- Procurement of materials, equipment, facilities for production; crops and livestock; repair and building of factories, building and improvement of fields and farms; demands for environment sanitation; payment of labour and services for production;
- Capital contribution to projects or plans on production and business cooperation;
- Assistance to partly resolve the demands for housing, lighting and training of skilled labours that are closely related to projects or plans on production and business.

6. Subsidy per unit

Specific statistics data are not available.

7. Duration of the subsidy

From 2011 to 2013.

8. Statistic data permitting an assessment of the trade effects of the subsidy

Unfeasible.
