Name: Circular No. 48-TC-TCT Guiding the Implementation of the Regulations on Business Income Tax Rates, Reduction and Exemption With Respect To Enterprises With Foreign Capital Investment.
Agency: Ministry of Finance.
Date: June 30, 1993.
Details:

This Circular provides detailed guidelines to implement the corporate tax regime set out in Decree 18. The Circular addresses three aspects of business tax.

1. *Rates.* The Circular breaks down the 3 general tax categories from Decree 18 into five specific rates.

   (a) 10% — Construction of certain infrastructure facilities; re-forestation for exploitation purposes; projects identified as important on the lists of projects published by the SCCI.
   (b) 15% — Construction of other infrastructure facilities; exploitation of natural resources other than oil and gas and rare resources; heavy industries; investments in mountainous regions and difficult socio-economic areas (identified); transfer of assets to Vietnam without compensation at the end of a project.
   (c) 20% — Projects that meet two criteria: employ over 500 Vietnamese; use advanced technology; export 80% of products; and have at least US $10 million legal capital in the case of a foreign invested enterprise, or prescribed capital in the case of a BCC.
   (d) 25% — For services, including most hotel projects.
   (e) Over 25% — Oil and Gas and precious resources. SCCI determines on case-by-case basis.

2. *Duration of Applicable Rates.* The 10% rate is applicable for 8-10 years. The other rates apply for 5-7 years. The SCCI decides the duration of all rates on a case-by-case basis.

3. *Tax Reductions and Exemptions.* An enterprise may enjoy tax exemptions for as long as 4 years from the year in which profit is generated, and 50% reductions for as long as four subsequent years. These benefits depend on the nature and location of the investment. Note that in keeping with Decree 18, article 69, these incentives are not afforded to BCCs.

1.3.2 Withholding Tax on Profit Remittances

Name: Chapter 9 of Decree No. 18: Regulations Governing in Detail the Implementation of the Law on Foreign Investment in Vietnam
Date: April 16, 1993
Agency: Government.
Details:

Article 70 states that a foreign investor in a foreign-invested enterprise or a BCC must pay a withholding tax on the remittance or repatriation of profits. The rate of the tax is between 5% and 10%, depending on the amount of legal capital (prescribed capital) the investor contributed to the enterprise (BCC). The higher the contribution, the lower the remittance of profits tax rate.

As with the corporate income tax, the SCCI sets the actual withholding tax rate and determines which cases qualify for reductions or exemptions.