

In Chapter 5 of Decree 18, the Government makes brief reference to a fifth form of investment, called an Export Processing Enterprise (EPE). An EPE is simply a JV, FOC, or BOT company that is located in an Export Processing Zone.² Chapter 5 of Decree 18 recognizes EPEs, but refers readers to an upcoming special statute for further detail (release date unknown).

1.3 Tax

The main tax issues for foreign investors include:

- corporate income tax;
- withholding tax on profit remittances;
- turnover tax;
- import and export duties;
- land tax; and
- personal income tax.

1.3.1 Corporate Income Tax

Name: Chapter 9 of Decree No. 18: Regulations Governing in Detail the Implementation of the Law on Foreign Investment in Vietnam.

Agency: Government.

Date: April 16, 1993.

Details:

Articles 66 to 69, and article 72 in Chapter 9 provide details on the corporate income tax (profit tax) that is levied on both enterprises with foreign invested capital (JVs and FOCs), and foreign partners of BCCs. Three basic rates are set out: 25% for enterprises not considered privileged cases; 10%-20% for enterprises that qualify as privileged cases; and a minimum of 25% for investments in oil and gas. Article 67 outlines the conditions an enterprise or BCC must meet to be considered privileged.

Article 69 stipulates cases in which an enterprise with foreign invested capital may be temporarily exempted from paying part or all of its corporate income tax. These incentives are not extended to BCCs.

Finally, article 72 states that both enterprises with foreign invested capital and BCCs that re-invest their share of profits for a 3-year period are entitled to a corporate income tax refund on the amount re-invested.

The State Committee for Cooperation and Investment (SCCI) is the agency that determines the exact corporate income tax rates for each enterprise with foreign capital, and each BCC. The SCCI also decides which enterprises with foreign capital qualify for reductions and exemptions as set out in article 69. The SCCI is helped in these roles by the Ministry of Finance, which provides written assessments on the investments.
