

Article 76, section 1 exempts all imported machinery, equipment and other materials to be used in the capital construction of an enterprise or to be used as fixed assets in a BCC. Section 3 of the same article exempts invention patents, technical know-how and other forms of technology transfer that are contributed by the foreign partner as part of the legal capital of an enterprise, or initial capital of a BCC.

Section 2 of article 76 states that all materials imported for the production of export goods are subject to a temporary import duty. The section explains, however, that the tax payment will be refunded once the goods are exported.

1.3.5 Land Tax

In Vietnam, as in many other Socialist countries, individuals cannot buy or own land. Instead, all land is owned by the "people" and is administered by the State.

Enterprises with foreign invested capital - not including BCCs - can lease the rights to use land from the Government³. An enterprise that leases such rights must pay a specific rent, as stipulated by the Ministry of Finance (see part 7 of this Section).

In addition to paying rent, foreign invested enterprises which lease land must pay a tax on their land-use rights. Information on the actual tax rates and conditions is incomplete; however, it appears that the key piece of legislation is the Decree on Real Estate Tax.

Name: Decree on Real Estate Tax.
Agency: Government.
Date: September 14, 1991.
Details:

Very little information is available on this Decree. What is known is that the Decree identifies the types of real estate that are subject to Real Estate Tax, and specifies exemptions. Specific tax rates are included for land use rights and ownership of buildings.

1.3.6 Personal Income Tax

Name: Ordinance on Income Tax of High Income Earners
Agency: Standing Committee of the National Assembly.
Date: Originally passed on December 27, 1990. Amended on April 22, 1991.
Details:

All foreign nationals who work and receive an income in Vietnam are expected under this Ordinance to pay personal income tax. According to article 1, taxable income includes all regular income such as salary, wages, allowances and bonuses. Income also includes employer-provided benefits such as housing allowances and "hardship" bonuses. Note that taxability is based on origin of income rather than the taxpayer's residence. As such, income earned in Vietnam but received abroad is taxable.

The personal income tax rate ranges from 0% to 50%, depending on income level.