

Ministry of Finance Guidance on Corporate Income Tax incentives

With an aim to provide more detailed guidance on Corporate Income Tax (CIT) incentives under Vietnam's commitments with the WTO, on 3 March 2009, the Ministry of Finance issued Official Letter 2348/BTC-TCT (OL 2348) on CIT incentives applicable to certain qualified businesses.

Applicable entities

OL 2348 explicitly provides guidance on CIT incentives for the following enterprises:

- enterprises with recalled CIT incentives, which were previously granted due to meeting conditions on local content or export ratios in the garment and textile industries
- enterprises currently enjoying CIT incentives until 2011 due to meeting conditions on export ratios (except those in the garment and textile business).

Details of tax incentives

OL 2348 reaffirms that if meeting other qualifying criteria for CIT incentives, the above mentioned enterprises will continue to enjoy corresponding CIT incentives for the remaining incentive period.

In particular, enterprises under category (1) above now have the right to choose either of the following options:

- continuance of CIT incentives corresponding to the satisfied

qualifying criteria for the remaining incentive period, pursuant to the provisions of tax law in force at the time of Investment Licence issuance

- continuance of CIT incentives corresponding to the satisfied qualifying criteria for the remaining incentive period, pursuant to the provisions of tax law in force at the time of amendment as a result of WTO commitments (i.e. 11 January 2007).

With respect to enterprises under category (2) above, from year 2012, they can choose either of the following options:

- continuance of CIT incentives corresponding to the satisfied qualifying criteria for the remaining incentive period, pursuant to the provisions of tax law in force at the time of Investment Licence issuance
- continuance of CIT incentives corresponding to the satisfied qualifying criteria for the remaining incentive period, pursuant to the

provisions of tax law in force at the time of amendment as a result of WTO commitments (i.e. at the end of 2011).

Qualifying conditions

To qualify for CIT incentives for the remaining incentive period as stated above, enterprises must still be in the middle of their CIT incentive periods as at the date of issuance of OL 2348.

Claiming procedures

OL 2348 provides that enterprises simply need to send a written notice to the local tax office advising their chosen option, without a need to apply for an amended licence. Notwithstanding this, enterprises may reserve the right to request the licensing authority to confirm such investment incentives in the Investment Certificate.

Qualified enterprises should choose an incentive option that most benefits them and notify the same to the tax office, in accordance with the guidance of OL2348.

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