

STANDING COMMITTEE
OF NATIONAL ASSEMBLY

SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness

No. 14-2004-PL-UBTVQH11

Hanoi, 24 March 2004

ORDINANCE
ON
AMENDMENT OF AND ADDITION TO
A NUMBER OF ARTICLES OF THE
ORDINANCE ON INCOME TAX OF
HIGH INCOME EARNERS

Pursuant to the 1992 Constitution of the Socialist Republic of Vietnam as amended and added to by Resolution 51-2001-QH10 dated 25 December 2001 of Legislature X of the National Assembly at its 10th Session;

Pursuant to Resolution 17-2003-QH11 of Legislature XI of the National Assembly on Estimated State Budget for 2004 at its 4th Session;

This Ordinance amends and adds to a number of articles of the *Ordinance on Income Tax of High Income Earners* which was passed by the Standing Committee of the National Assembly on 19 May 2001.

Article 1

A number of articles of the *Ordinance on Income Tax of High Income Earners* shall be amended as follows:

1. *Article 2 shall be amended as follows:*

"Article 2

Incomes which are subject to income tax include the following:

1. Regular income in the form of: salaries, wages, allowances and bonuses; income derived from scientific or technical services, income derived from the transfer of technology, income from the licensing of rights to use inventions or trademarks, IT services, consultancy or training services or agency services; income from royalties; broking commissions; and other income not included in salaries or wages derived from business production or provision of

services which is not subject to corporate income tax, excluding income as stipulated in article 3 of this Ordinance.

2. Irregular income in the form of:
 - (a) Income derived from the transfer of technology, except where it is a gift or donation;
 - (b) Lottery winnings."

2. *Article 3 shall be amended as follows:*

"Article 3

1. Interest received from bank deposits, bank savings, and trading of Government bonds, ordinary bonds, term bonds, and dividends from shares shall be temporarily exempted from payment of income tax.
2. Income which is not subject to income tax includes:
 - (a) Allowances for itinerant work; allowances for poisonous, toxic, and dangerous work, regional allowances, allowances for seniority in the armed forces, customs, and cipher; allowances for positions, allowances for responsibilities with respect to officials and State employees; special allowances for work in offshore islands or areas along the border which have extremely harsh living conditions, incentive allowances, allowances for business trips, fixed meal allowances, specific allowances for certain industries or trades stipulated by the State; and other allowances funded by the State Budget.
 - (b) Prizes for technical innovations, inventions, national and international awards, monetary prizes accompanying titles bestowed by the State; and other awards funded from the State Budget.
 - (c) Social benefits, insurance compensation payments, retrenchment allowances, allowances for loss of work and allowances for relocation in respect of production establishments in accordance with law.
 - (d) Income of the owner of a private business which is subject to payment of corporate income tax.
 - (dd) Social insurance or health insurance contributions deducted from salaries or wages in accordance with law."

3. *Article 9 shall be amended as follows:*

"Article 9

Regular taxable income shall be the aggregate amount of the average monthly income of an individual in a year which aggregate exceeds five million (5,000,000) dong in respect of a Vietnamese citizen and other individuals residing in Vietnam, or eight million (8,000,000) dong in respect of a foreigner residing in Vietnam or a Vietnamese citizen working or being on business trips overseas. Regular taxable income of a foreigner who is considered to be a non-resident of Vietnam shall be the aggregate amount of income earned in Vietnam.

A foreigner shall be deemed to be a resident of Vietnam if he resides in Vietnam for a period of one hundred and eighty three (183) days or more within twelve (12) months from the date of entry into Vietnam; a foreigner shall not be considered as a resident of Vietnam if the length of stay in Vietnam is less than one hundred and eighty three (183) days."

4. *Article 10 shall be amended as follows:*

"Article 10

The tariff based on the progressive method applied to each portion of regular income shall be provided as follows:

1. In respect of a Vietnamese citizen and other individuals residing in Vietnam:

Unit: 1000 dong

<i>Level</i>	<i>Average monthly per capita income</i>	<i>Rate of tax (%)</i>
1	to 5,000	0
2	over 5,000 up to 15,000	10
3	over 15,000 up to 25,000	20
4	over 25,000 up to 40,000	30
5	over 40,000	40

Singers, circus artistes, dancers, footballers and professional sportmen and sport-women shall be granted a twenty five (25) per cent reduction of income prior to calculation of taxable income.

2. In respect of foreign residents of Vietnam and Vietnamese citizens working or being on business trips overseas:

Unit: 1000 dong

<i>Level</i>	<i>Average monthly per capita income</i>	<i>Rate of tax (%)</i>
1	to 8,000	0
2	over 8,000 up to 20,000	10
3	over 20,000 up to 50,000	20
4	over 50,000 up to 80,000	30
5	over 80,000	40

3. A tax rate of twenty five (25) per cent shall be imposed on the aggregate income of foreigners who are not residents of Vietnam."
5. *Article 11 shall be amended as follows:*

"Article 11

Irregular taxable income of an individual as stipulated in article 2.2 of this Ordinance shall be individual payments received from time to time which exceed fifteen million (15,000,000) dong."

6. *Article 12 shall be amended as follows:*

"Article 12

1. Each payment of income which is derived from a transfer of technology and which is in a sum in excess of fifteen million (15,000,000) dong shall be subject to income tax at a tax rate of five per cent of the total income received.
2. Each payment of income which is derived from lottery winnings and which is in a sum in excess of fifteen million (15,000,000) dong shall be subject to income tax at a tax rate of ten (10) per cent of the total income received."

Article 2

This Ordinance shall be of full force and effect as of 1 July 2004.

Article 3

The Government shall make detailed provisions on the implementation of this Ordinance.

On behalf of the Standing Committee of the National Assembly
Chairman

NGUYEN VAN AN