

# Interim remedies for the Vietnamese economy

By **Nguyen Chi Trung**



The Ministry of Finance issued Circular No. 16/2013/TT-BTC, dated February 8th, 2013, guiding implementation of Resolution No. 02/NQ-CP, dated January 7th, 2013, of the Government on several remedies for solving the business difficulties, assisting the market and resolving bad debts (Circular 16). Remedies addressed by Circular 16 are optional incentives regarding corporate income tax, value added tax, land rent and land use fees.

## Corporate income tax (CIT)

Under Circular 16, the following enterprises will be entitled to an extension of CIT payment up to 6 months for the taxable CIT amount arising in the first quarter of 2013, and 3 months for the taxable CIT amount arising in the second and third quarters of 2013:

- Small and medium sized enterprises;
- Enterprises hiring more than 300 employees and specialising in producing and processing agricultural products, forest products, aquatic products, garment, shoes, electronic accessories, building public infrastructures; and
- Enterprises investing in residential housing.

## Value added tax (VAT)

Under Circular 16, the following enterprises paying VAT according to the deduction method will be entitled to an extension of VAT payments of up to 6 months for the taxable VAT amounts arising in January, February and March of 2013:

- Small and medium sized enterprises exclusive of enterprises operating in the sectors of finance, banking, insurance, securities, lottery, gaming, goods production, services subject to special consumption tax;
- Enterprises hiring more than 300 employees and specialising in

producing and processing agricultural products, forest products, aquatic products, garment, shoes, electronic accessories, building public infrastructures; and

- Enterprises investing in residential housing, and enterprises producing iron, steel, cement, brick or tile.

## Land rent

Tenants that leased land from the State on an annual payment basis beginning prior to December 31st, 2010 and whose land rent has increased by at least two times the original land rent, will have their rents reduced by 50 percent in 2013 and 2014. If such

reduction is insufficient to reduce the land rent to double the original land rent, the land rent will be further reduced until it is equal to double the original land rent.

## Land use fees (LUF)

Investors in real estate projects who have been allocated land with the requirement of the payment of LUF by the State, but have not been able to pay the LUF due to financial difficulties, may delay such LUF payment for a period of up to 24 months from the payment date recorded in the payment notice issued by the tax authority without being subject to any penalty for payment delay.

The incentives explicated by Circular 16 require eligible enterprises to opt for the incentive, they must conduct certain procedures and

applications to enjoy the incentives.

Circular 16 took effect from March 25th, 2013.

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