

THE GOVERNMENT

No. 65/2013/ND-CP

SOCIALIST REPUBLIC OF VIET NAM

Independence - Freedom – Happiness

Hanoi, June 27, 2013

DECREE

DETAILING A NUMBER OF ARTICLES OF THE LAW ON PERSONAL INCOME TAX AND LAW AMENDING AND SUPPLEMENTING A NUMBER OF ARTICLES OF THE LAW ON PERSONAL INCOME TAX

Pursuant to the Law on Government organization dated December 25, 2001;

Pursuant to the Law on personal income tax dated November 21, 2007; Law on amending and supplementing a number of articles of the Law on personal income tax dated November 22, 2012;

At the proposal of the Minister of Finance;

The Government promulgates the Decree detailing a number of articles of the law on personal income tax and law amending and supplementing a number of articles of the law on personal income tax,

Chapter 1.

GENERAL PROVISIONS

Article 1. Scope of regulation

This Decree details and guides a number of articles of the Law on personal income tax and Law amending and supplementing a number of articles of the Law on personal income tax.

Article 2. Taxpayers

1. PIT payers include resident and non-resident individuals who earn taxable incomes specified in Article 3 of the Law on personal Income Tax and Article 3 of this Decree. Scope to define taxable income of taxpayers shall be as follows:

- a) For resident individuals, their taxable incomes are incomes earned inside and outside the Vietnamese territory, regardless of where their incomes are paid;
- b) For non-resident individuals, their taxable incomes are incomes earned in Vietnam, regardless of where their incomes are paid.

2. A resident individual means a person who satisfies any of the following conditions:

a) Being present in Vietnam for 183 days or more in a calendar year or 12 consecutive months counting from the first date of his/her presence in Vietnam;

Individuals present in Vietnam under this Point means those whose presence is in the Vietnamese territory.

b) Having a place of habitual residence in Vietnam in either of the following two cases:

- Having a registered place of permanent residence under the law on residence;

- Having a rented house for dwelling in Vietnam under the law on housing, under a rent contract with a term of 183 days or more in a tax year.

In case an individual has a place of permanent residence in Vietnam as prescribed in this point but he/she actually presents in Vietnam less than 183 days in tax year and he/she fail to prove that he/she is resident person of other country, so he/she will be considered as resident person in Vietnam.

3. A non-resident individual means a person who does not satisfy any of the conditions specified in Clause 2 of this Article.

Article 3. Taxable incomes

Taxable incomes of individuals include the following kinds of income:

1. Incomes from production or business activities, including:

a) Incomes from goods production or trading or service provision under law. Particularly for incomes from agricultural production, forestry, salt-making, aquaculture and fishing activities, personal income tax will only be imposed on individuals who do not fully satisfy the conditions for tax exemption specified in Clause 5, Article 4 of this Decree.

b) Incomes from independent professional activities of individuals possessing practice licenses or certificates under law.

2. Incomes from salaries or wages receivable by employees from their employers, including:

a) Salaries, wages and amounts of similar nature receivable in monetary or non monetary forms.

b) Allowances and subsidies, except for the following allowances and subsidies:

- Allowances and subsidies of monthly preferential treatment and lump-sum subsidies as prescribed by law on preferential treatment of persons with meritorious services;

- Monthly subsidies and lump-sum subsidies for subjects joined in resistance, protection of Mother Land, international missions, voluntary youth persons already finished mission;

- National defense and security allowances; subsidies applicable to armed forces;
- Hazard or danger allowances for persons working in branches, occupations or jobs at places where exist hazardous or dangerous elements;
- Allowances for attraction of laborers to work in certain branches or in certain regions;
- Subsidies for sudden difficulties, subsidies for laborers suffering from labor accidents or occupational diseases; lump-sum maternity or child adoption allowances; subsidies for working capacity decrease, lump-sum retirement allowances, monthly survivorship allowances, severance and job loss allowances, unemployment subsidies and other allowances, subsidies as prescribed in the Labor Code and the Law on Social insurance;
- Subsidies for subjects enjoyed social protection as prescribed by law;
- Serving allowances for senior leaders;
- Lump-sum subsidies for individuals when move their job to regions with special difficult socio-economic conditions, lump-sum support for cadres, civil servants doing affairs on sovereignty of sea and island as prescribed by law. Lump-sum subsidies upon transferring region for foreigners coming Vietnam for residence, Vietnamese going abroad for work;
- Allowances for health officials of hamlets, villages;
- Allowances according to specific characteristic of trades;

Allowances and subsidies not accounted as taxable incomes specified at this Point must be prescribed by competent state agencies.

c) The received remunerations under forms as: brokerage commissions, payments for participation in schemes or projects, royalties, and other commissions, remunerations;

d) Sums of money earned from participation in business associations, boards of directors, control boards, management boards, associations, professional clubs and other organizations;

dd) Other monetary or non-monetary benefits other than salaries and wages paid by employers and taxpayers are beneficiaries in any form:

- House rents, charges for electricity, water and associated services (if any);
- Accumulation premiums from life insurance, other non-compulsory insurances, accumulation amount of contribution in the voluntary retirement fund, which are bought or paid for employees by the employers. Before paying the insurance amount, pensions to individuals, insurers, companies managing the voluntary retirement fund are responsible for withholding tax at the rate of 10% for accumulation premiums, accumulation amount of contribution in fund corresponding

to part that has been purchased or contributed for employees by the employers, from July 01, 2013;

- Membership fees and charges for other services provided for individuals at the request, such as: Healthcare, entertainment, sports, recreation, beauty care;
- Other benefits as prescribed by law.

e) Monetary or non-monetary bonuses or rewards in any form, including also bonus securities, except for the following bonuses or rewards:

- Rewards accompanying honorary titles conferred by the State, including also those accompanying emulation titles and other commendation and reward forms under the law on emulation and commendation;
- Rewards accompanying international or national prizes recognized by the Vietnamese State;
- Rewards for technical renovations, innovations or inventions recognized by competent state agencies;
- Rewards for detection of and reporting on illegal acts to competent state agencies.

g) Not count in taxable incomes for the following amounts:

- The support amounts of the employers for the employees and the employees' relatives (parents, spouses, and children) so as to pay for medical examination and treatment involving dangerous diseases;
- The received amounts under the regime involving use of travel means in state agencies, public non-business units, party's organizations, mass associations;
- The received amounts under the regime of official-duty houses as prescribed by law;
- The received amounts other than wages, salaries because of participation in or serving for activities of the Party, Union, National Assembly or elaborating legal documents of the State;
- Amounts for shift meals for employees paid by the employers not exceeding the level set by the Minister of Labor, Invalids and Social Affairs.
- Amount of buying the round-trip flight tickets paid on behalf (or paid) by the employers for employees being foreigners, employees being Vietnamese working abroad to go back home country for once annual leave;
- Study charges for children of foreign employees to study in Vietnam, children of the Vietnamese employees working abroad to study in foreign country at the education grade from early childhood education to upper secondary education paid on behalf by the employers.

3. Incomes from capital investment, including:

- a) Loan interests;
- b) Share dividends;
- c) Incomes from capital investment in other forms, including also capital contributions in kind, reputation, land use rights, creations or inventions; except for government bond interests.

4. Incomes from capital transfer, including:

- a) Incomes from transfer of capital holdings in economic organizations;
- b) Incomes from transfer of securities;
- c) Incomes from capital transfer in other forms.

5. Incomes from transfer of real estate, including:

- a) Incomes from transfer of rights to use land and assets attached to land, including construction works formed in future;
- b) Incomes from transfer of the right to own or use residential houses, including residential houses formed in future;
- c) Incomes from transfer of the right to lease land or water surface;
- d) Other incomes earned from transfer of real estate in all forms;

Taxable incomes at this clause include incomes from authorization for management of real estate which the authorized persons have the right to transfer real estate or have the right as of the owner of real estate as prescribed by law.

6. Incomes from won prizes in cash or in kind, including:

- a) Lottery winnings;
- b) Sales promotion winnings in all forms;
- c) Betting or casino winnings;
- d) Winning in prized games and contests and other forms of winning.

7. Incomes from copyright, including:

a) Incomes from assignment or licensing of intellectual property objects: copyright and related rights; industrial property rights; rights to plant varieties;

a) Incomes from technology transfers: technical know-how, technical knowledge, solutions to production rationalization and technological renewal.

8. Incomes from commercial franchising under the Commercial Law.

9. Incomes from inheritances that are securities, capital holdings in economic organizations or business establishments, real estate and other assets subject to ownership or use registration.

10. Incomes from gifts that are securities, capital holdings in economic organizations or business establishments, real estate and other assets subject to ownership or use registration.

Article 4. Tax-exempt income

1. Incomes from transfer of real estate (including resident houses and construction works formed in future as prescribed by law on real estate business) between: spouses; parents and their children; adoptive parents and their adopted children; fathers-in-law or mothers-in-law and daughters-in-law or sons-in-law; grandparents and their grandchildren; or among blood siblings.

2. Incomes from transfer of residential houses, rights to use residential land and assets attached to residential land received by individuals who have only one residential house or right to use residential land in Vietnam.

The transfer individuals who have only one residential house or right to use residential land in Vietnam as prescribed in this clause must satisfy the following conditions:

a) At the time of transfer, individuals have only right to own, right to use one residential house or one residential land plot (including case of possessing residential house or construction works attached to that land plot);

b) Duration for individuals to have right to own, right to use residential house or residential land which is counted to time of transfer is not less than 183 days;

c) Residential house or/and right to use residential land are transferred entirely;

Determination of right to own, right to use the residential house, residential land are based on certificate of right to own, right to use the residential house, residential land. Individuals who have residential house, residential land transferred shall be responsible for declaration and take responsibilities before law for accuracy of declaration. If competent agencies detect wrong declaration, individuals will not be exempted tax and be handled as prescribed by law.

3. Incomes from value of the right to use land of individuals who are assigned land by State not required to pay money or reduced land levy shall comply with provisions of law.

4. Incomes from receipt of inheritances or gifts that are real estate (including resident houses and construction works formed in future as prescribed by law on real estate business) between: spouses; parents and their children; adoptive parents and their adopted children; fathers-in-law or mothers-in-law and daughters-in-law or sons-in-law; grandparents and their grandchildren; or among blood siblings.

5. Incomes of households and individuals directly engaged in agricultural or forest production, salt making, aquaculture, fishing of aquatic products not yet processed into other products or preliminarily processed.

Households and individuals directly engaged in production activities specified in this Clause must satisfy the following conditions:

a) Having lawful land or water surface use rights for production, and directly engaging in agricultural or forest production, salt making or aquaculture. For fishing activities, they must have the right to own or use ships, boats and fishing gears and directly engaging in these activities;

b) They actually reside in localities where agricultural or forest production, salt making or aquaculture activities are conducted under the law on residence.

6. Incomes from conversion of agricultural land allocated by the State to households and individuals for production.

7. Incomes from interests on deposits at banks or credit institutions or interests from life insurance contract.

8. Incomes from foreign exchange remittances.

9. Salary or wage amounts paid for night shift and overtime work, which are higher than those paid for day shifts or prescribed working hours under law.

10. Retirement pensions that are paid by Social Insurance Fund under the Law on Social Insurance, and pensions received monthly from the voluntary retirement Fund. Individuals residing and working in Vietnam are eligible for exemption from personal income tax on pensions paid by foreign countries.

11. Incomes from scholarships, including:

a) Scholarships granted from the state budget;

b) Scholarships granted by domestic and foreign organizations (including amounts for living expenses) under study promotion programs of those organizations.

12. Incomes from indemnities paid under life insurance policies, non-life insurance policies, compensations for labor accidents, compensations paid by the State and other compensations as provided for by law.

13. Incomes received from charity funds licensed or recognized by competent state agencies and operating for charity, humanitarian and non-profit purposes.

14. Incomes received from governmental or non-governmental foreign aid for charity or humanitarian purposes approved by competent state agencies.

The Ministry of Finance shall provide procedures and dossiers for identification of tax-exempt incomes stated in this Article.

Article 5. Tax reduction

1. Taxpayers who face difficulties caused by natural disasters, fires, accidents or severe diseases and affecting their tax payment ability may be considered for tax reduction corresponding to the extent of damage they suffer from but not exceeding payable tax amounts.

2. The Ministry of Finance shall provide procedures and dossiers for and consideration of personal income tax reduction specified in this Article.

Chapter 2.

TAXED GROUNDS FOR A NUMBER OF KINDS OF INCOME OF RESIDENT INDIVIDUALS

SECTION 1. INCOMES FROM BUSINESS ACTIVITIES AND INCOMES FROM SALARIES OR WAGES

Article 6. Taxed incomes from business activities, salaries or wages

1. Taxed incomes from business activities, salaries or wages are determined to be equal to taxable incomes from business activities, salaries or wages specified in Articles 7 and 11 of this Decree minus (-) the following amounts:

a) Premiums of social insurance, health insurance, unemployment insurance, professional liability insurance for some professions subject to compulsory insurance, voluntary retirement fund

The maximum premium level of the voluntary retirement fund that is deducted from taxed incomes specified in this clause does not exceed one million VND/month (12 million VND/year) in accordance with guide of the Ministry of Finance;

In case where individuals residing in Vietnam but working abroad and having incomes from business, wages, salaries abroad have participated in buying compulsory insurances as prescribed

by countries where individuals pay these insurance types such as social insurance, health insurance, unemployment insurance, professional liability insurance for some professions subject to compulsory insurance, individuals are entitled to deduct these premiums in the taxable income when defining taxable incomes from business, wages, salaries.

b) Reduction based on family circumstances specified in Article 12 of this Decree;

c) Contributions to charity funds, humanitarian funds and study promotion funds specified in Article 13 of this Decree.

2. Taxed incomes of individuals who earn taxable incomes from both business activities and salaries or wages will be the total of their taxable incomes from business activities plus (+) their taxable incomes from salaries or wages minus (-) the amounts specified at Points a, b and c, Clause 1 of this Article.

Article 7. Taxable incomes from business activities

Taxable incomes from business activities are determined to be equal to turnover for calculation of taxable incomes specified in Article 8 of this Decree minus (-) reasonable expenses specified in Article 9 of this Decree.

Article 8. Turnover for calculation of taxable incomes from business activities

1. Turnover for calculation of taxable incomes from business activities means the total of sales, processing remuneration, commissions, goods or service provision charges generated in a tax period.

The time of determination of turnover is the time of transfer of ownership of goods or completion of services or the time of making goods sale or service provision invoices, regardless of whether such turnover has been collected or not.

2. In some cases, turnover for calculation of taxable incomes is specified as follows:

a) Turnover of goods sold by installment payment is determined according to selling prices of goods sold by lump-sum payment exclusive of deferred payment interest;

b) Turnover of goods or services used for exchange or donation is determined according to the selling price of the same or equivalent product, goods or service at the time of exchange or donation;

c) Turnover from goods processing means sums of money earned from processing activities, covering remuneration, costs of fuel, power and auxiliary materials and other expenses for the goods processing;

d) Turnover from lease of assets means rents periodically paid by lessees under lease contracts. In case lessees pay rents in advance for many years, turnover for calculation of taxable incomes

may be allocated to the number of years of advance rent payment or determined according to lump-sum rent payment;

e) Turnover for calculation of taxable incomes in other cases shall be specified by the Ministry of Finance.

Article 9. Reasonable expenses related to the generation of taxable incomes from business activities

1. Reasonable expenses specified in this Article must be actually paid amounts involving individuals' production and business activities, accompanied with sufficient invoices and vouchers under law.

2. Deductible reasonable expenses include:

a) Salaries, wages, allowances, remunerations and other payments to laborers;

Salaries or wages of individuals who are heads of business households are not accounted as deductible reasonable expenses.

b) Expenses for raw materials, materials, fuels, energy and goods actually used for the production and trading of goods or provision of services related to the generation of turnover and taxable incomes in a period, which shall be calculated according to their reasonable consumption rates and actual ex-warehousing prices determined by business households or individuals themselves that shall be held responsible before law;

c) Expenses for depreciation, regular repair and maintenance of fixed assets used for the production and trading of goods or provision of services. The fixed asset depreciation level is determined based on the value of fixed assets and depreciation duration as specified by the Ministry of Finance.

d) Paid interests on loans for production and business activities directly related to the generation of turnover and taxable incomes;

dd) Management expenses;

e) Taxes, charges, fees, land rents payable under law for production, business or service activities except for personal income tax and other taxes, charges, fees and revenues not be counted in expenses as prescribed by relevant law;

g) Other expenses related to the generation of incomes.

The Ministry of Finance shall specify other reasonable expenses which are deductible upon calculation of taxable incomes.

Article 10. Taxable incomes and taxed incomes of business individuals who fail to strictly comply with regulations on accounting, invoices and documents

1. For business individuals who fail to strictly comply with regulations on accounting, invoices and documents and cannot calculate turnover, expenses and taxable incomes, competent tax offices shall assess turnover and the ratio of taxable incomes in order to determine taxable incomes suitable to each production or business line.
2. For business individuals who may make accounting only for turnover, fail to make accounting for expenses, turnover for calculation of taxable incomes is determined according to provision in Article 8 of this Decree. Taxable income shall be determined according to the fixed level by tax offices.
3. The Ministry of Finance shall specify determination of turnover and the determined level of taxable income on turnover.

Article 11. Taxable incomes from salaries or wages

1. Taxable incomes from salaries or wages are determined according to Clause 2, Article 3 of this Decree.
2. Time of determination of a taxable income from salary or wage is the time when an employer pays income to a taxpayer or when a taxpayer receives income.

Article 12. Reduction based on family circumstances

Resident individuals who earn incomes from salaries or wages or business activities enjoy reduction based on family circumstances from their taxable incomes before tax calculation as follows:

1. Levels of reduction based on family circumstances:
 - a) Level of reduction for a taxpayer himself/herself is VND 9 million/month (which is VND 108 million/year);
 - b) Level of reduction for each dependant of a taxpayer is VND 3.6 million/month given from the month the taxpayer's obligation to nurture the dependant arises.

If the National Assembly Standing Committee adjust the levels of reduction based on family circumstances as prescribed in clause 4 Article 1 of the Law amending and supplementing a number of articles of the Law on personal income tax, the levels as regulated by the National Assembly Standing Committee will be applied for the next tax period.

2. Each dependant may be counted only once for tax reduction for a taxpayer in a tax year. In case several taxpayers share a dependant they are obliged to nurture, they shall reach agreement on registration of this dependant for family circumstance-based reduction for one among them.

3. Persons and grounds to be identified as dependants of taxpayers to have the nurture obligation specified in clause 1 this Article are as follows:

- a) Under-18 children (including blood children, legally adopted children, step children of spouse);
- b) Disabled children (including blood children, legally adopted children, step children of spouse) who are aged 18 years or older and incapable of working;
- c) Children (including blood children, legally adopted children, step children of spouse) who are studying at universities, colleges, professional secondary schools or job-training schools, including children who are aged 18 years or older and are studying at general education level and have no income or have incomes not exceeding the level specified in Clause 4 of this Article;
- d) Persons who are beyond the working age or persons who are at the working age prescribed by law but are disabled and incapable of working or have no income or have incomes not exceeding the level specified in Clause 4 of this Article, including:

- Spouses of taxpayers;
- Blood parents or stepfather, stepmother, legally adopted parents, spouse's parents of taxpayers;
- Other helpless individuals whom taxpayers are obliged to directly nurture.

4. The income level serving as a basis for identification of dependants to be counted for reduction based on family circumstances is an average monthly income of VND 1,000,000 or less in a year from all income sources.

5. Taxpayer shall themselves declare the number of their dependants evidenced by lawful papers and be held responsible before law for the accuracy of their declaration.

6. The Ministry of Finance shall specify procedures and dossiers for declaration of dependants to be counted for reduction based on family circumstances under this Article.

Article 13. Reduction for charity or humanitarian donations

1. Resident individuals who earn incomes from business activities, salaries or wages enjoy their charity or humanitarian donations deductible from their taxable incomes, including:

- a) Donations to organizations or establishments that care for or nurture children in special plights, disabled people and helpless elderly people;
- b) Donations to charity funds, humanitarian funds or study promotion funds.

2. Organizations, establishments and funds specified at Points a and b, Clause 1 of this Article must be those licensed or recognized by competent state agencies and operating for charity, humanitarian, study promotion and non-profit purposes.

3. Charity or humanitarian donations made in a year are deductible from taxable incomes of that year and must not be carried forward for deduction from taxable incomes of the subsequent tax year.

Article 14. Partially progressive tariff

1. The partially progressive tariff applies to taxed incomes from business activities, salaries or wages.

2. The partially progressive tariff is specified below:

Tax grade	Taxed income per year (VND million)	Taxed income per month (VND million)	Tax rate (%)
1	Up to 60	Up to 5	5
2	Between over 60 and 120	Between over 5 and 10	10
3	Between over 120 and 216	Between over 10 and 18	15
4	Between over 216 and 384	Between over 18 and 32	20
5	Between over 384 and 624	Between over 32 and 52	25
6	Between over 624 and 960	Between over 52 and 80	30
7	Over 960	Over 80	35

Section 2. INCOMES FROM CAPITAL TRANSFER

Article 15. Taxed incomes from transfer of contributed capital amounts

1. Taxed income from the transfer of a contributed capital amount is determined to be equal to the transfer price minus (-) the buying price of the contributed capital amount and reasonable expenses related to the generation of capital transfer income.

2. Transfer price means a sum of money receivable by an individual under a capital transfer contract.

3. Buying price of a transferred capital amount means the value of that contributed capital amount at the time of capital transfer to be equal total value of the initial contributed capital and value of the contribution or supplementation purchase times.

4. Reasonable expenses related to the generation of capital transfer income are actually paid expenses with lawful invoices and vouchers, including:

- a) Expenses for completion of legal procedures necessary for the transfer;
- b) Charges and fees paid by the transferor into the state budget under law;
- c) Other expenses.

Article 16. Taxed incomes from securities transfer

1. A taxed income from a transfer of securities is determined to be equal to the selling price minus (-) the buying price of securities and expenses related to the transfer.
2. Selling prices of securities are determined as follows:
 - a) Selling prices of securities allowed trading at the Stock Exchanges are prices of actual transfers at the Stock Exchanges;
 - b) Selling prices of securities not falling in case specified in point a this clause are prices of actual transfers inscribed in transfer contract or prices according to accounting books of units possessing the transferred securities at time of transfer.
3. Buying prices of securities are determined as follows:
 - a) Buying prices of securities allowed trading at the Stock Exchanges are prices of actual purchases at the Stock Exchanges;
 - b) Buying prices of securities not falling in case specified in point a this clause are prices of actual purchases inscribed in transfer contract or prices according to accounting books of units possessing the transferred securities at time of purchase.
4. Expenses related to the securities transfer are actually paid expenses with lawful invoices and vouchers, including:
 - a) Charges for securities transfer and receipt of transferred securities;
 - b) Securities trust expense;
 - c) Other expenses.

Article 17. Tax rates

1. The tax rate for incomes from transfer of contributed capital is 20% of taxed income from each transfer.
2. The tax rate for incomes from securities transfer is 20% of taxed income of a whole year and applies only to taxpayers that have documents, can determine their taxes incomes under Article

16 of this Decree. For taxpayers other than those specified above, the applicable tax rate is 0.1% of the price of each securities transfer.

Section 3. INCOMES FROM REAL ESTATE TRANSFER

Article 18. Taxed incomes from land use rights transfer

1. Taxed income is determined to be equal to the price of a land use right transfer minus (-) the cost price and related reasonable expenses.
2. Land use rights transfer prices are determined as follows:
 - a) Transfer prices are actual prices stated in transfer contracts at the time of transfer;
 - b) In case actual prices are unidentifiable or prices stated in transfer contracts are lower than land prices stipulated by provincial-level People's Committees at the time of transfer, transfer prices shall be determined according to land price brackets set by provincial-level People's Committees.
3. Land use rights transfer cost prices are determined in some specific cases as follows:
 - a) For land areas allocated by the State with the collection of land use levy, land use rights transfer cost prices are based on receipts of land use levy collected by the State;
 - b) For land areas transferred use rights from organizations and individuals, land use rights transfer cost prices are based on transfer contracts at time of receiving land use right transfer (upon buying);
 - c) In case of land use rights auction, land use rights transfer cost prices are winning bids;
 - d) For land areas with origin not falling in cases stated in points a, b and c this clause, the land use rights transfer cost prices are based on dossier of performing financial obligations with State when being granted certificate of land use rights.
4. Reasonable expenses related to the transfer of land use rights are actually paid expenses with lawful invoices and vouchers, including:
 - a) Charges and fees prescribed by law and related to the grant of land use rights;
 - b) Expenses for land revamp and ground leveling (if any);
 - c) Other expenses directly related to the transfer of land use rights.

Article 19. Taxed incomes from transfer of real estate being land use rights associated with construction works on land, including construction works formed in future

1. Taxed income is determined to be equal to the transfer price minus (-) the cost price and related reasonable expenses.

2. Transfer prices are specifically determined as follows:

a) Transfer prices are actual prices stated in transfer contracts at the time of transfer;

b) In case where transfer prices are not inscribed in contracts or the transfer prices inscribed in contracts are lower than the prices stipulated by provincial-level People's Committees, transfer prices are determined as follows:

- The value of transferred land is determined according to land price brackets set by provincial-level People's Committees at the time of transfer;

- The value of houses, infrastructure works and architectures attached to land is determined under the prices to calculate the registration fees of houses that are set by provincial-level People's Committees. If the provincial-level People's Committees fail to have regulations on prices to calculate the registration fees of houses, the value is determined under the Construction Ministry's regulations on house classification; capital construction standards and norms; the actual residual value of works on land.

For construction works formed in future, the value is determined under the rate of capital contribution on total value of contract multiplied (x) with the price to calculate the registration fee of construction works that are set by provincial-level People's Committees. If the provincial-level People's Committees fail to have regulations on unit prices, the value is applied according to the capital portion of investment in works construction announced by the Ministry of Construction and being applied at time of transfer.

3. Cost prices are determined to be prices stated in transfer contracts at the time of purchase. In cases where a real estate has no origin from receiving transfer, the cost prices are determined under the dossier of performing financial obligation with State at time of being granted certificate of ownership and use right of real estate.

4. Related reasonable expenses are actually paid expenses with lawful invoices and vouchers, including:

a) Charges and fees prescribed by law and related to the grant of land use rights;

b) Expenses for land revamp and ground leveling;

c) Expenses for repair or renovation of construction works on land;

d) Other expenses directly related to the transfer.

Article 20. Taxed incomes from transfer of the right to own or use residential houses

1. Taxed income is determined to be equal to the selling price minus (-) the buying price and related reasonable expenses.
2. Selling prices are actual transfer prices determined according to market prices and stated in transfer contracts.

In case where a house transfer price stated in the transfer contract is lower than the price to calculate the house registration fee set by the provincial-level People's Committees at time of transfer or the transfer price is not stated in the transfer contract, the transfer price will be determined under the price to calculate the house registration fee set by the provincial-level People's Committees. For transfer of residential houses formed in future, the transfer price is determined to be equal to the rate of contributed capital on total value of contract multiplied (x) with the price to calculate the house registration fee set by provincial-level People's Committees.

3. Buying prices are determined to be those stated in purchase contracts. For residential houses which have no origin from receiving transfer or re-purchase, the buying prices are determined under the dossier of performing financial obligation with State at time of being granted certificate of ownership and use right of residential houses.
4. Related expenses are actually paid expenses with lawful invoices and vouchers, including:
 - a) Charges and fees prescribed by law and related to the grant of house ownership;
 - b) Expenses for house repair, renovation and upgrading;
 - c) Other expenses directly related to the transfer of residential house.

Article 21. Taxed incomes from transfer of the right to lease land or water surface

1. Taxed income from transfer of the right to lease land or water surface is determined to be equal to the sublease rate minus (-) the lease rate and related reasonable expenses.
2. Sublease rates are determined according to actual rates stated in contracts.

In case sublease unit rates stated in contracts are lower than lease rates prescribed by provincial-level Peoples Committees by the time of sublease, rates shall be determined according to lease rate brackets set by provincial-level People's Committees.

3. Lease rates are determined based on lease contracts.
4. Related expenses are actually paid expenses with lawful invoices and vouchers, including:
 - a) Charges and fees prescribed by law and related to the right to lease land or water surface;
 - b) Expenses for land or water surface revamp;

c) Other expenses directly related to the sublease.

Article 22. Tax rates

1. The tax rate for incomes from transfer of real estate is 25% of taxed income.
2. In case taxpayers fail to identify or fail to have dossier to determine cost prices and lawful documents for determining related expenses, which serve as a basis for determining taxed incomes, the tax rate of 2% of transfer prices is applied.

Section 4. INCOMES FROM INHERITANCES OR GIFTS

Article 23. Taxed incomes from inheritances or gifts

1. Taxed incomes from inheritances or gifts is the value of an inherited asset or a gift, including: real estate, another asset subject to compulsory registration of ownership or use rights, including also securities or capital holding in an economic organizations or business establishments, which exceeds VND 10 million received by a taxpayer upon each time of inheritance or gift receipt.

2. The determination of taxed incomes from various inherited assets or gifts must be based on the conformity with market prices of these assets at the time of income generation, of which:

a) For securities being the inherited assets or gifts:

- Taxed incomes are determined under prices quoted at the Stock Exchanges on the date of receipt of inheritances or gifts or the preceding date;

- For securities not allowed trading at the Stock Exchanges, taxed incomes are determined under value stated in the accounting books of company having securities on the date of receipt of inheritances or gifts or the preceding date;

b) For capital holdings in economic organizations or business establishments: The determination of taxed incomes must be based on the holding capital value stated in accounting books of these economic organizations or business establishments at the time of receipt of inheritances or gifts or the preceding date;

c) For real estate:

- The value of land is determined according to land price brackets set by provincial-level Peoples Committees by the time of receipt of inheritances or gifts;

- The value of houses, infrastructure works and architectures attached to land is determined under the prices to calculate the registration fees of houses that are set by provincial-level People's Committees. If the provincial-level People's Committees fail to have regulations on prices to calculate the registration fees of houses, the determination of taxed incomes must be

based on the Construction Ministry's regulations on house classification; capital construction standards and norms; the actual residual value of works on land.

d) For other assets: The determination of taxed incomes must be based on prices of these assets or assets of the same kind (if any).

Article 24. Time of determination of taxed incomes

1. Time of determination of taxed incomes from inheritances is the time when individuals do procedures for register of the rights to own and use the inheritance assets which they have received.

2. Time of determination of taxed incomes from gifts is the time when individuals do procedures for register of the rights to own and use assets being gifts which they have received.

Article 25. Tax rates

The tax rate applicable to incomes from inheritances or gifts is 10% of taxed incomes.

Section 5. INCOMES FROM WON PRIZES

Article 26. Taxed incomes from won prizes and time of determination of taxed incomes

Taxed incomes from won prizes and time of determination of taxed incomes from won prizes shall comply with Article 15 of the Law on personal income tax. Organizations paying prizes are responsible for withholding of personal income tax from the winner before paying prizes to the individuals winning prizes. If organizations paying e-games with prizes, casino fail to identify the taxed incomes of individuals won prizes to withhold tax, these organizations shall pay tax on behalf of the won person according to the fixed level on total amounts returned to individuals.

Based on provisions of law on tax management, the Ministry of Finance shall provide the fixed level on total amounts returned to individuals specified in this Article.

Chapter 3.

POLICIES ON ADMINISTRATION OF PERSONAL INCOME TAX

Article 27. Tax registration and grant of tax identification numbers

1. Individuals having taxable incomes shall make tax registration with tax offices in order to be granted tax identification numbers for themselves and for each dependant person from whom they enjoy reduction based on family circumstances.

2. Organizations and individuals paying taxable incomes shall make tax registration with tax offices in order to be granted tax identification numbers. In case income-paying organizations

and individuals that are granted tax identification number before the effective date of this Decree may continue using these tax identification numbers.

Article 28. Tax withholding

1. Tax withholding means that income-paying organizations and individuals deduct payable tax amounts from incomes of taxpayers before paying incomes.

2. Kinds of income subject to tax withholding:

a) Incomes of non-resident individuals, including also those who are not present in Vietnam;

b) Income from salaries, wages and remunerations including remunerations from brokerage activity;

c) Incomes of individuals from operation of insurance agents, lottery agents and multi-level goods sale;

d) Incomes from capital investment;

dd) Incomes from capital transfer of non-resident individuals, transfer of securities;

e) Incomes from won prizes;

g) Incomes from copyright;

h) Incomes from commercial franchising.

3. The Finance Ministry shall specify cases subject to tax withholding and personal income tax withholding levels and methods specified in this Article.

Article 29. Cases not subject to tax withholding

1. Tax withholding does not apply to:

a) Incomes from business activities of resident individuals;

b) Incomes from real estate transfer;

c) Incomes from the contributed capital transfer of resident individuals;

d) Incomes from inheritances or gifts of individuals.

2. In the cases specified in Clause 1 of this Article, taxpayers shall declare and pay tax directly to tax offices.

Article 30. Declaration, payment and finalization of personal income tax

Income-paying organizations and individuals and implementing tax withholding, and individuals having taxable incomes as prescribed in the Law on personal income tax and Law amending and supplementing a number of articles of the Law on personal income tax shall implement tax declaration, payment and finalization as follows:

1. Monthly tax declaration and tax payment are applicable to organizations and individuals paying the incomes and implemented tax withholding for incomes specified in clause 2 Article 28 of this Decree and total monthly withheld personal income tax amount under each type of declaration is VND 50 million or more, except for case subject to the quarterly tax declaration and tax payment.

2. Quarterly tax declaration and tax payment applied to:

a) Organizations and individuals paying the incomes and implemented tax withholding for incomes specified in clause 2 Article 28 of this Decree but not subject to monthly tax declaration and tax payment specified in clause 1 of this Article.

b) Business individuals or individuals groups;

c) Incomes from wages, salaries paid from foreign countries or paid by international organizations, Embassies, Consulates in Vietnam but not yet implemented tax withholding.

3. Tax declaration and tax payment upon each time of income generation are applied to:

a) Incomes from real estate transfer;

b) Incomes from capital transfer of resident individuals;

a) Incomes from inheritances or gifts;

d) Incomes from goods production and business, and service provision of business individuals and individuals groups which have been issued retail invoices by tax offices;

dd) Incomes generated abroad of resident individuals, exclusive of incomes from wages or salaries;

e) Incomes generated in Vietnam but received abroad of non-resident individuals, exclusive of incomes from wages or salaries;

4. Annual tax declaration and tax payment: Being applied to business individuals, individuals groups that pay tax as prescribed in clause 1 Article 10 of this Decree.

5. Tax finalization

Income-paying organizations and individuals; resident individuals having incomes from wages, salaries, or business; resident individuals transferring securities and paying tax at the tax rate of 20% on income shall declare annual tax finalization, except for the following cases:

- a) Individuals who have the payable tax amounts less than the tax amounts temporarily paid quarterly and not request for tax refund or tax offsetting for next period;
- b) Individuals, and business households that have only one income source and have performed tax payment as prescribed in clause 1 Article 10 of this Decree;
- c) Individuals, and business households that have only income from house or land use right lease, and have performed tax payment according to declaration at place having house or land use right to lease;
- d) Individuals having incomes from wages, salaries regularly generated at an unit and having additional irregular incomes at other places of which monthly average income in year does not exceed VND 10 million and having been withheld at source by the paying units, if these individuals have no demand, it is not required to make tax finalization for these incomes;
- e) Individuals having incomes from wages, salaries and having additional incomes from house or land use right lease with the monthly average turnover in year does not exceed VND 20 million and having paid tax at place having houses or land use rights for lease, if these individuals have no demand, it is not required to make tax finalization for these incomes.

6. Individuals may delegate for income-paying units to make tax finalization on behalf of them in case these individuals have only one income source from wages, salaries generated in a unit or apart from wages, salaries generated in a unit, individuals have other additional incomes specified in points d, e clause 5 of this Article.

7. Dossiers of tax declaration, tax payment and tax finalization for cases stated in clauses 1, 2, 3, 4 and 5 of this Article shall comply with provisions of law on tax administration.

Article 31. Responsibilities of income-paying organizations, organizations where individuals transfer capitals, organizations of securities depository and issuance, Vietnamese organizations signing contract of purchasing services of foreign contractors not operating in Vietnam for tax withholding, tax declaration and information disclosure

1. Organizations, individuals are responsible for tax withholding when paying incomes to individuals as follows:

- a) For incomes from salaries or wages paid to individuals under labor contracts: On a monthly basis, income-paying organizations and individuals that are responsible for tax withholding of each individual, based on his/her monthly taxed income, and the partially progressive tariff; temporarily-calculated reductions based on family circumstances according to declaration of taxpayer, shall calculate the payable tax in month, implement tax withholding and not required to take responsibility before law for this declaration for temporary calculation of reduction based on

family circumstances. Income-paying organizations and individuals shall implement tax declaration, tax payment into the State budget as prescribed in clauses 1, 2 Article 30 of this Decree and in accordance with law on tax administration.

b) For other wages and payments for individuals who do not enter into labor contracts: Income-paying organizations and individuals shall temporarily withhold tax at the rate of 10% of paid incomes for individuals. Individuals whose incomes are subject to temporary tax withholding under this Clause are not required to make monthly tax declarations.

The Ministry of Finance shall specify the income level serving as basis for tax withholding , temporary tax withholding at the rate specified in this point.

2. Securities companies, commercial banks where individuals deposit securities, organizations issuing securities are responsible for tax withholding for securities transfer at the rate of 0.1% of securities sale prices each time, including cases of tax payment at the tax rate of 20% of incomes from transfer of securities specified in clause 2 Article 17 of this Decree.

3. Enterprises where individuals hold the transferred contribution capital part are responsible for requesting individuals to supply documents of having finished the tax liability for the transferred capital part before doing procedures for changing list of members contributed capital or list of shareholders. If enterprises perform procedures for changing list of members contributed capital or list of shareholders due to capital transfer without documents proving that individuals transferring their capital have been finished their tax liability, enterprises where individuals transfer capital shall be responsible for tax payment on behalf of these individuals.

4. Organizations established and operating in accordance with Vietnamese law (hereinafter abbreviated to Vietnamese party) have entered into a contract of purchasing services of foreign contractors which have entered into labor contracts with foreigners working in Vietnam, the Vietnamese party shall be responsible for notifying the foreign contractor of obligation in personal income tax payment for these foreign employees and the responsibility for providing information about foreign employees, including: List, nationalities, passport number, working duration, affairs and incomes to the Vietnamese party for the Vietnamese party's provision to the tax offices within 7 days as from the date foreign individuals begin working in Vietnam.

Article 32. Tax refund

Individuals are entitled to tax refund in cases specified in clause 2 Article 8 of the Law on personal income tax dated November 21, 2007 and they have request for tax refund.

Procedures for and dossier of tax refund shall comply with law on tax administration.

Chapter 4.

IMPLEMENTATION PROVISIONS

Article 33. Effect

1. This Decree takes effect on July 01, 2013.
2. This Decree replaces the Government's Decree No. 100/2008/ND-CP dated September 08, 2008, detailing the implementation of a number of articles of the Law on personal income tax and Article 2 of the Government's Decree No. 106/2010/ND-CP dated October 28, 2010, amending and supplementing a number of articles of the Government's Decree No. 85/2007/ND-CP dated May 25, 2007, detailing the implementation of a number of articles of the Law on Tax administration and the Decree No. 100/2008/ND-CP.

Article 34. Organization of implementation

1. The Ministry of Finance shall guide implementation of this Decree.
2. Ministers, heads of ministerial-level agencies, heads of government-attached agencies and presidents of provincial/municipal People's Committees and relevant organizations and individuals shall implement this Decree.

**ON BEHALF OF THE GOVERNMENT
PRIME MINISTER**

Nguyen Tan Dung