

**Amending and supplementing a number of articles of the special consumption tax Law and the value added tax Law**

*Pursuant to the 1992 Constitution of the Socialist Republic of Vietnam, which was amended and supplemented under Resolution No. 51/2001/QH10 of December 25, 2001, of the Xth National Assembly, the 10th session;*

*This Law amends and supplements a numbers of articles of the May 20, 1998 Special Consumption Tax Law, which was amended and supplemented under the June 17, 2003 Law Amending and Supplementing a Number of Articles of the Special Consumption Tax Law, and the May 10, 1997 Value Added Tax Law, which was amended and supplemented under the June 17, 2003 Law Amending and Supplementing a Number of Articles of the Value Added Tax Law.*

**Article 1.-** To amend and supplement a number of articles of the Special Consumption Tax Law

1. Clause 6 of Article 6 is amended and supplemented as follows:

"Article 6.- Tax calculation prices

'6. For liquors, beers, casino, jackpot games, and golf business, special consumption tax (SCT) calculation prices shall be specified by the Government.

SCT calculation prices of goods and services provided for in this Article include also the additional charges collected by business establishments.

Where taxpayers have purchase or sale turnovers in a foreign currency, they must convert such foreign-currency amounts into Vietnam dong at the exchange rates publicized by the Vietnam State Bank at the time of generation of such turnovers in order to determine tax calculation prices."

2. Article 7 is amended and supplemented as follows:

"**Article 7.-** Tax rates

SCT rates of goods and services are specified in the Special Consumption Tariff below:

**SPECIAL CONSUMPTION TARIFF**

No.	Goods and services	Tax rate (%)
I	Goods	

1	Cigarettes, cigars	
	a/ Cigars	65
	b/ Cigarettes	
	- In 2006-2007	55
	- From 2008	65
2	Liquors	
	a/ Liquors of 40% proof or higher	65
	b/ Liquors of between 20% and under 40% proof	30
	c/ Liquors of under 20% proof, fruit wines, medicated liquors	20
3	Beers	
	a/ Bottled beer, canned beer	75
	b/ Draught beer, fresh beer	
	- In 2006-2007	30
	- From 2008	40
4	Cars	
	a/ Cars of 5 seats or less	50
	b/ Cars of between 6 and 15 seats	30
	c/ Cars of between 16 and under 24 seats	15
5	Gasoline of various kinds, naphtha, condensate, reformade components, and other components for mixing gasoline	10
6	Air conditioners of a capacity of 90,000 BTU or under	15
7	Playing cards	40
8	Votive gilt paper, votive objects	70
II	Services	

1	Dancing halls, massage parlors, karaoke bars	30
2	Casino, jackpot games	25
3	Entertainment with bet tickets	25
4	Golf business: sale of membership cards and golf playing tickets	10
5	Lottery business	15

3. Article 16 is amended and supplemented as follows:

*"Article 16.- Cases eligible for SCT reduction or exemption*

Establishments producing SCT-liable goods which meet with difficulties due to natural disaster, enemy sabotage or accident shall be considered for tax reduction or exemption.

The Government shall specify tax reduction or exemption provided for in this Article."

**Article 2.-** To amend and supplement a number of articles of the Value Added Tax Law

1. Clause 1 of Article 4 is amended and supplemented as follows:

*"Article 4.- Objects not liable to value added tax (VAT)*

The following goods and services shall not be liable to VAT:

1. Cultivation and husbandry products, cultured and fished aquatic and marine products, which have not yet been processed into other products or have just been preliminarily processed and sold by producing or fishing organizations or individuals, and at the stage of importation.

..."

2. Point j, Clause 2 of Article 8, which was amended into Point k, Clause 2 of Article 8 under the June 17, 2003 Law Amending and Supplementing a Number of Articles of the VAT Law, is amended and supplemented as follows:

*"Article 8.- Tax rates*

...

2. The tax rate of 5% shall apply to the following goods and services:

...

k/ Preliminarily processed cotton;

..."

*Article 3.-* This Law takes effect as from January 1, 2006.

*Article 4.-* The Government shall detail and guide the implementation of this Law.

*This Law was passed on November 29, 2005, by the XIth National Assembly of the Socialist Republic of Vietnam at its 8th session.*

**THE NATIONAL  
ASSEMBLY  
CHAIRMAN**  
*(signed)*  
**Nguyen Van An**