

No. 26/2012/QH13

Hanoi, November 22, 2012

LAW

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

Pursuant to the 1992 Constitution of the Socialist Republic of Vietnam, which was amended and supplemented a number of articles under the Resolution No. 51/2001/QH10;

The National Assembly promulgates the Law on amending and supplementing a number of articles of the Law on personal income tax No. 04/2007/QH12,

Article 1.

To amend and supplement a number of articles of the Law on personal income tax:

1. Clause 2 and clause 5 of Article 3 are amended and supplemented as follows:

“2. Incomes from salaries and wages, including:

a) Salaries, wages and amounts of similar nature;

b) Allowances, subsidies, except for amounts: Those paid under legal provisions on preferential treatment of persons with meritorious services; defense or security allowances; 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 specified by law; allowances for sudden difficulties, allowances for laborers having labor accident or suffering from occupational disease, lump-sum maternity or child adoption allowances; allowances for working capacity loss, lump-sum retirement allowances, monthly survivorship allowances and other allowances as prescribed by law on social insurance; , severance and job-loss allowances specified in the Labor Code; subsidies of social relief nature and other allowances, subsidies without nature of salaries, wages as prescribed by the Government.”

“5. Incomes from transfer of real estate, including:

a) Incomes from transfer of rights to use land and assets attached to land;

b) Incomes from transfer of right to own or use residential houses;

c) Incomes from transfer of right to lease land or water surface;

d) Other incomes earned from transfer of real estate under any form.”

2. Clause 10 Article 4 is amended and supplemented as follows:

“10. Retirement pensions paid by the Social Insurance Fund; retirement pensions paid monthly by the Voluntary Retirement Fund.”

3. Point c Clause 1 Article 7 is amended as follows:

“c. Tax period upon each transfer or annual tax period, which is applicable to Incomes from transfer of securities.”

4. Clause 1 Article 19 is amended and supplemented as follows:

“1. Reduction based on family circumstances means a sum of money deductible from pre-tax income from business, salary or wage of a resident taxpayer. Reduction based on family circumstances consists of the following two parts:

- a) Reduction for the taxpayer, which is VND 9 million/month (VND 108 million/year);
- b) Reduction for each dependant of the taxpayer, which is VND 3.6 million/month.

In case the Consumer Price Index (CPI) changes over 20% compared to the effective time of the Law or the latest time point of adjusting the reduction based on family circumstances, the Government submits to the Standing committee of the National Assembly for adjustment of the reduction based on family circumstances specified in this clause in conformity with changes of price in order to apply for the next tax term.”

5. Clause 1 Article 21 is amended and supplemented as follows:

“1. A taxed income from business, salary or wage is the total of taxable incomes specified in Articles 10 and 11 of this Law minus premiums of social insurance, health insurance, unemployment insurance and professional liability insurance for some professions and jobs subject to compulsory insurance, the Voluntary Retirement Fund and reductions specified in Articles 19 and 20 of this Law.

The Government shall stipulate the maximum level permitted to minus for amounts of contribution in the Voluntary Retirement Fund specified in this clause.”

6. Article 24 is amended and supplemented as follows:

“Article 24. Responsibilities of income-paying organizations and individuals and responsibilities of resident taxpayers

1. Responsibility to make tax declaration, withholding, payment and finalization is specified as follows:

- a) Income-paying organizations and individuals shall make tax declaration, withhold and remit tax into the state budget, and make tax finalization for all kinds of taxable income they pay to taxpayers;
- b) Individuals who have taxable incomes shall make tax declaration, pay tax into the state budget and make tax finalization as prescribed by law.

2. Income-paying organizations and individuals shall supply information on incomes and dependants of taxpayers under their management as prescribed by law.

3. The Government shall specify tax withholding rates suitable to each kind of income specified at Point a, Clause 1 of this Article and the tax finalization specified in clause 1 of this Article.”

Article 2.

1. This Law takes effect on July 01, 2013.

2. The Government shall detail and guide the implementation of articles, clauses assigned in the Law.

This Law was passed on November 22, 2012, by the XIIIth National Assembly of the Socialist Republic of Vietnam at its 4th session.

CHAIRMAN OF THE NATIONAL ASSEMBLY

Nguyen Sinh Hung