

THE MINISTRY OF FINANCE

No. 21/2016/TT-BTC

SOCIALIST REPUBLIC OF VIET NAM

Independence - Freedom - Happiness

Ha Noi, day 5 month 2 year 2016

Circular

on declaration of value added tax and priorities of enterprise income tax as stipulated under the Decree No. 111/2015/ND-CP dated November 03, 2015 on development of supporting industries

Pursuant to the Law on tax management No. 78/2006/QH11 and the Law No. 21/2012/QH13 amending, supplementing a number of Articles of the law on tax management;

Pursuant to the law on value-added tax No. 13/2008/QH12 and the Law No. 31/2013/QH13 amending, supplementing a number of Articles of the Law on enterprise income tax;

Pursuant to the Law on enterprise income tax No. 14/2008/QH12 and the Law No. 32/2013/QH13 amending, supplementing a number of Articles of the Law on enterprise income tax;

Pursuant to the Law No. 71/2014/QH13 amending, supplementing a number of Articles of the law on tax;

Pursuant to the Decree No. 83/2013/ND-CP dated July 22, 2013, detailing a number of articles of the Law on Tax Administration and the Law Amending and Supplementing a Number of Articles of the Law on Tax Administration;

Pursuant to the Decree No. 209/2013/ND-CP dated December 18, 2013 detailing and guiding a number of articles of the Law on Value-Added Tax;

Pursuant to the Decree No. 218/2013/ND-CP dated December 26, 2013 detailing and guiding the implementation of the Law on Enterprise Income Tax;

Pursuant to the Decree No. 12/2015/ND-CP dated February 12, 2015 detailing the implementation of the Law Amending and Supplementing a Number of Articles of the Tax Laws and amending and supplementing a number of articles of the decrees on taxes;

Pursuant to the Decree No. 215/2013/ND-CP dated December 23, 2013 of the Government defining the functions, tasks, powers and organizational structure of the Ministry of Finance;

Pursuant to the Decree No. 111/2015/ND-CP dated November 03, 2015 on development of supporting industries;

At the proposal of the General Director of Tax Department,

The Minister of Finance guides on declaration of value-added tax and incentives on enterprise income tax for projects manufacturing supporting industry products in Vietnam as follows:

Article 1. Scope of application

This Circular guides on declaration of value-added tax and incentives on enterprise income tax for projects manufacturing supporting industry products on the list of products of supporting industries prioritized for development as stipulated under the Decree No. 111/2015/ND-CP dated November 03, 2015 on development of supporting industries.

Article 2. Subjects of application

1. Organizations, individuals manufacturing supporting industry products on the list of products of supporting industries prioritized for development in the territory of Vietnam.
2. Tax department and related organizations, individuals.

Article 3. Declaration of value-added tax

1. Declaration of value-added tax

- For tax payers being organizations

Tax payers shall declare value-added tax by quarter for income of supporting industry products on the list of products of supporting industries prioritized for development (regardless of income being under 50 billion dong or more).

If income of tax payers come from both income of supporting industry products on the list of products of supporting industries prioritized for development and income of other business operation, tax payers shall also declare value-added tax by quarter. If not declaring by quarter, tax payers may declare value-added tax by month and notify to the tax department as stipulated under the law on tax management.

- Tax payers being individuals that have income arising from supporting industry products on the list of products of supporting industries prioritized for development shall declare value-added tax by year and submit value-added tax by quarter. If paying tax by each time arising income of supporting industry products on the list of products of supporting industries prioritized for development, tax payers shall declare and submit value-added tax by each arising time or may declare and submit value-added tax by month.

2. Dossier for tax declaration

- Tax declaration dossier for tax payers being organizations shall be implemented according to guidelines under the Circular No. 156/2013/TT-BTC dated November 06, 2013, the Circular No. 26/2015/TT-BTC dated February 27, 2015 of the Ministry of Finance.

- Tax declaration dossier for tax payers being individuals shall be implemented according to guidelines under the Circular No. 92/2015/TT-BTC dated June 15, 2015 of the Ministry of Finance.

Article 4. Incentives on enterprise income tax

Incentives on enterprise income tax shall apply for income from implementing projects manufacturing supporting industry products on the list of products of supporting industries prioritized for development from January 01, 2015 meeting conditions as stipulated under the Law No. 71/2014/QH13 dated November 26, 2014 and other guidelines documents, being granted the incentives certificate on manufacturing supporting industry products by relevant agencies.

Orders, procedures of certifying incentives and examination of incentives for projects manufacturing supporting industry products on the list of products of supporting industries prioritized for development shall implement according to regulations under the Circular No. 55/2015/TT-BTC dated December 30, 2015 of the Ministry of Industry and Trade.

The incentives certificate on manufacturing supporting industry products on the list of products of supporting industries prioritized for development is the base to apply incentives on enterprise income tax. Rate of incentives and time of application, transitional incentives shall be implemented according to the law on enterprise income tax.

Example 1:

In the tax calculation period 2015, Enterprise A is granted the investment registration certificate to implement projects of manufacturing supporting industry products. In the tax calculation period 2016, project's income arises from production of supporting industry products. In the tax calculation period 2017, the project is granted the incentive certificate on manufacturing supporting industry products. In the tax calculation period 2018, project's income arise from production of supporting industry products. Time for calculation of incentives of enterprise income tax for the above project is as follows: 2017 is the first year to apply incentives tax, 2018 is the first year to enjoy tax-free if actually meeting conditions on incentive policy as stipulated.

Example 2:

In the tax calculation 2016, Enterprise B is granted the investment registration certificate to implement new projects manufacturing supporting industry products. In the tax calculation 2017, project's income arise from production of supporting industry products. In the tax calculation 2018, project's income arise from production of supporting industry products. In the tax calculation 2019, the project is granted the incentive certificate on manufacturing supporting industry products. Time for calculation of incentives on enterprise income tax for the above project is as follows:

2019 is the first year to apply incentives rate, 2019 is the first year to enjoy tax-free if actually meeting conditions on incentive policy as stipulated.

During the time of enjoying incentives on enterprise income tax if enterprises implement production activities, enterprises shall determine income from projects manufacturing supporting industry products on the list of products of supporting industries prioritized for development to enjoy incentives on enterprise income tax as stipulated.

Article 5. Effect

1. This Circular takes effect from April 01, 2016. Incentives of enterprise income tax as stipulated under this Circular shall apply for the period of enterprise income tax from 2015.
2. Tax department at all levels shall guide organizations, individuals implementing this Circular.
3. Organizations, individuals under the subjects of application of this Circular shall implement according to guidelines of this Circular.

Any problems arising in the course of implementation should be reported to the Ministry of Finance for consideration and settlement.

For the Minister

The Deputy Ministry

Do Hoang Anh Tuan