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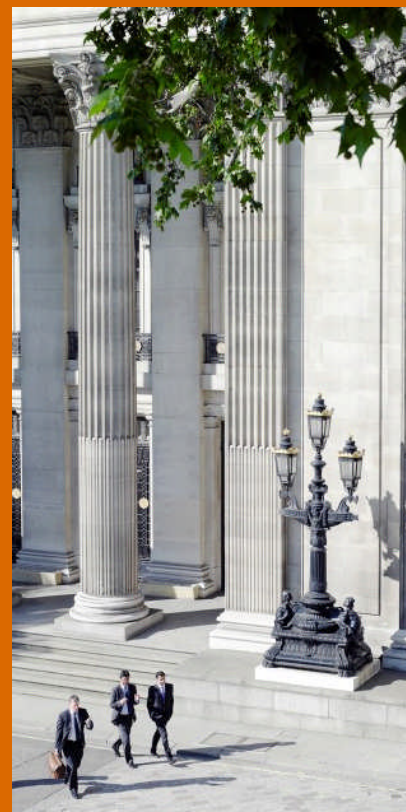
New Decree on Special Sales Tax

On 28 October, the Government issued Decree 108/2015 providing guidance on implementation of Special Sales Tax ("SST") law 2008 and amended law 2014. Some of changes are proposed to be included in amended Law which is waiting approval from National Assembly. Decree 108 shall be effective from 1 January 2016 and replaces the current decrees on SST, e.g. Decree 26/2009 and Decree 113/2011.

Notable changes include:

- ❖ Key changes are focused on amending the taxable price for SST purposes:
 - For imported goods (except for various types of petrol), SST will be calculated at both the import stage and the selling stage (previously only on importation). The SST paid at importation will be creditable against SST paid at the selling stage.
 - If the importer sells its imported goods via an agency model, the SST taxable price is the agent's selling price before deducting any commission (previously, a similar rule applied for manufacturers).
 - Where manufactured or imported goods (except for various types of petrol and cars below 24 seats) are subsequently sold by a trading entity, the SST taxable price must not be less than 93% of the average selling price of the trading entity (i.e. a "7% rule" instead of the "10% rule" previously). A "trading entity" is defined as an entity which has no parent - subsidiary relationship or does not have the same parent as the manufacturing or import company and it is the first entity within the distribution network.
 - The 7% rule applies for a processing model, technology production or trade mark model.
 - For imported cars with less than 24 seats sold via a trading entity, the SST taxable price is the importer's selling price, but must not be lower than 105% of the imported car cost (import price + import duty + SST at import stage).
 - For cigarettes, the SST taxable price includes the compulsory contribution and support fees payable as regulated under the Law for preventing and reducing the harmful effects of cigarettes.
- ❖ Goods which are imported from overseas to tax-free zones, are sold to (and used in) tax-free zones and sold between tax-free zones are not subject to SST, with some exceptions such as passenger cars with less than 24 seats.

Please contact us if you wish to discuss these changes.



This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. For further information, please contact our Partner: David Fitzgerald +84 (8) 3824 0116 david.fitzgerald@vn.pwc.com Richard Irwin +84 (8) 3824 0117 r.j.irwin@vn.pwc.com Nguyen Thanh Trung +84 (8) 3824 0103 nguyen.thanh.trung@vn.pwc.com Christopher Marjoram +84 (8) 3824 0118 christopher.marjoram@vn.pwc.com in Ho Chi Minh City or Dinh Thi Quynh Van +84 (4) 3946 2231 dinh.quynh.van@vn.pwc.com Nguyen Huong Giang +84 (4) 3946 2237 n.huong.giang@vn.pwc.com in Ha Noi.