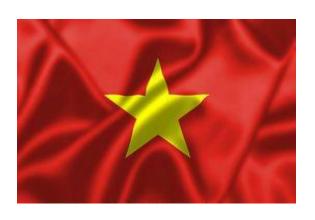
# Workshop on Tax Policy for Domestic Resource Mobilization and Seminar on Property Tax Reform Tokyo - Japan





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# PRESENTATION TOPIC

# ENVIRONMENTAL PROTECTION TAX IN VIETNAM



# PRESENTATION OUTLINE

- Overview about EPT Law
- Taxable subject
  - Un-taxable subject
  - Taxpayer
  - Tax base
  - Tax refund

# OVERVIEW ABOUT THE LAW ON ENVIRONMENTAL PROTECTION TAX

- The Law on Environmental Protection Tax (EPT) was passed by the National Assembly on 15 November 2010 (effective from 01/01/2012).
- EPT is indirect tax on products and goods which, when used, have an negative effect on the environment.
- EPT is built on the principle that "polluters must pay," forcing polluters and related entities to bear responsibility for the costs of their polluting activities by external cost into the price.
- EPT is one of the tools to contribute to the changing behavior of consumption of polluting products.
- To encourage the use of energy in a economical and efficient manner, reducing negative impacts on the environment

### TAXABLE SUBJECT

- $\rightarrow$  (1) Petrol, oil and grease
  - Petrol, except ethanol
  - Diesel oil
  - Fuel oil
  - Grease
- $\rightarrow$  (2) Coal
- Lignite (brown coal)
- Anthracide coal
- Fat coal
- Other coal

- Aircraft fuel
- Petroleum
- Lubricants

#### TAXABLE SUBJECT

- $\rightarrow$  (3) HCFC liquid
- $\rightarrow$  (4) Taxable plastic bag
- $\rightarrow$  (5) Hebicides restricted from use
- $\rightarrow$  (6) Pesticides restricted from use
- → (7) Forest product preservative restricted from use
- $\rightarrow$  (8) Warehouse disinfectant restricted from use

# UN-TAXABLE SUBJECT

- $\rightarrow$  (1) Goods is not taxable subject
- → (2) Goods which is taxable subject are not liable to EPT in the following cases:
  - (i) Goods which meet the environmental-friendly such as ready made packaging, environmental-friendly plastic bags, bio-fuel
  - (ii) Goods transported in trasited or transhipped via the Vietnammese border gates, or Vietnammese border in accordance with the law
  - (iii) Goods temporarily imported for re-exported within the time limit specified by law
  - (iv) Goods directly exported by producer or entrusted exporters, except goods purchased to export

### TAX PAYER

- → (1) Environmental protection taxpayers is organizations, households, individuals producing, importing taxable goods.
- $\rightarrow$  (2) In specific cases:
  - (i) Taxpayers are the entrusted importers in case of good importing commission
  - (ii) Taxpayers are organizations, households, individuals act as principal procurers of coal to purchase small exploited coal, if they can not produce the documents providing that coal have been paying EPT

- → Tax base of EPT is the number of taxable goods and absolute tax amount
- → The number of taxable goods
  - (i) For domestically produced goods, the number of taxable goods is the quantity of produced goods which are sold, exchange, use for internal consumption, donated, or use for sale promotion and advertising.
  - (ii) For imported goods, the number of taxable goods is the quantity of importes goods

- → The number of taxable goods
  (iii) For mixed fuel containing fossil-orginal petrol, oil, grease and bio-fuel, the number of taxable goods is the quantity of fossil-orginal petrol, oil, grease
  - (iv) For multi-layer plastic bags, the number of taxable goods is the quntity of HDPE, LDPE, LLDPE resin in such multi-layer plastic bags.

- → Absolute tax amount/rate
  - National Assembly specified the tax bracket.
  - National Assembly Standing Committee provide for specific tax amount to each kind of goods base on the tax bracket, ensuring the following principles:
  - (i) Appropriate to Vietnammese socio-economic development policy in each period
  - (ii) Depend on the extent of causing negative environmental impacts of goods

→ The tax bracket and the specific tax amount
(i) Petrol, oil and grease

	units	Tax bracket	Specific tax amount
<ul><li>1. Petrol, oil, grease</li><li>- Petrol, except ethanol</li></ul>	liter	1,000-4,000	1,000
- Aircraft fuel	liter	1,000-3,000	1,000
- Diesel oil	liter	500-2,000	500
- Petroleum	liter	300-2,000	300
- Fuel oil	liter	300-2,000	300
- Lubricants	liter	300-2,000	300
- Grease	Kg	300-2,000	300

→ The tax bracket and the specific tax amount (iii) Other taxable goods

$\mathbf{Goods}$	units	Tax bracket	Specific tax amount
3. HCFC liquid	Kg	1,000 - 5,000	4,000
4. Tax-liable plastic bag	Kg	30,000 -50,000	40,000
5. Herbicides restricted from use	Kg	500 -2,000	500
6. Pesticide restricted from use	Kg	1,000 - 3,000	1,000
7. Forest product preservative restricted from use	Kg	1,000 - 3,000	1,000
8. Warehouse disinfectant restricted from use	Kg	1,000 - 3,000	1,000

#### TAX REFUND

- → Imported goods which are still in warehouse or storages at border gates and under customs supervision for re-exported abroad
- → Imported goods to transport, sell abroad via Vietnam-base agents
- → Petrol, oil, grease sold to foreign firms' vehicles on routes via Vietnammese ports or to Vietnammese vehicles on international routes

#### TAX REFUND

- → Goods temporarily imported for re-export by the mode of temporary import for re-export
- → Imported goods re-exported to foreign countries by importers (including returned goods)
- → Goods temporarily imported for display at fairs, exhibitions or product shows and then reexported.

#### **ACHIEVEMENT**

- Contributing to enhance social responsibility and awareness of the environment; To encourage the production and consumption of environmentally friendly goods;
- Meeting the requirements of sustainable economic development, to encourage economic development to reduce environmental pollution.
- Carrying out Vietnam's commitment to the international community on environmental protection.
- Contributing to increase state budget revenues to perform the country's socio-economic tasks, including expenditures for environmental protection.
- The collection of environmental protection taxes has been increasing steadily over the years from 2012 to 2016. The total collected environmental protection taxes account for about 4.27% of total state budget revenue and about 0.98% of GDP.

