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# **THE GOVERNMENT**

## **DECREE No. 68/1998/ND-CP OF SEPTEMBER 3, 1998 DETAILING THE IMPLEMENTATION OF THE ORDINANCE ON NATURAL RESOURCE TAX (AMENDED)**

### **THE GOVERNMENT**

*Pursuant to the Law on Organization of the Government of September 30, 1992;*

*Pursuant to the Ordinance on Natural Resource Tax (amended) No.05/1998/PL-UBTVQH10 of April 16, 1998;*

*At the proposal of the Minister of Finance,*

### **DECREES:**

#### *Chapter I*

### **NATURAL RESOURCE TAX PAYERS AND OBJECTS**

*Article 1.- All organizations and individuals of*

all economic sectors, including: State enterprises; joint stock companies; limited liability companies; cooperatives; cooperation groups; private enterprises; production and/or business private households; foreign-invested enterprises or foreign parties to business cooperation contracts under the Law on Foreign Investment in Vietnam; and other organizations and/or individuals that exploit natural resources in all forms shall have to pay natural resource tax as prescribed in Article 1 of the Ordinance on Natural Resource Tax (amended), except for those defined in Article 3 of this Decree.

**Article 2.-** All kinds of natural resources found within the inland areas, offshore islands, internal waters, territorial waters, exclusive economic zones and continental shelf under the sovereignty of the Socialist Republic of Vietnam shall be subject to natural resource tax, including:

1. Metallic minerals;
2. Non-metallic minerals, including minerals used as common construction materials and earth exploited for ground-leveling, fill-up and/or building of projects, as raw materials or for other purposes; mineral water and natural thermal water as specified in the Law on Minerals;
3. Petroleum: being crude oil as specified in Clause 2, Article 3 of the Petroleum Law;
4. Gas: being natural gas as specified in Clause 3, Article 3 of the Petroleum Law;
5. Natural forest products: including plants and animals of various species and other products of natural forests;
6. Natural aquatic products: including natural animals and plants of various species in seas, rivers, streams, lakes,...;
7. Natural water, including: terrestrial water, underground water, except for mineral water and natural thermal water already specified in Point 2 of this Article.
8. Other kinds of natural resources.

**Article 3.-** In cases where the Vietnamese parties in joint ventures with foreign parties under the Law on Foreign Investment in Vietnam make their legal capital contributions with natural resources, the concerned joint venture enterprises shall not have to pay the natural resource tax on the volumes of natural resources used as legal capital contributed thereto by the Vietnamese parties.

**Article 4.-** In cases where natural resource-exploiting enterprises are established on the basis of joint venture contracts, business cooperation contracts or product-sharing contracts, the payable natural resource tax of such joint venture enterprises or foreign parties to such contracts must be stated in the joint venture contracts and calculated into the proportion of products shared to the Vietnamese parties. When the exploited products are shared, the Vietnamese parties shall have to pay natural resource tax into the State budget as prescribed by the Budget Law.

## *Chapter II*

### **TAX CALCULATION BASES AND NATURAL RESOURCE TAX INDEX**

**Article 5.-** The bases for calculating natural resource tax are the actually exploited output of commercial natural resources, the tax calculation price and the tax rate.

**Article 6.-** The actually exploited output of commercial natural resources is the quantity, weight or volume of natural resources actually exploited in a taxation period, regardless of the purpose(s) of the exploitation of natural resources.

**Article 7.-**

1. The natural resource tax calculation price is the selling price of a natural resource product unit at the place of natural resource exploitation.

2. For natural resource of which the selling price has not been set yet, i.e. those exploited for further processing or those containing different compounds, the natural resource tax calculation price shall be determined on one of the following bases:

- The selling price of the kind of exploited natural resource of equivalent value.

- The selling price of the substance in primary form and the content of such substance in the exploited natural resource; or the prices of the substances in primary form and the content of each substance in the natural resource.

- The selling price of the goods made of the exploited natural resource minus the production costs of such goods.

3. For natural water used for hydroelectric power generation, the natural resource tax calculation price is the selling price of commercial electricity; for timber: the selling price at yard 2.

4. For petroleum and gas, the tax calculation prices are specified in Article 47 of Decree No.84/CP of December 17, 1996 of the Government detailing the implementation of the Petroleum Law.

The Ministry of Finance shall provide and guide the method of calculating the natural resource tax calculation prices stipulated in this Article.

The provincial/municipal People's Committees shall specify the specific tax calculation price for each kind of natural resource under the Ministry of Finance's guidance.

**Article 8.-** The natural resource tax index is issued together with this Decree.

Basing itself on the value of each kind of natural resource, the exploitation conditions and the requirement of management over each kind of natural resource in each period, the Ministry of Finance shall assume the prime responsibility and coordinate with the concerned ministries and branches in readjusting the tax rates in the natural resource tax index issued together with this Decree to make them compatible with the tax rate bracket prescribed in Article 6 of the Ordinance on Natural Resource Tax (amended).

### *Chapter III*

#### **NATURAL RESOURCE TAX DECLARATION, REGISTRATION AND PAYMENT**

**Article 9.-** Organizations and individuals that conduct the exploitation of natural resources shall have to comply with all regulations on declaration, registration and payment of natural resource tax prescribed in Article 7 of the Ordinance on Natural Resource Tax (amended).

The Ministry of Finance shall guide in detail the procedures for registration, declaration and payment of natural resource tax.

**Article 10.-** Organizations and individuals that conduct the exploitation of natural resources shall have to strictly comply with the regimes of accounting books and vouchers for goods purchase and/or sale and money collection in strict accordance with the current regulations.

**Article 11.-** The tax authorities at all levels shall have to properly perform their tasks and exercise their powers as stipulated in Articles 8, 9, 12 and 16 of the Ordinance on Natural Resource Tax (amended).

### *Chapter IV*

#### **NATURAL RESOURCE TAX EXEMPTION OR REDUCTION**

**Article 12.-** The natural resource tax shall be exempted or reduced in the following cases:

1. Investment projects eligible for investment preferences provided for by the Law on Domestic Investment Promotion and the Government's documents detailing the implementation of the Law on Domestic Investment Promotion, which involve the exploitation of mineral resources (except for oil and gas) shall enjoy : maximum of 50 % reduction of natural resource tax for the first three years from the date of starting the exploitation. For projects of this type which have already started their exploitation activities, the tax reduction shall be considered for the remaining duration starting from the effective date of the Ordinance on Natural Resource Tax (amended).

2. Natural resource-exploiting organizations and/or individuals that, due to natural calamities, sabotages or unexpected accidents, suffer from losses of their natural resources which have already been declared and taxed, shall be considered for the exemption from the payable amount of natural resource tax on the lost volume of natural resources. In cases where they have already paid natural resource tax, the paid tax amount shall be reimbursed or deducted from the payable natural resource tax amount of the following taxation period if it is so agreed upon by the tax paying organizations and/or individuals.

3. Organizations and/or individuals engaged in the offshore exploitation of aquatic resources with large-capacity means shall be exempt from natural resource tax for the first five years from the date the exploitation licenses are granted and enjoy the 50% natural resource tax reduction for five subsequent years.

The Ministry of Aquatic Resources shall consider and grant separate licenses to organizations and/or individuals, that conduct offshore exploitation of aquatic resources.

The tax exemption and/or reduction shall be considered annually. In the course of operation, organizations and/or individuals engaged in the offshore exploitation of aquatic resources must promptly declare any changes in the conditions for tax exemption or reduction, that may reduce the level of preferences, to the nearest tax authority for certification. All cases of failure to declare such changes in order to continue enjoying the tax exemption and/or reduction shall be considered tax evasion and handled in accordance with

Article 11 of the Ordinance on Natural Resource Tax (amended).

In cases where organizations and/or individuals engaged in the offshore exploitation of aquatic resources still suffer from losses even after the above-said tax exemption and/or reduction duration, they shall be considered for natural resource tax reduction corresponding to the amount of annual loss for not more than 5 subsequent years in a row.

For organizations and/or individuals that had conducted offshore exploitation of aquatic resources before the effective date of the Ordinance on Natural Resource Tax (amended), the tax exemption or reduction duration shall be calculated from the effective date of such Ordinance and in full length as prescribed above.

4. Natural resource tax exemption shall apply to such natural forest products exploited by licensed individuals as timber, tree branches, firewood, bamboo of different species in service of daily life; all cases of deliberate exploitation and/or wanton destruction of forests shall be dealt with according to the current laws.

The Ministry of Finance and the Ministry of Agriculture and Rural Development shall guide the appropriate management measures to ensure that tax exemption is given to right subjects, encourage the afforestation and forest protection and prevent acts of wanton exploitation or destruction of natural forests.

5. Natural resource tax shall be exempted for natural water used for the generation of hydroelectric power, which is not transmitted into the national power grid.

6. Organizations and/or individuals that exploit earth for the following purposes shall be exempt from the natural resource tax:

- Ground-leveling and/or fill-up for the construction of security and defense projects;
- Ground-leveling and/or fill-up for the construction of dikes, irrigation works in service of agriculture, forestry and fishery;
- Ground-leveling and/or fill-up for the construction of projects of humanitarian or charity significance or projects as token of gratitude towards persons with meritorious services to the revolution; earth exploited from the allocated or leased land area and used on the spot;
- Ground-leveling and/or fill-up for the construction of infrastructure projects in mountainous regions (mountainous districts) in service of the socio-economic development in the regions;
- Ground-leveling and/or fill-up for the construction of key national projects under the Government's

decisions on case-by-case basis.

The Ministry of Finance shall stipulate the procedures, order and competence to consider the tax exemption and/or reduction as provided for in this Article.

### *Chapter V*

## **HANDLING OF VIOLATIONS AND COMMENDATION**

**Article 13.-** Organizations and individuals that commit the natural resource tax-related violations shall be dealt with according to Articles 11 and 13 of the Ordinance on Natural Resource Tax (amended).

**Article 14.-** Tax authorities and/or tax officers that well fulfill their assigned tasks; other organizations and/or individuals that record good achievements in the implementation of the Ordinance on the Natural Resource Tax, and tax payers that well fulfill the tax payment obligation shall be commended and/or rewarded according to the Government's regulations.

### *Chapter VI*

## **IMPLEMENTATION ORGANIZATION**

**Article 15.-** This Decree takes effect 15 days after its signing. The previous stipulations on natural resource tax which are contrary to this Decree are now annulled.

Foreign-invested enterprises and foreign parties to business cooperation contracts that paid natural resource royalty or tax according to the stipulations of their investment licenses before the effective date of the Ordinance on Natural Resource Tax (amended) shall continue complying with such stipulations till the expiry of the duration stated in their licenses.

**Article 16.-** The Minister of Finance shall guide the implementation of this Decree.

The ministers, the heads of the ministerial-level agencies, the heads of the agencies attached to the Government and the presidents of the People's Committees of the provinces and cities directly under the Central Government shall have to implement this Decree.

*On behalf of the Government*  
**For the Prime Minister**  
**Deputy Prime Minister**  
**NGUYEN TAN DUNG**

**THE NATURAL RESOURCE TAX INDEX**  
**DETAILING THE IMPLEMENTATION OF THE ORDINANCE ON NATURAL**  
**RESOURCE TAX (AMENDED)**

*Issued together with Decree No.68/1998/ND-CP of the Government of September 3, 1998*

No.	Groups and categories of natural resources	Tax rate (%)
<b>I</b>	<b>Metallic minerals</b>	
1.	Minerals of ferrous metals (iron, manganese, titanium, etc.)	2
2.	Minerals of non-ferrous metals:	
	- Mineral sand gold	2
	- Gold nuggets	3
	- Rare earths	4
	- Platinum, tin, tungsten, silver, antimony	5
	- Lead, zinc, aluminum, bauxite, copper, nickel, cobalt, molybdenum, mercury, magnesium, vanadium, platinum.	3
	- Minerals of other non-ferrous metals	2
<b>II</b>	<b>Non-metallic minerals (except for thermal water and natural mineral water specified in Group 7)</b>	
1	Non-metallic minerals used as common construction materials:	
	- Earth exploited for ground-leveling, fill-up or building of projects	1
	- Non-metallic minerals used as other common construction materials (stone, sand, gravel, earth for brick-making,...)	2
2	Non-metallic minerals used as high-quality construction materials (granite, donomite, fire clay, quartzite,...)	3
3	Non-metallic minerals used in industrial production (pyrite, apatite, phosphorite, kaolin, mica, technical quartz, stone for lime and cement manufacture, sand for glass manufacture...)	4
4	Coal:	
	- Pit anthracite coal	1
	- Open-cast anthracite coal	2
	- Lignite, fat coal	3
	- Other coals	2
5	Gems:	
	a) Diamond, ruby, sapphire, emerald, alexandrite, precious black opal	8
	b) Adrite, rodolite, pyrope, berine, spinel, topaz, crystalline quartz (in bluish-purple, greenish-yellow or orange), chrysolite, precious pal (in white or scarlet), feldspar, birusa, nephrite	5
	c) Other gems	3
6	Other non-metallic minerals	2
<b>III</b>	<b>Petroleum (1)</b>	
<b>IV</b>	<b>Gas (2)</b>	

<b>V</b>	<b>Natural forest products</b>	
1	Log timber of various kinds:	
	- Group I	40
	- Group II	35
	- Groups III and IV	25
	- Groups V, VI, VII and VIII	15
2	Pit props	15
3	Wood used as raw materials for paper production (Bo tree, pine..)	20
4	Wood used as masts, bottom stakes	20
5	Impregnated wood, mangrove wood	25
6	Tree branches and tops, firewood	5
7	Bamboo of all species	10
8	Pharmaceutical materials:	
	- Sandalwood, codonopsis and aloes	25
	- Anise, cinnamon, cardamom, liquorice	10
	- Other pharmaceutical materials	5
9	Other natural forest products	
	- Forest birds and animals (those allowed to be exploited)	20
	- Other natural forest products	5
<b>VI</b>	<b>Natural aquatic resources</b>	
	- Pearl, abalone, sea-slug	10
	- Shrimp, fish, cuttlefish and other aquatic resources	2
<b>VII</b>	<b>Natural water</b>	
1	Natural mineral water; purified natural water, bottled or canned	4
2	Natural water used for hydroelectric power generation	2
3	Natural water exploited in service of production sectors (other than those specified in Points 1 and 2):	
	a) Used as main or auxiliary raw materials to create material content of products	3
	b) Used in common service of production (industrial hygiene, cooling, steaming, ...)	1
	c) Natural water used for production of clean water, in service of agriculture, forestry, fishery or salt production, and natural water exploited from dug wells and drilled wells in service of daily life	0
4	Natural water exploited for purposes other than those stipulated in Points 1, 2 and 3	0
<b>VIII</b>	<b>Other natural resources</b>	
	- Swallow's nests	20
	- Other natural resources	10

(1) (2): Tax rates for petroleum and gas shall be applied according to the Petroleum Law and Decree No.84-CP of February 17, 1996 of the Government detailing the implementation of the Petroleum Law.-