

Technology companies wait promised preferences in desperation

VietNamNet Bridge – Though the government promises to give investment incentives to technology companies to encourage investment in the sector, in fact, the companies can hardly get the preferences.



The ambiguity in the regulations relating to the investment in technological infrastructure and real estate, the higher equipment import tariffs and the inaccessibility to preferential loans all have been staying as the big obstacles to technology companies.

"We wish to be able to pay the land leasing fee once for 30 years or 50 years, so as to be easier to borrow capital. Since we are treated like real estate firms, we have to pay land leasing fee every year, therefore, we cannot enjoy preferences to develop technology projects," the executive from an information technology firm complained at the meeting with the leaders of HCM City and relevant branches held on June 27, 2012.

A lot of other complaints and proposals were made at the meeting that the investment incentives promised by the government, remain on paper.

Preferential loans inaccessible

Frank Schellenberg, Managing Director of GHP Far East, citing the new circular of the Ministry of Finance dated January 11, 2012, said that since March 1, 2012, the VAT rate on data digitalization service has risen from zero to 10 percent, which has caused big difficulties for enterprises' operation.

With the new tax rate, the contracts would cost 10 percent more. However, clients would not accept the additional expense of 10 percent for the contracts, signed before with fixed fees.

Meanwhile, it would be very difficult to obtain new contracts, since clients would consider thoroughly before signing contract, when the fees has become 10 percent more expensive.

Another problem lies in shortage of capital. Especially, it is very difficult to access the preferential loans. Nguyen Thi Anh Thu, Deputy President of Saigon Tech School, which is running the project on building a kindergarten in the Quang Trung Software Park, capitalized at 48 billion dong, said though the procedures were fulfilled 1.5 years ago, but she still cannot borrow capital.

Thu said that commercial banks list her project as a kind of real estate trade business, which has to show mortgaged assets for the loan.

Businesses miss opportunities to enjoy tax reductions

Le Manh Ha, Deputy Chair of the HCM City People's Committee, has agreed that many technology companies are now put on the bar with real estate firms, thus making it difficult to get loans from banks. He also said that the current regulation on temporarily collecting tax when importing equipments, which aims to prevent tax fraudulence, in fact, has put big difficulties for enterprises.

Ha has promised to work out with relevant branches on the solutions to the current problems. Once enterprises do not have to pay tax immediately in receiving imports, they would have more working capital for their operation.

Regarding the lending, Nguyen Quoc Thai, Deputy Head of the HCM City Department of Science and Technology, believes that there are many different capital sources for technology enterprises, and that there are different mechanisms to be applied to enjoy import-export tariffs. However, though the policies exist, very few businesses can exploit the preferences.

For example, the current regulations stipulate the VAT exemption for transferred technology imports. If enterprises can prove that the imported equipments still cannot be made in Vietnam, they would be exempted from tax. The equipments which are the parts of comprehensive production lines are also free to tax.

While Japanese enterprises have been taking full advantage of the regulations to enjoy preferences, Vietnamese still have not.

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