

BUSINESS

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Export digital content service tax up, IT firms entreat help of MIC

VietNamNet Bridge – Information technology firms complain that the 10 percent value added tax (VAT) imposed on the digital service exports has put big difficulties for their operation.



The HCM City Information and Communication Department has sent a dispatch to the Ministry of Information and Communication, asking for the help of the ministry to “rescue” the enterprises which make digitalized services for export.

The department said that the zero percent VAT tax rate has been imposed on digitalized service exports for the last many years. However, since March 1, 2012, they have to pay 10 percent in VAT. The tax rate is stipulated in the Circular No. 06/2012 by the Ministry of Finance which guides the implementation of the VAT Law.

The problem is that the export contracts were signed many months ago, which do not include the provision about the 10 percent tax, which means that domestic firms would have to bear the tax.

The 10 percent VAT taxation has not been applauded by IT firms, which have been enjoying the tax rate of zero percent for the last many years.

An executive of GHP Far East has warned that the 10 percent VAT taxation would not only cause losses to enterprises, but also reduce the attractiveness of the Vietnam’s investment environment in comparison with other regional countries.

GHP Far East’s holding company - Swiss Post Solution (SPS) – has also expressed its worry about the instability of the government of Vietnam.

The HCM City Information and Communication Department, which has checked the currently valid legal documents, has agreed that under the current VAT Law, the export services, except some specific ones, all can enjoy the VAT tax rate of zero percent.

Therefore, it’s unclear what criteria the Ministry of Finance referred to when deciding that digitalized service exports must be the subject to the 10 percent VAT tax.

The department wonders if the Ministry of Finance consulted with the Ministry of Information and Communication before it laid down a new policy which would bring disadvantages to enterprises.

Le Thai Hy, Director of the HCM City Information and Communication Department, has asked the ministry to work out with the Ministry of Finance on the reconsideration of the tax.

In the immediate time, Hy said the zero percent VAT tax rate needs to be applied to the export contracts signed prior to March 1, 2012. Meanwhile, in the long term, the ministry should propose the government not to apply the 10 percent VAT tax on digitalized service exports, following the government’s resolution No. 13 about some measures to ease difficulties to push up production and business, and the policies on developing content industries.

About 10 products and services in the digitalization sector have been exported from Vietnam. However, IT firms wonder which products would be taxed and which would escape from the taxation.

Lao dong newspaper has reported that despite the global economic crisis, Vietnam’s digital industry still has been developing stably with the annual growth rate of over 50 percent.

Nguyen Anh Tuan, Deputy Director of the HCM City Information and Communication, said at a recent workshop that the city hopes to obtain the turnover of 3 billion dollars from digital services.

Mai Chi

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