

**DECISION No. 116/2001/QĐ-TTg OF AUGUST 2, 2001 ON A NUMBER OF PREFERENCES AND INCENTIVES FOR OVERSEAS INVESTMENT IN THE FIELD OF PETROLEUM ACTIVITIES**

THE PRIME MINISTER

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

*Pursuant to the Petroleum Law of July 6, 1993, the Law Amending and Supplementing a Number of Articles of the Petroleum Law of June 9, 2000 and the Government's Decree No. 48/2000/ND-CP of September 12, 2000 detailing the implementation of the Petroleum Law;*

*Pursuant to the Government's Decree No. 22/1999/ND-CP of April 14, 1999 on investment abroad by Vietnamese enterprises;*

*At the proposal of the Minister-Director of the Government Office,*

DECIDES:

**Article 1.-** To apply a number of preferences and incentives to Vietnamese enterprises which invest abroad in form of their 100% investment capital or capital contribution according to the proportion of their participation in the field of petroleum activities, including oil and gas prospection, exploration and exploitation as well as field development, as well as activities in direct service of petroleum activities, hereafter called petroleum projects for short.

**Article 2.-** Vietnamese enterprises investing abroad in petroleum projects (hereafter called enterprises for short) shall, apart from enjoying preferences stipulated in the Government's Decree No. 22/1999/ND-CP of April 14, 1999 on investment abroad by Vietnamese enterprises, also enjoy a number of preferences prescribed in Articles 3 and 4 of this Decision.

**Article 3.-**

1. When determining the enterprise income tax amount to be paid in Vietnam for overseas investment petroleum projects, the enterprise shall be entitled to deduct the enterprise income tax amount already paid overseas or already paid on its behalf by the investment-receiving country (with valid vouchers), but the deductible income tax amount must not exceed the income tax amount calculated according to the tax rates prescribed in Clause 3, Article 10 of the Law on Enterprise Income Tax of May 10, 1997.

2. Individuals who work for petroleum projects shall have to pay income tax on high-income earners as prescribed by law. When determining the amount of income tax on high-income earners to be paid in Vietnam, the income tax amount already paid by individuals overseas or already paid on their behalf by the investment-receiving country (with valid vouchers) shall be deducted, but the deductible tax amount must not exceed the payable amount of income tax on high-income earners according to the provisions of Vietnamese legislation on income tax on high-income earners.

3. Equipment, means, supplies, raw materials and fuels subject to export tax and value added tax, which are exported by enterprises for the implementation of overseas investment petroleum projects, shall be exempt from export tax, and enjoy the zero (0%) value added tax rate.

4. Samples and technical documents (magnetic tapes, paper tapes, etc.) imported for the purposes of study and/or analysis to implement petroleum projects shall be exempt from import tax and not subject to value added tax.

5. Equipment and supplies used exclusively for petroleum activities, which can not be produced at home yet, when being temporarily imported for the processing, then re-exported for the implementation of petroleum projects, shall be exempt from import tax and export tax and not be subject to value added tax.

**Article 4.-**

1. After fulfilling tax obligations as prescribed by the Vietnamese State, enterprises that implement petroleum projects overseas shall be entitled to use after-tax profits for overseas re-investment in accordance with the contents and objectives of the petroleum projects already approved by competent authorities, but they shall have to register such with the State Bank of Vietnam and periodically report to the Ministry of Planning and Investment on the use of after-tax profits for overseas re-investment.

2. In cases where foreign currency amount on the enterprise's account is not enough for investment according to the tempo of the approved project, the enterprise may purchase the deficit amount of foreign currency at banks licensed for foreign exchange transactions in Vietnam.

3. Bank loan interest on the overseas investment capital amount shall be deducted when calculating the enterprise income tax.

**Article 5.-** This Decision takes effect 15 days after its signing.

**Article 6.-** 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 centrally-run cities shall have to implement this Decision.

Prime Minister  
PHAN VAN KHAI

THE PRIME MINISTER OF GOVERNMENT

Phan Van Khai