



VUFO-NGO RESOURCE CENTRE

Vietnam Union of Friendship Organizations – Non-Governmental Organizations

La Thanh Hotel, F1 Building, 218 Doi Can, Hanoi, Vietnam

Phone: +84 4 832 85 70; Fax: +84 4 832 86 11

Email: info@ngocentre.org.vn; Website: www.ngocentre.org.vn

Hanoi, 9 December, 2009

Mr. Nguyen Van Mo
Vice-Director
Hanoi Tax Department

Reference: Eligibility of Expatriate INGO Staff for Personal Income Tax Exemption

Dear Mr. Nguyen Van Mo

Please accept the best greetings and compliments from the VUFO-NGO Resource Centre (NGO RC)! I am writing to you regarding the letter from the Hanoi Tax Department to international non-government organisations (INGOs) requesting that they submit a list of expatriates who are eligible for exemption from Personal Income Tax (PIT) and also regarding recent letters from your office rejecting some lists that have been submitted because they did not contain requested details on the salaries of expatriate staff.

On behalf of 130 organisations, INGOs who are members of the NGO RC, I would appreciate it if you could clarify the following matters, which have been raised by member organisations.

1. For the INGOs that have submitted their list of tax-exempt expatriates, would it be possible for the Hanoi Tax Department to give written notice that such expatriates are tax exempt for the period mentioned in their submissions and for the activities they are contracted by the INGO to do?
2. The Hanoi Tax Department required names, personal information and salary amounts for expatriates. Should INGOs state gross or net salaries?
3. If expatriates are exempt from paying Personal Income Tax, why does the Hanoi Tax Department need the salary information?
4. What should INGOs do if their central headquarters' policies dictate the protection of personal data and do not allow salary information to be released?
5. Which expatriates should be declared? Those residing in Hanoi? Those residing in the provinces? Those working on Official Development Assistance (ODA) under Decree 131-financed projects? Those working on INGO-financed projects under Decree 64 (Decree 93 from January)? Those working on mixed ODA/INGO financed projects?

6. Are the mechanisms different for expatriates working in Representative Offices from expatriates working in Project Offices?
7. Should the INGOs with expatriates based outside Hanoi send their lists to local tax offices even if they did not receive requests from local tax offices?
8. Should INGOs with expatriates working for projects under the legal system of bilateral donors do anything?
9. The Hanoi Tax Department requested copies of Memoranda of Understanding (MOUs) from some INGOs. What about INGOs whose MOUs are no longer in effect, or where they do not contain provisions regarding PIT exemption because of the timing of their MOU approval or because of the requirements of the government agency with which they negotiated? There are also INGOs that have Project Office status but not an MOU due to ongoing negotiations with the People's Aid Co-ordinating Committee (PACCOM) and other government agencies about whether such an agreement is appropriate and if so, which agency the agreement is negotiated with.
10. Are all expatriate staff on INGOs' permits released by PACCOM exempt from PIT?
11. If expatriates' salaries or allowances are part of the project funds implemented in Vietnam do they have to pay PIT?
12. INGOs also need more clarification on Compulsory Health Insurance Contributions, as stipulated under Circular 09/2009/TTLT-BHYT-BTC of 1 October 2009. What if expatriates have their own health insurance or insurance regulated by their headquarters? Do they still have to pay?

I look forward to receiving your timely response, so that I can share your clarifications with our INGO members before deadlines set by the Hanoi Tax Department. Many thanks for your assistance in answering these questions.

Yours sincerely,



Marko Lovrekovic
Managing Co-Director
VUFO-NGO Resource Centre

cc: Mr. Don Tuan Phong, Director General of PACCOM