

THE GOVERNMENT

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THE SOCIALIST REPUBLIC OF VIETNAM

Independence - Freedom - Happiness

Hanoi, April 3, 2017

DECREE

PRESERIBING THE COLLECTION OF LAND USE LEVY, LAN RENTAL AND WATER SURFACE RENTAL IN ECONOMIC ZONES AND HI-TECH ZONES

Pursuant to the June 19, 2015 Law on Organization of the Government;

Pursuant to the November 29, 2006 Law on Tax Administration;

Pursuant to the November 20, 2012 Law Amending and Supplementing a Number of Articles of the Law on Tax Administration;

Pursuant to the November 13, 2008 Law on High Technologies;

Pursuant to the June 18, 2013 Law on Science and Technology;

Pursuant to the November 29, 2013 Land Law;

Pursuant to the November 26, 2014 Law on Investment;

Pursuant to the June 25, 2015 Law on the State Budget;

At the proposal of the Minister of Finance;

The Government promulgates the Decree prescribing the collection of land use levy, land rental and water surface rental in economic zones and hi-tech zones.

Chapter I

GENERAL PROVISIONS

Article 1. Scope of regulation

1. This Decree prescribes the collection of land use levy, land rental and water surface rental in economic zones and hi-tech zones.
2. Hi-tech zones regulated in this Decree are those established and operating in accordance with the law on high technologies.
3. Since the effective date of this Decree, the collection of land use levy, land rental and water surface rental in economic zones and hi-tech zones must comply with this Decree.

Article 2. Subjects of application

1. Organizations and individuals that are allocated or leased land in economic zones or hi-tech zones in accordance with the land law.
2. Management boards of economic zones, management boards of hi-tech zones.
3. Other related agencies, organizations and individuals.

Chapter II

SPECIFIC PROVISIONS

Section 1. COLLECTION OF LAND USE LEVY, LAND RENTAL AND WATER SURFACE RENTAL IN ECONOMIC ZONES

Article 3. Determination of land use levy

The determination of land use levy in the cases of land allocation by the State with land use levy, change of land use purpose or acquisition of land use rights in economic zones for implementing investment projects to construct commercial houses for sale or for combined sale and lease according to planning; and in the cases of residential land allocation by the State, recognition by the State of residential land use rights, permission for households and individuals to change the land use purpose to residential land in economic zones must comply with the Government's Decree No. 45/2014/ND-CP of May 15, 2014, on the collection of land use levy, and amending and supplementing documents (if any).

Article 4. Determination of land rental in economic zones

1. In case the State leases land with annual land rental payment not through auction in accordance with law, annual land rental shall be determined by multiplying a percentage (%) by the specific land price used for land rental calculation, in which:

a/ The percentage (%) used for land rental calculation is between 0.5% and 3%. The People's Committees of provinces and centrally run cities (below referred to as provincial-level People's Committees) shall set specific percentages depending on the land location, area and route corresponding to each land use purpose in accordance with master plans already approved by competent state agencies, and publicize them in the course of implementation.

b/ The land price used for land rental calculation is the specific land price determined according to the land price adjustment coefficient method prescribed in the Government's Decree on land price.

c/ The land price adjustment coefficients for determining specific land prices are annually issued by provincial-level People's Committees for each land location, area and route corresponding to each land use purpose and publicized in the course of implementation for application from January 1 every year.

d/ Pursuant to the detailed plan for each functional sub-zone in each economic zone already approved by a competent state agency, the provincial-level People's Committee shall determine land prices for each land area, route and location corresponding to each land use purpose and update them in the land price table.

2. Land rental units applicable to the case of land lease with annual land rental payment not through auction shall be kept unchanged for 5 years counting from the time the management board of the economic zone or provincial-level People's Committee issues the land lease decision. Past this five-year period, the management board of the economic zone may adjust land rental units for application to the subsequent period according to the land policy and prices effective at the time of adjustment.

3. In case of land lease by the State with one-off land rental payment for the entire lease period not through auction in accordance with law, land rental units collected one-off for the entire lease period are specific land prices corresponding to the land lease period and shall be determined as follows:

a/ In case the area of the land parcel or lot used for land rental calculation is valued (according to the land price in the land price table) at VND 30 billion or higher, the specific land price used for land rental calculation shall be determined according to the direct comparison, discount, income or surplus method. The determination of specific land prices for land rental calculation in this case must comply with the Government's Decree on land price.

b/ In case the area of the land parcel or lot used for land rental calculation is valued (according to the land price in the land price table) at less than VND 30 billion, the specific land price used for land rental calculation shall be determined according to the land price adjustment coefficient method. In case the land lease period is shorter than the period of the land category prescribed in the land price table, the land price for land rental calculation shall be determined according to the following formula:

$$\text{Land price for land rental calculation} = \frac{\text{Land price in the land price table}}{\text{Period of the land category period in the land price table}} \times \text{Land price adjustment coefficient} \times \text{Land lease period}$$

4. In case of land lease by the State through auction in accordance with law

a/ In case of auction of land use rights for lease with annual rental payment, the reserve price for auction of land use rights is the annual land rental unit which has been determined by the management board of the economic zone using the land price adjustment coefficient method and approved after reaching agreement with the provincial-level Finance Department. The provincial-level Finance Department shall give its opinion on the reserve price within 5 days after receiving the written request of the management board of the economic zone. The land rental unit used for calculation of land rental to be paid annually is the winning land rental unit.

The winning land rental unit shall be kept unchanged for 10 years. At the end of this period, it may be adjusted according to the land rental collection policy applicable to the case of land lease with annual land rental payment not through auction by 30% at most compared to the winning land rental unit or the land rental unit of the previous period.

b/ In case of auction of land use rights for lease with one-off land rental payment for the entire lease period, the reserve price for auction of land use rights is the specific price used for collection of one-off land rental corresponding to the lease period which shall be determined as follows:

- In case the area of the land parcel or lot used for land rental calculation is valued (according to the land price in the land price table) at VND 30 billion or higher, the reserve price for auction of land use rights is the specific price determined by the provincial-level Department of Natural Resources and Environment according to the direct comparison, discount, income or surplus method and sent to the local land price appraisal council with the provincial-level Finance Department acting as its standing body for appraisal and submission to the provincial-level People's Committee for approval.

- In case the area of the land parcel or lot used for land rental calculation is valued (according to the land price in the land price table) at less than VND 30 billion, the reserve price for auction of land use rights is the specific price determined by the management board of the economic zone according to the land price adjustment coefficient method and approved after reaching agreement

with the provincial-level Finance Department. The provincial-level Finance Department shall give its opinion on the reserve price within 5 days after receiving the written request from the management board of the economic zone. The land price used for calculation of the land rental to be paid one-off for the entire lease period is the winning land price.

5. Based on the specific land price decided by the provincial-level People's Committee, land price in the land price table, land price adjustment coefficient, percentage (%) for determination of the land rental unit for annual land rental payment, and winning land price, for cases of land lease through auction, the management board of the economic zone shall determine and notify the payable land rental.

At the time of determination or adjustment of the land rental unit or determination of the reserve price for auction of the rights to use leased land according to the land price adjustment coefficient method, if the provincial-level People's Committee has not yet issued land prices or land price adjustment coefficients for application in economic zones under regulations, the previous year's land prices and land price adjustment coefficients shall be applied. The provincial-level People's Committee shall be held responsible for state budget losses (if any) due to their late issuance of land prices or land price adjustment coefficients.

6. In case of lease of land with water surface in an economic zone by the State, land rental shall be determined as follows:

a/ For land without water surface, land rental shall be determined under Clauses 1, 2 and 3 of this Article.

b/ For land with water surface, land rental must not be lower than 50% of land rental payable for land without water surface or for adjacent land areas used for the same purpose as stated at Point a of this Clause.

c/ The provincial-level People's Committee shall set specific levels for calculation of rental payable for land with water surface mentioned at Point b of this Clause.

7. The Ministry of Finance shall detail this Article.

Article 5. Determination of rental for water surface in economic zones

1. The rental bracket applicable to water surface in economic zones not stated in Article 10 of the Land Law is prescribed as follows:

a/ Projects using fixed water surface: between VND 20,000,000 and VND 300,000,000 per km² per year.

b/ Projects using unfixed water surface: between VND 100,000,000 and VND 750,000,000 per km² per year.

2. Based on the water surface rental bracket specified in Clause 1 of this Article, provincial-level People's Committees shall decide on water surface rental units for each project as the basis for the management boards of economic zones to notify payable water surface rental.

3. The Ministry of Finance shall detail this Article.

Article 6. Handling of money for compensation and ground clearance in economic zones

1. For cases in which the State recovers land and compensation and ground clearance are paid with the state budget:

a/ For cases ineligible for land use levy or land rental exemption and reduction in accordance with the investment law, compensation and ground clearance expenses are not required to be refunded to the state budget.

b/ For cases eligible for land use levy or land rental exemption and reduction for the entire land lease period in accordance with the investment law or for cases of land allocation without collection of land use levy, compensation and ground clearance expenses, which are determined under Point d of this Clause, shall be refunded to the state budget and are allowed to be included in the project's investment capital.

c/ For cases eligible for land use levy reduction or land rental exemption for a number of years or for land rental reduction in accordance with the investment law, compensation and ground clearance expenses, which are determined under Point d of this Clause, shall be refunded to the state budget and are allowed to be included in the payable land use levy or land rental.

Compensation and ground clearance expenses to be refunded in the case of land lease with annual land rental payment may be converted into a period of fulfillment of the financial obligation to pay land rental according to the land policy and price effective at the time of issuance of the State's land lease decision.

d/ Compensation and ground clearance expenses to be refunded shall be determined as follows:

- In case the compensation and ground clearance plan has been prepared and approved for each land parcel or lot or work item in the economic zone, the entity that is allocated or leased land by the State shall refund compensation and ground clearance expenses according to the approved plan.

- In case the compensation and ground clearance plan has been prepared and approved for each functional sub-zone or for the entire economic zone, so compensation and ground clearance expenses per land parcel or lot allocated or leased are not separately calculated, compensation and ground clearance expenses to be refunded shall be determined as follows:

$$\begin{array}{l} \text{Compensation and} \\ \text{ground clearance} \\ \text{expenses to be refunded} \\ \text{by the user of land} \\ \text{allocated or leased by the} \\ \text{State} \end{array} = \frac{\begin{array}{l} \text{Total compensation and ground} \\ \text{clearance expenses according to} \\ \text{the plan approved by a competent} \\ \text{state agency for each functional} \\ \text{sub-zone or for the entire} \\ \text{economic zone} \end{array}}{\begin{array}{l} \text{Total area of the functional sub-} \\ \text{zone or economic zone} \end{array}} \times \begin{array}{l} \text{Area subject to} \\ \text{land use levy or} \\ \text{land rental} \end{array}$$

dd/ Compensation and ground clearance expenses to be refunded by organizations or individuals that are leased land by the State referred to at Point b or c of this Clause correspond to the 50-year land lease period. If the land lease period is less than 50 years, to-be-refunded compensation and ground clearance expenses shall be determined according to such period as follows:

$$\begin{array}{l} \text{Compensation and} \\ \text{ground clearance} \\ \text{expenses to be refunded} \\ \text{by a user of land leased} \end{array} = \frac{\begin{array}{l} \text{Compensation and ground clearance} \\ \text{expenses to be refunded by a user of} \\ \text{land leased by the State corresponding} \\ \text{to the 50-year land lease period} \end{array}}{50 \text{ years}} \times \begin{array}{l} \text{Land lease} \\ \text{period} \end{array}$$

the State

The remainder of compensation and ground clearance expenses shall be further allocated to the subsequent land lessee or for the subsequent land lease period if the State permits extension of the land use period in accordance with the land law.

e/ The management board of the economic zone shall determine and notify compensation and ground clearance expenses to be refunded under this Clause and collect them as follows:

- Within 30 days after the signing of a notice by the management board of the economic zone, the land user shall pay at least 50% of the notified amount.
- Within subsequent 60 days, the land user shall pay the remainder of the notified amount.
- Past the time limits stated above, if the land user has not yet fully paid the notified amount, it/he/she shall additionally pay an amount equal to the late-payment interest in accordance with the law on tax administration.

2. For cases of land allocation or lease not through auction in which organizations and individuals voluntarily advance compensation and ground clearance money according to the plans approved by competent state agencies, the advanced amount of money shall be handled as follows:

a/ It may be deducted from the land levy or land rental to be paid according to the plan approved by a competent state agency but must not exceed such land levy or land rental. The remainder of the advanced amount, if any, may be included in the project's investment capital.

b/ In case of land lease with annual land rental payment, the advanced amount for compensation and ground clearance according to the plan approved by a competent state agency may be deducted from the payable land rental, converted according to the land policy and price effective at the time of issuance of the State's land lease decision and determined as a period for which annual land rentals have been paid.

c/ The management board of the economic zone shall determine the compensation and ground clearance amount to be deducted from the land use levy or land rental under this Clause at the same time with determining and notifying the payable land use levy or land rental to the land user.

d/ A dossier of request for deduction of the advanced compensation and ground clearance money from the land use levy or land rental shall be submitted to the management board of the economic zone, comprising:

- The land user's written request for the deduction (original).
- The compensation and ground clearance plan (copy) approved by a competent state agency.
- A competent state agency's decision (copy) approving the finalized compensation and ground clearance expenses.

Article 7. Exemption and reduction of use levy of land in economic zones

1. Land use levy shall be exempted for projects which are allocated by the State land in an economic zone with collection of land use levy for the construction of social houses for workers according to a zoning plan approved by a competent state agency. Project owners shall carry out procedures to request land use levy exemption as follows:

a/ The project owner that is allocated land by the State shall submit a dossier of request for land use levy exemption to the management board of the economic zone within 10 days after obtaining the land allocation decision. Within 15 days after receiving a complete dossier, the management board of the economic zone shall examine the dossier and issue a land use levy exemption decision under regulations.

b/ A dossier of request for land use levy exemption must comprise:

- A written request for land use levy exemption (original) specifying the allocated land area and reason for exemption.
- The social housing project (copy) approved by a competent state agency in accordance with the investment and housing laws.
- A competent state agency's land allocation decision (copy).

2. The land use levy reduction or exemption for projects to build cemetery or graveyard infrastructure, and for households and individuals that are allocated residential land or have their residential land use rights recognized by the State or are permitted by the State to change their land to residential land in economic zones must comply with the Government's Decree No. 45/2014/ND-CP of May 15, 2014, on the collection of land use levy, and supplementing and guiding documents (if any).

3. Land use levy exemption and reduction are not allowed for projects that are allocated by the State land with land use levy in economic zones to construct commercial houses for sale or for combined sale and lease.

Article 8. Land rental and water surface rental exemption and reduction

1. Land rental and water surface rental exemption and reduction shall be granted for each investment project associated with new land lease.

2. Land rental and water surface rental exemption and reduction shall not be applied to mineral extraction projects.

3. Lessees of land and water surface in economic zones may only enjoy land and water surface rental exemption and reduction after they carry out procedures to request such exemption and reduction under regulations.

4. For those that are leased land by the State with annual land rental payment and are enjoying exemption and reduction incentives, if they transfer their projects or sell assets attached to the leased land in accordance with law and the transferees or purchasers continue to be leased the land for the remaining land lease period and to use such land for the same purpose, the land rental exemption and reduction shall be effected as follows:

a/ The transferor may not include the exempted and reduced land rental in the transfer price.

b/ The transferee continues to enjoy the land rental exemption and reduction for the remaining incentive period.

After the transfer, if the transferee changes land use purpose, it/he/she shall fulfill the financial obligations prescribed in Articles 4 and 5 of this Decree.

5. In the course of using and managing the leased land, if a land lessee fails to meet the conditions for enjoying land rental and water surface rental exemption and reduction as required

by a state agency competent to decide on such exemption and reduction in accordance with this Decree and such failure is due to the responsibility of the lessee, or uses the land for a purpose other than that stated in the land lease decision or contract but is not subject to land recovery as prescribed in the land law, it/he/she shall refund to the state budget the exempted and reduced land rental and water surface rental plus an amount of money equal to the late-payment interest on the exempted and reduced land rental and water surface rental in accordance with the law on tax administration.

6. Specific land rental exemption and reduction levels are prescribed below:

a/ Land rental shall be exempted for the capital construction period which must not exceed 3 years counting from the date of issuance of the land lease decision by a competent state agency (except cases of renovation and expansion of production and business establishments).

b/ After the period of capital construction during which land rental is exempted (except the case specified at Point d of this Clause), land rental shall be further exempted as follows:

- For 11 years, for investment projects outside the list of sectors eligible for investment incentives but in economic zones located in district-level geographical areas not eligible for investment incentives.

- For 13 years, for investment projects outside the list of sectors eligible for investment incentives but in economic zones located in district-level geographical areas with difficult socio-economic conditions.

- For 15 years, for investment projects outside the list of sectors eligible for investment incentives and in economic zones located in district-level geographical areas with exceptionally difficult socio-economic conditions, and for investment projects on the list of sectors eligible for investment incentives and in economic zones located in district-level geographical areas not eligible for investment incentives.

- For 17 years, for investment projects on the list of sectors eligible for investment incentives and in economic zones located in district-level geographical areas with difficult socio-economic conditions.

- For 19 years, for investment projects on the list of sectors eligible for investment incentives and in economic zones located in district-level geographical areas with exceptionally difficult socio-economic conditions.

The lists of sectors eligible for investment incentives, sectors eligible for special investment incentives, geographical areas with difficult socio-economic conditions, and geographical areas with exceptionally difficult socio-economic conditions referred to in this Decree must comply with the investment law.

c/ Land rental and water surface rental shall be exempted for the entire lease period (except the case specified at Point d of this Clause) for:

- Investment projects on the list of sectors eligible for special investment incentives.

- Investment projects to build houses for workers in economic zones or projects that lease land from the operators of infrastructure facilities in economic zones to build houses for workers according to a master plan approved by a competent state agency; project owners may not include land rental expenses in house rental rates.

- Land for construction of non-business works of public non-business units in economic zones.
- Land for construction of maintenance and repair stations and parking lots (including also ticket sale offices, administration offices and public service facilities) to serve public transportation in economic zones in accordance with the law on road transportation.
- Land for construction of water supply facilities in economic zones, including water exploitation and treatment facilities, pipelines and facilities on the water supply network and works in support of the management and operation of the water supply system (administrative offices, management offices, workshops, supplies and equipment storehouses and storage yards).

d/ Investors that are leased land by the State for construction and commercial operation of infrastructure in functional sub-zones in economic zones are further entitled to land rental exemption after enjoying such exemption during the capital construction period prescribed at Point a of this Clause, specifically as follows:

- For 11 years, if making investment in district-level geographical areas not eligible for investment incentives.
- For 15 years, if making investment in district-level geographical areas with difficult socio-economic conditions.
- For the entire lease period, if making investment in district-level geographical areas with exceptionally difficult socio-economic conditions.

If an economic zone is located in two or more districts, land rental exemption shall be determined based on the area within each district.

7. If organizations or individuals that rent land for production and business have to suspend their investment projects due to force majeure events, they shall be exempted from paying land rental for the period of operation suspension.

8. Organizations and individuals that rent land in an economic zone for implementation of investment projects shall submit dossiers of request for land rental exemption and reduction to the management board of the economic zone within 10 days after the date of issuance of the land lease decision. Within 15 days after receiving a complete dossier of request for land rental exemption and reduction, the management board of the economic zone shall examine the dossier and issue a land rental exemption and reduction decision under regulations. The time of starting enjoyment of land rental exemption is the date of issuance of the land lease decision. If the procedures for requesting land rental exemption and reduction are carried out late, no land rental shall be exempted or reduced for the late period.

9. Organizations and individuals that are currently renting land with annual land rental payment in an economic zone since before the effective date of this Decree and enjoying land rental exemption levels higher than those prescribed in Clause 6 of this Article may continue to enjoy such incentives for the remaining land lease period. If they are enjoying incentives lower than those prescribed in Clause 6 of this Article, such incentives shall be adjusted and applied for the remaining land lease period.

10. Organizations and individuals that rent land in economic zones for implementing socialization projects in the field of education, vocational training, health, culture, sports or environment are entitled to land rental exemption and reduction incentives under the

Government's regulations on policies to encourage socialization of activities in the above- said fields.

11. Dossiers of request for land rental exemption and reduction in economic zones are prescribed below:

a/ A dossier of request for land rental exemption for the capital construction period

- A written request for land rental exemption for the capital construction period (original), specifying the leased land area, land lease period, reason for land rental exemption, and exemption period.
- The investment certificate, investment license, investment registration certificate, or investment policy decision (copy) (except cases not requiring this type of paper under the investment law).
- A competent state agency's land lease decision (copy).
- The investment project (copy) approved in accordance with the investment law serving as a basis for the land lease by the State.

b/ A dossier of request for land rental exemption and reduction under the investment law

- A written request for land rental exemption and reduction (original), specifying the leased land area, land lease period, reason for land rental exemption and reduction, and exemption and reduction period.
- The investment certificate, investment license, investment registration certificate, or investment policy decision (copy) (except cases not requiring this type of paper under the investment law and cases of land allocation by the State without collection of land use levy now changing to land lease, or cases of land lease by the State now becoming eligible for land rental exemption and reduction).
- The investment project (copy) approved in accordance with the investment law (except for cases of land allocation by the State without collection of land use levy now changing to land lease and cases of land lease by the State now becoming eligible for land rental exemption and reduction).
- A competent state agency's land lease decision (copy).
- Documents proving the completed disbursement of at least VND 6 trillion over 3 years (copies), for cases eligible for land rental exemption and reduction prescribed at Point c, Clause 2, Article 15 of the Investment Law.
- Papers proving the employment of an average of 500 or more people per year (copies), certified by a competent labor management agency in the locality where the project is implemented, for cases eligible for land rental exemption and reduction prescribed at Point d, Clause 2, Article 15 of the Investment Law.

c/ A dossier of request for land rental exemption for the period of operation suspension

- A written request for land rental exemption for the period of operation suspension (original).
- A written certification of the investment registration agency of the project's operation suspension period (original).
- A competent state agency's land lease decision (copy).

12. The Prime Minister shall consider and decide on land rental exemption and reduction for other cases submitted by the Ministry of Finance at the proposal of ministers, heads of ministerial-level agencies or government-attached agencies or chairpersons of provincial-level People's Committees of localities where economic zones are located.

Article 9. Collection of land rental upon change from land lease with annual rental payment to land lease with one-off rental payment for the entire lease period

1. For users of land currently leased with annual land rental payment, when changing to land lease with one-off rental payment for the entire lease period, they shall pay land rental for the remaining land lease period. Land rental units used for one-off payment of land rental for the remaining lease period shall be determined on the date of issuance of the decision permitting the change to land lease with one-off land rental payment for the entire lease period under Clause 3, Article 4 of this Decree.

2. For users of land currently leased with annual land rental payment that have fulfilled their financial obligations for a number of years for they have had their advanced compensation and ground clearance money deducted from their payable land rentals in accordance with law, when changing to land lease with one-off rental payment for the entire lease period, the remainder of the compensation and ground clearance money will be fully deducted in proportion to the rental payment period in order to determine the land rental to be paid one-off for the remaining land lease period under Clause 3, Article 4 of this Decree.

Article 10. Handling of financial obligations in case of delayed use of land

1. In case they are allocated or leased by the State land in economic zones but fail to put such land into use or use such land behind the schedule stated in their investment projects, land users shall pay to the State an amount of money equal to the annual land rental corresponding to the late period. For cases of land lease by the State, the amount of money to be paid to the State will equal the annual land rental corresponding to the period from the date the land is leased by the State to the date of issuance of the official land recovery decision, subtracting the capital construction period determined by a competent state agency upon land lease. The subtracted capital construction period must not exceed 3 years in case the land was leased by the State before July 1, 2014, or 2 years in case the land was leased by the State since July 1, 2014.

2. The land rental units used for determining payable amounts of money referred to in Clause 1 of this Article shall be determined on the basis of land prices in the land price table, land price adjustment coefficient, and percentage (%) for calculation of land rental units issued by a competent state agency for application to economic zones.

Article 11. Collection of land use levy and land rental

1. Land use levy and land rental shall be paid in Vietnam dong to the state budget; if foreign organizations and individuals or overseas Vietnamese pay land use levy or land rental in a foreign currency, such currency shall be converted into Vietnam dong in accordance with regulations effective at the time of payment.

2. Land use levy and land rental shall be paid as follows:

a/ The management board of an economic zone shall determine the payable amount of money and notify it to the land user, and concurrently send the notice to the land registration office for

coordination and reporting to the state agency competent to grant certificates of land use rights and ownership of houses and other land-attached assets.

b/ The land user shall pay the land use levy or land rental at the state treasury or a unit authorized by the state treasury according to the notice of the management board of the economic zone. If paying the land use levy or land rental after the deadline notified by the management board of the economic zone, the land user shall pay a late-payment interest in accordance with the law on tax administration.

3. Time of payment of land use levy and land rental

a/ For cases of land lease with annual rental payment, rental shall be paid twice a year: at least 50% before May 31 and the remainder before October 31 every year. For cases in which the time for determining land rental and water surface rental payable for the first year falls between October 31 through December 31 of the year, the management board of the economic zone shall notify the land rental to be paid for the remaining period of the year and the time limit for such payment is within 30 days from the date of signing of the notice.

b/ For cases of land allocation with land use levy and land lease with one-off payment of land rental for the entire lease period:

- Within 30 days from the date of signing of the notice by the management board of the economic zone, the land user shall pay 50% of the notified land use levy or land rental.

- Within 60 subsequent days, the land user shall pay the remaining 50% of the notified land use levy or land rental.

c/ Past the time limits specified at Points a and b of this Clause, a land user that fails to fully pay the notified amount shall pay a late-payment interest on the unpaid amount in accordance with the law on tax administration.

4. Land use levy and land rental and water surface rental in economic zones shall be paid, managed and used in accordance with the law on the state budget.

5. If filing a complaint about land use levy or land rental, pending the settlement of such complaint, the complainant shall fully pay on time the notified land levy or land rental.

6. The order and procedures for receipt and forwarding of dossiers for determination of land-related financial obligations of land users in economic zones must comply with the Government's regulations.

Section 2. COLLECTION OF RENTAL FOR LAND AND WATER SURFACE IN HI-TECH ZONES

Article 12. Determination of rental for land and water surface in hi-tech zones

1. In case of land lease with annual land rental payment, land rental units shall be determined by multiplying a percentage (%) by the specific land price used for land rental calculation, in which:

a/ A percentage (%) used for land rental calculation, which is between 0.5% and 3%, shall be specifically determined by provincial-level People's Committees for each land area and route corresponding to each investment sector and annually publicized in the course of implementation.

b/ The land price used for land rental calculation is the specific land price determined according to the land price adjustment coefficient method prescribed in the Government's Decree on land price.

c/ The land price adjustment coefficients for determining specific land prices are annually issued by provincial-level People's Committees for each land area, route and location corresponding to each land use purpose, which must be at least 1.0 and applied from January 1 every year.

d/ Pursuant to the detailed plan for each hi-tech zone already approved by a competent state agency, the provincial-level People's Committee shall determine land prices for each land area, route and location corresponding to each land use purpose and update them in the land price table.

dd/ Land rental units shall be kept unchanged for 5 years counting from the time the management board of the hi-tech zone issues the land lease decision. Past this five-year period, the management board of the hi-tech zone may adjust the land rental units for application to the subsequent period according to the land policy and prices effective at the time of adjustment.

e/ The provincial-level People's Committee of the locality where a hi-tech zone is located shall issue the percentages (%) used for calculating land rental units and land price adjustment coefficients under Points a and c of this Clause. Particularly for centrally managed hi-tech zones for which provincial-level People's Committees issued land allocation decisions before July 1, 2014, the percentage (%) for calculating land rental units and land price adjustment coefficients shall be issued by the management boards of the hi-tech zones after reaching agreement with the provincial-level People's Committees of the localities where such zones are located, and applied from January 1 every year.

g/ At the time of determination or adjustment of the land rental unit, if the competent state agency has not yet promulgated the land prices or land price adjustment coefficients for application in the hi-tech zone, this case shall be handled under Clause 5, Article 4 of this Decree.

$$\begin{array}{ccccccc} & & \text{Land price in the} & & & & \\ & & \text{land price table} & & & & \\ \text{Land price for} & & \frac{\text{Period of the}}{\text{land category in}} & \times & \text{Land price} & \times & \text{Land lease} \\ \text{land rental unit} & = & \text{the land price} & & \text{adjustment} & & \text{period} \\ \text{calculation} & & \text{table} & & \text{coefficient} & & \end{array}$$

2. In case of land lease with one-off land rental payment for the entire lease period for the purpose of non-agricultural production and business purpose (except land used for commercial and service purposes; construction of commercial houses and offices for lease), the land rent unit for one-off land rental payment for the entire lease period is the specific land price corresponding to the land lease period determined according to the land price adjustment coefficient method. The land price adjustment coefficient used for land use levy calculation is that issued under Point e, Clause 1 of this Article. In case the land lease period is shorter than the period of the land category prescribed in the land price table, the land price for land rental unit calculation shall be determined according to the following formula:

For cases of lease of land for commercial and service purposes; construction of commercial houses and offices for lease according to a master plan already approved by a competent state

agency, specific land prices used for land rental calculation shall be determined under Clause 3, Article 4 of this Decree.

3. Lease of land in hi-tech zones is not required to go through auction of land use rights. If two or more investors that fully meet all prescribed criteria for making investment in a hi-tech zone register for the same location for their investment projects, an auction of land use rights for land lease shall be organized in accordance with law.

4. Rental for water surface in hi-tech zones shall be determined under Article 5 of this Decree.

5. The Ministry of Finance shall detail this Article.

Article 13. Handling of compensation and ground clearance expenses in hi-tech zones

1. For cases in which the State recovers land and compensation and ground clearance expenses are paid with the state budget, land users that are allocated land without collection of land use levy or leased land in a hi-tech zone shall refund compensation and ground clearance expenses to the state budget, except in the following cases:

a/ The land user leases land with annual land rental payment and is eligible for land rental exemption and reduction but refuses to enjoy land rental exemption and reduction incentives.

b/ The land user uses land and land with water surface for constructing traffic works, technical infrastructure, greenery quarters or public parks according to the general plan and construction sub-zone plan.

c/ The management board of the hi-tech zone and its attached units use land for construction of working offices, non-business facilities and facilities to serve the management and operation of the zone's infrastructure.

d/ The land user is allocated land without collection of land use levy or is exempted from land rental for the entire lease period and was handed over the land by the management board of the hi-tech zone before July 1, 2014.

2. Compensation and ground clearance expenses to be refunded to the state budget shall be determined under Points b, c, d and dd, Clause 1, Article 6 of this Decree and notified by the management board of the hi-tech zone.

For cases in which hi-tech zones are managed by central agencies and compensation and ground clearance expenses are paid with the central budget, the compensation and ground clearance expenses to be refunded by land users shall be paid to the central budget.

The deadline for payment of refundable compensation and ground clearance expenses to the state budget must comply with Point e, Clause 1, Article 6 of this Decree.

3. In case a land user advances compensation and ground clearance money according to a plan approved by a competent state agency and coordinates with the management board of the hi-tech zone in making compensation and ground clearance, such advanced money shall be deducted from the payable land rental under Points a and b, Clause 2, Article 6 of this Decree. The advanced compensation and ground clearance money to be deducted from the payable land rental shall be determined by the management board of the hi-tech zone and notified together with the payable land rental.

4. A dossier of request for deduction of compensation and ground clearance money from land rental under Clause 3 of this Article shall be submitted to the management board of the hi-tech zone, comprising:

a/ The land user's written request for deduction of compensation and ground clearance money from land rental (original).

b/ The compensation and ground clearance plan (copy) already approved by a competent state agency.

c/ A competent state agency's decision (copy) approving the finalized compensation and ground clearance money.

Article 14. Reduction and exemption of rental for land in hi-tech zones

1. The principles of exemption and reduction of rental for land in hi-tech zones are the same as those prescribed in Clauses 1, 3, 4 and 5, Article 8 of this Decree.

2. Land rental shall be exempted for the entire lease period in the following cases:

a/ Land for constructing traffic works, technical infrastructure, greenery quarters, land with water surface, public parks according to the general plan and construction sub- zone plan.

b/ Land for construction of non-business works of public non-business units.

c/ Land for construction of hi-tech human resources training facilities in accordance with the hi-tech law.

d/ Land for construction of houses for lease to specialists and workers working in the hi-tech zone according to the plan approved by a competent state agency.

dd/ Projects on the list of sectors eligible for special investment incentives (except investment projects to build and commercially operate hi-tech zone infrastructure).

3. The land rental exemption and reduction for cases other than those specified in Clause 2 of this Article are prescribed below:

a/ Land rental shall be exempted for the capital construction period which must not exceed 3 years counting from the date of issuance of the land lease decision of a competent state agency (except cases of renovation and expansion of production and business establishments).

b/ After the period of capital construction during which land rental is exempted, land rental shall be further exempted as follows:

- For 15 years, for investment projects outside the list of sectors eligible for investment incentives and investment projects to build and operate hi-tech zone infrastructure.

- For 19 years, for projects on the list of sectors eligible for investment incentives.

c/ If organizations or individuals that rent land for production and business have to suspend their investment projects due to force majeure events, they shall be exempted from paying land rental for the period of operation suspension.

The lists of sectors eligible for investment incentives and sectors eligible for special investment incentives must comply with the investment law.

4. Land users that rent land in a hi-tech zone for implementation of investment projects shall submit dossiers of request for land rental exemption and reduction to the management board of the hi-tech zone within 10 days from the date of issuance of the land lease decision. Within 15 days after receiving a complete dossier of request for land rental exemption and reduction, the management board of the hi-tech zone shall examine the dossier and issue a land rental exemption and reduction decision under regulations. The date of starting land rental exemption is the date of issuance of the land lease decision. If the procedures for requesting land rental exemption and reduction are carried out late, no land rental shall be exempted or reduced for the late period.

5. Land users that rent land in a hi-tech zone for implementing socialization projects in the field of education, vocational training, health, culture, sports or environment are entitled to land rental exemption and reduction levels under the Government's regulations on policies to encourage socialization of activities in the above-said fields.

6. A dossier of request for land rental exemption and reduction must comprise:

a/ A written request for land rental exemption and reduction (original) specifying the leased land area, land lease period; reason for land rental exemption and reduction and exemption and reduction period.

b/ A competent state agency's land lease decision (copy).

c/ A written certification by the management board of the hi-tech zone of the project's operation suspension period (copy), for the case of request for land rental exemption for the operation suspension period.

Article 15. Determination and notification of rental for land in hi-tech zones

1. The financial obligation of a land lessee to pay land rental shall be calculated from the date of issuance of the land lease decision of the management board of a hi-tech zone. For a land lessee that has used land since before the effective date of this Decree but not yet received a land lease decision, its/his/her financial obligation to pay land rental shall be calculated from the date the land was handed over on the field.

2. The management board of a hi-tech zone shall determine the land rental for each project and issue a notice of payable land rental to the land lessee and concurrently send it to the land registration office.

3. For cases of change from land lease with annual land rental payment to land lease with one-off payment of land rental for the entire lease period, the payable land rental shall be determined under Article 9 of this Decree.

4. In case they are leased by the State land in a hi-tech zone but fail to put such land into use or use such land behind the schedule stated in their investment projects, land lessees shall pay to the State an amount of money equal to the annual land rental corresponding to the late period and determined under Article 10 of this Decree.

5. The collection and payment of rental for land in hi-tech zones must comply with Article 11 of this Decree.

6. The order and procedures for receipt and forwarding of dossiers for determination of land-related financial obligations of users of land in hi-tech zones must comply with the Government's regulations.

Article 16. Transitional handling

1. For cases of lease by the State of land and water surface in economic zones or hi-tech zones before the effective date of this Decree and in the stabilization period of land rental units, these land rental units shall be kept unchanged until the end of such period. If the land rental unit in the stabilization period is higher than that prescribed in this Decree, it shall be adjusted in accordance with this Decree for application since January 1, 2017.

2. For cases of lease by the State of land and water surface in economic zones or hi-tech zones in which the time for adjustment of land and water surface rental units comes before the effective date of this Decree but no adjustment has been made yet, adjustment shall be made in accordance with this Decree for the remaining land lease period. For the period in which land has been used but land rental units have not yet been adjusted, such units shall be adjusted according to the policy and law effective in each period for land rental payment and finalization.

3. For cases of lease by the State of land and water surface in economic zones or hi-tech zones before the effective date of this Decree in which land rental has been paid one-off for the entire lease period, land and water surface rental units shall not be re-determined in accordance with this Decree.

4. For cases of lease by the State of land in economic zones or hi-tech zones before the effective date of this Decree in which current land rental and water surface rental exemption and reduction incentives are higher than those prescribed in this Decree, such incentives may still be applied for the remaining period; if such incentives are lower than those prescribed in this Decree, those prescribed in this Decree shall be applied for the remaining period, starting from the effective date of this Decree.

5. For cases in which land users have used land in economic zones or hi-tech zones since before the effective date of this Decree but have neither received any land lease decisions nor paid any land rental because the State did not have specific policies on land rental at the time of leasing such land:

a/ Such land users are entitled to land rental exemption and reduction incentives and not required to refund compensation and ground clearance expenses if they fall into eligible cases prescribed in this Decree since the date they were handed over the land on the field.

b/ Such land users shall be refunded compensation and ground clearance expenses when they receive land lease decisions. Such expenses shall be converted into a period of fulfillment of the financial obligation to pay land rental according to the land price policy effective at the time of issuance of the land lease decisions.

6. The Ministry of Finance shall guide the transitional handling in the implementation of the policies on the collection of land use levy and land rental in economic zones and hi-tech zones which are established before the effective date of this Decree.

Chapter III

IMPLEMENTATION PROVISIONS

Article 17. Effect and organization of implementation

1. This Decree takes effect on June 20, 2017.
2. To annul Clause 4, Article 19, and Clause 2, Article 20, of the Government's Decree No. 46/2014/ND-CP on the collection of land rental and water surface rental; to remove the phrases "economic zones and hi-tech zones" in Clause 6, Article 3 of the Government's Decree No. 135/2016/ND-CP of September 9, 2016, amending and supplementing a number of articles of the Decrees on the collection of land use levy, land rental and water surface rental.
3. Ministers, heads of ministerial-level agencies, heads of government-attached agencies, chairpersons of provincial-level People's Committees, and those allocated or leased by the State land in economic zones or hi-tech zones shall implement this Decree.-

**ON BEHALF OF THE GOVERNMENT
PRIME MINISTER**

Nguyen Xuan Phuc