



Ministry of Finance to cut taxes for all small and medium-sized firms

The Ministry of Finance suggested reducing corporate income tax for small and medium-sized firms which make up of 98 percent of total local firms.



During the revision of Law on Corporate Income Tax, the Ministry of Finance has proposed to reduce the tax to be in more accordance with the newly-issued Law on Support for Small and Medium-Sized Enterprises.

Small and medium-sized firms currently pay 20 percent in corporate income tax. If the proposal is approved, micro firms with less than VND3bn (USD132,000) annual revenue will have the tax reduced to 15 percent. Firms with VND3bn to VND50bn (USD2.2m) revenue will have to pay 17 percent of tax.

Member companies, whose 25 percent equity owned by mother corporation, won't be allowed to enjoy lower taxes. The ministry also suggested solutions to help firms with various tax-related problems such as VAT and corporate income tax procedures.

Small and medium-sized firms make up of 98 percent of the total local firms. They play an important role in socio-economic development and are considered the backbone of the economy. According to the ministry, in order to ensure the development of small and medium-sized firm as well as the competitiveness, it's necessary to revise corporate income tax.

The representative of the ministry said many other countries also had various supporting policies for small and medium-sized firms. Chinese firms only have to pay 20 percent of corporate income tax compared to the average rate of 25 percent.

Source: intellasia.net