

Proposing to exempt licensing fees in three year for enterprises transferred from household business



VCN -The Ministry of Finance is collecting opinions for the draft decree amending and supplementing articles of Decree No. 139/2016/ND-CP of the Government stipulating about licensing fees.

In the draft, the Ministry of Finance planned to exempt licensing fees for organisations, individuals, groups of individuals and households that have just started business or newly established production base in the first fiscal year (from January 1 to December 31 of the start of business).

The move aims to aid start-up business, improve the business environment, boost the competitiveness of enterprises, and contribute to the rapid increase of number of newly established businesses.

The Ministry of Finance also asked the Government about the exemption of licensing fees for small and medium enterprises transferred from business households within three years from the date of issuance of the first business registration certificate.

In recent years, the Ministry of Finance has received many documents from localities requesting guidance on licensing fees for public education and training institutions, since so far, educational institutions have not had to pay license tax due to not doing business. In fact, localities have not implemented fee collection yet, so the Ministry of Finance would submit to the Government regulations on exemption from licensing fees for high schools, junior high schools, primary schools and kindergartens (including public and non-public).

According to the Ministry of Finance, the total license fee in 2017 was over 2,004 billion VND (equivalent to more than 1.3 million organisations, individuals and households), of that the license fee collected for new establishment was 188 billion VND (equivalent to 142,810 newly established organisations, individuals and households).

In 2018, total license fee collection was over 2,303 billion VND (equivalent to more than 1.4 million organizations, individuals and households) of that the license fee collection for organisations, individuals, newly established households and individuals were more than 204 billion VND (equivalent to 147,209 newly established organisations, individuals and households).

This revenue does not include 37,300 organisations moving from business households to small and medium-sized enterprises (equivalent to about 28 percent of the number of participating organisations starting in 2018). This subject was exempted from licensing fees in accordance with the Law on Support for Small and Medium Enterprises.

The Ministry of Finance expected the impact of reducing the State revenue from this policy would be about 200 billion VND.

Although it is expected the exemption of licensing fees for these businesses would reduce State

revenues in the short term, according to the Ministry of Finance, the license fee policy has a huge impact on people, businesses as well as development. If the provision of license fee exemption for new cases of production and business activities or newly established production and business establishments in the first fiscal year is approved, the time and cost for people and enterprises will be reduced.

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