DECREE

DETAILING AND GUIDING A NUMBER OF ARTICLES OF THE LAW ON ROYALTIES

THE GOVERNMENT

Pursuant to the December 25, 2001 Law on Organization of the Government;
Pursuant to the November 25, 2009 Law on Royalties;
At the proposal of the Minister of Finance, DECREES:

Chapter I

GENERAL PROVISIONS

Article 1. Scope of regulation

This Decree details and guides the implementation of Articles 2. 5. 6.7 and 9 of the Law on Royalties.

Article 2. Royalty liable objects

Royalty liable objects comply with Article 2 of the Law on Royalties, including:

1. Metallic minerals.

2. Non-metallic minerals.


5. Coal gas as specified in Clause 3. Article 1 of the 2008 Law Amending and Supplementing

6. Natural forest products, including plants of all kinds and other natural forest products, other than animals and anise, cinnamon, anomum and cardamom which are grown by royalty payers in natural forest areas allocated to them for zoning off and protection.
7. Natural marine products, including marine animals and plants.

8. Natural water, including surface water and groundwater.

9. Natural swallow’s nests.

10. Other resources, which shall be proposed by the Ministry of Finance in coordination with concerned ministries and branches to the Government for submission to the National Assembly Standing Committee for consideration and decision.

Chapter II

ROYALTY BASES

Article 3. Natural resource output used for royalty calculation

The natural resource output used for royalty calculation complies with Article 5 of the Law on Royalties.

For natural mineral water, natural thermal water and natural water used for industrial purposes, the natural resource output used for royalty calculation shall be determined in cubic meter (m³) or liter (l) according to the measuring system up to Vietnam's measurement and quality standards. In case the natural resource output used for royalty calculation cannot be directly determined according to the measuring system up to Vietnam's measurement and quality standards, a fixed output of exploited natural resources may be determined in a royalty period.

Tax offices shall coordinate with concerned local agencies in determining the fixed output of exploited natural resources for royalty calculation based on the practical exploitation situation, branch technical standard norms or the output of natural resources exploited by other similar organizations or individuals.

The Ministry of Finance shall specify the method of determining the natural resource output used for royalty calculation mentioned in this Article.

Article 4. Royalty-liable prices

Royalty-liable prices comply with Article 6 of the Law on Royalties, specifically:

1. The royalty-liable price is the exploiter's selling price of a unit of natural resource product, exclusive of value-added tax.

2. In case the natural resource's selling price cannot be determined yet, the royalty-liable price shall be determined based on either of the following grounds:
a/ The regional market's actual selling price of a unit of natural resource product of the same grade applicable within a provincial-level locality which must not be lower than the royalty-liable price set by the provincial-level People's Committee;

b/ In case the exploited natural resource contains different substances, the royalty-liable price shall be determined based on the selling price of a unit and the content of each substance but must not be lower than the royalty-liable price set by the provincial-level People's Committee.

3. In some cases, the royalty-liable price shall be specified as follows:

a/ For natural water used for hydropower generation, it is the average selling price of commodity electricity;

b/ For timber, it is the selling price at the place of delivery (warehouse or yard at the place of exploitation); if the selling price at the place of delivery cannot be determined yet, the royalty-liable price shall be determined based on the royalty-liable price set by the provincial-level People's Committee;

c/ For exploited natural resources which are not domestically sold but exported, it is the export price (FOB price) of a unit of natural resource product. For exploited natural resources which are both domestically sold and exported, the royalty-liable price for the domestically sold natural resources is the selling price of a unit of natural resource product, exclusive of value-added tax, while that for the exported natural resources is the export price;

d/ For crude oil, natural gas and coal gas, it is the selling price at the place of delivery. The place of delivery is a place agreed upon in the oil and gas contract under which the ownership over crude oil, natural gas and coal gas is transferred to the contractual parties.

4. Provincial-level People's Committees shall set specific royalty-liable prices of natural resources specified in Clause 2 and at Point b. Clause 3, of this Article.

5. The Ministry of Finance shall provide for the determination of royalty-liable prices of natural resources specified at Points a and d. Clause 3 of this Article and in other specific cases.

**Article 5. Royalty rates**

1. The specific royalty rate for each natural resource complies with the Royalty Tariff promulgated by the National Assembly Standing Committee.

2. Based on the principles set in Clause 3, Article 7 of the Law on Royalties, the Ministry of Finance shall assume the prime responsibility for, and coordinate with concerned ministries and
branches in reporting the adjustment of the royalty rate for each natural resource listed in the Royalty Tariff to the Government for submission to the National Assembly Standing Committee for consideration and decision.

Chapter III

ROYALTY EXEMPTION AND REDUCTION

Article 6. Royalty exemption and reduction

Royalty exemption and reduction comply with Article 9 of the Law on Royalties.

The Ministry of Finance shall assume the prime responsibility for, and coordinate with concerned ministries and branches in reporting others cases eligible for royalty exemption or reduction to the Government for submission to the National Assembly Standing Committee for consideration and decision.

Chapter IV

IMPLEMENTATION PROVISIONS

Article 7. This Decree takes effect on July 1, 2010. To annul the Government's Decree No. 05/2009/ND-CP of January 19, 2009, detailing the implementation of the Ordinance on Royalties and the Ordinance Amending and Supplementing Article 6 of the Ordinance on Royalties.

Article 8. The Ministry of Finance shall guide the implementation of this Decree.

Ministers, heads of ministerial-level agencies, heads of government-attached agencies, chairpersons of provincial-level People's Committees, and concerned organizations and individuals shall implement this Decree.

ON BEHALF OF THE GOVERNMENT
PRIME MINISTER

Nguyen Tan Dung