

The Implementation of the Environmental Protection Tax

Vietnam

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Introduction

Environmental taxes applied to activities that have negative impacts on the environment such as pollutant, transport, energy production and natural resources are powerful tools for green growth. In 2010, the National assembly of the Socialist Republic of Vietnam approved the Environmental Protection Tax. The law came into force on 1 January 2012, with 9 groups of taxable subjects.

Implementation and challenges

Although environmental taxes have been successfully implemented in European countries such as Denmark, Germany, Sweden and the United Kingdom, its introduction occurred quite recently in Vietnam. To fill the experience gap, the German Technical Cooperation (GIZ) supported Vietnam in the drafting process of the law.

Shortly before the law came into force, a problem concerning plastic bags appeared. According

Quick facts	
Zone	National territory
Project Started	2010
Theme	Energy Policy
Leading Agency	National Assembly of the Socialist Republic of Vietnam

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to the Environmental Protection Tax Law, plastic bags are not environmentally friendly and should be taxed 40,000 VND per kilogram. But at that time, Vietnam has not yet had any regulation about the “environmental friendliness” of plastic bags. A number of enterprises producing plastic bags as well as some officials were confused. Therefore, the Vice Prime Minister of Vietnam asked the Ministry of Finance, the Ministry of Justice and the Ministry of Natural Resource and Environment to solve the problem. As a result, decree No. 67/2011/ND-CP on plastic bags was passed in 2011, just before Vietnam’s Environmental Protection Tax Law came into force.

References

Low Carbon Green Growth Roadmap for Asia and the Pacific Case Study, Vietnam’s Environmental Protection Tax, http://www.greengrowth-elearning.org/pdf/LCGGRM/CS_VietNam_Environmental_Protection%20Tax_Law.pdf

Online newspaper of the Government Socialist Republic of Vietnam, <http://baodientu.chinhphu.vn/Home/Xu-ly-vuong-mac-ve-thue-bao-ve-moi-truong-doi-voi-tui-ni-long/20126/140794.vgp>

Socialist Republic of Vietnam, Law on Environmental Protection Tax, 2010.

Annex

Table 1: Specific Tariff Table in Vietnam’s Environmental Protection Tax

No	Goods	Calculation unit	Tax rate (VND)
I	Gasoline, oil, grease		
1	Gasoline, except ethanol	Liter	1.000-4.000
2	Aircraft fuel	Liter	1.000-3.000
3	Diesel oil;	Liter	500-2.000
4	Petroleum	Liter	300-2.000
5	Fuel oil	Liter	300-2.000
6	Lubricants	Liter	300-2.000
7	Grease	kg	300-2.000
II	Coal		
1	Lignite	Ton	10.000-30.000
2	Anthracite Coal (anthracite)	Ton	20.000-30.000
3	Fat coal	Ton	10.000-30.000
4	Other coal	Ton	10.000-30.000
III	Hydrogen-chlorofluorocarbon liquid (HCFC).	Ton	1.000-5.000
IV	Taxable-plastic bag	Ton	30.000-50.000
V	Herbicide which is restricted from use	Ton	500-2.000
VI	Pesticide which is restricted from use	Ton	1.000-3.000
VII	Forest product preservative which is restricted from use	kg	1.000-3.000
VIII	Warehouse disinfectant which is restricted from use	kg	1.000-3.000