

MINISTRY OF FINANCE

No. 147/2016/TT-BTC

SOCIALIST REPUBLIC OF VIETNAM

Independence - Freedom - Happiness

Ha Noi, October 13, 2016

CIRCULAR

AMENDING A NUMBER OF ARTICLES OF CIRCULAR No. 45/2013/TT-BTC DATED APRIL 25, 2013 BY THE MINISTRY OF FINANCE GUIDING THE MANAGEMENT, USE AND DEPRECIATION OF FIXED ASSETS

Pursuant to the Law on Enterprise dated November 26, 2014;

Pursuant to the Law on management and use of state capital invested in the operation of enterprises dated November 26, 2014;

Pursuant to Decree No. 91/2015/ND-CP dated October 13, 2015 by the Government on investment of state capital in enterprises and management and use of capitals and assets in enterprises;

Pursuant to Decree No. 12/2015/ND-CP dated February 12, 2015 by the Government detailing the implementation of the Law on amendments to laws on tax and amendments to a number of articles of decrees pertaining to tax;

Pursuant to Decree No. 91/2014/ND-CP dated October 01, 2014 by the Government amending a number of articles of decrees pertaining to tax;

Pursuant to Decree No. 218/2013/ND-CP dated December 26, 2013 by the Government providing guidance on the implementation of a number of articles of the Law on Enterprise income tax;

Pursuant to Decree No. 130/2013/ND-CP dated December 26, 2013 by the Government on production and provision of public-utility products and services;

Pursuant to Decree No. 215/2013/ND-CP dated December 23, 2013 by the Government defining the functions, tasks, entitlements and organizational structure of the Ministry of Finance;

At the request of the Director of Department of the Corporate Finance Department;

The Minister of Finance hereby promulgates the Circular amending a number of articles of Circular No. 45/2013/TT-BTC dated April 25, 2013 by the Ministry of Finance guiding the management, use and depreciation of fixed asset.

Article 1. Amendments to a number of articles of Circular No. 45/2013/TT-BTC dated April 25, 2013 by the Ministry of Finance guiding the management, use and depreciation of fixed assets:

1. The following provisions are added to the end of Point dd Clause 2 Article 4:

“For assets being mixed-use building which both serves the enterprise’s operation and put up for sale or for lease according to laws, the enterprise shall determine and separate the areas for sale and for lease. Such areas must not be recorded as fixed assets and must not be depreciated. If the areas for sale and/or for lease can not be separated, the enterprise must not record the whole building as a fixed asset and must not depreciate it.”

2. Point a Clause 1 Article 6 is amended as follows:

“a) Tangible fixed assets shall be classified as follows:

Type 1: Housing and structures: are the enterprise’s fixed assets formed after the construction process, such as office, warehousing, fences, water towers, open storages, house-decorating works, roads, bridges, railways, airfields, piers, wharves, docks and slipways.

Type 2: Machinery and equipment: the whole machinery and equipment used in the operation of the enterprise such as specialized machinery, working equipment, drilling rigs used in the section of oil and gas, cranes, technology lines and separate machines.

Type 3: Means of transport, transmission equipment are types of means of transportation including railways, water ways, roads, airways, pipeline and transmission equipment like information systems, electricity systems, plumbing, conveyors, airducts.

Type 4: Management equipment and tools: are equipment and tools used in the management of the operation of the enterprise such as computers serving the management, electronic equipment, equipment and tools for measurement and quality inspection, dehumidifiers, vacuum cleaners, anti-termite machines.

Type 5: Perennial orchards, animals performing tasks and/or giving products includes perennial orchards like coffee plantations, tea plantations, rubber plantations, orchards, lawns, greencarpets, etc.; animals performing tasks and/or giving products like eleplant, horse, buffalo, bovine animals, etc.

Type 6: Fixed assets being infrastructural works with high value which are invested by the State budget and allocated to economic organizations for management, development and use, including:

- Fixed assets being machinery and equipment, production lines, properties made of concrete and land of constructions directly serving the irrigation (like lake, dam, channel or canal); water pumps with a capacity of 8,000 m³ per hour and structures used for operating constructions

which are allocated to wholly state-owned single-member limited liability companies for management and development to carry out business operation to serve public services;

- Fixed assets being industrial zones' infrastructural constructions invested by the State, including internal roads, lawns, verdures, lighting systems, sewage systems, etc.; and

- Fixed assets being railway infrastructure, urban railways (including tunnels, overhead roads, railway, etc.).

Type 7: Other fixed assets, which are all of other fixed assets which have not been classified into the abovementioned types.”

3. The following provisions are added to Clause 3 Article 8:

“3. Type 6 fixed assets specified in Clause 2 Article 1 of this Circular shall be transferred or liquidated under written approvals of representative offices of the state. Such transfer or liquidation shall be recorded as a decrease in capital of the enterprise. The proceeds from the transfer, after deducting the cost of transfer or liquidation, shall be wholly submitted to the state budget or used as an increase in charter capital under written instructions of the financial agencies and the representative of the state.”

4. The following provisions are added to the end of Clause 1 Article 9:

“- Type 6 fixed assets specified in Clause 2 Article 1 of this Circular are not subject to depreciation. Only annual monitoring book for each property shall be formulated and the investment in such assets shall not be recorded as a decrease.”

5. Clause 1 Article 12 is amended as follows:

“1. For investment projects in the form of Build - Operate - Transfer (B.O.T) and Business Cooperation Contract (B.C.C), the time of depreciation of fixed assets shall be determined by the payback period. The depreciation of fixed assets formulated from the projects shall be in proportion to the annual revenues and in accordance with the time of operation serving the payback (similar to the method of depreciation by quantity and/or weight of the products). The determination of fixed assets formulated from the projects shall comply with legislation on basic construction investment.”

Article 2. Effect

1. This Circular takes effect from November 28, 2016 and is applicable since the fiscal year of 2016.

2. Difficulties that arise during the implementation of this Circular should be reported to the Ministry of Finance./.

**P.P. THE MINISTER
THE DEPUTY MINISTER**

Tran Van Hieu