

## I. GENERAL PROVISIONS

1. This Circular guides incentive mechanisms and financial supports applicable to domestic and foreign organizations and individuals (below referred to as organizations and individuals) investing in one of the following solid waste management activities: constructing solid waste disposal facilities, collecting and transporting solid wastes and cooperatives and households collecting, transporting and disposing solid wastes in rural residential areas and craft villages without solid waste collection and transportation services.

2. Investments in solid waste management eligible for incentives and financial support guided in this Circular comply with Article 13 of the Government's Decree No. 59/2007/ND-CP of April 9, 2007, on solid waste management.

3. To be eligible for incentives and financial supports, organizations and individuals making investment in solid waste management must satisfy conditions prescribed in this Circular.

## II. INCENTIVE POLICIES AND FINANCIAL SUPPORTS FOR SOLID WASTE DISPOSAL FACILITIES

1. Conditions for enjoying incentive mechanisms and financial supports

Organizations and individuals investing in solid waste disposal facilities prescribed in Clause 15, Article 3 of Decree No. 59/2007/ND-CP are entitled to incentives and financial supports guided in Clause 2 of this Section if they fully satisfy the following conditions:

### THE MINISTRY OF FINANCE

### **CIRCULAR No. 121/2008/TT-BTC OF DECEMBER 12, 2008, GUIDING INCENTIVE MECHANISMS AND FINANCIAL SUPPORTS FOR INVESTMENT IN SOLID WASTE MANAGEMENT**

*Pursuant to the Law on the State Budget;*

*Pursuant to the November 29, 2005 Law on Environmental Protection;*

*Pursuant to the Government's Decree No. 59/2007/ND-CP of April 9, 2007, on management of solid wastes;*

*The Ministry of Finance guides incentive mechanisms and financial supports for investment in solid waste management as follows:*

a/ Having obtained a competent state agency's permission to invest in the construction of a solid waste disposal facility.

b/ Having an investment project on the construction of all or several items of a solid waste disposal facility in line with the local land use planning, which has been approved by a competent authority.

c/ Using technologies capable of thoroughly disposing of solid wastes with high economic and technical efficiency.

d/ Complying with legal provisions on construction and environmental protection.

e/ Satisfying criteria on sizes and standards of solid waste disposal facilities prescribed by the Prime Minister.

2. Incentives and financial supports for solid waste disposal facilities

2.1. Incentives regarding land use levy, land rent and ground compensation expenses

a/ Organizations and individuals making investment in the construction of solid waste disposal facilities that fully satisfy the conditions guided in Clause 1 of this Section are exempted from land use levy and land rent in case their land is allocated by the State with the collection of land use levy or is leased by the State.

Dossiers of request for land use levy exemption; the order, procedures and competence to approve land use levy exemption comply with the provisions in the Government's Decree No. 198/2004/ND-CP of December 3, 2004, on the collection of land use levies and the Finance Ministry's Circular No. 117/2004/TT-BTC of December 7, 2004, and Circular No. 70/2006/TT-

BTC of August 2, 2006, guiding the implementation of Decree No. 198/2004/ND-CP.

Dossiers of request for land rent exemption; the order, procedures and competence to approve land rent exemption comply with the provisions in the Government's Decree No. 142/2005/ND-CP of December 30, 2005, on the collection of land and water surface rents and the Finance Ministry's Circular No. 120/2005/TT-BTC of December 30, 2005, and Circular No. 141/2007/TT-BTC of November 31, 2007, guiding the implementation of Decree No. 142/2005/ND-CP.

b/ Organizations and individuals making investment in the construction of solid waste disposal facilities that satisfy the conditions prescribed in Clause 1, this Section shall be considered and provided with supports for compensation and ground clearance expenses as follows:

- Vietnamese organizations and individuals making investment in the construction of solid waste disposal facilities are obliged to pay compensation for ground clearance and resettlement supports (if any) as prescribed by law on compensations, support and resettlement and they are allowed to account these amounts into their projects' investment capital.

Provincial-level People's Committees shall base themselves on the size and significance of solid waste disposal facilities and the local budget capacity to consider and decide to support part or the whole of compensation, support and resettlement expenses already paid by organizations and individuals making investment in solid waste disposal facilities.

- Foreign organizations and individuals or overseas Vietnamese making investment in the

construction of solid waste disposal facilities are not required to pay compensations and resettlement supports as prescribed by the law on compensation and resettlement supports; if they have paid these amounts, they are allowed to account them into their projects' investment capital.

#### 2.2. Investment supports from state budget sources

##### a/ State budget supports

Based on the local budget capacity, provincial-level People's Committees shall consider and propose the People's Councils of the same level to allocate investment capital from the local budget for the construction of roads, electricity and power supply systems; information and communication systems; water supply and drainage systems up to project fences.

##### b/ Investment supports from official development assistance (ODA) sources

Solid waste disposal facilities are prioritized in attracting ODA capital and may apply financial mechanisms like daily-life garbage and urban solid waste disposal projects prescribed in the Finance Ministry's Circular No. 108/2003/TT-BTC of November 7, 2003, and Circular No. 08/2008/TT-BTC of January 20, 2008, guiding financial mechanisms applicable to ODA-funded environmental sanitation projects.

#### 2.3. Investment supports from preferential credit sources

Organizations and individuals making investment in the construction of solid waste disposal facilities are provided with credit supports in the forms of investment loans, post-investment interest rate supports and investment credit

guarantee from the Vietnam Development Bank, Vietnam Environmental Protection Fund or local environmental protection funds (if any), if they satisfy all conditions prescribed for each form of guarantee. Investment supports will be provided under current legal provisions and the lenders' charters.

#### 2.4. Tax incentives

##### a/ Import duty incentives

- Equipment imported to create fixed assets of solid waste disposal facilities is exempted from import duty.

- Raw materials and supplies imported for production activities of solid waste disposal facilities are exempted from import duty for 5 years, counting from the time solid waste disposal facilities commence operation.

- Dossiers and procedures for import duty exemption comply with the import duty and export duty law.

##### b/ Enterprise income tax incentives

Eligible solid waste disposal facilities are entitled to enterprise income tax exemption or reduction and preferential enterprise income tax rates as prescribed by the current enterprise income tax law.

#### 2.5. Supports for research into and development of solid waste recycling, re-use and disposal technologies

Organizations and individuals making investment in the construction of solid waste disposal facilities are provided with state budget supports for research into and development of solid waste recycling, re-use and disposal

technologies through scientific and technological programs and projects.

The maximum support level does not exceed 30% of the total funds for research schemes to create new technologies, which are implemented by the establishments themselves or in collaboration with scientific institutions.

The order of, procedures for, and agencies in charge of, selecting schemes on research into and development of solid waste recycling, re-use and disposal technologies eligible for state budget supports are guided in Joint Circular No. 2341/2000/TTLT/BKHCHNT-BTC of November 28, 2000, guiding the implementation of the Government's Decree No. 119/1999/ND-CP of September 18, 1999, on a number of financial policies and mechanisms to encourage enterprises to invest in scientific and technological activities.

Expense items for scientific research as well as the estimation, decision, allocation and finalization of state budget funds provided as supports for these activities are guided in Joint Circular No. 25/2003/TTLT/BKHCHNT-BTC of August 25, 2003, additionally guiding a number of provisions of Joint Circular No. 2341/2000/TTLT/BKHCHNT-BTC of November 28, 2000.

#### 2.6. Labor training supports

- Training expenses for laborers (salaried by solid waste disposal facilities) are allowed to be accounted as reasonable expenses according to law.

- When necessary, on the basis of training plans to provide basic knowledge for laborers at solid waste disposal facilities, People's Committees at various levels shall, basing themselves on the local

budget capacity, consider and provide training supports for these trainees under Decree No. 69/2008/ND-CP of May 30, 2008, on policies to boost socialization in the domains of education, job-training, healthcare, culture, sports and environment, and guiding documents.

### III. INCENTIVES AND FINANCIAL SUPPORTS FOR SOLID WASTE COLLECTION AND TRANSPORTATION ESTABLISHMENTS

#### 1. Conditions for enjoying incentives and financial supports

Organizations and individuals making investment in the construction of solid waste depots, procurement of equipment, devices, special-use vehicles and other vehicles for solid waste collection and transportation are entitled to incentives and financial supports guided in Clause 2 of this Section if they satisfy the following conditions:

a/ Having obtained a competent state agency's permission to collect and transport solid wastes.

b/ Having an investment project on the collection and transportation of solid wastes in line with the local land use planning, which has been approved by a competent authority.

c/ Strictly complying with legal provisions on environmental protection and labor.

d/ Satisfying criteria on sizes and standards of solid waste collection and transportation establishments prescribed by the Prime Minister.

#### 2. Incentives and financial supports applicable to solid waste collection and transportation

establishments

2.1. Organizations and individuals making investment in the construction of solid waste depots are exempted from land use levy, land rent and provided with supports for ground clearance compensation payment as guided at Point 2.1, Clause 2, Section II of this Circular.

2.2. Solid waste collection and transportation organizations and individuals are entitled to credit incentives guided at Point 2.3, Clause 2, Section II of this Circular.

### 2.3. Tax incentives

#### a/ Import duty incentives

- Equipment imported to create fixed assets of investment projects on construction of solid waste depots and solid waste collection and transportation is exempted from import duty.

- Dossiers and procedures for import duty exemption comply with the import duty and export duty law.

#### b/ Enterprise income tax incentives

Eligible solid waste collection and transportation establishments are entitled to enterprise income tax exemption and reduction and preferential enterprise income tax rates as prescribed by current enterprise income tax law.

### 2.4. Policies on state budget supports

Daily-life solid waste collection and transportation establishments may, apart from earning sanitation charges as prescribed, be provided with local budget supports to cover waste collection and transportation expenses under

service contracts. Service contracts' value shall be determined under the Prime Minister's Decision No. 256/2006/QĐ-TTg of November 9, 2006, promulgating the Regulation on bidding, goods ordering and assignment of plans on the production and provision of public-utility products and services and according to the cost estimates approved by competent authorities or service bidding results.

3. Cooperatives and business households collecting, transporting and disposing daily-life solid wastes in rural residential areas and craft villages without solid waste collection and transportation services may collect sanitation charges in accordance with regulations and be provided with local budget supports to cover waste collection and transportation expenses under service contracts. Service contracts' value shall be determined under the guidance at Point 2.4, Clause 2 of this Section.

## V. ORGANIZATION OF IMPLEMENTATION

This Circular takes effect 15 days after its publication in "CONG BAO."

Any problems arising in the course of implementation should be reported to the Ministry of Finance for study and guidance.

*For the Minister of Finance*  
*Vice Minister*  
**DO HOANG ANH TUAN**