

VIỆT-NAM CỘNG-HOÀ
BỘ TÀI-CHÁNH

SAIGON, April 28, 1970

Số 5062 BTC/VPTh.T.

His Excellency Samuel D. Berger
Deputy Ambassador
Embassy of the United States of America
Saigon, Vietnam.

Dear Ambassador Berger,

In the course of a meeting at this Ministry on April 17, 1970, you very kindly offered to give assistance in the taxation of Vietnamese and other nationals who have received payment from U.S. sources for the provision of goods and services.

Before identifying the areas in which your intervention with U.S. agencies would be appreciated, I think it would be helpful if I first made a few observations

With regard to rentals of real estate, the examination of the comprehensive list furnished by the Embassy, U.S.A.I.D. and U.S. military authorities is nearly complete and the results will be reflected in a very substantial increase in the 1970 receipts from the income tax on rental income and the 40% super rent tax.

In the matter of payment made by U.S. contractors to Vietnamese and other sub - contractors, the response has been disappointing. The following analysis illustrates the outcome of a request for information issued to 140 U.S. contractors in April, 1969.

Replies received giving details of payments	- 12
Replies saying no payments were made	- 50

His Excellency Samuel D. Berger
Deputy Ambassador
Embassy of the United States of America
Saigon, Vietnam.

.....

Letters returned undelivered	- 30
No reply	- 48

From the fact that the 12 positive replies give details of payments totalling 184 million piasters over a 3-year period, it would appear that all large payments have been omitted from the lists.

The tax privileges given to U.S. contractors are conditional on their compliance with the normal fiscal obligations placed upon Vietnamese citizens, i. e., applying the tax with-holding scheme to the salaries of non - U.S. employees and providing the tax department with the necessary documents and information relating to their commercial dealings with Vietnamese taxpayers. I think you will agree with me that some sanction must be applied to U.S. commercial concerns which studiously refrain from complying with the conditions of their privileged tax status or with official requests for information. This is a matter which I would prefer to discuss with you after the results of a further approach to them are available.

The following are the matters on which the tax department would like to have information from U.S. agencies and contractors.

1.- A record of the aggregate payments made by each U.S. contractor to each non - U.S. sub - contractor in 1967, 1968 and 1969, together with the name and address of each recipient.

2.- A record, similar to that in (1) above, relating to payments made to non - U.S. contractors by the Embassy, U.S.A.I.D. and particularly the Military Procurement Agency.

In order not to place too heavy a burden on the Military Procurement Agency, personnel of the tax department could, with your agreement, make the relevant extracts from the Agency's record of disbursements.

3.- Names and addresses of all concessionnaires operating within U.S. military bases in 1967, 1968 and 1969.

No reply

.....

From the fact that the 12 positive replies give details of payments totalling 184 million piasters over a 3-year period, it would appear that all large payments have been omitted from the lists.

J47 ?

J13

If the position is that concessionaires receive piasters in exchange for military payment certificates in which U.S. personnel make their purchases, it would be relatively, easy to establish the correct sales figure for each concessionaire from the records of the exchanging agency on each base. Here again, personnel of the tax department could be made available to make the relevant extracts from official records.

4.- A list of non - U.S. employees, working with the Embassy, U.S.A.I.D. and U.S. military authorities, to whose salaries the tax withholding scheme was not applied in 1970 and is not being applied in 1970.

J47

Similar information is required in the case of non - U.S. employees of U.S. contractors.

As you are aware, the Embassy and U.S.A.I.D. apply the scheme only to the salaries of consenting employees. The tax department will take appropriate action if it is provided with the names and addresses of employees who withhold their consent.

5.- Names and addresses of Embassy and U.S.A.I.D. personnel who receive a housing allowance in cash in lieu of being provided with accommodation.

J47

6.- Details, similar to those already furnished by the Embassy, U.S.A.I.D. and U.S. military authorities, of all real estate contracts entered into by U.S. contractors with Vietnamese nationals.

?

7.- Details, as in 5 above, in the case of personnel of U.S. contractors.

?

8.- A certified copy of the receipts and disbursements account of each U.S. contractor, each year.

?

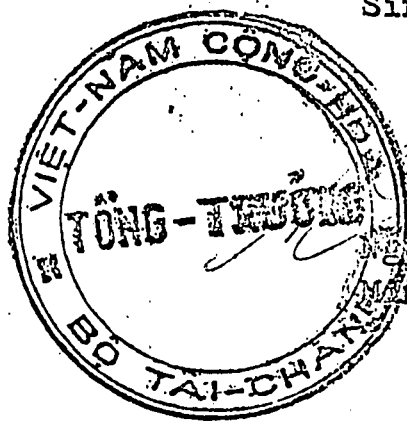
In the case of Vietnamese taxpayers, certified accounts, consisting of a trading account, profit and loss account and balance sheet, would be required. It is probable that such accounts are not specially prepared for the activities of U.S. contractors in Vietnam. If the tax department

... U.S. personnel make their purchases, it would be relatively easy to establish the correct sales figure for each concessionaire from the records of the exchanging agency on each

is furnished with a receipts and disbursements account it will be able to identify matters on which it desires to have further information.

Independently of any action which you see fit to take on the matters outlined above, the tax department will make a further approach to all U.S. contractors. If the latter respond, whether to your intervention or to official requests, I am sure that we can look forward to a marked increase in 1970 tax receipts over present budget estimates

Sincerely yours,



Nguyen-Bich-Hue
Minister of Finance.

Furnished with a receipts and disbursements account it will be able to identify matters on which it desires to have further information.

Independently of any action which you see fit to