

1. CORPORATE INCOME TAX

❖ 30% reduction of CIT payable in 2020

OL No. 77768/CT-TTHT dated August 21, 2020 by Hanoi Tax Department on 30% reduction of corporate income tax payable in 2020.

In case a company that is the subject specified in Article 1 of the Resolution No. 116/2020/QH14 of National Assembly dated June 19, 2020 has total revenue in 2020 not more than 200 billion VND, that company is entitled to a 30% reduction of the CIT payable in 2020. The Company shall base itself on the conditions for reduction of payable CIT of 2020 to determine the amount of reduced tax when temporarily paying quarterly CIT and finalizing CIT in 2020.

If the company has the CIT period according to the fiscal year that does not match the calendar year, the amount of reduced CIT in 2020 shall be consistent with the CIT period of the enterprise.

2. VALUE ADDED TAX

❖ VAT rate applicable to services of automobile repair and maintenance

OL No. 2579/CT-TTHT dated 24/08/2020 by the Tax Department of Bac Ninh province guiding the VAT rate applicable to services of automobile repair and maintenance (passenger and cargo transport) for manufacturing enterprises.

Pursuant to Clause 1, Article 9 of Circular No. 219/2013/TT-BTC dated December 31, 2013, only services that are directly supplied to manufacturing enterprises and consumed in such enterprises are eligible for VAT rate of 0%. In case the company that provides services of automobile repair and maintenance (passenger or goods transport vehicles) to the manufacturing enterprise, it is not subject to tax rate of 0% (because automobiles are not subject to the consumption in non-tariff zones).

❖ VAT rate applicable to consulting service for foreign organizations

OL No. 80739/CT-TTHT dated September 3, 2020 by Hanoi Tax Department guiding on VAT rate for consulting services for foreign organizations.

The companies providing direct consulting services to overseas organizations and individuals that consume outside Vietnam are determined as export services, are entitled to VAT rate of 0% if satisfying the conditions specified in Item b, Clause 2, Article 9 of Circular 219/2013/TT-BTC and not subject to the non-applicable VAT rate of 0% specified in Clause 2, Article 1 of Circular No. 130/2016/TT-BTC.

3. PERSONAL INCOME TAX

❖ Income subject to PIT for health insurance

OL No. 77564/CT-TTHT dated August 21, 2020 by Hanoi Tax Department promulgating on income subject to PIT for health insurance.

In case an employer buys an insurance product that is optional and has no accumulation of premiums (including insurance purchased by insurance companies that are not established and do not operate under the Vietnamese law are allowed to sell insurance in Vietnam), the premium is not included in the employee's income subject to PIT as prescribed in Clause 3, Article 11, Circular No. 92/2015/TT-BTC (Amending and supplementing item đ.2, point đ, Clause 3, Article 2, Circular No. 111/2013/TT-BTC).

❖ Refund of personal income tax and registration fee

OL No. 3769/TCT-DNNCN dated September 10, 2020 issued by the General Department of Taxation on refund of personal income tax and registration fee for real estate transfer.

The PIT, registration fees arising from real estate transfer activities, taxpayers have paid into the state budget in accordance with tax notices of tax authorities, so there are no overpaid amounts.

When individuals cancel transactions on real estate transfer due to the subjective intention of both parties, not due to a force majeure, the assets are not prevented or restricted in transactions and not under the decision of the competent authority, they are not eligible for tax refund under Article 70 of the Law on Tax Administration No. 38/2019/QH14 and Article 8 of the Law on Personal Income Tax No. 04/2007/QH12.

4. IMPORT & EXPORT TAX

❖ Tax arrears for goods hiring enterprises in the re-processing non-tariff zones

OL No. 5864/TCHQ-TXNK dated September 4, 2020 issued by the General Department of Customs on tax arrears on goods hiring enterprises in the re-processing non-tariff zone.

In case the enterprise in the re-processing non-tariff zone does not use raw materials and components imported from abroad (the domestic enterprise supplies all raw materials and components to the enterprise in the non-tariff zone), the processed products as imported into the domestic market will be exempt from import tax in accordance with the provisions of Clause 8, Article 6 of the Law on Import and Export Tax No. 107/201/QH13, and Clause 1 of Article 22 of Decree No. 134/2016/ND-CP and OL No. 6519/BTC-TCHQ dated May 19, 2017 of the Ministry of Finance.

In case the enterprise in the re-processing non-tariff zone uses raw materials and components imported from abroad, it shall declare and pay tax for processed products as imported into the domestic market in accordance with the provisions of Clause 2. Article 22 of Decree No. 134/2016/ND-CP and Point 2 of OL No.

3018/TCHQ-TXNK dated 11/05/2020 of the General Department of Customs.

5. INVOICE

❖ Make electronic invoice due to the wrong currency

OL No. 2405/CT-TTHT dated August 5, 2020 by the Tax Department of Bac Ninh Province, guiding the invoicing of electronic invoices due to wrong payment currency.

In case the Company issues an electronic invoices delivered to the buyer; Both parties have declared tax, and then discovered that there is a discrepancy in the currency on the invoice with the signed sale contract, the seller and the buyer shall make a record or make a written agreement that clearly state the wrong content; at the same time, they shall issue a new electronic invoice supplementing the previous invoice, clearly stating "adjustment for invoice with form number, symbol of invoice ... invoice number ..., date ... month ... year". Based on the adjusted e-invoice, the seller and buyer make an adjustment declaration according to regulations.

Abbreviations

OL	CIT
Official Letter	Corporate Income Tax
GDT	PIT
General Department of Taxation	Personal Income Tax
FCT	VAT
Foreign Contractor Tax	Value Added Tax

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This newsletter aims to update and summarize general regulations associated with tax, accounting, investment and labor in Vietnam. You should refer to expertise before making decision.