

### A. TAX - ACCOUNTING

#### 1. CORPORATE INCOME TAX

##### ❖ Depreciation expense of the assets that are suspended due to the impact of COVID-19

OL No. 1930/CT-TTHT dated on 02 July 2020 issued by the Tax Department of Hai Phong City guidance on the deductibility of depreciation expenses during the suspension period due to the impact of the COVID-19 as:

The depreciation expenses of idle assets during the suspension period due to the impacts of Covid-19 are not entitled as deductible expenses when determining the taxable income of CIT. The depreciation of idle assets only enabled to calculated as deductible expenses in cases guidance in Article 9 of Circular No. 45/2013 / TT-BTC dated on 25 April 2013 of the GDT on the principle of depreciation.

##### ❖ The salary of the foreign employees has not been granted a work permit due to the influence of COVID-19

OL No. 2099/CT-TTHT dated on 25 June 2020 issued by the Tax Department of Bac Ninh Province guidance on the salary of foreign employees without a work permit due to the influence of COVID-19 as follow:

In case the Company paid salaries to foreign workers who come to work in Vietnam after the period of self-isolation as prescribed, the salary expenses the Company has paid to the foreigners which has not yet been granted a work permit as complying with the Government's Resolution No. 28 / NQ-CP on 10 March 2020 will be included in deductible expenses when calculating CIT as prescribed if meeting the conditions specified in Article 4 of the Circular No. 96/2015 / TT-BTC.

#### 2. PERSONAL INCOME TAX

##### ❖ PIT withholding for employees with 02 contracts at the same time:

OL No. 65283/CT-TTHT dated on 14 July 2020 issued by Tax Department of Ha Noi City guidance on PIT withholding for employees with 02 contracts at the same time:

In case the Company concurrently signs 2 contracts with employees who are resident individuals: a labor contract with a term of 3 months or more and a service contract, the Company will withhold PIT according to the partially progressive tariff before paying to employees (including income from the two contracts mentioned above and other income from wages and salaries incurred in the tax period) if the performance of the contract is not contrary according to regulations of the Law.

##### ❖ PIT for the income of experts implementing projects by ODA capital

OL No. 2352/TCT-DNNCN dated on 10 June 2020 issued by the GDT guidance the PIT policy on the income of expert implementing projects by ODA capital:

According to Decision No. 119/2009/QD-TTg, foreign experts who come to Vietnam to implement ODA programs and projects, their income received from implementing such programs and projects is exempt from PIT.

As guidance in Clause 5, Article 3 of Decision No. 119/2009/QD-TTg, the individuals does not hold Vietnamese nationality is considered as foreigner. In cases Vietnamese worked abroad and is appointed to implement ODA programs and projects in Vietnam, they are subjected to PIT.

### ❖ **Deductions for employee's contributions to the Disaster Prevention Fund**

OL No. 3275/TCT-DNNCN dated on 11 August 2020 issued by the GDT guidance on the PIT policy for contributions to the Disaster Prevention Fund as:

In case employees contribute to the Disaster Prevention Fund established under the provisions of Decree No. 94/2014/ND-CP dated on 17 October 2014 of the Government, the contribution is enabled to deduct to taxable income from salaries and wages when calculating PIT.

## **3. FOREIGN CONTRACTOR TAX**

### ❖ **FCT with online training service**

OL No. 51237/CT-TTHT dated on 12 June 2020 by Tax Department of Ha Noi City promulgates on FCT for online training services as:

According to Article 2 of Circular No. 103/2014/TT-BTC, training services provided abroad are not subjected to FCT. However, if the training course is online service, the service is subjected to FCT even provided abroad.

In case the foreign party has income from the transfer of online training products and solutions are considered income from copyright (liable to CIT at the rate of 10%).

In case foreign party has income from the service providing foreign teachers in the online training program, they are liable to FCT of service (5% VAT and 5% FCT).

## **4. INVOICES**

### ❖ **Issues electronic invoice with list of goods**

OL No. 74443/CT-TTHT dated on 11 August 2020 issued by the Tax Department Ha Noi City guidance on the issuance of e-invoices with list of goods.

When selling goods or providing services, the seller issues e-invoices to customers, the seller

must make a full list of goods sold and services provided to ensure that information in the e-invoice can be accessed and used in complete form when necessary (as prescribed in Clause 3, Article 3 of Circular No. 32/2011/TT-BTC dated on 14 March 2011 by the Ministry of Finance.

In case the seller issues an e-invoice that does not display the full list of goods sold or services provided but seperately accompanied by the list is considered not accordance with regulations on e-invoices.

## **B. LABOR**

### ❖ **Payment of Trade Union fees for expatriates working in Vietnam**

Instruction No. 05/HD-LĐLĐ datead on 31 March 2020 by Ho Chi Minh City Federation of Labor has issued regarding payment of Trade Union Fees for expatriates working in Vietnam:

- If expatriates are subject to compulsory social insurance as regulated by law, employers are required to contribute Trade union fees;
- Trade union fee: 2% of the monthly salary level used as a basis for social insurance contribution;
- Time for payment of Trade union fees: On monthly basis from 01 December 2018.

<b>Ký hiệu viết tắt</b>	
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.*