

1. PERSONAL INCOME TAX

❖ Tax policies for expenses from apartment purchased for foreign employees

On 05 January 2021, Bac Ninh Tax Department issued Official Letter No. 14/CTBNI-TTHT, whereby:

In case the company purchases apartments for foreign employees (these employees hold the manager position in the Company, and receive the salary in Vietnam under the signed contract with the company), then:

- Incurred payable VAT related to apartment purchased and other fees related to the usage of apartment shall not be deductible, these nondeductible payable VAT will be accounted to taxed expenses for calculating CIT.
- In term of depreciation and other expenses related to the apartment, it shall be deductible for the company if there is sufficient invoices, payment records, dossiers, and asset ownership documents as stipulated by the law. At the same time, purchasing houses for employees must be specified in the labor contract and the company's internal regulations.
- The depreciation and other expenses related to the apartment, shall be determined as payable PIT of the employees on the basis of accounted depreciation on the accounting book and the actual payment by the company, however, must not exceed over 15% of the total arose payable tax.

2. FOREIGN CONTRACTOR TAX

❖ FCT applied for forwarding and logistics services

On 19 February 2021, Hanoi Tax Department issued Official Letter No. 5335/CTHN-TTHT guiding application of FCWT to forwarding and logistics services. A summary is as following:

If a foreign enterprise records income from international forwarding or logistics service delivering from foreign territory to Vietnam, the service will not be subject to value-added tax ("VAT") and corporate income tax ("CIT").

If the income is recorded for the international forwarding and logistics services delivering from Vietnam to offshore destination, the service will be subject to FCWT. Assessable revenue, which is subject to VAT or CIT, is the total revenue received by the foreign contractor excluding international freight payable to the carrier (air, sea). In case the foreign contractor does not satisfy the conditions for self-declaration of FCWT in Vietnam, Vietnam company needs to withhold, declare and make FCWT payment on behalf of the foreign contractor, Detail as following:

- **For CIT:** 2% on assessable revenue;
- **For VAT:** 0% VAT will be applied if the service is the international transport (i.e. transport of passengers, baggage and goods on international routes from Vietnam to overseas or vice versa, or both departure and arrival overseas destination, etc.). If the international transport service contract includes the domestic route, then international transportation should include the domestic component.

3. INVESTMENT AND BUSINESS

❖ Guidance on Law on Investment 2020 implementation

On 31 December 2020, The Ministry of Planning and Investment issued Official Letter No. 8909/BKHĐT-PC on Law on Investment 2020 implementation. This official letter contains guidance relating to following contents:

- From 01 January 2021, investment policies approval, issuance, adjustment of the Investment Registration Certificate, Certificate of registration of outward investment, and other procedures to engage investment activities as stipulated by the Law on Investment 2020;
- In terms of registering the capital contribution, purchase of shares, or capital contribution between the foreign investors and the business organization that takes contributions, shares, or stakes, beside the initial dossiers as regulated before, there are some new additional dossiers:
 - Agreement on the capital contribution, purchase of shares, or capital

contribution between the foreign investors and the business organization that receives contributions, shares, or stakes;

- Declaration on the Certificates of land use rights of the business organization that receives contributions, shares, or stakes from the foreign investors if the maintenance of the national defense and security is required and comply with regulations of the law on land and conditions for receipt of land use rights and conditions for usage of land on islands or border or coastal communes as prescribed in Law on Investment 2020.

❖ **New Decree on Business Registration**

On 04 January 2021, the Government issued Decree No. 01/2021/ND-CP on Business Registration to replace Decree No. 78/2015/ND-CP on the basis of the Law on Enterprise 2020. This Decree contains some regulations as follows:

- The enterprises shall pay the business registration fees and the business declaration fees at the time of the submission of business registration dossier
 - The business registration fees will not be refunded if the enterprises fail to obtain the business registration certificates;
 - If the enterprises fail to obtain the business registration issuance, the business content declaration fees shall be refunded.
- Specifying the legal status of the enterprises on the National Business Registration Database:

The legal status of the enterprises on the National Business Registration Database includes:

- Temporary business suspension;
- No longer operating at the registered headquarter address;
- Revocation of business registration certificate due to being enforced by tax administration;
- Undergoing dissolution, division, consolidation, acquisition procedure;
- Undergoing bankruptcy procedure;
- Dissolved, bankrupted, ceased to exist;

- Active

- Supplementing new cases that are allowed to register, notify on changing business registration contents

Supplementing new case that enterprise undergoing the legal status of “No longer operating at the registered headquarter address” shall not be allowed to register, notify on changing business registration contents.

Moreover, this Decree also regulates business registration, notify on changing business registration contents and the method, order in engaging business registration via the online portal.

This Decree shall take effect from 04 January 2021.

❖ **List of new enterprise registration forms taking effect from 01 May 2021**

This is the highlight of the Circular No. 01/2021/TT-BKHDT providing guidance on enterprise registration.

The Circular prescribes 99 forms of registration of enterprises and business households that are uniformly used nationwide, including:

- List of legal representatives/authorized representatives (Appendix I-10);
- Notice of changes in enterprise registration information (Appendix II-1);
- Notice of changes in legal representatives (Appendix II-2);
- Notice of changes in information about registration of operation of branches/representative offices/business locations (Appendix II-9);
- Notice of the temporary suspension of business/resumption of business before the deadlines announced by enterprises/branches/representative offices/business locations (Appendix II-19);
- Notice of termination of operation of branches/representative offices/business locations (Appendix II-20);
- Notice of dissolution of enterprises (Appendix II-22);
- Request for announcement of enterprise registration information (Appendix II-24); etc.

Circular No. 01/2021/TT-BKHDT is entering into force as of 01 May 2021, replacing the Circular No. 20/2015/TT-BKHDT dated 01 December 2015 and the Circular No. 02/2019/TT-BKHDT dated 08 January 2019.

Abbreviations

OL	CIT
Official Letter	Corporate Income Tax
GDT	PIT
General Department of Taxation	Personal Income Tax
TIN	VAT
Tax Identification Number	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.