

### 1. VALUE ADDED TAX

#### ❖ VAT on the house rental for foreign experts working in Vietnam

OL No. 7799/CTHN-TTHT dated 17 March 2021 issued by the Hanoi Tax Department guidance on VAT of house rental for foreign experts as follows:

In case, the Company has foreign experts coming to work in managerial positions and receive salaries in Vietnam under the labor contracts signed with the Company in Vietnam, the Company shall not deduct VAT of the house rental for these foreign experts as specified in Clause 1 Article 14 of Circular No. 219/2013/TT-BTC dated on 31 December 2013 of the MOF.

In case, foreign experts are still employees of an overseas enterprise and are transferred to work in Vietnam, an overseas enterprise and a Company in Vietnam had signed contract specified that Company in Vietnam should bear accommodation expenses for foreign experts during their time in Vietnam, the VAT of rentals were paid by Company in Vietnam for foreign experts working in Vietnam entitled to be deducted.

#### ❖ Conditions on declaring VAT of new investment projects for VAT refund

OL No. 944/TCT-CS dated 01 April 2021 issued by the GDT regulated on VAT refund for new investment projects as follows:

For the VAT amount that has not been fully deducted at the end of the investment period to be refunded, the enterprise must declare the remaining deducted VAT amount in the item "remaining deductible VAT of the investment project requested for refund" by the VAT declaration Form 02/GTGT (for investment projects).

In case the above item has not been declared, the enterprise must make the supplement declaration according to Point b, Clause 4, Article 7, Decree No. 126/2020/ND-CP dated 19 October 2020.

### 2. PERSONAL INCOME TAX

#### ❖ PIT declaration period

OL No. 5911/CTHN-TTHT dated 26 February 2021 issued by Hanoi Tax Department guidance on PIT declaration period as followings:

In case the income paying organization is **not subject to VAT declaration**, the PIT should be declared on a monthly basis.

#### ❖ PIT on trade discounts for individuals

OL No. 1130/CTH DU-TTHT dated 04 March 2021 issued by Hai Duong Tax Department guidance on PIT of trade discount for individuals as followings:

Since 05 December 2020 (the effective date of Decree No. 126/2020/ND-CP), the Company is responsible for declaring and paying PIT on behalf of individuals according to regulations if the Company paid trade discounts to individuals doing business and households paying tax by the presumptive method.

Tax dossiers comply with the instructions at Point 8.4, Section 4, Appendix I, Decree No. 126/2020/ND-CP.

### 3. CORPORATE INCOME TAX

#### ❖ CIT on the sponsored for Covid-19's epidemic prevention

Decree No. 44/2021/ND-CP dated 31 March 2021 issued by the Government guiding on the sponsored cost of Covid 19 epidemic prevention.

The sponsored cost in cash or in-kind for preventing Covid 19's epidemic in Vietnam is deductible expenses when determining the taxable income of CIT.

Recipients of donors include Vietnam Fatherland Front Committees at all levels, medical establishments, armed forces units, units and organizations assigned by competent state agencies, isolating institutions, educational institutions, ... (As defined in Article 2 of this Decree).

Donation dossiers: A written confirmation of support and sponsor by the Form of this Decree with signature and seal by the donors and recipients.

The Decree takes effect from 31 March 2021 and applies for the CIT period of 2020 and 2021.

#### ❖ **CIT declaration of the dependent branch**

OL No. 10142/CTHN-TTHT dated 05 April 2021 issued by Hanoi Tax Department guiding the CIT declaration for dependent accounting branches as follows:

In case the branch of the Company is a dependent accounting unit with different location by province or city to its head office, the Company should collectively declare CIT at the tax management authority of the head office as prescribed in Clause 2, Article 11, Decree No.126/2020/ND-CP.

From 2022, the Company should submit the table of tax payable distribution (if any) by each province to the tax management authority of head office as prescribed in Clause 2, Article 11, Decree No. 126/2020/ND-CP dated 19 October 2020 of the Government.

#### **4. OTHER**

##### ❖ **Abbreviation of business address**

OL No. 10857/TCHN-TTHT dated 09 April 2021 issued by the Hanoi Tax Department guiding the abbreviation of business address as follows:

In case the Company has a long name and address on the ERC creates the difficulty to fully display on input and output invoices, the Company may abbreviate some of the common nouns but ensure the accuracy, completion, and consistency with the registration of business and tax. Besides, other criteria on the invoice should be sufficient and comply with regulations, the invoices are considered valid for declaring and accounting as regulations according to Point b, Clause 7, Article 3, Circular No. 26/2015/TT-BTC dated 27 February 2015 of the MOF.

##### ❖ **Declaring license fees when changing capital**

OL No. 7090/TCHN-TTHT dated 10 March 2021 issued by the Hanoi Tax Department guiding the declaration of license fees when changing capital,

In case the Company has changed the capital (increases charter capital but does not change the level of license fee), the Company must submit a license fee dossier no later than 30 January of the following year as specified in Clause 1, Article 10

of Decree No. 126/2020/ND-CP dated 19 October 2020).

##### ❖ **Using electronic signature on invoices and contracts**

OL No. 5180/TCHN-TTHT dated 09 February 2021 issued by the Hanoi Tax Department guidance on the use of electronic signatures on invoices and contracts as follows:

In case the Company agrees with customers, foreign suppliers to use electronic vouchers (electronic contracts, electronic documents ...) for transactions and meet the conditions specified in the Law on electronic transactions No. 51/2005/QH11, Decree No. 165/2018/ND-CP, Decree No. 130/2018/ND-CP and guidance documents of implementation, the guidance in Article 4, Circular No. 96/2015/TT-BTC is considered as deductible expenses when determining CIT.

##### ❖ **Extension of tax and land rental payment in 2021**

Decree No. 52/2021/ND-CP dated 19 April 2021 issued by the Government stipulated the extension of tax and land rental payment in 2021.

Extension of VAT payment (as guided in Clause 1, Article 3 of this Decree) for VAT payable incurred in the tax period from March 2021 to August 2021 (monthly basis) and quarter 1 and quarter 2 of 2021 (quarterly basis). The extension time is calculated from the deadline for paying VAT as prescribed, specifically as follows:

- The VAT payable from March 2021 to June 2021 and the first, the second quarter 2021 are extended by 5 months.
- The VAT payable of July 2021 is extended by 4 months
- The VAT payable of August 2021 is extended by 3 months.

Extension of estimated CIT payment for the first and second quarter of 2021. The extension is 3 months from the end of deadline for the CIT payment as prescribed.

Subjects eligible for extending tax payment in 2021 are specified in Article 2 of this Decree. The Decree takes effect from 19 April 2021.

## Abbreviations

OL	CIT
Official Letter	Corporate Income Tax
GDT	PIT
General Department of Taxation	Personal Income Tax
MOF	VAT
Ministry of Finance	Value Added Tax
ERC	
Enterprise Registration Certificate	

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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.*