

1. CORPORATION INCOME TAX

❖ A company which invests in supporting industries sector before 1st January 2015 is subjected to CIT incentives

The Government issued Decree No.57/2021/ND-CP dated 04th June 2021 supplemented on Point g Clause 2, Article 20 of Decree No.218/2013/ND-CP (amended and supplemented by Decree No.12/2015/ND-CP) regarding CIT incentives for project produces supporting industrial products.

In detail, a company, who has investment projects of producing supporting industrial products before to 01st January 2015 but the income from this project has not been subjected to CIT incentive, is enjoyed CIT incentive under the conditions of the supporting industrial projects from the date the relevant authorities issued the Confirmation on incentive for supporting industrial sectors.

Besides, in case the Company has fully enjoyed CIT incentives under other incentive conditions, the Company may enjoy CIT incentives by conditions for the project produced supporting industrial products for the remaining period from the date the relevant authorities issued the Confirmation on incentive for supporting industrial sectors.

The remaining incentive period is determined by the incentive duration under conditions of supporting industrial products minus the duration of tax exemption, tax reduction which had been enjoyed under other incentives.

2. VALUE ADDED TAX

❖ Circular No.40/2021/TT-BTC guidance on VAT and PIT of household business

The MOF issued Circular No.40/2021/TT-BTC dated 01st June 2021 regulated on VAT and PIT of household and individual business which takes effect from 1st August 2021.

The list of taxable business lines and rate (%) of VAT and PIT for household and individual business has been issued together with the Circular.

Especially, individual, household leases their properties should be subjected to the highest tax rate of 10% (5% of VAT and 5% of PIT).

Notice: In case, individuals and households provided services above and had income under 100 million in a calendar year, they should not be subject to VAT and PIT.

❖ Circular No.43/2021/TT-BTC amending Circular No.219/2013 guidance on VAT Law

The MOF issued Circular No.43/2021/TT-BTC dated 11th June 2021 to amend, supplement Clause 11, Article 10 of Circular No.219/2013/TT-BTC dated on 31st December 2013 guidance on VAT Law and Decree No.209/2013/ND-CP dated on 18th December 2013 detailing and guiding some articles of the VAT Law (amended and supplemented by Circular No.26/2015/TT-BTC dated on 27th February 2015 of Ministry of Finance) and takes effect from 01st August 2021.

In which, the medical tools and equipment subjected to the VAT of 5% include specified machines and equipment for health care.

3. PERSONAL INCOME TAX

❖ The fee for purchasing houses for foreigner professional is subjected to PIT

OL No.20214/CTHN-TTHT dated 7th June 2021 issued by the Tax Department of Hanoi stipulated tax policies of foreigners using the house of companies.

According to Clause 2 Article 11 of Circular No.92/2015/TT-BTC, in case the company purchases a house for foreign professionals to stay while working in Vietnam, the depreciation expenses, electricity fee, water supply fee, and other accompanying services fee (if any) should be considered as taxable income of professionals if the salary does not include housing fee and the company is responsible to arrange the accommodations for the professionals

Depreciation fee, electricity, water supply fee, etc should be included in the taxable income of professionals by their actual using/staying time.

4. INVOICE

❖ Issuance time of invoice for transportation services

OL No.20376/CTHN-TTHT issued by Ha Noi Tax Department on 08th June 2021 stipulated on issuance time of invoices for transportation and delivery services.

Accordingly, in case the transportation and delivery businesses provided courier and transport services for regular clients who are business organizations or individuals, the Companies may issue invoices on the last day of the service provision month.

The content of the e-invoice should list fully the provided services, selling goods in a month to ensure the information in the invoices can be accessed, utilized in a complete and sufficient form according to Clause 3 Article 3 Circular No.32/2011/TT-BTC issued on 14th March 2011 by the MOF.

5. LABOR

❖ Regulation on the salary during suspend time due to COVID 19 epidemic

OL No.420/LĐLĐ-CSPL granted Labor Confederation of Ho Chi Minh City on 14th June 2021 guided to implement the regulation on salary during work suspension due to practicing the measures to prevent COVID 19 epidemic.

Pursuant to Clause 3, Article 99 of the Labor Code 2019:

"...3. In case, the employee is suspended from work due to electrical or water problem (occurred by the objective fault), or natural disasters, fires, hazardous epidemics, sabotages of hostile forces, relocations of operating location as requested by the relevant authorities, or financial reasons, both parties should discuss and determine the salary for suspend time as follows:

a) In case, the suspension time is not exceeding 14 working days, the salary during the suspension is determined upon mutual agreement but not be lower than the regional minimum wage.

b) In case, the suspension time is from 14 or more working days, the salary during the suspension is determined upon mutual agreement but both parties should ensure that the salary for the first 14 suspended days is not lower than the regional minimum wage."

Accordingly, in case an employee is suspended from work due to practicing social distancing by Directive No.16/CT-TTg issued on 31st March 2020 of the Government or practice self-quarantine at home, export processing zones, industrial zones, offices, etc by the decisions of the relevant authorities, the employee is subjected to receive salary as regulations mentioned above.

In case an employee is suspended from work for more than 14 days, the local trade union actively advocates, recommends and negotiates with the company to pay salary during suspension to support the employee overcome the difficult time.

Abbreviations

OL

Official Letter

MOF

Ministry of Finance

VAT

Value Added Tax

CIT

Corporation Income Tax

PIT

Personal Income 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.