

1. CORPORATION INCOME TAX

❖ Enterprises which having associated transactions with partners

On 29 June 2021, the Tax Department of Hanoi replied to OL No. 23820/CTHN-TTHT regarding the identification of associated transactions as:

In case the company is loaned capital in any form from another enterprise with conditions that the value of loans is at least 25% of the contributed capital of the Company and more than 50% of the total value of medium and long-term debts, the Company and parties are determined to have an association relationship according to regulations Point d, Clause 2, Article 5 of Decree No. 132/2020/ND-CP.

When the parties have an associated relationship, the transaction arising between the parties is an associated transaction according to the provisions of Clause 2, Article 1 of Decree No. 132/2020/ND-CP.

2. VALUE ADDED TAX

❖ VAT for providing service aboard of export processing enterprises

On 25 June 2021, the Hanoi Tax Department replied to OL No. 23122/CTHN-TTHT on the use of invoices and VAT of services provided abroad by EPEs as:

In case the Company is an EPE that provides design services, market research, and production management consulting services abroad (outside the territory of Vietnam), such services are NON-TAXABLE VAT subject according to regulations specified in Clause 20, Article 4 of Circular No. 219/2013/TT-BTC dated 31 December 2013.

The Company issues a commercial invoice for the above service as prescribed in Clause 7 Article 3 of Circular 119/2014/TT-BTC dated 25 August 2014.

3. PERSONAL INCOME TAX

❖ PIT declaration of organizations and individuals that do not arise salary.

On 01 July 2021, the GDPT issued OL No. 2393/TCT-DNNCN guiding on the PIT declaration of organizations and individuals that do not generate salary, as follows:

According to Clause 6, Article 1 of the supplemented and amended Law of the Law on PIT dated 22 November 2012 and Point 9.9, Clause 9 of Appendix I - List of tax declaration dossiers issued together with Decree No. 126 2020/ND-CP dated 9 October 2020 of the Government, only organizations and individuals that arise PIT taxable income should declare PIT and prepare PIT declaration.

Therefore, organizations and individuals that do not arise PIT taxable income in any month/quarter should not declare PIT for that month/quarter.

4. INVOICE

❖ Using electronic invoices (e-invoices) together with invoices purchased from tax authorities

On 09 July 2021, Hanoi Tax Department issued OL No. 26250/CTHN-TTHT guiding on the use of e-invoices as follows:

In case the Company meets the conditions of the organization using e-invoice according to the provisions of Clause 2, Article 4 and Clause 1, Article 7 of Circular No.32/2011/TT-BTC dated 14 March 2011 of MOF, the Company is entitled to use e-invoice. The Company should implement the Announcement of using invoice according to Clause 2, Article 7 Circular No.32/2011/TT-BTC of MOF before using.

The Companies should stop using invoices purchased from tax authorities from the date of starting using e-invoices and implemented dossiers of cancel purchased invoices, not continued to use as prescribed in Circular No.39/2014/TT-BTC of MOF.

❖ **Converting E-invoice to paper invoice**

On 07 July 2021, Hanoi Tax Department issued OL No. 25313/CTHN-TTHT guiding as follows:

In case, converting an e-invoice to a paper invoice to prove the origin of goods during transport and only be converted once (01), the converted invoice should meet the conditions as regulated at Clause 2, 3,4 Article 12 of Circular No.32/2011/TT-BTC and have the signature of legal representative as well as seal of seller.

In case of converting e-invoices to paper invoices to serve the archival of accounting documents, the converted invoices should meet the conditions as stipulated in Clauses 2, 3, 4 Article 12 of Circular No.32/2011/ TT-BTC.

5. LABOR

❖ **The Deputy of Prime Minister has signed Decision No.23/2021/QD-TTG effects from 07 July 2021 to regulate the implementation of some policies to support employees and employers in difficulty due to the COVID-19 pandemic as follows:**

REDUCTION OF OCCUPATIONAL ACCIDENT AND DISEASE INSURANCE

i. Supported object

- The employer contributes to the Fund of occupational accidents and diseases insurance for employees subjected to the occupational accident and disease insurance regime by the Law on social insurance and Law on occupational safety and health (except for cadres, civil servants, public employees, people in the people's armed forces, employees in agencies of the Party, the State, administrative agencies, public non-business units receiving salaries from the state budget).
- The employer uses the entire amount obtained from the reduction of contributing to the Occupational Accidents and Diseases Insurance Fund **to support the employees** in preventing and controlling COVID-19.

ii. The rate and duration of application for reducing the contribution of the Occupational Accidents and Diseases Insurance Fund

- Rate of contribution: equal to 0% of the salary fund for paying social insurance premiums.
- Application period: 12 months from 01 July 2021 to the end of 30 June 2022.

SUPPORTING EMPLOYEES AND EMPLOYERS TO TEMPORARILY STOP PAYING THE PENSION AND SURVIVORSHIP FUND

i. Supported object

Employees and employers are subject to compulsory social insurance as prescribed in **Article 2 of the Law on Social Insurance.**

ii. Supported conditions

- Employers who have fully paid social insurance premiums or are temporarily suspending payment to the pension and survivorship fund until the end of April 2021 but are affected by the COVID-19 pandemic leads to reduce 15% of employees or more at the time of applying compared to April 2021. The number of employees participating in social insurance reduced includes:

a) The number of employees who terminate labor or work contracts in accordance with the law minus employees newly enter into labor or work contracts in the period from 01 May 2021 until the date the employer has a written request.

b) The number of employees who are temporarily suspending the performance of the labor contract from 14 working days or more in a month.

c) The number of employees who are taking unpaid leave for 14 working days or more in a month.

d) The number of employees who stop working for 14 working days or more in a month.

- The number of employees is subject to the reduction in social insurance as mentioned above only includes the ones working under working contracts, indefinite labor contracts, definite labor contracts with a term of full 1 month or more, the enterprise manager, the executive manager of the cooperative with salary; excluding employees who enjoy pensions from 01 May 2021.

iii. The duration of suspension the contributions of the pension and survivorship fund

- Employees and employers who fully meet the conditions specified in Article 5 of this Decision may suspend payment to the pension and survivorship fund for 6 months from the month submitted the application.

- For the case that has been granted to suspend payment to the pension and survivor fund by Resolution No.42/NQ-CP dated 09 April 2020 and Resolution No.154/NQ-CP dated 19 October 2020 of The Government, if eligible and is granted to temporarily suspend contributing to the pension and survivorship fund under the provisions of this Decision, the total period of suspension due to the impact of the COVID-19 pandemic is **no more than 12 months**.

SUPPORTING EMPLOYERS EDUCATING, TRAINING, ENHANCING THE VOCATIONAL SKILLS TO MAINTAIN WORK FOR EMPLOYEES.

i. Supported objects and conditions

Employers participated in UI (as stipulated in Clause 3, Article 43 of the Employment Law) submit the application for support from 01 July 2021 to the end of 30 June 2022 is entitled when meeting the following conditions:

- a) Paid UI for employees eligible to participate in UI for full 12 months or more up at the time of request for support.
- b) The structure and technology have been changed by the provisions of Clause 1, Article 42 of the Labor Code.
- c) The revenue of the preceding quarter of requesting support has decreased by 10% or more compared to the revenue at the same period in 2019 or 2020.
- d) Prepare or coordinate with the vocational education institution in developing a plan for training, coaching and enhancing vocational skills to maintain jobs for employees by Form No.02 of the Appendix issued with this Decision.

ii. Supported level, duration and payment method

- The maximum level of financial support for training, coaching, and enhancing vocational skills is **1,500,000 VND/employee/month**. The specific support level is calculated according to the actual study time of each profession or course. In case the vocational training, coaching, and enhancing course has odd days that are not full months, the course should be calculated by the principle: Less than 15 days are counted as 1/2 month, from 15 days or more is counted as 01 month to determine the value of support.

- For courses of training, coaching and enhancing vocational skills with costs higher than the maximum prescribed in this Clause, the employers should pay the excess amount.
- Support period: **Up to 6 months**.
- Payment method: Pay directly to the employer according to the approved supporting plan for training, coaching and enhancing vocational skills.

SUPPORTING EMPLOYEES WHO TEMPORARILY SUSPEND THE PERFORMANCE OF LABOR CONTRACT OR TAKES UNPAID LEAVE

i. Supported objects and conditions

- Suspended the performance of labor contract, took unpaid leave during the term of the labor contract for 15 consecutive days or more from 01 May 2021 to the end of 31 December 2021 and the period to start suspending, taking unpaid leave is from 01 May 2021 to 31 December 2021.
- Participated in compulsory insurance in the month preceding the time of suspending contract or taking leave.

ii. Supported level and payment method

- Support level:
 - a) **1,855,000 VND/person** for employees suspend the performance of labor contracts or take unpaid leave from 15 consecutive days to less than 01 month (30 days).
 - b) **3,710,000 VND/person** for employees suspend the performance of labor contracts or take unpaid leave from 01 month (30 days) or more.
- Pregnant employees are supported by the addition of 1,000,000 VND/person. Employees who raise or take care of their own or adopted children under the age of 6 will be supported an additional 1,000,000 VND/child and for only 1 person (mother or father or one fostered child).
- Payment method: Lump sum payment to employees.

POLICY FOR SUPPORTING EMPLOYEES STOP WORKING

i. Supported objects and conditions

- Employees under the labor contract regime are stopped working under **Clause 3, Article 99 of the Labor Code** and subject to medical isolation or in blockade areas by decision of state agencies for 14 days or

more from 01 May 2021 to the end of 31 December 2021.

- The employee is participated in compulsory social insurance in the month preceding stops working under **Clause 3, Article 99 of the Labor Code.**

ii. Supported level and payment method

- Support level: **1,000,000 VND/person.**
- Pregnant employees are supported by the addition of 1,000,000 VND/person. Employees who raise or take care of their own or adopted children under the age of 6 will be supported an additional 1,000,000 VND/child and for only 1 person (mother or father or one fostered child).
- Payment method: Lump sum payment to employees.

SUPPORT EMPLOYEES TERMINATION OF LABOR CONTRACT BUT NOT ELIGIBLE FOR ENJOYING UNEMPLOYMENT INSURANCE

i. Supported objects and conditions

- The employee is participating in compulsory social insurance in the month preceding the time of terminating the labor contract.
- The employee terminates the labor contract from 01 May 2021 to the end of 31 December 2021 but is not eligible for enjoying unemployment allowances, except for the following cases:
 - a) The employee illegally unilateral terminates the labor contract.
 - b) Enjoy monthly pensions or allowances for loss of working capacity.

ii. Supported level and payment method

- Support level: **3,710,000 VND/person**
- Pregnant employees are supported by the addition of 1,000,000 VND/person. Employees who raise or take care of their own or adopted children under the age of 6 will be supported an additional 1,000,000 VND/child and for only 1 person (mother or father or one fostered child).
- Payment method: Lump sum payment to employees.

SUPPORT FOR CHILDREN AND PEOPLE WHO ARE TREATING COVID-19, MEDICAL ISOLATION

i. Supported object

Children (under 16 ages as prescribed by the Law on Children) and people being treated for COVID-19 infection (F0) or medical isolation for COVID-19 prevention and control (F1) as decided by competent authorities.

ii. Supported level and duration

- Meal support at the rate of 80,000 VND/person/day for the cases of COVID-19 treatment (F0) from 27 April 2021 to 31 December 2021, the support period is actual treatment time **but not over 45 days.**
- Support for meals at the rate of 80,000 VND/person/day for the cases of performing medical isolation (F1) under the decision of the competent authority from 27 April 2021 to 31 December 2021 but **no more than 21 days.**

SUPPORT HOUSEHOLD BUSINESS

i. Supported objects and conditions

Household businesses are supported when fully meeting the following conditions:

- Households with business registration, tax registration.
- Household businesses stop operating for 15 consecutive days or more from 01 May 2021 to 31 December 2021 at the request of competent state agencies to prevent and control the COVID-19 epidemic.

ii. Supported level and payment method

- Support level: **3,000,000 VND/business**
- Payment method: Lump sum payment to business.

In addition, the Decision also stipulates specific dossiers, orders, and procedures to support employers to borrow capital for paying salary during the work stoppage, when restoring production; household businesses stop operating; workers who do not have a labor contract (self-employed) lose their jobs; etc

People's Committees of wards, communes and townships, leaders of enterprises, employers, and market management boards are responsible for making a list of employees in the above categories, according to the form, and sending it to relevant agencies for appraisal **before 15 July 2021.**

Abbreviations

OL	VAT
Official Letter	Value Added Tax
GDT	CIT
General Department of Taxation	Corporation Income Tax
MOF	PIT
Ministry of Finance	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.