

1. CORPORATION INCOME TAX

❖ Policies of tax exemption and reduction for enterprise and citizen who affected by Covid-19 in 2021

On 5th August 2021, the Government Office issued Notice No. 209/TB-VPCP guidance on policies of tax exemption and reduction for enterprise and citizen who affected by Covid-19 in 2021.

Accordingly, the Government agreed with the solutions of tax exemption and reduction to support businesses and people affected by the Covid-19 epidemic as proposed by the Ministry of Finance at the meeting on 04 August 2021.

Some of the proposals are: reduce 30% of CIT for enterprises; reduce 50% tax payable for the business individuals in the 3rd and 4th quarter 2021; reduce 30% of the VAT payable for enterprises in the industries heavily affected, etc. These policies are expected to be applied in 2021.

The MOF needs to summarize the opinions of related parties for completing documents and submitting the policies of exemption and reduction for tax payable and land rental fee to the Government before 10th August 2021.

The detailed content of policies will be updated in the next Newsletters.

2. VALUE ADDED TAX

❖ VAT refund for new establishment

OL No. TTHT 24787/CTHN-TTHT dated 5th July 2021 issued by the Tax Department of Hanoi to reply on VAT refund for new establishment as:

In case the Company is a new establishment from an investment project that has registered, declared VAT by deduction method and not yet operated. If the investment time is from 01 year or more, the Company may be refund VAT of goods and services which used for investment project by year, except for the case guided at Point c, Clause 3, Article 1 of Circular No. 130/2016/TT-BTC dated 12th August 2016 of the MOF. In case VAT of goods and service purchase used for investment project over VND 300 million, the Company is entitled to VAT refund. Investment project is enabled for VAT

refund should be the project invested according to the Law on Investment.

In case, the investment project of the Company is late progress as compared with the IRC, the Company has responsible for adjusting the IRC by the Law on Investment. The Company should contact the competent authorities for guidance.

In case the Company realized the submitted tax declaration is incorrect, the Company should prepare and submit a supplement tax declaration as prescribed in Article 47 of the Law on Tax Administration No. 38/2019/QH14 dated 13th June 2019 and Clause 4 Article 7 of Decree No. 126/2020/ND-CP dated 19th October 2020 of the Government.

❖ VAT on imported medical equipment

OL No. 4069/TCHQ-TXNK dated 18th August 2021 issued by the General Department of Customs guidance on the policy of VAT for importing medical equipment as:

In case, the Company satisfies the regulations of Import License or Circulate Registration Certificate or The Receipt of Document published by the standards of the Law on Medical or on the List of Medical equipment professionally managed by the Ministry of Health manage and determine the commodity code under the List of Import or Export commodities issued together with Circular No. 14/2018/TT-BYT dated 15th May 2018 of the Ministry of Health, the VAT rate of 5% is applied.

3. PERSONAL INCOME TAX

❖ Proof of residency

OL No. 27134/CTHN-TTHT date 14th July 2021 replied by Tax Department of Hanoi on the policy of PIT as:

In case a Vietnamese has a permanent location in Vietnam by the Law of Residency (has located and registered permanent resident) has appointed to work abroad and actually present in Vietnam less than 183 days/year:

- The individual is determined as residence in Vietnam if could not proved to be a resident of another country. Individuals have the responsibility to declare income earned

inside and outside Vietnam (if any) under the progressive tax tariff applicable to resident individuals.

- The individual is determined to be a non-resident in Vietnam if proved to be a resident of another country and should declare PIT on income generated in Vietnam (regardless of the place of payment or receive income) at the Wholly Tariff applicable to non-resident individuals.

Proof of being a resident in another country is the **Certificate of Residence**. In case an individual belongs to a country or territory that has signed a tax agreement with Vietnam and does not have regulations for granting a certificate of residence, the individual shall provide a photocopy of his/her passport to prove the period of residence.

4. IMPORT/ EXPORT TAX

❖ Import/export tax for goods imported without processing facility:

On 17th August 2021, the General Department of Customs in Vietnam answered the OL No.4065/TCHQ-TXNK regarding the instruction on tax policies for imported processing goods without having a processing, manufacturing facility

In case the Company doesn't have a processing facility, the Company is considered to not meet the requirements in Clause 2 Article 10 of the Decree No. 134/2016/ND-CP (the taxpayer has the ownership or the using rights of a processing facility for exporting goods, and the machines, equipment in the facility within Vietnam's territory). Therefore, the goods are imported in order to process for the foreign merchants of the company don't meet the requirements for tax exemption.

5. INVOICE

❖ Invoice issuance for debt buying activities

OL No. 28463/CTHN-TTHT dated 22nd July 2021 issued by the Tax Department of Hanoi guidance on the issuance of invoices for debt buying activities as follows:

In case a company operates activities of buying and selling debts (only when the business line is legal as regulations) buys a receivable of the client, the buying transaction is the non-taxable subject of VAT according to Clause 8 Article 4 of Circular No.219/2013/TT-BTC issued by the MOF on 31st December 2013.

In case, the Company paid tax by deduction method sells non-taxable goods, the Company should use the VAT invoice which only writes the selling price (payment price), cross out and not write the tax rate and amount of VAT as regulated in Point 2.1 Clause 2 Appendix 4 of Circular No.39/2014/TT-BTC issued by MOF on 31st March 2014.

6. LABOR

❖ Supplement the subjects exempted from contributing union fees.

OL No.2475/TLD dated 10th August 2021 issued by the Vietnam General Confederation of Labour to supplement the subjects exempted from contributing union fees.

Pursuant to Resolution No. 12/NQ-BCH in the 9th Conference by the Executive Committee of the Vietnam General Labor Confederation (term XII) dated 16th July 2021, in order to share difficulties with the members affected by the Covid 19 epidemic, the Executive Board of the Vietnam General Labor Confederation agreed as follows:

Firstly, adding the exemptable subjects from paying the union fee: the members working in non-business units and enterprises who received a salary lower than the regional minimum wage are not required to pay the union fee during the period they receive the salary above.

Secondly, the duration of the exemption from paying union fees due to being affected by the Covid-19 epidemic is from 01st May 2021 to 31st December 2021.

❖ Labors are subject to reduce contribution rate to the Disaster Prevention Fund

Decree No.78/2021/ND-CP dated 01st August 2021 issued by the Government stipulated on establishing and administrating the Disaster Prevention Fund takes effect from **15th September 2021** and replaces the Decree No.94/2014/ND-CP issued by the Government on 17th October 2014. In which, there are some changes that should be concerned as follows:

- The employees working under labor contracts in the enterprises should contribute the amount equivalent to **half of the regional minimum wage divided by the number of working days in a month as regulated in the labor contract**. An employee who has multiple contracts with multiple employers is required to pay once on the labor contract with the longest duration. The contribution rate by Decree

No.94/2014 is equivalent to 1 working day/person/year of the regional minimum wage.

- Other employees contribute 10,000 VND/person/year. The rate was 15,000 VND/person/year as under Decree No.94/2014.

❖ **Supported meal for members, employees practicing “3 on the spot” in the enterprises.**

On 24th Aug 2021, Vietnam General Confederation of Labor issued Resolution No.3089/QD-TLD stipulated on the supported meal for members and employees practicing “3 on the spot” of the enterprises in the provinces/cities that performed social distance under Order No.16/CT-TTG of the Government.

Accordingly, supporting **1,000,000 VND/person** once for the members, employees working in the enterprises are contributing Union fee and practicing “3 on the spot” to maintain the productivity.

The trade union reports to the directly managing superior local trade union the number of members, employees are mobilized o practice “3 on the spot” to maintain productivity.

In case the enterprise pays the union fee but does not establish the trade union, the directly managing superior local trade union shall cooperate with the enterprise to verify and determine the number of members, employees practicing “3 on the spot” to maintain productivity.

Decision No.3089/QD-TLD takes effect from 24th August 2021 and the meal aid shall be carried from the effective date.

Abbreviations

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