

1. VALUE ADDED TAX

❖ VAT policy for occupational safety and health training services

OL No. 32223/CTHN-TTHT dated 23rd August 2021 issued by the Tax Department of Hanoi guidance on VAT policy to occupational safety and health training services as follows:

In case the Center located in a non-tariff zone (export processing zone) provides occupational safety and health training services to enterprises, the service is eligible for the VAT rate of 0% if consumed in a non-tariff zone, not cases are specified in Clause 2, Article 1 of Circular 130/2016/TT-BTC dated 12th August 2016 of the MOF and meets the conditions specified at Point b, Clause 2, Article 9 of Circular No. 219/2013/TT- BTC dated 31st December 2013 of the MOF.

2. PERSONAL INCOME TAX

❖ Guidance on PIT refund

OL No. 32221/CTHN-TTHT dated 23rd August 2021 issued by the Tax Department of Hanoi guiding PIT refund as follows:

- In case the taxpayer makes false or incomplete declarations on the contents of the tax dossier but does not lead to a lack of tax payable or increase in the tax exemption, reduction, or refund, they shall be sanctioned according to Article 12 of Decree No. 125/2020/ND-CP dated 19th October 2020 of the Government.

In case of false declaration, if the taxpayer should prepare supplement declarations to the dossier and voluntarily paid the tax payable before the tax authority announces the decision on tax inspection at the taxpayer's office or other competent authority discovers when inspection, no administrative penalty shall be imposed.

- In the case of the tax year 2019 and 2020, the individual has not yet calculated family circumstance deduction for dependents are biological children, the deduction for the above dependents shall be calculated from the month of arising the nurturing obligation when preparing PIT finalization and

registering for dependents deduction according to the guidance at Point c.2.3, Clause 1, Article 9 of Circular No. 111/2013/TT-BTC of the MOF.

❖ Guidance on withholding and authorizing for PIT finalization

OL No. 33104/CTHN-TTHT dated 30th August 2021 issued by the Tax Department of Hanoi guiding on withholding and authorizing PIT finalization as follows:

In case the Company pays remuneration to members who are the Board of Directors (these members do not sign labor contracts or labor contracts less than three (03) months), the Company should withhold PIT with the rate of 10% on the total payment over VND 2,000,000 or more per time of payment as prescribed at point i, clause 1, Article 25 of Circular No. 111/2013/TT-BTC of the MOF.

In case these individuals have only income that is subject to tax withholding according to the above rate but the estimate of total taxable income after deduction of family circumstances is not enough to pay tax, the individual should submit the commitment to the income paying organization as a basis to temporarily not deducted PIT.

The authorization of PIT finalization for income payers shall comply with the guidance at Point d, Clause 6, Article 8 of Decree No. 126/2020/ND-CP of the Government.

❖ PIT on securities transfer in foreign countries

OL No. 33173/CTHN-TTHT dated 30th August 2021 issued by the Tax Department of Hanoi guidance on PIT for securities transfer abroad with the following contents:

If an individual residing in Vietnam generates income from the transfer of securities in a foreign country, individuals shall pay tax at the rate of 0.1% on the transfer price and submit tax declaration dossiers at the Tax Department where the individual registers permanent or temporary residence.

3. IMPORT / EXPORT TAX

❖ Exemption of import and export tax when destroying raw materials, exported products, scrap products, machinery and equipment created fixed assets

OL No. 4125/TCHQ-TXNK dated 20th August 2021 issued by the General Department of Customs guided on customs procedures when destroying raw materials, exported products, scrap products, machinery and equipment created fixed assets with the following notable contents:

- **For goods imported to produced export products that must be destroyed include:** Excess raw materials, supplies, scrap, discarded products and damaged finished products that must be destroyed from 25th April 2021 (the effective date of Decree No. 18/2021/ND-CP) are exempt from import tax. Enterprises must send a written notice to the Customs authority clearly stating the form and location of destruction before conducting destruction. The destruction must comply with the provisions of the Law on the environment.
- **For imported goods to create fixed assets:** the destruction to be exempted tax under the provisions of the Law on Import and Export Tax must comply with the relevant laws and be under the direct supervision of Customs officers. Before destroying, the taxpayer must notify the Customs office on the goods, reason, time and place of destruction, and has the written permission of destruction from the competent authority as prescribed.

4. INVOICE

❖ Handling of wrongly issued e-invoices

OL No. 33105/CTHN-TTHT dated 30th August 2021 issued by the Tax Department of Hanoi guiding the handling of wrongly issued e-invoices with important contents as follows:

During the period from 19th October 2020 to 30th June 2022, in case an (electronic) invoice has been issued and sent to the buyer, has delivered goods, provided services, but then detected errors after the seller and the buyer submitted tax declarations, the seller and the buyer shall handle the incorrect e-invoices

according to the instructions specified in Clause 2, Article 9 of Circular No. 32/2011/TT-BTC of the Ministry of Finance.

5. LABOR

❖ Circular No. 06/2021/TT-BLDTBXH amending and supplementing the articles of Circular No. 59/2015/TT-BLDTBXH dated 29th December 2015 of the MOLISA

Decree No. 06/2021/ND-CP dated 07th July 2021 issued by the MOLISA to amend and supplement articles of Circular No. 59/2015/TT-BLDTBXH dated 29th December 2015 of the MOLISA which detailing and guiding the implementation of articles of the Law on Social Insurance stipulated on compulsory social insurance with the following notable contents:

- From 01st September 2021, a month of sick leave is calculated from the first date of sick leave to its preceding date in the following month. In case of incomplete months leave, sickness benefits of the remaining days should be calculated by the following formula **but not exceeding a month of sickness benefits:**

$$\begin{array}{l} \text{Sickness} \\ \text{benefits} \\ \text{for} \\ \text{illnesses} \\ \text{that} \\ \text{required} \\ \text{prolonged} \\ \text{treatment} \\ \text{in} \\ \text{incomplete} \\ \text{months} \end{array} = \begin{array}{l} \text{Salary} \\ \text{contribution} \\ \text{to social} \\ \text{insurance} \\ \text{of the} \\ \text{month} \\ \text{preceding} \\ \text{the month} \\ \text{of leave} \end{array} \times \begin{array}{l} \text{Percentage} \\ \text{of sick} \\ \text{benefits} \\ \text{(\%)} \end{array} \times \begin{array}{l} \text{Number} \\ \text{of leave} \\ \text{days} \\ \text{under} \\ \text{sick} \\ \text{benefits} \end{array}$$

24 days

- In case the mother participates in SI but is ineligible for maternity benefits while the father has paid compulsory SI for full 06 months or more during the 12 months before the birth of the child, the father shall receive lump-sum benefits when giving birth according to Article 38 of Law on Social Insurance.
- The settlement of maternity benefits for female employees who are pregnant with twins or more is calculated according to the number of children are given birth to regardless of alive or dead.

When calculating the period of maternity benefits for employees who are taking annual leave or personal leave or unpaid leave according to labor laws, the overlaps period is not eligible for maternity benefits.

- Within 30 working days from the expiry date of the maternity leave, the employee shall be entitled to take a convalescence and recovery period from 5 to 10 days if their health has not yet recovered.

In addition, female employees who start working before the end of maternity leave are no longer eligible for postpartum rest and recovery benefits.

- The time for considering the age of relatives entitled to monthly death allowance is the end of the last day of the month employee dies.

When processing death benefits, if documents of relatives cannot identify the date of birth, the 01 January of the birth year is used to calculate age.

The relatives have the right to choose to receive lump-sum benefits.

Circular No. 06/2021/TT-BLĐTBXH take effects from 01 September 2021.

❖ **Additional subjects exempted from paying union fees**

OL No. 733/LĐLĐ-TC dated 13th September 2021 issued by the Confederation of Labor regulated the additional subjects exempted from paying union fees due to the impact of the Covid 19 pandemic. Specifically, as follows:

From 1st May 2021 to the end of 31st December 2021, trade union members at enterprises or business units (including non-public business units) with a monthly salary lower than 1 time of the regional minimum wage where the union located are exempted from paying union fees due to the impact of the Covid-19 epidemic according to OL No. 2475/TLD dated 10th August 2021 of the Vietnam General Confederation of Labor.

❖ **Settle social insurance benefits for employees at bankrupt units who have not paid enough social insurance**

OL No. 2802/BHXH-CSXH dated 06th September 2021 issued by the Vietnam Social Insurance stipulated on the implementation of the social insurance regime for employees at bankrupt enterprises which still owe social insurance contributions.

The official letter has detailed instructed on the conditions and procedures for settling the following SI benefits for employees who meet all conditions, including the condition of the time actually paid to the social insurance fund **(Excluded the period of owing social insurance payment)** at the bankrupt

enterprises that still owe social insurance contributions:

- Postpartum benefits in case of childbirth and adoption
- Retirement benefits
- One-time SI benefits
- Death benefits

❖ **Reduce the contribution to the Unemployment Insurance Fund for employers and support employees affected by the COVID-19 pandemic**

The Government issued Resolution No. 116/NQ-CP dated 24th September 2021/ specified on policy for supporting employees and employers affected by the COVID-19 pandemic as follows:

- From 01st October 2021 to the end of 30th September 2022, employers are **allowed to reduce the contribution rate from 1% to 0%** on the monthly wage fund of employees who compulsory participated in the UI.
- From 01st October 2021 to before 31st December 2021, taken from the surplus of the UI Fund until the end of 2020 to support in cash the following subjects affected by the Covid-19 pandemic:
 - ♦ Employees who are participating in unemployment insurance as of 30th September 2021.
 - ♦ Employees, who have stopped participating in unemployment insurance due to the termination of labor or working contracts from 01st January 2020 to the end of 30th September 2021, still have the reserved unemployment insurance time in accordance with the Law on employment (excluding persons who are enjoyed the monthly pensions)

The supporting amount based on the UI premium contribution time has not yet received any unemployment allowance are specified as:

- ♦ The UI premium contributed time less than 12 months: VND 1,800,000/person.
- ♦ The UI premium contributed time from full 12 months to less than 60 months: VND 2,100,000/person.
- ♦ The UI premium contributed time from full 60 months to less than 84 months: VND 2,400,000/person.
- ♦ The UI premium contributed time from full 84 months to less than 108 months: VND 2,650,000/person.

- ◆ The UI premium contributed time from full 108 months to less than 132 months: VND 2,900,000/person.

- ◆ The UI premium contributed time from full 132 months or more: VND 3,300,000/person.

Abbreviations	
OL	VAT
Official Letter	Value Added Tax
MOF	CIT
Ministry of Finance	Corporation Income Tax
MOLISA	PIT
Ministry of Labor, Invalids and Social Affairs	Personal Income Tax
SI	UI
Social Insurance	Unemployment Insurance

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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.