

## 1. VALUE ADDED TAX

### ❖ Continuing the 2% VAT reduction until 30 June 2024

The National Assembly agreed to maintain the 2% reduction of the VAT rate according to [Resolution No. 43/2022/QH15](#) from 1 January 2024 to 30 June 2024 for goods and services currently subject to a 10% VAT rate (reduced to 8%).

However, the regulation is not eligible to certain groups of goods and services, including telecommunications, information technology, financial activities, banking, securities, insurance, real estate business, metals, metal products, mining products (excluding coal mining), coke, refined petroleum products, chemical products, and goods and services subject to special consumption tax.

### ❖ Solution on remaining deductible VAT

*OL No. 15691/CTBDU-TTHT dated 13 November 2023 issued by Tax Department of Hai Duong specific as follows:*

The case of the Company is an EPE that has additionally registered a VAT deduction method for activities of goods distribution in Vietnam but at present no longer carries out this activity. In case, the input VAT has not been fully deducted and is ineligible for a tax refund, the Company can account as deductible expenses when determining taxable income to calculate CIT if meets the regulations in Article 4, Circular No. 96/2015/TT-BTC dated 22 June 2015 of the MOF.

## 2. PERSONAL INCOME TAX

### ❖ PIT for payments to employees after resigned

*OL No. 15692/CTHDU-TTHT dated 13 November 2023 issued by Tax Department of Hai Duong stipulates as follows:*

In case, the Company had signed an indefinite labor contract under provisions of the Labor Code, now mutually agrees to terminate the labor contract but completes the procedures, and settles salaries, and benefits for employees after the

termination date. Based on the payment time of income, taxable income is determined as follows:

- For salaries, unused paid leave, and other amounts with salary and wages nature, the Company deducts PIT accordingly to Progressive Tariff before paying the employees.
- For severance allowance and other allowances under the provisions of the Labor Code are not included in taxable income generated from salaries and wages of employees;
- For the income that the Company pays to employees (others than regulated in the Labor Code) after terminating the labor contract with the paying agency, if the payment is two million VND or more, the Company deducts PIT by the instructions at Point i, Clause 1, Article 25, Circular No. 111/2013/TT-BTC dated 15 August 2013 of the MOF.

## 3. FOREIGN CONTRACTOR TAX

### ❖ Goods that the Vietnamese Company purchased from a foreign company and then transferred to another country are not subject to FCT

*OL No. 24958/CTBDU-TTHT date on 25 October 2023 issued by the Tax Department of Binh Duong specifically as follows:*

In case, the Company purchased goods abroad, then border point transferred and resold to other clients abroad, goods purchased and sold under the border point transfer form are not subject to FCT according to the provisions of Article 2, Circular No. 103/2014/TT-BTC dated 6 August 2014 of the MOF.

## 4. IMPORT AND EXPORT TAX

### ❖ Customs procedures for temporarily imported and re-exported goods.

*OL No. 6087/TCHQ-GSQL issued by the General Department of Customs dated 24 November 2023 stipulates as follows:*

Equipment, machinery, construction vehicles, transport vehicles, molds, and samples rented or borrowed from foreign countries for production, construction, installation or implementation projects, and testing had been temporarily imported into Vietnam, should be re-exported and returned to the foreign trader as under the provisions of Clause 1, Article 15 of Decree No. 69/2018/ND-CP when the rental term expired. The on-spot import and export procedures are not applied when foreign traders designate the delivery of temporarily imported goods for re-export to other Vietnamese enterprises.

## 5. INVOICE

### ❖ Preparation of export invoices and inventory delivery voucher cum internal rotation.

*OL No.32940/CTBDU-TTHT dated 13 December 2023 issued by the Tax Department of Binh Duong guidances as follows:*

- In case the Company operates processing activities for foreign partners but is assigned to deliver goods to a third country (foreign), the Company issues a VAT invoice as prescribed in Clause 1, Article 8 of Decree No.123/2020/ND-CP when exporting. Accordingly, the invoice should clearly state the name of the foreign buyer, the recipient, and the delivery location in the third country.
- In case the Company takes out goods to transport to the border point or facilities where the export procedures are carried out, the Company prepares inventory delivery vouchers cum internal transportation as a document for rotating goods on the market. Other than the provisions in Clause 14 Article 10 of Decree No.123/2020/ND-CP, the Company must state all criteria by the form No. 03/XKNB attached with Decree No.123/2020/ND-CP.

## 6. LABOR

### ❖ Report on the use of foreign workers in 2023

*OL No.27712/SLDTBXH-VL-ATLD dated 4 December 2023 issued by the DOLISA of Ho Chi Minh City guides as follows:*

The DOLISA requests units to report on the use of foreign workers according to the provisions of Article 6 of Decree No. 152/2020/ND-CP dated 30 December 2020 and Point a Clause 12 Article 1 of Decree No. 70/2023/ND-CP dated 18

September 2023 of the Government specifically as follows:

- Report on the use of foreign workers prepared by form No. 07/PLI issued together with Decree No.70/2023/ND-CP dated 18 September 2023 of the Government.
- **Data of reporting period:** data on foreign laborers compiled from 15 December 2022 to 14 December 2023.
- **Due time of report submission:** From 15 December 2023 to 5 January 2024.
- **Method of report submission:** organizations and businesses access the Google Form link: <https://forms.gle/4UuiAsoH6PwmRPwe7> or scan the QR code to access the Report link on the use of foreign workers and send to DOLISA.

### ❖ Report on labor accidents in 2023 should be submitted before 11 January 2024

*OL No. 28788/SLDTBXH-VLATLD dated 18 December 2023 issued by the DOLISA of Ho Chi Minh City guides on the report of labor accidents, safety and hygiene in 2023 specifically as follows:*

According to the announcement of the Labor Department of Ho Chi Minh City, enterprises in the cities must report the situation of labor accidents and safety and hygiene in 2023 as follows:

- The content of the labor accident report is as prescribed in Clause 1, Article 36 of the Law on Labor Safety and Hygiene; Clause 1, Article 24 of Decree No. 39/2016/ND-CP and Appendix XII issued with this Decree.
- The content of the report on labor safety and hygiene is as prescribed in Point a, Clause 1, Article 81 of the Law on Labor Safety and Hygiene; Clause 2, Article 10 of Circular No. 07/2016/TT-BLDTBXH and Appendix II issued attached to this Circular.
- **Method on report submission:** Enterprises log in to the Labor Safety and Health Data Information Management Software (<https://atld-sldtbxh.tphcm.gov.vn>) to submit reports according to attached documents Instructions.
- **Duration on reports submission:** from 25 December 2023 to 10 January 2024.

## Abbreviations

MOF	CIT
Ministry of Finance	Corporate Income Tax
OL	PIT
Official Letter	Personal Income Tax
MOLISA	VAT
Ministry of Labour, War Invalids and Social Affairs	Value Added Tax
DOLISA	FCT
Department of Labour, War Invalids and Social Affairs	Foreign Contractor Tax
GDT	EPE
General Department of Taxation	Export processing Enterprise

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*This newsletter aims to update and summarize the general provisions related to Taxation, Accounting, Investment and Labor in Vietnam. You should seek professional advice before making a decision.*