

1. CORPORATE INCOME TAX

Conditions for CIT exemption in Ho Chi Minh City according to Decree No.11/2024/ND-CP dated 02 February 2024

Innovative startups, science and technology organizations, innovation centers, and intermediary organizations supporting innovative startups are exempt from CIT on income from relevant activities arising in Ho Chi Minh City.

- The tax exemption period is 5 years from the time the enterprise incurs corporate income tax payable.
- Enterprises that are enjoying other tax exemption incentives can choose to apply appropriate incentives.
- While Resolution No. 98/2023/QH15 is in effect, organizations, that have income from transferring capital contributions and the right to contribute capital to creative startups in Ho Chi Minh City, are also exempt from CIT.
- Income from the transfer of capital and the right to contribute capital is exempt from tax, including turnover from the wholly or partially of the capital and the right to contribute capital (even cases of selling the enterprise), but except income from the transfer stocks, bonds, fund certificates, and other securities.

2. PERSONAL INCOME TAX

PIT exemption in Ho Chi Minh City according to Decree No.11/2024/ND-CP granted on 02 February 2024

During the time Resolution No. 98/2023/QH15 takes effect, individuals have generated income from the transfer of contributed capital and the contribute capital right to creative start-up enterprises in Ho Chi Minh City is exempt from PIT.

3. VALUE ADDED TAX

Recollecting of VAT refunds

OL No. 257/TCT-CS dated 19 January 2024 granted by the GDT guiding on recollecting the VAT refunds for foreign export contracts due to late payment.

In case, the Company cannot provide payment documents at the payment due date of the export contract or appendix, the conditions for VAT deduction and refund are not met. The Tax Department recollects the refunded tax amount and handles it by the provisions of the Law on VAT and Tax Administration.

VAT policy when merging businesses

OL No. 4267/CTHN-TTHT date 22 January 2024 guidance on VAT with the following content:

- After the acquiring company registers business, the merged company ceases to exist; The merging company enjoys the legal rights and benefits and is responsible for the obligations, unpaid debts, labor contracts and other property obligations of the merged company. The merging companies naturally inherit all legal rights, obligations, and interests of the merged companies according to the merger contract as prescribed in Article 201 of the Law on Enterprises No. 59/2020/QH14.
- In case, the Company pays VAT by the deduction method and input VAT has not been fully deducted, the Company is entitled to a VAT refund when merging businesses according to the provisions of Article 1, Circular No. 130/ 2016/TT-BTC.

4. OTHER TAXES

Decree No.49/2022/ND-CP supplements regulations on taxable value for cases of transferring future-formed real estate

- In case of renting land to build infrastructure or build houses for sale, the deductible land price to calculate VAT is the payable of the land rental to the State Budget under the Law on collecting of land and water surface rent, and compensation and site clearance (if any).
- In case the establishment receives capital contribution by land use rights from an organization or individual, the deductible land price to calculate VAT is the price stated in the capital contribution contract. In case the transfer price of land use rights is lower than the price of contributed capital land, the deductible price is the transfer price.

- In case, the Company constructs or does business on infrastructure, or constructs houses for sale, transfer, or lease, the VAT taxable price is the collected amount according to the project implementation progress or the collection schedule stated in the contract minus (-) deductible land price corresponding to the percentage of collected amount on the total contract value.

5. INVOICES

Issue invoices for internal consumption

In case the Company purchases goods to serve internal consumption activities, invoices should be prepared under the provisions of Clause 1, Article 4, Decree No. 123/2020/ND-CP and must state all the contents prescribed in Article 10, Decree No.123/2020/ND-CP. In case, goods are transferred internally to continue production process, invoices will not be issued.

6. LABOR

Rights of labors working in dangerous and toxic conditions

- **Working time**

According to the provisions of Clause 3, Article 105, Labor Code 2019, workers are guaranteed to limit working time, exposed to dangerous and harmful environments by the national technical regulations and relevant laws.

- **Annual leave**

Under the provisions of Clause 1, Article 113, Labor Code 2019, employees working in hazardous environments for the employer for a full 12 months will be entitled to annual leave with full pay as follows:

- 14 days for people doing heavy, toxic and dangerous jobs;
- 16 days for people working in extremely heavy, toxic and dangerous jobs.

- **Private interests of certain subjects**

- For female workers

Pursuant to the provisions of Clause 2, Article 137, Labor Code 2019, female employees who are pregnant or raising children under 12 months old are entitled to a reduce 01 working hour/day or change to easier work.

- For elderly workers

Following the provisions of Clause 3, Article 149, Labor Code 2019, only use elderly

workers when safe conditions are guaranteed.

- For disabled workers

According to the provisions of Clause 2, Article 160, Labor Code 2019, only employ disabled people to do work when they agree.

- **Pension regime**

According to the provisions of Clause 3, Article 169, Labor Code 2019, laborers who work in heavy, toxic, dangerous jobs and occupations; or especially heavy or toxic, dangerous, can retire at earlier age but not more than 5 years old compared to the prescribed retirement age.

- **Sicknesses**

Under the provisions of Article 26, Social Insurance Law 2014, employees working in hazardous environments are entitled to sick leave for the following:

- 40 days if have paid SI for less than 15 years (usual condition is 30 days);
- 50 days if have paid SI for 15 to less than 30 years (normal conditions are 40 days);
- 70 days if have paid SI for 30 years or more (normal conditions are 60 days);

- **Occupational disease regime**

To enjoy occupational disease benefits, employees must ensure the conditions in Article 44 Social Insurance Law 2014 as:

- Obtaining a disease on the list of occupational diseases issued by the MOH and the MOLISA while working in hazardous environments or occupations;
- Reduced working capacity of 5% or more due to occupational diseases.

- **Compensation in kind**

According to the provisions of Clause 1, Article 3 **Circular 24/2022/TT-BLDTBXH** dated 30 November 2022, the conditions to enjoy compensation in kind are:

- Working under occupations and jobs on the list of occupations and jobs that are particularly or extremely heavy, hazardous, and dangerous promulgated by the MOLISA.
- Currently working in an environment with at least 01 of the 02 following factors:
 - o There is at least one of the dangerous or harmful elements that does not meet the allowable hygiene standards and regulations according to provisions of the MOH.

- Exposure to at least 01 ranked 4 points or above factor in the indicator group "Contact with sources of infectious diseases according to the Law on Prevention and Control of Infectious Diseases" (serial number 10.1, Section A, Appendix I, Ban accompanying onion Circular 29/2021/TT-BLDTBXH)

At the same time, by the provisions of Article 4, Circular No.24/2022/TT-BLDTBXH, compensation in kind is calculated according to **daily capitation**; and the corresponding monetary value by the following levels:

- Level 1: 13,000 VND;
- Level 2: 20,000 VND;
- Level 3: 26,000 VND;
- Level 4: 32,000 VND.

Specific compensation levels for each profession and job are specified in **Appendix I** Circular 24/2022/TT-BLDTBXH.

Principles for organizing in-kind training:

- The organization of in-kind training must be carried out during shifts and working days, ensuring convenience, safety, and food hygiene. In cases, the mobile work, dispersed jobs with few people, or unstable labor organizations that cannot organize centralized training on the spot, the employer must provide in-kind items for employees to responsibly self-trains according to regulations. In this case, the employer must make an allocation list, signed by the employee and regularly check the implementation of training.
- Should not pay by cash, into salary (even inclusion in salary unit price) instead of in-kind compensation.

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.