

### 1. CORPORATE INCOME TAX

#### ❖ CIT incentives for expansion investment projects

*OL No. 5115/TCT-CS dated 15 November 2023 issued by the General Tax Department guides as:*

Companies carrying out the development and expansion of their existing investment projects can choose to apply the CIT incentives on:

- The existing project for the remaining period (including the preferential tax rate and any exemption/reduction, if applicable); or
- Exempting and reducing tax for the additional income generated from the expansion project (preferential tax rates not allowed) equivalent to the time of exemption and reduction applicable to new investment projects in the same incentivized area.

#### ❖ CIT incentives for processing activities

*OL No. 22005/CTBDU-TTHT dated 18 September 2023 issued by Binh Duong Province Tax Department guides as:*

Companies conducting new investment projects in the field of processing activities may be entitled to CIT incentives if meet the following conditions:

- The processing activity, in which the Company invests in machinery, equipment, workforce, etc., and receiving all raw materials (or main materials) from a client under a signed processing contract to manufacture products for delivery to clients (except for commercial processing activities as specified in the Commercial Law);
- The new investment project is located in the industrial park (except for industrial parks located in areas with favorable socioeconomic conditions), the CIT incentives may apply as follows:
  - CIT exemption for 02 years from the year generated taxable income
  - CIT reduction of 50% for the 04 subsequent years

### 2. PERSONAL INCOME TAX

#### ❖ PIT of foreigners arriving in Viet Nam before the date of commencing the job

*OL No. 4502/CTBNI-TTHT dated 25 September 2023 issued by Bac Ninh Tax Department guides as:*

In case, foreigners come to Vietnam before the effective date of the labor contract or the starting date of employment, the determination of residence status, the tax period, the obligation to declare and finalize PIT should be the first date the foreigner is present in Vietnam.

### 3. VALUE ADDED TAX

#### ❖ Reduction of VAT

*On Resolution No. 164/NQ-CP dated 04 October 2023, the Government assigns the Ministry of Finance to preside and coordinate with other authorities to:*

Propose the continuation of decreasing 2% VAT in the first 06 months of 2024 from 01 January 2024 to 30 June 2024.

The reduction of VAT is expected to be similar to the period from February to December 2022 as per Decree No.15/2022/ND-CP and July to December 2023 as per Decree No.44/2023/ND-CP respectively.

#### ❖ VAT deduction under DDP terms

*OL No. 68332/CTHN-TTHT dated 21 September 2023 issued by Ha Noi Tax Department guide as:*

For goods imported under DDP terms (Delivered Duty Paid), the seller would be responsible for import tax, and import VAT. Accordingly, the Company is not subject to such import tax and import VAT and also the Company is not entitled to deduct import VAT.

#### ❖ VAT on indemnify value for foreign customers

*OL No. 3162/CTBDI-TTHT dated 13 September 2023 issued by Binh Dinh Province Tax Department guides as:*

- For documents of exported goods paid via bank, the Company should make a written agreement on the selling price reduction; clearly explaining the reason is due to unqualified goods as foreign customer's standard.
- The Company should issue a VAT invoice to adjust the selling price of unqualified exported goods. Based on the adjusted invoice, report or

agreement of both parties, bank payments documents, the Company declares to reduce export revenue according to regulations.

#### 4. OTHER TAXES

##### ❖ **Decision No. 25/2023/QĐ-TTg dated 03 October 2023 of the Prime Minister guides on reducing land rental fee in 2023 as:**

On 03 October 2023, the Prime Minister issued Decision No.25/2023/QĐ-TTg stipulates on reducing land rental fees in 2023 with the following notable points:

- Applicable objects:
  - Organizations, units, businesses, households, and individuals that are directly leasing land from the State according to Decisions or Land Lease Contracts or Certificates of land use rights, ownership of houses and other assets attached to land of a competent state agency in the form of annual land rental payments.
  - Applying to both cases tenants are not eligible for a land rental fee exemption or reduction or enabled according to the provisions of the Land Law.
- Reduction:

- Reducing 30% of the land rental fee payable in 2023 after being reduced and/or deducted according to the current regulations.

- Documents of reduction land and water surface rental fee:

- Letter of Request for land rental fee reduction in 2023 by the tenant per the form issued in the Appendix of this Decision and;
- Copy of Decision/Land Lease Contract or Certificate of land use rights, ownership of housing, and other assets attached to land issued by a competent authority.

#### 5. LABOR

##### ❖ **Decision No. 8108/QĐ-TLĐ dated 16 October 2023 of Vietnam General Confederation of Labor instructs on the distribution of union fee**

Accordingly, the Vietnam General Confederation of Labor regulates the distribution of union fee levels as follows:

- Trade union at the Grassroots Level used 70% of union fees (increasing 10% compared to previous regulation)
- Superior union is used 30% of union fee.

## Abbreviations

MOF	CIT
Ministry of Finance	Corporate Income Tax
MPI	PIT
Ministry of Planning and Investment	Personal Income Tax
OL	VAT
Official Letter	Value Added Tax
MOLISA	SI – HI – UI
Ministry of Labour, War Invalids and Social Affairs	Social Insurance – Health Insurance – Unemployment Insurance
GDT	
General Department of Taxation	

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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*