



June 2024

Newsletter

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1 Regulations on non-cash payment

Decree No. 52/2024/ND-CP dated 15 May 2024 issued by the Government stipulated the implementation of non-cash payments:

E-money is defined as the monetary value in Vietnamese Dong stored on electronic means corresponding to the prepaid amount by customers to foreign banks, bank branches, and intermediary payment service providers providing the e-wallet services.

Prepaid cards and e-wallets are defined as means of electronic storage. The foreign bank, branch of the bank, and intermediary payment service providers are allowed to issue and provide the e-wallets and prepaid cards under the regulations of the State Bank.

The international payments for certain cases are required to be conducted through the commercial banks/foreign bank branches licensed by the State Bank, detailed as follows:

1 Regulations on non-cash payment

- When overseas payment institutions provide payment services, the intermediary services to nonresident customers and foreigners residing in Vietnam to purchase of goods and services in Vietnam; and
- When the intermediary payment services providers (except organizations providing financial switching services) provide the services to customers to purchase goods and services overseas.

Lastly, payment institutions related to the international payments are responsible for accurate and timely provision of information and other requirements to the Vietnamese competent authorities for management purposes by Vietnamese regulations.

2

CIT incentives in case of changing the factory area in the Investment Certificate

OL No. 3358/CTBGI-TTHT dated 09 May 2024 issued by Bac Giang Tax Department about CIT incentives in case of changing the factory area in the Investment Certificate:

In case the Company is entitled to CIT incentives by location and changes the areas in the amendment Investment Registration Certificate, the adjustment in IRC does not impact the eligibility of incentive conditions for the investment project, the Company can:

- Continue to enjoy CIT incentives under the existing project for the remaining period; or
- Enjoy incentives under the expansion investment project if qualifying for the preferential conditions as prescribed in Clause 6, Article 18, Circular No. 78/2014/TT-BTC.

3 Cash reward under the point accumulation program are deductible

OL No. 24940/CTHN-TTHT dated 26 April 2024 issued by Ha Noi Tax Department guidance on the cash rewards under the point accumulation program:

In case the Company incurs cash rewards for the customers as they purchase and accumulate the targeted value under the Company's policies, the payment is defined as a deductible expense when determining CIT taxable income if satisfying the conditions specified in Article 4, Circular No.96/2015/TT-BTC.

4 Costs of destructed raw materials and finished goods are not deductible

OL No. 995/CTVPH-TTHT dated 06 May 2024 issued by Vinh Phuc Tax Department regulated the costs of destructed raw materials and finished goods:

Raw materials or finished products should be destructed due to changes in customer orders or production and business strategies are not considered as force majeure events and are not included in deductible expenses when determining CIT taxable income.

5 Tax withholding on housing allowance for non-residents

OL No. 23289/CTHN-TTHT dated 23 April 2024 issued by Ha Noi Tax Department guides on tax withholding for housing allowance of non-residents:

If the Company paid housing allowance for a non-resided foreign employee, the taxable rent amount will be the actual rental with the capped 15% of the total taxable income arising in Vietnam (excluding housing allowance and associated utilities, if any) according to the instructions in clause 2, Article 11, Circular No.92/2015/TT-BTC.

6 PIT allocation should not be re-determined at the finalization

OL No. 24942/CTHN-TTHT dated 26 April 2024 issued by the Ha Noi Tax Department stipulated PIT allocation re-determined at the PIT finalization:

The Company pays salaries and wages to employees working at business locations in other provinces, withholds PIT by regulations and submits tax declarations under Circular No. 80/2021/TT-BTC.

For the amount of PIT allocated and remitted to the State budget at each province where the employee works, the Company should not re-calculate upon PIT finalization under Item a.1, Point a, Clause 3, Article 19, Circular No. 80/2021/TT-BTC.

7 The VAT rate of 10% shall be applied in case EPEs rent warehouses outside the non-tariff areas

OL No. 2231/CTLAN-TTHT dated 09 May 2024 issued by the Long An Tax Department guidance on the application of the 10% VAT rate for the case of the EPEs rent warehouses outside the non-tariff areas:

In case, the EPEs rent a factory to store raw materials and products while the factory rental service is performed and consumed outside the non-tariff area, the service is not entitled to the VAT rate of 0% as prescribed in Article 9, Circular No. 219/2013/TT-BTC. Therefore, the 10% VAT rate will apply under regulations.

8 Continuing on decreasing VAT rate

Resolution No. 81/NQ-CP dated 28 May 2024 issued by the Government stipulated the continuation of decreasing VAT rate:

The resolution of decreasing 2% VAT for the last 6 months in 2024 is endorsed anticipatedly during the 7th meeting of XV National Assembly.

Draft of the 2% VAT decreasing resolution for the last 6 months in 2024 specifically:

Article 1: Scope of application

1. The 2% VAT reduction shall be applied to the goods and services with a 10% tax rate (8% left), except for the following ones: Telecommunications, financial activities, banking, securities, insurance, real estate business, metals and fabricated metal products, mining products (excluding coal mining), coke, oil refined mines, chemical products; products and services subject to SCT.
2. Applicable duration for decreasing 2% VAT regulated at Clause 1, Article 1 from 01 July 2024 to 31 December 2024.

9 Defective exported goods processing abroad is not subject to FCT

OL No. 12264/CTBDU-TTHT dated 09 May 2024 issued by the Binh Duong Tax Department guides on the defective exported goods processing abroad:

In case, a Vietnamese Company exports goods to customers but does not satisfy the quality requirements according to the signed sales contract, the Company should hire a foreign company to reprocess. As the reprocessing activity is provided and consumed outside Vietnam, the income received by the foreign organization is not subject to FCT.

10

The FCT on forwarding services, international logistics, and international transportation from Vietnam to abroad

OL No. 23287/CTHN-TTHT dated 23 April 2024 issued by Ha Noi Tax Department stipulates the FCT on forwarding services, international logistics, and international transportation from Vietnam to abroad:

In case a foreign company generates income in Vietnam from forwarding services, international logistics or transportation from Vietnam to abroad, the income is subject to FCT according to provisions in Article 1, Circular No. 103/2014/TT-BTC.

In case the foreign contractor does not satisfy one of the conditions stated in Article 8, Circular No. 103/2014/TT-BTC, the Vietnamese company is responsible for deducting, declaring and paying taxes on behalf of foreign contractors according to the instructions in Article 12 and Article 13 of Circular No. 103/2014/TT-BTC, specifically:

The FCT on forwarding services, international logistics, and international transportation from Vietnam to abroad

- For international transportation services from Vietnam to abroad (international freight charges):
 - *VAT rate: international transport freight is subject to the tax rate of 0% (if satisfying the provisions of Clause 2, Article 9, Circular No. 219/2013/TT-BTC) or 3% (if unsatisfying the 0% rate conditions) on taxable revenue.*
 - *CIT rate: tax rate of 2% on taxable revenue*
- For forwarding services, international logistics from Vietnam to abroad (excluding international freight):
 - *VAT rate: 5% on taxable revenue*
 - *CIT rate: 5% on taxable revenue. CIT taxable revenue of forwarding services and international logistics from Vietnam to abroad is the entire revenue the foreign contractor received, excluding international freight payable to the carrier (sea route).*

11 Extending the deadline for paying tax and land rent in 2024

Decree No. 64/2024/NĐ-CP dated 17 June 2024 issued by the Government stipulated the extension of the deadline for paying tax and land rent in 2024:

1. The applicable time for the tax and land rental payment extension in 2024

- Extending the tax payment deadline for the arising VAT payable (including amounts allocated to other provincialities where the taxpayer is located headquartered, amounts paid each time arises) in the tax period from May to September 2024 (in case of monthly VAT) or the second and third quarter of 2024 (in case of quarterly VAT) of enterprises and organizations mentioned in Article 3 of this Decree:
 - The deadline for VAT remittance of May 2024 is 20 November 2024.
 - The deadline for VAT remittance of June, July, August, and September 2024 is 20 December 2024.
 - The deadline for VAT remittance of the second and third quarter of 2024 is 31 December 2024.

Note: The above provisions do not apply to VAT on imported goods.

11 Extending the deadline for paying tax and land rent in 2024

- Extending the tax deadline for temporarily paid CIT in the second quarter of 2024 to enterprises and organizations specified in Article 3 of this Decree. The extension period is 03 months from the end of the CIT remittance deadline according to the provisions in the Law on Tax Administration.
- Extending the tax remittance deadline of VAT and PIT payable arising in 2024 for households and individual businesses operating in the economic sectors and fields mentioned in Clause 1, Clause 2 and Clause 3, Article 3 of this Decree. Households and individual businesses should remit the extended tax payable by this clause no later than 30 December 2024.
- Land rent: Extending the deadline for 50% of the land rental payable arising in 2024 (the payable in the second period of 2024) to businesses, organizations, households, and individuals subject to regulations in Article 3 of this Decree and is being leased directly by the State according to the Decision or Contract of a competent state agency in the form of annual payment. The extension duration is 02 months from 31 October 2024.

11 Extending the deadline for paying tax and land rent in 2024

2. Order and procedures for extension

- Taxpayers submit the extension request electronically or by paper to the direct managing Tax Authority according to the Appendix attached with the Decree at the time of declaration submission
- The submission for the extension request is no later than 30 September 2024 in case the request is not submitted concurrently with the declarations

This Decree is effective from the date of signing to 31 December 2024.

12 Compulsory Insurance premium rate from 1 July 2024

Notice No. 4767/TB-BHXH dated 01 July 2024 issued by the Ho Chi Minh City Social Insurance Department regulated the payment of social insurance, health insurance, unemployment insurance, occupational accident and disease insurance from 01 July 2024

The ceiling rate for compulsory social insurance, health insurance and occupational accident and disease insurance payment is **46,800,000 VND/month**.

The ceiling rate of unemployment insurance is 20 times the regional minimum salary:

- Region I is 99,200,000 VND/month.
- Region II is 88,200,000 VND/month.

Abbreviations

VAT	Value Added Tax	MOF	Ministry of Finance
PIT	Personal Income Tax	GDT	General Department of Taxation
CIT	Corporate Income Tax	MOIT	Ministry of Industry and Trade
FCT	Foreign Contractor Tax	MOLISA	Ministry of Labor, War Invalids and Social Affairs
SCT	Special Consumption Tax	DPI	Department of Planning and Investment
IET	Import and Export Tax	SBV	The State Bank of Vietnam
OTH	Other	EPE	Export processing enterprises
OL	Official Letter	EPZ	Export Processing Zone
ACC	Accounting	IZ	Industrial Zone
LAB	Labor		



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KMC's 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.





Connect with us.

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