

# Updates on the regulations related to tax and labor

September 2017



---

# Contents

---

In this month's newsletter, Grant Thornton Vietnam would like to update the regulations related to tax and labor as follows:

1.



---

Depreciation of fixed assets which have not completed the procedures for changing ownership is not allowed

2.



---

Whether expenses for obtaining a temporary residence card and visa paid for by the Company on behalf of foreign employees are subject to PIT

3.



---

Granting the Work Permit for an expatriate working in Vietnam online system

## 1. Depreciation of fixed assets which have not completed the procedures for changing ownership is not allowed

Ho Chi Minh City Tax Department has provided guidance for the case where an enterprise which has purchased a functioning office from transferor third party and has made full payment to the transferor, however they are not allowed to recognise such office as a fixed asset and make depreciation as the transferor does not have sufficient documents to prove its ownership of such office and has not completed the ownership-transfer procedures.

## 2. Whether expenses for obtaining a temporary residence card and visa paid for by the Company on behalf of foreign employees are subject to PIT

The General Department of Taxation provided detailed guidance as follows:

- In cases where the expenses for obtaining a temporary residence card and visa for a foreign employee is paid for by the Company on their behalf should be recorded as taxable income in form of salaries, wages and should be declared for PIT in line with relevant regulations.
- If the Company employs an expatriate, the Company is responsible for requesting the issuance of a work permit for such expatriate, so such expenses paid by the Company are not included in the taxable income of the employee.

## 3. Granting the Work Permit for an expatriate working in Vietnam online system

The Minister of Ministry of Labor – Invalids and Social affairs has issued the Circular which takes effect from 2 October 2017 to provide guidance in granting work permits for foreign employees working in Vietnam online.

Accordingly, from the effective date of such Circular, the employer can chose one of the two options below to submit a report and explanation for requiring foreign employees; Application dossier for obtaining, or re-obtaining work permits; or Application dossier for certification of exemption from work permit:

- a) Submit directly or via post to the relevant authority and the work permit-granting authority; or
- b) Submit via **electronic information portal**.



## Grant Thornton Vietnam would like to provide some important notes as follows:

### Approval for requesting approval for the hire of foreign employees:

At least 20 days before the proposed date of hiring a foreign employee, the employer (except for contractors) has to declare information and submit a report with an explanation of the need for recruiting a foreign employee in accordance with Article 4, Decree No. 11/2016/ND-CP to the relevant authority via the **electronic information portal**, except for some cases mentioned in Clause 4, 5 and 8, Article 172 of Labor Code and Point e and h, Clause 2, Article 7 of Decree No. 11/2016/ND-CP.

In case of a change in the need for using a foreign employee, the employer should send a report explaining the changes at least 10 days before the proposed date of hiring the foreign employee via the electronic information portal.



### 20 days

Approval for requesting approval for the hire of foreign employees



### 7 days

Granting Work permit



### 5 days

Certification of foreign workers eligible for exemption from work permits

### Granting Work permit:

At least 7 working days before the date on which the foreign employee proposes to start working, the employer has to declare information and submit an application dossier for obtaining Work a permit according to Article 10 of Decree No. 11/2016/ND-CP to the work permit-granting authority via electronic information portal.

After receiving the result of application dossier for granting a work permit, which is consistent with regulations, the employer needs to submit the original dossier directly or by post to the work permit-granting authority to check, reconcile and file as stipulated.

### Certification of foreign workers eligible for exemption from work permits

At least 05 working dates before the date on which the foreign employee starts working, the employer has to declare information and submit an application for certification of exemption from work permit according to Clause 3, Article 8 of Decree No. 11/2016/ND-CP to the work permit-granting authority via the electronic information portal, except for cases in Clause 4 and 5, Article 172 of Labor Code and Point e, Clause 2, Article 7, Decree No. 11/2016/ND-CP.

Please kindly contact with consultants of Grant Thornton for further advice regarding taxation, work permit for foreign employees or legal matters during business operation.

# Contacts

This newsletter is for reference purposes only. Grant Thornton Vietnam holds no responsibility for mistakes therein, as well as damages caused by the use of information from this newsletter without official advisory opinions from Grant Thornton Vietnam before practice.

Should you need to us information from this newsletter or support from Grant Thornton Vietnam, please contact our professional consultants

To view more information  
Please visit our website

[grantthornton.com.vn](http://grantthornton.com.vn)

## Head Office in Hanoi

18<sup>th</sup> Floor, Hoa Binh International Office Building  
106 Hoang Quoc Viet Street, Cau Giay District, Hanoi, Vietnam  
T + 84 24 3850 1686  
F + 84 24 3850 1688

### Hoang Khoi

Tax Partner  
National Head of Tax  
D +84 24 3850 1618  
E [khoi.hoang@vn.gt.com](mailto:khoi.hoang@vn.gt.com)

### Nguyen Dinh Du

Tax Partner  
D +84 24 3850 1620  
E [du.nguyen@vn.gt.com](mailto:du.nguyen@vn.gt.com)

### Pham Ngoc Long

Tax Director  
D +84 24 3850 1684  
E [long.pham@vn.gt.com](mailto:long.pham@vn.gt.com)

### Kaoru Okata

Director – Japanese Desk  
D +84 24 3850 1680  
E [kaoru.okata@vn.gt.com](mailto:kaoru.okata@vn.gt.com)

## Ho Chi Minh City Office

14<sup>th</sup> Floor, Pearl Plaza  
561A Dien Bien Phu Street, Binh Thanh District, Ho Chi Minh City, Vietnam  
T + 84 28 3910 9100  
F + 84 28 3910 9101

### Nguyen Hung Du

Tax Partner  
D +84 28 3910 9231  
E [hungdu.nguyen@vn.gt.com](mailto:hungdu.nguyen@vn.gt.com)

### Valerie – Teo Liang Tuan

Tax Director  
D +84 28 3910 9235  
E [valerie.teo@vn.gt.com](mailto:valerie.teo@vn.gt.com)

### Tran Hong My

Tax Director  
D +84 28 3910 9238  
E [hmy.tran@vn.gt.com](mailto:hmy.tran@vn.gt.com)

### Masato Karoji

Director – Japanese Desk  
D +84 28 3910 9135  
E [masato.karoji@vn.gt.com](mailto:masato.karoji@vn.gt.com)

### Tran Nguyen Mong Van

Tax Director  
D +84 28 3910 9233  
E [mongvan.tran@vn.gt.com](mailto:mongvan.tran@vn.gt.com)

