



Update on new regulations and important tax policies

June 2020



Content

In this newsletter, Grant Thornton Vietnam would like to update recent important regulations and important tax policies including:



Resolution No. 954/2020/UBTVQH14 on adjustment of family relief for PIT purpose



Resolution 84/NQ-CP on a number of solutions to support businesses after Covid-19



Official Letter No. 5977/BTC-TCT on the implementation of Decree No. 41/2020/ND-CP



Decree No. 57/2020/ND-CP amending the preferential import-export tariff

1. Resolution No. 954/2020/UBTVQH14 on adjustment of family relief for PIT purpose

On 02 June 2020, The Standing committee of the National Assembly issued Resolution to adjust family deduction specified in Clause 1 Article 19 of the Law on Personal Income Tax No. 04/2007/QH12, amended by Law No. 26/2012/QH13, in details:

- Personal relief for tax payer is VND11,000,000 /month (previously was 9,000,000 VND/month); and
- Dependent relief for each dependent is VND4,400,000/month (previously was VND3,600,000/month)

This Resolution comes into effect from 01 July 2020 and is applied from the tax period of 2020.



2. Resolution 84/NQ-CP on a number of solutions to support businesses after Covid-19

On 29 May 2020, the Government issued Resolution 84/NQ-CP on solutions for production and business activities during the Covid-19 pandemic. Specifically, the Resolution has some notable points as follows:



Reduce 15% of the payable land rent in 2020 for enterprises, organizations, households and individuals which the Government lease land directly in accordance to Decision, Contract issued by relevant authority and under annual rental payment, have to stop production and business due to the impact of Covid-19 epidemic.



Reduce 2% interest rates for direct loans, indirect loans for small and medium enterprise from Development Fund for small and medium enterprises.



Reduce 50% of registration fee when registering domestically manufactured or assembled cars until the end of 2020 to stimulate domestic consumption.



Extend of the time limit for Special Consumption Tax payment for domestically manufactured or assembled automobiles for tax payable incurred from March 2020; Deadline for extension is no later than 31 December 2020. The Government continues to research and revise Special Consumption Tax payment regulations to support the development of domestic manufacturing.

2. Resolution 84/NQ-CP on a number of solutions to support businesses after Covid-19



Allow foreign experts, enterprise managers, investors, highly skilled foreign workers working on investment and business projects in Vietnam to enter Vietnam to maintain production and business activities of enterprises, ensuring compliance with the regulations on prevention and control of epidemics. It is strictly forbidden to discriminate against foreigners living and working in Vietnam.

In this regard, the Department of Labor, War Invalids and Social Affairs of Ho Chi Minh City also issued Official Letter 13413 / SLĐT BXH-VL ATLĐ on 29 May 2020 providing more specific guidance on the official letter and registration form of the enterprise for entry into Ho Chi Minh City.



Renewal of work permits for professionals, enterprise managers, technical workers who are foreigners working in enterprises; issue new work permits to experts, enterprise managers, highly skilled foreign workers to replace those who are not allowed to enter or return to Vietnam.



Allow contributions and support in anti-epidemic activities of Covid-19 is deductible expense when calculating Corporate Income Tax.



In addition, the Government is also submitting to the Standing Committee of the National Assembly for consideration and decision to reduce the 30% CIT payable for small and micro enterprises by 2020 to support in the context of the Covid-19 pandemic.



3. Official Letter No. 5977/BTC-TCT on the implementation of Decree No. 41/2020/ND-CP

On 20 May 2020, the Ministry of Finance issued Official Letter No. 5977/BTC-TCT on the implementation of Decree No. 41/2020/ND-CP to ministries, ministerial-level authority, and authorities under Government and People's Committees of provinces and cities under central authority.

Accordingly, the Ministry of Finance noted 06 contents related to the extension of payment of corporate income tax and value added tax in Article 3 of Decree 41. Specifically,

3. Official Letter No. 5977/BTC-TCT on the implementation of Decree No. 41/2020/ND-CP



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The payable CIT amount according to the tax finalization for the 2019 tax period:

- Excluding quarterly provisional CIT as prescribed in Clause 6, Article 4 of Decree 91/2014/ND-CP and Article 17 of Circular 151/2014/TT-BTC;
- Maximum 20% of the total tax amount to be paid in the whole year according to the settlement.



2

In case an enterprise has a CIT period of a fiscal year that does not coincide with the calendar year: the extended tax payment time limit shall be determined in accordance with the enterprise's tax period.



3

If the taxpayer supplement the 2019 CIT finalization dossier in accordance with the Law on Tax Administration which increase the payable CIT amount, it must be submitted and sent to the tax authority before the deadline for extended tax payment:

- The extended tax amount is determined according to the principle in note (1) above, of which the tax payable amount for the whole year is based on the supplement declaration dossier.



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In case of tax audit, tax inspection for the 2019 CIT finalization and issuing conclusions before the deadline of the extended tax payment then:

- The total extended amount tax to be extended is determined according to the principle in note (1) above, of which the amount of tax to be paid for the whole year is based on the results of tax audit or inspection.
- The extension deadline is 05 months from the deadline for submission of CIT finalization dossier for the tax period 2019.



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Enterprises eligible for extension of tax payment, land rent is eligible for extension of payable VAT including VAT of the head office and the payable VAT amount in the province where the current construction or business is conducted or having inter-provincial construction.

4. Decree No. 57/2020/ND-CP amending the preferential import-export tariff

On 25 May 2020, the Government issued Decree No. 57/2020/ND-CP, on the export tariff, list of goods and absolute tax, mixed tax and import duty outside tariff quotas. Some notable points are as follows:

- Issue preferential import and export tariff according to the list of taxable products, the list of goods and the absolute tax, mixed tax, and import duty outside the tariff quotas.
- Stipulate the preferential import tax rate of 0% for domestically unavailable raw materials, supplies and components to produce, process (assemble) supporting products prioritized for development for the manufacturing industry, assembly of automobiles in the 2020-2024 period. Subjects of application for the above provisions include:
 - Enterprises manufacturing, processing (assembling) automobile components and spare parts;
 - Enterprises manufacturing and assembling self-manufacturing automobiles, process (assemble) auto components and spare parts by themselves.

Tax incentive consideration period: Maximum for 06 months from 01 January to 30 June or from 01 July to 31 December every year.

- In addition, abolish the content of "Provisions on preferential import tax rates for a number of goods subject to WTO commitments from 1 January 2019 onwards" in Decree 125/2017/ND-CP and the Appendixes attached to Decree 125.

Decree 57/2020/ND-CP takes effect from 10 July 2020, except for the provisions of Clause 3, Article 2 on preferential import tax rates for automotive components applicable from 1 January 2020.

Contact

Please contact our professional advisors at Grant Thornton Vietnam for assistance with taxation, accounting, transfer pricing, labour, investment and customs as well as other legal issues you may have during your business operation.

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