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I. CORPORATE INCOME TAX

Official Letter No. 1746/TCT-CS dated 4th May 2020 issued by the General Tax Department answering Hung Yen Tax Department about recording deductible VAT input to Company's deductible expenses.

This Official Letter mentions that the Company has VAT input corresponding exported goods which are eligible for deduction, but the Company not only does not declare for VAT deduction, but also records it into deductible expenses when determining CIT.

After tax inspection, the Tax authority has detected and excluded out of all VAT input recorded as deductible expenses, and accordingly issued a decision of collecting and penalizing for the wrong CIT finalization. If the Company has fully paid CIT and the fines according to the regulations, the Company could declare the additional deductible VAT. However, it would still be settled according to regulation in the case of the tax authorities and the competent authorities who have the right to inspect and detect violations (according to the provisions of Clause 5, Article 10, Circular No. 156/2013/TT-BTC).

Official Letter No. 10579/CT-TTHT dated 13th May 2020 issued by Binh Duong Tax Department on enjoying CIT incentives for project progress being late than its schedule in Investment Registration Certificate.

This Official Letter refers to the case of the Company has carried out the project continuously from the time it was granted the Investment License, built factories, purchased equipments, fixed assets and incurred purchase invoice to serve the construction of the plant project, but the delay of contractors during the project implementation, it could not meet the demand to complete the project for operation on the schedule written on the Investment Registration Certificate.

In the opinion of Binh Duong Tax Department, if Company implements a new investment project in an industrial zone (except for industrial zone located in areas with favorable socio-economic conditions) and is implemented according to the right purposes, the income from project implementation of the Company is still enjoying CIT incentives under the deduction of incomes a, b and c stated in Clause 3, Article 18 of Circular No. 78/2014/TT-BTC dated 18th June 2014.

II. PERSONAL INCOME TAX

Official Letter No. 16468/CT-TTHT dated 31st March 2020 issued by Ha Noi Tax Department about PIT for the income from leasing real estate for foreign resident.

According to this Official Letter, if a foreign resident earns income from renting a house in Japan, the individual has to declare PIT in Vietnam for income from leasing real estate abroad.

The declaration is performed as follows:

- VAT and CIT: If the income is from leasing real estate with total revenue of over VND 100 million in calendar year, the lessor shall declare VAT and CIT at the local Tax Department where the lessors earned income from salaries and wages. The deadline for submitting a quarterly tax declaration or provisional quarterly tax declaration is the 30th of the quarter succeeding current quarter in which tax is incurred.



- License fee: The lessors had to declare and pay License fee no later than 30th January annually if the assessable revenue from leasing real estate activities is more than 100 million. The level of payment is as follows:

- + Revenue over VND 500 million/year: VND 1,000,000
- + Revenue from over VND 300 million to VND 500 million/year: VND 500,000
- + Revenue from over VND 100 million to VND 300 million/year: VND 300,000

In principle of applying the tax exemption or reduction according to a Double taxation agreement between Viet Nam and Japan: In case a resident of Viet Nam earns income in Japan, if the tax payer in Japan has deducted PIT, the amount of tax payable in Viet Nam shall be deducted in the PIT amount payable in Viet Nam corresponding with the amounts paid in Japan, the deducted tax could not exceed the tax payable according to PIT progressive table in Vietnam for the allocation of the income generated abroad. The allocation rate is determined by the ratio of the income tax amount arising in Japan to the total taxable income.

III. OTHERS

Official Letter No. 923/BHXH-QLT dated 19th April 2020 issued by Ho Chi Minh Social Insurance on supplementing the conditions for entitlement to policies to support workers affected by the Covid-19 epidemic in Official Letter No. 906/BHXH-QLT dated 28th April 2020.

According to Official Letter No. 906/BHXH-QLT dated 28th April 2020, Ho Chi Minh Social Insurance guides conditions for postponement of labor contracts or unpaid leave due to difficulties in enterprises by the Covid-19 epidemic is as follows:

1. The period of postponement of the labor contract, unpaid leave within the term of the labor contract, from 01 month or more, counting from 1st April 2020 to the end of 30th June 2020 and the period to start delaying implementation Labor contracts, unpaid leave from 1st April 2020 to 1st June 2020.
2. Participating in Compulsory Social Insurance up to the time immediately before suspending the performance of labor contracts or unpaid leave.
3. Working at enterprises without revenue or financialess fund to pay salaries (after using the salary provision funds, after-tax profits sources and other lawful financial sources of enterprises, ending balance until 31st March 2020) due to the effects of the Covid-19 pandemic.

The above conditions are supplemented in accordance with Official Letter No. 923/BHXH-QLT dated 19th April 2020 issued by Ho Chi Minh Social Insurance as follows:

1. The period of postponement labor contracts, unpaid leave from 01 month continuously or more in a period from 1st April 2020 to the end of 30th June 2020; the time of starting postponement and unpaid leave from 1st February 2020 onwards.
2. There is a written agreement to suspend the employment contract or unpaid leave due to the impact of Covid-19.
3. Having participated in compulsory social insurance before the time of postponement or unpaid leave



In conclusion, Official Letter No. 923/BHXH-QLT has added the following 3 conditions:

1. Change the time of starting postponement, unpaid leave from 1st April 2020 to 1st June 2020 into 1st February 2020 onwards.
2. Request for additional Minute of Agreement between employee and enterprise about postponement of labor contract or unpaid leave due to the impact of Covid-19.
3. Employees have participated in compulsory social insurance until before the time of postponement or unpaid leave.

Decree No. 58/ND-CP dated 27th May 2020 issued by the Government about Compulsory Social Insurance payment for labors accident and occupational disease Insurance Fund.

This decree supplements the regulations on conditions of 0.3% closing to the workers' Compensation Insurance Fund and occupational diseases with enterprises operating in high-risk professions of occupational accidents, occupational diseases are as follows:

1. Within 03 years up to the point of the proposed non-sanctioned administrative violations in the form of fines, do not be traced criminal liability for violations of law on safety, hygiene and social insurance.
2. Making periodic reports of worker's accidents and reports on safety and hygiene of accurate, complete and timely Labor for 03 consecutive years before the proposed year
3. The frequency of labor accidents of adjacent years before the proposed year must be reduced from 15% or more compared to the average labor accident frequency of 03 consecutive years before the proposed year or not to occur labor accidents from 03 consecutive years before the proposed year.

The category of high-risk trades on worker's accidents and occupational diseases is prescribed in Article 8, Circular No. 07/2016/TT- BLDTBXH as follows:

1. Mining, coke production, production of refined petroleum products.
2. Manufacture and production of chemical products from rubber and plastics.
3. Manufacture metal and metal products.
4. Manufacture of products from non-metallic mineral.
5. Construction works.
6. Shipbuilding and repairing vessels.
7. Production, transmission and distribution of electricity.
8. Processing and preserving aquatic products and products from seafood.
9. Manufacture of textile products, sewing, leather, shoes.
10. Recycling of scraps.
11. Sanitation of the environment.



The Decree comes into force from 15th July 2020.

Official Letter No. 5977/BTC-TCT of the Ministry of Finance on noticing about the extension of CIT and VAT deadline for payment according to Decree No. 41/2020/ND-CP.

In relation to the extension of tax payment prescribed in Decree No. 41/2020/ND-CP, the required documents, the orders, and the procedures are instructed carefully by this Decree without extension additional circular guidance.

The Ministry of Finance notices some contents of the extension on VAT payment and CIT regulation in Article 3, Decree No. 41/2020/ND-CP as follows:

On extension of the deadline for payment of CIT:

-The CIT payment in accordance with CIT finalization 2019 is extended to no more than 20% of the total CIT payable in current fiscal year.

- In case of enterprises with CIT finalization in current fiscal year does not match the calendar year, the extension deadline shall be determined in accordance with the CIT finalization period.

-The increased tax amounts due to the additional declaration or the Tax authority inspection are still extended for payment, as long as no more than 20% of above CIT payment.

-The maximum extension period is no more than 5 months from the deadline of CIT finalization for the year 2019.

On Extension of the deadline for payment of VAT:

-Enterprises and organizations subjecting to the extension are extended the tax payment period including the VAT payable at head office and in the locality where the business has current intercity construction and intercity construction activities.

**Các từ viết tắt**

CIT	Corporate Income Tax	CTLD	Joint Venture Company
PIT	Personal Income Tax	Ltd.	Limited
VAT	Value-added Tax	PC	People' Committee
FCT	Foreign Contractor Tax	MOF	Ministry of Finance
FA	Fixed Asset	MOT	Ministry of Trade
GTD	General Department of Taxation	MOLISA	Ministry of Labor, Invalid and Social Affairs
EPE	Export Processing Enterprise	DPI	Department of Planning and Investment
EPZ	Export Processing Zone	OL	Official Letter
ALU	Agricultural Land Use	SBV	State Bank of Vietnam
IZ	Industrial Zone	FC	Foreign Contract



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