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I. CORPORATE INCOME TAX

Official Letter No. 4492/TCT-CS dated November 4th, 2019 of the General Department of Taxation about tax policies for housing construction for officials and employees.

According to Article 9, Circular 45/2013/TT-BTC and Clause 2.2, Article 4, Circular 96/2015/TT-BTC, all types of construction for workers such as cafeteria, motels, parking site, including houses by purchasing or investment construction by the Company, are accepted as fixed assets, being depreciated and deducted for input VAT.

However, this regulation does not apply to beneficiaries who are employees of the Company's partners. For example, if the Company invests in constructing or purchases the houses for experts or technical employees from the partners during business trip, the houses depreciation will be not considered as reasonable expenses and not deducted in CIT finalization.

II. PERSONAL INCOME TAX

Official Letter No. 79762/CT-TTHT dated October 22th, 2019 of Ha Noi Tax Department about declaring FCT for foreign individuals.

In case the company signs a contract to receive production technology transferred from a foreign individual, when the company pay income, whether the company deducts tax or not and how to do this?

The answer is dependable on whether the foreigner is a trader or not, the Company has to follow different regulations accordingly:

- If this foreign individual is a trader (registered business license), the income from the contract is subject to FCT, the Vietnamese Company is responsible for paying VAT and PIT on behalf of the trader by form 01/CNKD issued in Circular 92/2015/TT-BTC.
- Conversely, if this person is not a trader (not registered business license), the income from the contract is considered to be the income from providing services and it is only subjected to PIT. The PIT computation is either progressive tariff or 10% or 20% depending on the type of contract and the status of residence.

Notice of the General Department of Taxation that individuals will make electronic tax declaration from November 2019.

In order to meet tax regulations for individuals mentioned in Circular No. 92/2015/TT-BTC and Circular No. 66/2019/TT-BTC guiding electronic transactions in taxation, recently the GDT has upgraded the applications of the eTax software for Individual functions in version 1.0.3 and reading supporter, verifying declarations, tax notices in XML format (iTaxViewer) in version 1.5.9.

Accordingly, after the upgrade, the application will meet the electronic process of reception and processing in the following cases:



- A business individual paying tax by flat tax method or by each occurrence shall declare into Form No. 01/CNKD.

- An individual who are insurance agent, lottery agent, multi-level sales agent or other business and has not deducted and paid tax in the year should made the tax declaration in form No. 01/TKN-XSBHDC.

Resident and non-resident individuals earning income from salaries and wages must declare PIT directly to the tax authority according to Form 02/KK-TNCN.

(The above declaration forms are issued together with the Circular No. 92/2015/TT-BTC of the MOF.)

Taxpayers who are individuals in the above cases will declare and submit electronic tax declaration on the website portal of tax authorities according to the instructions in the attached document from November 2019.

III. VALUE ADDED TAX

Official Letter No. 4349/TCT-KK dated October 25th, 2019 of the General Department of Taxation about VAT declaration for Company investing projects outside the province.

The Company has investment projects outside the province, the tax declaration for the project will be applied as below:

- If the Company is EPE, it is exempted from VAT declaration for the investment projects outside the province.

- If the Company is not EPE, it is mandatory to submit the tax declaration by form no. 02/GTGT for the investment project outside the province.

In case of an EPE company having an investment project on import and export, but it is located outside the EPE company or processing zone, it is required to set up a branch to carry out this activity, declare and pay VAT for tax authorities managing the branch.

IV. OTHERS

Official Letter No. 7537/BKHDT-QLDT dated October 14th, 2019 of the Ministry of Planning and Investment guiding the implementation of bidding law.

Pursuant to Point b, Clause 1, Article 5, Bidding Law No. 43/2013/QH13, contractor has to meet the requirement of “independent accounting” to be eligible for bidding.

However, according to Clause 1, Article 84, Civil Law No. 91/2015/QH13, branch is not a legal entity, just a dependent entity of the legal entity. As a result, it does not have independent asset and could not take responsibility by its asset.



So, branch is not regarded as independent accounting unit and ineligible for bidding, including bidding appointment method.

Official letter No. 80503/CT-TTHT dated October 24th, 2019 issued by Ha Noi Tax Department regarding tax policy for interest arising from time deposits of representative offices.

Accordingly, income from loan interest including deposit interest income (except for the deposit interest of foreign individuals, and interest from deposits for operation in Vietnam of diplomatic agencies, representative offices of foreign organizations and non-governmental organizations) are subjected to CIT (Clause 3, Article 7, Circular 103/2014/TT-BTC).

Hence, if the foreign bank establishes a representative office in Vietnam, it has an obligation to declare and pay FCT with a CIT rate of 5% on its interest from deposits in Vietnam.

However, income from interest is exempted from VAT according to Article 8, Circular 151/2014/TT-BTC.

Article No. 90/2019/ND-CP dated November 15th, 2019 of the Government stipulating the regional minimum salary for employee with labour contract.

Accordingly, from 01/01/2020, regional minimum salary would increase from VND 150,000 – 240,000 per month, specifically:

- Region I: From VND 4,180,000 to 4,420,000 per month (VND 240,000);
- Region II: From VND 3,710,000 to 3,920,000 per month (VND 210,000);
- Region III: From VND 3,250,000 to 3,430,000 per month (VND 180,000);
- Region IV: From VND 2,920,000 to 3,070,000 per month (VND 150,000).

This is the minimum wage for employees working simple tasks. For those with training, the minimum wage has to be increased by 7%.

This Circular will be effective from 01/01/2020 and replace the Circular No. 157/2018/ND-CP dated 16/11/2018.



Abbreviation

CIT	Corporate Income Tax	CTLD	Joint Venture Company
VAT	Value-added Tax	PC	People' Committee
PIT	Personal Income Tax	Ltd.	Limited
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



I-GLOCAL CO., LTD. VINA BOOKKEEPING CO., LTD

Ho Chi Minh City Office

14th Floor, TNR Tower, 180-192 Nguyen Cong Tru, District 1, HCMC, Vietnam

Tel: +84 28 3827 8096 Fax: +84 28 3827 8097

Takayuki Jitsuhara (實原): takayuki.jitsuhara@i-glocal.com

Vo Tan Huu: vo.tan.huu@i-glocal.com

Tran Nguyen Trung: tran.nguyen.trung@i-glocal.com

Cao Hoang Vuong: cao.hoang.vuong@i-glocal.com

Tran Cong Hung: tran.cong.hung@i-glocal.com

Duong Quynh Nga: duong.quynh.nga@vinabookkeeping.com

Hanoi Office

R.1206, 12th Floor, Indochina Plaza Hanoi Tower, 241 Xuan Thuy, Cau Giay Dist., Hanoi, Vietnam

Tel: +84 4 2220 0334 Fax: +84 4 2220 0335

Naoki Fukumoto (福本): naoki.fukumoto@i-glocal.com

Ta Huong Ly: ta.huong.ly@i-glocal.com

Nguyen Thi Dung: nguyen.thi.dung@vinabookkeeping.com

Website: <http://www.i-glocal.com>

<http://www.vinabookkeeping.com>