



**IC&PARTNERS VIETNAM**

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# TAX NEWSLETTER

JUNE 2021



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***Conditions for application of Corporate Income Tax (CIT) incentives for projects on manufacturing of supporting products***

**What is supporting products?**

Clause 1, Article 3 of Circular No. 55/2015/TT-BCT defined: “*Supporting products mean products in the industries of materials, accessories, components and spare parts used for finished goods*”.

**Conditions for application of CIT incentives:**

Decree No. 57/2021/ND-CP supplements Point g, Clause 2, Article 20 of Decree No. 218/2013/ND-CP on cases where enterprises are entitled to priority support when simultaneously meeting the following conditions::

- Having investment projects (new investment and expansion investment) for manufacturing of products on the list of prioritized supporting products, implemented before January 1, 2015;
- Meeting conditions related to project for manufacturing of supporting products according to Law No. 71/2014/QH13;
- Granted Incentive certification for manufacturing of supporting products by competent authority.

*Decree No. 57/2021/ND-CP takes effect on June 4, 2021*



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### ***Determination of time of Corporate Income Tax (CIT) incentive for projects on manufacturing of supporting products***

Decree No. 57/2021/ND-CP issued by the Government on June 04, 2021 supplements regulations on CIT incentives for projects on manufacturing of supporting products. In particular, Point g4, Clause 1 of the Decree provides guidance on determining the remaining time of incentives.

- The remaining time of tax exemption/reduction is determined by the time of tax exemption/reduction according to conditions for manufacturing of supporting products minus one enjoyed according to other incentives.
- The remaining time of application of incentive tax rate is determined by the time of incentive tax rate according to conditions for manufacturing of supporting products minus one enjoyed according to other incentives.

If taxpayers' implementation as prescribed by the Decree (including case in which tax authorities carried out the inspection) leads to reduction of CIT, late payment interest (*if any*), taxpayers shall submit a written request to their supervisory tax authorities to reduce CIT payable declared or audited, inspected by tax authorities and corresponding late payment interest (*if any*).

After adjusting, if there are overpaid CIT amount and overpaid late payment interest arising, the enterprises will comply with the provisions of Article 60 Law on tax administration dated June 13, 2019 and the written implementation guidelines.

*Decree No. 57/2021/ND-CP takes effect on June 4, 2021*



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Circular No. 31/2021/TT-BTC issued by the Ministry of Finance on May 17, 2021 regulates the application of risk management in tax administration. In particular, Article 22 indicates that taxpayers will be kept under the emphasized supervision if they have one of the following signs:

- They are selected from the list of taxpayers that are non-compliant as prescribed in Article 10, the list of very high-risk and high-risk taxpayers as prescribed in Clause 1 Article 11 hereof and those failing to provide explanation and additional information or those providing explanation and additional information but they are inadequate or are submitted after the prescribed deadline stated in written notices of tax authorities.
- Their bank transactions show suspicious signs in accordance with regulations of the Law on anti-money laundering in terms of tax evasion and tax fraud.
- They or their legal representatives are under investigation for their violations related to taxes, invoices and evidencing records.
- They have signs of high tax risks to the extent of being classified as subjects of emphasized supervision or need to keep under tax supervision through information collected for tax authorities' administration.

*Circular No. 31/2021/TT-BTC takes effect on July 02, 2021.*



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***Conditions for grant of preferential export tariff and special preferential import tariff under UKVFTA***

On May 21, 2021, the Government issues Decree No. 53/2021/ND-CP on Vietnam's preferential export tariff schedule and special preferential import tariff schedule for the free trade agreement between Vietnam and the United Kingdom of Great Britain and Northern Ireland in the period of 2021 – 2022.

Accordingly, the Decree stipulates conditions for grant of preferential export tariff and special preferential import tariff under UKVFTA as following:

**Conditions for grant of preferential export tariff rates:**

According to Clause 2, Article 4, Decree No. 53/2021/ND-CP, goods exported from Vietnam shall be entitled to the preferential export tariff rates specified in Annex I enclosed here if:

- They are imported to the United Kingdom of Great Britain and Northern Ireland.
- They are supported by transport documents (copies) on which the country of destination is the United Kingdom of Great Britain and Northern Ireland.
- There are import declarations proving that goods are exported from Vietnam to the United Kingdom of Great Britain and the declarations is made in a language other than English.





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**Conditions for grant of special preferential import tariff rates:**

According to Clause 3, Article 5, Decree No. 53/2021/ND-CP, goods imported to Vietnam shall be eligible for the special preferential import tariff rates under UKVFTA if:

- They are included in the special preferential import tariff schedule in the Annex II enclosed herewith.
- They are imported to Vietnam from:
  - The United Kingdom of Great Britain and Northern Ireland; or
  - The Socialist Republic of Vietnam (goods imported from free trade zones to the domestic market).
- They meet requirements pertaining to origin of goods and are supported by proofs of origin as provided for in UKVFTA.

*Decree No. 53/2021/ND-CP takes effect on May 21, 2021.*



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***The investment projects eligible for Value-added tax (VAT) refund***

According to the Official Letter No. 20215/CTHN-TTHT issued by the Hanoi Department of Taxation on June 07, 2021, enterprises with investment projects eligible for Value-added tax (VAT) refund need to simultaneously perform the following tasks:

- Making tax declaration dossiers for each investment project;
- Offsetting VAT amount of input goods and services used for each investment project with payable VAT (*if any*) of business activities in the same accounting period.

Tax declaration dossiers for investment projects eligible for VAT refund shall be made in accordance with Section 2 at Appendix I enclosed with Decree No. 126/2020/ND-CP and Point c, Clause 3, Article 11 of Circular No. 156/2013/TT-BTC, Clause 4, Article 4, Circular No. 26/2015/TT-BTC.

From January 01, 2015, VAT declaration dossier for investment projects is VAT return for the investment project (Form 02/GTGT) enclosed with Circular No. 156/2013/TT-BTC. The taxpayers are not required to declare a list of input invoice (Form 01-2/GTGT).



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## INTRODUCTION

IC&Partners Vietnam Co., Ltd. is a member of IC&Partners S.p.A in Italy, specializing in providing services on Tax Agent, Tax Consulting, Transfer Price Documentation Consulting, Corporate Consulting, and other support related to the day-to-day operations of the business. We have many years of experience in providing services for the field of consulting in general and tax consulting in particular for multinational corporations of different nationalities such as Korea, Japan, Italy, Germany, Singapore ... not only in Vietnam but also in many other countries around the world.

Currently, the regulations and policies of the Tax Department are increasingly strict while businesses cannot anticipate the risks that may occur due to the lack of grasp of current legal regulations.

We are pleased to serve you with the following services:

- Tax Agent (Quarterly Tax Report, Annual Tax Finality)
- Tax risk review
- Refund of VAT and PIT
- Consultancy on making transfer price dossiers
- Procedures for dealing with tax problems (exemption, reduction, tax penalty ...)
- Consulting services, support on management and other administration.

With the strength of quality and prestige, IC&Partners Vietnam is confident to bring the most satisfaction to customers when coming to us.

*Sincerely thank you!*