



**IC&PARTNERS VIETNAM**

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# TAX NEWSLETTER

## JULY 2021



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***Three new policies on supporting employees and employers facing difficulties due to the Covid-19 pandemic***

On July 1, 2021, the Government issued Resolution No. 68/NQ-CP with some policies on supporting employees and employers facing difficulties due to the COVID-19 pandemic.

***Suspension of contributions to the retirement and survivorship fund***

- Regarding employers who have fully paid social insurance premiums or are temporarily suspending contributions to the retirement and survivorship fund until the end of April 2021 but have been affected by the COVID-19 pandemic, resulting in a downsizing of at least 15% employees who have contributed to social insurance compared to April 2021 (including the employees on furlough, suspension of employment contracts, and unpaid leave), the employees and the employers are entitled to a 6-month suspension of payment to the retirement and survivorship fund from the date of application submission.
- As for a case on the payment suspension under the Resolution No. 42/NQ-CP of April 9, 2020 and Resolution No. 154/NQ-CP of October 19, 2020 of the Government, if the applicant is still qualified, the application will be approved as long as the suspension period does not exceed 12 months.

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*Three new policies on supporting employees and employers facing difficulties due to the Covid-19 pandemic*

**Reduction in insurance premiums for occupational accidents and diseases**

From July 1, 2021 to June 30, 2022, employers are entitled to a premium rate of 0% of the salary fund as the basis for paying social insurance premiums to the Insurance Fund for Occupational Accidents and Diseases.

The employer will provide the monetary support obtained from the reduction in premiums to the Insurance fund for occupational accidents and diseases for the employees in order to combat the COVID-19 pandemic.

**Job retention training programs for employees**

Employers are entitled to a financial support from the unemployment insurance fund for training, retraining and skill enhancement if they have fully paid unemployment insurance premiums for employees for full 12 months or more at the time of requesting support.

The maximum monthly assistance is 1,500,000 VND per employee, with a maximum support term of six months.

Applications for support are submitted from July 1, 2021 to the end of June 30, 2022.

*Resolution No. 68/NQ-CP comes into force from July 1, 2021.*



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# RELATED-PARTY TRANSACTIONS

## *Advance pricing agreements (APA) to enterprises having related-party transactions*

On June 18, 2021, the Ministry of Finance issued Circular No. 45/2021/TT-BTC on guidance on application of advance pricing agreements (APA) to enterprises having related-party transactions.

### *Transactions to which APA is proposed to be applied*

Pursuant to Clause 1, Article 3 of Circular No. 45/2021/TT-BTC, transactions to which an APA is proposed to be applied are related-party transactions specified in Clause 2 Article 1 of Decree No. 132/2020/ND-CP, include:

- Transaction activities as purchase, sale, bartering, renting, leasing out, borrowing, lending, transfer or disposal of commodities, provision of services;
- Financial borrowing, lending, financial services, financial guarantee and other financial instruments;
- Purchase, sale, bartering, renting, leasing out, borrowing, lending, transfer or disposition of tangible assets, intangible assets and agreement on purchase, sale and sharing of resources such as assets, capital, labor and sharing of costs between related parties, except business transactions in goods and services subject to price adjustments that the State makes under laws on prices.



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# RELATED-PARTY TRANSACTIONS

## *Advance pricing agreements (APA) to enterprises having related-party transactions*

### *Conditions for applying APA*

According to Clause 2, Article 3 of Circular No. 45/2021/TT-BTC, the related-party transactions proposed to apply APA as prescribed in Clause 1 of this Article must fully satisfy the following conditions:

- Actual transactions arise in the taxpayer's production and business activities and will continue to take place during the proposed APA application period.
- Transactions have any basis for determination of the nature of transaction deciding tax liabilities, and any basis for analysis, comparison and selection of independent comparables.
- Transactions are not involved in tax disputes or complaints.
- Transactions are made in a transparent manner, not for the purpose of tax evasion, avoidance or misuse of tax treaties.

*Circular No. 45/2021/TT-BTC comes into force from August 3, 2021.*



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*Guidance on Personal Income Tax (PIT) declaration of organizations and individuals without generating income*

On July 1, 2021, the General Department of Taxation issued Official Letter No. 2393/TCT-DNNCN answering the problems of Tax Departments during the implementation of Law on Tax Administration No. 38/2019/QH14 and Decree No. 126/2020/ND-CP.

Accordingly, the General Department of Taxation provides guidance on Personal Income Tax (PIT) of organizations and individuals, specifically as follows:

- Organizations and individuals are required to declare PIT if they pay income subject to PIT.
- If organizations or individuals do not pay income subject to PIT, they are not regulated by the Law on personal income tax.

Thus, organizations, individuals are not required to declare PIT for month/quarter in which they do not pay income subject to PIT.

*Official Letter No.2393/TCT-DNNCN comes into force from July 1, 2021*

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*Value-added tax (VAT) declaration of the Branch as an affiliate of the Company*

On June 28, 2021, Hanoi Tax Department issued Official Letter No. 23624/CTHN-TTHT on the declaration of value-added tax (VAT) for the branch as an affiliate of the Company.

- For the branch as an affiliate of the Company which has registered tax and paid VAT:
  - The branch submits VAT declaration to its supervisory tax authority.
  - For input VAT in service of the branch's production and business, the branch will declare and deduct it at the branch in accordance with regulations.
- For the branch as an affiliate without directly selling goods, generating revenue and thus, declaring at the head office:
  - The branch submits the application for change of tax registration information under a single-window system to business registration agencies to change the non-declaration and non-payment of VAT.
  - Remaining amount of deductible input VAT of the branch is ineligible for tax refund as prescribed in Article 1 of Circular 130/2016/TT/BTC and there is no guidance for transferring the tax amount to the Company for further declaration and deduction.

*Official Letter No. 23624/CTHN-TTHT comes into force from June 28, 2021*



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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, etc.)
- 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!*