



IC&PARTNERS VIETNAM

Supporting

Business Worldwide

TAX NEWSLETTER

JANUARY 2022



❖ Hanoi Office:

3rd floor, TNL Plaza, Gold Season, 47 Nguyen Tuan, Thanh Xuan Trung Ward, Thanh Xuan District, Hanoi
Tel: +84 243 2373 793
Mobi: +84 915 432 043

❖ Ho Chi Minh Office

9th floor, Vien Dong building No. 14 Phan Ton, Da Kao Ward, District 1, Ho Chi Minh
Tel: +84 6257 0000
Web: www.icpartners.it
Email: info@icpartnersvietnam.com

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Policies to support enterprises according to Resolution 43/2022/QH15

Resolution 43/2022/QH15 (*effective from January 11, 2022*) issued on January 11, 2022 on fiscal and monetary policies to support the Socio-economic Recovery and Development Program with contents supporting enterprises and employees as following:

1. Development investment policy in the fiscal package, focusing on two years 2022 and 2023:

Interest rate support (2%/year) up to VND 40,000 billion through the system of commercial banks for some important industries and fields, enterprises, cooperatives, and business households that are able to repay debts and recover; loans to renovate old apartments and build social houses, houses for workers to rent.

2. Rent support

Subjects are employees working in industrial parks, export processing zones, key economic areas (using about VND 6,600 billion from revenue increase and savings from the central budget in 2021).

3. Restructuring the debt payment term and keeping debt group

Continuing to restructure the debt payment term and maintain the debt groups, exempt and reduce loan interest for customers affected by the COVID-19 pandemic, closely monitor developments of the economy and money market to have appropriate solutions to support businesses and people, and at the same time ensure the safe operation of the system of credit institutions.

2% reduction in Value-added tax (VAT) rate in 2022

This is one of the outstanding contents under Resolution 43/2022/QH15 on fiscal and monetary policies to support the program of socio-economic recovery and development.

Accordingly, the policy of tax exemption and reduction is prescribed as follows:

- 2% reduction of VAT rate in 2022, applicable to groups of goods and services currently applying VAT rate of 10% (remaining 8%), except for the following goods and services:

Telecommunications, information technology, financial activities, banking, securities, insurance, real estate business, metals, prefabricated metal products, mining products (excluding coal mining), coke, refined petroleum, chemical products, goods and services subject to excise tax.

- At the same time, expenses for support and sponsorship of enterprises and organizations for COVID-19 prevention in Vietnam are included in deductible expenses when determining taxable income for the period of 2022.

Resolution 43/2022/QH15 takes effect from January 11, 2022

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Tax incentive consideration period for enterprises manufacturing and assembling automobiles

Decree 101/2021/ND-CP, which is issued on November 15, 2021, amends and adjusts a number of contents of the tax incentive program for the production and assembly of domestic automobiles specified in the Decree No. 125/2017/ND-CP and Decree No. 57/2020/ND-CP

Accordingly, an enterprise may choose between a 6-month or 12-month tax incentive consideration period as follows:

- A 6-month period is from January 01 to June 30 or from July 01 to December 31 every year.

In case the enterprise chooses to apply a 6-month tax incentive period, the overpaid tax on the quantity components used for manufacture or assembly of finished motor vehicles in the first 06 months has been settled but that of the last 06 months of the year is below the minimum quantity prescribed by the Tax Incentive Program, but the total quantity of the year is still satisfactory under the Program, tax incentives for the last 06 months are still considered and overpaid tax on the quantity of components used for manufacture or assembly of motor vehicles in the period will be settled if the requirements specified in Clause 2, Clause 3, Clause 5, Clause 6, Clause 7 of this Article are satisfied.

- A 12-month period is from January 01 to June 30 to December 31 every year.

Decree 101/2021/ND-CP takes effect from December 30, 2021

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Adjustment on the invoice-related administrative penalties

Decree 102/2021/ND-CP issued on November 16, 2021, supplementing the administrative penalty for the act of issuing invoices on which legally required information is omitted.

Accordingly, the act of issuing invoices without all the mandatory information on the invoices as prescribed will be fined from VND 4,000,000 to VND 8,000,000.

The above penalty also applies to the following acts:

- Causing the loss, burning or damage of invoices already released or purchased from tax authorities even though they have not been issued yet.
- Causing the loss, burning or damage of issued invoices (the replicas intended for clients) during use when sellers have already declared or paid taxes, or have had documents or records evidencing the sale of goods or the provision of services.
- If such loss, burning or damage takes place through the buyer's fault, both the seller and the buyer must keep a record of such incident.
- Causing the loss, burning or damage of invoices already issued, but not submitted to tax authorities.

Involved parties must keep a written record of the loss, burning or damage of invoices. (This is a new regulation compared to the current one).

Decree No. 102/2021/ND-CP is entering into force as of January 1, 2022

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Adjustment to increase retirement pensions, social insurance allowances

According to Decree 108/2021/ND-CP, from January 1, 2022, the retirement pensions and social insurance allowances of those who are receiving retirement pensions, social insurance allowances and monthly benefits will be officially increased.

The increase will be 7.4% compared to the retirement pensions and social insurance allowances of December 2021.

After adjusting for the above-mentioned increase, if the retirement pensions, social insurance allowances, and monthly benefits are still lower than 2.5 million VND/month, those who retired before 1995 may still be increased with the following rate:

- Increase to 200,000 VND/person/month for those whose retirement pension, social insurance allowance or monthly allowance is VND 2,300,000 or below;
- Increase to 2,500,000 VND/person/month for those whose retirement pension, social insurance allowance or monthly allowance is from VND 2,300,000 to less than VND 2,500,000.

Besides, the amount of retirement pensions, social insurance allowances and monthly benefits adjusted shall be the basis for the next adjustments to the retirement pensions, social insurance allowances and monthly benefits.

Decree 108/2021/ND-CP takes effect from January 20, 2022

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*Adjustment of monthly salary for social insurance payment from
January 1, 2022*

The Minister of Labour, Invalids and Social Affairs issued Circular 36/2021/TT-BLĐTBXH (*effective from February 20, 2022*) stipulating the adjustment of salaries for which social insurance have been paid.

1. Subjects of salary adjustment for which social insurance premiums have been paid

- Employees who subject to the salary regime prescribed by the Government, started paying social insurance from January 1, 2016, enjoy lump-sum social insurance or die and their relatives are entitled to a lump-sum survivor benefit from January 1, 2022 to December 31, 2022.
- Employees who pay social insurance according to the salary regime decided by the employer, receive retirement pensions, lump-sum allowance upon retirement, lump-sum social insurance or die and their relatives are entitled to a lump-sum survivor benefit from January 1, 2022 to December 31, 2022.

2. Monthly salary for social insurance payment after adjustment each year

The monthly salary for which social insurance have been paid of the above subjects who pay compulsory social insurance shall be adjusted according to the following formula: *Monthly salary for social insurance payment after adjustment of each year = Total monthly salary for social insurance payment of each year x Adjustment of salary for which social insurance have been paid of the corresponding year.*



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9th Floor, Vien Dong Building
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INTRODUCE

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
- Supporting the procedures for establishing, closing the Company
- Refund of VAT and PIT
- Consultancy on preparing transfer pricing documentation
- 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!