



**IC&PARTNERS VIETNAM**

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# TAX NEWSLETTER

MARCH 2022



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*Some notes for tax finalization in 2021*

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**A. Deadline for submission of tax finalization dossiers in 2021**

Clause 2, Article 44 of the Law on Tax Administration No. 38/2019/QH14 stipulates the deadlines for submission of tax declaration dossiers of taxes declared annually: *“The last day of the 3rd month from the end of the calendar year or fiscal year for annual tax declaration dossiers”*

**B. Some notes for tax finalization in 2021**

**1. Corporate income tax (CIT)**

- *Changing the form of CIT finalization dossier*

Based on Clause 2, Article 87 of Circular no. 80/2021/TT-BTC, tax declaration forms specified in this Circular are applicable to tax periods from January 1<sup>st</sup> 2022 onwards, including tax finalization declaration for the tax period 2021.

- *Related-party transactions*

Enterprises identify and declare related-party transactions (if any) as prescribed in Decree No. 132/2020/ND-CP dated November 5, 2020.

- *CIT reduction in 2021*

For enterprises with a revenue of 2021 not exceeding VND 200 billion and decreasing compared to the revenue of 2019, enterprises shall determine and declare CIT reduction of the tax period 2021 according to Resolution no. 406/NQ-UBTVQH5.

*Some considerations when finalizing taxes in 2021*

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- Determining deductible expenses for expenses related to Covid-19
  - Expenditure to support and sponsor in cash and in kind for Covid-19 epidemic prevention and control activities in Vietnam through units receiving support and funding as prescribed in Decree No. 44/2021/ND-CP is included in the deductible expenses when determining the taxable income of the 2021 CIT tax period.
  - Determining deductible expenses related to medical isolation costs and Covid-19 testing costs according to Official Letter No. 4110/TCT-DNNCN dated October 27, 2021 of the General Department of Taxation.

**2. Personal income tax (PIT)**

- Corporate Responsibilities

Salary payers are responsible for finalizing tax on behalf of authorized individuals, whether tax is deducted or not (*according to Item d1 Clause 6 Article 8 of Decree 126/2020/ND-CP.*)
- Authorization of tax finalization for employees generating current income
  - Employees whose current income has withheld PIT 10% and the monthly average of total current income is not more than 10 million VND: The employees authorize for tax finalization.
  - Employees whose current income has not yet deducted PIT 10% or the monthly average of total current income is more than 10 million VND: The employees make the tax finalization by themselves. (*according to Item d2 Clause 6 Article 8 Decree 126/2020/ND-CP*)

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*Changing the level of retained trade union contributions at the internal trade union*

Decision No. 4290/QD-TLD (*effective from March 1<sup>st</sup> 2022*) sets forth the change in the retention rate of trade union contributions at the internal trade union compared to the previous regulation as follows:

- Before March 1, 2022: Article 5 of Decision No. 1910/QD-TLD and Section III.1 of Decision 1355/QD-TLD

*“Internal trade union may use a certain proportion of the total trade union contributions and total trade union fees collected according to the annual guidance of the Presidium of General Confederation and may use 100% of its other revenues according to regulations of law and General Confederation”. (Decision No. 1910/QD-TLD expires from March 1, 2022)*

*“In 2021, the internal trade unions are allowed to use 60% of the total trade union fee and **71% of the total trade union contributions collected.**” (Decision 1355/QD-TLD expires from January 1, 2022)*

- From March 1, 2022: Article 5 of Decision No. 4290/QD-TLD:

*“The internal trade union is allowed to use **75% of the trade union contributions**, 60% of the trade union fee collected according to the provisions of the General Confederation's Presidium and 100% of the total other revenue of the unit in accordance with the law and the General Confederation. League.”*

Therefore, the level of retained trade union contributions at the internal trade union in 2022 has increased by 4% compared to 2021 (from 71% to 75%).

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***Preferential tariff under the Regional Comprehensive Economic Partnership (RCEP)***

The submission of proof of origin to enjoy tariff preferences according to Article 25 of Circular No. 05/2022/TT-BCT of the Ministry of Industry and Trade issued on February 18, 2022 providing for the Rules of Origin of goods in the Regional Comprehensive Economic Partnership (RCEP) is as follows:

- The importer shall submit the valid proof of origin to the customs authority of the importing Party.
- Goods originating from the exporting Party with a customs value not exceeding \$200 (two hundred) or the amount equivalent or higher in the currency of the importing Party shall be exempt from submitting the proof of origin if:
  - The import is not a continuous chain
  - There is no intentional division of the shipment to avoid submitting the proof of origin to the customs authority.
- If goods are transported through one or more Parties other than the exporting Party and the importing Party, the customs authority may request the importer to submit proof.
- If the proof of origin is submitted to the customs authority beyond the prescribed time limit, the proof of origin may still be accepted if the failure to comply with the above-mentioned time limit is due to force majeure or other legitimate causes outside the control of the exporter or importer.

*Circular No. 05/2022/TT-BTC takes effect from April 4, 2022*



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*Supplementing regulations on preferential import and export duties in the period of 2019 – 2022*

The Government's Decree No. 21/2022/ND-CP issued on March 10, 2022 amends Decree No. 57/2019/ND-CP on preferential import and export tariffs to implement the Comprehensive and Progressive Agreement for Trans-Pacific Partnership in the period of 2019 -2022.

Accordingly, some notable points in this Decree include:

- (1) Supplementing regulations on preferential export tariff schedule and special preferential import tariff schedule applicable to goods exported from Vietnam to the Republic of Peru and imported from the Republic of Peru into Vietnam.
- (2) For customs declarations of goods exported from Vietnam to the Republic of Peru or imported into Vietnam from the Republic of Peru registered from September 19, 2021 to before March 10, 2022:

If the conditions for applying preferential export tariff or special preferential import tariff prescribed in the Decree No. 57/2019/ND-CP and Decree No. 21/2022/ND-CP have been fully satisfied and the taxpayer has paid tariff at a higher rate, the customs authority shall settle the overpaid tariff amount in accordance with law on tax administration.

*Decree No. 21/2022/ND-CP takes effect from March 10, 2022*

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- **Determination of imported goods ineligible for VAT reduction**

***Determination of imported goods ineligible for VAT reduction according to Decree No. 15/2022/ND-CP***

Official Letter No. 642/TCHQ-TXNK of the General Department of Customs issued on February 25, 2022 guiding the identification and application of HS codes of goods ineligible for VAT reduction under Decree No. 15/2022/ND-CP as follows:

- Imported goods not entitled to VAT reduction are goods whose product names are mentioned in the appendices issued together with Decree No. 15/2022/ND-CP, detailing:
  - at column 8 "product name" and described the content of the product in column 9 "contents" of Appendix I, part A appendix III
  - or at column 3 "goods" section B of Appendix III or imported goods subject to special excise duty under Appendix II.
- If imports specified in Appendix I, II and III to Decree No. 15/2022/ND-CP are not subject to VAT or subject to 5% VAT as stipulated in the Law on VAT, regulations laid down in the Law on VAT will prevail.
- Imported goods which are not mentioned in Appendix I, II and III to Decree No. 15/2022/ND-CP and subject to 10% VAT according to Law on VAT shall be applied the VAT rate of 8%.

*Official Letter 642/TCHQ-TXNK takes effect from February 25, 2022*



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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.

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*Sincerely thank you!*