



IC&PARTNERS VIETNAM

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TAX NEWSLETTER

MAY, 2022



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Tax reform strategy until 2030

On April 23, 2022, the Prime Minister issued Decision 508/QĐ-TTg approving the Tax Reform Strategy to 2030. Accordingly, a number of solutions to reform tax policy for value-added tax are as follows:

- Broaden tax base by reducing categories of goods and services not subject to value added tax and categories of goods and services subject to the 5% VAT rate.
- Strive for the only one tax rate to be applied basically.
- Study the roadmap for increase in value added tax rate.
- Review the thresholds of sales subject to VAT calculated according to the tax credit method and adjust them to reality.
- Study the single method of taxation according to the percentage of sales and apply it to taxpayers whose sales are below the threshold or are not eligible to apply the tax credit method.
- Perfect regulations related to value-added tax on exported goods and services, and ensuring that they reflect matters of substance and conform to international practices.
- Study any necessary amendments and supplements to regulations on VAT deduction and refund with a view to ensuring simplicity, transparency and consistency with other regulatory provisions.

Decision 508/QĐ-TTg takes effect from April 23, 2022

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Supplementing supervision fees of derivatives

Circular 25/2022/TT-BTC issued by the Minister of Finance on April 28, 2022, regulations on collection rates, regime, payment, management and use of fees and charges in the securities sector:

In which, the Circular supplements regulations on the collection of supervision fees for derivatives as follows:

- Supervision fee of derivatives for Vietnam Securities Depository and Clearing Corporation (VSDC): 10% of the revenue from position management service price/clearing service price and margin management service price.
- Supervision fee of derivatives for the Stock Exchange: 10% of the revenue of derivatives trading services.

In addition, the collection of supervisory fees for securities activities to the clearing bank is supplemented as follows:

- For stocks, fund certificates, covered warrants: 0.001% of clearing value, net settlement/payment day, maximum VND 1,000,000/day.
- For corporate bonds: 0.0001% of clearing value, net payment/payment day, maximum VND 100,000/day.

Circular 25/2022/TT-BTC takes effect from July 1, 2022

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Answers about Deduction for dependants

According to Official Letter 18175/CTHN-TTHT dated April 26, 2022, the Hanoi Tax Department answers the issue related to the PIT dependent exemption as follows:

In case the employee registers a dependent as a biological grandchild (the grandchild's parents are in working age) who do not fall into the case of a helpless individual that the taxpayer is directly raising according to the provisions of law, are not eligible for family circumstance-based deduction when calculating PIT as prescribed in Clause 1, Article 9 Circular No. 111/2013/TT-BTC of the Ministry of Finance.

In case the employee registers dependents as paternal grandparents, maternal grandparents who are helpless individuals that the taxpayer is directly nurturing and meets the conditions at Point dd, Clause 1, Article 9 Circular No. 111/2013/TT-BTC of the Ministry of Finance are eligible for family circumstance-based deduction when calculating PIT according to regulations.

Official Dispatch 18175/CTHN-TTHT takes effect from April 26, 2022

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Decree No. 10/2022/ND-CP on registration fees

The Government promulgated Decree No. 10/2022/ND-CP on registration fees on January 15, 2022. Accordingly, a few notable new contents are as follows:

1. Additional regulated entities subject to registration fee

Article 3 of Decree 10/2022/ND-CP adds more types of property subject to registration fee including: “Ships in accordance with regulations of the law on inland waterway transport and the maritime law (hereinafter referred to as “ships”), including barges, canoes, tugs, pushers, **submarines, and submersibles; except for floating docks, floating storage units, and mobile offshore drilling units**”.

2. Additional registration fee rate

Pursuant to Point c, Clause 5, Article 8 of Decree No. 10/2022/ND-CP stipulating the additional calculation of registration fees for battery electric cars. Specifically:

The registration fee for battery electric cars is 0% within 3 years from March 1, 2022. That is, by March 1, 2025, the registration fee when buying a battery-powered electric car is 0%; Until March 1, 2027, the registration fee when buying a battery-powered electric car is equal to 50% of the charge for petrol and diesel cars with the same number of seats. Particularly for the case of second payment onwards, the rate is 2% and uniformly applied nationwide.

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- **Applying for rent support procedure**

Procedure for applying for rent support

Decision 257/QD-LDTBXH setting out the process of receiving rent support for employees working in enterprises in industrial parks, export processing zones or key economic areas, meeting the conditions for rent support specified in Article 4 of Decision 08/2022/QD-TTg as follows:

Step 1. The employee requests for rent support according to Form No. 01 to send to the enterprise for generalization. (*Employees are responsible for the accuracy of information as prescribed in Clause 1, Article 4 of Decision 08/2022/QD-TTg*).

Step 2. The enterprises shall perform the following activities:

- Make a consolidated list of employees applying for rent support using Form No. 2 and publicly post it up at the workplace for at least 3 working days. In case of any claim regarding eligible entities and eligibility criteria, the enterprise shall verify if they comply with Article 4 of this Decision within 2 working days.
- Submit the list of employees requesting rent support according to Form No. 02 to the social insurance agency to confirm that the employees are participating in compulsory social insurance.
- Make a list of employees who request monthly rent support and can request the social insurance agency to confirm the lump sum for 2 or 3 months.

Step 3. Within 2 working days after receiving the request, the social insurance agency shall confirm the participation in compulsory social insurance of employees.

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The process of applying for rental support

Step 4. Enterprises shall send dossiers according to regulations to the People's Committee of the district where the head office or branch, representative office, production and business location is located. Enterprises can submit a dossier of request for support for 2 or 3 months.

Note: The deadline for application submission is August 15, 2022

Step 5. Within 2 working days after receiving the complete application, the District-level People's Committee shall appraise and present it to the province-level People's Committee.

Step 6. Within 2 working days after receiving the complete application, the province-level People's Committee shall issue a decision on approval of the list and support funds while directing the support payment.

If the application is rejected, the province-level People's Committee shall respond and provide explanations in writing.

Step 7. Within 2 working days after receiving the support funds of the province-level People's Committee, the enterprise shall provide the payment for its employees.

Decision 257/QĐ-LĐTBXH takes effect from March 28, 2022



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INTRODUCTION

IC&Partners Vietnam Co., Ltd. is a member of IC&Partners S.p.A Company in Italy, specializing in providing tax agency services, tax consulting, transfer pricing consulting, business consulting, support other tasks related to the day-to-day operations of the business. We have many years of experience in providing consulting services in general and tax advice in particular to 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 Agency are increasingly strict while businesses cannot foresee the possible risks due to the lack of understanding of current legal provisions.

We are pleased to provide you with the following services:

- Tax agent (quarterly tax report, annual tax finalization)
- Tax risk review
- Support procedures for establishment and closure of the Company
- Refund of VAT, PIT
- Consulting on making transfer price documents
- Procedures for solving tax problems (exemption, reduction, penalty...)
- Other management and administrative consulting and support services.

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!