



**IC&PARTNERS VIETNAM**

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# TAX NEWSLETTER

JANUARY, 2024



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*Time limit for tax payment in instalments 2024*

➤ *Taxation*

• **Time limit for tax payment in instalments 2024**

- More groups of goods and services not subject to VAT 0%
- VAT exemption for BH with revenue under 150 million/year
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- Tax chargeoff

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➤ *Legal basis:*

- Article 66 Circular No. 80/2021/TT-BTC;

➤ *Content:*

The deadline for paying tax by instalments instalment is **the last day of the month**. If the taxpayer fails to fully pay the instalments monthly or the guarantor fails to pay tax on behalf of the taxpayer, within 05 working days from the deadline, the tax authority shall issue a document according to Form No. 02/NDAN in Appendix I hereof and send it to the guarantor to request fulfillment of the guarantor's obligations as prescribed by law.

The amount of tax to be paid in instalments must not exceed the amount guaranteed by the credit institution.

The taxpayer may pay tax in instalments for up to 12 months and within the effective period of the guarantee letter.

The taxpayer may pay tax in monthly instalments; each instalment must be at least the average tax paid monthly. The taxpayer shall determine the late payment interest and pay as the same time as the instalment.

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*Proposal to supplement more groups of goods and services not subject to Value-added Tax (VAT) of 0%*

The Ministry of Finance is soliciting comments on the Draft Law on Value Added Tax (VAT) (amended) proposing many new regulations on the subjects applying the 0% tax rate. Accordingly, the Draft has **added a group of goods that are not subject to 0% VAT** with the following specific provisions:

- Cigarettes, alcohol, and beer temporarily imported for re-export;
- Products and services provided on digital platforms according to Government regulations;
- Gasoline and oil purchased domestically and sold to cars of business establishments in the duty-free zone;
- Cars sold to organizations and individuals in the duty-free zone;
- Goods and services provided to individuals not registered for business in the duty-free zone.

In addition, the Draft also supplements some other regulations on goods and services exported that are subject to the 0% VAT as follows:

- Exported service is a service provided to foreign organizations and individuals, including: Leasing transport vehicles used outside the territory of Vietnam; International transport; aviation services and maritime services directly supplying for international transport.
- Supplementing the regulation that “goods sold in the quarantine area for individuals (foreigners or Vietnamese) who have completed exit procedures” and “goods sold at duty-free shops” are subject to VAT 0%.
- Supplementing the regulation assigning the Minister of Finance to guide the procedures, documents and conditions for applying the VAT 0% to exported goods and services.

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*Proposing Value-added Tax (VAT) exemption for business households (BH) with revenue under 150 million/year*

In the Draft Law on Value Added Tax (VAT) (amended) that is being solicited for comments by the Ministry of Finance, there is a proposal for the list of goods subject to VAT.

Specifically, Article 5 of the draft stipulates the goods and services not subject to VAT, including goods and services of **business households and individuals with annual revenue of no more than one hundred and fifty million dong**; assets of organizations and individuals not doing business, not being VAT taxpayers sold out; national reserve goods sold by the national reserve agency; activities and services subject to fees and charges according to the law on fees and charges.

According to the current law, Article 5 Clause 25 of the Law on VAT 2008 stipulates the goods and services not subject to VAT, including goods and services of business households and individuals with annual revenue of no more than one hundred million dong. Establishments trading in goods and services not subject to VAT are not allowed to deduct and refund input VAT, except for the case of applying the 0% tax rate.

Thus, with this proposal, **the VAT threshold of business households and individuals has been raised from 100 million/year to 150 million/year.**

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***Exemption or reduction of some taxes, fees and charges for cooperatives***

On July 1, 2024, the Cooperative Law 2023 will officially take effect, in which cooperatives will be exempted or reduced from some types of taxes, fees and charges as follows:

- Artels, cooperatives, and cooperative unions are entitled to the highest preferential tax rates, fees and charges in the same field, sector, profession and area according to the law on taxes, fees and charges.
- Artel registration charges and fees for disclosing registration information on electronic information systems of business registration authorities shall not be collected.
- Corporate income tax (CIT) shall be exempted or reduced according to the law on CIT for:
  - Incomes from internal transactions of a cooperative and cooperative union;
  - Incomes of an artel, cooperative, and cooperative union when cooperating with other organizations and individuals in establishing value chains/sectoral business clusters associated with green economy, circular economy and knowledge economy for sustainable development.
  - Other cases as prescribed in the CIT law.
- CIT on incomes forming undistributed funds and assets of cooperatives and cooperative unions shall be exempted according to the CIT law.
- Artels, cooperatives and cooperative unions shall be entitled to exemption and reduction of license fees as prescribed by the law on fees and charges.
- Registration fee shall be exempted for individuals and organizations when transferring land use rights, property ownership contributed to cooperatives and cooperative unions according to the law on fees and charges.

*Official Letter No. 140/TCT-QLN on the tax chargeoff*

On January 11, 2024, the General Department of Taxation issued Official Letter No. 140/TCT-QLN on the tax chargeoff as follows:

**1. On tax chargeoff for the taxpayer who has dissolution decision and no longer operates at the registered address**

In case the taxpayer is allowed for tax chargeoff according to Clause 2 or Clause 4, Article 83, Law on Tax Administration, the chargeoff date is the day when the business registration authority publishes information about the taxpayer carrying out dissolution procedures (as prescribed in Clause 2, Article 83) or the day on which the tax authority has a notice that the taxpayer is not present at the business address (as prescribed in Clause 4, Article 83). The amount of tax chargeoff is the tax debt amount at the beginning of the tax chargeoff period. After the period mentioned above, if the taxpayer incurs additional tax debts, the tax authority shall classify these tax debts according to the guidance in the Debt Management Process issued together with Decision No. 1129/QD-TCT.

**2. On the tax chargeoff for the taxpayer whose ERC has been revoked by a competent authority (as requested by the tax authority)**

In case the taxpayer is allowed for tax chargeoff according to Clause 5, Article 83, Law on Tax Administration, the tax chargeoff date is the day on which the tax authority requests the competent authority to revoke or from the date of the decision to revoke the ERC. During the period from the date on the written request for revocation of the tax authority to the date of the decision to revoke or not revoke of the business registration agency, the tax authority may apply appropriate enforcement measures to ensure the effectiveness of tax administration.

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***Amendment of Product Specific Rules (PSR) in the VN-EAEUFTA  
Agreement from March 1st, 2024***

On January 15, 2024, the Minister of Industry and Trade issued Circular No. 01/2024/TT-BCT amending Circular No. 21/2016/TT-BCT implementing the Rules of Origin of Goods in the Free Trade Agreement between Vietnam and the Eurasian Economic Union (VN-EAEUFTA Agreement).

Accordingly, the PSR is built on the basis of the Harmonized System of Description and Coding of Goods (HS) 2022. In which:

- Chapter is a chapter of the HS code (2 digits);
- Heading is a heading of the HS code (4 digits);
- Sub-Heading is a sub-heading of the HS code (6 digits);
- WO is a good that originates wholly in one Party;
- CTC is the change of commodity codes at the level of 2 digits (CC), 4 digits (CTH), 6 digits (CTSH);
- Non-originating materials used in the production of the final goods must undergo a change in the classification of the commodity codes at the level of 2 digits (Change in Chapter - CC), 4 digits (Change in Tariff Heading - CTH), 6 digits (Change in Tariff Sub-Heading - CTSH);
- VAC (X)% is the value-added content not less than (X) percent (%) and the production process of the final goods is carried out in one Party;
- CTC + VAC (X)% is the requirement of change of commodity codes with the condition that the value-added content is not less than (X) percent (%) and the production process of the final goods has been carried out in one Party;
- CTC or VAC (X)% is the requirement of change of commodity codes or value-added content not less than (X) percent (%) and the production process of the final goods is carried out in one Party.

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*Implementation of salary reform from July 1st, 2024*

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Regarding the implementation of the salary policy, the National Assembly decided that from July 1, 2024, the comprehensive reform of the salary policy according to Resolution No. 27-NQ/TW will be carried out. The source of funding for the salary reform is guaranteed from the accumulated salary reform source of the central budget, the local budget and a part allocated in the estimate of the balanced expenditure of the state budget.

Adjusting pensions, social insurance allowances (SI), monthly allowances, preferential allowances for people with meritorious services and some social security policies that are linked to the basic salary.

For the central state administrative agencies and units that are implementing the financial management and income mechanisms with specific characteristics.

From January 1, 2024 to June 30, 2024, the monthly salary and income increase is calculated based on the basic salary of 1.8 million VND/month according to the specific mechanism to ensure that it does not exceed the salary and income increase received in December 2023 (excluding the salary and income increase due to the adjustment of the salary coefficient of rank, grade when upgrading rank, grade in 2024).

In case of calculating according to the above principle, if the salary and income increase in 2024 according to the specific mechanism is lower than the salary according to the general regulation, then only the salary regime according to the general regulation is implemented to ensure the rights and interests of the workers.



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***Combination of pension of January and February 2024 into the same payment period in January 2024***

On December 13, 2023, Vietnam Social Security (VSS) issued Official Letter No. 4210/BHXH-TCKT on the payment of pensions, social insurance (SI) allowances of January and February 2024, as follows:

To facilitate the beneficiaries of pensions and SI allowances to enjoy the traditional Tet holiday, VSS provides funds to pay pensions and SI allowances of January and February 2024 to the Social Security of the provinces and centrally-run cities in the same payment period in January 2024.

VSS requests the provincial Social Security to take the lead in coordinating with the provincial Post Office:

- Develop a plan to pay pensions and SI allowances monthly of January and February 2024 in the same payment period in January 2024.
- Report to the Party committee and the local authorities on the plan of paying pensions and SI allowances for January and February 2024.
- Strengthen the inspection and supervision of the payment process for the beneficiaries, coordinate, resolve, and handle the arising issues, and timely report the difficulties in the organization and implementation.
- Notify the Post Office of the payment plan; request the Post Office to inform the beneficiaries of the schedule of paying pensions and SI allowances of January and February 2024 in the same payment period in January 2024.
- Coordinate with the central and local press agencies, post offices, banks, employment centers, etc. to propagate, mobilize, and encourage the beneficiaries to receive SI and unemployment benefits through personal accounts so that the beneficiaries can receive the benefits quickly and conveniently.

*New decree on business registration in 2024*

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On January 5, 2024, the Government issued Resolution No. 01/NQ-CP on the main tasks and solutions to implement the Socio-Economic Development Plan and the State Budget Estimate for 2024. Accordingly, the Government assigns the Ministry of Planning and Investment to complete the Decree replacing Decree No. 01/2021/NĐ-CP dated January 4, 2021 of the Government on business registration by September 2024.

Accordingly, Decree No. 01/2021/NĐ-CP, effective from January 4, 2021, provides detailed regulations on the dossier, order, and procedures for business registration; household business registration; regulations on the business registration authority and state management of business registration, household business registration.

However, the interconnection of procedures for registering the establishment of enterprises, branches, representative offices, declaring the use of labor, issuing the code of units participating in social insurance, and registering the use of invoices of enterprises requires the State to have new regulations to adjust.

The main objective of the new Decree to be issued is to provide clearer regulations on the coordination and interconnection of procedures for registering the establishment of enterprises, branches, representative offices, declaring the use of labor, issuing the code of units participating in social insurance, and registering the use of invoices of enterprises.



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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, regulations and policies of the Tax Authority are increasingly strict while the Enterprises cannot anticipate possible risks because they have not yet grasped the 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
- Consulting on preparing transfer pricing documentation
- Procedures for dealing with tax problems (tax exemption, reduction, 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!*