



IC&PARTNERS VIETNAM

Supporting

Business Worldwide

TAX NEWSLETTER

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IN THIS ISSUE

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The Government decided to extend the deadline for paying taxes and land rents in 2024

On April 12, 2024, the Government issued Decree No. 64/2024/ND-CP on extending the deadline for tax and land rental payment in 2024 as follows:

- *For Value Added Tax (VAT) (excluding VAT on imports)*

The extension period is 5 months for VAT of May 2024, June 2024, and the second quarter of 2024; the extension period is 4 months for the VAT of July 2024; the extension period is 3 months for the VAT of August 2024; the extension period is 2 months for the VAT of September 2024 and the third quarter of 2024. The extension period is from the end date of the deadline for VAT payment according to the Law on tax administration.

- *For Corporate Income Tax (CIT)*

Enterprises and organizations that are eligible for the extension according to regulations are granted an extension of the deadline for paying provisional CIT for the second quarter of 2024. The extension period is 03 months, from the end date of the deadline for paying CIT according to the Law on tax administration.

- *For VAT and Personal Income Tax (PIT) of household businesses and individual businesses*

The deadline for paying VAT and personal income tax is extended for the tax payable arising in 2024 of business households and individuals operating in the economic sectors and fields specified in Clauses 1, 2, 3, Article 3 of Decree 64/2024/ND-CP. Business households and individuals should pay the tax amount extended in this clause no later than December 30, 2024.

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The Government decided to extend the deadline for paying taxes and land rents in 2024

- *For land rental:*

The deadline for paying land rent is extended for 50% of the land rent payable in 2024 (the amount payable in the second period of 2024) of enterprises, organizations, households and individuals eligible for extension who are directly leasing land from the State according to the Decision or Contract of the competent State agency in the form of annual land rent payment. The extension period is 02 months from October 31, 2024.

In case an enterprise, organization, business household, or individual business has production and business activities in many different economic sectors, including the economic sectors and fields specified in Clauses 1, 2, and 3, Article 3 of Decree 64/2024/ND-CP, then: the enterprise or organization is extended for the entire amount of VAT and CIT payable; the business household or individual business is extended the entire amount of VAT and PIT payable according to the instructions in this Decree.

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Official Letter No. 2272/TCT-CS on the entitles eligible for land rental reduction under Decision No. 25/2023/QD-TTg

On May 29, 2024, the General Department of Taxation issued Official Letter No. 2272/TCT-CS on land rental reduction according to Decision No. 25/2023/QD-TTg, specifically as follows:

In Decision No. 25/2023/QD-TTg, a 30% reduction in land rents payable of 2023 shall be given to land lessees who are organizations, units, enterprises, households, and individuals directly leasing land from the State under Decisions or Contracts or Certificates of land use rights, rights to ownership of houses and other property on land issued by competent authorities via the method of land lease with annual rental payment. Therefore, if the unit requesting the land rental reduction under Decision No. 25/2023/QD-TTg is not the lessee listed on the Decision, Contract, or Certificate of land use rights, rights to ownership of houses and other property on land, it is not subject to Decision No. 25/2023/QD-TTg of the Prime Minister.

In cases an enterprise undergoes equitization, change of enterprise type, division, separation, merger, or consolidation, the enterprise is responsible for completing land lease procedure and signing new land lease contract with the competent authorities. If the enterprise has not completed the legal procedures regarding land use rights and is not directly leasing land from the State under a Decision, Contract, or Certificate of land use rights, it is not eligible for the land rental reduction under Decision No. 25/2023/QD-TTg.

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The extension of the deadline for paying excise tax on domestically manufactured and assembled automobiles

On June 17, 2024, the Government issued Decree 65/2024/ND-CP on extending the deadline for paying excise tax on domestically manufactured and assembled automobiles as follows:

In case the taxpayers make additional tax declarations of the extended tax period, leading to an increase in the amount of excise tax payable, and sends them to the tax authority before the extended tax payment deadline, the extended tax amount includes the additional tax payable due to the additional declaration.

In cases the taxpayers eligible for the extension declares and submits the excise tax returns in accordance with current legal regulations, they are not required to pay the excise tax amount arising from the tax returns within the extended period.

In cases the enterprise has branches or dependent units that separately declare the excise tax to their supervisory tax authorities, these branches or dependent units are also granted the extension. However, if the branches or dependent units do not participate in the production or assembly of automobiles, they will not be extended.

At the same time, Decree No. 65/2024/ND-CP stipulates that during the extended period for paying the excise tax, the tax authorities will not charge late payment interest on the extended excise tax amount. If the tax authorities have already charged late payment interest on excise tax declarations eligible for the extension under this Decree, the tax authority will adjust and not charge late payment interest on the excise tax.

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Amendment of regulations on implementing investment projects involving land use

On June 12, 2024, the Ministry of Planning and Investment issued Circular No. 10/2024/TT-BKHDT amending certain provisions of Circular No. 09/2021/TT-BKHDT, in which regulations on preliminary capacity and experience requirements and announcement of list of investment projects involving land use with regard to projects of which investment guidelines have to be approved shall be determined and performed as follows:

- For projects of which investment guidelines are subject to the Prime Minister's approval:

Provincial People's Committees (PCC) shall take charge of organizing bidding. Based on the decision to give approval for investment guidelines of the project, the PPC shall assign the Provincial Department of Planning and Investment (DPI) to play the leading role and cooperate with relevant authorities to set out preliminary capacity and experience requirements, and submit them to the PPC for approval before the list of projects is announced. With regard to a project located in an economic zone, the PPC shall assign the management board of that economic zone to set out and approve preliminary capacity and experience requirements before the list of projects is announced.

- For projects of which investment guidelines are subject to PPC's approval:

Provincial DPI or economic zone management boards shall take charge of organizing bidding. Based on the decision to give approval for investment guidelines of the project, the Provincial DPI shall play the leading role and cooperate with relevant authorities to set out preliminary capacity and experience requirements, and submit them to the PPC for approval before the list of projects is announced. With regard to a project located in an economic zone, the management board of that economic zone shall set out and approve preliminary capacity and experience requirements before the list of projects is announced.

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Entitles eligible for incentives and incentives rates in investor selection 2024

Decree No. 23/2024/ND-CP stipulates entitles eligible for incentives and incentives rates as follows:

- Investors that have solutions to apply advanced technology, high technology, environmentally friendly technology, and the best available techniques to minimize environmental pollution to their projects which pose high risk of adverse environmental impacts as prescribed by the Law on environmental protection are entitled to a 5% incentive when having their bids evaluated;
- Investors that commit to make transfer of technologies included in the List of priority high technologies as prescribed by the Law on high technologies or the List of technologies of which the transfer is encouraged as prescribed by the Law on technology transfer are entitled to a 2% incentive when having their bids evaluated.

When bidding, investors must submit documents proving their technology application solutions, technology transfer and the right to legally use technology in accordance with law on high technologies technology transfer, environmental protection, and other relevant laws to enjoy incentives specified above.

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On May 16, 2024, the Minister of Finance issued Circular 36/2024/TT-BTC related to Vietnam Valuation Standards on business valuation. In which, the application of approaches and methods for business valuation must be consistent with the value basis of business valuation and assessment of the business's operating status at and after the valuation time.

(1) Market approach:

The business value is determined through the value of the business compared with the business to be valued on the following factors:

- Scale;
- Main business lines;
- Business risks, financial risks;
- Financial indicators or values of successful transactions of the business to be valued.

The method used in the market approach for determination of the business value is the mean ratio method and the transaction value method.

(2) Cost approach

The business value is determined through the value of assets of the business. The method used in the cost approach to determining business value is the asset-based method.

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(3) Income approach

The business value is determined through the conversion of future net cash flows that are predictable at the time of valuation.

The method used in the income approach to determine business value is the discounted free cash flow method of the business, the discounted dividend stream method, and the discounted free cash flow to equity method.

When determining business value using the income approach, the value of the non-operating assets at the time of valuation with the predictable cash-flow discount of the operating assets at the time of valuation should be added.

Where the cash flow of certain operating assets cannot be reliably forecast, the valuer may not forecast the cash flow of these operating assets, and determine the value of these operating assets separately to add to the business value.

Particularly, the dividend discount method does not need an addition of the part of non-operating assets which are cash and cash equivalents.

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New regulations governing importation of remanufactured goods

On June 17, 2024, the Government issued Decree No. 66/2024/ND-CP regarding the management of importation of remanufactured goods under the EVFTA and UKVFTA agreements, the specific provisions are outlined as follows:

1. Conditions for imported remanufactured goods:

Decree 66/2024/ND-CP specifies that imported remanufactured goods must meet the following conditions:

- a) They must possess a certification confirming compliance as remanufactured goods under the EVFTA and UKVFTA, issued by the licensing authority as stipulated in this Decree.
- b) They must comply with the rules of origin for goods under the EVFTA and UKVFTA agreements.

When placed on the market, the phrase “Remanufactured Goods” must be displayed at a place and of a size visible and legible to the naked eye on either the primary or secondary label of the remanufactured good.

2. Responsibilities of importers of remanufactured goods:

Importers of Remanufactured goods are obligated to adhere to Vietnamese legal regulations applicable to imports of similar new goods.

Additionally, importers must bear legal responsibility for the accuracy and honesty of the documents and records submitted to the competent authorities. They are required to organize and provide requested documents and records to the licensing authority and relevant agencies during inspections conducted to enforce the provisions of this Decree.



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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
- VAT, PIT refund
- 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!