



IC&PARTNERS VIETNAM

Supporting

Business Worldwide

TAX NEWSLETTER

AUGUST 2024



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The Ministry of Finance responds to a proposal to increase the personal deduction when calculating PIT

On August 20, 2024, the Ministry of Finance issued Official Letter 8760/BTC-CST in response to the voters' petition submitted before the 7th session of the 15th National Assembly. The petition concerns the adjustment of personal deductions for taxpayers and dependents, and the adjustment of the progressive tax brackets to ensure suitability with the actual situation, especially after the wage increase effective from July 1, 2024. Specifically:

According to the current Personal Income Tax Law of 2007, individuals are allowed to deduct social insurance, health insurance, unemployment insurance, allowances, subsidies, etc. The remaining amount is considered taxable income. In addition, with the current personal deduction of VND 11 million/month and VND 4.4 million/month for each dependent, individuals with a monthly salary of VND 17 million (with 1 dependent) or VND 22 million (with 2 dependents) do not have to pay PIT.

Pursuant to Clause 4, Article 1 of the amended Personal Income Tax Law of 2012: *“In case the consumer price index (CPI) fluctuates by more than 20% compared to the time when the Law takes effect or the last adjustment of the personal deduction, the Government shall submit to the National Assembly Standing Committee for adjustment of the personal deduction as prescribed in this Clause in accordance with the price fluctuations for application to the next tax period”*.

According to the General Statistics Office, the CPI in 2020 increased by 3.23%, in 2021 by 1.84%, in 2022 by 3.15%, and in 2023 by 3.25%. Thus, the CPI has fluctuated by less than 20% since the last adjustment of the personal deduction (in 2020). Therefore, according to the current Personal Income Tax Law of 2007, the personal deduction cannot be adjusted.

Detail:

Official Letter 8760/BTC-CST



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The General Department of Taxation guides the PIT policy for foreign individuals

On August 19, 2024, the Director General of the General Department of Taxation issued Official Letter 3629/TCT-DNNCN providing opinions on the PIT policy for foreign individuals. Specifically:

Guidance on PIT policy for foreign individuals:

In case an individual has wage and salary income from two or more sources, including both directly declared income and income paid by organizations with tax withheld, the individual shall submit a tax declaration and settlement at the tax authority where the largest source of income is in the year. If the largest source of income cannot be determined in the year, the individual may choose to submit a tax declaration and settlement at the tax authority directly managing the paying organization or at the place of residence of the individual.

In case a resident individual has wage and salary income paid from abroad, the individual shall submit a tax declaration to the tax authority managing the place where the individual works in Vietnam.

Regulations on tax declaration and payment:

The currency for tax declaration and payment is Vietnamese Dong, except in cases where foreign freely convertible currency is allowed for tax declaration and payment.

Taxpayers accounting in foreign currency must convert into Vietnamese Dong at the actual exchange rate at the time of the transaction.

For export and import goods, the currency for tax payment is Vietnamese Dong, except in cases where foreign freely convertible currency is allowed for tax declaration and payment. The tax rate is applied in accordance with the provisions of customs law.

Detail:

[Official Letter 3629/TCT-DNNCN](#)

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The General Department of Taxation guides the tax policy for the environmental protection activities, insurance business, and public healthcare facilities

On June 26, 2024, the General Department of Taxation issued Official Letter 2738/TCT-CS providing opinions on tax policies for environmental protection activities, insurance business and public healthcare facilities. Specifically:

For environmental protection activities and insurance business:

Pursuant to Decision No. 2368/QĐ-BTC dated November 1, 2023 of the Ministry of Finance, which stipulates the functions, tasks, powers and organizational structure of the Department of Tax Policy Management and Supervision, and Notification No. 521/TB-BTC dated May 22, 2014 of the Ministry of Finance on the opinions of the Ministry's leadership on assigning tasks to answer questions and recommendations related to tax policies; due to the fact that the content of the difficulties relates to the regulations on the development of legal documents and the improvement of the legal system, the General Department of Taxation has issued a letter transferring the Department of Tax Policy Management and Supervision to review and handle in accordance with its assigned functions and tasks.

For public healthcare facilities:

In principle, public institutions with business activities in goods and services that have taxable income and can determine revenue, expenses and income, the amount of corporate income tax payable in the tax period is equal to the taxable income multiplied by the tax rate.

In cases where these units can account for revenue but cannot determine the costs and income of the business activities, they shall declare and pay corporate income tax at a percentage rate of revenue from the sale of goods and services as prescribed in Article 11 of Decree No. 218/2013/ND-CP dated December 26, 2013 of the Government.

For healthcare activities, this rate is 2%.

Detail:

Official Letter 2738/TCT-CS

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The 50% reduction in registration fees for automobiles in 2024

On August 15, 2024, the Government Office issued Notification 384/TB-VPCP on the Conclusion of the Government Standing Committee at the meeting on receiving and explaining the opinions of government members on the Draft Decree stipulating the level of registration fees for domestically produced and assembled automobiles. Specifically:

Time period for 50% reduction in registration fees for automobiles in 2024:

Specifically, pursuant to the direction of Deputy Prime Minister Le Minh Khai in Notification 264/TB-VPCP of 2024, the Ministry of Finance has submitted a draft decree stipulating the reduced registration fee for automobiles, trailers or semi-trailers pulled by automobiles and vehicles like automobiles manufactured and assembled domestically. Accordingly, the Ministry of Finance proposes that from August 1, 2024 to January 31, 2025, the registration fee for domestically produced automobiles shall be 50% of the applicable rate.

However, in Notification 384/TB-VPCP, the Government Office concluded that the 50% reduction in registration fees for domestically produced and assembled automobiles shall be implemented for 3 months (instead of 6 months as previously reported and sought for Government's opinion).

Registration fee for automobiles in 2024:

The registration fee for automobiles, trailers or semi-trailers pulled by automobiles, and vehicles like automobiles is 2%. However, there are some types of automobiles with two different levels of initial registration fees, including the initial registration fee and the subsequent registration fees.

The tax authority shall determine the registration fee for automobiles, trailers or semi-trailers pulled by automobiles, and vehicles like automobiles based on the type of vehicle as stated in the Certificate of Technical Safety and Environmental Protection issued by the Vietnam Registration Authority.

Detail:

Notification 384/TB-VPCP

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The principle of exempting or reducing land rent from August 1, 2024

On July 30, 2024, the Government issued Decree No. 103/2024/ND-CP stipulating land use fees and land rent, including the principles for implementing exemptions and reductions in land rent, effective from August 1, 2024. Specifically:

According to Article 38 of Decree No. 103/2024/ND-CP, the principles for implementing exemptions and reductions in land rent are as follows:

Individuals or entities leased land by the State must complete procedures to be eligible for land rent reductions as prescribed.

In cases where a land user is entitled to both exemptions and reductions in land rent under Decree No. 103/2024/ND-CP or other relevant legal documents, they shall be exempted from land rent. If a land user is eligible for multiple reduction rates, they shall enjoy the highest reduction rate.

Exemptions and reductions in land rent shall be implemented on a project-by-project basis and directly applied to individuals or entities leased land by the state, calculated based on the land rent amount, except in cases where the subject is exempt or reduced but does not require a project. Land users shall submit documents proving their eligibility for land rent reductions as prescribed by law.

In cases where a land user is currently enjoying preferential exemptions or reductions in land rent higher than those prescribed by Decree No. 103/2024/ND-CP, they shall continue to enjoy such preferential treatment for the remaining period. If the preferential rate is lower than that prescribed by Decree No. 103/2024/ND-CP for the remaining preferential period from the effective date of Decree No. 103/2024/ND-CP, the lower rate shall apply. If the preferential period has expired by the effective date of Decree No. 103/2024/ND-CP, the preferential treatment prescribed by Decree No. 103/2024/ND-CP shall not be applied.

Detail:

[Decree No. 103/2024/ND-CP](#)

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15 new provisions in the 2024 Social Insurance Law

On June 29, 2024, the National Assembly enacted the Social Insurance Law No. 41/2024/QH15, replacing the 2014 Social Insurance Law. This new law includes 15 key provisions, effective from July 1, 2024. Specifically:

1. Minimum 15-year contribution for pension.
2. Maternity benefits in Voluntary social insurance.
3. Expanded coverage.
4. Sickness and maternity benefits for non-professional community-level workers.
5. Monthly allowance for ineligible pensioners.
6. Lower retirement age.
7. Encourage employees to reserve payment time to enjoy pension instead of receiving one-time social insurance.
8. Ensure the right to participate and enjoy social insurance for Vietnamese workers working abroad and foreign workers working in Vietnam.
9. Improving Social Insurance Fund investment efficiency.
10. Supplementary pension regulations.
11. Specific regulations on "reference level" instead of "basic salary level".
12. Specific regulations on management of social insurance collection and payment.
13. Regulations on electronic transactions in the field of social insurance.
14. Set aside 01 chapter to regulate social insurance collection and payment; clarify the content and handle acts of late payment and debt evasion.
15. Supplement regulations on international cooperation and more clearly define the state management responsibilities of the Ministry of Labor, War Invalids and Social Affairs and the Ministry of Finance.

Detail:

[Social Insurance Law 2024](#)



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INTRODUCTION

IC&P is one of the offices of the IC&Partners Group, a group with **over 30 years of experience** in global consulting, with over 300 experts working across **40 subsidiaries and branches** in **over 50 countries worldwide**, including the US, China, India, Russia, and Mexico. We are responsible for supporting clients in the Asia region, together with IC&Partners Asia located in Hong Kong, Beijing, Shanghai, and Shenzhen.

In Vietnam, IC&P has been operating for many years and has gradually affirmed its position in the consulting field (accounting-tax, investment and M&A consulting, corporate legal consulting, management consulting, and other related issues in business operations). Our clients are mainly foreign-invested enterprises (FDI).

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!