



IC&PARTNERS VIETNAM

Supporting

Business Worldwide

TAX NEWSLETTER

JULY, 2024

IN THIS ISSUE

➤ *Taxation*

- Amending and supplementing regulations on administrative violations in tax transactions by electronic methods
- Policy of reducing value-added tax by 2% applied from July 01, 2024 to December 31, 2024
- Official Letter responding to the proposal on the advance pricing agreement (APA) determination method
- Amending Vietnam's special preferential import tax rates in line with the ASEAN-Korea Free Trade Agreement
- Extension of deadline for submitting special consumption tax with domestically manufactured and assembled cars

➤ *Insurance*

- The health insurance premium for an individual from July 01, 2024

➤ *Enterprise*

- Regional minimum wage and regulations on the application of the regional minimum wage
- Priority for investing, renting, purchasing products, and information technology services produced domestically
- Regulations on the premature termination of a financial leasing contract

❖ **Headquarters in Hanoi:**

4th Floor, COWAELMIC Building, No. 198 Nguyen Tuan Street, Nhan Chinh Ward, Thanh Xuan District, Ha Noi

❖ **Hai Phong Office**

No. 55A/69 Cho Con, Trai Cau Ward, Le Chan District, Hai Phong

❖ **Ho Chi Minh Office**

LE 04.09, Lexington Apartment, 67 Mai Chi Tho, An Phu Ward, Thu Duc City, Ho Chi Minh

❖ **Contact to IC&Partners**

Vietnam

Mobi: +84 915 432 043

Web: www.icpartners.it

Email:

info@icpartnersvietnam.com

➤ **Taxation**

- **Amend regulations on administrative violations in tax transactions by electronic methods**
- Policy of reducing value-added tax by 2%
- The APA determination method
- Amend ASEAN-Korea Free Trade Agreement
- Extend the deadline for special consumption tax for cars manufactured, assembled domestically

➤ **Insurance**

- The health insurance premium for individual from July 01, 2024

➤ **Enterprise**

- Regional minimum wage and regulations on applying the regional minimum wage
- Priority for investing, renting, purchasing, and IT services produced domestically
- Regulations relate to the premature termination of a financial leasing contract

TAX NEWSLETTER

JULY, 2024

TAXATION

Amending and supplementing regulations on administrative violations in tax transactions by electronic methods

On July 09, 2024, The Minister of Finance issued 46/2024/TT-BTC amending 19/2021/TT-BTC guiding electronic transactions in the tax sector, effective from August 28, 2024 as follows:

Amending Point a, Clause 1 Article 32 Circular 19/2021/TT-BTC:

Taxpayers who violate the deadlines for tax registration; tax information notification deadlines; deadlines for reporting temporary suspension of business activities; and notifying changes in business registration information before the deadline, tax authorities will base on the submission date of documents as stipulated in point b clause 1 Article 8 Circular 19/2021/TT-BTC and the deadlines stipulated in Law on Tax Administration to determine the number of late submission days and issue administrative tax violation penalty minutes to send to taxpayers.

Amending Point b Clause 3 Article 32 Circular 19/2021/TT-BTC:

After the deadline for explanation, the tax authority shall base on the administrative tax violation of the taxpayer as stated in the Minutes of Administrative Tax Violation and the supplementary explanation documents, including information on any mitigating circumstances of the taxpayer (if any), to issue a decision on administrative penalties for tax violations and send it to the taxpayer as prescribed in Clause 2, Article 5 of Circular 19/2021/TT-BTC.

In cases the explanation and supplementary information provided by the taxpayer is not accepted, the tax authority shall issue a Notice of non-acceptance of the explanation and supplementary information (in the form 01-3/TB-TDT attached to Circular 19/2021/TT-BTC) and a Decision on administrative tax penalties for the taxpayer as stipulated in Clause 2 Article 5 of Circular 19/2021/TT-BTC.

Detail:

Law on Tax Administration

Circular 46/2024/TT-BTC, Circular 19/2021/TT-BTC

➤ **Taxation**

- Amend regulations on administrative violations in tax transactions by electronic methods
- **Policy of reducing value-added tax by 2%**
- The APA determination method
- Amend ASEAN-Korea Free Trade Agreement
- Extend the deadline for special consumption tax for cars manufactured, assembled domestically

➤ **Insurance**

- The health insurance premium for individual from July 01, 2024

➤ **Enterprise**

- Regional minimum wage and regulations on applying the regional minimum wage
- Priority for investing, renting, purchasing, and IT services produced domestically
- Regulations relate to the premature termination of a financial leasing contract

Policy of reducing value-added tax by 2% applied from July 01, 2024 to December 31, 2024

On June 30, 2024, the Government issued Decree No. 72/2024/ND-CP on value-added tax (VAT) reduction policies, effective from July 01, 2024 to December 31, 2024 as follows:

1. VAT reduction rate:

Business establishments that calculate VAT using the deduction method may apply the 8% VAT rate for goods and services eligible for VAT reduction.

In cases goods or services are not subject to VAT or subject to 5% VAT as prescribed in the Law on Value-Added Tax, they shall be governed by the provisions of the Law on Value-Added Tax.

Business establishments that calculate VAT using the percentage-on-revenue method are entitled to a 20% reduction in the percentage rate to calculate VAT when issuing invoices for goods and services eligible for value added tax reduction.

2. Procedure for reducing value-added tax is as follows:

For business establishments calculating VAT by deduction method:

When issuing VAT invoices, write “8%” in the VAT rate column. Based on the VAT invoice, businesses declare the deduction of input VAT according to the reduced amount stated on the VAT invoice.

For business establishments (including household and individual business) calculating VAT by percentage of revenue:

When issuing sale invoices, in the "Total amount" column, write the full price of goods or services before discounting, and in the "Total goods, services cost" line, write the amount after applying a 20% discount on the revenue percentage. Also, include a note: "has reduced... (amount) equivalent to a 20% rate to calculate value-added tax in according to Resolution No. 142/2024/QH15"..

Detail:

Law on Value-Added Tax, Decree 72/2024/ND-CP,
Resolution 142/2024/QH15

➤ **Taxation**

- Amend regulations on administrative violations in tax transactions by electronic methods
- Policy of reducing value-added tax by 2%
- **The APA determination method**
- Amend ASEAN-Korea Free Trade Agreement
- Extend the deadline for special consumption tax for cars manufactured, assembled domestically

➤ **Insurance**

- The health insurance premium for individual from July 01, 2024

➤ **Enterprise**

- Regional minimum wage and regulations on applying the regional minimum wage
- Priority for investing, renting, purchasing, and IT services produced domestically
- Regulations relate to the premature termination of a financial leasing contract

TAX NEWSLETTER

JULY, 2024

TAXATION

Official Letter responding to the proposal on the advance pricing agreement (APA) determination method

On July 03, 2024 The General Department of Taxation issued Official Letter No. 2839/TCT-DNL in response to the proposal on the APA mechanism sent to the Japanese Business Association in Vietnam as follows:

- APA is applied on the basis of cooperation between the tax authorities and taxpayers or between the Vietnamese tax authorities and the tax authorities of the partner country, and taxpayers work together, exchange, and negotiate on the application of legal provisions on implementing corporate income tax obligations for related-party transactions within the scope of APA in accordance with principles.
- Applying APA aims to enhance tax management efficiency, reduce compliance costs, determine related-party transactions of MNCs in accordance with the principles of analysis and comparison with independent transactions and the principle, the tax determination transactions determine the tax obligations to identify the nature of related-party transactions, the corporate income tax obligations to be paid by taxpayers as in transactions between independent parties and prevent double taxation and tax evasion, minimize disputes over the pricing of related-party transactions.
- The request to apply APA of the taxpayers shall be resolved based on the dossier as stipulated in Clause 3 Article 41 of Decree No. 126/2020/NĐ-CP.
- The analysis, comparison, selection of independent comparison subjects, and methods used to compare and determine the prices of related-party transactions within the scope of APA are conducted in accordance with the regulations in Decree No. 132/2020/NĐ-CP.
- The application of the APA mechanism must ensure compliance with the principles stipulated in Article 6 of the Law on Tax Administration 2019.

Detail:

[Law on Tax Administration, Decree 132/2020/NĐ-CP,](#)
[Decree 126/2020/NĐ-CP, Official Letter 2839/TCT-DNL](#)

➤ **Taxation**

- Amend regulations on administrative violations in tax transactions by electronic methods
- Policy of reducing value-added tax by 2%
- The APA determination method
- **Amend ASEAN-Korea Free Trade Agreement**
- Extend the deadline for special consumption tax for cars manufactured, assembled domestically

➤ **Insurance**

- The health insurance premium for individual from July 01, 2024

➤ **Enterprise**

- Regional minimum wage and regulations on applying the regional minimum wage
- Priority for investing, renting, purchasing, and IT services produced domestically
- Regulations relate to the premature termination of a financial leasing contract

TAX NEWSLETTER

JULY, 2024

TAXATION

Amending Vietnam's special preferential import tax rates in line with the ASEAN-Korea Free Trade Agreement

On July 04, 2024, the Government issued Decree No. 81/2024/ND-CP amending and supplementing certain provisions of Decree No. 119/2022/ND-CP dated December 30, 2022, on Vietnam's Special Preferential Import Tariff Schedule for implementing the ASEAN-Korea Trade in Goods Agreement (AKFTA) for the period 2022-2027 as follows:

1. Vietnam's Special Preferential Import Tariff Schedule:

The AKFTA tariff rate 0% for: live animals; meat and edible meat offal after slaughter,...

The AKFTA tariff rate 5% for: some types of mineral or chemical fertilizers containing phosphates (phosphate fertilizers), cosmetics or makeup preparations and skin care preparations (excluding pharmaceuticals), including sun protection or tanning preparations; preparations for nails or toenails.

2. List of goods subject to the special preferential import tariff rate outside Vietnam's quota:

The AKFTA tariff rate 50% for: salt; sulfur; soil and rock; gypsum, lime, and cement.

The AKFTA tariff rate 80% for: sugar and types of sugar such as sugarcane or beet sugar and pure sucrose in solid form.

3. Change in the applicable AKFTA tariff rate (%) as follows:

Column "*AKFTA Tax Rate (%)*": The tax rate will be applied from November 28, 2023 to December 31, 2027.

Detail:

Decree 81/2024/ND-CP, Decree 119/2022/ND-CP

➤ **Taxation**

- Amend regulations on administrative violations in tax transactions by electronic methods
- Policy of reducing value-added tax by 2%
- The APA determination method
- Amend ASEAN-Korea Free Trade Agreement
- **Extend the deadline for special consumption tax for cars manufactured, assembled domestically**

➤ **Insurance**

- The health insurance premium for individual from July 01, 2024

➤ **Enterprise**

- Regional minimum wage and regulations on applying the regional minimum wage
- Priority for investing, renting, purchasing, and IT services produced domestically
- Regulations relate to the premature termination of a financial leasing contract

Extension of deadline for submitting special consumption tax with domestically manufactured and assembled cars

On June 17, 2024, the Government issued Decree No. 65/2014/ND-CP extending the deadline for paying special consumption tax on domestically produced and assembled cars, effective from June 17, 2024 to December 31, 2024 as follows:

- The deadline for paying special consumption tax arising from the May, June, July, August, September 2024 tax period is November 20, 2024.
- For cases where taxpayers submit supplementary tax returns for the extended tax period that result in an increase in the amount of Special Consumption Tax payable and send it to the tax authorities before the extended tax payment deadline, the extended tax amount includes the additional tax payable due to the supplementary declaration
- The Decree 65/2024/ND-CP also stipulates that if taxpayers are eligible for an extension in filing and paying the Special Consumption Tax declaration according to current laws, they are not required to pay the Special Consumption Tax due as declared in the Special Consumption Tax declaration during the extension period.
- For cases where businesses have branches or affiliated units that separately file Special Consumption Tax returns with the tax authorities directly managing the branches or affiliated units, these branches and affiliated units are also eligible for the extension of Special Consumption Tax payment. However, if the branches or affiliated units do not engage in automobile production or assembly, they are not eligible for the extension of Special Consumption Tax payment.

Detail:

[Decree 65/2024/ND-CP](#)

➤ **Taxation**

- Amend regulations on administrative violations in tax transactions by electronic methods
- Policy of reducing value-added tax by 2%
- The APA determination method
- Amend ASEAN-Korea Free Trade Agreement
- Extend the deadline for special consumption tax for cars manufactured, assembled domestically

➤ **Insurance**

- **The health insurance premium for individual from July 01, 2024**

➤ **Enterprise**

- Regional minimum wage and regulations on applying the regional minimum wage
- Priority for investing, renting, purchasing, and IT services produced domestically
- Regulations relate to the premature termination of a financial leasing contract

The health insurance premium for an individual from July 01, 2024

On June 30, 2024, the Government issued Decree 73/2024/ND-CP stipulating new base salary levels for officials, public servants, civil servants, and armed forces, thereby changing the health insurance contribution rate for individuals, effective from July 01, 2024 as follows

- According to the provisions of Decree 73/2024/ND-CP, the new base salary level is 2,340,000 VND per month, replacing the current level of 1,800,000 VND per month.
- In Conclusion 83-KL/TW dated June 21, 2024, the Politburo decided to increase the base salary for officials, public servants, civil servants, and armed forces from 1.8 million VND per month to 2.34 million VND per month, effective from July 01, 2024.
- At the same time, according to Point d, Clause 1, Article 7 of Decree 146/2018/ND-CP, the monthly health insurance contribution rate for other subjects will be 4.5% of the base salary.
- Therefore, if purchasing voluntary health insurance for one person, the annual health insurance contribution is 1,263,000 VND (an increase of 291,000 VND), and the monthly contribution is 105,300 VND.

Detail:

[Decree 73/2024/ND-CP](#), [Decree 146/2018/ND-CP](#),
[Conclusion 83-KL/TW](#)

➤ **Taxation**

- Amend regulations on administrative violations in tax transactions by electronic methods
- Policy of reducing value-added tax by 2%
- The APA determination method
- Amend ASEAN-Korea Free Trade Agreement
- Extend the deadline for special consumption tax for cars manufactured, assembled domestically

➤ **Insurance**

- The health insurance premium for individual from July 01, 2024

➤ **Enterprise**

- **Regional minimum wage and regulations on applying the regional minimum wage**
- Priority for investing, renting, purchasing, and IT services produced domestically
- Regulations relate to the premature termination of a financial leasing contract

Regional minimum wage and regulations on the application of the regional minimum wage

On June 30, 2024, the Government issued Decree 74/2024/ND-CP stipulating the minimum wage for employees working under labor contracts and the responsibilities of employers as follows:

The minimum wage in the 4 regions is determined as follows:

Region I: From 4,680,000 dong per month to 4,960,000 dong per month;
Region II: From 4,160,000 dong per month to 4,410,000 dong per month;
Region III: From 3,640,000 dong per month to 3,860,000 dong per month;
Region IV: From 3,250,000 dong per month to 3,450,000 dong per month.
Thus, there are 2 regional minimum wage levels taking effect in 2024 as follows:

- From January 01, 2024 to June 30, 2024: apply Decree No. 38/2022/ND-CP.
- From July 01, 2024 to December 31, 2024: apply Decree 74/2024/ND-CP.

Responsibility for implementing of the employer:

When implementing the minimum wage specified in Decree 74/2024/ND-CP, employers are responsible for reviewing the wage provisions in labor contracts agreed upon with employees, collective labor agreements, and the employer's regulations to adjust and supplement them accordingly.

For wage provisions that are more favorable to employees (in cases specified by Decree 74/2024/ND-CP) and have already been agreed upon or committed to, these provisions will continue to be applied, unless the parties have agreed otherwise.

Employers are not allowed to eliminate or reduce wage provisions for overtime work, night work, in-kind allowances, and other benefits as stipulated by labor law.

Detail:

[Decree 74/2024/ND-CP, Decree 38/2022/ND-CP](#)

➤ **Taxation**

- Amend regulations on administrative violations in tax transactions by electronic methods
- Policy of reducing value-added tax by 2%
- The APA determination method
- Amend ASEAN-Korea Free Trade Agreement
- Extend the deadline for special consumption tax for cars manufactured, assembled domestically

➤ **Insurance**

- The health insurance premium for individual from July 01, 2024

➤ **Enterprise**

- Regional minimum wage and regulations on applying the regional minimum wage
- **Priority for investing, renting, purchasing, and IT services produced domestically**
- Regulations relate to the premature termination of a financial leasing contract

TAX NEWSLETTER

JULY, 2024

ENTERPRISE

Priority for investing, renting, purchasing products, and information technology services produced domestically

On July 10, 2024, the Government issued Decree 82/2024/ND-CP amending and supplementing several provisions of Decree 73/2019/ND-CP regarding the management of investment in information technology applications using state budget funds, effective from July 10, 2024 as follows:

Information technology application activities within the scope of Decree 73/2019/ND-CP must prioritize investing in, leasing, or purchasing domestically produced information technology products and services, in accordance with legal regulations for specialized information technology and digital technology products and services.

Specific criteria for prioritizing information technology services:

According to the provisions of Article 9 of Circular 40/2020/TT-BTTTT on specific criteria for prioritized information technology services, the services must meet the following criteria simultaneously:

- a) Provided by Vietnamese organizations, enterprises, or individuals;
- b) Criteria regarding the quality standards and security of the service;
- c) For information technology services available on the market: the service must have been deployed and provided to at least 03 agencies or organizations;
- d) The proportion of expenses for research and development of the service relative to the total revenue of the service by the enterprise in the last 03 years must be at least 3%.

Detail:

Decree 82/2024/ND-CP, Decree 73/2019/ND-CP,
Circular 40/2020/TT-BTTTT

➤ **Taxation**

- Amend regulations on administrative violations in tax transactions by electronic methods
- Policy of reducing value-added tax by 2%
- The APA determination method
- Amend ASEAN-Korea Free Trade Agreement
- Extend the deadline for special consumption tax for cars manufactured, assembled domestically

➤ **Insurance**

- The health insurance premium for individual from July 01, 2024

➤ **Enterprise**

- Regional minimum wage and regulations on applying the regional minimum wage
- Priority for investing, renting, purchasing, and IT services produced domestically
- **Regulations relate to the premature termination of a financial leasing contract**

TAX NEWSLETTER

JULY, 2024

ENTERPRISE

Regulations on the premature termination of a financial leasing contract

On July 01, 2024, the Governor of the State Bank of Vietnam issued Circular 26/2024/TT-NHNN regulating the financial leasing activities of financial companies and leasing companies, effective from July 01, 2024 as follows:

A financial lease contract may be terminated early in the event of one of the following circumstances:

- a) The lessor discovers that the lessee has provided false information, violated the terms of the contract, financial lease agreement, or security agreement;
 - b) The leased asset is lost, damaged beyond repair, and cannot be replaced;
 - c) The lessor violates any of the terms or conditions that constitute grounds for terminating the financial lease contract, as specified in the lease agreement;
 - d) Circumstances for early termination of the financial lease contract according to legal regulations and the lease agreement.
- In the case where one party unilaterally terminates the financial lease contract, the terminating party must immediately notify the other party of the contract termination. The content of the unilateral termination notice and the timing of the early termination must be agreed upon by both parties in the financial lease contract and comply with legal regulations.
 - The handling of early termination of the financial lease contract shall be in accordance with the provisions of Article 21 of Circular 26/2024/TT-NHNN and relevant legal regulations.

Detail:

Circular 26/2024/TT-NHNN



IC&PARTNERS VIETNAM

Supporting

Business Worldwide

TAX NEWSLETTER

JULY, 2024



❖ Headquarters in Hanoi:

4th Floor, COWAELMIC
Building, No. 198 Nguyen
Tuan Street, Nhan Chinh
Ward, Thanh Xuan District,
Ha Noi

❖ Hai Phong Office

No. 55A/69 Cho Con, Trai
Cau Ward, Le Chan District,
Hai Phong

❖ Ho Chi Minh Office

LE 04.09, Lexington
Apartment, 67 Mai Chi Tho,
An Phu Ward, Thu Duc City,
Ho Chi Minh

❖ Contact to IC&Partners Vietnam

Mobi: +84 915 432 043

Web: www.icpartners.it

Email:

info@icpartnersvietnam.com

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!