

Tax Alert

Keeping you informed

August 2011

Update on Personal Income Tax



Personal Income Tax Update

On 04 August 2011, the Ministry of Finance issued **Circular 113/2011/TT-BTC** (“Circular 113”) which provides amendments to Circular 62/2009/TT-BTC dated 27 March 2009, Circular 02/2010/TT-BTC dated 11 January 2010 and Circular 12/2011/TT-BTC dated 26 January 2011 on several Personal Income Tax (“PIT”) treatments.

Regarding income paid to individual not being employee of an organization (including agent commissions for the sale of goods, remuneration or other payments for individuals providing services), the income level which triggers withholding tax is increased from **VND500,000** to **VND1,000,000** per payment.

With the increment in taxable threshold amount, personal withholding tax rate now changes back to what regulated in Circular 84/2008, which is **10%** or **20%** on income paid to individuals who **have had** or **not had a tax code**, respectively. This is a notable change compared to current regulations which allow the tax rate of 10% in both cases.

The income-paying entity is responsible for informing the individuals on the aforesaid withholding tax rates for their tax code registration.

In addition, Circular 113 amends a number of articles related to property transfers as stipulated in Circular 02/2010 and Circular 12/2011.

Circular 113 shall be effective from **19 September 2011**.

We trust the above is clear. Should you have any concerns, please feel free to contact us for further clarifications.



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