

## Tax Alert

# Keeping you informed

August 2011

## Update on Personal Income Tax Cuts



# Personal Income Tax (“PIT”) Update

In our recent Tax Alert on 12 August 2011, we have informed you about the National Assembly issued Resolution 08/2011/QH13 dated 06 August 2011 to grant tax cuts for certain corporate and individual taxpayers, Whilst waiting for forthcoming detailed guidance from the Government and the Ministry of Finance (“MoF”), the MoF issued **Official Letter 10790/BTC-CST** dated 12 August 2011 addressing to all provincial People Committees for a consistent implementation of the Resolution. Below are noticeable instructions under Official Letter 10790 for your awareness and implementation:

- Neither PIT withholding nor PIT collection for **dividends paid from 1 August 2011**, excluding those derived from joint-stock banks, finance investment funds, and credit organizations;
- Apply provisional PIT withholding of **0.05%**, instead of 0.1% **from August 2011** for **securities** transfer transactions in the stock market;
- Temporarily apply **neither** PIT withholding **nor** PIT collection **from August 2011 to December 2011** for employed individuals and businessmen whose employment income/business income are subject to the progressive tax rate of **5%**, i.e. their assessable income after deduction does not exceed **VND 5 million**.
- 30% break on Corporate Income Tax is not specified in this Official Letter.

We shall continuously update you should there be further development in this regard.



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