

Tax Alert

Resolution No. 105/NQ-CP on measures and solutions to eliminate challenges to production and business activities, continue to promote the reform of administrative procedures and strengthen discipline

July 2023



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On 15 July 2023, the government issued Resolution No. 105/NQ-CP on actions and solutions to eliminate challenges to production and business activities, continuing to promote administrative procedure reform and strengthen discipline.

In order to improve market and capital access for businesses, quickly restore productive activity for citizens, continue to reform administrative procedures and improve the business investment environment, the Prime Minister has asked the relevant authorities to urgently coordinate and implement the following key actions:

1. Promote domestic consumption and exports

- Increase exports of agricultural products, major export commodity groups. For China: pilot application of smart border gate system in 2023; negotiate to open more export markets for other Vietnamese agricultural products;

2. Promote reforms of administrative procedures, improve the business investment environment

- Amend Decree No. 132/2020/ND-CP to eliminate difficulties for manufacturing enterprises related to tax administration rules for related party transactions.
- Minimise unnecessary inspection activities as required; radically reduce overlaps in tax audit and inspection activities, social insurance and other specialised inspection activities....

3. Strengthen administrative discipline and improve the efficiency and effectiveness of management and operation; resolutely overcome the situation of evasion and avoidance of responsibility in solving problems

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4. Promote investment by the non-state economic sector and state-owned enterprises; attract foreign direct investment in connection with the development of new industries and sectors, innovation, advanced and environmentally friendly technology, creating a new growth engine for the economy

- Completion of the OECD Global Minimum Tax Plan in accordance with the Prime Minister's instruction in document No. 2028/VPCP-KTTH. Continue to review, amend and supplement tax regulations to ensure the uniformity and synchronicity of tax incentive policies.
- Amend existing regulations on foreign workers in Vietnam and the recruitment and management of Vietnamese workers for foreign organisations and individuals in Vietnam under Decree No. 152/2020/ND-CP.
- Establish a database of Vietnamese enterprises that meet the requirements to serve as suppliers to FDI enterprises in a number of key export processing and manufacturing industries.
- Strengthen the development of policies to support the growth of the hydrogen energy industry. Support large domestic companies to become market leaders in the semiconductor and hydrogen industries.
- Support enterprises to meet internationally recognised standards for sustainable development; invest in green factory and transformation projects, especially in key export industries and sectors.
- Focus on addressing environmental issues of power plants; complete regulations on carbon certificate market.
- Strengthen land clearance, compensation, assistance, resettlement and creation of clean land for investment projects.

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5. Improve cash flow, reduce costs and increase access to capital for businesses and citizens.

Review and amend existing regulations to reduce the timeframe for VAT refunds for businesses

- Propose a 30% reduction in land lease fees in 2023 for organisations, units, companies, households and individuals who receive land leases directly from the state in the form of annual land leases.
- Reduce trade union dues from 2% to 1% and extend the deadline for payment in 2023; continue to implement policies to support trade union members and workers who have had their working hours reduced, their labour contracts terminated due to enterprises' cutbacks, or their sales orders reduced in accordance with Resolution No. 06/NQ-DTCT, Decision No. 6696/QD-TLD of the Vietnam General Confederation of Labour until the end of 2023.
- Credit institutions would review, streamline, and reduce administrative procedures and banking service fees, especially those related to export activities.
- Review and amend regulations on the buying and selling of corporate bonds by credit institutions and branches of foreign banks. Launch of the private corporate bond exchange in July 2023.
- Early licensing of electricity activities for renewable energy projects; finalisation of regulations on the purchase and sale of electricity.

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