

### The Government's Draft Resolution on tasks and solutions to reduce difficulties for production and business, to promote disbursement of public investment capital under Covid-19 pandemic situation

20 April 2020



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The Ministry of Planning and Investment recently posted on its website the Government's Draft Resolution on tasks and solutions to reduce difficulties for production and business, and promote disbursement of public investment capital during the Covid-19 pandemic ("Draft Resolution"). This Draft is prepared upon the Government's directive at the online conference on 10 April 2020 between the Government and localities to share difficulties with the business community in minimizing the impact of the Covid-19 pandemic. Accordingly, the Government directs specific tasks and solutions to various Ministries and provincial People's Committees as follows:

#### SOME NOTABLE CONTENTS IN THE DRAFT RESOLUTION

**Continue to supplement subjects for tax and land rental payment deadline extension and increase time for extension; exempt and reduce Corporate Income Tax ("CIT"), Personal Income Tax ("PIT") and Value Added Tax ("VAT")**

- **Extend tax and land rental fee payment deadline** for enterprises operating in the field of oil and gas exploitation, petroleum business;
- **Extension of the tax payment deadline for Natural Resources Tax, Special Consumption Tax ("SCT");**
- **Adjustment on personal & family allowances** for Personal Income Tax ("PIT");
- **Exemption, reduction of environmental protection tax** on fuels used in transport industries;
- **50% reduction of registration fee** for domestically manufactured or assembled automobiles until the end of 2020; **incentive policies on SCT for domestic automobile industry;**
- **Reduce 50% of CIT** for small and medium-sized enterprises in 2020;
- **Exempt or reduce 50% of the VAT rate** (currently 10%) for goods and services facing difficulties, including raw materials;
- **Temporarily reduce and exempt CIT, PIT** for enterprises, individual business households to apply for the tax period 2020;
- **Consider refunding VAT in 2020** for a number of industries heavily and directly affected by the Covid-19 epidemic such as aviation and tourism;
- **Increase the time for payment extension** of CIT in 2019, VAT, PIT and land

rental fee to **1 year** (currently 05 months under Decree No. 41/2020/ND-CP);

- **Consider allowing the delayed payment of a part of export tax** for about 5 months (until the end of the Quarter II 2020); timely adjustment of import and export tax rates in a limited time period for a number of sectors such as petrol import tax for aviation industry;
- **Finalize the draft Decree amending and supplementing Clause 3, Article 8 of Decree No. 20/2017/ND-CP** to allow retroactive application for 2017, 2018 tax years, and the repayment period will be within 5 years.

#### Continue to exempt and reduce interest rates, costs and extend payment term for loans

- **Exempt or reduce interest rates, costs** for new loans and existing loans of enterprises for approximately 2%;
- Provide loans **with preferential interest rates** to: (i) **medium- and large-sized enterprises** severely damaged by the Covid-19 epidemic with loan terms from 6-9 months; (ii) **small- and micro-sized enterprises** with loan terms from 3-6 months.

#### Regarding the immigration, work permit of foreign experts, managers, and technical workers

- **Apply special immigration procedures for foreign experts, business managers and technical workers** in FDI enterprises who are allowed to enter Vietnam to maintain production and business activities of enterprises;
- **Renew work permits for foreign experts and technicians working in FDI enterprises; grant work permits to new foreign experts and technicians** to replace foreign experts who are not allowed to immigrate or re-immigrate into Vietnam.

#### Other highlighted solutions

- **Review legal documents, institutional issues**, especially investment, production and business, etc. and early propose **solutions to help reducing difficulties** for production and business;
- **Unify import and export HS codes** in accordance with other countries, especially the EU group to **reduce difficulties when applying HS codes**.

## TAX & CUSTOMS ALERT

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#### DELOITTE VIETNAM'S COMMENTS

In the context that enterprises are facing a lot of difficulties in production and business activities due to the impact of the Covid-19 pandemic, the solutions proposed in the Draft Resolution, if being implemented, will play an essential role in reducing the cost burden for the business community, as well as contributing to the stabilization and sustainability of production and business activities against the negative impacts of Covid-19 pandemic.

Notably, the above-mentioned solutions are continued to be directed by the Government for the Ministries and Agencies to research and supplement immediately after the issuance of a number of solutions to support businesses and people such as the Decree on extension of tax and land rental payment deadline (Decree No. 41/2020/ND-CP), Resolution on direct support package for people in difficulties due to Covid-19 pandemic (Resolution No. 42/NQ-CP), etc. Per Deloitte's observation, these issues will be discussed in the upcoming online dialog meeting between the Prime Minister and the business community in order to solve the existing difficulties, promote business production and recover the economy to cope with the Covid-19 pandemic, which is expected to take place in the end of April 2020.

Therefore, we recommend that your Enterprises to review the solutions in the Draft Resolution to prepare comments and recommendations so that the Government can early complete and continue to enact solutions to reduce difficulties for enterprises to overcome the current epidemic period.

Deloitte will regularly follow up and update to Valued Enterprises about the Government's support solutions at soonest.

Together with Deloitte Southeast Asia, Deloitte Vietnam has established an advisory group to assist enterprises in coping with the Covid-19 pandemic, to address urgent issues such as: analysis on liquidity, shortage of working capital, debt structuring; or support seeking effective management solutions, reducing costs, reviewing and managing risks related to contractual terms, ensuring continuous operation due to effects of Covid-19.

If you have any questions, please contact us directly for advice and assistance.



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