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**Newsletter
Tax & Customs**

July 2024



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**Transfer Pricing
Firm of the Year**

**Tax Firm
of the Year**



Tax Administration

New regulation

Extension of tax payment deadlines for 2024

On 17 June 2024, the Government issued Decree No. 64/2024/ND-CP ("Decree 64"), extending payment deadlines for Value-added Tax ("VAT"), Corporate Income Tax ("CIT"), Personal Income Tax ("PIT"), and land lease fees for 2024. This decree was effective immediately and remains in force until 31 December 2024.

Eligible entities:

- Enterprises and organizations operating in sectors specified in Article 3, Decree 64.
- Small and micro enterprises (SMEs) as defined under Decree No. 12/2023/ND-CP.

Tax payment extensions:

- **Enterprises and Organizations:** Extended deadlines for VAT and CIT payments.
- **Business Households and Individuals:** Extended deadlines for VAT and PIT payments.
- **Land Lease Fees:** 50% of the total land lease fees due in 2024 are eligible for extension.
- **VAT:** Extension applies to the tax periods from May to September 2024 (monthly declarations) and Q2 and Q3 of 2024 (quarterly declarations).
- **CIT:** Provisional CIT payments for Q2 of 2024 are extended by 3 months.

Extension procedures:

- Taxpayers must self-determine and assume full responsibility when applying for the extensions.
- Applications for extension must be submitted no later than 30 September 2024.
- Tax authorities will not issue acceptance notifications.
- If the Tax authorities find a taxpayer ineligible, they will notify the taxpayer in writing. The taxpayer must then pay the taxes, land lease fees, and any late payment interest during the extension period.

(Decree No. 64/2024/ND CP dated 17 June 2024 issued by the Government)

Extension of Special Consumption Tax ("SCT") payment deadline for domestically manufactured and assembled automobiles in 2024

On 17 June 2024, the Government issued Decree No. 65/2024/ND-CP, extending the SCT payment deadline for domestically manufactured and assembled automobiles in 2024. Key details are as follows:

Applicable entities: Domestic automobile manufacturing and assembling enterprises.

Extension Period: The SCT payment deadlines for May to September 2024 are extended to no later than 20 November 2024.

(Decree No. 65/2024/ND-CP dated 17 June 2024 issued by the Government)

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Corporate Income Tax

Guidance ruling

CIT incentives for investment projects located in industrial zones, export processing zones, or industrial clusters

Official Letter No. 2721/TCT-CS issued by the General Department of Taxation on 26 June 2024 on CIT incentives, guides that:

- **For new investment projects:** Current CIT regulations do not provide the application of CIT incentives for investment projects located in industrial zones, export processing zones, or industrial clusters in the same manner as those available to areas with difficult socio-economic conditions.
- **For expansion investment projects:** Expansion investment projects in industrial parks, export processing zones, or industrial clusters are not entitled to the same CIT incentives as those applicable to areas with difficult socio-economic conditions.

(Official Letter No. 2721/TCT-CS dated 26 June 2024 issued by the General Department of Taxation)

CIT incentives in the case of license amendments

According to Official Letter No. 17370/CTBDU-TTHT issued by the Binh Duong Tax Department on 27 June 2024, the following guidelines apply to CIT incentives in the case of investment/enterprise registration certificate (licenses) amendments:

- If the amendments **do not negatively impact the qualifying conditions for tax incentives the incentives** will continue for the remaining period in accordance with Clause 3, Article 10, Circular No. 96/2015/TT-BTC and Clause 3, Article 20, Decree No. 218/2013/ND-CP.
- Otherwise, if the license amendments result in the qualifying conditions for **tax incentive not being satisfied**, the company will no longer be eligible for the CIT incentives.

(Official Letter No. 17370/CTBDU-TTHT dated 27 June 2024 issued by the Binh Duong Tax Department)



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Corporate Income Tax

Guidance ruling

CIT incentives in the case of corporate mergers

According to Official Letter No. 17718/CTBDU-TTHT issued by the Binh Duong Tax Department on 28 June 2024, the following guidelines apply to CIT incentives in the case of a corporate merger:

- The surviving company after a merger is allowed to **inherit the CIT incentives** of the merged company for the remaining period of the incentive, provided that it continues to satisfy the prescribed CIT incentive conditions.
- The company whose investment projects qualifying for CIT incentives must meet the criteria for CIT incentives, adhere to accounting, invoicing, and documentation regulations, and make CIT payments in accordance with the declaration method outlined in Article 18, Circular No. 78/2014/TT-BTC dated 18 June 2014, issued by the Ministry of Finance.

(Official Letter No. 17718/CTBDU-TTHT dated 28 June 2024 issued by the Binh Duong Tax Department)

Deductibility of expenses to apply for e-visa foreign employees

According to Official Letter No. 15380/CTBDU-TTHT issued by the Binh Duong Tax Department on 10 June 2024, expenses related to e-visa applications for foreign employees are deductible for CIT purposes if the following conditions are met:

- Expenses must be directly related to the company's business activities; and
- Expenses must be supported by valid invoices and relevant documents. If invoices are unavailable, confirmation from the Government website or e-visa application outcomes are acceptable, along with legitimate payment vouchers as prescribed.

Where dossiers and documents proving the expenses are stored in electronic format, the data must be accurate and reliable.

This electronic information and data must be securely stored and be accessible and retrievable in its entirety when requested by the Tax authority, in accordance with the Law on Electronic Transactions No. 20/2023/QH15 dated 22 June 2023.

(Official Letter No. 15380/CTBDU-TTHT dated 10 June 2024 issued by the Binh Duong Tax Department)



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Indirect Tax

Guidance ruling

Payment vouchers for transactions paid via e-wallets

According to Official Letter No. 2677/TCT-CS issued by the General Department of Taxation on 24 June 2024, payment transactions via e-wallets are treated similarly to bank transfers for VAT declaration purposes if the following conditions are met:

- The transaction must be conducted **through an e-wallet supplier licensed by the State Bank** to provide payment services via e-wallets; and
- The buyer transfers cash from a bank account or payment application to the e-wallet supplier's account. The e-wallet supplier then transfers the received cash to the seller's account at the registered bank.

(Official Letter No. 2677/TCT-CS dated 24 June 2024 issued by the General Department of Taxation)

Documentation for tax declaration and payment on behalf of business individuals and households which pay tax on deemed method

When declaring and paying tax on behalf of business individuals and households which pay tax on deemed method in accordance with point đ, Clause 5, Article 7, Decree No. 126/2020/ND-CP, the company should not include the tax amount paid on the invoices but use collection/payment vouchers instead.

(Official Letter No. 34678/CTHN-TTHT dated 07 June 2024 issued by the Hanoi Tax Department)

VAT on sales activities via overseas e-commerce platforms

Companies when selling and exporting goods through overseas e-commerce platforms are required to issue VAT invoices on the completion date of customs clearance procedures, as indicated in the customs declaration.

(Official Letter No. 18148/CTBDU-TTHT dated 04 July 2024 issued by the Binh Duong Tax Department)

VAT for tri-partied sales transactions without export customs declarations

Where a company purchases goods from overseas suppliers and then resells these goods to customers located in Vietnam, these goods are subject to the 0% tax rate if:

- The goods are delivered outside of Vietnam; and
- The company maintains sufficient documentation to prove that the goods are delivered outside of Vietnam territory as prescribed.

(Official Letter No. 15073/CTBDU-TTHT dated 03 June 2024 issued by the Binh Duong Tax Department)



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Personal Income Tax

New regulation

Regulations on the minimum salary adjustments from 01 July 2024

On 30 June 2024, the Government issued Decree No. 73/2024/ND-CP regulated the minimum salary for civil servants, public employees and armed forces.

Accordingly effective from 01 July 2024 onwards, the minimum salary is increased from VND 1,800,000 per month to VND 2,340,000 per month.

The increment of minimum salary will result in higher monthly salary for compulsory social insurance and health contributions capped at 20 times the monthly base salary (i.e. from VND 36,000,000 per month to VND 46,800,000 per month).

(Decree No. 73/2024/ND-CP dated 30 June 2024 issued by the Government)

Adjustments of the monthly regional minimum wage

Effective from 01 July 2024 onwards, the regional monthly minimum salary and regional hourly minimum wage are increased as follows:

Region	Monthly minimum salaries (VND/month)	Hourly minimum wage (VND/month)	Salary cap for unemployment insurance contribution (VND/month)
I	4,960,000	23,800	99,200,000
II	4,410,000	21,200	88,200,000
III	3,860,000	18,600	77,200,000
IV	3,450,000	16,600	69,000,000

The increment of monthly regional minimum salary will result the higher monthly salary for compulsory unemployment insurance contribution capped at 20 times the regional minimum salary (i.e. from VND 93,600,000 per month to VND 99,200,000 per month).

(Decree No. 74/2024/ND-CP dated 30 June 2024 issued by the Government)

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Personal Income Tax

Guidance ruling

PIT on free or discounted parking passes for employees

If a company provides parking passes to employees, either for free or at a discounted rate, this benefit would not be considered taxable for PIT purpose if:

- The company has a policy for this benefit, and the conditions and level of entitlement are specified in either (i) Labor contract; (ii) Collective Labor Agreement; (iii) Financial regulations of the company, corporation, or group, or (iv) Bonus/Reward policy endorsed by the Chairman of the Board of Directors, General Director, or other Directors, in accordance with the financial regulations of the company and/or the corporation; **and**
- The parking pass expenses are corresponding to the income subject to CIT in accordance with relevant CIT regulations

If the expenses exceed the regulated threshold as per prevailing regulations, the surplus amount will be subject to PIT.

(Official Letter No. 26443/CTHN-TTHT dated 07 May 2024 issued by the Ha Noi Tax Department)

PIT on vacation expenses for employees

Vacation expenses paid by the company to its employees are subject to PIT if the beneficiaries' names are specified.

If the vacation expenses are paid collectively for the employees without specifying the beneficiaries' names, these expenses are exempt from PIT.

(Official Letter No. 1982/TCT- DNNCN dated 10 May 2024 issued by the General Department of Taxation)

PIT in relation to dividend paid in form of shares

Individual shareholders who receive dividends in the form of stocks are exempt from declaring and paying PIT from **capital investment** upon receipt.

When **transferring capital** (stock dividends), the individuals must pay PIT on income derived from capital investment and income from securities transfer as outlined in Clause 1 and Clause 2, Article 10; point d, Clause 2, Article 11, Circular No. 111/2013/TT-BTC and point b, Article 16, Circular No. 92/2015/TT-BTC.

(Official Letter No. 2044/CTBTR-TTHT dated 05 July 2024 issued by the Ben Tre Tax Department)

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Foreign Contractor Withholding Tax

Guidance ruling

Foreign Contractor Withholding Tax (“FCWT”) on salary reimbursement to expatriates

In cases where a Vietnamese company reimburses the parent company for salaries paid to expatriates working in Vietnam (under an agreement between the Vietnamese entity and the parent

company), the company is not obligated to withhold FCWT provided that the salaries are reimbursed dollar-to-dollar to that paid by the parent company to the expatriates.

(Official Letter No. 18135/CTBTR-TTHT dated 04 July 2024 issued by the Binh Duong Tax Department)

FCWT on compensation paid to overseas partners for contractual breach

Compensation income received by a foreign contractor from a partner in Vietnam due to a contractual breach is subject to FCWT (CIT portion) at the CIT rate of 2% on the taxable income.

(Official Letter No. 6067/CTH DU-TTHT dated 09 July 2024 issued by the Hai Duong Tax Department)



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Trade & Customs

New regulation

Import Management of Remanufactured Products under EVFTA and UKVFTA

On 17 June 2024, the Government issued Decree No. 66/2024/ND-CP, regulating the management of remanufactured goods imported under the Free Trade Agreement between the Socialist Republic of Vietnam and the European Union (“EVFTA”), and the Free Trade Agreement between the Socialist Republic of Vietnam and the United Kingdom of Great Britain and Northern Ireland (“UKVFTA”).

Notable points of the Decree include:

- **Seven lists** of remanufactured goods that can be imported – issued by the Ministries that being assigned responsibility to manage those goods (refer to Appendix I to Appendix VII).
- Specific conditions that need to be met for the importation of remanufactured goods.
- Outlines the procedures and requirements for granting remanufacture codes.
- Details the Authority and procedures for granting Certificates of Eligibility for remanufactured goods under the EVFTA and UKVFTA.
- Details of the documentation necessary for the importation of remanufactured goods.
- Defines the responsibilities of traders importing remanufactured goods.

(Decree No. 66/2024/ND-CP dated 17 June 2024 issued by the Government)

Issuance of tariff schedule under AKFTA for 2023 to 2027

On 04 July 2024, the Government issued Decree No. 81/2024/ND-CP, which amends and supplements certain articles of Decree No. 119/2022/ND-CP dated 30 December 2022. This decree regulates Vietnam's special preferential import Tariff Schedule for the ASEAN-Korea Trade in Goods Agreement (“AKFTA”) for the period 2022 to 2027.

Notable points include:

- The new Tariff Schedule under AKFTA for the period 2023-2027 (is effective from 28 November 2023 to 31 December 2027), and replaces the previous Schedule stipulated in Decree No. 119/2022/ND-CP;
- Includes specific Tariff Schedules for goods under HS headings 04.07, 17.01, 24.01, and 25.01;
- The Decree takes effect from the signing date, 04 July 2024;
- For goods imported and registered with customs declarations from 28 November 2023, to the date prior to the Decree's effective date, Customs authorities will refund overpaid duties if:
 - ✓ The imported goods meet all the conditions to enjoy preferential import duty rates under AKFTA as per Decree No. 119/2022/ND-CP.
 - ✓ The import duty was paid at the rate stated in the Tariff Schedule of Decree No. 119/2022/ND-CP.
 - ✓ The duty paid is higher than the corresponding duty rate in the new Tariff Schedule of Decree No. 81/2024/ND-CP.

(Decree No. 81/2024/ND-CP dated 04 July 2024 issued by the Government)

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Trade & Customs

Guidance ruling

Guidance on discounts for imported goods

The General Department of Customs has concluded that (in determining the customs value of imported goods) any claimed commercial discounts would **not** be accepted if:

- The discount was not already reflected in the actual price paid to the seller;
- The sales contract and the price discount agreement did not specify the terms under which the discount would be granted by the seller to the buyer and
- The payment was not made through L/C or TTR, and therefore not in accordance with the provisions stated in item d.1.4, point d, Clause 2, Article 15, Circular No. 39/2015/TT-BTC.

(Official Letter No. 2919/TCHQ-TXNK dated 24 June 2024 issued by the General Department of Customs)

Guidance on the acceptance of Certificate of Origin for re-purposed goods

The General Department of Customs does **not** accept the Certificate of Origin Form D and application of the preferential import duty rate if:

- Upon registering the re-purpose declaration, the goods were not in the same state as imported as prescribed in Clause 1, Article 17, Circular No. 38/2018/TT-BTC; and
- The original import declaration under customs mode E31 and the re-purpose declaration under customs mode A42 were registered prior to 15 July 2023, thereby the Circular No. 33/2023/TT-BTC dated 31 May 2023 is not applicable to this case.

(Official Letter No. 3116/TCHQ-GSQL dated 28 June 2024 issued by the General Department of Customs)

Guidance on implementation of Decree No. 72/2024/ND-CP

On 01 July 2024, the General Department of Customs issued Official Letter No. 3160/TCHQ-TXNK provides guidance on the implementation of Decree No. 72/2024/ND-CP prescribing reduction of VAT. In which, the guidance on the tax rate declaration via the VNACCS/VCIS platform is:

- For electronic importation declarations registered from 0:00 o'clock 01 July 2024 (on VNACCS/VCIS) and subject to the 8% VAT rate: select code **VB225** in box "**Code for tax rate/tax rate and other collection**" to declare 8% VAT rate; and
- Code **VB225** does **not** apply to goods not subject to VAT, and goods subject to 0%, 5% and 10% VAT rates according to Laws on VAT.

(Official Letter No. 3160/TCHQ-TXNK dated 01 July 2024 issued by the General Department of Customs)

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