

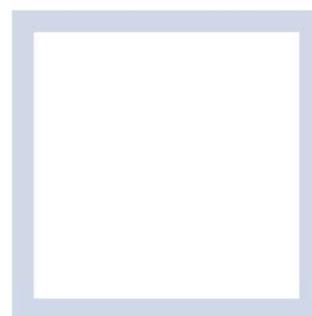
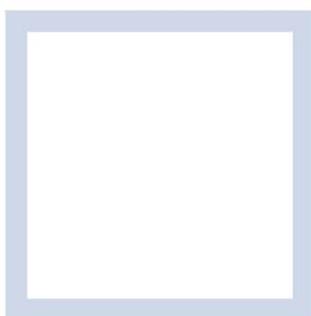
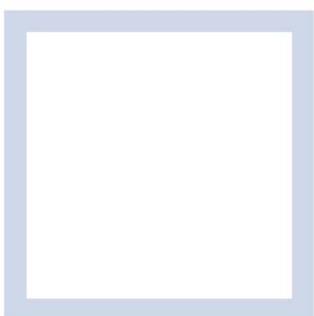
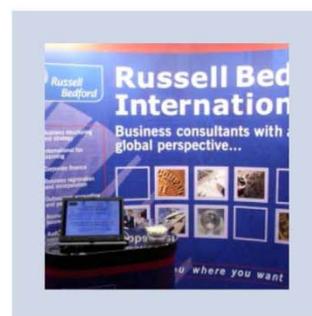
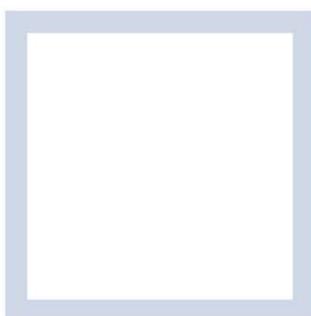
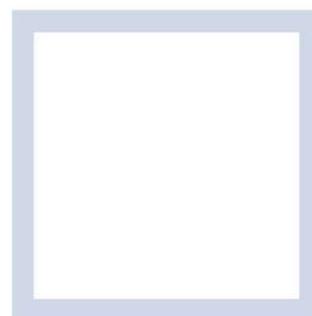
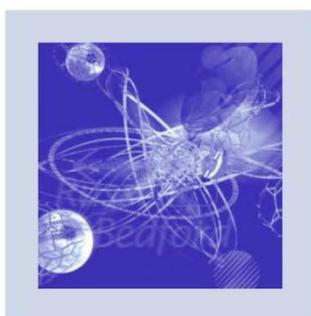
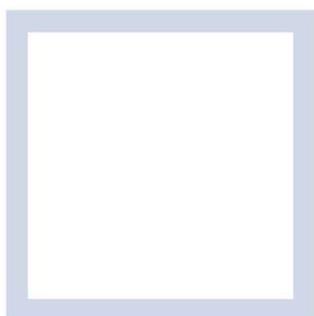


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NEWSLETTER

Issue 15, July 2015



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New regulations on Value added tax (“VAT”) and Personal Income Tax (“PIT”)

On 15 June 2015, the Ministry of Finance ("MOF") promulgated Circular 92/2015/TT-BTC guiding the laws on VAT and PIT. A number of new points are as follows:

VAT and PIT for residents running businesses

Supplementary rates on revenue from each area of business:

<i>Field</i>	<i>VAT</i>	<i>PIT</i>
Distribution and supply of goods	1%	0.5%
Service, construction excluding materials provision	5%	2%
Manufacturing, transportation and service associated with goods, construction including of materials provision	3%	1.5%
Other businesses	2%	1%

In a calendar year, individuals running business having total revenue of less than VND 100 million are exempt from VAT and PIT.

PIT

- Allowances for Vietnamese people, who live permanently overseas, repatriating to work in Vietnam are excluded from taxable income;
- Non-compulsory insurances for employees being covered by employers is excluded from employees' taxable income;
- Transportation allowance for employees, by individual or group, from home to work and vice versa being noted in company's regulation, is excluded from employees' taxable income;
- Income in foreign currencies must be converted to Vietnam Dong at the actual buying rate of the bank where the individual' account is opened. If the taxpayers do not have bank accounts in Vietnam, the buying rate of Vietcombank should be used;
- For securities trading, tax rate of 0.1% of transfer price of securities for each time of

transfer. No PIT finalization should be made at year end;

- Tax rate applicable for transferring of real estate is 2% on the transfer price or lease price;
- When it is stated in the leasing contract that the lessee is liable for tax payment, entities renting individuals' property must deduct PIT and VAT before paying the individuals for lease fee of 100 million per year or higher;
- Funeral or wedding supports from employers to employees or employees' families are not included in employees' taxable income.

The Circular is effective from 30 July 2015 and is applied for PIT period from 2015 onwards.

Foreign contractor tax (“FCT”) on licensing fee

On 15 April 2015, the Tax Department of Ho Chi Minh City issued Official Letter No. 3159/CT-TTHT on FCT on licensing fee.

Accordingly, fixed term licensing fee is subjected to VAT at 5% of revenue. Perpetual licensing inclusive of intellectual property is not subjected to VAT.

For the both types, CIT is charged at 10% of taxable revenue.

Pilot use of authenticated invoice from June 2015

Electronic invoice ("EI") is a new type of invoice used in Vietnam from 1 May 2011 in accordance with Circular 32/2011/TT-BTC dated 14 March 2011 of the MOF. EI facilitates accounting practices, reconciliation of information, business administration; is convenient for tax declaration and payment; can be kept in copies to avoid risks of missing or damage.

On 23 June 2015, the MOF issued Decision 1209/QĐ-BTC on EI being authenticated by tax authorities ("authenticated invoice"). The pilot use is applied to limited enterprises in Ho Chi Minh City and Hanoi from June 2015 to end of 2016.

Besides information on normal invoice, following one is available on authenticated invoices:

- Invoice number;
- Authentication code; and
- Bar code.

An entity should meet the following criteria in order to register to use of authenticated invoice:

- Having active tax code;
- Having digital certificate as prescribed by law; and
- Having internet accessibility.

This decision takes effect from the date of signing.

Instructions on electronic transactions in tax

On 28 July 2015, the MOF issued Circular No. 110/2015/TT-BTC guiding the electronic transactions in tax.

Accordingly, notices of the General Department of Tax will be sent to emails or phones of taxpayers, and will be also kept on the electronic portal. Taxpayers can search for information by accounts or electronic transaction codes.

Besides the instruction for electronic transactions in tax declaration, payment and refund, the circular regulates conditions for electronic tax transactions

- Having a valid digital certificate provided by a public electronic signature authenticating organization or approved by authorised state authorities;
- Having internet accessibility; having email address, mobile phone number (for individuals without digital certificates) that are registered with tax authorities.

The circular takes effect from 10 September 2015 and replaces Circulars No. 180/2010/TT-BTC and No. 35/2013/TT-BTC.

Removal of limitation of foreign ownership in public companies

On 26 June 2015, the Government issued Decree No. 60/2015/ND-CP amending and changing Decree No. 58/2012/ND-CP dated 20 July 2012 on securities trading.

Accordingly, the limitation of foreign ownership in public companies was raised to 100% from 49% as current, except for a number of sectors specified in the Law of Investment or Vietnamese international treaties.

The Decree also removes the limitation of foreign ownership in securities investment funds and public securities investment companies. However, to own 51% of charter capital of a company or more, foreign investors must comply with specifically strict conditions, be under constant monitoring of foreign professional agencies that have cooperation agreement with the State Securities Commission of Vietnam on exchange of information, cooperation on management, inspection and supervision of securities activities.

In addition, the Decree clearly states that there is no longer limitation for foreign investors in government bonds, government-guaranteed bonds, local government bonds, corporate bonds, unless there are specific laws or organisations regulations against it.

The Decree takes effect on 1 September 2015.

Guidance on salary policy in 2015

On 23 June 2015, the Ministry of Labour, Invalids and Social Affairs issued Circular 23/2015/TT- BLDTBXH to further guide salary policy in Decree 05/2015/ND-CP.

Accordingly, employees working overtime on weekdays will receive at least 150% of wage for normal working hours; 200% or 300% on weekends or holidays. Night shift working will receive at least additional 30% of the hourly wage of day time working.

Time-based, work-based or lump sum wage can be chosen by employers depending on the nature of business. The selection or change of wage basis should be indicated in labor contracts and collective labor agreement.

This circular takes effect on 8 August 2015.

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