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NEWSLETTER

Apr 2020

01 TAX UPDATE





UPDATE NEW TAX POLICIES:

- ❑ DECREE 41/2020/NĐ-CP – EXTENDING PAYMENT DEADLINE FOR TAX PAYABLE AND LAND RENTAL FEE
- ❑ OFFICIAL LETTER 20636/CT-TTHT – ON USING ELECTRONIC INVOICE
- ❑ OFFICIAL LETTER 19743CT-TTHT – ON DECLARATION AND TAX PAYMENT FOR TRANSFER OF SHARES OF INDIVIDUALS IN JOINT STOCK COMPANY
- ❑ OFFICIAL LETTER 15990/CT-TTHT – ON RELATED-PARTY TRANSACTION
- ❑ OFFICIAL LETTER 15991/CT-TTHT – ON VAT POLICY WHEN TRANSFERRING OF REAL ESTATE



DECREE 41/2020/NĐ-CP – EXTENDING PAYMENT DEADLINE FOR TAX PAYABLE AND LAND RENTAL FEE

The Government shall extend the deadline for paying tax and land rental to enterprises, organizations, households and individuals engaged in production and business activities; producing industrial products supporting the priority development; key mechanical products; small and medium-sized enterprises; Credit institutions and branches of foreign banks implement solutions to support customers affected by COVID-19 epidemic.

MAIN POINTS

1.VAT:

A 5-months extension period is granted for the VAT payable during the tax period in March, April, May and June 2020 and tax period in the first and second quarter of 2020.

2.CIT:

A 5-months extension period is granted for the remaining CIT payable according to the finalization of 2019 and the temporarily CIT payable of the first and second quarter of 2020 of enterprises and organizations.

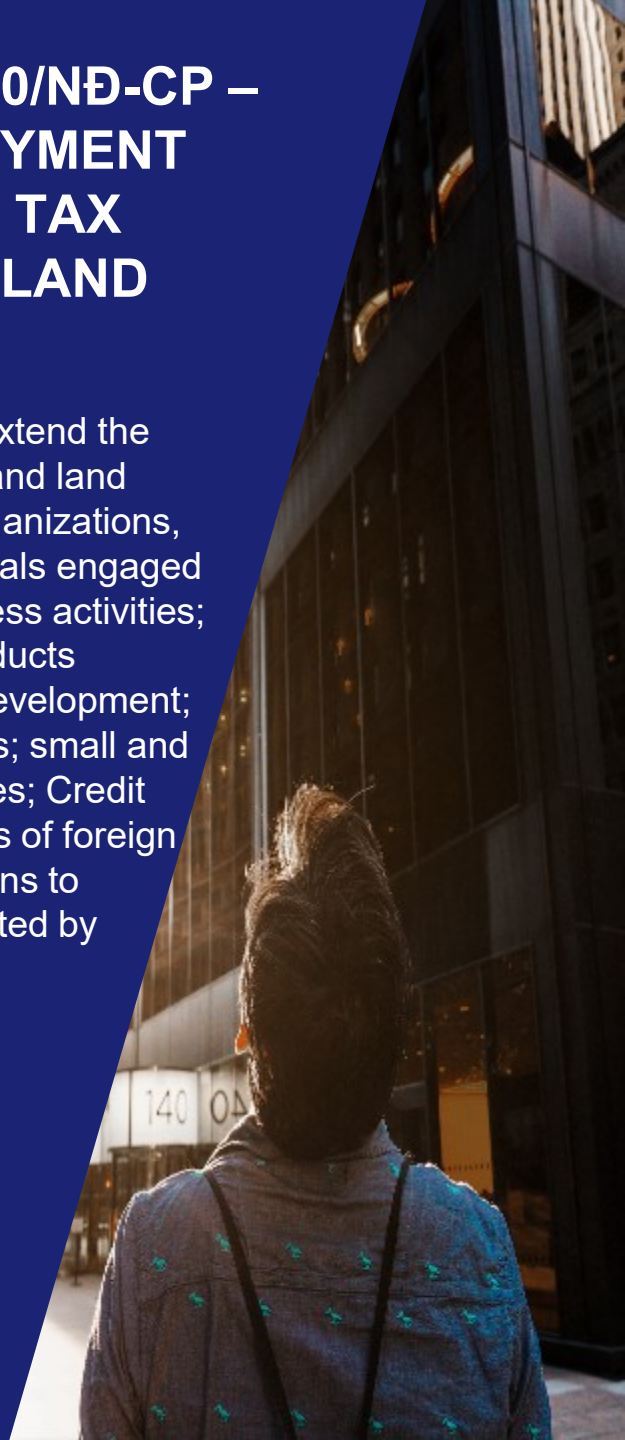
3.VAT and PIT of households and individual businesses

For VAT and PIT of households and business individuals which arising in 2020, the deadline for extension is 31 December 2020.

4.Land rental fee

Deadline for annual payment of rents that are due in the beginning of 2020 will be extended for 05 months since 31 May 31 2020.

This Decree takes effect on 8 April 2020.



OFFICIAL LETTER 20636/CT-TTHT – ON USING ELECTRONIC INVOICE

Excerpts from Hanoi Tax Department's reply on 8 April 2020, main points:

- ❑ The company has used invoices purchased from the tax authority from December 2017 (expired by 12 months until now). If the Company satisfies the conditions for e-invoice creation by an organization as prescribed in Clause 2 Article 4 and Clause 1 Article 7 of Circular No. 32/2011/TT-BTC dated 14 March 2011 of the Ministry of Finance, then the Company is allowed to use electronic invoices. Before using, the Company is required to make public notification of electronic invoice issuance in accordance with Clause 2, Article 7 of Circular No. 32/2011/TT-BTC of the Ministry of Finance.

- ❑ The company must stop using invoices purchased from the tax authority from the date of commencement of use of electronic invoices and void all outstanding invoices purchased from the tax authority that are no longer used in accordance with Circular No. 39/2014/TT-BTC of the Ministry of Finance. The company is responsible for submitting monthly report on usage of invoices from the first day of the month to the end of the date of using the invoices purchased from the tax authority, and start changing to submit quarterly report on usage of invoices from the next day as prescribed in Article 27 of Circular No. 39/2014/TT-BTC.



OFFICIAL LETTER 19743CT-TTHT – ON DECLARATION AND TAX PAYMENT FOR TRANSFER OF SHARES OF INDIVIDUALS IN JOINT STOCK COMPANY

**Excerpts from Hanoi Tax Department's reply on 7 April 2020,
main points:**

In case an individual earns income from stock transfer activities in a joint stock company as prescribed in Clause 2 Article 6 of the Law on Securities and Article 120 of the Law on Enterprises, the income is determined as income from transfer of securities. Individual shall declare and pay tax at the rate of 0.1% of the transfer price. The declaration and payment of personal income tax is to comply with Articles 16 and 21 of Circular No. 92/2015/TT-BTC of 15 June 15 2015 of the Ministry of Finance.



OFFICIAL LETTER 15990/CT-TTHT – ON RELATED-PARTY TRANSACTION

Excerpts from Hanoi Tax Department's reply on 30 March 2020, main points:

- ❑ In case during the tax period, the Company only incurred related-party transactions from borrowing and lending activities with related parties and total revenue generated during the tax period was less than VND50 billion and the total value of all related-party transactions that arise during the same period was less than VND30 billion, the Company is exempted from preparing transfer pricing documents but is still responsible for declaring and determining related party transactions according to Form No. 01 in the Appendix enclosed together with Decree 20/2017/ND-CP.

- ❑ In case an individual does not contribute capital to the Company but directly manages the Company, the Company and this individual are regarded as related parties as prescribed in Clause 1, Article 5 of Decree 20/2017/ND-CP. If the Company and related party incur related-party transactions as prescribed in Clause 3 Article 4 of Decree 20/2017/ND-CP, the Company is responsible for declaring information about related parties and related-party transactions according to Form No. 01 in the Appendix enclosed together with Decree No. 20/2017 / ND-CP.



OFFICIAL LETTER 15991/CT-TTHT – ON VAT POLICY WHEN TRANSFERRING OF REAL ESTATE

**Excerpts from Hanoi Tax Department's reply on 30 March 2020,
main points:**

In case the Company transfers a real estate (including land use right and the building) to another Company and the real estate was originally derived from an individual's transfer, but there is not enough basis to determine the land price at the time of transfer, the deductible land price is the land price set by the People's Committee of Ho Chi Minh City at the time of transfer.



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