



IC&PARTNERS VIETNAM

*Supporting
Business Worldwide*

TAX NEWSLETTER

JULY 2022



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Adjustment of statutory minimum wages from July 1, 2022.

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Decree No. 38/2022/ND-CP issued by the Vietnamese Government on June 12, 2022 stipulating the minimum wage of employees working under labor contracts. For more specific, the region-based statutory minimum wages per month paid to the employees are provided as follows:

Regions	The minimum monthly wage (VND)		
	According to Decree 90/2019/ND-CP (applicable until June 30, 2022)	According to Decree 38/2022/ND-CP (applicable from July 1, 2022)	Increase (VND)
Region I	4,420,000	4,680,000	260,000
Region II	3,920,000	4,160,000	240,000
Region III	3,430,000	3,640,000	210,000
Region IV	3,070,000	3,250,000	180,000

The list of geographical areas of regions I, II, III, and IV is specified in the Appendix issued together with this Decree. The application of regional areas is also determined according to employer’s operating locations as prescribed in Clause 3, Article 3 of Decree No. 38/2022/ND-CP.

With regard to the agreed and committed contents in the labor contract, collective labor agreement or other lawful agreements that are more beneficial to employees than those specified in Decree No. 38/2022/ND-CP will continue to be performed, unless otherwise agreed by the parties.

Decree No. 38/2022/ND-CP will come into force from July 1, 2022

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Supplementing regulations on compulsory insurance in construction - investment activities

Decree No. 20/2022/ND-CP is issued to amend Decree No. 119/2015/ND-CP stipulating compulsory insurance in construction - investment activities. Accordingly, the regulation on the minimum amount for compulsory third-party civil liability insurance is supplemented as follows:

- The minimum sum assured regarding damage of health or life: 100 million VND/person/case, not limiting the number of cases of damage or losses.
- The minimum sum assured regarding damage of assets or related legal costs (if any) is determined as follows:
 - 10% of the value of the works for the entire valid duration of the insurance regarding works valued at less than 1.000 billion VND, not limiting the number of cases of damage or losses.
 - 100 billion VND for the entire valid duration of the insurance regarding works valued at 1.000 billion VND or more, not limiting the number of cases of damage or losses.

Compulsory insurance contracts in construction – investment activities, compulsory third-party civil liability insurance contracts concluded before July 1, 2022:

- Shall continue to be executed according to the law at the time of signing the insurance contract.
- In case revisions to insurance contracts are regulated by this Decree, this Decree shall apply.

Decree No 20/2022/ND-CP will come into force from July 1, 2022

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Adjustment of in the insurance premium for occupational accident and disease from July 1, 2022

In order to support employees and employers facing difficulties due to Covid-19, in Resolution 68/NQ-CP in 2021, the Government has allowed employers to apply a premium rate of 0% of the salary fund as a basis for paying social insurance premiums to the occupational accident and disease for 12 months (from July 1, 2021 to June 30, 2022) for employees eligible for the occupational accident and disease insurance. That means, from July 1, 2022, the policy related to occupational accident and disease insurance will be terminated. The enterprise will return to the previous rate of occupational accident and occupational disease insurance.

Pursuant to Article 4 of Decree 58/2020/ND-CP, the rate of contribution to the occupational accident and disease fund from July 1, 2022 is as follows:

- Enterprises are eligible to contribute to the occupational accident and disease fund at a lower rate, are accepted by the Department of Labor - Invalids and Social Affairs with a written request: Contribution of 0.3% of the salary fund as a basis for paying social insurance premiums
- The other enterprises: Contribution of 0.5% of the salary fund as the basis for paying social insurance premiums.

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Official Letter No. 32315/CTHN-TTHT on the time of tax declaration and sales invoices being returned

On July 8, 2022, the Hanoi Tax Department issued Official Letter No. 32315/CTHN-TTHT explaining regulations on tax policy as follows:

In case the branch of the company uses e-invoices according to Decree No. 123/2020/ND-CP, the time to issue invoices for selling goods and providing services shall comply with Clause 1, Clause 2, Article 9 of Decree No. 123/2020/ND-CP. E-invoices must be fully recorded as prescribed in Article 10 of Decree No. 123/2020/ND-CP. If the date of a digital signature on an issued e-invoice is different from the issuance date of the e-invoice, **the tax declaration date shall be the issuance date of that e-invoice** as guided in Clause 9 Article 10 of Decree No. 123/2020/ND-CP.

In case the branch of the company issues an e-invoice and sends it to the buyer, then detects an error, the wrong invoice will be handled according to Clause 2, Article 19 of Decree No. 123/2020/ND-CP. For invoices issued according to Decree No. 51/2010/ND-CP, Decree No. 04/2014/ND-CP and guiding documents of the Ministry of Finance, if the invoices contain errors, the seller and the buyer must make a written agreement clearly stating the error, the seller shall notify the tax authority according to Form No. 04/SS-HDDT issued together with Decree No. 123/2020/ND-CP and issue new e-invoices (with or without Tax authority's code) to replace the incorrect invoices as prescribed in Clause 6, Article 12 of Circular No. 78/2021/TT-BTC.

In case the tax dossiers submitted to the tax authorities are erroneous or inadequate, supplementary documents shall be submitted according to Article 47 of the Law on Tax Administration No. 38/2019/QH14.



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Official Letter No. 32670/CTHN-TTHT on tax policy for capital contribution and receipt

Official Letter No. 32670/CTHN-TTHT issued by the Hanoi Tax Department on July 11, 2022, explaining the tax policy governing capital contribution and receipt. Accordingly, if the Company receives an individual's capital contribution equal to the value of trademark ownership and transfers trademark ownership from the individual to the Company under the Intellectual Property Law, the tax obligations of the Company and the individual are as follows:

The transfer of intellectual property rights under the Intellectual Property Law is not subject to Value Added Tax (VAT).

The assessable income from capital investment is calculated when the taxpayer is paid by the income payer. If at the time of capital contribution, the individual has not been paid income from capital investment, the personal income tax (PIT) from capital contribution has not arisen.

The Company accepts new capital contributors according to the law, whose assets after capital contribution are determined to be owned by the Company, added to the business capital, shall not be included in taxable income to calculate Corporate income tax (CIT) of the Company.

The valuation of assets contributed as capital shall comply with Article 16 of Law on Enterprises 2020. In case the assets contributed as capital are determined as intangible fixed assets according to Article 3 of Circular No. 45/2013/TT-BTC, the Company will depreciate intangible fixed assets according to Circular No. 45/2013/TT-BTC. In case the assets contributed as capital are valued not according to the market price, the taxpayer is subject to tax liability imposition as prescribed in Article 50 of Law on Tax Administration.



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Converting to using electronic certificate of personal income tax (PIT) withholding

Pursuant to Decree No. 123/2020/ND-CP issued by the Government on October 19, 2022, regulations on converting to using certificate of personal income tax (PIT) withholding shall be construed as follows:

From July 1, 2022, organizations, businesses, and individuals will officially stop using paper withholding documents issued by tax authorities and self-printed documents in accordance with Circular No. 37/2010/TT - BTC, and at the same time, convert to using electronic certificates of PIT withholding according to Decree No. 123/2020/ND-CP, Circular No. 78/2021/TT-BTC.

According to Clause 1, Articles 32, Decree No. 123/2020/ND-CP, mandatory contents required on electronic PIT withholding certificates include:

- Name, form number, reference number and ordinal number of the certificate of personal income tax withholding;
- Name, address and TIN of the applicant;
- Name, address and TIN of the taxpayer (if available);
- Nationality (if the taxpayer is not a Vietnamese citizen);
- Taxable income, time of income payment, total taxable income, PIT amount deducted, income amounts received;
- Date of the certificate of personal income tax withholding;
- Full name and signature of income payer.

In case of electronic certificate of personal income tax withholding, digital signature is required.

Decree No. 123/2020/ND-CP comes into force from July 1, 2022



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INTRODUCTION

IC&Partners Vietnam Co., Ltd. is a member of IC&Partners S.p.A in Italy, specializing in providing services on Tax Agent, Tax Consulting, Transfer Price Documentation Consulting, Corporate Consulting, and other support related to the day-to-day operations of the business. We have many years of experience in providing services for the field of consulting in general and tax consulting in particular for multinational corporations of different nationalities such as Korea, Japan, Italy, Germany, Singapore ... not only in Vietnam but also in many other countries around the world.

Currently, the regulations and policies of the Tax Department are increasingly strict while businesses cannot anticipate the risks that may occur due to the lack of grasp of current legal regulations.

We are pleased to serve you with the following services:

- Tax Agent (Quarterly Tax Report, Annual Tax Finality)
- Tax risk review
- Supporting the procedures for establishing, closing the Company
- Refund of VAT and PIT
- Consultancy on preparing transfer pricing documentation
- Procedures for dealing with tax problems (exemption, reduction, tax penalty, etc.)
- Consulting services, support on management and other administration.

With the strength of quality and prestige, IC&Partners Vietnam is confident to bring the most satisfaction to customers when coming to us.

Sincerely thank you!