



**IC&PARTNERS VIETNAM**

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# TAX NEWSLETTER

SEPTEMBER 2023



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*The General Department of Taxation urges and applies measures to enforce tax debt*

On August 18<sup>th</sup>, 2023, the General Department of Taxation issued Official Letter No. 3658/TCT-QLN on strengthening the implementation of measures to manage and collect tax debt as follows:

The General Department of Taxation will announce a detailed list of taxpayers with large tax debts up to 90 days and over 90 days as of July 31, 2023 in the area managed by the Tax Department.

For taxpayers whose tax debt is less than 90 days, the General Department of Taxation requires units to immediately implement measures to urge taxpayers to pay taxes into the State Budget, not to let tax debt prolong, and to limit newly incurred tax debt.

For taxpayers whose tax debt is over 90 days or whose tax debt is subject to enforcement, Tax Departments must immediately apply enforcement measures to recover tax debt into the state budget.

In addition, the General Department of Taxation requires the Tax Departments to review and ensure proper debt classification according to the nature of each item; debt classification documents must be complete according to the instructions in the Tax Debt Management Process.

In case, after review, it is discovered that the classified debt has incomplete documents and is not of the correct debt nature, the Tax Departments must complete the classification dossier or reclassify it to ensure that the tax debt data is correctly classified as the nature of debt and has complete documents.

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*The General Department of Taxation commands to speed up the processing of Value Added Tax (VAT) refund applications*

On August 9, 2023, the General Department of Taxation issued Official Letter No. 07/CD-TCT to speed up the processing of VAT refund applications.

Accordingly, nearly 80% of VAT refund applications have been classified by the Tax Department as subject to refund before inspection and try to resolve within 06 working days, contributing to creating conditions for businesses to develop production and export of goods. However, there are still some regions that are slow in checking and verifying VAT refund applications of exporting enterprises.

Therefore, the General Department of Taxation requests:

1. The Tax Departments review the classification of VAT refund applications to ensure compliance with regulations.
2. For VAT refund applications that the tax authority has finished the inspection and determined to be eligible for refund, the tax refund should be processed immediately.
3. Continue to arrange additional officers to participate in processing VAT refund dossiers to speed up tax refund progress, especially dossiers of exporting enterprises, ensuring that by the end of September 2023, VAT refund results reach and exceed the same period in 2022.

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*Official letter No. 13277/CTHDU-TTHT on tax policy for export processing enterprises (EPEs)*

Hai Duong Tax Department issued Official Letter No. 13277/CTHDU-TTHT on tax policy for EPEs on August 30, 2023 as follows:

In case the Company implements a new investment project and is registered on the Investment Registration Certificate as an EPE, while the Customs Authority has not inspected the conditions for customs inspection and supervision, it will not be entitled to the tax incentives applicable to EPEs according to regulations.

The Company issues VAT invoices, declares and pays taxes at the current VAT rate. If the Company has not submitted VAT declaration during the time it has not enjoyed the tax policy applicable to EPEs, it will be handled with administrative violations for late submission of tax declarations and remedial measures to submit the tax declaration dossiers to the tax authority according to the provisions of the law on tax administration.

In case the Company implements a new investment project with the goal of establishing an EPE that is non-taxable, VAT on goods and services purchased for use in the production and trading of non-taxable goods and services is not deductible/refundable.

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*New regulations on investment project contracts*

From January 1, 2023, investment project contracts with investors will be implemented according to the provisions of the Law on Bidding 2023 with the following contents:

The signing of the investment project contract must satisfy the following conditions:

- At the time of signing, the selected investor's bid is still valid;
- At the time of signing, the selected investor must ensure that it meets the technical and financial capacity to implement the business investment project according to the requirements of the bidding documents.

The contract signed between the parties must be consistent with the content in the bidding documents, bid documents, decision on approving investor selection results and minutes of negotiation and contract.

The competent authority or the bidding party (in case of authorization) signs a contract with the selected investor. For joint venture investors, all joint venture members must directly sign and stamp the contract document.

The implementation of investment project contracts complies with the principles specified in Article 69 of the Law of Bidding 2023. Other regulations related to documents, content, deadlines, responsibility for contract implementation, amendments to investment project contracts will be specifically regulated from Article 71 to Article 76 in the Law of Bidding 2023.

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*New regulations on Visa Exemption for citizens of some countries*

On August 14, 2023, the Government issued Resolution No. 128/NQ-CP amending Resolution No. 32/NQ-CP 2022 on visa exemption for citizens of some countries.

Accordingly, visa exemption for citizens of the following countries: Federal Republic of Germany, French Republic, Italian Republic, Kingdom of Spain, United Kingdom of Great Britain and Northern Ireland, United Nations Russia, Japan, Republic of Korea, Kingdom of Denmark, Kingdom of Sweden, Kingdom of Norway, Republic of Finland and Republic of Belarus with a maximum temporary residence period of 45 days from the date of entry, regardless of passport type or purpose of entry, on the basis of meeting all entry conditions according to the provisions of Vietnamese law.

The visa exemption policy when entering Vietnam for citizens of the above countries is implemented for a period of 03 years, from March 15, 2022 to March 14, 2025 and will be considered for extension according to regulations of Vietnamese law.

Resolution No. 128/NQ-CP takes effect from August 15, 2023.

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***Proposal to increase the region-based minimum wages in 2024***

In the Press Release of the Government Office on September 9, 2023 about the regular Government meeting in August 2023, the Ministry of Labor, War Invalids and Social Affairs proposed to increase the minimum wage for employees.

The minimum wage is the lowest wage paid to employees doing the simplest jobs under normal working conditions to ensure the minimum living standard for employees and their families, consistent with the conditions of social economic development; determined by region, month and hour.

The minimum wage is adjusted based on the minimum living standards of employees and their families; the correlation between minimum wage and market wage; consumer price index, economic growth rate; labor supply and demand relationships; employment and unemployment; labor productivity; enterprise's ability to pay.

The National Wage Council is an advisory body to the Government on minimum wages and wage policies for employees, including members who are representatives of the Ministry of Labor, War Invalids and Social Affairs, Vietnam General Confederation of Labor, a number of central employer representative organizations and independent experts.

Previously, in August 2023, the National Wage Council held its first meeting to discuss adjusting the regional minimum wage in 2024. Related parties all agreed on the need to increase the regional minimum wage, but the timing of the increase needs careful consideration.

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*Supporting employees whose jobs are affected until the end of 2023*

On August 25, 2023, the Vietnam General Confederation of Labor issued Decision No. 7785/QD-TLD amending Decision No. 6696/QD-TLD stipulating the implementation of policies to support trade union members and employees reduced working hours, terminated labor contracts because enterprises have had their orders reduced.

Accordingly, union members and employees working under labor contracts at enterprises that pay union fees before April 1, 2023 have their working hours reduced, their work stopped, their labor contracts suspended, leave the company without pay, and have their labor contracts terminated due to enterprises cutting or reducing orders from April 1, 2023 to December 31, 2023, they continue to receive support.

**1. Conditions for union members and employees whose working hours are reduced or stopped to receive support**

- Reduced daily working time or reduced number of working days per week or month or stopped working according to Clause 3, Article 99 of the Labor Code for 14 days or more.
- Income (not deducting monthly mandatory contributions as prescribed by law) of any month is equal to or lower than the regional minimum wage as prescribed in Decree No. 38/2022/ND-CP.
- The period of reduced working hours and stoppage of work is from April 1, 2023 to December 31, 2023.



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**2. Conditions for union members and employees who temporarily postpone the implementation of labor contracts or take unpaid leave because the enterprise cuts or reduces orders to receive support**

- Temporarily postpone the implementation of the labor contract, take leave without pay within the labor contract term of 30 consecutive days or more due to the enterprise cutting or reducing orders.
- The period of temporary suspension of labor contract implementation and unpaid leave is from April 1, 2023 to December 31, 2023.
- The starting time of temporary suspension of labor contract implementation and unpaid leave is from April 1, 2023 to December 31, 2023.

**3. Conditions for union members, employees who are terminated their labor contracts because the enterprise has cut or reduced orders but are not eligible for unemployment benefits to receive support.**

- Termination of labor contract from April 1, 2023 to December 31, 2023.
- Not eligible for unemployment benefits.

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- **Amending the Decree on business households**

*Proposal to amend the Decree on business households*

The Ministry of Planning and Investment is seeking comments on the draft of the Decree on business households with the following contents:

**1. Proposing a plan for households not to establish business households**

The draft Decree proposes 02 options for stipulating subjects to establish business households for comments, including:

- **Option 1:** Maintain the regulations in Decree No. 01/2021/ND-CP, subjects establishing business households are individuals and household members.
- **Option 2:** Subjects establishing business households are only individuals.

⇒ Thus, if option 2 is used, the household cannot establish a business.

**2. Proposing electronic identification account applicable to register business households**

The draft Decree on business households also stipulates a method for registering new business households via the electronic information network, specifically:

- Registering a business household via electronic information network means carrying out procedures for registering a business household on the Business Household Registration Information System under the National Business Registration Information System through the National information portal on business registration.
- The founder, owner of a business household has the right to choose to use a digital signature or use an Electronic Identity Account to register a business household via the electronic information network.



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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, regulations and policies of the Tax Authority are increasingly strict while the Enterprises cannot anticipate possible risks because they have not yet grasped the 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
- Consulting on preparing transfer pricing documentation
- Procedures for dealing with tax problems (tax exemption, reduction, 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!*