

International Tax, Domestic Tax and Customs

Tax & Customs Alert

Highlighting recent tax and customs developments in Vietnam

Forecast Foreign Investment Policy in Vietnam

Aiming to continue with the plan to attract and foster foreign investments in Vietnam, the Ministry of Finance ("MoF") on 6 July 2024 proposed a new policy through the introduction of a draft new law on corporate income tax ("CIT") which contains several critical changes to the current regulations on CIT. The timeline for the enactment the new law on CIT ("**new law**") includes: (i) gathering of opinion on the draft new law at the 8th meeting of the National Assembly ("NA") in October 2024; (ii) voting to pass the new law at the 9th meeting of the NA in May 2025; and (iii) announcing the possible effective date of the new law for implementation from 1 January 2026.

The new policy is embodied in *the suggested changes and amendments to nineteen articles* of the current law on CIT, and *six supplemental articles* of the principle of tax incentives application, the in-scope taxpayers entitled to tax incentives, and the collection of top-up tax in line with Global Anti-Base Erosion (GloBE).

Together with the draft new law, MoF also provided a detailed explanation of the changes to the assertive assessment of tax policy from 2003, and suggestions for future tax laws to address the issues currently being faced in tax administration since 2003. These issues include those relating to tax incentives application, declaration of taxable revenue, and capital gain tax determination for indirect share transfer.

With the new policy on foreign investment, the existing foreign investors with projects in Vietnam will have significant impacts to investment and business expansion in Vietnam. It is to be noted that under the new policy, *the top up tax would be a tax liability of Vietnam entities*. Therefore, administrative penalty and late tax payment could be imposed on affected entities, to be applied to the additional tax liabilities incurred when the tax authorities assess that their group is subject to a top up tax in Vietnam.

Additionally, *the capital assignment by foreign entities having income/revenue from Vietnam is captured by a deemed rate of 2% over the incurred revenue*. Thus, the issue of determining any capital gain tax on indirect capital transfer in Vietnam could be implicitly addressed by this rule. Consequently, mergers & acquisitions (M&A) activities outside Vietnam by foreign investors in Vietnam could be impacted.

Extended Deadline for Payment of CIT, Personal Income Tax ("PIT"), Value Added Tax ("VAT") and Land Rental in 2024

To continue supporting companies and business individuals in their business recovery after experiencing the adverse impact of COVID-19 and other crises, and assisting companies to restructure their

International Tax, Domestic Tax and Customs

businesses, the Vietnam Government has extended the deadline for the payment of CIT, VAT, PIT, and land rental in 2024 via Decree No. 64/2024/ND-CP dated 17 June 2024 ("**Decree**"). The key features of the Decree are as follows:

- The following are eligible for the extension of tax payment: (i) companies engaged in the manufacture of specified products; (ii) companies engaged in providing specified services or trading activities; (iii) companies in prioritised supporting industry and companies engaged in the manufacture of key mechanical products; and (iv) small companies. The condition is that these companies must have earned revenue in 2023 and 2024.
- For VAT payment (except for import VAT), the extended period of up to five months is applicable for the deadline of tax payment of either (i) monthly tax returns from May to September 2024, or (ii) the quarterly tax returns for the second and third quarters of 2024. Specifically, the extended deadline of tax payment for May 2024 is no later than 20 November 2024, and that for the monthly tax returns from July to September 2024 is no later than 20 December 2024. The extended deadline of tax payment for the quarterly tax returns for the second and third quarters of 2024 is no later than 30 December 2024.
- For CIT payment, the extended deadline of tax payment for the second quarter is three months.

The Decree has come into effect on 17 June 2024 and ceases operation on 31 December 2024. Affected companies should check the provisions of the Decree to determine if they are covered, and if so, liaise with the direct-in-charge tax authorities to work out on the extended deadline of tax payment.

Consolidated Regulation on Tax Administration

The Ministry of Finance has issued Circular No. 15/2024/VBHN-BCT dated 28 May 2024 on guideline on implementing Law of Tax Administration and Decree 126/2020/ND-CP dated 19 October 2020 ("**Circular 15**"). Circular 15 consolidates updates and valid provisions and guidelines contained in previous related regulations including Circular No. 80/2021/TT-BTC dated 29 September 2021, Circular No. 13/2023/TT-BTC dated 28 February 2023, and Circular No. 43/2023/TT-BTC dated 27 June 2023, into a single regulation for purposes of streamlining tax administration.

Circular 15 provides *supplemental definitions* of e-commerce activities, digital-based business activities, the direct-in-charge tax authorities, business site, and material damage.

Circular 15 highlights the deadline for the submission of tax returns and tax payment as follows:

- The deadline for the submission of tax returns is based on items 1, 2, 3, 4 and 5 of article 44 of Law of Tax Administration and article 10 of Decree No. 126/2020/ND-CP dated 19 October 2020.

International Tax, Domestic Tax and Customs

- The deadline for tax payment is based on items 1, 2, and 3 of article 55 of Law of Tax Administration and article 18 of Decree No. 126/2020/ND-CP dated 19 October 2020.

Circular 15 came into operation on 1 January 2022. The forms issued together with this circular took effect from 1 January 2022 and also applied to the annual finalisation of 2021.

The circular addresses several issues on tax administration which have been raised during the implementation of Law of Tax Administration. Affected companies should therefore refer to Circular 15 for compliance to avoid exposures related to the declaration and payment of tax.

If you have any queries on the above, please feel free to contact [Nguyen Hung Du](mailto:du.nguyen@rajahtann.com), Partner, Tax at du.nguyen@rajahtann.com or any of our team members below.

Contacts



Dr Chau Huy Quang
Managing Partner

T +84 28 3821 2382
quang.chau@rajahtannlct.com



Vu Thi Que
Chairwoman

T +84 28 3821 2382
que.vu@rajahtannlct.com



Logan Leung
Deputy Managing Partner

T +84 28 3821 2382
logan.leung@rajahtannlct.com



Nguyen Dinh Nha
Partner

T +84 28 3821 2382
nha.nguyen@rajahtannlct.com



Huynh Thi Thu Thuy
Partner

T +84 28 3821 2382
thuy.huynh@rajahtannlct.com



Nguyen Hung Du
Partner, Tax

T +84 28 3821 2382
du.nguyen@rajahtannlct.com



Cao Dang Duy
Partner

T +84 28 3821 2382
duy.cao@rajahtannlct.com



Lim Wee Hann
Executive Committee Member

T +84 28 3821 2673
wee.hann.lim@rajahtann.com

Regional Contacts

RAJAH & TANN SOK & HENG | *Cambodia*
Rajah & Tann Sok & Heng Law Office
T +855 23 963 112 / 113
F +855 23 963 116
kh.rajahtannasia.com

RAJAH & TANN 立杰上海
SHANGHAI REPRESENTATIVE OFFICE | *China*
**Rajah & Tann Singapore LLP
Shanghai Representative Office**
T +86 21 6120 8818
F +86 21 6120 8820
cn.rajahtannasia.com

ASSEGAF HAMZAH & PARTNERS | *Indonesia*
Assegaf Hamzah & Partners

Jakarta Office
T +62 21 2555 7800
F +62 21 2555 7899

Surabaya Office
T +62 31 5116 4550
F +62 31 5116 4560
www.ahp.co.id

RAJAH & TANN | *Lao PDR*
Rajah & Tann (Laos) Co., Ltd.
T +856 21 454 239
F +856 21 285 261
la.rajahtannasia.com

CHRISTOPHER & LEE ONG | *Malaysia*
Christopher & Lee Ong
T +60 3 2273 1919
F +60 3 2273 8310
www.christopherleeong.com

RAJAH & TANN | *Myanmar*
Rajah & Tann Myanmar Company Limited
T +95 1 9345 343 / +95 1 9345 346
F +95 1 9345 348
mm.rajahtannasia.com

GATMAYTAN YAP PATACSIL
GUTIERREZ & PROTACIO (C&G LAW) | *Philippines*
Gatmaytan Yap Patacsil Gutierrez & Protacio (C&G Law)
T +632 8894 0377 to 79 / +632 8894 4931 to 32
F +632 8552 1977 to 78
www.cagatlaw.com

RAJAH & TANN | *Singapore*
Rajah & Tann Singapore LLP
T +65 6535 3600
sg.rajahtannasia.com

RAJAH & TANN | *Thailand*
R&T Asia (Thailand) Limited
T +66 2 656 1991
F +66 2 656 0833
th.rajahtannasia.com

RAJAH & TANN LCT LAWYERS | *Vietnam*
Rajah & Tann LCT Lawyers

Ho Chi Minh City Office
T +84 28 3821 2382 / +84 28 3821 2673
F +84 28 3520 8206

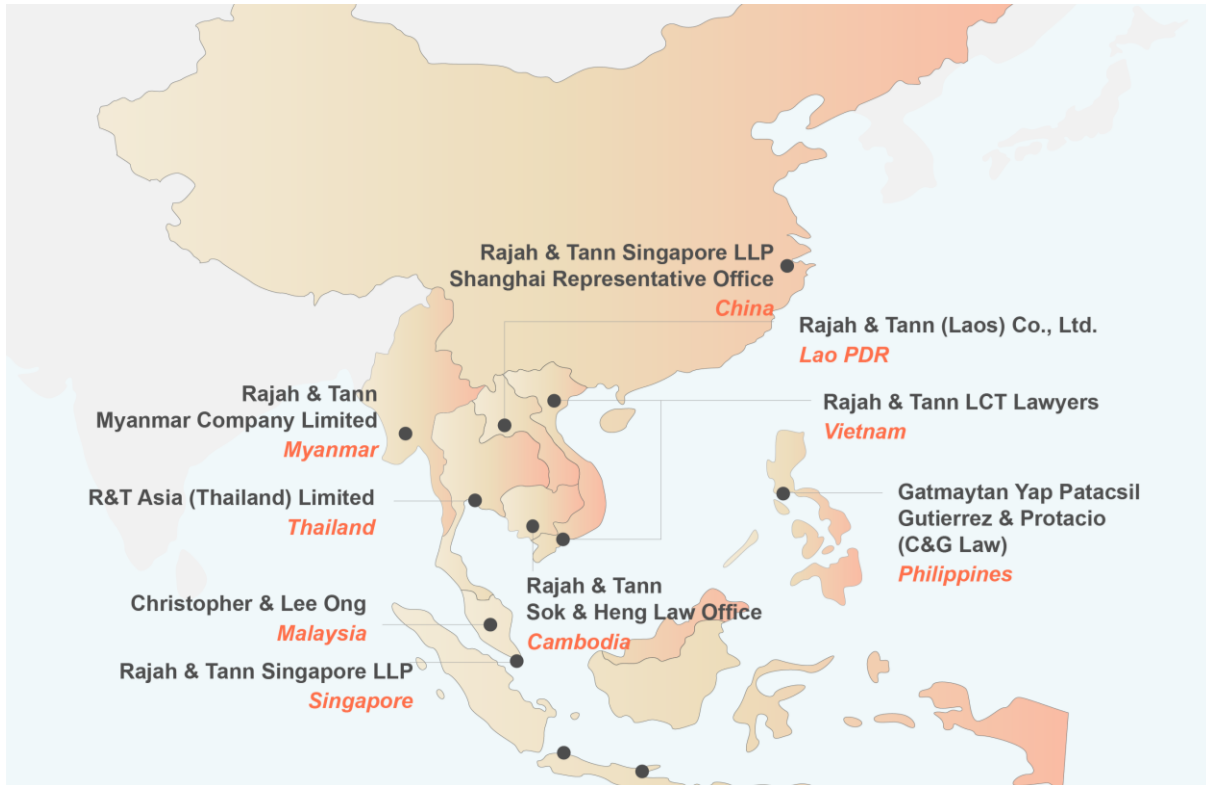
Hanoi Office
T +84 24 3267 6127
F +84 24 3267 6128
www.rajahtannlct.com

Rajah & Tann Asia is a network of legal practices based in Asia.

Member firms are independently constituted and regulated in accordance with relevant local legal requirements. Services provided by a member firm are governed by the terms of engagement between the member firm and the client.

This update is solely intended to provide general information and does not provide any advice or create any relationship, whether legally binding or otherwise. Rajah & Tann Asia and its member firms do not accept, and fully disclaim, responsibility for any loss or damage which may result from accessing or relying on this update.

Our Regional Presence



Rajah & Tann LCT Lawyers has a multi-faceted talent pool of lawyers with expertise in a range of practice areas who are able to provide end-to-end legal services for all transactions in Vietnam. Rajah & Tann LCT Lawyers is also able to handle cross-border transactions involving other jurisdictions, particularly those within the Indochina region.

Rajah & Tann LCT Lawyers is part of Rajah & Tann Asia, a network of local law firms in Cambodia, China, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam. Our Asian network also includes regional desks focused on Brunei, Japan, and South Asia.

The contents of this Update are owned by Rajah & Tann LCT Lawyers and subject to copyright protection under the laws of Vietnam and, through international treaties, other countries. No part of this Update may be reproduced, licensed, sold, published, transmitted, modified, adapted, publicly displayed, broadcast (including storage in any medium by electronic means whether or not transiently for any purpose save as permitted herein) without the prior written permission of Rajah & Tann LCT Lawyers.

Please note also that whilst the information in this Update is correct to the best of our knowledge and belief at the time of writing, it is only intended to provide a general guide to the subject matter and should not be treated as a substitute for specific professional advice for any particular course of action as such information may not suit your specific business and operational requirements. It is to your advantage to seek legal advice for your specific situation. In this regard, you may call the lawyer you normally deal with in Rajah & Tann LCT Lawyers.