



NEWSLETTER

January 2021

- Changing information on invoice issued by Ho Chi Minh City Tax Department takes effective from January 18, 2021.
 - Change in household registration book and temporary residence book from July 1, 2021
 - Notice of interest rate for late payment interest, retrospective payment from January 01, 2021 in Ho Chi Minh City
 - Information on interdisciplinary legal assistance program for small and medium enterprises in the period of 2021-2025
 - Requirements of determination of taxable prices and prevention of transfer pricing become much tightened in Vietnam
 - Provisions of the Labor Code 2019 on the principle of labor discipline
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- **Residence Law of 2020 officially removes the household registration book and temporary residence book from July 1, 2021**

On November 13, 2020, the National Assembly passed the 2020 Residence Law with the following new points:

- For permanent residence registration: Instead of issuing a household registration book, when a citizen is eligible for permanent residence registration, competent authority updates information about the registrant's new permanent residence on the Residential Database.
- For temporary residence registration: Instead of issuing a temporary residence book, when the citizen is eligible for temporary residence registration, competent authority is responsible for assessing and updating information of new enrollment and period of temporary residence in the Residential Database.

In addition, the issued household registration book and temporary residence book will be still valid until December 31, 2022.

- **Official Letter 333/CTTPHCM-TTHT: Changing information on invoice issued by Ho Chi Minh City Tax Department takes effective from January 18, 2021**

- From February 07, 2021, as a result of the new establishment of Thu Duc City, since the date that competent authority changes the address in Business Registration Certificate, individuals, enterprises and organizations may need to amend the address registered on invoice, however, may not need to submit a report of adjusting information (as performed in the form TB04/AC) to the line managing tax department.
- Business organizations using self-printed invoices and e-invoices must actively install software to change the address criteria on invoices and vouchers according to the name of the new administrative unit; for pre-printed invoices, information of the old administrative unit shall be crossed out, and stamped with information of the new administrative unit on pre-printed invoices for further use.
- Business organizations and individuals that buy invoices from tax authorities, in order to continue to use or delete to buy a new invoice book, shall cross out information about old administrative units, stamp new administrative unit information on invoices with pre-stamped address information.



➤ **Announcement No. 132/ TB-BHXH: Interest rate for late payment for Health insurance, Social insurance, Unemployment insurance in Ho Chi Minh City from January 1, 2021**

- Pursuant to Point a, Clause 3, Article 6, Chapter II of Decision No. 60/2015/QĐ-TTg 27/11/2015, Announcement No. 132/TB-BHXH informs about interest rate for late payment for Retrospective Health insurance, Social insurance, Unemployment insurance from 01/01/2021 in Ho Chi Minh City (HCMC) as follows: "In case of 30 days or more late payment of Health insurance, the interest receivable is 2 times of the interbank market interest rate for the 9-month term of the preceding year, calculated on the amount and time of late payment as the State Bank of Vietnam announced on the Online Portal". In case interbank interest rate in the preceding year has no term of 9 months, the interest rate applicable to the term preceding the 9 month term will be applied.
- The interest rate for late payment for Health insurance in HCMC is 0.5134%/month, for social insurance and unemployment insurance is 0.8366%/month.

➤ **Approval of a legal assistance program for small-and medium-sized enterprises (SMEs) in the 2021-2025 period**

Decision No. 81/QĐ-TTg of the Prime Minister is issued and takes effective from January 19, 2021 on the interdisciplinary legal assistance program for SMEs in the period 2021-2025 as follows:

- Providing legal information for SMEs, including: (i) build up a database to update information on policies and database related to legal problems or entanglements of SMEs; (ii) provide policies, schemes, legal assistance programs for SMEs of ministries, sectors and localities; (iii) approach 100% feedback from SMEs to propose competent authorities and to revise existing regulations and organize effective law enforcement. Improving the knowledge of law for (i) at least 30% of SMEs in order to improve understanding and awareness of legal compliance of enterprises, so that they will be able to mitigate their legal risks during business operation; (ii) at least 60% of people work in legal support for SMEs in order to improve legal support capacity for businesses.
- Organizing legal consulting activities, including: direct consultancy to SMEs; legal advice through forums, dialogues and other consulting activities in accordance with the law to ensure 100% of SME consultation requests through the Program are resolved or proposed to competent authorities.

➤ **Requirements of determination of taxable prices and prevention of transfer pricing become much tightened in Vietnam**

Announcement 15/TB-VPCP issued on January 19, 2021 includes one of the key tasks of taxation in 2021 which is electronic inspection; step up electronic tax declaration, electronic tax payment, and electronic tax refund. The purpose is to strictly manage the determination of the tax paid by individuals and organizations, to prevent tax evasion. In addition, agencies and departments focus on tax collection management for business households and the non-state sector as those fields have many potential risks of tax loss, especially when the cash payment is still large, the source of money and income cannot be controlled.

Currently, the government is trying to reform administrative procedures along with information technology elements to digitize tax administration and cut down on required administrative procedures for individuals and businesses.

➤ **Provisions of the Labor Code 2019 on the principle of labor discipline**

The principles of labor discipline are specified in Article 122 of the Labor Code 2019 as follows:

(1) The labor discipline must comply with the following provisions:

- The employer must prove the employee's fault.
- There must be the presentation of labor union in the company where the employee is a members of.
- The employees must be present and have the right to defend themselves, to seek defense from a lawyer or by an organization representing the employee; for employees who are under 15-year-old, there must be the participation of the legal representative.
- The labor discipline must be recorded in writing.

(2) Do not apply many forms of labor discipline for an act of violation of labor discipline.

(3) When an employee has many acts of violation of labor discipline at the same time, only the highest form of discipline corresponding to the most severe violation is applied.

(4) No disciplinary measure shall be taken against an employee during the period when:

- The employee is taking leave on account of illness or convalescence; or on other types of leave with the employer's consent.
- The employee is being held in temporary custody, temporary detention.
- The employee is waiting for verification and conclusion of the competent agency for acts of violations:
 - + The employee an employee commits an act of theft, embezzlement, gambling, intentionally causing injury, using illicit drug inside the workplace.
 - + The employee has the act of disclosing technological or business secrets or infringing the intellectual property rights of the employer, or commits acts which are seriously detrimental or posing seriously detrimental threat to the assets or interests of the employer or conducting sexual harassment at workplace.
- The employee is pregnant, or on maternity leave; the employee who is rearing children under the age of 12 months.

(5) No disciplinary measure shall be taken against an employee who commits a violation of labor disciplinary regulations when suffering from mental illness or other diseases, which result in the employee losing self-awareness or the ability to control his/her behaviors.

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Please contact Auxesia's consultants in case you need more professional advice regarding advice on regulations and policies for businesses or need other financial advice during the company's business operations.

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