

NEWSLETTER

February 2021

- Regarding the increased grant of electronic tax accounts to individuals, which will come into effect on February 5, 2021.
- The Ministry of Finance has submitted a report to the Government for approval on elaborating a decree of extending the time limit of tax submission and land lease payments.
- Approved the project "Land management and effective land use directions in Ho Chi Minh City".
- Implementation of guidance on deductible expenses when determining taxable income of corporate income tax (CIT) for support and sponsorship expenses of enterprises and organizations for prevention and control of the Covid-19 pandemic.
- Informative promotion and supporting to finalize CIT and personal income tax (PIT) of 2020.

➤ **Official Dispatch No. 377/TCT-DNNCN: Regarding the increased grant of electronic tax accounts to individuals, which will come into effect on February 5, 2021.**

According to this document, taxpayers may register e-tax accounts through one of the 3 following methods:

- Method 1: Taxpayers can register accounts online and contact tax authorities in person to obtain their approval and activate their e-tax accounts.
- Method 2: Registering e-tax accounts through the National Public Service Portal in case of possessing accounts on the National Public Service Portal (scheduled to come in use in February 2021).
- Method 3: Taxpayers register their accounts in person at tax authorities.

Detailed instructions about steps in registering e-tax accounts are given in the Appendix to the Official Dispatch No. 377/TCT-DNNCN dated 05/02/2021.

➤ **The Ministry of Finance has submitted a report to the Government for approval on elaborating a decree of extending the time limit of tax submission and land lease payments.**

- Accordingly, the Ministry of Finance (MOF) submitted its proposals for different tax categories with expectations that state revenue would be affected during the extensions. For Value Added Tax (VAT), in order not to affect the state budget balance in 2021, the MOF proposed an extension of 05 months. Budget revenue in these five months is estimated to decrease about VND 68,800 billion.
- For CIT, the MOF proposed an extension of 03 months where the paying tax deadline for the provisional CIT in the first and second quarter of year 2021 is subject to extension. The amount of CIT that could be extended is about VND 40,500 billion.

For households and individuals engaged in business activities, the MOF intends to extend the deadline for paying VAT and PIT for tax payable who shall receive an extension. The amount subjected to this extension is around VND 1,300 billion.

Regarding land lease payments, the MOF proposed an extension of payable land leases in the first period of 2021 by eligible enterprises, organizations, businesses, or individuals. The duration depends on circumstances of each individual business. The affected land leases are about VND 4,400 billion.

The total tax amount expected to be postponed or deferred is estimated at VND 115,000 billion.



➤ **Pursuant to Decision No. 539/QĐ-UBND on approving the project "Land management and effective land use plans in Ho Chi Minh City (HCMC)", issues and takes effect from February 17, 2021.**

Ho Chi Minh City (HCMC) applies computerization of land price calculation according to the land price list to ensure transparency, and starts to trial the selection of standard land plots with annual valuation.

- Regarding Land Use Planning Implementation, the Department of Natural Resources and Environment has set up a plan of 5-year land use in HCMC, focusing on rural areas based on the principle of division by space. The plan binds with the process of building an overall integrated master plan on city development prepared by the Department of Planning and Investment, which is the basis for ensuring spaciousness in integrated planning. The city will organize an evaluation on both the land use plan and the overall integrated master plan prior to a submission to the People's Council for first approval and then the Government's final approval.

- Regarding land finance, Ho Chi Minh City computerizes the calculation of land prices based on the land price list to ensure transparency, and starts to trial the selection of standard land plots with annual valuation to establish land price maps to be used in a revised Land Law in the next few years.

- Regarding public asset management on houses and land managed by the government, the city council will set up a multi-expertise team led by a council authority, a head of the Department of Finance, and a head of the Department of Natural Resources and Environment as the person in charge to conduct an overall review of the use of assets including council houses and land managed by the government on a regular 5 year basis. The review is performed all over the city in order to propose solutions to handle illegal and unreasonable uses and suggest reorganized plans. The City People's Committee will review and submit them to the City People's Council for first approval prior to Prime Minister's final approval, which will be used as a basis to manage assets belonging to HCMC's agencies and the central authorities.

- Regarding land allocation and lease for investment projects in which there are houses and land managed by the government (including land managed by the government in the form of public roads, small canals, agricultural land and houses, and land under state management and use), a unique procedure is applied. In case a project investor receives a larger transfer and pays back to the Government an area of land having an equivalent value, the included public assets will be used for the project.

➤ **Guidance on determining deductible expenses from taxable income of Corporate Income Tax (CIT) for businesses who have supported and sponsored enterprises and organizations in preventing and controlling the Covid-19 pandemic, proposed by MOF on February 02, 2021.**

- Subjects of application: organizations and businesses that are CIT payers according to the provisions of the Law on Corporate Income Tax, have supported and sponsored for other enterprises and organization in prevention and control of the Covid-19 pandemic in Vietnam.
- Businesses that are subjects to get deductible expenses when determining taxable income of CIT, are the ones have provide support or sponsorship in cash or in items to the valid organization/ individuals respecting the regulation.
- In order to apply for deducting expenses as counted for supports or sponsorship, eligible taxpayers need to submit profile of: Sponsorship Endorsement Form promulgated together with the Decree or sponsorship documents confirming payments support. The documents are required to have signatures and stamp of the representatives from both sides who provide and receive sponsorship; along with invoices, legal documents showing amount of cash or items.

➤ **Official dispatch 368/TCT-TTHT: Informative promotion and support to finalize CIT and PIT 2020, issues and takes effect from 05/02/2021.**

Informative promotion, support, and guidance to taxpayers on tax finalization as follows

- Coordinate with press agencies, radio and television stations to inform the contents and deadlines for finalization of CIT and PIT in 2020 according to the provisions of the Law on Tax Administration.
- Based on actual needs of local taxpayers and the specific situation of the Covid-19 pandemic in each locality, a month or week of support will be organized in many different ways. For PIT finalization, it is requested that the Tax Department focuses on informing of the PIT finalization deadlines for specific individuals, especially the deadlines for submitting individuals' documents directly to tax authorities. Accordingly, the taxpayers are informed to implement tax finalization at appropriate time in order to avoid lodging on the last days of the tax finalization period that could cause network congestion.
- The General Department of Taxation has completed upgrading applications to support the receipt of tax finalization declarations for individuals having electronic tax accounts at tax authorities. Also, local departments of taxation are requested to perform informative promotion and publicization so that taxpayers are informed of benefits of electronic tax accounts and how to set them up at tax authorities, do tax-relevant services, especially online declarations and submissions of PIT finalization. At localities with a large number of taxpayers who do not have electronic tax accounts at tax authorities, they still have to directly submit their PIT finalization files at the tax authority. The tax authorities can allocate additional venues, staff, equipment and computers to receive taxpayers' documents and assist them in fulfilling declarations and submission. It would help the taxpayers not to wait long and come back to the tax authority many times.
- In March 2021, the General Department of Taxation will organize an online instruction on tax finalization for 2020 through its at www.gdt.gov.vn. During the online session, taxpayers will be able to ask questions related to the finalization of PIT and CIT, and be answered directly by the General Department of Taxation through the portal. Departments of Taxation at provinces and cities need to do Informative promotion and publicization of this online support to taxpayers.

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For more detailed information, please visit our Policy and Regulatory Updates.

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