



Grant Thornton

Update new legal documents and important tax policies

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In this newsletter, Grant Thornton Vietnam would like to update our valued customers the relevant legal policies and guidelines in the field of Taxes, and Invoices recently issued.

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1. Decree No. 72/2024/ND-CP stipulating VAT reduction policies according to Resolution No. 142/2024/QH15 dated 29 June 2024 of the National Assembly

On 30 June 2024, the Government issued Decree 72/2024/ND-CP stipulating specific VAT reduction policies as follows:

- Subjects of VAT reduction

The VAT reduction applies to groups of goods and services that are currently subject to a tax rate of 10%, except for specific groups of goods and services similar to those covered by Decree 44/2023/ND-CP.

- VAT reduction

- Business establishments that calculate VAT using the deduction method may apply the 8% VAT rate for eligible goods and services.
- Business establishments (including business households and individual businesses) that calculate VAT according to the percentage method on revenue are entitled to a 20% reduction in the percentage rate to calculate VAT when issuing invoices for customers. Goods and services eligible for VAT reduction specified in the Decree.
- The order and procedures for implementation are similar to Decree 44/2023/ND-CP
- In case the business establishment has already issued an invoice and declared the tax rate or percentage to calculate VAT that has not been reduced according to the provisions of this Decree, both the seller and buyer must process the invoice according to the law on invoices and documents. Based on the invoice after processing, the seller will declare output tax adjustments, and the buyer will declare input tax adjustments (if applicable).

The aforesaid Decree 72 takes effect from 1 July 2024 to 31 December 2024.

Vietnam has extended its VAT reduction policy until December 31, 2024. Most goods and services previously taxed at 10% now benefit from a reduced VAT rate. Businesses can find full details and implementation procedures in Decree 72/2024/ND-CP.



2. Decree 73/2024/ND-CP regulating base salary and Decree 74/2024/ND-CP regulating the minimum salary for employees working under labor contracts

On 30 June 2023, the Government issued Decree 73/2024/ND-CP regulating base salary and Decree 74/2024/ND-CP regulating the minimum salary for employees working under labour contracts. Specifically:

- New base salary is 2,340,000 VND/month
- The minimum monthly salary in 4 regions is specified as follows:
 - Region I: increased by VND 280,000, from VND 4,680,000/month to VND 4,960,000/month;
 - Region II: increased by VND 250,000, from VND 4,160,000/month to VND 4,410,000/month;
 - Region III: increased by VND 220,000 from VND 3,640,000/month to VND 3,860,000/month;
 - Region IV: increased by VND 200,000 from VND 3,250,000/month to VND 3,450,000/month.
- The hourly minimum wage is adjusted as follows:
 - Region I increased from VND 22,500/hour to VND 23,800/hour;
 - Region II from VND 20,000/hour to VND 21,200/hour;
 - Region III from VND 17,500/hour to VND 18,600/hour;
 - Region IV from VND 15,600/hour to VND 16,600/hour.

For agreed and committed salary content that is more beneficial to employees (such as salary regime for workers doing jobs or titles that require education or vocational training is at least 7% higher than the minimum wage, salary regime for employees doing jobs or titles having difficult, hazardous, and dangerous working conditions are at least 5% higher; jobs or titles with particularly heavy, hazardous, or dangerous working conditions that are at least 7% higher than the salary of jobs or titles of equivalent complexity, working in normal working conditions) will continue to be eligible for implementation, unless the parties agree otherwise.

The Decree takes effect from 1 July 2024.



3. Draft Law on Corporate Income Tax (Amended)

On 7 June 2024, the Ministry of Finance submitted to the Government the Draft Amendment to the Corporate Income Tax Law with the following fundamental amendments and additions:

- Amend and supplement the provisions of 19 Articles of the current CIT Law.
- Remove Article 12 of the current CIT Law regarding tax payment location.
- Add 6 Articles stipulating the principles and subjects eligible for CIT incentives (Article 12); and additional CIT provisions in accordance with the global tax base erosion and profit shifting regulations (from Article 19 to Article 23).

For the revised and added sections, the draft law closely follows the 7 primary policy categories in the project proposal for the CIT Law, which have received approval from the Government, the National Assembly Standing Committee, and the National Assembly including:

- (1) Refining regulations related to taxpayers and income subject to CIT.
- (2) Refining regulations on income exempt from CIT.
- (3) Refining regulations related to determining taxable income and tax calculation methods.
- (4) Refining regulations on determining deductible and non-deductible expenses when determining taxable income.
- (5) Adjusting corporate income tax rates for certain taxpayer groups to align with new requirements and contexts.
- (6) Refining regulations on CIT incentives.
- (7) Applying additional CIT according to the global tax base erosion and profit shifting regulations.

The amended Corporate Income Tax Law is expected to take effect from 1 January 2026.

The proposed amendments in Corporate Income Tax Law will bring clarity and improve compliance by refining regulations, exempting certain income, and introducing new CIT incentives, and aligning with global tax standards.

4. Decree No. 64/2024/ND-CP on extension of deadlines for Value Added Tax, Corporate Income Tax, Personal Income Tax, and land rental payments in 2024 (1/2)

On June 17, 2024, the Government issued Decree No. 64/2024/ND-CP regarding the extension of deadlines for Value Added Tax, Corporate Income Tax, Personal Income Tax, and land rental payments in 2024, is as follows:

- **Extension of VAT (excluding VAT on Import) payment deadlines:**
 - Deadline for May 2024 VAT payment: no later than 20 November 2024.
 - Deadline for June 2024 VAT payment: no later than 20 December 2024.
 - Deadline for July 2024 VAT payment: no later than 20 December 2024.
 - Deadline for August 2024 VAT payment: no later than 20 December 2024.
 - Deadline for September 2024 VAT payment: no later than 20 December 2024.
 - Deadline for the second quarter of 2024 VAT payment: no later than 31 December 2024.
 - Deadline for the third quarter of 2024 VAT payment: no later than 31 December 2024.



4. Decree No. 64/2024/ND-CP on extension of deadlines for Value Added Tax, Corporate Income Tax, Personal Income Tax, and land rental payments in 2024 (2/2)

- **Extension of CIT provisional payment deadline in 2024:** extension of 03 months from the end date of the CIT payment deadline.
- **Extension of VAT and PIT payment deadlines for business households and individual businesses with tax liabilities arising in 2024:** no later than 30 December 2024.
- **Extension of land rental payment deadlines:**
 - Extension of the deadline for 50% of the land rental amount due in 2024 for entities granted an extension directly by the State for land rental under Decision or Contract of competent state agencies in the form of annual land rental payment.
 - Extension period: 02 months from 31 October 2024.
- **Subjects to which the regulations on extending the tax and land rent payment deadline in 2024 are similar to the old regulations in 2023**



5. Official Letter No. 2155/TCT-CS dated 21 May 2024 from the General Department of Taxation regarding VAT policy for repair services if performed outside of Export processing zone



On 21 May 2024, the General Department of Taxation issued Official Letter No. 2155/TCT-CS to address the query "Are repair services performed outside of the export processing zone eligible for a 0% VAT rate?" as follows:

According to Article 9 of Circular No. 219/2013/TT-BTC, the 0% tax rate applies to exported goods and services; construction and installation activities abroad and within the duty-free zone; international transportation; and goods and services not subject to VAT when exported. Then, if a company provides repair services to export enterprises but the services are performed and consumed at the repair company's premises (located outside the customs duty-free zone), they do not meet the conditions for enjoying the 0% VAT rate.

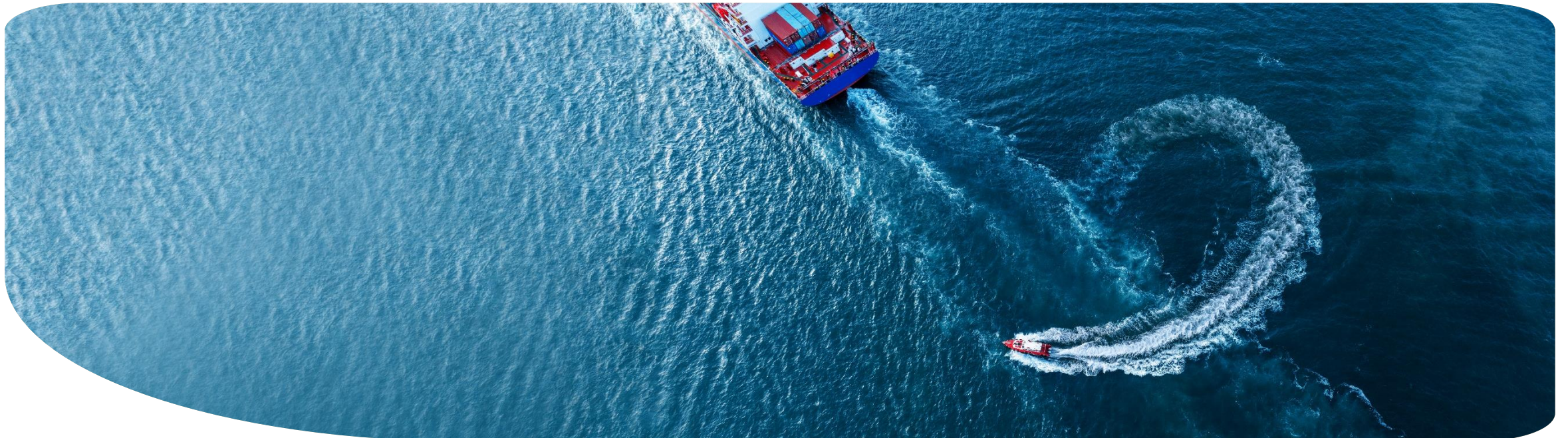


6. Official Letter No. 1569/TCT-KK regarding the transfer of remaining deductible VAT after the termination of activities by a branch

On 15 April 2024, the General Department of Taxation issued Official Letter No. 1569/TCT-KK to address taxpayers' inquiries regarding the transfer of remaining deductible VAT after the termination of activities by a branch as follows:



In the case where the branch is a dependent unit of the parent company, with a different provincial location from the parent company, and terminates its activities along with the expiration of its tax identification number, but still has input value-added tax that has not been fully deducted until the termination date, if it meets all the conditions for tax deduction as prescribed by the law on value-added tax, then the branch is allowed to transfer the remaining input value-added tax to the parent company for the parent company to continue declaring and deducting according to regulations.



7. Official Letter No. 2204/TCT-CS regarding VAT on the activity of selling intellectual property rights abroad

On 24 May 2024, the General Department of Taxation issued Official Letter No. 2204/TCT-CS to address taxpayers' inquiries regarding VAT policy on the activity of selling intellectual property rights abroad as follows:



In the case where a company exports software products or software services according to the provisions of the law, it falls under the category of entities subject to a VAT rate of 0% if it meets the conditions specified in Article 9 of Circular No. 219/2013/TT-BTC.



However, if the company engages in the transfer of intellectual property rights abroad, it falls under the category NOT eligible for the 0% VAT rate as stipulated in Clause 2, Article 1 of Circular No. 130/2016/TT-BTC.



The companies in Vietnam exporting software products or software services will enjoy a 0% VAT rate, but selling intellectual property rights abroad attracts VAT. This distinction can significantly impact a business's tax burden in Vietnam.



8. Official Letter No. 1794/TCT-CS regarding the treatment of income from exchange rate differences eligible for tax incentives

On 2 May 2024, the General Department of Taxation issued Official Letter No. 1794/TCT-CS to address taxpayers' inquiries regarding the corporate income tax policy for income from exchange rate differences as follows:



According to Clause 2, Article 5 of Circular No. 96/2015/TT-BTC, for exchange rate differences arising within the tax period directly related to the revenue and expenses of the main business activities of the enterprise, they are accounted for as costs or income of the main business activities.



In the case where the enterprise has an investment project eligible for tax incentives due to meeting the conditions in the preferred sector, income from the preferred investment sector, including income from exchange rate differences directly related to the revenue and expenses of the preferred investment sector, is also eligible for tax incentives (Clause 2, Article 10 of Circular No. 96/2015/TT-BTC).

This latest guidance clarifies how companies can optimize their tax treatment for income from exchange rate differences. This can help businesses optimize their tax positions and improve cash flow predictability.

Contact

Please study the newly issued regulations and review the internal compliance procedures in order to comply with the regulations on customs tax as well as reduce errors in the process of filing and preparing documents that could lead to additional tax obligations or administrative penalty.

Please contact the experts of Grant Thornton Vietnam for in-depth advice if you have any inquiries during the implementation of tax and customs compliance.

Please visit our [Tax Hub](#) to view more information

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