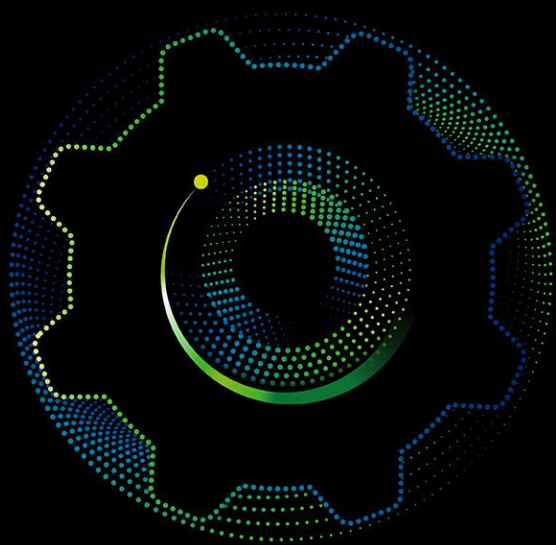


Alert on tax treatment for Covid-19 related expenses

Official Letter No. 4110/TCT-DNNCN

29 October 2021



General information

As you might be aware, during the past period, the General Department of Taxation and local Tax authorities have issued several guidance on tax treatment applied to Covid-19 related expenses. The most concerning point for taxpayers is that such expenses would be considered as taxable benefits and subject to Personal Income Tax (“PIT”) if they are provided on an identifiable basis. Several companies/business groups have raised their concerns about this point to relevant authorities to ask for a more favorable tax treatment.

Accordingly, on 27 October 2021, the GDT has just issued **Official Letter No. 4110/TCT-DNNCN (“Official Letter 4110”)** to provide the official reply about the tax treatment on employees’ expenses related to Covid-19 from Corporate Income Tax (“CIT”) and PIT perspective. The recipients of this Official Letter 4110 include: (i) Embassy of the Republic of Korea in Vietnam, (ii) European Chamber of Commerce and (iii) Vietnam Business Forum.

Notable points

According to Official Letter 4110, expenses related to Covid-19 would be treated as **deductible** for CIT and **non-taxable** for PIT if such can be proved to be actually incurred with legitimate supporting documents/invoices. Typical types of expenses include:

- Quarantine expenses under the current situation of Covid-19 in Vietnam and in foreign countries for the case of overseas business trips: meal, accommodation, Covid-19 testing, picking up when immigrating into Vietnam or from the place where the individuals are required to travel to the quarantine places, other costs of living during the quarantine medical period, etc. to follow requirements of relevant authorities;
- Expenses for Covid-19 testing or buying testing kits for employees; and
- Expenses for buying protective facilities for employees against Covid-19 at work and meal/accommodation expenses when employees are required to stay at the workplace.

Deloitte’s suggestion

The company is suggested to review the eligibility of expenses related to Covid-19 and make appropriate adjustments regarding tax filing/declarations to take advantage of this favorable ruling. Please reach to out Deloitte team should you need further clarification in this regard.

Contact us



Thomas McClelland
National Tax Leader
+84 28 7101 4333
tmcclelland@deloitte.com



Bui Ngoc Tuan
Tax Partner
+84 24 7105 0021
tbui@deloitte.com



Bui Tuan Minh
Tax Partner
+84 24 7105 0022
mbui@deloitte.com



Phan Vu Hoang
Tax Partner
+84 28 7101 4345
hoangphan@deloitte.com



Dinh Mai Hanh
Tax Partner
+84 24 7105 0050
handinh@deloitte.com



Vo Hiep Van An
Tax Partner
+84 28 7101 4444
avo@deloitte.com



Vu Thu Nga
Tax Partner
+84 24 7105 0023
ngavu@deloitte.com

Hanoi Office

15th Floor, Vinaconex Building,
34 Lang Ha Street, Dong Da District,
Hanoi, Vietnam.
Tel: +84 24 7105 0000
Fax: +84 24 6288 5678

Ho Chi Minh City Office

18th Floor, Times Square Building,
57-69F Dong Khoi Street, District 1,
Ho Chi Minh City, Vietnam.
Tel: +84 28 7101 4555
Fax: +84 28 3910 0750

Deloitte.



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which are separate and independent legal entities, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

About Deloitte Vietnam

In Vietnam, services are provided by separate and independent legal entities, each of which may be referred to or known as Deloitte Vietnam.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.