

Vietnam | 01 February 2021



Alert on Official Letter No. 271/TCT-TTKT

A summary of new points introduced in Decree No. 132/2020/ND-CP prescribing tax administration for enterprises engaged in related party transactions

Dear our Valued Clients,

On 27 January 2021, the General Department of Taxation issued **Official Letter No. 271/TCT-TTKT (“OL 271”)** to local Tax authorities providing a summary of new points introduced in Decree No. 132/2020/ND-CP prescribing tax administration for enterprises engaged in related party transactions (“Decree 132”). Those points are highlighted below:

1. Related party relationships are revised and supplemented respectively at Point G and L of Clause 2, Article 5.
2. Clarify new international tax terms have been added such as Competent Authority Agreement, International Agreements, Multilateral Convention on Mutual Administrative Assistance in Tax Matter, reporting entity, etc. at Article 4. Definition of “Database of Tax authorities” is also revised at Clause 7, Article 4.
3. Arm’s length range is redefined which is from the 35th to the 75th percentile at Clause 9, Article 4.
4. Guidance on deductible interest expenses are entirely inherited from Decree No. 68/2020/ND-CP at Clause 3, Article 16.

Contact

Thomas McClelland

National Leader

+84 28 7101 4333

tmcclelland@deloitte.com

Bui Ngoc Tuan

Partner

+84 24 7105 0021

tbui@deloitte.com

Bui Tuan Minh

Partner

+84 24 7105 0022

mbui@deloitte.com

Phan Vu Hoang

Partner

+84 28 7101 4345

hoangphan@deloitte.com

Dinh Mai Hanh

Partner

+84 24 7105 0050

handinh@deloitte.com

Suresh G Kumar

Partner

+84 28 7101 4400

ksuresh@deloitte.com

- Country-by-Country Reporting Implementation Rules are introduced at Clause 5, Article 18.
- Appropriate use of Country-by-country reports has been added at Point C of Clause 1, Article 20.

In addition, according to the OL 271, the Ministry of Finance will not issue Circular guiding Decree 132.

We would like to note that those new points have also been summarized in our Tax Alerts on Decree 132 issued on [9 November 2020](#) and [27 November 2020](#).

You can also access our [website](#) to view other Deloitte Vietnam's Tax Alert and Newsletter.

Should you have any questions or need any assistance, please contact our Tax specialists.

**With warm regards,
Deloitte Vietnam**

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

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

Hanoi Office

15th Floor, Vinaconex Tower,
34 Lang Ha Street, Dong Da District,
Hanoi, Vietnam
Tel: +84 24 7105 0000
Fax: +84 24 6288 5678
www.deloitte.com/vn

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

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