

ALERT

Resolution No. 406/NQ-UBTVQH15 dated 19th October 2021 promulgating solutions on tax exemption and reduction to support businesses and citizen affected by the Covid-19 pandemic and Decree No. 92/2021/ND-CP guiding the Resolution

October 2021



Background

- On 19th October 2021, the National Assembly Standing Committee has issued **Resolution No. 406/NQ-UBTVQH15** promulgating solutions to support businesses and citizen **affected by the Covid-19 pandemic (“Resolution 406”)**. This Resolution shall take effect from the date of signing.
- On 27th October 2021, the Government has issued Decree No. 92/2021/ND-CP to guide the above Resolution No. 406/NQ-UBTVQH15 (**“Decree 92”**) and shall take effect from the effective date of the Resolution 406.
- In this Alert, Deloitte Vietnam summaries notable contents mentioned in Resolution 406 and Decree 92 for your reference.

Notable content



1. **Reduction of 30% Corporate Income Tax (“CIT”)** in 2021 for certain subjects;
2. **Exemption of payable taxes** (for the third and fourth quarters of 2021) for business households and business individuals;
3. **Reduction of Value Added Tax (“VAT”)** from 01 November 2021 to the end of 31 December 2021;
4. **Exemption of tax late payment interest, late payment interest of land use fees and land rent** arising in 2020 and 2021

ALERT

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Resolution 406/NQ-UBTVQH15 (19/10/2021)

Tax reduction and exemption

CIT reduction

30% CIT payable reduction for the tax year 2021 provided that:

- Total revenue in 2021 **does not exceed** VND 200 billion; and
- Total revenue in 2021 **decreases** compared to the total revenue in 2019.

Note: condition (ii) does not apply to taxpayers who are newly established or have transformed due to changing form of ownership, conducted consolidation, merger, division, separation, dissolution and bankruptcy, etc. in the tax period 2020 and 2021.

VAT reduction

VAT reduction of 30% in VAT rate (for enterprises applying credit method) and reduction of 30% in the rate for VAT calculation (for enterprises applying direct method) from 01/11/2021 to the end of 31/12/2021 for following goods and services:

- transportation services, accommodation services, catering services, etc.; and
- Publishing products and services, cinema services excluding publishing software, and goods and services traded online.



ALERT

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October 2021

Resolution 406/NQ-UBTVQH15 (19/10/2021)

Tax reduction and exemption

PIT, VAT and other tax exemption

Subjects of application: households and individuals having production and business activities in district-level areas affected by the COVID-19 epidemic in 2021, which shall be decided by the Chairman of the People's Committees of such provinces.

Exemption period: Q3 and Q4/ 2021.

Note: Tax exemption does not apply to incomes and revenues from providing software products and services; digital entertainment information products and services, video games, digital movies, digital photos, digital music; digital advertising.



Late payment interest exemption

- Applicable to enterprises and organizations (including dependent units, business locations) that **incurred losses in 2020**;
- Exemption of late payment interest of taxes, land use fees and land rents;
- Exemption period: late payment interest arising in **2020 and 2021**.

Note: not applicable to cases where late payment interests have been paid prior to the effective date of this Resolution



ALERT

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Decree No. 92/2021/ND-CP

Guiding Resolution No. 406/NQ-UBTVQH15 dated 19th October 2021

1

Reduction of 30% Corporate Income Tax (“CIT”) in 2021 for certain subjects

Criteria	Decree No. 92/2021/ND-CP
Application conditions	<ul style="list-style-type: none"> Total revenue subject to reduction scheme in the CIT period (Article 8, Law on CIT) includes all sales, processing fees, service provision fees from business cooperation activities, including price subsidies, surcharges and extras that the enterprise is entitled to and excludes deductions from revenue, revenue from financial activities and other income. Total CIT revenue in the period includes the revenue of dependent units and business locations shown in the annual consolidated financial statements.
Calculation of CIT reduction	<ul style="list-style-type: none"> The CIT reduction is calculated on the total income of the enterprise (including those specified in clause 3, Article 18, Law on CIT); The CIT reduction is calculated on the payable CIT amount of the tax period 2021 after deducting the CIT incentive amount that the enterprise is enjoying.
Declaration procedures	<ul style="list-style-type: none"> Taxpayers shall self-determine the amount of tax reduction when making quarterly CIT provisional amount; Taxpayers shall declare the officially reduced CIT amount on the declaration form attached to Circular No. 80/2021/TT-BTC dated 29th September 2021 and the Appendix on deducted CIT attached to this Decree.



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Guiding Resolution No. 406/NQ-UBTVQH15 dated 19th October 2021

2

Exemption of payable taxes (for the third and fourth quarters of 2021) for business households and business individuals

Criteria	Decree No. 92/2021/ND-CP
Subject of application	<ul style="list-style-type: none"> Business households and business individuals who are resident and currently operating in all industries, locations, forms of tax declaration and tax payment <p><i>(except for income generated from activities as stated in the Resolution 406)</i></p>
Exempted taxes and exemption period	<ul style="list-style-type: none"> Exemption of payable PIT, VAT, excise duty, natural resources tax, and environmental protection tax arising from production and business activities; Exempted tax period: months in the third and fourth quarters of 2021; In case the tax amount incurred in the above tax periods has been paid, the overpaid tax amount will be offset against the outstanding liabilities or amounts to be incurred in the next tax period; or subject to be refunded (if any).



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Decree No. 92/2021/ND-CP

Guiding Resolution No. 406/NQ-UBTVQH15 dated 19th October 2021

3 Reduction of Value Added Tax (“VAT”) from 01st November 2021 to the end of 31st December 2021

Criteria	Decree No. 92/2021/ND-CP
Subject of application	<ul style="list-style-type: none"> Applicable to enterprises and organizations engaged in production and business activities in economic sectors, including: <ul style="list-style-type: none"> (i) transportation services, accommodation services, catering services, etc.; and (ii) Publishing products and services, cinema services excluding publishing software and goods and services produced and traded online. Goods and services eligible for tax reduction are stated in Appendix attached with the Decree; Reduction of VAT from 01st November 2021 to the end of 31st December 2021.
Tax reduction level	<ul style="list-style-type: none"> Enterprises and organizations applying VAT credit method are entitled to a reduction of 30% of the VAT rate for goods and services applicable in the business activities specified in the Decree; Enterprises and organizations applying direct VAT method shall enjoy 30% reduction of the applicable direct rate for VAT calculation for goods and services applicable in the business activities specified in the Decree.
Procedures	<ul style="list-style-type: none"> Specifying how to issue invoices for tax payment by credit method and direct rate method; Regulate the issuance of separate invoices for goods and services eligible for tax reduction; If the declared amount has not been reduced, the seller and the buyer shall make a record and issue an adjustment invoice, declare the adjustment to reduce the corresponding output and input tax.

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October 2021



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Guiding Resolution No. 406/NQ-UBTVQH15 dated 19th October 2021

4

Exemption of payable taxes (for the 3rd and 4th quarters of 2021) for business households and business individuals

Criteria	Decree No. 92/2021/ND-CP
Subject of application	<ul style="list-style-type: none"> • Applicable to enterprises and organizations (including dependent units, business locations) that incurred losses in 2020; • Exemption of late payment interest of taxes, land use fees and land rents; • Exemption period: late payment interest arising in 2020 and 2021. • In case the late payment interests have been paid before the effective date of Resolution 406 (19th October 2021), they will not be handled.
Procedures	<ul style="list-style-type: none"> • The taxpayer shall prepare a written request for exemption from late payment interests and send to the tax authority by electronic method, directly or by postal service. • Within 15 working days after receiving the taxpayer's written request, the tax authority shall: <ul style="list-style-type: none"> (i) For ineligible case: issue Notice of not accepting the exemption of late payment interests; (ii) For eligible case: issue Decision on exemption of late payment interests.
Specific cases	<ul style="list-style-type: none"> • In case (i) taxpayers make additional declarations of tax declaration dossiers; or (ii) through inspection, examination and audit, the payable tax, land use fee or land rent increases, taxpayers are not required to pay late payment interests arising in the tax period 2020, 2020 for the increased tax land use fee land rent.



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