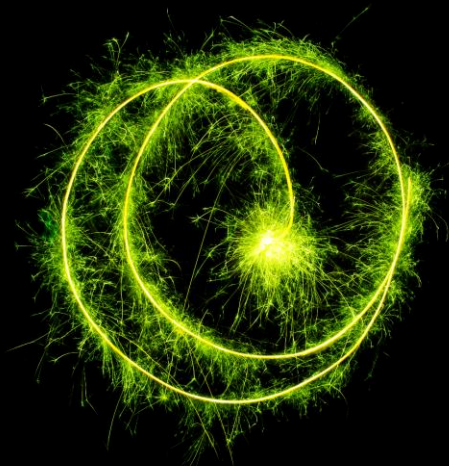


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ALERT ON DECREE NO. 49/2022/ND-CP ON VALUE ADDED TAX ("VAT")

The new Decree of the Government focuses on VAT calculation in certain cases and VAT refund for investment projects

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Notable contents of Decree No. 49/2022/ND-CP on VAT

The Government released Decree No. 49/2022/ND-CP ("Decree 49") on 29 July 2022, supplementing and amending a number of articles of Decrees on VAT, shall become effective from 12 September 2022.

In this Alert, we would like to highlight the notable contents of the Decree 49 as follows:

VAT deductible land price in real estate transfer

- *For compensation and site clearance costs:* Decree 49 amends the wording to clarify the determination of deductible compensation and site clearance cost for VAT calculation, which is the amount of compensation and site clearance cost paid following the plan approved by competent authorities, deducted from land use fee and land rent payable as stipulated in laws and regulations.
- *For land use rights purchased from organizations and individuals:* deductible land price to calculate VAT is the price at the time of purchasing land use rights, *excluding infrastructure value*. Enterprises are entitled to declare and credit input VAT of infrastructure (if any) according to regulations.

VAT refund for investment projects

- Total accumulated input VAT amount of goods and services for the investment stage of project incurred during the investment period and not fully credited from VND 300 million or more is entitled to VAT refund, including the project with several investment phases and investment categories.
- *VAT refund for investment projects which conducts conditional business activities:* Decree 49 specifies the time when taxpayers provide confirmation to carry out the conditional business in one of the following forms: License or certificate or written confirmation or approval. VAT refund under this point is retroactively applied from 01 July 2016.

Decree 49 removes some entanglements arising in practice when applying VAT laws. We will have further analysis in the next newsletters. As the effective date is fast approaching, the companies should review this decree closely and be prepared to handle its implications.



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