

Vietnam | 28 Jan 2022



Alert on Decree 15/2022/ND-CP on tax exemption, reduction policies following the Resolution 43/2022/QH15 of the Socio-Economic Development and Recovery Program

Dear Valued Client,

On 28 January 2022, the Government officially issued Decree 15/2022/ND-CP (“Decree 15”) guiding on tax exemption, reduction per Resolution No. 43/2022/QH15. The key points of Decree 15 are summarized below:

1. Reduce Value Added Tax (“VAT”) from 10% to 8% for the period from 01 February 2022 to 31 December 2022

Subjects of application: goods and services currently subject to the 10% VAT rate

Exclusions: Details of goods and services not subject to VAT reduction are specified in Appendix I issued with Decree 15, including the following groups of goods and services:

- The telecommunications and information technology industries;

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- Financial services including banking; securities and insurance;
- Real estate business;
- Metal production and manufacture of prefabricated metal products, mining industry (excluding coal mining), production of coke, refined petroleum, and production of chemicals and chemical products; and
- Goods and services subject to special sales tax.

VAT reduction:

- Business applying credit method: apply 8% VAT rate for goods and services subject to the application (Apply reduction directly on VAT invoices);
- Business applying direct method (percentage on revenue): reduce the VAT rate by 20% for goods and services subject to the application.

Procedure to apply VAT reduction: Apply reduction directly on VAT invoices (please refer to Decree 15 for guidance to write VAT invoices)

Effective period: From 01 February 2022 to 31 December 2022.

2. The Resolution allows to treat contribution expenses and sponsorship expenses of enterprises and organizations for Covid-19 prevention and control activities in Vietnam as tax deductible expenses for the tax period 2022

Decree 15 details the recipients of donations and sponsorships and the supporting documents to claim deductible expenses for certain support and sponsorship expenditures.

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

With warm regards,

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