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TAX & CUSTOMS COVID-19 NEWSLETTER

December 2021

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Part 1:

Regulations and guidance related to Tax and custom administration

1.1. Tax reduction/exemption

30% reduction of CIT and VAT, PIT exemption for the 3rd and 4th quarters of 2021

Solutions to support businesses and people affected by the Covid-19 pandemic

Tax exemption and reduction policies in 2021 that businesses can enjoy under these regulations include:

1. A 30% reduction of CIT in 2021: applicable to all production and business fields, provided that the enterprise's revenue in 2021 decreases compared to 2019 and does not exceed VND 200 billion. Businesses are allowed to estimate the revenue of 2021 to enjoy a apply for the 30% tax reduction right upon quarterly temporal tax payment.
2. 30% reduction of VAT in November and December 2021: applicable to a number of fields (transportation, accommodation, dining, tourism, publishing, cinema, entertainment, sports etc.,)
3. Exemption of late payment of tax, late payment of land use levy, and late payment of land rent arising in 2020 and 2021;
4. Tax exemption in the third and fourth quarters of 2021 for business households and individuals: if operating in the areas affected by the pandemic, all taxes (VAT, PIT, SCT, ..) arising in the third and fourth quarters of 2021 (except revenue from providing software products and services; digital products and services for entertainment, video games, digital movies, and photos, digital music; digital advertising).

The regulation takes effect from October 19, 2021. For details, please refer to Deloitte's Newsletter October 31, 2021.

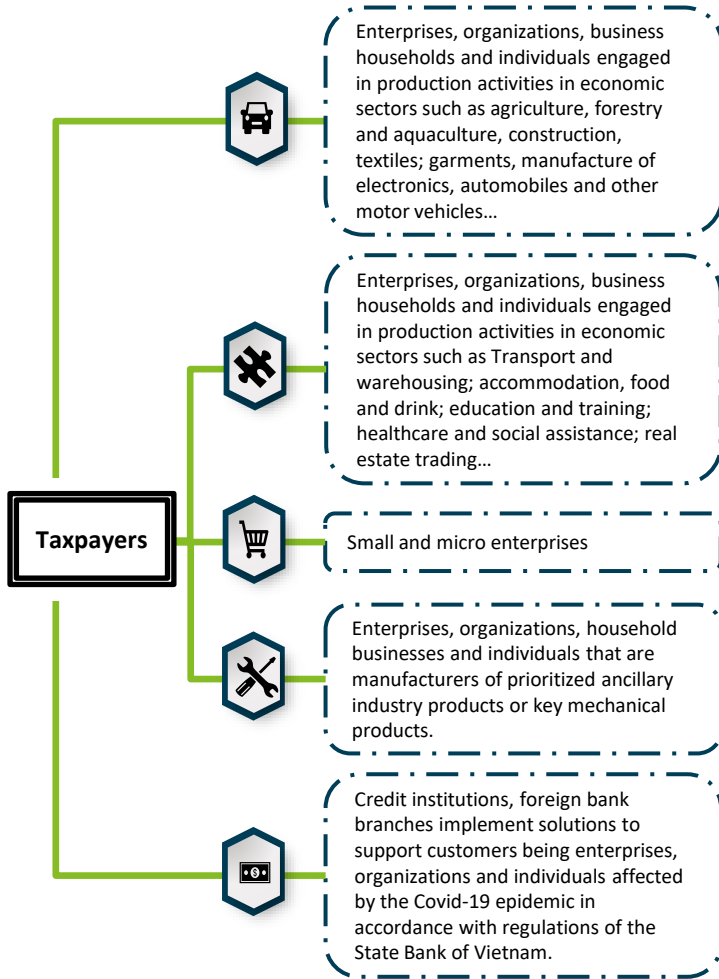
(Resolution No. 406/NQ-UBTVQH15 dated October 19, 2021, promulgated by the Standing Committee of the National Assembly)

(Decree No. 92/2021/ND-CP dated October 27, 2021, promulgated by the Government)



1.2. Extension of tax filing and payment

Pursuant to Decree No. 52/2021/ND-CP dated 19/04/2021 issued by the Government, the deadline for tax filing and payment of Corporate Income Tax (“CIT”), Value Added Tax (“VAT”) and Land rental fee of 2021 are extended for certain taxpayers as follow:



VAT (except import VAT)	New deadline for tax payment
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Monthly declaration	
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3/2021	20/09/2021
4/2021	20/10/2021
5/2021	20/11/2021
6/2021	20/12/2021
7/2021	20/12/2021
8/2021	20/12/2021

Quarterly declaration	
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QI/2021	30/09/2021
QII/2021	30/12/2021

Corporate Income Tax (CIT)	
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CIT temporarily paid	
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QI/2021	30/07/2021
QII/2021	30/10/2021

Land Rental fee	
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1 st payable periods of 2021	30/11/2021
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1.2. Extension of tax filing and payment (cont.)



Taxpayers who failed to submit tax returns in a timely manner in accordance with the law, during the quarantine period (including the period of social isolation according to the document of the Prime Minister, Government Office, isolation by region, area according to decision of local government agency, isolation according to notification decision of competent agency or state) would not be subject to tax administrative penalty in the following cases:

- Organizations or individuals whose corporate headquarter or (permanent or temporary) address are located in the isolated region, isolated area;
- Individuals who are in quarantine period according to a decision or notice of the competent authorities due to the Covid-19 pandemic.

(Official Letter No. 6770/CTTPHCM-KK dated 19 July 2021 issued by Ho Chi Minh City Tax Department)



In case the taxpayer is an organization headquartered in a quarantined area (in accordance to the notice of a competent State agency due to the Covid-19 epidemic), if there is an obligation to submit tax returns but during the quarantine period, they are not able to submit the tax returns according to regulations, resulting in late submission of tax returns, then said taxpayer will not be subject to administrative sanction according to regulations.

(Official Letter No. 29592/CTHN-KK dated 29 July 2021 issued by Hanoi Tax Department)



Regarding tariff payment extension

According to **Decree No. 52/2021/ND-CP**, the tax grace period in 2021 due to the impact of the Covid-19 pandemic in this Decree does not apply to VAT at the import stage.

However, enterprises can base on **Point a, Clause 27, Article 3 and Point a, Clause 1, Article 63 of the Law on Tax Administration No. 38/2019/QH14** to request an extension of tariff payment at the import stage due to the impact of the Covid-19 pandemic.

Regarding the procedures for extending tariff payment at the import stage, comply with the provisions of **Article 135 of Circular No. 38/2015/TT-BTC (amended in Clause 68, Article 1 of Circular No. 39/2018/TT-BTC) and Article 11 of Circular No. June 2021/TT-BTC.**

(Official Letter No. 4799/TCHQ-TXNK dated 11 October 2021 issued by General Department of Customs)



1.3. Policies to support employees and employers

Regulations on the implementation of policies to support employees and employers facing difficulties due to the Covid-19 pandemic according to Resolution No. 68/NQ-CP dated 01/07/2021:

Reduction of occupational accidents and diseases insurance

- Subjects of application: Employers contributing to the occupational accidents and diseases insurance fund for employees who are subject to occupational accident and occupational disease insurance as prescribed by regulations on social insurance and on occupational safety and hygiene;
- Rate of contribution: 0% of the salary fund as the basis for social insurance payment;
- Purpose: Employers use the entire amount obtained from the reduction of contributions to the occupational accidents and diseases insurance fund to support employees in preventing Covid-19;
- Application period: from 01 July 2021 to the end of 30 June 2022.



Temporary suspension of contributions to retirement and survivorship funds

- Subjects of application: employees and employers who are subject to compulsory social insurance as prescribed in Article 2 of the Law on Social Insurance;
- Conditions: the employer submits a request and has paid social insurance in full or is temporarily suspending contributions to the Retirement and survivorship fund until the end of April 2021 but is affected by the Covid-19 pandemic resulting in a reduction of at least 15% of the number of employees participating in social insurance at the time of application submission compared to April 2021;
- Application period: 06 months from the month the employer submits the request. At the end of the temporary suspension, the employee and the employer continue to contribute to the retirement and survivorship fund and compensate for the period of temporary suspension (the compensatory payment is not subject to late payment interest).



(Decision No. 23/2021/QĐ-TTg dated 07 July 2021 issued by The Prime Minister)

1.4. Customs procedures and Tax/Duty treatments

Procedures for import duty exemption of materials imported for manufacturing Covid-19 test kits

The materials for manufacturing Covid-19 test kits that are exempted from import duty will be determined according to the List promulgated under Decision No. 1921/QĐ-BTC dated September 30, 2021.

Duty exemption dossiers and procedures shall comply with the provisions of Article 31 of Decree 134/2016/ND-CP and Clause 14, Article 1 of Decree 18/2021/ND-CP.

Code XN502 - tax exemption for imported goods for Covid-19 pandemic prevention and control shall be declared on the import declaration.

Enterprises can directly carry out the import procedures or entrust other enterprises to import such duty exempted materials for manufacturing Covid-19 test kits.

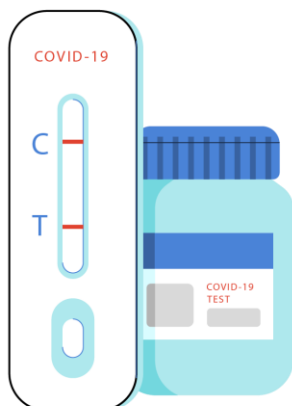
However, after importing, if the imported materials that are used for other purposes, changing purpose customs declaration should be made, and corresponding taxes should be paid.

(Official Letter No. 4717/TCHQ-TXNK dated 04 October 2021 issued by the General Department of Customs)

Guidance on value-added tax and import duty on goods imported for the treatment of Covid-19

In case the company's imports are identified as medicines for disease prevention and treatment, the value-added tax rate is 5%.

(Official Letter No. 4390/TCHQ-TXNK dated 13 September 2021 issued by The General Department of Customs)



Goods imported by Vietnamese organizations and individuals to support Covid-19 prevention, shall be subject to the same policies on import duties and VAT as humanitarian aid or grant aid.

Procedures:

- The Ministry of Health, provincial People's Committees and Vietnamese Fatherland Front Committees of provinces/cities are assigned to consider issuing documents approving and receiving the goods at the request of relevant entities;
- Customs authorities follow procedures for non-collection of import duties as prescribed in the Law on Export and Import Duties, and non-collection of VAT as prescribed in the Law on Value-added tax, Government's Decree No. 209/2013/ND-CP .
- The Ministry of Finance is assigned to provide guidelines on customs dossiers in respect of goods imported to support Covid-19 prevention.

Validity and duration:

- This Resolution comes into force from the date on which it is signed.
- Policies on tax incentives on the specific goods shall be valid until the Covid-19 pandemic is announced over by competent authorities.
- The Ministry of Health, provincial People's Committees and Vietnamese Fatherland Front Committees of provinces/cities shall manage, allocate and direct the use of imported goods exempted from import duties and VAT in accordance with regulations herein.

(Resolution 106/NQ-CP dated 11 September 2021 issued by the Government, guided by Official Letter No. 10947/BTC-TCHQ dated 22 September 2021 issued by the The Ministry of Finance)

1.4. Customs procedures and Tax/Duty treatments (cont.)

Supplementation of 07 materials for manufacturing Covid-19 test kit that are exempted from import duty

The Decision provides the list of materials for manufacturing Covid-19 test kit that are exempt from import duty under Decision No. 155/QĐ-BTC, including:

1. Aluminum bag (for containing Covid-19 test kit)
2. Bottom cover test kit (for assembling and making Covid-19 test kit)
3. Top cover of test kit (for assembling and making Covid-19 test kit)
4. Tube to contain Covid-19 sample test (for containing Covid-19 test sample)
5. Tube holder (for fixing the tubes)
6. Nasopharyngeal swab (for taking Covid-19 sample)
7. Nasal swab (for taking Covid-19 sample)

The Decision takes effect from the date of signing to the date of the competent authority's written announcement of the end of Covid-19 pandemic.

(Decision No. 1921/QĐ-BTC dated 30 September 2021 issued by Ministry of Finance)

Procedures for importing used ambulance cars

1. Regarding management policy: used ambulance cars which are imported as ODA from foreign partners for Covid-19 Prevention and Control, are allowed to be imported until the application of Directive No. 15/CT-TTg and Directive No. 16/CT-TTg is suspended in Ho Chi Minh City.
2. Regarding customs procedures: The customs dossier includes the customs declaration and the written certification of the People's Committee of Ho Chi Minh City about the imported goods to serve urgent requirements.
3. Locations for customs procedures: at the choice of enterprises according to the provisions of Article 22 of the Law on Customs 2014.
4. Regarding specialized inspection: Customs authorities shall not require enterprises to have a Certificate of Quality at the time of customs clearance of used ambulances.

(Official Letter No. 4606/TCHQ-GSQL dated 24 September 2021 issued by the General Department of Customs)

Duty treatment for goods that are imported for supporting Covid-19 Prevention and Control

The Official Letter guides duty exemption (import, VAT) according to Resolution No. 106/NQ-CP for goods that are imported for supporting Covid-19 Prevention and Control.

Accordingly, together with the import dossiers specified in Clause 2, Article 16 of Circular No. 38/2015/TT-BTC (amended in Clause 5, Article 1 of Circular No. 39/2018/TT-BTC), 01 original certification granted by the Ministry of Health, provincial People's Committee, or Vietnamese Fatherland Front Committee of province/city is required.

On the import Customs Declaration, the Import duty exemption/reduction/non-collection code XNK90 - Other goods - Goods imported for supporting Covid-19 prevention and control shall be declared.

For import shipments having been declared customs before the effective date of Resolution No. 106/NQ-CP (i.e., September 11, 2021), of which the corresponding import duties and VAT have been fully paid, the overpaid amounts would be handled following Article 60 of the Law on Tax Administration and Resolution No. 106/NQ-CP.

(Official Letter No. 10947/BTC-TCHQ dated 22 September 2021 issued by the Ministry of Finance)

Apply duty exemption and quick customs clearance of imports for Covid-19 test kits

The Official Letter responds to the exemption and quick customs clearance for the shipment of 3 million Covid-19 test kits imported by Thu Do joint-stock tourism - trading & investment company to fund the Ministry of Health.

(Official Letter No. 3837/TCHQ-TXNK dated 01 August 2021 issued by The General Department of Customs)



1.4. Customs procedures and Tax/Duty treatments (cont.)

Regulations on C/O submission deadline and C/O form for imported goods during the Covid-19 pandemic

- In case C/O is not available at the time of customs clearance to apply the special preferential tax rate, the customs declarant must declare late C/O submission on the import customs declaration and supplement declarations, submit C/O within the validity period of C/O;
- Customs authority accept C/O using electronic signature and seal provided that the competent authority of the exporting country notifies of the issuance of the C/O using electronic signature, seal and provides a website to look up C/O or other methods of looking up C/O;
- Customs authority accepts a photocopy/scan of C/O provided that the competent authority of the exporting country notifies the use of a photocopy/scan of the original C/O and provides a photocopy of/scanned C/O or website or other inspection methods for customs authority to determine C/O's validity. The customs declarant is responsible for supplement 01 original C/O within 180 days from the date of registration of the import customs declaration.

(Circular No. 47/2020/TT-BTC dated 27 May 2020 (Issued by Ministry of Finance)

Regarding customs procedures during Covid-19 epidemic:

- The customs declarant declares and submits customs returns to customs authority through the customs electronic data processing system. Other procedures are performed on the online public service system;
- During quarantine, the customs authorities where the goods are stored or the border gate of export coordinate to carry out physical inspection of goods to use the inspection results received from the system to carry out further procedures according to regulations.

Regarding customs inspection of goods preservation and of goods storage/preservation locations during Covid-19 epidemic:

- Inspection of goods preservation pursuant to Point b.1.1, Clause 5, Article 32 of Circular No. 38/2015/TT-BTC as amended and supplemented in Clause 19, Article 1 of Circular No. 39/2018/TT-BTC: temporarily suspending the inspection of goods preservation until the General Department of Customs issues a new notice;
- Inspection of goods preservation location pursuant to Point b.1.3, Clause 5, Article 32 of Circular No. 38/2015/TT-BTC as amended and supplemented in Clause 19, Article 1 of Circular No. 39/2018/TT-BTC: the Customs Sub-department where the declaration is registered for the first time temporarily suspends the inspection of goods preservation location, requires enterprises to provide online images through video recording devices of the goods preservation locations to settle procedures.

(Official Letter No. 3695/TCHQ-GSQL dated 22 July 2021 issued by General Department of Customs)



(Official Letter No. 2547/TCHQ-GSQL dated 27 May 2021 issued by General Department of Customs)

1.4. Customs procedures and Tax/Duty treatments (cont.)

Solution to ease cargo congestion at Cat Lai port

- In order to ease congestion, GDC has guided the Customs Department of HCM City on conditions and supervision procedures for goods that are transferred from Cat Lai port to other ports or ICD for customs clearance purpose.
- Validity: from 02 Aug 2021 till the 15th day after the date on which People's Committee of Ho Chi Minh City announces to suspend the implementation of Directive 16.

(Official Letter No. 3847/TCHQ-GSQL dated 02/08/2021 issued by General Department of Customs)

The submission of hard-copy required documents now could be replaced by the scanned copy with digital signature for fast customs clearance of goods

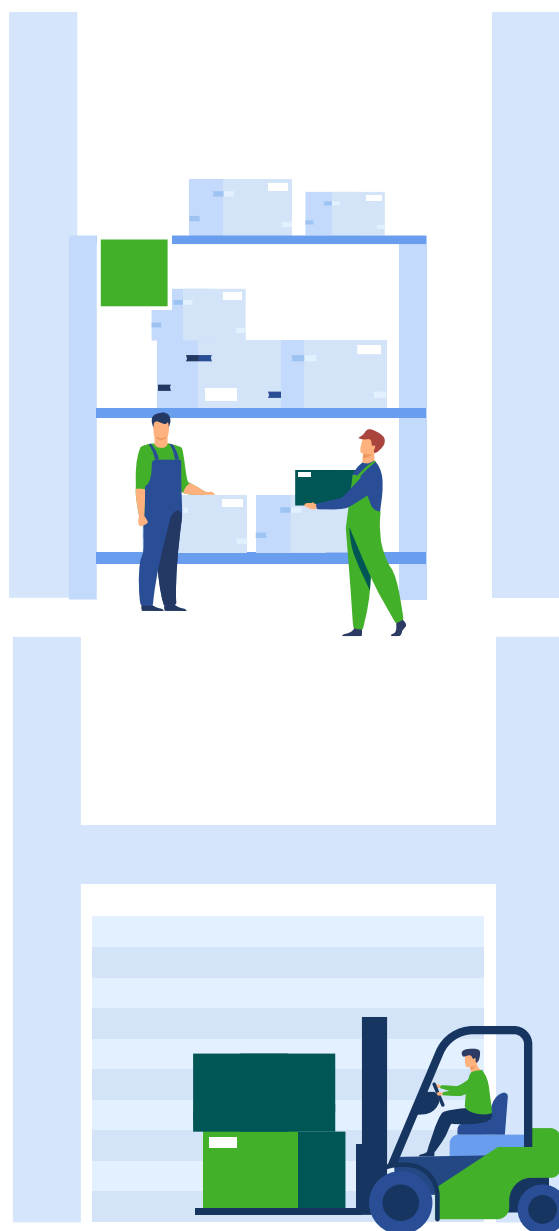
- In order to resolve difficulties in customs clearance during social distancing, the General Department of Customs has announced that for the case of hard-copy required documents, businesses are allowed to temporarily submit scanned copies (with digital signatures) for approval for fast customs clearance of goods. However, enterprises must notify the late submission of these documents in the "notes" box on the electronic customs declaration and supplement original version within 30 days from the date of the customs declaration.
- In case the location of enterprise or the managing Customs Sub-department is within the lockdown area, the time limit for additional submission of paper documents is within 05 working days after the date that lockdown period is over.
- The late submission of paper documents must be approved by the Deputy Director of the Customs Sub-department on case by case basis. If the time limit is over, but the enterprise does not supplement the original version, the treatment shall follow relevant regulations or a Post-clearance customs audit might be triggered.

(Official Letter No. 3980/TCHQ-GSQL dated 11/08/2021 issued by General Department of Customs)

Facilitate customs clearance of goods aided for Covid-19 prevention

- The General Department of Customs has guided its Sub-Departments to facilitate customs clearance procedures for import/export shipments of drugs, medical supplies, vaccines, etc. aided for Covid-19 pandemic prevention and control.

(Official Letter No. 3794/TCHQ-GSQL dated 29/07/2021 issued by General Department of Customs)



1.4. Customs procedures and Tax/Duty treatments (cont.)

Accept the scanned self-certified proof of origin form D

Customs authority accepts scan version of the self-proof of origin form D and the self-proof of origin form D with electronic signature attached by Customs declarant on the electronic data processing system of the customs authority.

Customs officials shall check the validity of the self-certified proof of origin on the basis of information databases on export enterprises at ASEAN website (<http://web.awsc.asean.org>), comparing with documents in customs dossiers and the results of actual inspection of goods (if any) for handling in accordance with regulations.

(Official Letter No. 4162/TCHQ-GSQL dated 25 August 2021 issued by the General Department of Customs)

Facilitate customs clearance for imports and exports during the Covid-19 pandemic

Customs departments and sub-departments are requested to both strengthen methods to prevent pandemic and facilitate the export/import of goods during the pandemic.

For localities that are applying social distancing under Directive 16, in case of arising container shipments subject to actual inspection, they will be transferred to pre-inspection by scanner, if the screening results are suspicious, customs officers shall do the physical inspection.

(Official Letter No. 4251/TCHQ-VP dated 31 August 2021 issued by The General Department of Customs)

The Ministry of Industry and Trade requests to reduce storage fees at ports

In order to share the difficulties of the Covid-19 pandemic, the Ministry of Industry and Trade requested associations and enterprises providing logistics services, seaports, etc. to consider reducing storage and warehousing fees to support businesses which were forced to cut production due to the Covid-19 pandemic.

(Official Letter No. 4812/BCT-XNK dated 10 August 2021 issued by the Ministry of Industry and Trade)

Accept the scans or snapshots of C/O form KV, AK during the Covid-19 pandemic

According to the announcement of the General Department of Customs, during the Covid-19 pandemic, the scan or snapshot version of C/O form KV and AK issued by South Korea can be accepted to replace hard copies of the C/O.

However, scans or snapshots version of C/O form KV and AK must be attached to an electronic customs declaration.

(Official Letter No. 4059/TCHQ-GSQL dated 17 August 2021 issued by the General Department of Customs)



1.4. Customs procedures and Tax/Duty treatments (cont.)

Fasten customs clearance for imported shipments of drugs and raw materials

In order to ensure the quality of goods and fasten clearance of goods to serve the needs of people, especially during Covid-19 pandemic, the General Department of Customs has issued a number of guidance directing the Customs Departments of provinces and cities to implement a number of solutions, such as:

1. Accepting drugs/materials test report to manufacture medicines with electronic signatures of manufacturers when carrying out customs procedures;
2. Allowing the physical inspection at enterprise's proposed warehouse for shipments with special preservation requirements (such as drugs, vaccines, bio-products, etc. require a storage temperature of 2°C-8°C);
3. Customs procedures shall be processed in accordance with current legal regulations, based on the results of automatically line division and inspection instructions on the e-customs data processing system, to check the import shipment that has been declared customs since 01 August 2021; fasten the customs clearance procedure for pharmaceutical and medical equipment shipments for Covid 19 prevention s in accordance with the law on pharmacy and customs law.

(Official Letter No. 4330/TCHQ-POPEBL dated 08 September 2021 issued by The General Department of Customs)

Guidance for carrying out customs procedures and customs supervision at bonded warehouses under the management of Hai Duong Customs Sub-Department

The Hai Phong Customs Department directs the Hai Duong Customs Department to arrange officials at bonded warehouses (customs office areas) to carry out the reception, inspection and supervision of customs for import shipments transported from the import gate to the bonded warehouse, promptly settle procedures for enterprises in accordance with regulations. **The enterprises are not required to apply for approval at the head office of the Customs Department.**

The customs supervision and inspection of customs officials at the bonded warehouses of enterprises must ensure the prevention of covid-19 in accordance with the direction of the Prime Minister and local authorities.

(Official Letter No. 4346/TCHQ-GSQL dated 09 September 2021 issued by the General Department of Customs)

Issuance of registration number and import of medical equipment serving Covid-19 pandemic management in case of emergencies. The Circular has provided on:

- Publishing the standards applied to type B medical equipment;
- Issuing certificate of circulation for type C and type D medical equipment.

(Circular No. 13/2021/TT-BYT dated 16 September 2021 issued by the Ministry of Health)



1.4. Customs procedures and Tax/Duty treatments (cont.)

Promote production, circulation, consumption and export of agricultural products during COVID-19 prevention and control

In order to facilitate the export of agricultural products during Covid-19 pandemic, the Prime Minister has requested the Customs departments to promote electronic customs clearance and fasten customs clearance procedures for agricultural exports.

In addition, the Prime Minister also requested the Ministry of Agriculture and rural development to study and apply online (quality) assessment instead of direct assessment or extend the validity up to 6 months for permits and certificates, etc. of expired agricultural products during the pandemic.

(Directive No. 26/CT-TTg dated 21 September 2021 issued by the Prime Minister)

Guidance on cases of exemption from customs penalties due to the impact of Covid-19

The General Department of Customs informed that there were instructions on the exemption of penalties for violations in the customs field due to the impact of the Covid-19 epidemic in Official Letter No. 3569/TCHQ-PC dated 03 June 2020.

Accordingly, not all customs violations occurring during the pandemic are considered violations due to "force majeure events" and are exempt from penalties. An enterprise is only exempt from penalties if it can prove that it has applied all necessary and possible measures but still cannot prevent the violation.

The General Department of Customs also noted that the consideration of penalty exemption due to the impact of the Covid-19 pandemic or the application of social distancing measures by the State must be based on the Law on Handling administrative violations 2012 (Article 2, Article 11), Decree 128/2020/ND-CP (Article 6) and the actual case to properly apply the regulations on "force majeure events".

(Official Letter No. 4428/TCHQ-PC dated 15 September 2021 issued by the General Department of Customs)

Customs supervision required in case imported goods are congested at seaports under social distancing situation

The Circular provides guidance on customs procedures for goods transformed among border gates in case of congestion at seaports due to social distancing.

Accordingly, in case the seaport where imported goods are stored, is congested or at risk of congestion due to social distancing, enterprises will be allowed to transport the goods to another seaport or to inland ports, ICD ports.

However, goods are transferred among border gates must fully meet the following requirements:

- Not on the list of goods subject to customs procedures at the import border gate according to Decision No. 23/2019/QĐ-TTg;
- In full container;
- Have not yet been declared customs;
- Not on the list of monitoring, inspecting and handling at the request of the authorities.

"Seaport" is considered to be congested or at risk of congestion when there is a backlog of imported goods from over 90% of the port's loading capacity.

The Circular takes effect from the date of signing.

(Circular No. 82/2021/TT-BTC dated 30 September 2021)



1.4. Customs procedures and Tax/Duty treatments (cont.)

Regarding the implementation of Post-clearance Customs Audit ("PCA") during the Covid-19 pandemic

In order to support enterprises during the Covid-19 pandemic, the General Department of Customs has requested the Customs Departments of cities/provinces to postpone the PCA plan in 2021 until the pandemic is controlled, including planned PCA and PCA taken on risk management.

In case an enterprise has signs of violation and is subject to PCA, the inspection division must report and seek for approval from the competent management level.

(Official Letter No. 4797/TCHQ-KTSTQ dated 11 October 2021 issued by the General Department of Customs)

The import of AstraZeneca vaccine

It is requested that the declarants transfer the goods to appropriate storage location for preservation, maintain the goods' condition, and be responsible for submitting the import license granted by the Ministry of Health and customs dossiers in accordance with the law within 30 days for customs clearance.

(Official Letter No. 4880/TCHQ-GSQL dated 14 October 2021 issued by the General Department of Customs)



Part 2:

Labor expenses related to Covid-19

Our summary in following pages is prepared based on the prevailing guidance issued by the General Department and local tax authorities. In the event that new regulations are released giving conflicts or annulling the previous ones, taxpayers should consider thoroughly the implementation of such guidance on a case-by-case basis.

2.1. Expenses for employees



COVID-19 TESTING EXPENSES

PIT: In case an employee is paid by the Company for the cost of SARS-CoV-2 testing, this is a benefit paid directly to the employee and is a benefit enjoyed by the employee, therefore, **is included in the income subject to PIT** from the employee's salary.

(Official Letter No 1609/CTHPH-TTHT dated 05 July 2021 issued by Hai Phong Tax Department)

Vaccination expenses for employees, if meeting all the deductible conditions and not belonging to the regulated list of non-deductible expenses, is deductible when determining CIT taxable income.

(Official Letter No 2921/TCT-CS dated 03 August 2021 issued by General Department of Taxation)

The cost of **SARS-CoV-2 testing** paid to the employees is considered as a welfare benefit enjoyed by the employees, therefore, **is deductible when determining CIT taxable income** if having sufficient invoices, documents and payment as stipulated.

(Official Letter No 12635/CTBDU-TTHT dated 23 August 2021 issued by Binh Duong Tax Department)



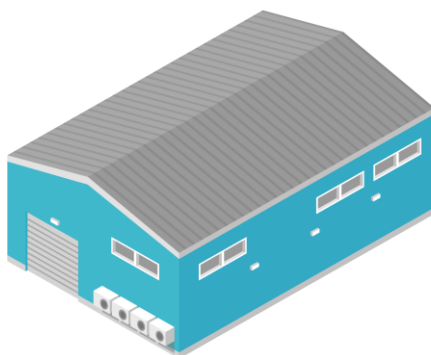
CIT: The cost of Covid-19 testing, vaccination for employees is considered a welfare expense directly paid to employees. If it meets the requirements at Point 2.30, Clause 2, Article 6, Circular No. 78/2014/TT-BTC (amended in Article 4, Circular No. 96/2015/TT-BTC) and total welfare expenditure not exceeding 01 month actual average salary of the enterprise in the tax year, this cost shall be included in the deductible expenses upon determination of the enterprise's taxable income, provided that there are sufficient invoices and documents and payment as prescribed.

Official Letter No. 31557/CTHN-TTHT dated August 13, 2021 issued by Hanoi Tax Department, Official Letter No. 35220/CTHN-TTHT dated September 17, 2021 issued by Hanoi Tax Department)

CIT: If the payment for Sars-Cov-2 tests to the National Institute for Accreditation of Vaccines and Medical Biologicals is made according to an invoice of over VND 20 million, and the Company has a payment order for making payments through banks (non-cash payments), this cost shall be considered as deductible expenses.

PIT: For testing costs for employees that the name of the benefited individuals are not specified on contracts, invoices and payment vouchers but only generally recorded as a collective of employees, they are not to be included in the employee's assessable income for PIT calculation.

(Official Letter No. 2979/CTBNI-TTHT dated August 30, 2021 issued by Bac Ninh Tax Department)



EXPENSES FOR WORKERS STAYING AT THE FACTORY

CIT: Costs related to “**stay-at-work mode**” where employees must stay and work at a company’s site (i.e. costs of arranging accommodation and meals for employees working at the company’s site, Covid testing costs for employees when they come to work, periodically and before they return to the locality, allowance for employees staying at the company’s site) would be treated as welfare costs for staffs and deductible for **CIT purposes** if not exceeding one month average salary and having sufficient documents.

(Official Letter No. 1883/CTBNI-TTHT dated 29 June 2021 issued by Bac Ninh Tax Department)

In case the company complies with the requirements of the People's Committee of Bac Ninh and the Management Board of Bac Ninh industrial zones to ensure safe production activities in the implementation of anti-epidemic measures, and incurs expenses for employees that have to stay at the company such as: meal and accommodation cost for working employees, Covid testing cost for employees when they come to work, periodically, and before they return to their localities, etc., :

- **CIT:** if there are sufficient invoices and related documents, and payments are made non-cash, these expenses are included in the deductible expenses for CIT purpose.
- **PIT:** If the expenditure does not specify the name of the individual entitled to it but is generally shared among employees, it is not included in the assessable income for PIT purpose.

(Official Letter No. 2076/CTBNI-TTHT dated 22/07/2021 issued by Bac Ninh Tax Department)

In case the company complies with the requirements of the People's Committee of Bac Ninh and the Management Board of Bac Ninh industrial zones to ensure safe production activities in the implementation of anti-epidemic measures, công ty phải bố trí chỗ ở cho người lao động tại Bắc Ninh, không đi về giữa các tỉnh hàng ngày, xét nghiệm cho người lao động định kỳ 3 ngày/lần hoặc test rà soát 10%, 20%. Các chi phí về ăn ở, xét nghiệm cho người lao động do công ty chi trả, hóa đơn xuất cho công ty ghi tổng số ngày ở, tổng số mẫu xét nghiệm thì:

- **CIT:** if there are sufficient invoices and related documents, and payments are made non-cash, these expenses are included in the deductible expenses for CIT purpose.
- **PIT:** If the expenditure does not specify the name of the individual entitled to it but is generally shared among employees, it is not included in the assessable income for PIT purpose.

(Official Letter No. 3381/CTBNI-TTHT dated September 27, 2021 issued by Bac Ninh Tax Department)

EXTRA PAYMENT FOR PROBATIONARY WORKERS

PIT: The amount equivalent to the employer's payment of compulsory social insurance, health insurance, unemployment insurance for employees, paid at the same time as the monthly salary payment period for probationary employees (are not subject to participation in compulsory social insurance, health insurance, unemployment insurance), this amount is determined as monetary benefits in addition to salary and wages to which the employee is entitled and must be included in the PIT taxable income.

(Official Letter No. 32076/CTHN-TTHT dated 19 August 2021 issued by Hanoi Tax Department)



QUARANTINE COSTS

CIT: In case the enterprise signs a labor contract with an employee in which specifying housing expenses paid by the enterprise to the employee, the expenses paid to the quarantine facility shall be included in the deductible expenses when determining income subject to CIT if there are sufficient invoices and documents and payment as prescribed.

(Official Letter No. 31557/CTHN-TTHT dated August 13, 2021 issued by Hanoi Tax Department)

EXPENSES FOR MEDICAL EQUIPMENT

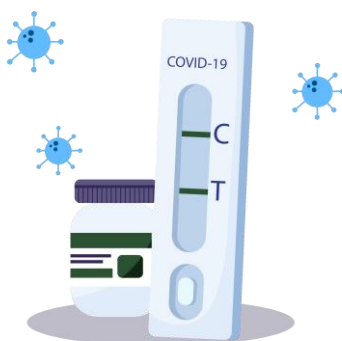
Expenses for epidemic prevention: such as buying masks, hand sanitizer, etc.

- **CIT:** Deductible if there are sufficient supporting documents;
- **PIT:** Not subject to PIT if it is a group expenditure, not specifically for an individual.

(Official Letter No. 6629/CT-TTHT dated 16 July 2020 Issued by Hanoi Tax Department)

PIT: During the Covid-19 epidemic, if the name of the beneficiary of epidemic prevention payments (according to the provisions of the law) is clearly stated, these payments will be included in the income subject to PIT of the beneficiary.

(Official Letter No. 31557/CTHN-TTHT dated August 13, 2021 issued by Hanoi Tax Department)



COSTS FOR QUARANTINE, TESTING, PURCHASE OF PROTECTIVE EQUIPMENT, AND FOR ACCOMMODATION AT BUSINESSES DUE TO COVID-19

For Covid-19 quarantine expenses at Vietnam and abroad (business trips abroad) (including expenses for meals, accommodation, Covid-19 testing; transportation from the place of entry to Vietnam or from the place where the subject is pointed to undergo medical isolation to the medical isolation facility; expenses for living needs during the medical isolation days; etc.) to comply with the request of the competent state agency, the costs of Covid-19 testing or purchase of Covid-19 test kits for employees, the cost of purchasing equipment to protect employees from the risk of infection during work, and expenses for accommodation and meals of employees staying at the company under the "3 on-site" plan, these costs shall be included in the deductible expenses when calculating CIT and not included in the employee's taxable income. Please note that the above expenses must reflect the actual arising and have all invoices and documents in accordance with the law.

For more details, please refer to Deloitte's Newsletter on October 29, 2021.của Deloitte.

(Official Letter No. 4110/TCT-DNNCN dated October 27, 2021 issued by the General Department of Taxation)

CIT: In case the enterprise signs a labour contract with an employee in which specifies housing expenses paid by the enterprise to the employee, the expenses paid to the quarantine facility shall be included in the deductible expenses when determining income subject to CIT if there are sufficient invoices and documents and payment as prescribed.

(Official Letter No. 31557/CTHN-TTHT dated August 13, 2021 Issued by the Hanoi Tax Department)

During the Covid 19 pandemic, if the company implements "3 on-site" working plan, and there are **health care expenses** arisen to support employees for prevention the epidemic (such as sleeping bags, personal hygiene tools, drinking water, money subsidies, Covid test fee on a collective basis), those expenses **shall not be included in the taxable income** for PIT calculation purposes. If the above amounts are **clearly stated with the name of the beneficiary** (individual), they will be considered as benefits supported for employees and **will be subject to PIT**.

In case the company has paid Covid19's **quarantine expenses, visa fees and air ticket upon Vietnam entrance** of foreign employees, then such support is regarded as benefits for employees and therefore are **included in taxable income** for PIT computation purposes.

(Official Letter No. 14626/CTBDU-TTHT dated 07 October 2021 issued by Binh Duong Tax Department)



SUPPORTING EMPLOYEES AND EMPLOYERS AFFECTED BY COVID-19 FROM THE UNEMPLOYMENT INSURANCE FUND

1. Employers who are participating in the Unemployment Insurance for employees before October 1, 2021 will be able to reduce the unemployment insurance contribution rate from 1% to 0%, applicable for 12 months from October 1, 2021 to the end of September 30, 2022. The unemployment insurance contribution rate of 1% under the responsibility of the employee remains the same.
2. Regarding Cash support for employees who are participating in unemployment insurance as of September 30, 2021 and employees who have stopped participating in unemployment insurance due to termination of labor contracts between January 1, 2021 and September 30, 2021, (not apply to those who have decided to receive pension and who voluntarily do not receive support), the support level is from 1.8 million VND to 3.3 million VND, depending on how long the employee has participate in insurance but not yet received unemployment benefits.

(Resolution No.116/2021/NQ-CP dated September 24, 2021 Issued by the Government)

(Decision No.28/2021/QĐ-TTg dated October 1, 2021 Promulgated by the Prime Minister)

(Official Letter No.3068/BHXH-CSXH dated October 1, 2021 Issued by Vietnam Social Security)

When the Company (1) **Qualifies to the reduction in contribution to the fund of Occupational Accidents and Diseases at 0%** (reduce from 0,5% to 0%) for a 12 month period (from 01 July 2021 to 30 June 2022), and (2) **Paid the allowance generated from the reduction** to the employees according to the guidance in Clause 1, Section II of the Resolution No. 68/NQ CP dated 01 July 2021 issued by the Government, then **such allowance shall not be included in the taxable income** of the employees if there **are legitimate supporting documents/invoices in place**.

(Official Letter No. 2646/CT-TTHT dated 10 September 2021 issued by Long An Tax Department)

In case the Company pays to the employees **cash allowance generated from the reduction contributions** to the Insurance Fund for occupational accidents and diseases for employees to prevent and control Covid-19 according to the provisions of the Prime Minister's Decision No. 23/2021/QĐ-TTg dated 7/7/2021, such allowance **shall not be included in the taxable income** of the employees.

(Official Letter No. 4102/TCT-DNNCN dated 25 October 2021 issued by General Department of Taxation)

2.2. Expenses for expats



QUARANTINE EXPENSES

CIT

PIT

- In case the Company signs labor contract with an employee in which housing expenses are paid by the Company to the employee, the expenses paid to the quarantine facility is included **in deductible when calculating CIT taxable income** if there is sufficient invoicing and payment vouchers according to regulations.
- In case a foreign employee is paid by the Company for the expenses of quarantine and prevention of Covid-19 when entering Vietnam, these expenses are the employee's benefit, therefore, are **included in the PIT taxable income** from the employee's salary and wage.

(Official Letter No. 5032/TCT-CS dated 26 November 2020 issued by General Department of Taxation)

Expenses for hotel quarantine for foreign expatriates due to the Covid-19 epidemic:

- Deductible if there are sufficient supporting documents;
- Expenses paid by the Company directly to the hotel are not included in the expatriates' PIT taxable income.

(Official Letter No. 2220/CT-THT dated 06 July 2020 issued by Bac Ninh Tax Department)

- Pursuant to guidance in the Official Letter No. 12635/CTBDU-THT issued by Binh Duong Tax Department dated 23 August 2021, in case a company signs labor contract with employee stating that the Company is responsible for housing expenses, the expenses paid to the quarantine facilities are deductible when determining CIT taxable income if having sufficient invoices, documents and payment as stipulated.
- If the isolation costs are paid by the Company directly to the isolation facility (during the expert stay, this is not the case where the employer pays but the taxpayer (experts) are entitled to. The period of isolation for experts is to comply with the requirements of competent state agencies on Covid-19 epidemic prevention and control. Because of that, the isolation expenses paid by the Company mentioned above are not included in the expert's taxable income.

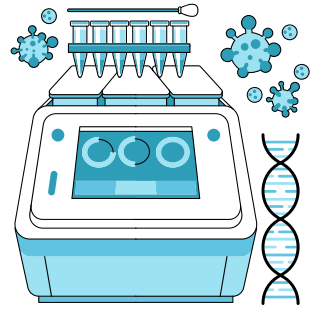
(Official Letter No. 12635/CTBDU-THT dated 23 August 2021 issued by Binh Duong Tax Department)



ACOMMODATION EXPENSE

PIT: In case foreign expatriates with rented private house in Hanoi must temporarily stay at a hotel in Bac Ninh to ensure the Company's production and business activities and follow the Prime Minister's Directive on epidemic prevention and control measures, **such income is not subject to PIT.**

(Official Letter No. 2221/CT-TTHT dated 06 July 2021 issued by Bac Ninh Tax Department)



COVID-19 TESTING EXPENSE

CIT: Expenses of Covid-19 testing for foreign expatriates are considered of welfare expense directly paid to employees and are **deductible when calculating CIT taxable income** if there is sufficient invoicing and payment vouchers according to regulations.

(Official Letter No. 5032/TCT-CS dated 26 November 2020 issued by General Department of Taxation)

PIT: In case the Company incurs some isolation expenses such as the hotel, the cost of Covid testing for foreign experts, if the expenditure clearly states the name of the beneficiary, this expense will be included in taxable income.

(Official Letter No. 12635/CTBDU-TTHT dated 23 August 2021 issued by Binh Duong Tax Department)



Part 3:

Other expenses related to Covid-19



3.1. Expenses to support, sponsor for COVID-19 prevention and control activities

CIT: Expenses to support, sponsor in cash, in-kind for Covid-19 prevention and control activities in Vietnam through a qualified organization in accordance with the law **are deductible for CIT calculation purposes** given that sufficient supporting documents are put in place.

(Decree No. 44/2021/ND-CP dated 31 March 2021 issued by The Government)

Circular No. 41/2021/TT-BTC dated 02 June 2021 (Issued by Ministry of Finance)

In case the Company buys **essential goods and medical equipment** to support and sponsor local agencies and authorities in Covid-19 prevention and control activities in accordance with the provisions of Decree No. 44 2021/ND-CP, the Company **issues a VAT invoice to the sponsored unit**. All criteria must be fully declared, and **VAT calculations shall be made as invoices for selling goods and services to customers**.

(Official Letter No. 5587/CTDAN-TTHT dated November 2, 2021, issued by Tax Department of Da Nang City)

3.2. Fixed asset depreciation expense for CIT purposes

Although some local tax departments have previously guided that, because they do not fall under the specific circumstances specified in the Circular, depreciation expenses during the period of operation suspension are not deductible, the Ministry of Finance issued an official letter guiding a specific case and said that "due to a decrease in demand, enterprises facing difficulties must temporarily suspend operations of several fixed assets under 9 months during the 2020 corporate income tax period, subsequently, these fixed assets continue to be put into production and business activities, they will be considered temporary suspension due to seasonal production". Accordingly, depreciation expensed during this period can be **accepted as a deductible expense for CIT purposes**.

(Official Letter No. 12452/BTC-TCT dated 09 October 2020 issued by Ministry of Finance)



Part 4:

Immigration

4.1. Shortening the medical quarantine period for normal cases

- Shortening the medical quarantine period from 21 days of centralized quarantine and another 07 days of self-monitoring after centralized quarantine (according to Express dispatch 600/CD-BCD dated 05/05/2021) to 14 days for entry individuals, then 14 days of self-monitoring

Official letter 5599/BYT-MT dated 14 July 2021 issued by Ministry of Health)

4.2. Shortening the medical quarantine period for entry individuals who have been fully vaccinated or recovered from coronavirus infection

Applying 07 days of centralized quarantine and another 07 days of self-monitoring for individuals satisfying the following conditions:

1. Obtaining a negative test result for SARS-CoV-2 (using RT-PCR/RT-LAMP method) within 72 hours prior to departure, certified by the competent authority of the country where the tests are conducted.
2. Receiving full doses of Covid-19 vaccine (their latest dose must be given at least 14 days but no more than 12 months prior to the entry date) và having a certificate of receiving full doses of Covid-19 vaccine.

Or: For those already infected with SARS-CoV-2, having a certificate of positive test with SAR-COV-2 by single-sample RT-PCR method within 6 months prior to entry date and a certificate of recovery from COVID-19 disease or equivalent documents confirming the recovery from the infection, issued by the competent authority in the country of treatment.

For those who do not meet the above conditions, the quarantine time is still 14 days of centralized quarantine and another 14 days of self-monitoring for individuals as prevailing regulations.

Localities organize the implementation given the above content according to specific directions and instructions of each locality.

(Official Letter No. 6288/BYT-MT dated 04 August 2021 issued by Ministry of Health))

4.3. Instructions for checking and recognizing the Certificate of Immunization / Certificate of recovery from Covid-19 disease and Update of List of Paper Forms introduced by Diplomacy lines

To implement the quarantine guided by Official letter 6288/BYT/MT, the Consular department had requested Vietnamese representative offices abroad:

- If the sample of certificate of receiving full doses of Covid-19 vaccine, a certificate of recovery from COVID-19 disease is not introduced to representative offices ("RO"): RO shall carry out the procedures for consular legalization/certification so that people on entry can use this Certificate in Vietnam
- If the sample of certificate of receiving full doses of Covid-19 vaccine, a certificate of recovery from COVID-19 disease is officially introduced to representative offices ("RO") by diplomatic lines: RO informs the vaccinated person to bring the Certificate back to the country directly, the domestic authorities will review and compare with the officially introduced samples.
- The Consular Department regularly updates the form of Certificate of vaccination / Certificate of recovery from Covid-19 on their website: <https://lanhsuvietnam.gov.vn/>

(Official letter 2974/LS-PL dated 06 August 2021 issued by Consular Department of the Ministry of Foreign Affairs and Official Letter 3100/LS-PL dated 13 August 2021 issued by Consular Department of the Ministry of Foreign Affairs)



4.4. Relaxing the conditions on granting work permits for foreigners working in Vietnam

Among the drastic measures taken by the Government in recent times to bring the Vietnamese economy back to the "new normal", on September 9, 2021, the Government issued Resolution No. 105/NQ-CP instructing the competent authorities to implement measures to support cooperative enterprises in the context of the COVID-19 pandemic. In which, a number of notable points are related to the Government's directive to the Ministry of Labour, Invalids and Social Affairs and the Ministry of Foreign Affairs to relax a number of restrictions to facilitate for entities that bring foreigners to work in Vietnam as follows:

- Experiences in the education or training suitable with the job are removed for the foreign experts and technician worker.
- The certificate, the issued work permit can be used in the dossier to prove the expert / technical worker. The Resolution does not specify the type of certificates, but per the experience, it could be interpreted that certificate of graduation, technical qualification can principally be accepted).
- Notarization requirement is removed. Only copies of passports are required
- No requirement for re issuance of WP in this case provided that (i) the
- No requirement for re issuance of WP in this case provided that (i) the current WP is still valid and (ii) the secondment time is less than 06 months. The employer is required to notify this change to the local labor Department where the foreign employees are seconded.



4.5. Shortening the medical quarantine period for entry individuals

For entry individuals who have been fully vaccinated or have recovered from COVID-19 (Need to provide evidence such as vaccination certificate or Covid-19 recovery certificate issued by competent authorities)

1. Self-health monitoring for the first 03 days from the entry date at the accommodation (including houses, hotels, motels, resorts, ...); must not have close contact with people around, must not leave the accommodation.
2. Perform test for SARS-CoV-2 by RT-PCR method on the 3rd day from the entry date, if:
 - Negative test result for SARS-CoV-2: continue self-monitoring until the end of the 14th day from the entry date;
 - Positive test result: process according to regulations.

For entry individuals who have not been vaccinated or have not received enough doses of COVID-19 vaccine

1. Quarantine for the first 07 days from the entry date at the accommodation. In case the accommodation does not meet the conditions for quarantine at home, the quarantined person must carry out central quarantine at a hotel or at other centralized quarantine facilities (according to local regulations), following the quarantine period corresponding to each subject mentioned in the OL 10688.
2. Entry persons who are children (<18 years old), elderly people (from 65 years old or over), pregnant women: can quarantine with their parents/carers (“the carers”). The carers must have been fully vaccinated or recovered from COVID-19 and must sign a commitment on voluntary quarantine; must strictly comply with the regulations on COVID-19 testing and epidemic prevention/controlling as entry persons.
3. Perform test for SARS-CoV-2 by RT-PCR method on the 3rd day and 7th day from the entry date, if:
 - Negative test result for SARS-CoV-2: continue self-monitoring until the end of the 14th day from the entry date;
 - Positive test result: process according to regulations

Application and effectiveness

1. The OL 10688 is applicable with Vietnam entry persons, except for those entering for short-term work and other entry cases as prescribed by the National Steering Committee for COVID-19 Prevention and Control and the Ministry of Health or having a bilateral cooperation agreement;
2. This OL will replace the OL No. 6288/BYT-MT dated 4 August 2021 on shortening the quarantine period (into 7 + 7 days) for the individuals who have been fully vaccinated or recovered from coronavirus infection;
3. This OL does not apply to those who have already entered Vietnam and are under central quarantine/ self-monitoring as prescribed by the regulations before this OL’s date of issuance;
4. The application of COVID-19 prevention and control measures for the entry persons according to this OL shall take effect from January 1, 2022.

(Official Letter No. 10688/BYT-MT dated 16 December 2021 issued by Ministry of Health)



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