

Vietnam News Brief*

A special update on the Vietnam Personal Income Tax (PIT)

20 February 2009

UPDATE - Further developments in the Vietnam Personal Income Tax (PIT) regime

We wish to draw our readers' attention to proposals now being made to change Vietnam's PIT system, again. Under these proposals, various amendments would be made to the existing PIT Circular 84 (please refer to our News brief dated 24 October 2008, which came into effect on 1 January).

Whilst these are only draft proposals, they do in some cases provide useful guidance on some of the grey areas in Circular 84. These proposals also need to be borne in mind by those taxpayers who are currently restructuring remuneration packages in the light of the new PIT law.

Some of the key proposed changes include:

- 1) Various benefits in kind (BiKs) which were exempt in 2008, but are taxable under the new PIT Law effective 1 January 2009, will once again be exempt, including:
 - one – off relocation allowances
 - annual air fares for expat employees
 - school fees for expats' children.
- 2) The previous concessional taxation treatment of employer-provided accommodation (the "15% rule") to be reinstated.
- 3) Under the proposals, where BiKs are provided on a collective basis to a group, and cannot be attributed to specific recipients, they will be tax free. Examples given include corporate club memberships, health care, where the names of the eligible recipients are not mentioned.
- 4) Training related to employment duties is not taxable.

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