

COVID-19

30% corporate income tax cut in 2020



PwC Vietnam NewsBrief

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At a glance ...

Following up on our recent [NewsBrief](#) on the Resolution that cut CIT 30% in 2020, the Prime Minister has officially released Decree 114/2020 providing guidance for this measure. The Decree will take effect on the same effective date of the Resolution (3 August 2020) and apply to the 2020 tax year.



Summary of notable points

- Enterprises and certain organisations that have total revenue in 2020 not exceeding VND200bn will be entitled to a 30% reduction of their 2020 CIT liability.
- “Total revenue” is defined as total income from the sale of goods, processing fees and provision of services (including subsidies, surcharges, supplements as regulated) during tax year 2020.
- The 2020 tax year refers to either the calendar year or the financial year (which is different from the calendar year) as regulated. In this respect, it remains unclear how to apply the 30% CIT reduction for cases where the financial year is different from the calendar year.
- If it is expected that revenue will be less than VND200bn, enterprises are allowed to make quarterly payments based on 70% of the CIT liability of the quarters.
- A 30% reduction shall be applied to all income, including income as listed under Point 3, Article 18, Law on CIT. Of note, a 30% reduction will be calculated on the remaining CIT liabilities after taking into account tax incentives that enterprises are entitled to.
- Subsequent additional CIT payable as per CIT return amendments or tax audit are also entitled to the 30% reduction.
- Enterprises will self-assess the eligibility of CIT reduction when determining the provisional CIT payables and preparing the annual CIT finalisation. There is a prescribed form for the CIT reduction. Of note, late payment interest and admin penalties (if this is discovered in future tax audits) will be applied if it is determined that enterprises were not eligible for the reduction.

Contact us

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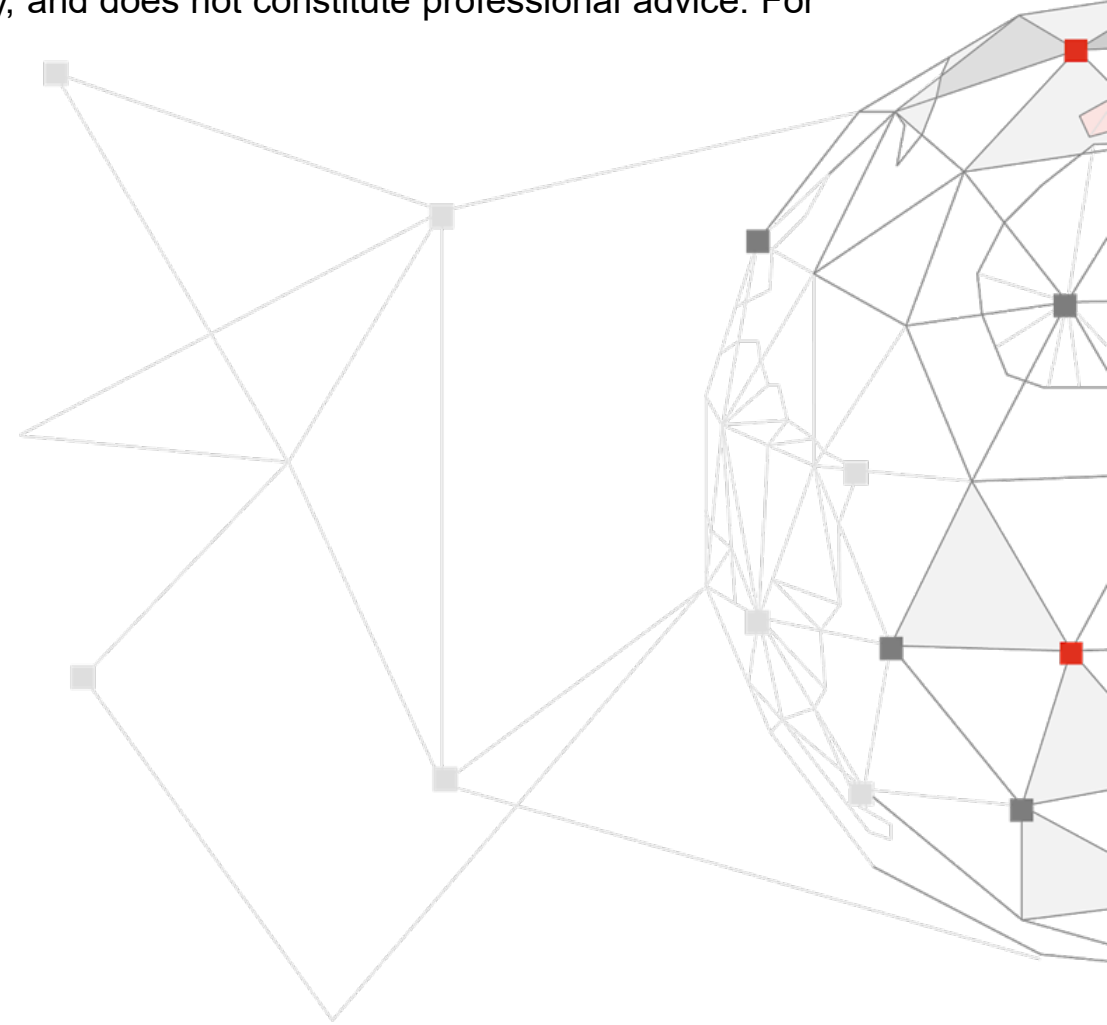


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