

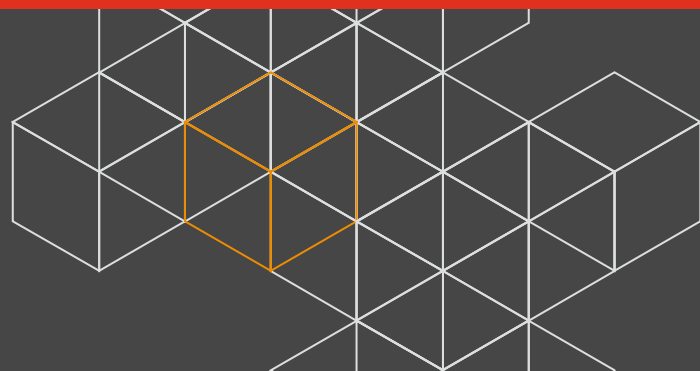


PwC Vietnam NewsBrief

Decree 92/2021 guiding the implementation of Resolution 406 on tax support measures



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At a glance...

Following Resolution 406 dated 19 October setting out some measures to help taxpayers affected by COVID-19, the Government has now released Decree 92/2021 guiding the implementation of Resolution 406.



In detail...

1. 30% corporate income tax (CIT) cut in 2021

Resolution 406 stipulates that a 30% CIT reduction for 2021 shall be applied for companies having total revenue in 2021 not exceeding VND200b and lower than what they earned in 2019. The latter requirement will not be applied in certain cases, such as newly established companies and companies having undergone a merger or demerger in 2020 or 2021.

Decree 92/2021 further stipulates that:

- The revenue threshold comprises revenue generated from business activities of the company and its dependent units/business locations, exclusive of any revenue deductions, financial income or other income.
- The CIT reduction in 2021 will be calculated based on total taxable profits of the company, including any profits from capital gains, transfers of real estate, etc.
- Companies will self-assess their eligibility for the CIT reduction when determining their provisional CIT payable and preparing the annual CIT finalization. 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 later that a company wrongly claimed the reduction.
- The 30% reduction can also be applied to additional CIT assessed in tax audits if the conditions are still met.

In detail...

2. Tax exemption for business households and business individuals

Exemption from PIT & VAT and other taxes arising in Quarter 3 and Quarter 4 of 2021 for business households and business individuals doing businesses in locations impacted by COVID-19 in 2021 (except for certain sectors). The Chairman of the provinces or the city's People Committee will determine the impacted locations.

Decree 92/2021 further stipulates that:

- Other taxes covered by the exemption include special sales tax, natural resource tax, environmental protection tax.
- The tax exemption amount will be determined based on the tax notification issued by the tax authority or based on the tax liability self-declared by taxpayers.
- Where these taxes have been paid already, they can be offset against outstanding taxes of subsequent periods or refunded.

3. Reduction of VAT liabilities

Reduction of 30% of the applicable VAT rates/deemed VAT rates for companies conducting business in certain sectors for the period from 1 Nov 2021 to 31 Dec 2021.

Decree 92/2021 further stipulates:

- A list of goods, services which are entitled to the reduction, as an appendix to the Decree.
- How to reflect the reduction amount on invoices. Particularly, for those declaring VAT under the deduction method, the VAT rate line is indicated as (5% or 10%) *70% while for those declaring VAT under the direct method, the total amount will be the amount after 30% reduction and it must be stated on the invoice that *“reduce xxx corresponding to 30% deemed VAT rate according to Resolution no. 406/NQ-UBTVQH15”*.

In detail...

3. Reduction of VAT liabilities (con't)

- In case companies have issued invoices and declared at the normal VAT rates, the seller and buyer shall prepare invoice adjustment minutes and an adjustment invoice should be issued.
- In case companies use pre-printed invoices and/or tickets with a face value that has not been used up, they shall stamp a 30% VAT deduction and/or a 30% price discount besides such face value to continue with the usage of the pre-printed invoices.
- Companies must declare the activities that are entitled to the VAT rate reduction in a prescribed form when preparing the relevant VAT return.

4. Exemption from late payment interest incurred in 2020 and 2021

Waiver of late payment interest on tax debts, land use fee and land rental fee incurred in 2020 and 2021 for companies (including their dependent units, business locations) which incurred losses in 2020. This will not be applied if the late payment interest has already been paid.

Decree 92/2021 further stipulates that:

- The tax authority will extract the data from tax administrative system to determine the late payment interest incurred in 2020 and 2021 to issue the exemption decision to taxpayers.
- Companies are required to submit a prescribed form requesting the exemption to the tax authorities. Within 15 working days, the tax authorities should respond, either accepting or rejecting the claim.
- Late payment interest will also be exempted on additional taxes assessed during tax audits provided the companies are still in a tax loss position.

Contact us

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