



PwC Vietnam NewsBrief

# Decree 15/2022 guiding the 2% VAT rate cut in 2022 and tax deductibility of COVID-19 sponsor expenses

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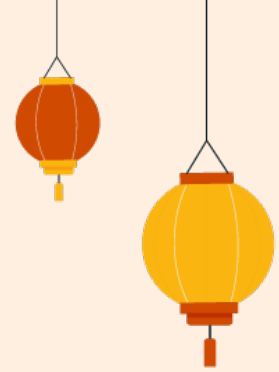
## At a glance...

Following our [NewsBrief](#) on 12 January regarding the 2% VAT reduction applicable for 2022 under the National Assembly's Resolution on fiscal and monetary policies to support the Socio-Economic Development and Recovery Program, the Government has just released Decree 15/2022 on 28 January providing guidance on the 2% VAT reduction, which took effect from 1 February 2022.

In addition, there is also guidance on the tax deductibility of support expenses for COVID-19 prevention.



## Below are some notable points:



### **2% VAT reduction**

- The 2% VAT reduction will be applicable to goods and services which are currently subject to 10% VAT (with certain exceptions). Decree 15 provides the lists of goods and services not entitled to the 2% VAT reduction with details of product codes and HS codes.
- The 2% VAT reduction for eligible goods/ services will be consistently applied for all stages from importation, manufacturing, processing and trading, except for coal exploitation.
- The effectiveness of the 2% VAT reduction will be from 1 February 2022 to 31 December 2022 (inclusive).
- For companies declaring VAT under the deduction method, on VAT invoices, the VAT rate will be stated as “8%”. Importantly, companies are required to issue separate VAT invoices for goods/services being entitled to 2% VAT reduction.
- In case invoice adjustments are required, i.e. if the seller has issued VAT invoices for eligible goods/ services with the normal 10% VAT rate without taking into account this 2% VAT reduction, then the seller and the buyer must prepare minutes or a written agreement specifying the mistakes, and the seller shall issue an adjustment invoice. Based on the adjustment invoice, the seller and the buyer shall adjust the output VAT and input VAT.
- The goods/ services subject to 2% VAT reduction shall be declared on Form 01 promulgated under Decree 15 which has to be submitted together with the VAT returns.

### **CIT deductibility of support expenses for COVID-19 prevention**

- Similar to previous years, support expenses to qualified organisations (e.g. Vietnam Father Land Front committee, medical establishments, education establishments, press agency, government, etc) are deductible for CIT purposes. The minutes between both parties in accordance with the template promulgated under Decree 15 will be one of the supporting documents for CIT deductibility.

# Contact us

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