



DECREE 15/2022/ND-CP ON 2% VAT REDUCTION AND TAX EXEMPTION OF COVID-19 PREVENTION SUPPORTING EXPENSES

On 28 January 2022, the Government released Decree No. 15/2022/ND-CP ("Decree 15") on tax exemption and reduction policy in accordance with National Assembly Resolution No. 43/2022/QH15 on fiscal and monetary policies supporting socio-economic recovery and development.

2% VAT rate cut in 2022

- The 2% VAT cut will apply to goods and services that are now subject to a 10% VAT (with certain exceptions). Decree 15 specifies a list of goods and services which are not eligible for the 2% VAT cut, along with details of product codes and HS codes
- Except for coal exploitation, the VAT reduction for prescribed goods and services will be applied uniformly throughout all stages of import, manufacturing, processing, and trade
- The VAT rate will be indicated as "8%" on VAT invoices for enterprises that declare VAT under the deduction method. Notably, businesses must issue separate VAT invoices for goods and services eligible for a 2% VAT cut
- If invoice adjustments are necessary, for instance, if the seller issued VAT invoices for qualified goods/services at the standard 10% VAT rate without accounting for the 2% VAT reduction, the seller and the buyer must prepare minutes or a written agreement detailing the mistakes, and the seller must issue an adjustment invoice. The seller and buyer shall adjust the output VAT and input VAT following the adjustment invoice
- The goods/services entitled to the 2% VAT cut must be disclosed on Form 01 published under Decree 15 and must be filed along with the VAT returns
- The 2% VAT reduction will take effect from 01 February 2022 to 31 December 2022 (inclusive)

CIT deductibility of COVID-19 sponsor expenses

- Expenses for supporting and financing the COVID-19 prevention and control in Vietnam in kind or cash through specified units receiving supports and sponsorships are deductible expenses for the determination of taxable income of the enterprise income tax period in 2022
- The minutes taken by both parties in line with the template issued under Decree 15 will be one of the supporting papers for CIT deductibility



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