



# #RSMLookBack2020

The landscape of tax has completely changed and defined business in Vietnam



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## NOVEMBER

Decree 132/2020/ND-CP  
on administration of  
related-part transaction

Effective date: 20 December 2020

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## FEBRUARY

Decree 22/2020/ND-CP  
amending regulations of  
Business License Fee

Effective date: 25 February 2020

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## OCTOBER

Decree 123/2020/ND-CP  
guiding the implementation  
of invoices (including e-invoice)

Effective date: 1 July 2022

Decree 125/2020/ND-CP  
stipulating penalties for  
violations in tax and invoicing

Effective date: 5 December 2020

Decree 126/2020/ND-CP  
detailing a number article of  
Law on Tax Administration 2019

Effective date: 5 December 2020

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## APRIL

Decree 41/2020/ND-CP  
on deferral of tax payment  
and a series of support policies  
in response to Covid-19 pandemic

Effective date: 8 April 2020

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## SEPTEMBER

Decree 114/2020/ND-CP on CIT reduction

Effective date: 3 August 2020

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## JUNE

Decree 68/2020/ND-CP on deductible  
interest expense of enterprise engaging  
in related-party transaction

Effective date: 24 June 2020

Resolution 954/2020/UBTVQH14 on  
amendment of personal deduction

Effective date: 1 July 2020

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## JULY

Law on Tax Administration 2019

Effective date: 1 July 2020

# February

## DECREE 22/2020/ND-CP AMENDING REGULATIONS OF BUSINESS LICENSE FEE

**Effective date:** 25 February 2020

The Decree added more cases which are exempted from Business License Fee such as exemption for the first year of establishment or operating applicable to newly-established organizations, individuals, households, branches, representative office, and business location; 03 year of exemption applied for small and medium enterprises converted from business household, etc.

Some amendments to deadline for tax filing and payment were also stipulated under the new Decree.

**Subject of application:**

Newly-established enterprises, business individuals/ households, business location, SMEs, public general education and public preschool education establishments

# April

## DECREE 41/2020/ND-CP ON DEFERRAL OF TAX PAYMENT AND A SERIES OF SUPPORT POLICIES IN RESPONSE TO COVID-19 PANDEMIC

**Effective date:** 08 April 2020

During the period from March – May of 2020, the Government has issued a number of policies/ guidelines for assisting affected enterprises and individuals which are specified as follows:

- 05-month extension of VAT and CIT payment. applied to taxpayer satisfying certain conditions in accordance with Decree 41/2020/ND-CP
- The temporary suspension on contribution to the pension and death fund for subjects affected by the COVID-19 epidemic until June 2020 in accordance with Official Letter No. 860/BHXH-BT of the Ministry of Labor –Invalids and Social Affairs ("MOLISA")
- Extension of deadline to pay union funds for enterprises affected by COVID-19 until June 2020 in accordance with Official Letter No. 245/TLĐ
- 10% reduction of electricity price for 03 months (April, May and June) to manufacturing organizations and consumer.

**Subject of application:**

Eligible enterprises, business household & individuals and employees affected by Covid-19 pandemic and satisfying conditions as set out by respective policies

# June

## DECREE 68/2020/ND-CP ON DEDUCTIBLE INTEREST EXPENSE OF ENTERPRISE ENGAGING IN RELATED-PARTY TRANSACTION

**Effective date:** 24 June 2020

Decree 68 has amended the regulations on determining the deductibility for interest expenses for enterprises engaging in related party transactions since the tax year 2019, and allowed enterprises to retrospectively apply a part of the amended regulations for tax years of 2017 and 2018.

In addition, Decree 68 introduced a new Form No. 01 replacing Form No. 01 under Decree 20/2017/ND-CP ("Decree 20"). However, this form has just been replaced with the latest form in accordance with Decree 132/2020/ND-CP.

**Subject of application:**

Enterprises engaging in related-party transactions

## RESOLUTION 954/2020/UBTVQH14 ON AMENDMENT OF PERSONAL DEDUCTION

**Effective date:** 1 July 2020

The Standing Committee of the National Assembly has approved the new personal deduction of VND 11 million/ month and dependant deduction of VND 4.4 million/ dependant/ month from year 2020.

These new deduction rates could be retroactively applied to the period from January to June 2020.

**Subject of application:**

All tax residents of Vietnam

# July

## LAW ON TAX ADMINISTRATION 2019

**Effective date:** 1 July 2020

New rules under Law on Tax Administration 2019 officially took effect on 01 July 2020. A number of relevant Decrees guiding the implementation of this Law have been releasing in the following months.

**Subject of application:**

Entities and individuals who are doing business or arising taxable income in Vietnam could be affected by new rules under this Law



# September



## DECREE 114/2020/ND-CP ON CIT REDUCTION

**Effective date:** 3 August 2020

Enterprise whose total revenue in tax year 2020 does not exceed 200 billion VND shall be entitled to 30% CIT reduction on CIT payable in the relevant year. This Decree also provides a application form to be submitted to Tax Authority at the Year-end Finalization where eligible to required conditions as prescribed in the Decree.

**Subject of application:**

All enterprises and cooperatives satisfying conditions and self-applying for CIT reduction

## DECREE 123/2020/ND-CP GUILDING THE IMPLEMENTATION OF INVOICES (INCLUDING E-INVOICE)

**Effective date:** 1 July 2022

As expected, Decree 123/2020/ND-CP has postponed the implementation of electronic invoices until 01 July 2020 as compared to the earlier deadline on 01 November 2020 according to Decree 119/2018/ND-CP. This delay could give taxpayer more tim to well prepare for the implementation.

The Decree also has some minor amendments to provisions on time of invoicing, e-invoice registration, use of e-invoice, handling error e-invoice and transfer of e-invoice data to Tax Authority.

**Subject of application:**

Organizations and individuals who are selling goods, providing services; buyers; tax and custom authorities; invoice service providers, and others as prescribed by the Decree

# (October)

## DECREE 125/2020/ND-CP STIPULATING PENALTIES FOR VIOLATIONS IN TAX AND INVOICING

**Effective date:** 5 December 2020

The Decree has generally increased and added the administrative penalties for violations of taxation and invoicing regulations. Decree 125 also waives taxpayer from administrative penalties in certain cases such as:

- Late implementation of tax or e-invoice procedure due to tax authority's system error
- Administrative violation due to following/ compliance with guidance or decision of tax authority or other competent authorities

**Subject of application:**

All Vietnam taxpayers and other organizations, individuals involved in the implementation of tax and invoice regulations

# (October)

## DECREE 126/2020/ND-CP DETAILING A NUMBER ARTICLE OF LAW ON TAX ADMINISTRATION 2019

**Effective date: 5 December 2020**

For the implementation of Law on Tax Administration 2019, the Government has issued Decree 126 providing detailed guidance on various aspect of tax administration which could be highlighted as follows:

- Commercial banks and payment intermediaries are obliged to provide taxpayer's account information and payment details where requested by Tax Authority, and withhold FCT of unregistered foreign e-commerce business earning income from B2C transaction in Vietnam
- Changes in quarterly provisional CIT payment (i.e. CIT payment of first three quarters must be at least 75% of the final CIT payable in relevant taxpayer)
- Changes in VAT declaration and payment of Business Cooperation Contract between enterprise and individual
- Changes in tax declaration and payment for enterprise having business activities across provinces/ cities.

### Subject of application:

Entities and individuals who are doing business or arising taxable income in Vietnam could be affected by new rules under this Law

## DECREE 132/2020/ND-CP ON ADMINISTRATION OF RELATED-PART TRANSITION

**Effective date: 20 December 2020**

Decree 132/2020/ND-CP replacing the previous Decree 20/2017/ND-CP has introduced new rules on transfer pricing in Vietnam which mainly includes the expansion of related-party definition, database for tax assessment, guidance on interest expense limitation, tightening of standard arm's length range, filing requirement, and issuance of amended TP Form.

### Subject of application:

Enterprises engaging in related-party transactions

# November

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