



GUIDELINES ON SUPPORTS FOR ENTERPRISES AFFECTED BY THE COVID-19 EPIDEMIC

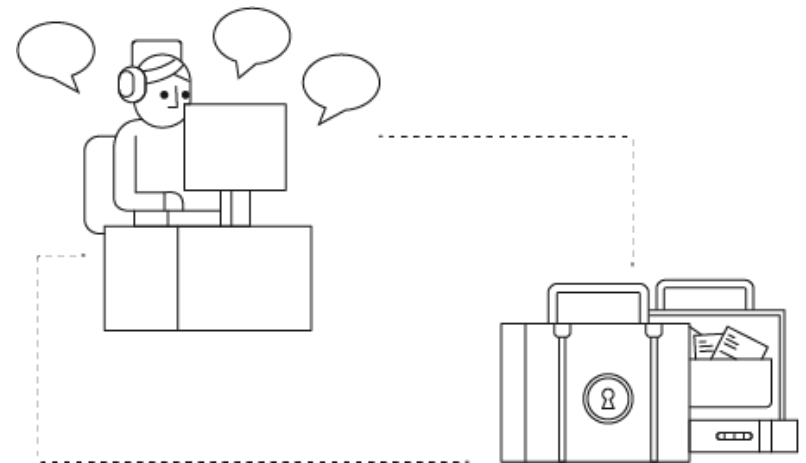
In this tax spotlight, it is the summary of policies/ guidelines of the State Authorities as of April 2020 on supports for enterprises affected by the COVID-19 epidemic.

RSM Vietnam - Latest insight series on COVID-19

Foreword

As in our previous spotlight, the Government has issued Directive No. 11/CT-TTg on the urgent tasks and solutions to remove difficulties for production and business and ensure social security in order to cope with COVID-19. In accordance with the Prime Minister's direction, a number of supports related to taxes and rental fees, insurance and labor have been regulated as follows:

- Decree 41/2020/ND-CP on extending the expiry time of payable tax and land rental fee
- Guideline on the temporary suspension on contribution to the pension and death fund for subjects affected by the COVID-19 epidemic
- Guideline on the electricity price reduction for subjects affected by the COVID-19 epidemic
- Guideline on the deadline extension to pay union fees for enterprises affected by the COVID-19 epidemic
- Other guidelines on labor at COVID-19 outbreak



Decree 41/2020/ND-CP on extending the expiry time of the payable tax and land rental fee

On 08 April 2020, the Government released Decree 41/2020/ND-CP regarding extending the expiry time of the payable tax and land rental fee. The Decree took effect from the signing date (08 April 2020).

Applicable subjects

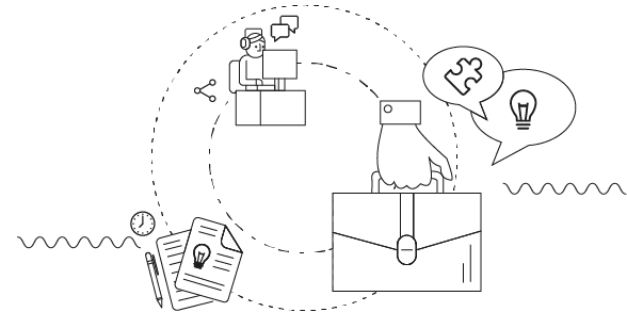
Group	Subjects to be extended	Conditions
1	Manufacturing sector	<p>Enterprises, organizations, households and individuals engaged in manufacturing activities (determined under Decision No. 27/2018/QD-TTg dated 06 July 2018) as follows:</p> <ul style="list-style-type: none">• Agriculture, forestry and fishery• Food manufacture and processing; weaving; clothes manufacture, manufacture of leather and relevant products; wood processing and manufacture of products from wood, bamboo of various species (except beds, wardrobes, tables, chairs); manufacture of products from straw and plaiting materials; manufacture of paper and paper-related products; manufacture of products from rubber and plastic; manufacture of products from other non-metallic minerals; metal manufacture; mechanical processing; handling and coating metal; manufacture of electronic products; computers and optical products; manufacture of automobiles and other motor; manufacture of beds, wardrobes, tables, chairs• Construction
2	Service sector	<p>Enterprises, organizations, households and individuals engaged in business activities (determined under Decision No. 27/2018/QD-TTg dated 06 July 2018) as follows:</p> <ul style="list-style-type: none">• Transportation and warehousing, accommodation and catering services, education and training, health and social assistance activities, real estate business• Labor and employment service activities, activities of travel agents, tour operators and support services related to advertising and organizing tours• Composing, artistic, entertainment activities, library activities, conservation, museums and other cultural activities, sports activities, entertainment activities, movies

Decree 41/2020/ND-CP on extending the expiry time of the payable tax and land rental fee

Group	Subjects to be extended	Conditions
3	Other sectors	<ul style="list-style-type: none"> Enterprises, organizations, households and individuals engaged in manufacturing activities of supporting industrial products given priority for development, key mechanical products as defined Small and micro enterprises as defined Credit organizations, foreign bank branches (meeting the conditions for the implementation) of solutions to support customers being enterprises, organizations and individuals affected by COVID-19 epidemic in accordance with the regulations by the State Bank of Vietnam

Notable contents on the applicable subjects

- The enterprises, organizations, households and individuals which have multiple business activities, including the business activities mentioned in Clauses 1, 2, 3 and 5 above, will be entitled to extend the expiry of full Value-Added Tax ("VAT") and Corporate Income Tax ("CIT") incurred pertaining to all activities
- Extending the expiry time of the payable tax and land rental fee is applied for only enterprises which conduct business activities as mentioned above and "directly lease land from the State under the Decisions, Contracts of the competent state agencies and pay the land rental fee on an annual basis



Decree 41/2020/ND-CP on extending the expiry time of the payable tax and land rental fee

Policy for extending the expiry time of the payable tax

- For the taxpayers being enterprises, the expiry time for payable Value Added Tax ("VAT") and Corporate Income Tax ("CIT") will be extended for 05 months from the statutory expiry time
- For the taxpayers being households and individuals, the expiry time for payable VAT and CIT in 2020 will be extended to 31 December 2020

Tax period	Statutory expiry time	Extended expiry time
VAT		
March 2020	20 April 2020	20 September 2020
April 2020	20 May 2020	20 October 2020
May 2020	20 June 2020	20 November 2020
June 2020	20 July 2020	20 December 2020
Quarter I/ 2020	30 April 2020	30 September 2020
Quarter II/ 2020	30 July 2020	30 December 2020
CIT		
The remaining CIT payments due per the FY19 CIT final return	30 March 2020	30 August 2020
The provisional CIT payments for Quarter I/ 2020	30 April 2020	30 September 2020
The provisional CIT payments for Quarter II/ 2020	30 July 2020	30 December 2020

Decree 41/2020/ND-CP on extending the expiry time of the payable tax and land rental fee

Relevant procedures

No.	Procedure	Relevant documents, dossiers	Implementation methods
1	Extending the expiry time of payable VAT, CIT and land rental fee	Request on extending the expiry time of tax and land rental fee	<p>The enterprises should submit one (01) Request on the extending the expiry time of tax and land rental fee to their local management tax authority directly in charged (either by digital method or by post) no later than 30 July 2020.</p> <p>Note: In this case, the enterprise requests extending the expiry time for payable tax in accordance with the self-assessment principle. Therefore, the tax authority will not be obliged to inform or confirm whether or not the extensions are acceptable. In addition, the enterprise should carefully consider its self-assessment in accordance with the precise and strong foundation to justify with the tax authority, in order to avoid any additional tax compensation or liability in case of any indefinite determination in later potential tax inspections.</p> <p>Currently, the declaration form for extending the expiry time of payable tax and land rental fee is available at “thuedientu.gdt.gov.vn” for either the online application or the direct submission with hard copy to the tax authority.</p>
2	Supplementary tax declaration of the extended tax period	Application dossier for supplementary tax declaration	The enterprise should submit the supplementary tax declaration dossiers to tax authority before the extended expiry time.

Guideline for temporary suspension on contribution to the pension and death fund

On 17 March 2020, Ministry of Labor – Invalids and Social Affairs (“MOLISA”) issued the Official Letter No. 860/BHXH-BT guiding the temporary suspension on contribution to the pension and death fund for subjects affected by the COVID-19 epidemic.

After that, Department of Labor - Invalids and Social Affairs ("DOLISA") of Ho Chi Minh City issued the Official Letter No. 9739/SLDTBXH-LD (“Official Letter 9739”) and People's Committee ("People's Committee") of Hanoi City issued the Interdisciplinary Guideline No. 882/HDLN-BHXH-LDTB&XH-TC providing the detailed guidance on the procedure to calculate the number of employees, subject to Social Insurance (“SI”) and taking temporary leave, as a condition to request SI Authority’s permission for the temporary suspension on contribution to the pension and death fund due to impacts caused by the COVID-19 epidemic. RSM Vietnam hereby summarize the guidelines in accordance with the Official Letter 9739 for your reference as follows:

Subjects of application

Enterprises that satisfy the following 02 conditions will be permitted to carry out the Procedures and application for determining the number of employees taking temporary leave in order to suspend their payment to the pension and death fund:

- Enterprises that employ, hire or use employees under labor contracts in the service industries of passenger transport, tourism, accommodation, restaurants and other special industries, facing difficulties, caused by the COVID-19 epidemic, resulting in not being able to arrange any jobs for the employees
- Enterprises that have the number of employees, who are subject to SI but must take a temporary leave, accounting for from 50% of the total employees presenting before the temporarily suspending manufacture or business
- Enterprises, whose business suffer the negative affects by more than 50% of their total asset value (excluding the value of land properties)

Suspension time of the fund payment

- Enterprises are permitted to temporarily suspend their payment to the pension and death fund until the end of June 2020
- In case COVID-19 outbreak may not be relieved, if the enterprises make requests, the SI Authority may continue to extend the suspension of payment until December 2020 (further instructions are required)



Guideline for temporary suspension on contribution to the pension and death fund

Implementation procedure

Enterprises subject to the aforementioned cases shall carry out the following procedures:

Step	Procedure	Details	Note
1	Preparation of dossier	<p><i>Preparing dossier (01 original) including:</i></p> <ul style="list-style-type: none"> The Enterprise's official request (Form No. 1) List of employees at the time prior to the suspension of production/ business and at the time of the request (Form No. 2); List of employees who subject to SI but must take a temporary leave from work (Form No. 3) <p><i>Preparing copies for the collation, including:</i></p> <p>Enterprise Registration Certificate</p> <ul style="list-style-type: none"> Documents in relation to the enterprise suspending production and business due to the COVID-19 epidemic Attendance sheet, payroll list at the time prior to the suspension of production/ business and at the time of the request Agreement on the temporary suspension of labor contract, Agreement on unpaid leave or work termination... of the employees taking temporary leave from work SI Authority's confirmation on latest month payment for Social Insurance, Health Insurance, Unemployment Insurance and Insurance of Labor Accidents and Occupational Diseases 	<ul style="list-style-type: none"> Forms No. 1, 2, 3 are posted on website "sldtbxh.hochiminhcity.gov.vn" (Point Procedure Guideline → Labor and employment policies) The enterprises should contact the Department of Finance for further guidance on the evaluation of assets affected by the COVID-19 epidemic

Guideline for temporary suspension on contribution to the pension and death fun

Step	Procedure	Details	Note
2	Filing of dossier	<p>The enterprises shall file the dossier to the Authorities in the following groups:</p> <ul style="list-style-type: none"> Group 01 – filing to Ministries or Sectors of Central Government: For enterprises under the management of Ministries or Sectors of Central Government Group 02 - filing to DOLISA of Ho Chi Minh City: For one-member Limited Liability Companies owned by the State, Joint Stock Companies with more than 50% of charter capital owned by the State and managed by People's Committee Ho Chi Minh City, and foreign investors in accordance with the Law on Investment Group 03 – filing to the Division of Labor - Invalids and Social Affairs of the District (where the enterprises are headquartered): For the remaining enterprises 	<ul style="list-style-type: none"> Due to the complicated development of the COVID-19 epidemic, enterprises are encouraged to submit their applications online via email and mail delivery, and limit direct contacts The enterprises of Group 02 should send the PDF file of Form No. 1, excel file of Form No. 2 and other documents via email to "ldtlbhxh.sldtbxh@tphcm.gov.vn" for the initial consideration and settlement The enterprises of Group 03 should contact the dossier receiving room for specific instructions on filing method Within 15 days of receiving the dossier, the competent Authority will be responsible for reviewing, determining and responding in written to the enterprises

Note: For each specific locality, enterprises should consult the direct management SI authority of the specific area for detailed instructions on implementation procedures.

Guideline on electricity price reduction for subjects affected by the COVID-19 epidemic

Subjects of application



Organizations and individuals engaged in manufacturing and business activities: Reducing electricity prices in all price frames for peak hours, normal hours and off-peak hours with the 10% reduction on the unit price set-forth in Decision No. 648/QD-BCT dated 20 March 2019 of the Minister of Industry and Trade.

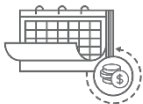
Consumers using daily-life electricity: 10% reduction on the unit price in the Decision No. 648/QD-BCT for the electricity price ladder from level 1 to level 4 (less than 300 kWh per month).

Consumers being tourist accommodation establishments: Reducing electricity price from the electricity price applied to this type of consumer to the price applied to manufacturing households.



Total period that consumers are supported with electricity price reduction and electricity bill discount

03 months (April, May and June).



Time of electricity price reduction and electricity bill discount

Will be determined in accordance with the electricity unit's cycle for recording consumers' electricity meters. Therefore, for consumers using daily-life electricity, the electricity amount used in April, May and June 2020 will be applied for a corresponding discount in electricity bills in May, June and July 2020.

Guideline on deadline extension to pay union funds for enterprises affected by the COVID-19 epidemic

On March 18, 2020, the Vietnam General Confederation of Labor issued Official Letter No. 245/TLĐ on extension of deadline to pay union funds for enterprises affected by COVID-19.



Subjects of application

Manufacturing and business enterprises that are affected by the COVID-19 epidemic (the Enterprise has the number of employees, subject to SI but must take temporary leave, accounting for from 50% of the total employees subject to compulsory SI).



Extension deadline

Enterprises of the aforementioned subjects are permitted to extend the deadline to pay union funds for the first 06 months of 2020 until 30 June 2020. If after this date, COVID-19 outbreak is not relieved and enterprises continue to face difficulties, the payment deadline will be extended until 31 December 2020.

Note: Enterprises need to liaise directly with local union authority for detailed procedures prior application.

Other guidelines on labor at COVID-19 outbreak

Temporary suspension on issuance of new Work Permit (“WP”)

- On 10 March 2020, the Government issued Resolution 28/NQ-CP to officially request Ministry of Labor – Invalids and Social Affairs to suspend the issuance of new WP to foreign employees from countries and territories affected by the COVID-19 epidemic
- Accordingly, enterprises, who have the demand on recruiting and using foreign employees during this period, should pay attention to arrange appropriate manufacturing and business plans

Guidance on salary payment and settlement for employees during work suspension because of the COVID-19 epidemic

On 25 March 2020, MOLISA issued guidelines on payment of suspension wage and settlement of benefits for employees during suspension in relation to the COVID-19 pandemic. After that, DOLISA of Ho Chi Minh City issued Official Letter No. 9403/SLĐT BXH- LĐ guiding the cases in which the employees are put on work suspension due to the direct impact of the COVID-19 epidemic as follows:

No	Cases	Guidance
1	<ul style="list-style-type: none"> • Foreign employees have not yet returned to enterprises in Vietnam to work during the epidemic in accordance with regulations • Employees are subject to quarantine as requested by the authorities • Employees are put on work suspension while their enterprises or divisions thereof cannot operate because other employees have not yet returned the enterprises to work as requested by the authorities 	<p>The salary shall be agreed by the two parties but not lower than the minimum wage level regulated in Decree No. 90/2019/NĐ-CP by the Government</p>
2	<p>The enterprises face difficulties because the epidemic affects raw materials, market resulting in having to narrow their production, thereby failing to allocate sufficient jobs to employees</p>	<ul style="list-style-type: none"> • The employer may temporarily transfer the employee to perform a job different from what is stated in the labor contract • If the work suspension prolongs and affects the payment ability of the enterprise, both employer and employee may reach an agreement on a temporary suspension of the labor contract • If the enterprise has to narrow its production resulting in the reduction of job positions, it is required to make employment adjustment according to Labor Code

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