
TAX BULLETIN February 2023

1. Government's Draft Decree on extension of tax payment deadlines for 2023

A draft decree on extension of deadlines for payment of Value-added tax, Corporate income tax, Personal income tax, and Land rental in 2023 has been recently submitted by the Ministry of Finance to the Government for its approval.

➤ Value Added Tax:

- The deadline for payment of VAT payable from January to May and in the first quarter shall be extended by six months.
- The deadline for payment of VAT payable in June and the second quarter shall be extended by five months.

➤ Corporate Income Tax: The Ministry proposed a three-month extension for payment of corporate income tax payable in the first and the second quarter.

➤ Personal Income Tax: Payment of PIT payable in 2023 by household and individual business shall be deferred to no later than 30 December 2023.

➤ Land rental: Payment of 50 percent of land rental payable in 2023 shall be extended by six months, according to the draft decree.

2. VAT for goods and services provided in 2022 whilst invoiced in 2023 (Official Letter No. 20935/CTBDU-TTHT dated 29 December 2022 of Binh Duong Tax Department)

In case goods and services are entitled to the tax rate of 8% under Decree No. 15/2022/ND-CP, the rate will be applied until the end of 31 December 2022. From 01 January 2023, the tax rate reduction to 8% will no longer be effective. Instead, the ordinary 10% VAT rate will apply, including to contracts, goods and services sold in 2022 whilst invoiced in 2023.

3. Electronic PIT withholding certificate (Official Letter No. 388/CTHN-TTHT dated 04 January 2023 of Hanoi Tax Department)

In case a company apply electronic PIT withholding certificate in accordance with Decree N. 123/2020/ND-CP dated 19 October 20220 of the Government, when withholding PIT, the company must prepare and provide PIT withholding certificates with sufficient information as required to individuals whose income are withheld. The PIT withholding certificate will be issue by each case as follows:

- For individuals who authorize tax finalization, PIT withholding certificates will not be issued.
- For individuals without labor contracts or with labor contracts of less than 3 months, the company will issue PIT withholding certificates for either each deduction or multiple deductions within a tax period.

- For individuals with labor contracts of 03 months or more, the company will issue only one PIT withholding certificate to each individual in a tax period.

4. PIT finalization in case of company merger (Official letter No. 19921/CTBDU-TTHT dated 19 December 2022 of Binh Duong Tax Department)

In case where employees are transferred from a subsidiary to its Parent Company due to company merger, if being authorized for PIT finalisation by those employees, the Parent Company shall be responsible for making finalization of their PIT obligation including the part of income paid by the old entity (i.e. subsidiary), and at the same time, collect and keep the certificate of PIT withholding issued by the old entity to the employees (if any) in accordance with provisions in the Article 8, Decree No. 126/2020/NĐ-CP dated 19 October 2020 of Government.

5. Issuing VAT invoice in case of goods for rent (Official letter No. 20281/CTBDU-TTHT dated 23 December 2022 of Binh Duong Tax Department)

In case of goods for rent, upon delivering the goods, the leaser must issue VAT invoice to the borrower; upon returning the borrowed goods, the borrower must also issue an added value invoice to the Company in accordance with provisions as provided for in the Clause 1, Article 4 of Decree no 123/2020/NĐ-CP dated 19th October 2020 of Government.

6. CIT applied to capital transfer (Official letter No. 11838/CTHĐU-TTHT dated 8 December 2022 of Hai Duong Tax Department)

Essilor International S.A.S Company is the Parent Company of Essidev S.A.S Company (Subsidiary). Before the time of merger of the subsidiary company into the parent company, Essilor International S.A.S Company holds all the shares of the Subsidiary. If the merger does not generate income from capital transfer (including the case of not receiving cash but receiving assets, other material benefits such as stocks, fund certificates, etc.) for Essilor International S.A.S Company, capital gains tax will not be required to pay. In case there is any income arising from this activity, the company in which the foreign investor has invested capital shall declare and pay CIT imposed on income from the capital transfer on the foreign investor's behalf.