

TAX BULLETIN June 2024

1. Government's Decree on extension of tax payment deadlines for 2024

The Government issued the Decree No. 64/2024/ND-CP dated 17th June 2024 on extension of deadlines for payment of Value-added tax, Corporate income tax, Personal income tax, and Land rental in 2024.

➤ Value Added Tax (except for VAT at import stage):

Tax period	Deadline	Extension of deadline
May 2024	20 Jun 2024	20 Dec 2024
June 2024	20 Jul 2024	20 Dec 2024
July 2024	20 Aug 2024	20 Dec 2024
August 2024	20 Sept 2024	20 Dec 2024
September 2024	20 Oct 2024	20 Dec 2024
2 nd Quarter 2024	31 Jul 2024	31 Dec 2024
3 rd Quarter 2024	31 Oct 2024	31 Dec 2024

- Corporate Income Tax: a three-month extension for payment of corporate income tax payable of the second quarter will be applied.
- Personal Income Tax: Payment of PIT payable in 2024 by household and individual business shall be deferred to no later than 30th December 2024.
- Land rental: Payment of 50 percent of land rental payable in 2024 (land rental payable of the 2nd period) shall be extended by two months.

The Decree takes effect from 17th June to 31st December 2024.

2. Continue 2% VAT cut for second half of 2024

Following the Tax Bulletin of May 2024, we update the release of regulation on 2% VAT reduction for the last 6 months of the year as follows:

On 30th June 2024, the Government issued Decree No. 72/2024/ND-CP regulating VAT reduction according to Resolution No. 142/2024/QH15 dated 29th June 2024 of the National Assembly. In general, VAT reduction policy applied from 1st July to 31st December 2024 according to Decree No. 72/2024/ND-CP remains the same and inheriting the provisions of Decree No. 94/2023 /ND-CP. There are no changes in goods and services being subject to VAT reduction, reduction rate and invoicing requirements in comparison with the first 6 months of 2024. However, companies are required to declare goods and services eligible for

VAT reduction by using the new Form No. 01 specified in Appendix IV of the Decree No. 72/2024/ND-CP to attach with the VAT return.

3. Notification of temporary suspension on exit will be publicized on the website of the Tax Office (Official Letter No. 2477/TCT-QLN dated 10th June 2024 of General Department of Taxation)

To facilitate taxpayers to research information, the General Department of Taxation requests the Provincial Tax Departments and the Large Enterprise Tax Department to summarize and review to ensure all exit suspension notices, exit-suspension extension notices, and exit-suspension cancellation notices are fully publicized on the website of the Tax Office.

4. Invoices issuance for services entitled to and not entitled to VAT reduction (Official Letter No. 2363/CTHYE-TTHT dated 11th June 2024 of Hung Yen Tax Department)

If the company provides services to customers, which include both services subject to and not subject to VAT reduction, and it is not possible to determine the tax rate for each service component:

- An invoice must be issued with the highest tax rate of 10% applicable to these services.
- The buyer can use this invoice to claim for input VAT credit and request a VAT refund (if applicable).

5. Foreign contractor tax on exported goods re-processed overseas (Official letter No. 12264/CTBDU-TTHT dated 9th May 2024 of Binh Duong Tax Department)

The Company exported goods to a client overseas; however, due to not meeting requirements of product quality in accordance with a signed trading contract, the Company had to hire another foreign entity to reprocess such exported goods. In this case, the reprocessing activity is provided and consumed outside Vietnam, and therefore income derived by the foreign entity from reprocessing the exported goods is not subject to foreign contractor tax.

6. Tax policy applied to loan interests (Official Letter No. 27296/CTHN-TTHT dated 10th May 2024 of Hanoi Tax Department)

- In case a parent company provides loans for its subsidiary companies without interest (0% tax rate), then this will be in-scope of related party transactions regulated under Decree No. 132/2020/ND-CP. Accordingly, the company shall adjust level of price, profit margin of the provision of loan transaction as stipulated under Clause 1, Article 8, Decree No. 132/2020/ND-CP in order to declare and calculate CIT.
- With regard to the activity of irregular loan provision of the company (which is not a financial institution), if the loan provider does not calculate interests or calculate interests with an interest rate lower than the normal interest rate applied in the loans with the same

lending term, lending scale in the market, it may subject to tax imposition as regulated under clause 1, Article 50 of the Law on Tax administration No. 38/2019/QH14.

- If the company has loan interests which are converted to capital contributions by the company's capital contributor, the individual/organization who transfers the capital contributions has to pay PIT/CIT upon clause 4, Article 2, Circular No. 111/2013/TT-BTC and Article 14, Circular No. 78/2014/TT-BTC.