

TAXFLASH

DECREE No. 92/2021/ND-CP INSTRUCTIONS ON SOLUTIONS TO SUPPORT BUSINESSES AND PEOPLE AFFECTED BY COVID-19

On 27 October 2021, the Government issued Decree No. 92/2021/ND-CP ("Decree 92/2021") detailing the implementation of Resolution No. 406/NQ-UBTVQH15 dated 19 October 2021 regarding 4 groups of tax exemption and reduction solutions to support businesses and people to overcome difficulties caused by the COVID-19 pandemic.

Some of the salient points of Decree 92/2021 are summarised below:

CIT reduction

Subjects and application details

Enterprises, organizations and non-business units that are established in accordance with Vietnamese laws and have a turnover of not more than 200 billion VND in 2021 and a turnover decline compared to 2019 will be entitled to a 30% reduction in the CIT payable in the 2021 tax period.

Turnover in the CIT period includes the total revenue as prescribed, including price subsidies, surcharges and extras that the enterprise is entitled to, but excludes revenue deductions, income from financial activities and other income.

For enterprises newly established, consolidated, merged, divided, separated, dissolved, bankrupt in the tax period:

- ▶ Operating for less than 12 months, the turnover of that tax period is determined by the actual revenue in the tax period divided (:) by the number of months the enterprise actually operates in production and business in the tax period multiplied (x) with 12 months
- ▶ During the month, the operation time is counted as full month

In case the first tax period for a newly established enterprise is 2020 or the last tax year for an enterprise that converts its type of enterprise, transforms its ownership form, consolidates, merges, or divides, separates, dissolves in 2022 but has a shorter time than 03 months and is added to the tax period of 2021, the determination of reduced revenue and tax is only applicable for 12 months of the tax year 2021.

If an enterprise has dependent units or multiple business locations, it must consolidate the revenue of the dependent unit and business location together with the annual consolidated financial statements.

Determination of CIT amount to be reduced

The reduced CIT amount is calculated on the CIT amount payable for 2021 tax period after deducting the CIT

amount for which the enterprise is currently eligible to tax incentives according to regulations.

Declaration for CIT reduction

Enterprises shall self-calculate the CIT amount to be reduced when paying provisional CIT liabilities quarterly based on the revenue of the 2019 tax period and the expected revenue in the 2021 tax period.

In case an enterprise makes additional declarations on its own or under a decision of a competent authority, causing:

- ▶ An increase in the CIT amount payable, the additional tax amount will be reduced by 30% as prescribed if satisfying the regulation for tax reduction.
- ▶ If the CIT amount is payable reduced, the CIT amount will be reduced and the overpaid amount will be handled according to regulations.

Tax exemption for business households and individuals

Subjects and application details

Requirements for business households and individuals to be exempt from personal income tax, VAT, special consumption tax, natural resources tax, and environmental protection tax include:

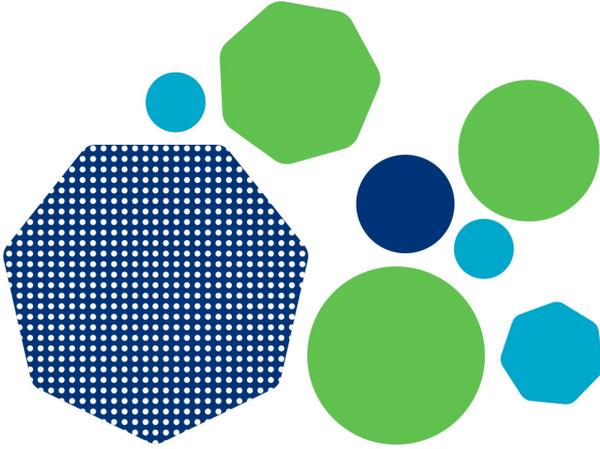
- ▶ Business households and individuals are resident individuals operating in all professions and forms of tax declaration and paying duties.
- ▶ Localities where business households and individuals are on the list of affected areas by the Covid-19 pandemic by the Chairman of the People's Committee of the province or centrally run city.

Tax-free income does not include income, revenue from providing software products and services; digital information content products and services on entertainment, video games, digital movies, digital photos, digital music; digital advertising.

The paid tax amount of Quarter III, IV/2021 will be offset against the overpaid tax amount with debts or arising of the following periods and overpaid refund will be processed as prescribed.

Criteria for determining the amount of tax exempted

In case the tax authority has to issue a tax payment notice of payment, the amount of money that business households and individuals are exempt from tax is the payable tax amount of Quarters III, IV/ 2021 on the notice of payment.



In case the tax authority does not issue a tax payment notice:

- ▶ The taxpayer shall base on the tax payable amount according to the tax declaration to calculate the exempted tax amount of business households, individuals in Quarter III,IV/ 2021.
- ▶ The exempted tax amount is the tax amount payable corresponding to the actual revenue generated in the months in Quarter III,IV/2021 for tax declarations according to the payment period or tax declaration by year.
- ▶ Where it is not possible to calculate the actual revenue of the months in Quarter III,IV/2021, it shall be determined according to the average monthly revenue according to the contract value.

Taxpayers shall calculate the tax amount payable after tax exemption to declare on the tax return, and at the same time determine the exempted tax amount according to the form attached to Decree 92/2021.

Reduced Value Added Tax

Decree 92/2021 provides specific guidance when taxpayers issue invoices for the provision of goods and services subject to VAT reduction:

- ▶ In case taxpayers calculate VAT under deduction method, in the value-added tax line, write "the prescribed tax rate (5% or 10%) x 70%"; value added tax; total amount to be paid by the buyer. The taxpayer declares and deducts input value-added tax according to the reduced tax amount written on the output VAT invoice.
- ▶ In case taxpayers calculate VAT according to the percentage of revenue method, in the column "Total money" write the full amount of goods and services before reduction, in the line "Add money for goods and services" write the amount that has been reduced. 30% of the rate of revenue, and note: "reduced... (amount) corresponds to 30% of the rate to calculate value-added tax according to Resolution No. 406/NQ-UBTVQH15".

In case the invoice has been made according to the rate or percentage that has not been reduced, the seller and the buyer shall make a minute clearly stating the error and the seller shall issue an invoice to correct the error and deliver the adjusted invoice to the purchaser. Based on the adjusted invoice, the seller declares the adjustment of output tax, and the buyer declares the adjustment of input tax (if any).

In the case of invoices printed in the form of tickets with pre-printed denominations that have not yet been used up and can be used, the enterprise shall stamp them according to the price reduced by 30% of the VAT rate or the price already paid reduced by 30% of the percentage rate next to the pre-printed price criterion for continued use.

Exemption of late payment charges

In order to be considered by the tax authority for exemption from late payment charges, taxpayers shall send to the tax authority a written request for exemption of late payment charges, clearly stating the loss incurred in the tax period in 2020 according to Form No. 01/MTCN attached to Decree 92 2021.

In case the taxpayer makes additional declarations or the competent inspection agency decides to increase the amount payable, the taxpayer is not required to pay late payment charge arising in 2020 and 2021 for the increase in tax, land use levy amount payable if the condition of loss arising in the tax period of 2020 is met.

Decree 92/2021 takes effect from 19 October 2021.

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