



**LEGAL, LABOR AND  
TAX UPDATES  
March 2021**

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### **OFFICIAL INSTRUCTIONS**

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## A. NEW LEGAL INSTRUMENT

### ❖ GOVERNMENT

#### 16/03/2021 | Decision No. 10/2021/QĐ-TTg eligibility of hi-tech enterprises

##### Scope

This Decision prescribes eligibility of hi-tech enterprises according to Law on High Technology.

##### Regulated entities

This Decision applies to enterprises manufacturing hi-tech products, providing hi-tech services in Vietnam and relevant agencies, organizations.

##### Remarkable issues

In addition to the criteria for identifying high-tech enterprises specified in the Law on High Technologies and the Law on Investment, Decision No. 10/2021/QĐ-TTg provides the following criteria:

- Revenues generated from hi-tech products must account for at least 70% of total annual net revenue of enterprises;
- Percentage of expenses on research and development of enterprises over total net revenue less input value of each year:
  - a. Enterprises with total funding sources of VND 6,000 billion or more and 3,000 workers or more must achieve at least 0.5%;
  - b. Enterprises not specified under Point a Clause 2 of this Article with total funding sources of VND 100 billion or more and 200 workers or more must achieve at least 1%;
  - c. Other enterprises must achieve at least 2%.
- Percentage of workers participating in research and development having at least college level education of enterprises over total number of workers:
  - a. Enterprises with total funding sources of VND 6,000 billion or more and 3,000 workers or more must achieve at least 1%;
  - b. Enterprises not specified under Point a Clause 3 of this Article with total funding sources of VND 100 billion or more and 200 workers or more must achieve at least 2.5%;
  - c. Other enterprises must achieve at least 5%.

*(The Decision shall take effect on 30 April 2021)*

❖ **MINISTRY OF LABOUR, INVALIDS AND SOCIAL AFFAIRS**

**17/03/2021| Decision No. 338/QĐ-LĐTBXH on the announcement of administrative procedures newly issued, amended, supplemented and abolished in relation to labor and wages under the management of the Ministry of Labor - Invalids and Social**

**Noteworthy issues**

Newly issued administrative procedures include:

- Establishment of a Collective Bargaining Council (CBC);
- Change of the Chairman of the CBC, representatives of the People's Committee of the province, functions, tasks, plans and operation period of the CBC.

The amended and supplemented administrative procedures consist of:

- Registration of labor regulations of the enterprise;
- Issue of the license for outsourcing services;
- Extension of the license for outsourcing services;
- Re-issue of the license for outsourcing services;
- Revoke of the license for outsourcing services;
- Withdrawal of the deposit of the outsourcer.

Abolished administrative procedures include:

- Submission of enterprise-level collective labor agreement;
- Submission of the wage scales, payroll and labor productivity norms of enterprises.

*(The Decision took effect on 17 March 2021)*

## B. OFFICIAL INSTRUCTIONS

### OFFICIAL DISPATCH ON TAXATION

**10/3/2021 | Official Letter No. 599/TCT-KK on VAT declaration, notification of invoice issuance, and the use of invoices for business location of enterprises in different provinces with the managing unit.**

In case the taxpayer separately accounts tax obligations of each business location or has business locations within the lines of business and activities specified in Clause 1, Article 11 of Decree No. 126/2020/ND-CP on October 19, 2020 of the Government, the managing unit of the business location shall use its tax code to declare tax for the business location, notify the invoice issuance and report on the use of invoices with the Tax Authority.

If the taxpayer performs centralized accounting at the Head Office with a business location different from where the taxpayer is headquartered, the taxpayer shall perform as the guidance of Decree thereon.

**12/3/2021 | Official Letter No. 636/TCT-DNNCN guiding the PIT finalization**

#### **Some remarkable issues**

Organizations and individuals paying employment income are responsible for declaring PIT finalization regardless of whether withholding tax or not and making PIT finalization on individuals' behalf.

In case an individual authorizes PIT finalization for the organization and has an additional payable tax amount of VND 50,000 or less after the finalization, which is eligible for tax exemption, the income payer will still declare the individual information in the PIT finalization dossier and not aggregate the additional tax payable of the individual with the additional amount of VND 50,000 or less after the finalization. If the income payer has finalized the PIT before the effective date of Decree No. 126/2020/ND-CP, the retrospective process will not be required.

- In case the income payer has made tax finalization on behalf of the individual as authorized, if detecting that the individual is subject to self-finalization with the Tax Authority, the Company shall not adjust their PIT finalization, but only issue the tax withholding voucher to the individual according to the settlement number and write in the lower left corner of the tax withholding document: *"The Company ... has made PIT finalization on behalf of Mr./Mrs .... (as authorized) at line (ordinal number) ... of Appendix Table 05-1/BK-TNCN"* so that the individual makes tax finalization with the Tax Authority.

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