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# LEGAL, LABOR AND TAX UPDATES IN 2022



## VAT REDUCTION

### DECREE NO. 15/2022/NĐ-CP PRESCRIBING TAX EXEMPTION AND REDUCTION

VAT on goods and services currently subject to 10% VAT shall be reduced to 8% VAT, except the following goods and services:

- Telecommunication, financial activities, banking activities, securities, insurance, trading of real estate, metal and precast metal products, mining products (excluding coal mining), coke mining, refined oil, chemical products. Further details are provided in Appendix I.
- Goods and services subject to excise tax. Further details are provided in Appendix II.
- Information technology as prescribed in the Law on information technology. Further details are provided in Appendix III.

Reduction of VAT for each type of goods and services specified shall be applied consistently in all stages , including import, production, processing and trading.

In case goods and services in Appendixes I, II and III enclosed herewith are not subject to VAT or are subject to 5% VAT in accordance with the Law on VAT, regulations of the Law on VAT shall prevail and VAT on such goods and services shall not be reduced.

Separate invoices must be issued for goods and services which are eligible for VAT reduction. If business establishments fail to issue separate invoices for goods and services which are eligible for VAT reduction, they shall receive no VAT reduction.

In case a business establishment has issued an invoice and declared tax at the tax rate or percentage (%) which is not yet reduced according to Decree No. 15, the seller and the buyer shall prepare a record or enter into a written agreement specifying the errors. The seller shall also issue a correction invoice and provide it for the buyer. The seller shall adjust output VAT and the buyer shall adjust input VAT (if any) according to the correction invoice.





## VAT REDUCTION

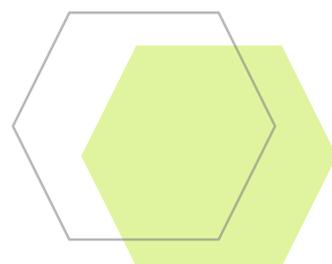
### OFFICIAL DISPATCH NO. 521/TCHQ-TXNK ON IMPLEMENTATION OF DECREE NO. 15/2022/ND-CP

If imported goods on the List of goods and services not eligible for VAT reduction meets the criteria stated in column 8 "Product", and column 9 "Description" of Appendix 1 and Part A of Appendix III, column 3 "Goods" of Part B of Appendix III, imported goods subject to excise tax in Appendix II issued together with Decree No. 15/2022/ND-CP, 10% VAT shall be applied.

If imported goods are not mentioned in the List of goods and services not eligible for VAT reduction (Appendix I, Appendix II and Appendix III issued together with Decree No. 15/2022/ND-CP), 8% VAT will be applied.

If goods specified in Appendix I and III with HS codes, they are:

- a) Chapter (02 digits), without detailing groups (04 digits), subheadings (06 digits) or code (08 digits), all 08-digit product codes of that chapter shall be subject to 10% VAT;
- b) Chapters (02 digits), with detailing groups (04 digits), without detailing subheadings (06 digits) or codes (08 digits), all 08-digit product codes shall be subject to 10% VAT;
- c) Chapters (02 digits), with detailing subheadings (06 digits), without detailing codes (08 digits), all 08-digit product codes shall be subject to 10% VAT;
- d) Chapters (02 digits), with detailing 08 digits in the HS code, the product codes shall be subject to 10% VAT.





## SPONSORSHIP FOR THE COVID-19 PANDEMIC PREVENTION AND CONTROL

### DECREE NO. 15/2022/NĐ-CP GUIDING ON DEDUCTIBLE EXPENSES AS DETERMINATING CIT TAXABLE INCOME

Enterprises and organizations that pay CIT in accordance with the Law on CIT may include their donations or sponsors, whether in cash or in kind, given for the Covid-19 pandemic control operations in Vietnam through the specified recipients in their deductible expenses when calculating CIT taxable income or the tax period of 2022.

In case a parent company gives donations and/or sponsors on behalf of its subsidiaries, the parent company and its subsidiaries may include their corresponding donations and/or sponsors in their deductible expenses when calculating CIT taxable income. The parent company must make record or certification of the donations and/or sponsors specified in Clause 4 of this Article. The subsidiary must have lawful invoices or records as prescribed by law and certification of its donations and/or sponsors given by the parent company.

Recipients of donations and sponsors include: The Committees of Vietnamese Fatherland Front at all levels; health facilities; armed force units; units and organizations tasked by competent authorities to perform duties of centralized quarantine facilities; education institutions; press agencies; Ministries, ministerial-level agencies or Governmental agencies; Communist Party organizations, youth unions, trade unions, and Vietnam Women's Union at central and local levels; agencies affiliated to local governments that have fund-raising function; funds for prevention and control of the Covid-19 pandemic at all levels; Covid-19 vaccine fund; national humanitarian portal; charitable and humanitarian funds, and organizations that are incorporated and operating under law and have fund-raising function.

Documents certifying donations and sponsors include: The record of donation or sponsor made using Form No. 02 in Appendix IV enclosed herewith, or physical or electronic certification of the donation or sponsor which bears the signatures and seals of the representative of the enterprise or organization giving the donation or sponsor and the representative of the recipient, enclosed with lawful invoice or record of the donation or sponsor in cash or in kind.

These Legal Updates are general information for internal use merely, and they are not provided to any specific case of any organizations or individuals. Although we endeavor to present as accurate information as possible, we do not assure that the aforesaid information remains its accuracy as at the date on which the readers receive these Legal Updates. You are advised to refer consultants before adopting these Legal Updates for specific cases.

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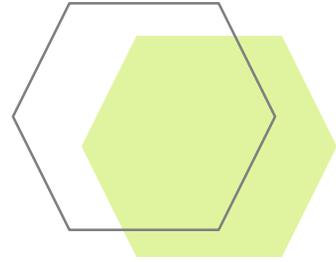
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# INTRODUCTION TO CONSULTING SERVICES OF A&C

Baker Tilly A&C specializes in rendering auditing and consulting services in the fields of accounting - finance - tax - investment - legal - administration - construction

## Financial Statements

Financial statement is one of the pivotal activities of Baker Tilly A&C. Hence, we are proud to bring satisfaction to you with the best quality of service.

## Internal Audit

We are willing to provide a wide spectrum of advisory services which include the provision of internal audit teams, corporate governance, enterprise risk management, quality assurance reviews, legal compliance review and review of internal controls over financial statement preparation, etc.

## Finalized Accounts of Investment Project

Audited Reports will help you (Investor and related parties) complete the procedures and approval for the final settlement of the investment capital, the final settlement value of the construction investment before the facility is put into use. The above services will provide you with reliable information and documents on selecting your investment partner and for the purposes of mortgage, transfer, equitization, dissolution, bankruptcy law for firm.

## Consulting Service

We provide a range of consulting services including Tax Consultancy, Transfer Pricing, Business Consultancy, Due Diligence, Business Restructuring Consultancy, Legal and Investment Consultancy, Mergers and Acquisitions (M&A)

## Accounting Service

With a team of professionals with knowledge of Vietnamese accounting, international accounting practices, many years of practical work experience in the business, accounting services provided by A&C always satisfy customers.

## Training Service

Training topics on financial accounting, management accounting, auditing and internal audit, financial analysis, IFRSs, etc.

Organizing continuing professional development program and providing information on newly issued documents of the State  
On-demand corporate training

## Valuation Service

Including services of Business Valuation and Asset Valuation via the issuance of valuation certificate

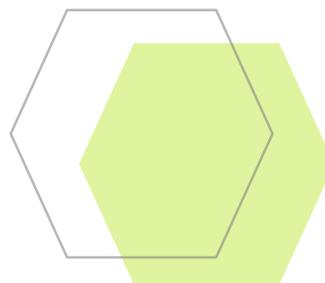
## INTRODUCTION TO BAKER TILLY INTERNATIONAL

**A&C is an independent member of BAKER TILLY INTERNATIONAL – a worldwide organization of professional accounting firms and business advisers**

**BAKER TILLY INTERNATIONAL** a worldwide organization including the world's leading independent member firms of professional accounting firms and business advisers, was established in 1987 and has headquartered at Global Office, Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU, United Kingdom. Baker Tilly International is represented by **122 member companies** in more than **146 countries** and **36,300 employees** worldwide. The members of Baker Tilly International are all high-quality independent accounting, auditing and consulting firms, committed to providing outstanding services to customers in domestic as well as worldwide.

**BAKER TILLY INTERNATIONAL** ranks in **the top 10** largest accounting and business advisory networks worldwide, with the global annual fee income of over **USD 3.9 billion**.

**BAKER TILLY INTERNATIONAL** is large enough to provide the services required by clients, whatever their size is and wherever they are located. Through its "**Global Care**" approach, **BAKER TILLY INTERNATIONAL** member firms strive to ensure that all aspects of a client's financial affairs are addressed at the highest quality and professional manner.



# INTRODUCTION TO BAKER TILLY A&C

## A&C Auditing and Consulting Co., Ltd.

**Established in 1992**, formerly known as a State-owned enterprise directly under the Ministry of Finance.

**A&C specializes in auditing, accounting, consulting, valuation and training**, and has been constantly developing and diversifying services.

**During 30 years of operation**, A&C has successfully developed a branch network in major economic centers in the country.



**Baker Tilly A&C's team of more than 500 employees** undergoes ongoing training for improving professional expertise, skills and courage as well as updates knowledge on laws, economics, technology, marketing, etc. In addition to local training courses, our auditors and consultants have been seconded in training and practicing courses overseas, such as Malaysia, Singapore, the Philippines, Hong Kong, Great Britain, France, Belgium, Ireland, etc. organized by A&C or supporting programs of Ministry of Finance, Baker Tilly International and other international professional organizations.

**A&C has been providing services to more than 2,000 clients** working in various operating sectors in Vietnam, including:

- ☉ Vietnamese businesses and FDI ones of all economic sectors including manufacturing, finance, banking, oil and gas, etc.;
- ☉ International and domestic organizations, representative offices, and individuals who are in need of our services;
- ☉ Projects funded by the World Bank, the Asian Development Bank, the European Union, etc.

**Collective member** of Vietnam Association of Certified Public Accountants (VACPA); Member of Vietnam Business Club (VBC) and Collective member of Vietnam Tax Advisory Association (VTCA).

## Why is Baker Tilly A&C credible?

<p><b>TOP 10 Vietnam</b></p>	<p>Capable workforce and intensive experience</p>	<p>Local Understanding of the Vietnamese country, people and law</p>	<p>Co-operation with competent authorities</p>	<p>Worldwide membership network</p>	<p>Nationwide network</p>	<p>Dedication and profession</p>
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