

TAX BULLETIN



TAX UPDATES

RESOLUTION ON GLOBAL MINIMUM TAX POLICY IN VIETNAM



The Resolution on Global Minimum Tax Policy has been officially approved by the National Assembly on November 29, 2023, and will take effect from January 1, 2024, applicable to the fiscal year 2024.

The resolution stipulates that Vietnam will adopt two principles: **(i) Qualified Domestic Minimum Top-Up Tax (“QDMTT”)** and **(ii) Income Inclusion Rule (IIR)**.

Accordingly, a **Constituent Entity** (including entities, units, business establishments) of a Multinational Enterprise (MNE) Group with revenue in the consolidated financial statements of the Ultimate Parent Entity (UPE) **exceeding EUR 750 million** for at least two (02) years out of the four (04) consecutive years preceding the relevant fiscal year will be eligible for application of the Resolution.

If the **Effective Tax Rate** (calculated on the basis of the entire group's subsidiaries in a country) is lower than **the Minimum rate by 15%**, Vietnam will impose additional taxes as stipulated in the Resolution.

The deadline for filing the declaration and supplementary tax payment is as follows:

- **For QDMTT: No later than 12 months** after the end of the fiscal year.
- **For IIR: No later than 15 months** after the end of the fiscal year, and no later than 18 months for the first year.

It is noted that supplementary tax payments will be submitted to **the central government budget**.

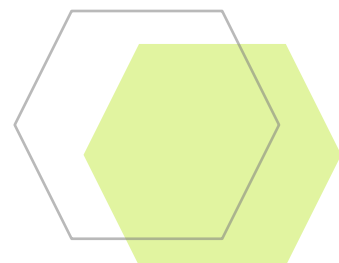


Transitional relief for obligations

During the transitional period, Jurisdiction Top-up Tax in a fiscal year shall be zero (0) if one of the following criteria is satisfied:

- In the fiscal year, the MNE Group has a qualified country-by-country report (CbCR) in which **the aggregate revenue is less than EUR 10 million and pre-tax profit is less than EUR 01 million or is a loss in such country.**
- In the fiscal year, the MNE Group has **an Effective Tax Rate** in such country of at least **15%** for 2023 and 2024; **16%** in 2025 and **17%** for 2026.
- The pre-tax profit (or loss) of the MNE Group in such country is equal to or less than **the substance-based income exclusion (SBIE) (sum of the tangible asset carve-out and payroll carve-out) calculated under the GloBE rules** of the constituent entities in such country according to the CbCR.

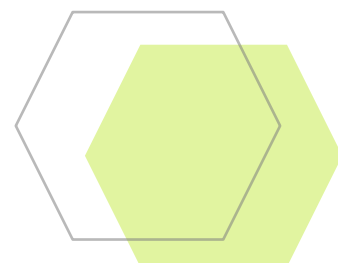
Exemption from penalties during the transitional period: No administrative penalties will be imposed for violations related to supplementary tax declarations.





BAKER TILLY A&C's comments

- The investor protection provisions in the draft resolution have been replaced with a provision stating that this resolution will supersede any prior laws in case of any discrepancies. This means that all enterprises falling under the scope of the resolution must comply with Global Minimum Tax Policy, including cases currently enjoying tax incentives under the current Law on Investment.
- The resolution has outlined the key principles for the application of QDMTT and IIR. However, guidelines need to be issued by the Government as a basis for determining Jurisdiction Top-up Tax as well as the declaration forms as prescribed.
- The replacement support policies will be reviewed and issued in the near future to mitigate the impact of the global minimum tax policy on attracting investments from MNE Group in Vietnam.
- For taxpayers, companies within the applicable scope need to take appropriate preparatory steps to ensure compliance with the provisions of the resolution. This includes analyzing the impacts, Top-up Tax obligations (if any), and declarations as prescribed, etc.
- Please kindly contact Baker Tilly A&C for the latest updates and advice on tax compliance according to the resolution for your business activities in Vietnam.



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.

CONTACT INFORMATION

For more information, please contact:

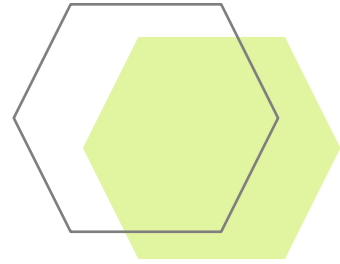
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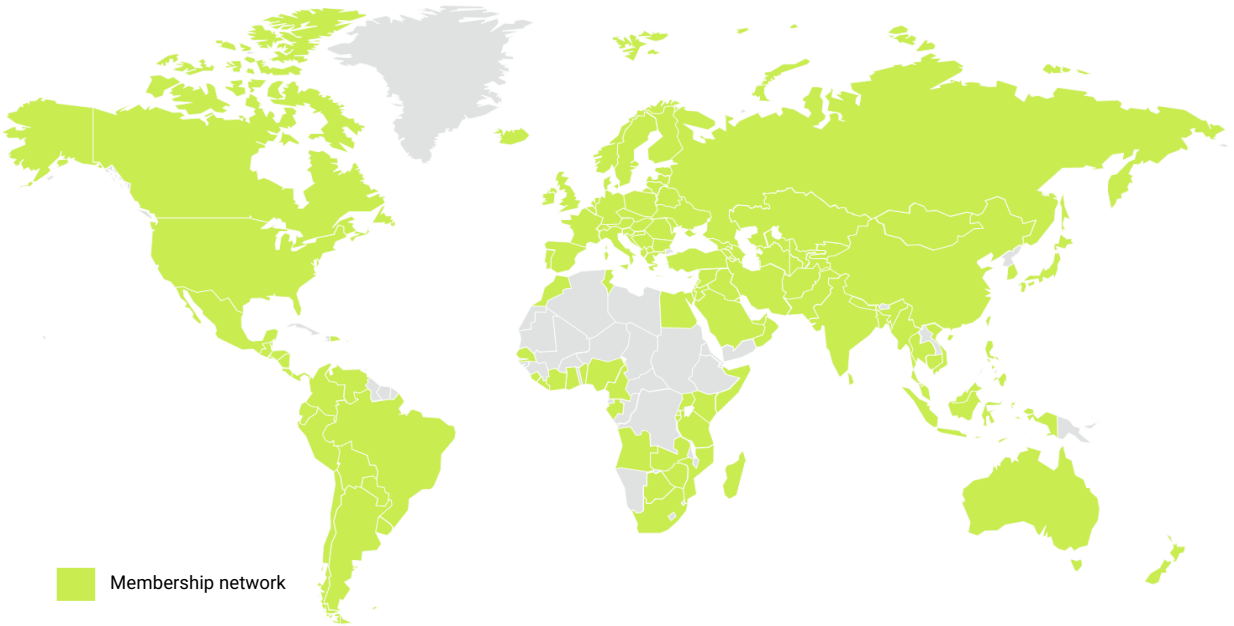
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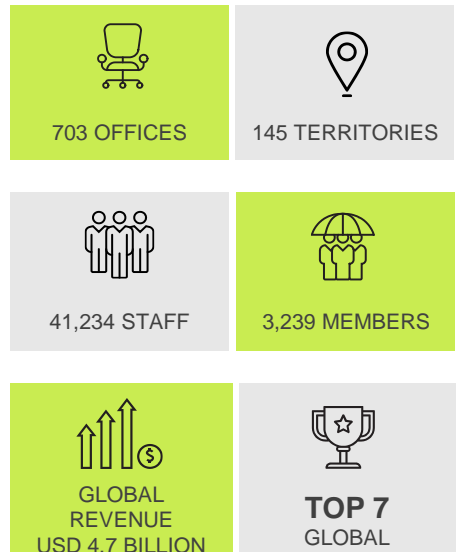


INTRODUCTION TO BAKER TILLY A&C



BAKER TILLY INTERNATIONAL, a worldwide organization 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 A&C is proud to be an independent member of the Baker Tilly network. The international network gives us significant global reach in addition to our substantial national presence. We collaborate to leverage our skills, resources and local expertise with dedication to help our clients grow locally, nationally and globally.



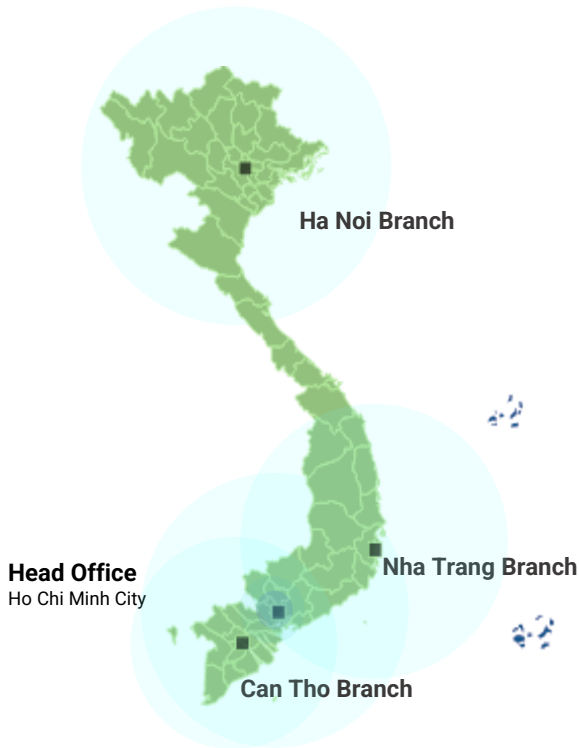
INTRODUCTION TO BAKER TILLY A&C



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>TOP 6 Vietnam</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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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); Enterprise valuation consultancy, assessment and consultancy for setting up information management & digital transformation systems; Risk management consultancy.

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

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.