



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

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A. NEW LEGAL INSTRUMENT

❖ GOVERNMENT

30/12/2020 | Decree No. 152/2020/NĐ-CP regulating foreign workers working in Vietnam and recruitment and management of Vietnamese workers working for foreign employers in Vietnam

Remarkable issues

-The Decree specifies the minimum value of capital contribution for a foreign worker who is exempt from a work permit if:

1. He/she is the owner or capital contributor of a limited liability company with a capital contribution value of at least VND 3 billion.
2. He/she is the Chairperson or a member of the Board of Directors of a joint-stock company with a capital contribution value of at least VND 3 billion.

Thus, compared with the former regulations, if the owner, capital contributor, chairman of the board of directors and members of the board of directors of the enterprise meet the minimum capital contribution requirements specified in Decree No. 152, they will be exempted from a work permit.

-Decree No. 152 has provisions on the procedures for the renewal of work permits. Accordingly, as meeting the conditions for the extension of a work permit, the work permit will be extended once with a maximum of 2 years.

(This Decree shall take effect from 15 February 2021)

30/12/2020 | Decree No. 155/2020/NĐ-CP detailing the implementation of some articles of Law on Securities

Scope of regulation

1. This Decree details the implementation of Clause 2 of Article 7, Clause 2 of Article 11, Clause 2 of Article 14, of Point g of Clause 3 of Article 15, of Clause 6 of Article 15, of Clause 6 of Article 31, of Clause 3 of Article 35, of Clause 7 of Article 41, Clause 1 Article 42, Clause 4 Article 47, Clause 4 Article 48, Clause 2 Article 51, Clause 6 Article 56, Clause 3 Article 62, Clause 4 Article 69, Clause 1 Article 74, Clause 1 Article 75, Point c Clause 5 Article 75, Clause 1 Article 79, Clause 3 Article 87, Clause 3 Article 93, Clause 2 Article 96, Clause 5 Article 97, Clause 3 Article 100, Clause 7 Article 135 of the Law on Securities.

2. This Decree does not amend the following contents:

- a) Derivative securities and activities in derivative securities market, except for settlement banking, setting up a fund for professional risk prevention of Vietnam Securities Depository and Clearing Corporation (VNSDCC), securities practice, foreign investors' participation in Vietnam's securities market and measures to ensure security and safety of the securities market;

- b) Public offering of shares to change enterprises and single-member limited liability companies with 100% of charter capital held by the State, a public non-business unit into a joint-stock company and the transfer of state capital, capital of an enterprise with 100% of the charter capital invested by the State in another enterprise;
- c) Private offering of bonds in the domestic market, or offering of bonds overseas.

Application subjects

1. Vietnamese and foreign organizations and individuals that invest in securities and operate in the securities market of Vietnam.
2. Securities authorities.
3. Other organizations and individuals involved in securities activities and the securities market.

(This Decree took effect from 01 January 2021)

04/01/2021 | Decree No. 01/2021/NĐ-CP providing for business registration

Scope of application

1. This Decree deals with necessary documents and procedures for registration of enterprises and business households; business registration authorities.
2. Single-window cooperation in processing applications for registration of enterprises, branches, representative offices; declaration of personnel; social insurance participation; use of invoices by enterprises are in compliance with the Government's Decree on single-window cooperation in processing applications for registration of enterprises, branches, representative offices; declaration of personnel; social insurance participation; use of invoices by enterprises.

Application subjects

1. Vietnamese, foreign organizations and individuals applying for enterprise registration under Vietnam's law.
2. Individuals and households applying for registration of business households under this Decree.
3. Business registration authorities.
4. Tax authorities.
5. Other entities involved in registration of enterprises and business households.

(This Decree took effect from 04 January 2021)

❖ **MINISTRY OF FINANCE**

29/12/2020 | Circular No. 112/2020/TT-BTC prescribing the collection of fees and legal fees in order to support and deal with difficulties in business operations, ensure social security in response to Covid-19 pandemic

According to Circular No. 112, the rate of some following fees and legal fees shall be reduced:

- Fees for valuation of construction investment projects, basic designs;
- Fees for valuation of technical designs, construction estimate;
- Legal fees for industrial property;
- The customs fee and the legal fee on the arrival and departure of foreign flights at and from Vietnamese airports;
- Fees for registration of secured transactions and disclosure of information on transactions secured by movable assets;
- Fees for issuance of passport, laissez-passer, exit permit, AB stamp;
- Fees for issuance of citizen identification cards;
- Fees in the medical sector;
- Road use fee for commercial transport vehicles of transport companies, cooperatives and households

(This Circular shall take effect from 01 January 2021 to 30 June 2021)

11/01/2021 | Circular No. 03/2021/TT-BTC guiding the exemption and reduction of corporate income tax for science and technology enterprises specified in the Government's Decree No. 13/2019/NĐ-CP

Circular No. 03 provides guidance on exemption and reduction of CIT for science and technology enterprises in accordance with the Law on Science and Technology and the Government's Decree No. 13/2019/NĐ-CP dated 01 February 2019 on science and technology enterprises and relevant agencies, organizations and individuals. Accordingly, these enterprises are exempted from tax in 04 years and reduced by 50% of tax payable in the next 9 years if satisfying the requirements.

(This Circular shall come into effect from 01 March 2021)

B. OFFICIAL INSTRUCTIONS

OFFICIAL DISPATCH ON TAXATION

04/1/2021 | Official Dispatch No. 141/CTHN-TTHT relating to VAT policy on compensated goods

If the Company compensates with the customer in goods, the Company must issue an invoice and declare, calculate and pay VAT as for the sale of goods.

For goods not subject to VAT as prescribed, the Company shall issue an invoice under the guidance in Clause 2.1, Appendix 4 issued together with Circular No. 39/2014 / TT-BTC: *"If the corporate applying the method of withholding tax on the sale of goods and services is not subject to VAT, or exempted from VAT, it should use the VAT invoice on which the selling price ought to be written as the payment price, the VAT amount will not be written and crossed out."*

If the company's expenditure for compensated goods meets the provisions in Article 4 of Circular No. 96/2015 / TT-BTC, this will be deducted as determining CITable income.

14/1/2021 | Official Dispatch No. 153/TCT-CS on tax policy

If the Insurance contract is a transaction between the Client and the Insurance Company, and the Company pays the first year premium but the invoice is issued in the name of the Client through the Insurance contract between the Client and the Company, the expense will be excluded in deductibles when determining the taxable income of the Company.

If the first year premium for insurance of the Client is paid by the Company, it will not within the scope of the Law on PIT regarding taxable income from gifts.

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- Financial statements.
- Finalized investment accounts.
- Estimates and finalized accounts of construction projects.
- Report funding project.

❖ **Accounting.**

❖ **Financial inspection.**

❖ **Property appraisal.**

❖ **Consultancy** in respect of legality, investment, privatization, taxation, enterprise finance, business administration, transfer pricing, etc.

❖ **Training and improving** competency of workforce in auditing, accounting, finance, taxation and other topics in respect of market and economy.



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