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# LEGAL, LABOR AND TAX UPDATES IN 2021



## Supporting policies to combat the Covid-19 pandemic

### Resolution No. 406/NQ-UBTVQH15 on promulgation of certain measures for supporting enterprises and residents to ease impact of the Covid-19 pandemic

- A reduction of 30% in the payable corporate income tax amount of 2021 will be given to a taxpayer who has a turnover of not greater than VND 200 billion in 2021 and a decrease in revenue in 2021 compared to the revenue in 2019.
- The exemption from personal income tax, value-added tax, and other payable taxes incurred in production and business of the months in the third and fourth quarters of 2021 for households and individuals engaged in these production and business in districts affected by the Covid-19 pandemic in 2021 shall be subject to decision of the President of People's Committee of province or central-affiliated city.
- Enterprises or organizations render transport services, accommodation services, food and drink services; services of travel agencies, tour operators; publishing products and services; cinematographic services, production of television program, sound recording and music publishing; works of art and services for composing, arts, and entertainment; services of libraries, archives, museums and other cultural activities; sports, recreation and entertainment services will be eligible for a reduction of 30% in VAT rate applied from 01 November 2021 to the end of 31 December 2021.
- Grant exemption of late payment interest incurred in 2020 and 2021 on debts of taxes, land use levies, and land rents to enterprises and organizations (including affiliated entities, places of business) that incur losses in 2020.

### Resolution No. 116/NQ-CP on policies to support employees and employers in difficulty due to the Covid-19 pandemic from unemployment insurance fund

- Lump-sum financial aid for employees to ease the Covid-19 pandemic impact with an amount of from VND 1,800,000 to VND 3,300,000 for those participating in unemployment insurance (UI) as of September 30, 2021 or have stopped paying UI contributions since their employment contracts have already been terminated within the period from January 1, 2020 to end of September 30, 2021, and whose UI contribution periods are reserved in accordance with the employment law (except monthly old-age pensioners).
- Reduction in contribution rates to the UI Fund made by employers from 1 per cent to 0 per cent of the monthly wage fund for employees who have participated in UI for a period of 12 months, from October 01, 2021 to the end of September 30, 2022.

### Decision No. 27/2021/QĐ-TTg on reducing land rent for 2021 for victims of the Covid-19 pandemic

- Applied to organizations, entities, enterprises, households, and individuals renting land directly from the Government under Decisions or Contracts of competent authority in form of annual land rent payment (hereinafter referred to as "land lessees").
- Reduce 30% of payable land rent for land lessees; do not take into account land rent of previous years and fine for late payment (if any). In case land lessees are benefitting from land rent reduction, the 30% reduction shall be calculated based on the reduced land rent as per the law.



# CIRCULAR ON INVOICES AND VOUCHERS

**Circular No. 78/2021/TT-BTC providing guidance on Law on Tax Administration dated June 13, 2019, and Government's Decree No. 123/2020/ND-CP dated October 19, 2020 prescribing invoices and records**

## Scope

This Circular provides guidelines for some contents about invoices and records under the Law on Tax Administration dated June 13, 2019, and the Government's Decree No. 123/2020/ND-CP dated October 19, 2020 prescribing invoices and records (hereinafter referred to as "Decree No. 123/2020/ND-CP"), including:

1. Some contents about electronic invoices (e-invoices), including: authorization to issue e-invoices; form number and reference number of an e-invoice; use of e-invoices bearing tax authority's identification code (authenticated e-invoices); use of e-invoices in some other cases; handling of erroneous e-invoices and e-invoice datasheets sent to tax authorities; authenticated e-invoices generated from POS cash registers that are digitally connected to tax authorities; criteria for selection of providers of authenticated e-invoice services, e-invoice transmission and storage services, and relevant services.
2. Some contents about physical invoices, including name, form number and reference number of the invoice, names of copies of provincial tax department-ordered printed invoices, form numbers of provincial tax department-ordered printed invoices in the form of stamps, tickets or cards.
3. Use of receipts and records.
4. Transition guidelines.

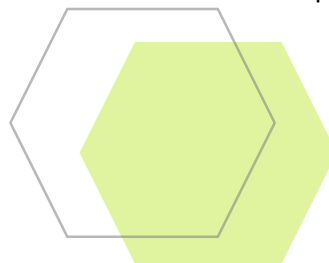
## Regulated entities

This Circular applies to the organizations and individuals specified in Article 2 of Decree No. 123/2020/ND-CP.

Currently, the implementation of e-invoices has been piloted in 06 localities including Hanoi, Ho Chi Minh City, Quang Ninh, Hai Phong, Binh Dinh and Phu Tho since November 2021.

Therefore, businesses need to update the implementation of their e-invoices and their suppliers in the localities to limit arising potential risks pertaining to invoices.

***(The Circular shall take effect from July 1, 2022)***







## CIRCULAR ON LAW ON TAX ADMINISTRATION

**Circular No. 80/2021/TT-BTC guiding the implementation of a number of articles of the Law on Tax Administration and Decree No. 126/2020/ND-CP**

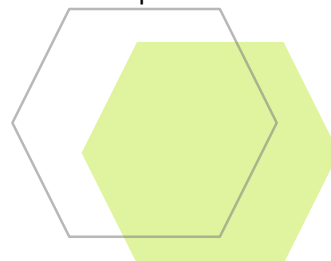
### Scope

This Circular provides guidance on state budget revenues managed by the Tax Authority according to the provisions of Articles 7, Article 28, Article 42, Article 59, Article 60, Article 64, Article 72, Article 73, Article 76, Article 80, Article 86, Article 96, Article 107 and Article 124 of the Law on Tax Administration dated June 13, 2019 and Articles 30 and 39 of Decree No. 126/2020/ND-CP dated October 19, 2020 of the Government details the implementation of a number of articles of the Law on Tax Administration (Decree No. 126/2020/ND-CP) with respect to the contents of the currency of tax declaration, payment of tax in foreign currencies and the exchange rate; duties, powers and responsibilities of tax advisory councils of communes, wards and townships; tax declaration, tax calculation, tax liability allocation, tax declaration form; handling of late tax payment; tackling of tax amount, late payment interest and fines for overpaid mount; dossiers of installment payment of tax arrears, dossiers of tax payment extension; procedures for tax refund, classification of tax refund dossiers, receipt of tax refund dossiers; tax exemption and reduction dossiers; dossiers of tax arrears, late payment interest and fines; building, collecting, processing and managing taxpayer information; procedures for tax inspection dossiers; tax administration for e-commerce business, digital-based business and other services of overseas suppliers without a permanent establishment in Vietnam; authorized collection expenses.

### Regulated entities

Regulated entities of application of the Circular include taxpayers; Tax authorities; tax officials; other relevant state agencies, organizations and individuals as prescribed in Article 2 of the Law on Tax Administration.

Circular No. 80 shall take effect from January 1, 2022. Therefore, the tax declaration forms specified in Circular No. 80 are applied to tax periods starting from January 1, 2022 onward, and businesses should note that for tax finalization declarations of the tax period of 2021, the application form specified above shall also be applied.



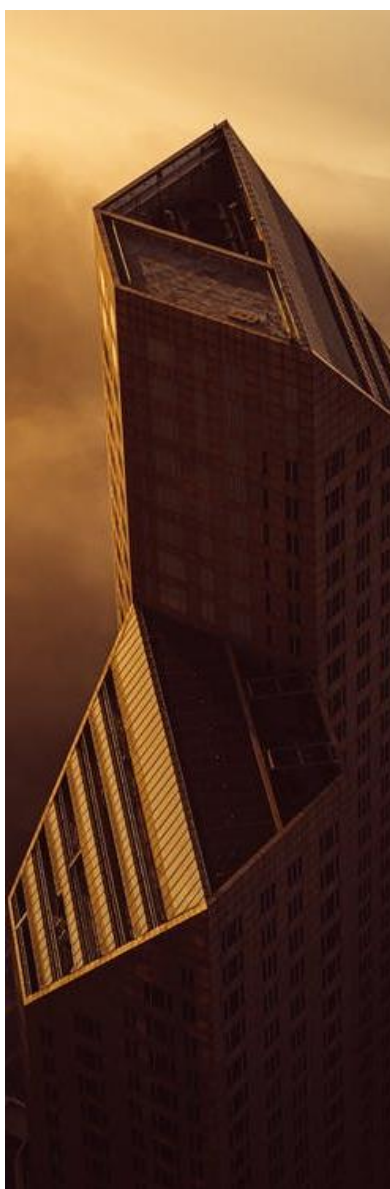


## Interest expenses

[28/09/2021 | Official Letter No. 3745/TCT-TTKT on determining loan interest expenses for independent accounting branches](#)

The General Department of Taxation gives a guidance on the case where a Branch of the Company, a taxpayer of CIT according to the declaration method, has incurred transactions with associated parties, the Branch shall be within the scope of documents on tax administration for enterprises engaging in associated transactions when determining CIT taxable income.

Therefore, the independent accounting branch is also subject to the control of interest expenses according to prevailing regulations.



## Expenditures for supporting and sponsoring activities to combat and control the Covid-19 pandemic

[08/10/2021 | Official Letter No. 3745/TCT-TTKT on determining loan interest expenses for independent accounting branches](#)

The General Department of Taxation gives a guidance that businesses could include supporting expenses, which supports and sponsors in cash and in kind for the Covid-19 pandemic prevention and control activities in Vietnam via sponsors, in deductible expenses when determining taxable income.

**Dossier to determine expenditures for support and sponsorship includes** minutes of confirmation of support and sponsorship accompanied by legal invoices and documents as prescribed by law of donations or sponsorships in cash or in kind.

However, the General Department of Taxation also requested the local Tax Departments to review the support and sponsorship expenditures of businesses and organizations for the pandemic prevention and control activities. In case of support or sponsorship in kind, especially medical equipment, biological products and medical supplies, it is necessary to check and verify invoices, documents, and import declarations (if any) and compare and exchange with the price of similar products on the market at the time of purchase.

Thus, if there are sponsorships in kind, businesses shall archive adequate records as prescribed for tax deduction purposes.

*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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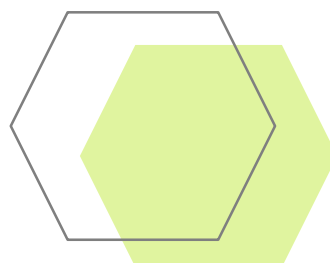
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## INTRODUCTION TO CONSULTING SERVICES OF A&C

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



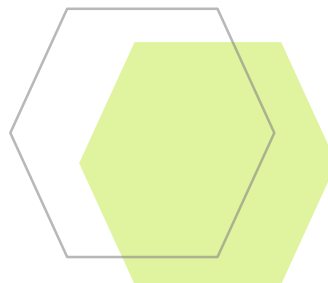
## INTRODUCTION TO BAKER TILLY INTERNATIONAL

**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.





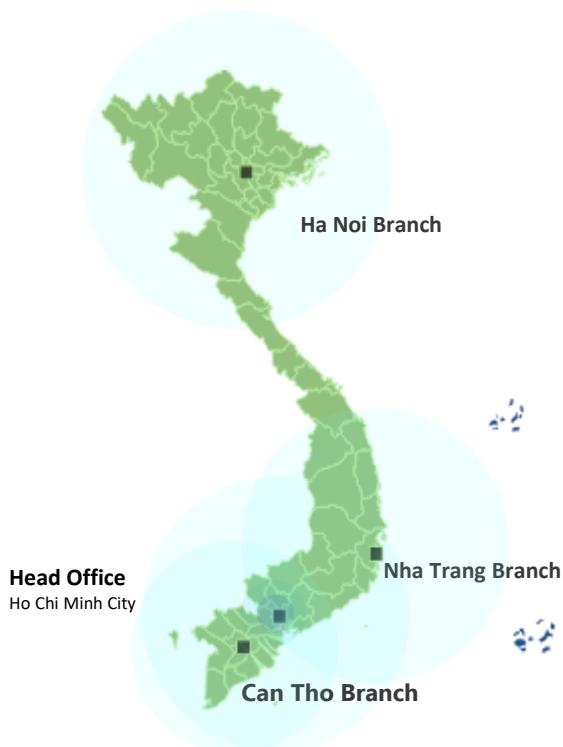
# INTRODUCTION TO BAKER TILLY A&C

## 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?

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