

Tax relief measures by Vietnam Government to support taxpayers impacted by Covid-19 pandemic

In the context of the complex, unpredictable evolvement of the Covid-19 pandemic in the world, which has caused global supply chain disruption and a negative impact to almost every economic sector, the Vietnam Government has implemented and is going to implement several measures to ease the financial burden to impacted taxpayers. In particular:

In order to claim a CIT deduction, the following requirements must be simultaneously satisfied:

1. Support expenses and donations for the protection and prevention of the Covid-19 pandemic are deductible for Corporate Income Tax ("CIT") calculation

Following the direction of the Resolution No. 128/2020/QH14 dated 12 November 2020 of the National Assembly, the Government has issued Decree No. 44/2021/ND-CP dated 31 March 2021 allowing enterprises to claim a CIT deduction for support expenses and donations for the protection and prevention of the Covid-19 pandemic in Vietnam.

In order to claim a CIT deduction, the following requirements must be simultaneously satisfied:

- The support and donation must be carried out via qualified organisations, including: Vietnam Fatherland Front Committees at all levels; public health stations; armed force unit; units and organizations assigned by competent state agencies to serve as centralized isolation site; educational institution; press agencies; ministries, ministerial-level agencies, government-attached agencies; party organizations, youth unions and trade unions at all levels; local government agencies and units at all levels who have the function of calling for donation and support; Covid-19 epidemic prevention and control fund at all levels; National humanitarian portal; Charity, humanitarian funds and organizations with the function of calling for donations which are established and operated in accordance with the prevailing laws; and
- Enterprises must maintain the Minutes of support and donation attached together with Decree 44, or other documents (either paper-based or in electronic form) evidencing the support and donation, signed and sealed by the donating enterprises and donation receiving organisations. Legitimate invoices and supporting documents of the donation must be available as well.

Decree 44 takes effect from 31 March 2021 and applies for the tax year 2020 and 2021.

2. Proposal to extend the deadline of tax payments for 2021

With the goal to recover the domestic business and production, boost export and import activities, which ultimately contributes to the State Budget collection, the Ministry of Finance has proposed a Draft Decree to the Government to continue the tax payment deferral scheme for 2021, accordingly:

- Taxes covered under payment deferral scheme include Corporate Income Tax, Value Added Tax, Personal Income Tax for business households and business individuals, and land rental payment.
- In addition to the taxpayers directly affected by the Covid-19 epidemic as regulated in Decree 41/2020/ND-CP, the draft Decree expands the eligible taxpayers to include organizations, enterprises, business households, and business individuals engaged in the production and trading activities in the following business sectors: Computer programming, consulting services and other activities related to computers; Information service activities; Extraction of crude oil and natural gas (except for the CIT on crude oil, condensate, and natural gas collected under agreements or contracts);

Auxiliary services to mining activities; Beverage manufacturing; Production of coke, refined petroleum products; Production of chemicals and chemical products; Production of prefabricated metal (except for machineries and equipment); Motorcycle and motorbike manufacturing; Repairing, maintenance and installation services to machines and equipment, and etc.

We will monitor and keep you posted once the official Decree is ratified.

Contact us

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