

Tax Alert

October 2021

Resolution on tax relief measures for businesses and business households/individuals

On 19th October 2021, the National Assembly Standing Committee issued Resolution 406/NQ-UBTVQH15 on a number of solutions to support businesses and people affected by the Covid-19 pandemic.

According to Resolution 406, businesses and business households/individuals are entitled to tax support policies as follows:

1. Corporate Income Tax ("CIT")

Enterprises with revenue not exceeding VND200 billion in 2021 and that have experienced a decrease in the revenue compared to 2019 will be eligible for a 30% reduction in tax payable of 2021.

For enterprises that are newly established, consolidated, merged, divided or split in the tax periods of 2020 and 2021, the criterion in respect of the decrease of revenue in 2021 compared to 2019 shall not apply.

2. Value Added Tax ("VAT")

A 30% reduction on the VAT rate (for credit method) or on the deemed percentage (for deemed method) will apply from 1st November 2021 to 31st December 2021 to the following industries:

- Transportation services (railway, waterway, air, road);
- Accommodation and catering services;
- Travel agency, tour business and related support services to promote and organised tours.
- Publishing products and services;
- Film services, television programs, recording, music publishing;
- Creative, arts and entertainment;
- Libraries, storage, museums and other cultural activities;
- Sports, entertainment and recreation.

The above VAT reduction does not apply to publishing of software and goods and provision of online services.

3. Tax exemption to business households/individuals

Business households and individuals carrying out business activities in district areas affected by the Covid-19 pandemic in 2021 will be exempt from personal income tax, value added tax and other taxes payable in the third and fourth quarters of 2021. The subjects eligible for tax exemption will be decided by the Chairman of the relevant city/provincial People's Committees.

The above tax exemption does not apply to income earned from providing software products and services, digital content products and services of an entertainment nature, video games, digital movies, pictures, music and advertising.

4. Exemption of late payment interest

Resolution 406 also stipulates that there will be an exemption from late payment interest arising in 2020 and 2021 on outstanding tax, land use fees and land rental for enterprises that incurred tax losses in 2020. No refund will be applied in case the late payment interest has already been paid.

The Government will promulgate a decree for further guidance to implement Resolution 406.

Please contact KPMG for further consulting on the tax relief policies under Resolution 406.

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