

Decree 52/2021/ND-CP approving the tax payment deferral for 2021

Following the draft Decree for the deferral of tax payment introduced in the KPMG Tax Alert on 7 April 2021, the Government has officially issued Decree 52/2021/ND-CP approving the payment deferral for Corporate Income Tax ("CIT"), Value Added Tax ("VAT"), Personal Income Tax ("PIT") and land rental fee in 2021. Noteworthy points of Decree 52 are briefed as below:

1. Applicable objects

In addition to the taxpayers regulated under Decree 41/2020/ND-CP, Decree 52 expands the eligible taxpayers to include organizations, enterprises, business households, and business individuals engaged in 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; Drainage and wastewater treatment.

2. Deferral of CIT, VAT, PIT and land rental to the eligible objects

(i). For CIT payments

- Eligible taxpayers will be granted a three month payment extension from the stipulated deadlines for the CIT payable in the first and second quarter of fiscal year 2021.
- Deferral of payment of CIT will also be applied to branches or affiliated business units of eligible taxpayers, except for the case where such branches or affiliated business units do not operate in the business activities entitled to tax payment deferral.

(ii). For VAT payments, except for import VAT

- The VAT payments shall be extended as follows:
 - Extend five months from the stipulated deadline for the monthly VAT report from April to June 2021 (applied for taxpayers declaring VAT on a monthly basis), or for the first and the second quarter of 2021 if taxpayers declare VAT on a quarterly basis.
 - Extend four months from the stipulated deadline for the monthly VAT report of July 2021;
 - Extend three months from the stipulated deadline for monthly VAT report of August 2021.
- Deferral of payment of VAT will also be applied to branches or affiliated business units of eligible taxpayers, except for the case- where such branches or affiliated business units do not operate in business activities entitled to tax payment deferral.

(iii). Deferral of land rental payments

- Eligible taxpayers will be granted a six month payment extension for the first reporting period of 2021 of taxpayers who rent the land directly from the Government and pay land rental on an annual basis.

(iv). Extend the timeline for PIT and VAT payment of business individuals, a group of business individuals and household business individuals

- Extend the PIT and VAT payment up to 31 December 2020 for business individuals, a group of business individuals and household business individuals engaged in the aforementioned business sectors.

3. Procedures and timeline for the application for deferral of tax payment

- Taxpayers self-assess and submit a request for deferral of tax and land rental payment directly to the administrative tax authority once for all applicable taxes and land rental, together with the monthly (or quarterly) tax declarations, or separately submit such request by 30 July 2021.
- In addition, in order to enjoy deferral of the payment of tax I for 2021 under Decree 52, taxpayers must settle in full tax payable, land rental fees and interest payments (if any) which enjoyed the extended tax payment scheme in 2020 under Decree 41/2020/ND-CP before 30 July 2021.
- No interest is collected during deferral period.

Decree 52 takes effect from 19 April 2021. Please contact KPMG for any support and clarification during the implementation of Decree 52.

Contact us

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