

**TAX UPDATES  
JANUARY 2021**



# TAX UPDATES

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**22 January 2021 | Circular 06/2021/TT-BCT** providing implementation guidance on the Law on tax administration no. 38/2019/QH14 (i.e. the new law on tax administration) in relation to the tax management of exported and imported goods.

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

**29 December 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.

**11 January 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.

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

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

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### DETAIL

**22 January 2021 | Circular 06/2021/TT-BCT providing implementation guidance on the Law on tax administration no. 38/2019/QH14 (i.e. the new law on tax administration) in relation to the tax management of exported and imported goods.**

On 22 January, the Ministry of Finance issued Circular 06/2021/TT-BTC providing implementation guidance on the Law on tax administration no. 38/2019/QH14 (i.e. the new law on tax administration) in relation to the tax management of exported and imported goods. Circular 06 will enter into force on 8 March.

Circular 06 sets out rules and templates for various tax related issues for exported and imported goods, including:

- Tax declaration for exported and imported goods;
- Currency of tax payment;
- Tax payment deadlines;
- Dossiers for tax exemption and tax reduction;
- Tax inspection templates.

Circular 06 also sets out rules on the treatment of late tax payments, procedures for handling overpaid taxes, tax refunds, tax deferrals, etc.

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

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*

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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)*

### **29 December 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 January 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

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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)*

### **04 January 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 / TTBTC: "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 January 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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## *YOUR CONTACT INFORMATION*



**Hoang Bach Viet**  
General Director  
HP: 0906 713 480  
Email : [viet.hb@ftac-audit.com](mailto:viet.hb@ftac-audit.com)



**Ho Thanh Tuan**  
Managing Partner  
HP: 0394 455 680  
Email : [tuan.ht@ftac-audit.com](mailto:tuan.ht@ftac-audit.com)

### **FTAC AUDITING AND CONSULTING LIMITED COMPANY**

***Head Office:***

Floor 1, An Phu Plaza Building, 117 - 119 Ly Chinh Thang street, Ward 7, District 3, Ho Chi Minh city.

***Tan Binh Office:*** 11B Hong Ha street ,Ward 2 Tan Binh District ,Ho Chi Minh City.

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