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1.1 DECREE NO. 22/2020/ND-CP ON LICENSING FEES

On 24/2/2020, the Government issued Decree No.22/2020/ND-CP supplements to the policy on exemption from licensing fees in the first year of establishment with regard to enterprises or the first year starting trade/production activities with regard to households, individuals.

Following that, “the first year” to be exempt from licensing fees shall be calculated according to the calendar year, from 1 January to 31 December rather than fiscal year.

Particularly, small and medium-sized enterprises transformed from business households shall be exempt from licensing fees for 3 years counted from the date they obtain the certificate of business registration for the first time.

If there are branches, representative offices and business locations established in the first year of establishment or in the first 3 years of establishment (for small and medium-sized enterprises), such branches, representative offices and business locations shall be also exempt from licensing fees with the same exemption period given to the enterprises.

In addition, public compulsory education institutions and public preschool education institutions shall be added to entities entitled to licensing fee exemption.

This Decree takes effect from 25 February 2020.

1.2 OFFICIAL LETTER NO. 774/TCT-KK REGARDING REFUND OF VAT FOR INVESTMENT PROJECT

On 21/2/2020, General Tax Department issued OL No. 774/TCT-KK guidance on refund of VAT for investment project. Following that:

- In case the Company is an export processing enterprise, it **shall not be entitled to VAT refund** for the investment project according to the guidelines at Clause 3 Article 18 of Circular No. 219/2013/TT-BTC dated 31 December 2013 (which has been amended, supplemented according to Clause 3 Article 1 of Circular No. 130/2016/TT-BTC dated 12 August 2016).
- In case the Company is not an export processing enterprise, input VAT of the investment project arisen during the investment stage (before the project is completed and put into operation) **shall be refunded** if it meets the conditions for deduction as prescribed at Article 15 of Circular No. 219/2013/TT-BTC dated 31 December 2013 (which has been amended, supplemented at Clause 10 Article 1 of Circular No. 26/2015/TT-BTC dated February 27th, 2015) of the Ministry of Finance and conditions for tax refund at Clause 3 Article 18 of Circular No. 219/2013/TT-BTC dated 31 December 2013 (which has been amended, supplemented at Clause 3 Article 1 of Circular No. 130/2016/TT-BTC dated 12 August 2016) of the Ministry of Finance.



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2.1 OFFICIAL LETTER NO. 858/TCHQ-TXNK REGARDING TAX POLICIES APPLICABLE TO GOODS IMPORTED PRODUCED FOR EXPORT

On 14/2/2020, General Department of Custom issued OL No. 858/TCHQ-TXNK guidance on tax policies applicable to goods imported produced for export, following that:

+ In case of leasing material facilities to serve the export production:

- ✓ In case an enterprise imports goods to manufacture goods for export but it does not directly manufacture the exports and hires another entity to process the goods, whether partially or entirely, then it receives the products to export, the enterprise fails to meet the grounds to determine goods eligible for duty exemption according to Clause 2 Article 12 of Decree No. 134/2016/ND-CP, it shall not be exempt from import duty on the imported goods processed by another entity.
- ✓ If the enterprise hires factories, machinery, equipment of another enterprise; has the right to use the machinery, equipment at the factory which are suitable for the raw materials, supplies and components imported for manufacture of exports and has notified the customs authority of the factory in accordance with regulations of laws on customs, it shall be eligible for duty exemption according to Article 12 of Decree No. 134/2016/ND-CP. Grounds used for determining goods eligible for duty exemption shall be carried out according to Clause 2 Article 12 of Decree No. 134/2016/ND-CP.

+ In case of subcontracting processing for performing processing contract signed with a foreign trader

In case an enterprise that imports materials, supplies for processing under a processing contract signed with a foreign trader and hires other organizations, individuals in Vietnam to process the goods meets the grounds to determine goods eligible for duty exemption according to Clause 2 Article 10 of Decree No. 134/2016/ND-CP, it shall be exempt from import duty.

2.2 OFFICIAL LETTER NO. 938/TCHQ-TXNK REGARDING COPYRIGHT FEES AND LEASING FEE OF MACHINERY, EQUIPMENT

According to Clause 8 Article 1 of Circular No. 60/2019/TT-BTC, copyright fee (paid for use of brand name) must be added to customs value if it fully meets 3 conditions below:

- + It has not yet included in the actual price already paid or the price to be paid;
- + The right to use the brand name must be related to the imported goods;
- + The payment for use of brand name must be a term of the transaction of the imported goods.



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3.1 OFFICIAL LETTER NO. 288/BHXH-QLT REGARDING PAYMENT OF HEALTH INSURANCE PREMIUMS FOR FOREIGN'S EMPLOYEES

On 18 Feb 2020, Ho Chi Minh Insurance Department issued OL No. 288/BHXH-QLT announce that foreigners who come to Vietnam to work in the form of internal reassignment shall be exempt from payment of health insurance premiums from 1 February 2020 onwards. With regard to those who use health insurance cards to take medical examination and treatment in February 2020, the payment of health insurance premiums shall be suspended from 1 March 2020.

Foreign workers “*internally reassigned*” in a company include the managers, chief executive officers, experts and technicians of a foreign enterprise which has established a commercial presence in Vietnam, are temporarily reassigned within the same enterprise to its commercial presence in Vietnam and have been employed by the foreign enterprise for at least 12 months is not subject to contribute Health Insurance.

3.2 OFFICIAL LETTER NO. 422/BHXH-CSXH DATED 13 FEB 2020 13/2/2020 REGARDING SETTLEMENT OF SOCIAL INSURANCE BENEFITS

At this Official letter, Vietnam Social Security recommends that the Ministry of Labor - Invalids and Social Affairs agrees that persons who are subject to medical isolation because of suspicious of being infected with coronavirus are entitled to enjoy the sickness regime during the isolation period. Currently, Article 25 of the Law on social insurance only regulates the sickness regime for employees taking leave due to sickness rather than the sickness regime for employees subject to medical isolation due to suspicious of infection of infectious disease.

Regarding the dossier for enjoyment of the sickness regime for persons undergoing isolation at home (without the certificate of isolation granted by hospitals or medical facilities), Vietnam Social Security recommends that medical stations of the places where the employees reside grant the certificate of leave under the social insurance regime, based on the approved List of persons subject to isolation.

3.3 OFFICIAL LETTER NO. 3341/BCA-V03 ON VALIDITY OF TEMPORARY RESIDENCE CARD

Ministry of Public Security issued Official Letter No. 3341/BCA-V03 dated 5 November 2019 to provide guidance on temporary residence cards for foreign workers in case of enterprise merger. According to the Ministry of Public Security, the merger of the Company will lead to a change in employer and the guarantee Company to issue temporary residence cards for foreign workers at the merged Company. Therefore, after the merger, the merged company must re-apply for a work permit and issue a temporary residence card for foreigners. Foreign workers are not required to leave the country because their purpose of entry and residence has not changed.

3.4 OFFICIAL LETTER NO. 1117/NHNN-TD DATED 24/2/2020 REGARDING DEVELOPMENT OF SOLUTIONS TO SUPPORT CLIENTS AFFECTED BY COVID-19

Aiming to support enterprises to stabilize their business and production in the context of affection of Covid-19, the State Bank Vietnam requests banks to take the initiative to evaluate extent of damages of borrowing clients due to Covid-19 in order to develop these solutions:



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+ Reschedule debt-payment time limit, give loan interest reduction and exemption, temporarily retain debt groups with regard to debts which are affected by Covid-19 and have outstanding principal and/or interest between 23 January 2020 and 31 March 2020.

+ Provide new loans for clients according to regulations to stable their business and production operation.

Banks are entitled to apply criteria to determine debts affected by Covid-19 and decide to select supporting solutions based on extent of damage, financial ability and repayment capacity of clients.

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Should you have any query, please do not hesitate to contact with our company – S&S Auditing and Consulting Co., Ltd

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