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S&S's Newsletter – May 2020

Dear our Readers,

Below are S&S's Tax and Legal update Newsletter for [May 2020](#).

We trust that you will enjoy this edition and welcome any feedback or queries that may arise to our email address: samuel230@hanmail.net

***Remarks:** Our Newsletter is summary for your easy to reference. Please contact our professional advisors at S&S Auditing and Consulting Firm for assistance with taxation, accounting, transfer pricing, labour, investment and customs as well as other legal issues you may have during your business operation.*

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Enjoy your reading! And we would be happy to meet up with you to discuss how best we can assist your company in this regard.





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1.1 RESOLUTION NO.954/2020/UBTVQH14 DATED 02/06/2020 ON ADJUSTMENT OF THE DEDUCTION BASED ON FAMILY CIRCUMSTANCES OF PERSONAL INCOME TAX (PIT)

On 2 June 2020, The National Assembly officially issues Resolution No.954/2020/UBTVQH14 on adjustment of the deduction based on personal / family circumstances of PIT, following that:

- The personal deductions for each taxpayer shall be increased from VND 9 million to **VND 11 million per month**; and
- The family circumstance deductions for each dependent shall be increased from VND 3.6 million to **VND 4.4 million per month**.

The Resolution shall take **effective from 01 July 2020** and is **applicable for the whole calendar year of 2020**. The revisions for earlier months of 2020 can only be taken into account at year-end PIT finalization.

1.2 OFFICIAL LETTER NO.41472/CT-TTHT DATED 26/5/2020 REGARDING VALUE ADDED TAX (VAT) RATE APPLICABLE TO SERVICES PROVIDED FOR EXPORT PROCESSING ENTERPRISES (EPE)

According to point b Clause 1 Article 9 of Circular No. 219/2013/TT-BTC, services directly provided for organizations, individuals in non-tariff zones and consumed in such non-tariff zones shall be accepted the exported services in order to be entitled to apply 0% VAT.

Some related definitions:

- **Non-tariff zones:** Non-tariff zones in the aforesaid regulations include processing and exporting zones, processing and exporting enterprises, etc. (Clause 20 Article 4 of Circular No. 219/2013/TT-BTC).
- Accordingly, if services are provided for EPEs they shall be also considered to be **exported services**. According to Clause 10 Article 2 of Decree No. 82/2018/ND-CP, EPEs may located outside export processing zones (in industrial parks, economic zones) if they specialize in manufacture of products for export.



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1.3 OFFICIAL LETTER NO.2012/TCT-DNNCN DATED 18/05/2020 REGARDING TAX POLICY APPLICABLE TO REMUNERATION PAID TO FOREIGN EXPERTS WORKING AT A COMPANY IN VIETNAM

In accordance with guidance at this OL, in case an overseas company signs a contract with the Vietnamese party concurrently sends its employees to Vietnam to work, this performance shall be subject to **both withholding tax and personal income tax (PIT)**. In which, the withholding tax is calculated on the income generated from the contract based on guidance at Circular 103/2014/TT-BTC dated 6 Aug 2014 while PIT is calculated on salary or incomes earned by the employees paid for their work performed in Vietnam based on guidance at Article 1, Circular 111/2013/TT-BTC dated 15 Aug 2013.

2.1 OFFICIAL LETTER NO. 2869/TCHQ-GSQL DATED 04/05/2020 REGARDING TRANSFER OF FACTORY OF AN EXPORT PROCESSING ENTERPRISE (EPE)

According to opinions of the General Department of Vietnam Customs, in case an EPE sells its factory to another EPE, equipment sold together with the factory originated from import or bought from the domestic market must follow customs procedures according to Clause 51 Article 1 of Circular No. 39/2018/TT-BTC.

+ **With regard to equipment bough from the domestic market (exempt from following customs procedure) or equipment originated from import but all tax policies, polices of management of imports have been fulfilled at the time of registration of the initial declaration:** when transforming from an EPE to a normal enterprise (the enterprise does not apply the policies provided for EPE), it shall be exempt from making customs declaration and declaring, paying tax.

+ **With regard to equipment originated from import (including import from foreign countries, from the domestic market, from EPE) which have not yet fulfilled tax policies, polices of management of imports at the time of registration of the initial declaration:** before transferring the equipment to another EPE, it is required to carry out procedures for change of use purposes according to Clause 12 Article 1 of Decree No. 59/2018/ND-CP.

2.2 OFFICIAL LETTER NO. 1381/HQHCM-GSQL DATED 13/05/2020 REGARDING TRADEMARKS OF EXPORTED GOODS

According to Clause 9 Article 39 of Decree No. 69/2018/ND-CP, in a contract of goods processing signed with a foreign trader, it is required to contain the term of trademarks and geographical indications of the goods.

Accordingly, trademarks of goods processed for export must be clearly agreed in the processing contract.

Exporting enterprises shall be responsible for origin of goods according to the regulations at Circular No. 05/2018/TT-BCT or contact with agencies competent to issue C/O of the Ministry of Industry and Trade for having guidelines in details and declare origin of goods on the export declaration form according to the regulations at item 2.69 Annex 2 of Circular No. 38/2015/TT-BTC.



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3.1 CIRCULAR NO. 09/2020/TT-BCT DATED 14/05/2020 REGARDING TO ROAD MAP FOR APPLICATION OF BORDER GATES FOR IMPORT, EXPORT WITH REGARD TO THE BUSINESS OF TEMPORARY IMPORT AND RE-EXPORT, BORDER-GATE TRANSSHIPMENT OF GOODS, AND SENDING GOODS TO BONDED WAREHOUSES

From 1 January 2021, at 00:00, together with international checkpoints, main checkpoints at borders (checkpoints bilaterally opened between Vietnam and neighboring countries sharing the borders) are allowed to grant customs clearance to goods temporarily imported for re-export, goods under border-gate transshipment, also including goods sent to bonded warehouses.

This Circular takes effect from 30 June 2020

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Should you have any query, please do not hesitate to contact with our company

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