

NEWSLETTER

November 2024



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I – UPDATES ON ACCOUNTING - TAX

* **Official letter 5443/TCT-CS**

- **Issued by:** The General Department of Taxation
- **Dated:** 25/11/2024
- **Content:** Tax incentives for supporting industrial products

The Certificate of Incentive Production of Priority Supporting Industrial Products is the basis for applying corporate income tax incentives under the conditions of supporting industries. The determination of the time of application of corporate income tax incentives for supporting industrial products is based on the time when the product is granted with a Certificate of Incentive Production by the Ministry of Industry and Trade.

In case the company implements a project to produce products for which the Ministry of Industry and Trade has granted a Certificate of Incentive Production, the income arising from this product is entitled to tax incentives under the conditions of producing supporting industrial products for the remaining period from the tax period in which the competent authority has granted the Certificate of Incentive Production of Supporting Industrial Products.

* **Official letter 5449/TCT-CS**

- **Issued by:** The General Department of Taxation
- **Dated:** 25/11/2024
- **Content:** Determination of payment obligation of late tax payment penalty

For income of individuals for which the company is responsible for declaring and paying tax on behalf of the individual (such as income from capital transfer activities), the company is responsible for fully implementing the regulations on tax declaration and payment as prescribed for taxpayers. The late payment amount arising from late payment of personal income tax of individuals due to late declaration and late payment of tax caused by the company is the responsibility of the company to pay to the state budget.

*** Official letter 29517/CTBDU-TTHT**

- **Issued by:** The Tax Department of Binh Duong Province
- **Dated:** 15/11/2024
- **Content:** Non-cash payments

In case the company signs a contract to import goods with a seller, according to the signed contract, the seller requires the company to pay money to a third party designated by the seller, the payment to the third party designated by the seller must be specifically stipulated in the contract in writing and the third party must be a legal entity or an individual in accordance with the provisions of law. Payment by the above method is determined as non-cash payment to deduct input VAT according to regulations.

*** Official letter 29777/CTBDU-TTHT**

- **Issued by:** The Tax Department of Binh Duong Province
- **Dated:** 19/11/2024
- **Content:** Fixed assets depreciation

The Company shall determine the depreciation method and depreciation period of fixed assets according to the provisions of Circular 45/2023/TT-BTC and notify the managing tax authority before starting to implement. The Company depreciates fixed assets using the straight-line method, so when registering for accelerated depreciation, it is a change in the depreciation period (not a change in the depreciation method).

When a company determines to apply accelerated depreciation for fixed assets in use, the company must do so consistently throughout the use of the fixed assets and must ensure that the rate of accelerated depreciation is not more than twice the rate of normal depreciation determined by the straight-line method. When implementing accelerated depreciation, the company must ensure that its business is profitable based on its financial statements. In case the fiscal year in which the company depreciates quickly causes a loss, the company can only determine the deductible depreciation expense when determining taxable income in that year by the depreciation expense calculated by the straight-line method. The company must adjust the accelerated depreciation expense to increase taxable income in the year on item B4 on the company's corporate income tax finalization declaration.

*** Official letter 30056/CTBDU-TTHT**

- **Issued by:** The Tax Department of Binh Duong Province
- **Dated:** 25/11/2024
- **Content:** Declaring VAT of investment projects in other provinces

In case an operating company has an investment project eligible for VAT refund, it must submit a separate VAT declaration for each investment project; at the same time, it must offset the VAT amount of goods and services purchased for each investment project with the VAT payable (if any) of the business activities currently being carried out in the same tax period.

When the investment project to establish a business establishment has been completed and all procedures for business registration and tax registration have been completed, the business establishment must summarize the VAT incurred, the VAT refunded, and the VAT not yet refunded of the project to hand over to the newly established enterprise so that the new enterprise can declare, pay taxes, and request a VAT refund according to regulations with the direct managing tax authority.

*** Official letter 30145/CTBDU-TTHT**

- **Issued by:** The Tax Department of Binh Duong Province
- **Dated:** 27/11/2024
- **Content:** Tax policy on capital transfer activities

In case the owner of a single-member LLC uses all of his/her capital contribution to contribute to another entity and the company changes to a new owner, it is considered a capital transfer activity according to the provisions of the Enterprise Law.

If the company is an organization that pays VAT according to the deduction method and has an activity of transferring invested capital in the company:

- The capital transfer activity is not subject to VAT.
- Income from capital transfer activities is determined as other income and declared as taxable income when calculating corporate income tax. The company is responsible for determining and declaring the amount of corporate income tax from capital transfer activities in the annual corporate income tax finalization declaration and submitting it to the direct tax authority.

II – UPDATES ON INVESTMENT - ENTERPRISES

* Decree 122/2024/NĐ-CP

- **Issued by:** The Government

- **Dated:** 04/10/2024

- **Content:** Amending and supplementing several articles of Decree No. 14/2018/ND-CP on border trade

On October 4, 2024, the government issued Decree No. 122/2024/ND-CP amending and supplementing several articles of Decree No. 14/2018/ND-CP dated January 23, 2018, detailing regulations on border trade, including several new points such as:

- Payment methods in border trade, where cash payment is only applicable to the buying and selling of goods of border residents.
- Supplementing regulations on commodity standards in border trade.
- Amending and supplementing regulations on the entry and exit of people and vehicles in Vietnam.

This Decree shall take effect on December 1, 2024.

Procedures for registration for promotion programs applicable from December 1, 2024

On November 4, 2024, the Ministry of Industry and Trade issued Decision No. 2902/QĐ-BCT announcing amended and supplemented administrative procedures in the field of trade promotion under the Ministry's management, including:

- Registration of promotional activities for promotional games of chance conducted in two or more provinces and direct-controlled municipalities and promotional programs in other forms.
- Registration for organization, amendment, and supplement on content of organization of trade fairs and exhibitions abroad.
- Notification of promotional activities; amendment and supplement on content of promotion programs.

This Decision shall take effect on December 1, 2024.

State Bank requires verification of the legal representative upon granting a business establishment license

On November 5, 2024, the State Bank of Vietnam issued Official letter No. 9100/NHNN-TT regarding the review and management of business registration activities.

To avoid the situation of establishing “Ghost” companies and opening bank accounts to serve illegal purposes, the SBV requested provincial business registration offices to:

- Strictly review and manage business registration to ensure the verification of the legal representative.
- Regularly inspect and supervise enterprises, and local business households according to contents stated in business registration licenses, especially information related to the legal representative.
- Study and consider taking sanctions applied to Business registration offices that allow the registration for the establishment of enterprises, business households, etc., without verifying its legal representative.

This Official letter shall take effect from the date of issuance.

Three forms of information disclosure for bond-issuing enterprises from December 25, 2024

On November 6, 2024, the Ministry of Finance issued Circular No. 76/2024/TT-BTC guiding the information disclosure and reporting on placement and trading of privately placed corporate bonds. Accordingly, there are three forms of information disclosure for investors purchasing bonds, including:

- Physical document.
- Electronic document to the Hanoi Stock Exchange on the corporate bond information portal.
- Posting on the issuing enterprise's website.

This Circular shall take effect on December 25, 2024.

III – UPDATES ON LABOR - INSURANCE

Amendments and supplements to 10 circulars guiding labor, wages, remuneration, and bonuses

On November 14, 2024, the Ministry of Labor, Invalids, and Social Affairs issued Circular No. 12/2024/TT-BLDTBXH amending 10 Circulars guiding the management of employment, salaries, remuneration, and bonuses for the Deposit Insurance of Vietnam, Vietnam Asset Management Company, Vietnam Television, the local Investment Fund for Development, the State Capital Investment Corporation, the Credit Guarantee Fund for SMEs, the Small and Medium Enterprise Development Fund, the National Technology Innovation Foundation, the Co-operative Assistance Fund, and guiding the management of employment, salaries, remuneration, and bonuses for the one-member limited liability company for debt trading in Vietnam.

This Circular shall take effect on December 29, 2024.

Official holiday schedule for Lunar New Year and National Day in 2025

On December 3, 2024, the Ministry of Labor, Invalids, and Social Affairs issued Notice No. 6150/TB-BLDTBXH regarding the holiday schedule for 2025, specifically:

- Lunar New Year: from January 25, 2025, to February 2, 2025 (equivalent to December 26 to January 5 in the lunar calendar); 5 days off for the Lunar New Year and 4 regular weekend days;
- National Day: from August 30, 2025, until the end of September 2, 2025; 2 days off for National Day and 2 regular weekend days;
- Reunification Day on April 30 and International Labor Day on May 1: 5 consecutive days off from April 30, 2025, to May 4, 2025 (makeup work on Saturday, April 26, 2025).

This Notice shall take effect from the date of issuance.

Notable points of the amended Health Insurance Law 2024

On November 27, 2024, the National Assembly passed a law amending and supplementing several articles of the Law on Health Insurance, which includes several notable new points:

- Amending and supplementing mandatory health insurance participant categories.
- Amending and supplementing contribution levels and responsibilities for health insurance.
- Regulating initial health insurance registration, and patient transfers between medical facilities.
- Adding regulations on issuing electronic health insurance cards.

- Adding specific regulations on late payment, evasion of health insurance contributions, and penalties for such violations.

This law shall take effect on July 1, 2025.

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