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LEGAL UPDATES

**FIGHTING AGAINST COVID-19
SUPPORTIVE MEASURES FOR ENTERPRISES IN VIETNAM**

Updated on July 2021

TAX LIABILITIES

A. Deductible Expenditures on Sponsorship of Anti-Epidemic Activities When Determining Taxable Corporate Income

The relevant matters are detailed in Decree No. 44/2021/ND-CP dated 31 March 2021 Providing Guidance on Deductible Expenses when Determination of Income Being Subject to Corporate Income Tax Regarding Enterprise or Organization's Grants to Prevention and Control of Covid-19 Epidemic ("**Decree 44**") and Circular No. 41/2021/TT-BTC dated 2 June 2021 Providing Guidance on Organisation, Operation, Management, Use and Compliance with Accounting, Settlement and Financial Disclosure Requirements of Vietnam Fund for Vaccination Prevention of Covid-19 Epidemic ("**Circular 41**"). In particular:

1. According to Article 2 of Decree 44 and Article 5 of Circular 41, expenditures (in cash or in kind) spent by enterprises (the "**CIT Payers**") for sponsorship of anti-epidemic activities in relation to Covid-19 in Vietnam are entitled to be deducted from taxable corporate income.
2. As per Article 2.2 of Decree 44, in order to be deducted, the above expenditures must be financed to specific organizations as provided by the laws, including:
 - (i) Vietnam Fatherland Front Committee;
 - (ii) health facilities;
 - (iii) armed force units;
 - (iv) units and organisations designated by authority to be centralised quarantine facilities;
 - (v) education institutions;
 - (vi) press agencies;
 - (vii) ministries, ministerial-level agencies or Governmental agencies;
 - (viii) Communist Party organisations, youth unions, central and local trade unions;
 - (ix) local governmental agencies having fund-raising function;
 - (x) anti-epidemic fund in relation to Covid-19;
 - (xi) national humanitarian portals; and
 - (xii) charity and humanitarian funds, and fund-raising organizations incorporated and operating under the laws.
3. Article 2.3 of Decree 44 requires that the CIT Payers shall need to provide all following documents to evidence that their expenditures are entitled to be deducted:
 - (i) a written confirmation of support for anti-epidemic activities in relation to Covid-19 under a statutory form or any document (either physical or electronic forms) with signatures (under the seals) of the representatives of both the CIT Payers and the organisations receiving such support; and
 - (ii) valid invoices or legal proof in relation to such support.

B. Deferral of Value-Added Tax, Corporate Income Tax, Personal Income Tax and Land Rental

1. According to Article 2 of Decree No. 52/2021/ND-CP dated 19 April 2021 on Deferral of Value-Added Tax, Corporate Income Tax, Personal Income Tax and Land Rental in 2021 ("**Decree 52**"), the Government continues applying tax deferral measures (*as specified in the table below*) to the following entities (collectively referred to as the "**Tax Payers**").
 - (i) Enterprises, organisations, household businesses, individuals operating and earning revenue from following manufacturing and/or economic activities in 2020 or 2021:
 - a. Agriculture, forestry and fishery; construction; water drainage and wastewater treatment;

- b. Manufacture of food, textiles, garments, leather, wood treatment and products from wood, bamboo, rattan (save for furniture), products from straw and plaiting materials, paper products, rubber and plastic products, products from other non-metallic minerals; metal manufacturing, mechanical processing; metal treating and coating; manufacture of electronics, computers and optical products, automobiles, other motor vehicles, and furniture;
 - c. Publishing; cinematography and production of TV programs, music recording and publishing;
 - d. Extraction of crude oil and natural gas (save for corporate income tax related to crude oil, condensate, natural gas collected under international agreements or contracts);
 - e. Beverage production; printing, replication of recordings; production of coke, refined petroleum products; manufacture of chemicals and chemical products; manufacture of products from precast metals (save for machinery and equipment); manufacture of motorcycles; repair, maintenance and installation of machinery and equipment;
 - f. Transport and warehousing; accommodation, food and drink; education and training; healthcare and social assistance; real estate business;
 - g. Employment services; travel agencies, tourism services and auxiliary tourism services;
 - h. Composing, art and entertainment; library, archive, museum operation and other artistic activities; sports and entertainment; cinemas;
 - i. Radio and TV broadcasting; computer programming, consulting services and other computer-related services; information service provision
 - j. Mineral extraction auxiliary services; and
 - k. Manufacture of prioritized ancillary industry products or key mechanical products
- (ii) Small enterprises and micro-enterprises in accordance with the laws on support for medium and small enterprises; and
- (iii) Credit institutions and foreign bank branches applying supportive measures to enterprises, organizations and individuals affected by Covid-19.
2. Details of tax deferral measures set out in Article 3 of Decree 52 are as below:

Tax Obligations	Taxable Period	Deferred Deadline for Tax Payment
Value-added tax (save for import VAT)	March 2021	to September 20, 2021
	April 2021	to October 20, 2021
	May 2021	to November 20, 2021
	June 2021	to December 20, 2021
	July 2021	
	August 2021	
	First quarter of 2021	to September 30, 2021
	Second quarter of 2021	to December 31, 2021

Corporate income tax	First and second quarters of 2021	3 months from the respective due date
Value-added tax, personal income tax (<i>of household businesses and individual businesses</i>)	2021	to 31 December 2021
Land rental (<i>in case of leasing land directly from the State with annual land rental payment</i>)	The first instalment of land rental in 2021	6 months from 31 May 2021

3. As per Article 4.2 of Decree 52, the Tax Payers must submit their Request for Application of Tax Deferral Measures to the competent tax authority no later than 30 July 2021.

EMPLOYMENT

Contributions to Trade Union Fund

As per guidance in Official Letter No. 2059/TLD dated 28 May 2021 of the Vietnam General Confederation of Labour, due to the serious and complicated situation of the 4th wave of Covid-19 outbreak in Vietnam, which has strongly affected production and business activities of enterprises, Vietnam General Confederation of Labour continues allowing enterprises affected by the Covid-19 epidemic to delay in making contributions to the trade union fund until 31 December 2021. This supportive measure is applied to the enterprises at least 50% of employees of which participating in the compulsory social insurance have to temporarily cease their work due to Covid-19 epidemic.

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