



Tax Alert

Tax and Legal

May 2020

Further guidance on the implementation of Decree 41 on tax and land lease payment deferral

The issuance of Decree 41/2020/ND-CP on 8/4/2020 to extend certain tax payment deadlines, has now been supported with further guidance by Official Letter No. 5977/BTC-TCT dated 20 May 2020 of the Ministry of Finance, which contains the following clarifications:

For Corporate Income Tax ("CIT") payment deferral

- The CIT payment deferral only includes the outstanding 2019 CIT payable as per 2019 CIT finalization return and excludes the 2019 quarterly provisional CIT amounts payable. This means, the maximum tax amount subject to payment deferral should not exceed 20% of the total CIT payable for the whole FY2019;
- Additional CIT amounts due and payable based on any revised 2019 CIT finalization return filed before the payment deferral deadline (and approved by the tax authority) are also eligible for tax payment deferral;
- Where the fiscal year adopted by the taxpayers is not the calendar year, the CIT payment deferral will be determined corresponding to the taxpayers' fiscal year.

For Value Added Tax ("VAT") payment deferral

- The VAT payment deferral may include the extra-provincial VAT payable when a taxpayer carries out extra-provincial or inter-provincial construction work;
- For construction work relating to ODA-funded projects (which are subject to VAT), the State Treasury will temporarily suspend the VAT deduction during the tax payment deferral period. That is to say, when making disbursement for such projects, no VAT will be paid during this period.

To avoid the risk of non-compliance and late payment interest payment, it is highly recommended that taxpayers review their eligibility criteria carefully or consult with your KPMG team for further advice on the implementation of Decree 41.

Contact us

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