

Proposed tax and social security concessions to support taxpayers due to Covid-19 epidemic

Following the Directive No. 11/CT-TTg dated 4 March 2020 of the Prime Minister on proposed taxpayer concessions to offset the economic impact of Covid-19, the Ministry of Finance is currently drafting a Decree to extend the timeline for the payment of Value Added Tax ("VAT"), Personal Income Tax ("PIT") and land rental for a nominated group of taxpayers who are considered vulnerable to the epidemic.

In addition, Vietnam Social Insurance is collecting comments on a draft ruling allowing the suspension of social insurance contributions for a number of businesses affected by the Covid-19 epidemic.

The following groups of taxpayers may be allowed to extend the payment deadlines for VAT, PIT and land rental in 2020:

1. Applicable objects

- Enterprises, organisations, business individuals, group of business individuals and household business individuals engaged in production/processing/assembling activity in the field of agriculture, forestry and fishery, food processing, weaving, clothing, shoe and footwear, rubber, electronic products, computers, automobiles (except for manufacturing and assembling projects of less than 9 seats automobiles).
- Enterprises, organisations, business individuals, group of business individuals and household business individuals engaged in rail, road, waterway, aviation transportation, warehousing, and other supporting activities for transportation, hospitality, catering and other activities of travel agencies, as well as tour and support services.
- Micro and small-sized enterprises defined under the Law on support towards small and medium-sized enterprises No. 04/2017/QH14 and guiding Decree 39/2018/ND-CP dated 11 March 2018.

2. Deferral of VAT & PIT and land rental payments to eligible taxpayers

(i). Extend the timeline for VAT payments

Taxpayers will be granted a 5-month payment extension for nominated periods as follows:

- Where taxpayers declare and pay VAT on a monthly basis: the 5 month extension of VAT payment deadline shall be applied for VAT payable of March, April, May and June of 2020.
- Where taxpayers declare and pay VAT on a quarterly basis: the 5 month extension of VAT payment deadline shall be applied for VAT payable of Quarter I and Quarter II of 2020.
- The above 5 month payment extension shall be applied from the day after VAT payment deadline
- Taxpayers are still required to declare and submit tax returns by the statutory deadlines.

(ii). Extend the timeline for land rental payments

Taxpayers will be granted a 5-month payment extension for nominated period as follows:

- Extend the deadline of land rental payment for the first reporting period of 2020 of taxpayers who rent the land directly from the Government and pay land rental on an annual basis.
- The extension of land rental payment shall be within 5 months from the statutory deadline and not later than 31 October 2020.

(iii). Extend the timeline for VAT and PIT payment of business individuals, group of business individuals and household business individuals

- Extend the PIT and VAT payment up to 15 December 2020 for business individuals, group of business individuals and household business individuals engaged in the aforementioned business sectors.

The proposed payment extension of VAT, PIT and land rental is not automatically applied. An application for tax payment extension must be submitted to the tax authorities before 31 May 2020 for consideration and approval on a case by case basis.

3. Suspension of social insurance payments

According to Directive 11/CT-TTg dated 4 March, 2020, the Prime Minister requested the Vietnam Social Insurance to assume the primary responsibility and coordinate with the concerned agencies in guiding the suspension of payment of social insurance for those who are affected by the Covid-19 epidemic until the end of June or December 2020 without interest charge for late payment. Vietnam Social Insurance is drafting an official ruling on this issue.

We will monitor and keep you posted once the official legal documents are ratified.

Contact us

KPMG Tax and Advisory Limited KPMG Legal Limited

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Please contact us if you have any questions:

Hanoi

46th Floor, Keangnam Hanoi Landmark Tower,
72 Building, Plot E6, Pham Hung Street,
Cau Giay New Urban Area, Me Tri Ward,
South Tu Liem District, Hanoi, Vietnam

T: +84 (24) 3946 1600

F: +84 (24) 3946 1601

E: kpmghanoi@kpmg.com.vn

Ho Chi Minh City

10th Floor, Sunwah Tower,
No. 115, Nguyen Hue Street,
Ben Nghe Ward, District 1,
Ho Chi Minh City, Vietnam

T: +84 (28) 3821 9266

F: +84 (28) 3821 9267

E: kpmghcmc@kpmg.com.vn

Danang

Unit D3, 5th Floor, Indochina Riverside Tower,
No. 74, Bach Dang Street, Hai Chau 1 Ward,
Hai Chau District, Danang, Vietnam

T: +84 (236) 351 9051

E: kpmgdanang@kpmg.com.vn

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