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## Tax exemption and reduction to assist enterprises affected by Covid-19



**Nguyen Bich Van**  
Partner



**Nguyen T. Minh Thu**  
Assisting Lawyer

Supportive measures to assist enterprises and people who are affected by COVID-19, the Government enacted Decree No. 92/2021/ND-CP dated 27 October 2021 to elaborate of Resolution No. 406/NQ-UBTVQH15 of National Standing Committee. Decree No.92 has detailed guidance on the contents which impact on operation of enterprises, including (i) Corporate income tax (CIT) reduction, (ii) VAT reduction, (iii) Exemption of delayed payment.

### CIT reduction

Enterprises established in accordance with Vietnam's law, Organizations that are established in accordance with the Law on Cooperatives whose revenue in the tax period of 2021 does not exceed 200 billion VND and is smaller than the revenue earned in the tax period of 2019 are subject to enjoy CIT reduction. For enterprises who are newly established, consolidated, merged or acquired for the tax

period of 2020 and 2021, the reduction shall be applicable provided that the condition on revenue in the tax period of 2021 does not exceed 200 billion VND.

The reduction rate is 30% of payable amount of CIT in 2021. CIT deductible amount is counted for enterprise's entire revenue, including incomes from capital assignment or transfer the right of capital contribution; incomes from real estate transfer (exclusive social housing); incomes from transfer of investment projects,

**30% reduction in CIT payable in 2021 shall be applied**

transfer the right to invest in projects, and other incomes which are excluded when applying tax incentives under the Law on Corporate

Income Tax. CIT deduction is not applicable to deducted revenue, revenues from financial activities and other incomes. The reduced CIT under Decree 92 does not include the CIT which is eligible for incentives according to prevailing regulations.

The Decree 92 also provide guidance to determine revenue for enterprises with less than 12 months of operation and declaration of tax reduction.

### VAT reduction

Enterprises, organizations shall be reduced 30% of VAT's rate or 30% of the rate for calculating VAT depending on applicable tax calculation method. The period of VAT reduction is from 01 November 2021 to 31 December 2021.

Deduction of VAT is applicable to goods, services which are heavily impacted by Covid-19,

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including: (i) transportation services (railway, waterway, air, and other road transport); accommodation services; food and beverage services; travel and tourism agencies, travel and tourism related or supportive services; (ii) Publishing products and services; cinematography services, TV show production, music recording and publishing; artworks, composing, art, recreation services; services of library, archives, museum, cultural activities; sport and entertainment services. The goods and services mentioned in item (ii) do not include software and online sales of goods and services.

Out of noting on how to make VAT invoice, handling issued invoices which have not been noted on tax reduction, enterprises and organizations need to declare the goods and services to be reduced VAT in the "Appendix on reduction of VAT under Resolution No. 406/NQ-UBTVQH15" in Appendix II issued attached to this Decree together with the VAT Declaration Note.

## **Exemption of late payment**

Enterprises, organizations which incur losses in the tax period of 2020 shall be exempted late payment amount incurred in 2020 and 2021 for on outstanding tax payable amount, land use levies and land rental. If the outstanding tax payable, land use levies, land rent are increased by enterprise itself or in accordance with decisions of the State Authorities, enterprises are not subject to pay late payment amount incurred in 2020 and 2021 for such increased amount if the taxpayer incurs a loss in 2020. The exemption, however, is not applied in the cases that late payment amount has been paid before the effective date of this Decree.

To be exempted from late payment, enterprises must submit request for exemption of late payment to responsible tax authority for determination of losses in 2020 and consideration of exemption of late payment. Time limit for consideration is 15 working days from the receipt of the taxpayer's application form for exemption from late payment.

It should be noted that in case the tax authority wrongly determines the right to be exempted from late payment, the tax authority may revoke the decision on exemption from late payment interest and the enterprises must pay in accordance with the laws.

The Decree 92 takes effect from 19 October 2021.

## Partners / Luật Sư Thành Viên



**Nguyen Anh Tuan**  
M: +84 903404242  
[tuanna@bizconsult.vn](mailto:tuanna@bizconsult.vn)



**Nguyen Dang Viet**  
M: +84 913028222  
[vietnd@bizconsult.vn](mailto:vietnd@bizconsult.vn)



**Le Hong Phong**  
M: +84 915453128  
[phonglh@bizconsult.vn](mailto:phonglh@bizconsult.vn)



**Nguyen Trong Nghia**  
M: +84 936334499  
[nghiant@bizconsult.vn](mailto:nghiant@bizconsult.vn)



**Nguyen Bich Van**  
M: +84 913231019  
[vannb@bizconsult.vn](mailto:vannb@bizconsult.vn)



**Trinh Hoang Lien**  
M: +84 904242684  
[lienth@bizconsult.vn](mailto:lienth@bizconsult.vn)



**Nguyen Thu Huyen**  
M: +84 912908579  
[huyennt@bizconsult.vn](mailto:huyennt@bizconsult.vn)



**Ha Thi Hai**  
M: +84 963718558  
[haiht@bizconsult.vn](mailto:haiht@bizconsult.vn)



**Tran Cong Quoc**  
M: +84 934778119  
[quoctc@bizconsult.vn](mailto:quoctc@bizconsult.vn)

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Bản tin này cùng với các nội dung trong bản tin chỉ nhằm mục đích cung cấp thông tin chung. Chúng tôi không cam kết hoặc bảo đảm về tính chính xác, tính thời sự hoặc sự đầy đủ của các thông tin cung cấp trong bản tin này. Bản tin này thể hiện quan điểm, ý kiến chính thức hay tư vấn pháp luật của chúng tôi. Bạn không nên sử dụng những thông tin trong bản tin này để thay thế cho việc tham khảo ý kiến tư vấn pháp luật của chúng tôi hoặc của luật sư của bạn. Việc bạn sử dụng các thông tin trong bản tin này không hình thành mối quan hệ "luật sư – khách hàng" giữa bạn và chúng tôi, trừ khi và cho đến khi một thỏa thuận được ký kết giữa bạn và chúng tôi theo đó chúng tôi được yêu cầu tư vấn về vấn đề cụ thể của bạn.

Chúng tôi giữ quyền sửa đổi, tạm ngừng hoặc ngừng vĩnh viễn hoạt động của bản tin này hoặc bất kỳ phần nào của bản tin mà không thông báo trước. Chúng tôi không chịu bất kỳ trách nhiệm nào về các sửa đổi, tạm ngừng hoặc ngừng vĩnh viễn hoạt động của bản tin này.

Nếu bạn có vấn đề nào cần tư vấn, hãy liên hệ với chúng tôi hoặc yêu cầu luật sư của bạn tư vấn về vấn đề đó cho bạn.

Tất cả các quyền, bao gồm cả quyền sở hữu, quyền tác giả, quyền liên quan và các quyền sở hữu công nghiệp đối với nội dung thông tin, thiết kế, trình bày mỹ thuật của bản tin này thuộc chúng tôi và được bảo vệ theo Luật Sở hữu Trí tuệ Việt nam, các hiệp định, hiệp ước quốc tế mà Việt nam đã ký kết.

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**Trang Vu**

Mobile: +84 934551191

[trangvm@bizconsult.vn](mailto:trangvm@bizconsult.vn)

**bizconsult**  
L A W F I R M

No. 20, Tran Hung Dao St.

Hoan Kiem district

Hanoi

Vietnam

E-mail: [info-hn@bizconsult.vn](mailto:info-hn@bizconsult.vn)

11th Floor, Sailing Tower

111A Pasteur, District 1

Ho Chi Minh City

Vietnam

E-mail: [info-hn@bizconsult.vn](mailto:info-hn@bizconsult.vn)

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