TAX AND LEGAL ALERT

NEWSLETTER ON THE GLOBAL MINIMUM TAX

JANUARY 2025

NEWS HIGHLIGHTS ON REGULATORY UPDATES ON GLOBAL MINIMUM TAX IN VIETNAM

- Resolution No. 107/2023/QH15 dated November 29, 2023, stipulates the application of Top-up tax under the Global Anti-base Erosion rules. This resolution takes effect on January 1, 2024, and is applicable from the fiscal year 2024 onwards.
- At present, the draft Decree detailing certain provisions of Resolution No. 107/2023/QH15 has completed the public consultation and is now being prepared for official enactment.
- The purpose of this newsletter is to provide reference information on key points of the draft Decree regarding the obligations to notify, register, and declare the global minimum tax in Vietnam.

1. GENERAL INFORMATION

- **Scope of application: Constituent entities** (“CEs”) of multinational enterprises (MNEs) whose Parent Company's consolidated financial statements report a turnover of **at least 750 million euros (EUR) in at least two of the four preceding tax years, except for certain exempted cases**.
- Pursuant to the Resolution and draft Decree, the additional CIT in Vietnam includes the **Qualified Domestic Minimum Top-up Tax (QDMTT) and the Income Inclusion Rule (IIR)** will be a new tax obligation, separate from the current CIT, with a distinct tax administration process (including registration, declaration, tax audit and inspection procedures).
- The draft Decree consists of 24 Articles divided into three parts: (I) General provisions; (II) Specific provisions on QDMTT and IIR; transitional rules, obligations relief, procedures for tax declaration, tax payment, tax administration; and (III) Effective provisions. Detailed appendices provide set of templates for declaring the global minimum tax under QDMTT and IIR, as well as detailed guidance on tax declaration.
- The draft Decree, which provides guidance on calculating the factors to determine the top-up tax under the global minimum tax regulations, is quite complex. Some items are determined in accordance with international accounting standards and tax practices. Furthermore, the draft Decree provides detailed guidance on transitional rules and obligations relief, including reductions during the initial phase of implementing international investment activities; relief for compliance with QDMTT; relief during the transitional period, etc.

2. NOTIFICATION OBLIGATION AND PROCEDURES FOR GLOBAL MINIMUM TA DECLARATION

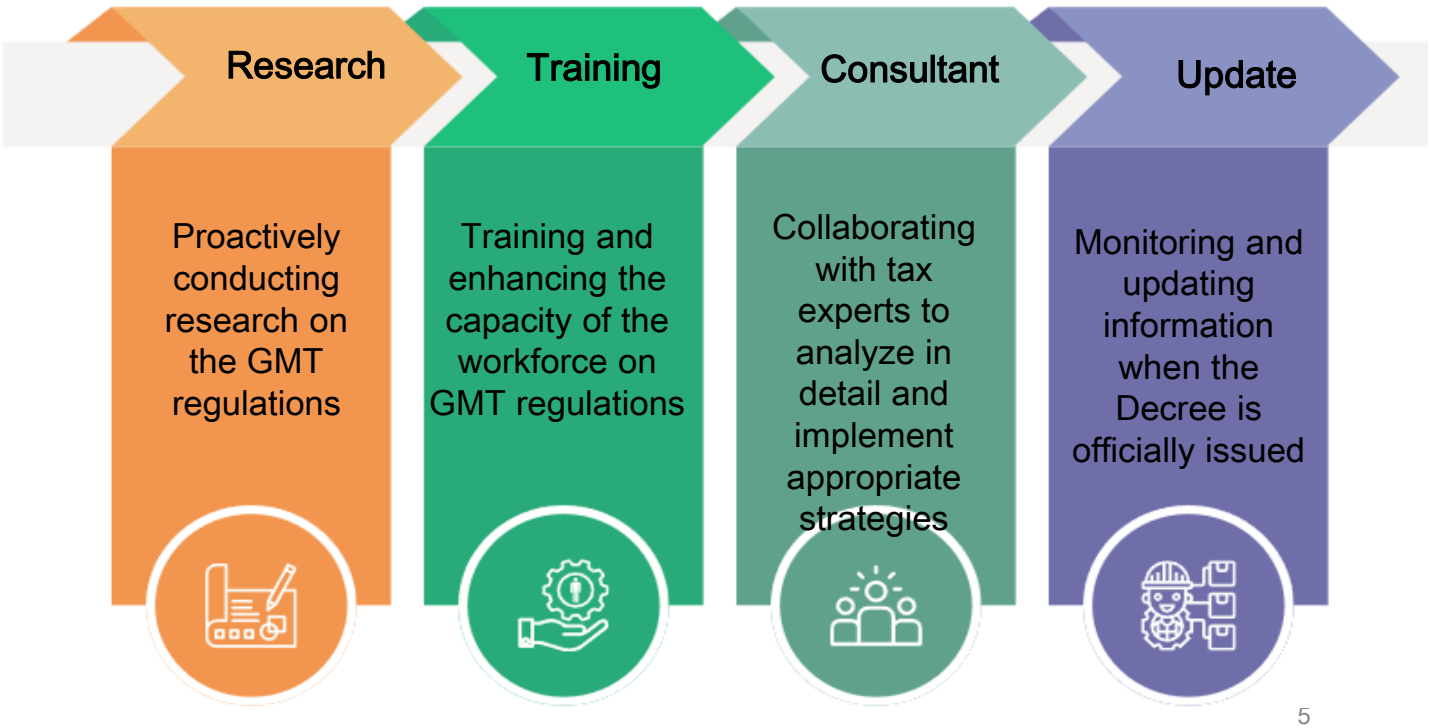
- **Notification obligation:** MNEs with more than one CE in Vietnam must designate one of these CEs to submit the tax declaration and pay the Group's additional CIT **within 30 days from the end of the fiscal year**. If this obligation is not fulfilled, the Tax Authority will designate a CE to submit the declaration and pay tax amount within 30 days from the expiration of the notification period.
- **Tax code registration: Within 90 days from the end of the fiscal year**, the designated CE is responsible for submitting **the tax registration form** to the Tax Authority. In the case of a change in the designated CE responsible for declaration, the later CE will continue to use the previously assigned tax code and inherit the tax declaration obligation of the former CE.
- **Notification of the list of Constituent Entities: Within 09 months** from the end of the fiscal year, the designated CE is responsible for submitting the list of CEs to the Tax Authority. In the case of a change in the designated CE, an updated notification shall be notified to the Tax Authority no later than the deadline for submitting the information declaration form and the Top-up tax declaration under the global minimum tax regulations.
- **Tax declaration deadline**
  - ✓ **For QDMTT: 12 months** after the end of the fiscal year;
  - ✓ **For IIR: 18 months** after the end of the fiscal year for the first year, and **15 months** after the end of the fiscal year for subsequent years.
- **Tax declaration document components:**
  - ✓ Information declaration form in line with global minimum tax regulations;
  - ✓ Top-up tax return;
  - ✓ Explanatory report on discrepancies due to differences among financial accounting standards;
  - ✓ Financial statement of each CE included in the consolidated financial statements of the Ultimate Parent Entity.

BAKER TILLY A&C'S COMMENTS AND RECOMMENDATIONS

As Vietnam is in the initial stages of implementing the global minimum tax regulations, businesses are encouraged to proactively research and update to ensure full compliance and mitigate potential tax risks.

For groups with a fiscal year-end of December 31, 2024, it is crucial to promptly complete the notification, registration, and declaration for the designated CE responsible for declaration in Vietnam, particularly as the guiding Decree has not yet been officially issued.

Please kindly contact Baker Tilly A&C for the most up-to-date information and guidance on complying with the global minimum tax regulations for your business operations in Vietnam.



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Top 7

largest accounting, auditing and business advisory networks worldwide

Reached **USD 4.7 billion**

of the global annual income in 2022

145
Territories

703
Offices

41.234
Employees

BAKER TILLY A&C and HIGHLIGHTS

SOLID FOUNDATION AND OVER 30 YEARS OF EXPERIENCE

Being established in 1992 by a team of experienced auditors, appraisers, financial advisors and consultants, have been working in the field since its early introduction to Vietnam.

WIDE NETWORKS

Baker Tilly A&C is headquartered in Ho Chi Minh City and has branches located in major economic centers in Vietnam:

- Ha Noi Branch.
- Nha Trang Branch.
- Can Tho Branch.

PROFESSIONAL OPERATIONS

Auditing • **Accounting** • **Advisory** • **Legal** • **Valuation** • **Training** • Ongoing to develop and diversify our services.

APPROVED BY

- The State Securities Commission to audit the Financial Statements of the listed joint stock companies, public joint stock company and securities companies.
- The State Bank of Vietnam to perform audit on the financial statements of the banks and credit institutions operating in Vietnam.
- Non-governmental organizations allow the auditing of projects funded by these ones.

COLLECTIVE MEMBERSHIP OF NUMEROUS HUGE INDUSTRY ASSOCIATIONS

Being a member of Vietnam Association of Certified Public Accountants (VACPA) • VietbusinessClub (VBC) • Vietnam Tax Consulting Association (VTCA) •

ASSURANCE SERVICE

Financial Statements

Audit Finalization of Completed Projects

VALUE-ADDED SERVICE

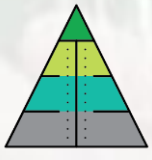
Tax Consultancy

Transfer Pricing Documentation

Risk Management

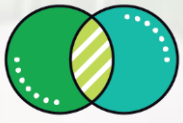
Finance

Valuation



Investment Project Appraisal

Corporate Restructuring



M & A

MIS & Digital Transformation

Legal and Investment

Accounting

Training