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LEGAL, LABOR AND TAX UPDATES IN 2022



DEDUCTIBLE LAND PRICE

Decree No. 49/2022/ND-CP amending and supplementing a number of articles of Decree No. 209/2013/ND-CP as amended by Decree No.12/2015/ND-CP, Decree No. 100/2016/ND-CP and Decree No. 146/2017/ND-CP.

The determination of deductible land price for VAT calculation for real estate transfer is guided in a number of cases as follows:

- If the State allocates land to invest in infrastructure to build houses for sale, the land price will be deducted to calculate VAT and site compensation and clearance (if any).
- In case of renting land for infrastructure construction or building houses for sale, the deductible land price for calculating VAT will be the land rent payable to the State budget in accordance with the law on land rent and ground rent collection and site compensation and clearance (if any).

In addition, Decree No. 49/2022 supplements the provisions: Site compensation and clearance prescribed at this point is the amount of site compensation and clearance according to the plan approved by the Competent Authority, deducted from land use levy and land rent payable in line with the law on collection of land use levy, land rent and water surface rent.

- In case a business establishment receives a land use right (LUR) transfer, the deductible land price for calculating VAT will be the land price at the time of receiving the LUR transfer, excluding the value of infrastructure. Business establishments may declare and deduct input VAT of the infrastructure (if any).

If business establishments receive real estate transfer from organizations or individuals whose land price has been inclusive of the value of infrastructure as prescribed at Point a, Clause 3, Article 4 of Decree No. 209/2013/ND-CP (amended and supplemented in Clause 3, Article 3 of Decree No. 12/2015/ND-CP), the deductible land price for VAT calculation will be the land price at the time of transfer, excluding the value of infrastructure.

If the value of infrastructure cannot be separated at the time of transfer, the deductible land price for calculating VAT will be the land price set by the People's Committee of the province or centrally-run city at the time of signing the transfer contract.

TAX REFUND FOR INVESTMENT PROJECTS

Decree No. 49/2022/ND-CP (cont.)

The Decree further stipulates and removes obstacles on conditions for VAT refund, especially tax refund of investment projects implemented in conditional fields and industries:

a) In case a business establishment that has registered its business and registered for VAT payment by the deduction method (including new business establishment from an investment project) has a new investment project; (including investment projects divided into several investment phases or investment categories) according to the provisions of the Law on Investment in the same province or city, or different province or city where the head office is located (except for the case specified at point c of this clause and investment projects to build houses for sale, investment projects not forming fixed assets) which are in the investment stage or projects of prospecting, exploration and development of oil and gas mines being in the investment stage, has input VAT amount on goods and services incurred in the accumulated investment period not yet been fully deducted (from VND 300 million or more), VAT will be refunded.

Business establishments shall declare VAT separately for investment projects and offset the input VAT amount of the investment project with the payable VAT amount of production and business activities being carried out (if any). After clearing off, if the accumulated input VAT of the investment project that has not been fully deducted (from VND 300 million or more), VAT will be refunded.

For an investment project of a business establishment in any of the following conditional business lines, the business establishment shall be entitled to VAT refund on investment projects as prescribed at Point a:

b.1) An investment project in the investment stage, according to the provisions of the investment law and specialized law, has been granted a business license for conditional business lines by the Competent Authority in one of the following forms: License or certificate, or written confirmation or approval.

b.2) An investment project in the investment stage, according to the provisions of the investment law and specialized law, has not been required to request the Competent Authority to issue a business license for conditional business lines in one of the following forms: License or certificate, or written confirmation or approval.

b.3) An investment project in accordance with the provisions of the investment law or specialized law is not required to have a business license for conditional business lines in one of the following forms: License or certificate, or written confirmation or approval.



CIT REDUCTION UNDER DECREE NO. 92/2021/ND-CP

OFFICIAL DISPATCH NO. 2594/TCT-CS DATED 21 JULY 2022

The General Department of Taxation guides as follows:

- If an enterprise operates in 2019 without generating revenue, it will not be eligible for CIT reduction according to Resolution No. 406/NQ-UBTVQH15 and Decree No. 92/2021/ND-CP.
- If an enterprise established in 2019 has an operation period shorter than 03 months and generates revenue, the revenue in 2019 shall be determined according to the principles specified in the first bullet, point b, clause 2, Article 1 of Decree No. 92/2021/ND-CP.

USING THE LIST OF E-INVOICES UNDER DECREE NO. 123/2020/ND-CP

OFFICIAL DISPATCH NO. 587/TCT-CS ON THE LIST OF E-INVOICES DATED 08 FEBRUARY 2022

The General Department of Taxation has commented on the use of the list of e-invoices as follows:

- In case of using e-invoices as prescribed in Circular No. 32/2011/TT-BTC and Circular No. 39/2014/TT-BTC of the Ministry of Finance, the paper list attached to e-invoices shall not be used.
- In case of using e-invoices as prescribed in Decree No. 123/2020/ND-CP, Point a, Clause 6, Article 10 of Decree No. 123/2020/ND-CP stipulated that the seller is allowed to use the list of e-invoices to list the types of goods and services sold with invoices for some specific goods and services sold in a certain period such as “electricity, water, telecommunications services, IT services, television services, postal and delivery services, banking, securities or insurance”. The conversion of e-invoices into paper invoices must comply with the provisions of Article 7 of Decree No. 123/2020/ND-CP.

These Legal Updates are general information for internal use merely, and they are not provided to any specific case of any organizations or individuals. Although we endeavor to present as accurate information as possible, we do not assure that the aforesaid information remains its accuracy as at the date on which the readers receive these Legal Updates. You are advised to refer consultants before adopting these Legal Updates for specific cases.

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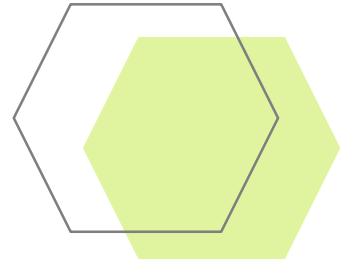
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INTRODUCTION TO CONSULTING SERVICES OF A&C

Baker Tilly A&C specializes in rendering auditing and consulting services in the fields of accounting - finance - tax - investment - legal - administration - construction

Financial Statements

Financial statement is one of the pivotal activities of Baker Tilly A&C. Hence, we are proud to bring satisfaction to you with the best quality of service.

Internal Audit

We are willing to provide a wide spectrum of advisory services which include the provision of internal audit teams, corporate governance, enterprise risk management, quality assurance reviews, legal compliance review and review of internal controls over financial statement preparation, etc.

Finalized Accounts of Investment Project

Audited Reports will help you (Investor and related parties) complete the procedures and approval for the final settlement of the investment capital, the final settlement value of the construction investment before the facility is put into use. The above services will provide you with reliable information and documents on selecting your investment partner and for the purposes of mortgage, transfer, equitization, dissolution, bankruptcy law for firm.

Consulting Service

We provide a range of consulting services including Tax Consultancy, Transfer Pricing, Business Consultancy, Due Diligence, Business Restructuring Consultancy, Legal and Investment Consultancy, Mergers and Acquisitions (M&A)

Accounting Service

With a team of professionals with knowledge of Vietnamese accounting, international accounting practices, many years of practical work experience in the business, accounting services provided by A&C always satisfy customers.

Training Service

Training topics on financial accounting, management accounting, auditing and internal audit, financial analysis, IFRSs, etc.

Organizing continuing professional development program and providing information on newly issued documents of the State
On-demand corporate training

Valuation Service

Including services of Business Valuation and Asset Valuation via the issuance of valuation certificate

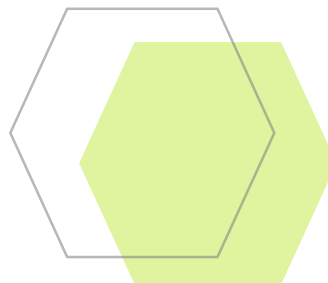
INTRODUCTION TO BAKER TILLY INTERNATIONAL

A&C is an independent member of BAKER TILLY INTERNATIONAL – a worldwide organization of professional accounting firms and business advisers

BAKER TILLY INTERNATIONAL a worldwide organization including the world's leading independent member firms of professional accounting firms and business advisers, was established in 1987 and has headquartered at Global Office, Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU, United Kingdom. Baker Tilly International is represented by **122 member companies** in more than **146 countries** and **36,300 employees** worldwide. The members of Baker Tilly International are all high-quality independent accounting, auditing and consulting firms, committed to providing outstanding services to customers in domestic as well as worldwide.

BAKER TILLY INTERNATIONAL ranks in **the top 10** largest accounting and business advisory networks worldwide, with the global annual fee income of over **USD 3.9 billion**.

BAKER TILLY INTERNATIONAL is large enough to provide the services required by clients, whatever their size is and wherever they are located. Through its "**Global Care**" approach, **BAKER TILLY INTERNATIONAL** member firms strive to ensure that all aspects of a client's financial affairs are addressed at the highest quality and professional manner.



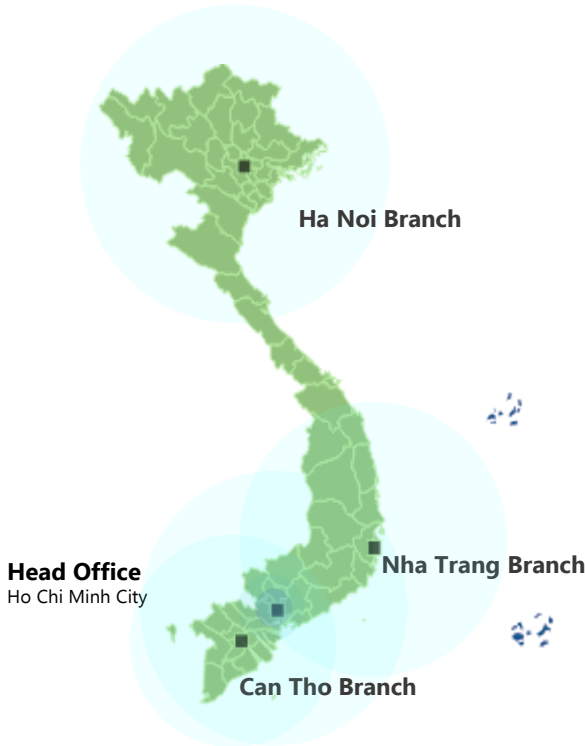
INTRODUCTION TO BAKER TILLY A&C

A&C Auditing and Consulting Co., Ltd.

Established in 1992, formerly known as a State-owned enterprise directly under the Ministry of Finance.

A&C specializes in auditing, accounting, consulting, valuation and training, and has been constantly developing and diversifying services.

During 30 years of operation, A&C has successfully developed a branch network in major economic centers in the country.










Baker Tilly A&C's team of more than 500 employees undergoes ongoing training for improving professional expertise, skills and courage as well as updates knowledge on laws, economics, technology, marketing, etc. In addition to local training courses, our auditors and consultants have been seconded in training and practicing courses overseas, such as Malaysia, Singapore, the Philippines, Hong Kong, Great Britain, France, Belgium, Ireland, etc. organized by A&C or supporting programs of Ministry of Finance, Baker Tilly International and other international professional organizations.

A&C has been providing services to more than 2,000 clients working in various operating sectors in Vietnam, including:

- ☉ Vietnamese businesses and FDI ones of all economic sectors including manufacturing, finance, banking, oil and gas, etc.;
- ☉ International and domestic organizations, representative offices, and individuals who are in need of our services;
- ☉ Projects funded by the World Bank, the Asian Development Bank, the European Union, etc.

Collective member of Vietnam Association of Certified Public Accountants (VACPA); Member of Vietnam Business Club (VBC) and Collective member of Vietnam Tax Advisory Association (VTCA).

Why is Baker Tilly A&C credible?

 <p>TOP 10 Vietnam</p>	 <p>Capable workforce and intensive experience</p>	 <p>Local Understanding of the Vietnamese country, people and law</p>	 <p>Co-operation with competent authorities</p>	 <p>Worldwide membership network</p>	 <p>Nationwide network</p>	 <p>Dedication and profession</p>
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