

MONTHLY BULLETIN OCTOBER & NOVEMBER

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LEGAL, LABOR AND TAX UPDATES IN 2023



REDUCTION IN LAND RENTS OF 2023

Decision No. 25/2023/QĐ-TTg of the Prime Minister of Vietnam

Remarkable issues:

1. Subjects eligible for land rent reduction in 2023 are organizations, units, enterprises, households and individuals that are directly leasing land from the State under decisions or contracts or certificates of land use rights and rights to ownership of houses and other property on land issued by competent regulatory authorities via the method of land lease with annual rental payment (hereinafter referred to as "land lessees").

Besides, applicable to land lessees who are ineligible for exemption from or reduction in land rents, those whose exemption or reduction periods have expired and those whose land rents are reduced according to the regulations of land laws (Land Law and documents elaborating Land Law) and other relevant laws.

2. The reduction in land rents of 2023: 30% reduction in land rents payable of 2023 shall be given to land lessees under Decision No. 25/2023/QĐ-TTg; the reduction shall not be applied to the land rents incurred before 2023 and late payment interests thereon (if any). This reduction in land rent is calculated based on the land rents payable of 2023 as prescribed.

In case a land lessee is being given a reduction in land rents as prescribed and/or a deduction of compensation and ground clearance from land rents under regulations of laws on land rents, the 30% reduction shall apply to the land rents payable (if any) after reduction or/and deduction (except for land rents that have been reduced according to Decision No. 01/2023/QĐ-TTg dated 31 January 2023 of the Prime Minister).

A land lessee shall submit 01 application for reduction in land rents (via an online method or in person or by post) to a tax authority assigned to collect land rents, Economic Zone Management Board, Hi-Tech Park Management Board or another agency as prescribed by laws on tax administration from the effective date of the Decision No. 25/2023/QĐ-TTg to the end of 31 March 2024.

Land rent reduction as prescribed in Decision No. 25/2023/QĐ-TTg is not applied in cases where land tenants submit applications after 31 March 2024.

This decision takes effect from 20 November 2023.



DISTRIBUTION OF TRADE UNION DUES

Decision No. 8108/QĐ-TLĐ of the General Confederation of Labor

Vietnam General Confederation of Labor has set guidelines for the use of union dues across different union levels:

- **70% of the union dues are allocated for the grassroots trade union.**
- 30% of the union dues are allocated for higher-level unions.

This decision takes effect for the fiscal year 2023 and modifies the usage of union dues outlined in Section 1, Article 5 of Decision No. 4290/QĐ-TLĐ dated 01 March 2022, issued by the Executive Committee of the Vietnam General Confederation of Labor regarding regulations on the collection, payment, financial management, and assets management within the grassroots trade union.

This decision is effective starting from the fiscal year 2023.





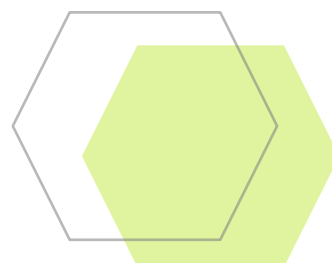
TRANSFER OF RENEWABLE ENERGY CERTIFICATE (REC)

Official Dispatch No. 4665/TCT-CS dated 23 October 2023 of the General Department of Taxation

The Department of Trade and Industry in its Official Letter No. 6153/BCT-TKNL dated 7 September 2023, and the Climate Change Department (under the Ministry of Natural Resources and Environment) expressed their opinions in their Official Letter No. 995/BĐKH-KTTT dated 8 August 2023, forwarded to the General Department of Taxation (along with enclosed copies of these documents). Accordingly, **REC is not classified as emission credit or emission reduction related to greenhouse gases as regulated under Article 35, Clause 3 of the Law on Environmental Protection 2020. Additionally, REC falls outside the scope of Government Decree No. 06/2022/NĐ-CP dated 7 January 2022, which addresses greenhouse gas emissions mitigation and ozone layer protection.**

Based on the regulations and the opinions provided by the relevant ministries and departments, the General Department of Taxation has instructed that **revenue derived from REC transfer is not exempt from declaration or liable for Value-added Tax (VAT)** according to Article 3, Clause a, Point 3 of Article 2 of Government Decree No. 209/2013/NĐ-CP and the guidelines specified in Article 5, Clause 1 of Circular No. 219/2013/TT-BTC issued by the Ministry of Finance.

In case businesses engage in REC transfer, 10% VAT will be applied as per Article 11 of Circular No. 219/2013/TT-BTC issued by the Ministry of Finance.





TRANSFER OF MOVIE DISTRIBUTION RIGHTS AND CHARACTERS IMAGES RIGHTS IN THE MOVIE

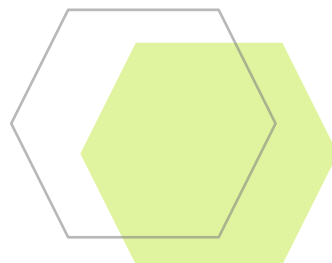
[Official Dispatch No. 4344/TCT-CS dated 29 September 2023 of the General Department of Taxation](#)

1. Regarding value-added tax (VAT):

The transfer of distribution rights for movie content by TMS Entertainment Co., Ltd and the transfer of character image rights within the movies by Shogakukan - Shueisha Productions Co., Ltd are subject to 5% VAT applied to the revenue generated from these transactions.

2. Regarding corporate income tax (CIT):

According to Clause 3 of Article 7 and Point a of Clause 2 of Article 13 in Circular No. 103/2014/TT-BTC dated 6 August 2014, issued by the Ministry of Finance, income derived from copyrights is considered a CIT taxable income. Accordingly, the applicable CIT rate calculated on the taxable revenue will be 10%.





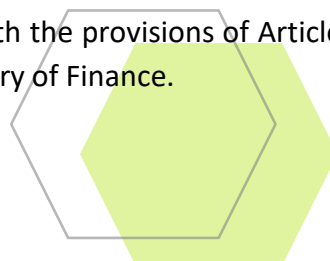
DETERMINING THE EXCHANGE RATE FOR FCT CALCULATION

Official Dispatch No. 4666/TCT-CS dated 23 October 2023 of the General Department of Taxation

Pursuant to the provisions of Point 13, Clause 1, Article 69 of Circular No. 200/2014/TT-BTC (amended by Clause 3, Article 1 of Circular No. 53/2016/TT-BTC), for accounting, preparing and presenting financial statements, the General Department of Taxation believes that **businesses need to determine whether or not the contract value includes tax in the case of paying tax on behalf of a foreign contractor to determine the appropriate accounting exchange rate:**

- ✓ If the tax specified in the foreign contractor contract is a payable by the Vietnamese enterprise, the actual transaction rate will be the purchase rate of the commercial bank designated by the enterprise for customer payments at the time the transaction incurred;
- ✓ In cases where the foreign contractor tax is calculated within the value of assets or expenses incurred from a foreign contractor but not paid immediately, the actual exchange rate is the selling rate of the commercial bank where the enterprise anticipates conducting the transaction at the time of the transaction;
- ✓ For instances where the foreign contractor tax is calculated within the value of assets or expenses from a foreign contractor and is immediately paid in foreign currency, the actual exchange rate is the purchase rate of the commercial bank where the enterprise executes the payment.

Taxpayers make adjusted declarations in accordance with the provisions of Article 47 of Circular No. 80/2021/TT-BTC dated 29 September 2021 of the Ministry of Finance.



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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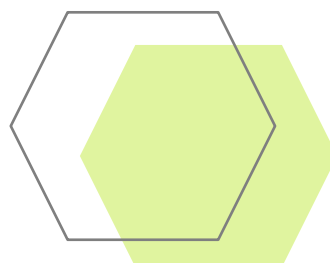
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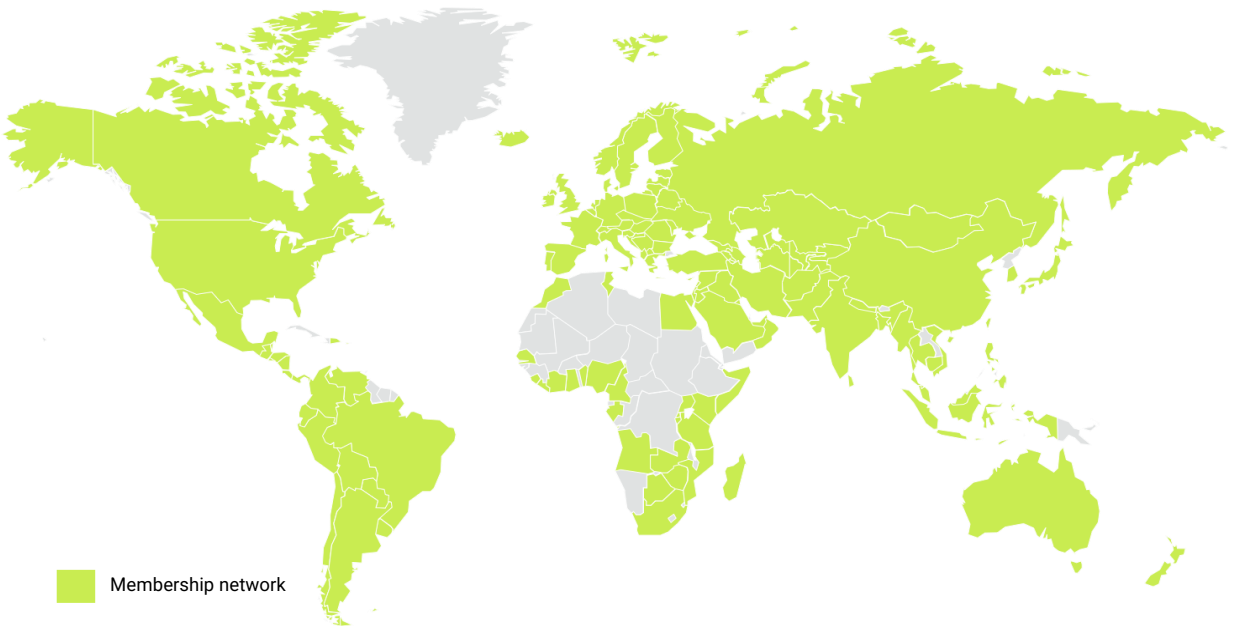
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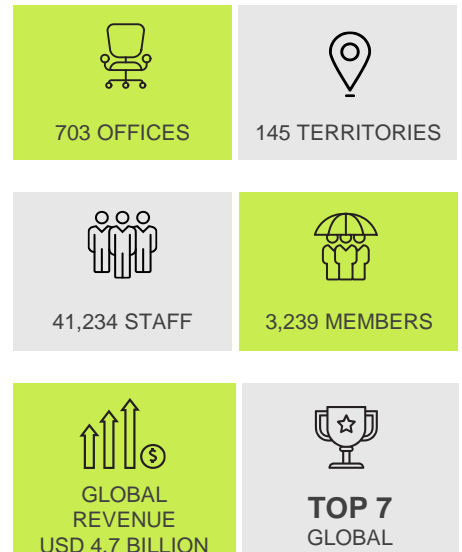


1. INTRODUCTION TO BAKER TILLY A&C



BAKER TILLY INTERNATIONAL, a worldwide organization 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 A&C is proud to be an independent member of the Baker Tilly network. The international network gives us significant global reach in addition to our substantial national presence. We collaborate to leverage our skills, resources and local expertise with dedication to help our clients grow locally, nationally and globally.



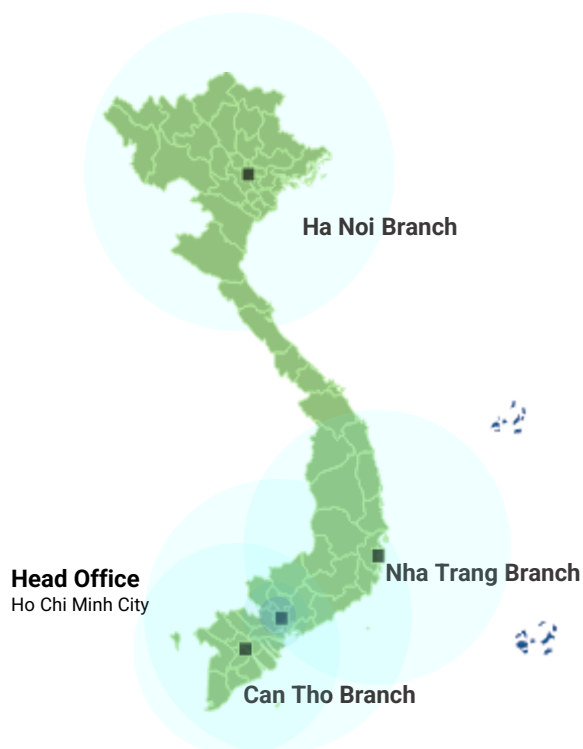
1. INTRODUCTION TO BAKER TILLY A&C



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.



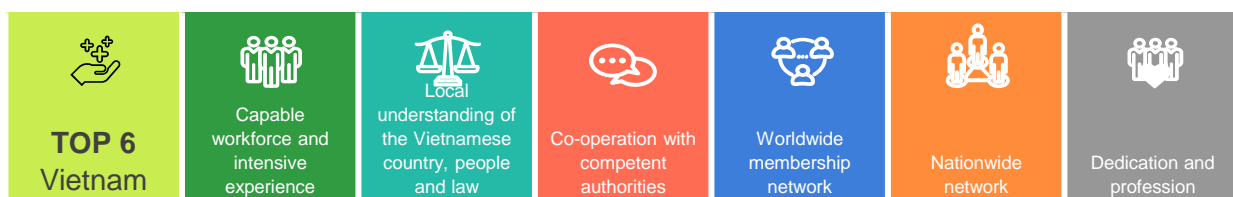
Baker Tilly A&C's team of more than 500 employees undergoes ongoing training for improving professional expertise, skills and courage as well as updates knowledge on laws, economics, technology, marketing, etc. In addition to local training courses, our auditors and consultants have been seconded in 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?



2. INTRODUCTION TO CONSULTING SERVICES

TAX SERVICES

- Support with tax declaration and finalization;
- Review on tax returns and advises on tax compliance;
- Support with tax inspection and tax audit;
- Assisting to work with tax authorities in case of tax inspection;
- Tax retainer;
- Tax health check;
- Review and advises on tax incentive application;
- Advises on application of Double Taxation Avoidance Agreements (DTAAs);
- Support with VAT Refund;
- Tax planning;
- Tax strategy planning.
- Consultancy on tax procedures for business dissolution.
- Tax due diligence.
- Assist in checking and confirming the implementation of tax obligations of enterprises.

TRANSFER PRICING DOCUMENTATION SERVICES

- Consulting transfer pricing documentation (Local File, Master File, Appendix, explanatory letter on the CbCR);
- Consulting risks, planning to manage associated transaction prices;
- Consulting and supporting in explanation during associated transactions inspection period;
- Consulting profit rates according to business activities; Consulting the rate of management fee, royalty fee; Advising on borrowing and lending interest rates...;
- Advising on pricing policy for internal transactions and archival documentation.

RISK MANAGEMENT

- Internal audit;
- Risk management;
- Control system advisory;
- Sarbanes-Oxley compliance.

BUSINESS FINANCIAL CONSULTATION

- Planning capital budget;
- Advise on financial strategies and cash flow management;
- Analyzing finance and operational performance.

APPRAISAL ADVISORY

- Determining the Owner's equity value for the purpose of M&A, investment, capital contribution, determination of the Allocation Purchase Price (PPA), etc.;
- Determining the enterprise value for the purpose of administration, dissolution, liquidation, restructuring, etc.;
- Determining the value of intangible assets such as brands, trademarks, goodwill, etc.

INVESTMENT PROJECT VALUATION

- Assist with feasibility report preparation for investment project;
- Assist with preparation of performance assessment report for investment project;
- Economic - technical justification of investment projects;
- Determining the value of investment projects;
- Support with project competency profile.

BUSINESS RESTRUCTURING

- Advise on Holdings model;
- Advise on personnel restructuring and operations;
- Develop strategy to optimize tax and business operation.

M & A CONSULTANCY

- Legal due diligence;
- Financial due diligence;
- Tax due diligence;
- Business valuation advisory;
- M&A plan advisory.

ASSESSMENT AND CONSULTANCY ON SETTING UP MANAGEMENT INFORMATION SYSTEMS & DIGITAL TRANSFORMATION

- Assess information systems and technology;
- Consult on information technology risk management;
- Consult on developing processes, policies and procedures for operation and control of IT activities;
- Consult on digital transformation and IT application in business activities;
- Consult on application of specialized legal regulations in the field of IT and information security;
- Consult on information security deployment and security testing.

LEGAL CONSULTANCY ON INVESTMENT AND INCORPORATION

- Register for business establishment and investment projects of foreign investors;
- Consult on setting up representative offices of foreign traders in Vietnam;
- Consult on granting business licenses for goods trading activities of FDI enterprises;
- Consult on and implement capital transfer procedures;
- Consult on dissolution of enterprises and termination of investment projects;
- Consult on dissolution of representative offices of foreign traders in Vietnam;
- Legal advisory on labor;
- Legal advisory on trade;
- Consult, review and draft contracts;
- Other legal advisory at the request of the Client.

ACCOUNTING CONSULTANCY

- Bookkeeping, preparing financial statements, tax reports and other reports at the request of customers;
- Reviewing and evaluating the enterprise accounting system;
- Accounting advice in the case of corporate restructuring, separation and merger;
- Accounting consulting on Business Consolidation;
- Advising on the conversion of the Accounting System and Financial Statements applied according to VASs to International Financial Reporting Standards ("IFRS") and vice versa;
- Consultancy on salary calculation and labor registration.

3. INTRODUCTION TO TRAINING SERVICES

SEMINAR

- Organizing periodically on the last Friday of each month, including 11 topics/ year.
- Updating and explaining newly promulgated or effective legal documents;
- Seminar on carefully selected topics to provide promptly knowledge and practical working skills for the Client;
- The team of lecturers and speakers are experts who have a ton of expertise and practical experience in both work and teaching activities;
- Professional and friendly learning environment with up-to-date facilities;
- The program is designed flexibly, so that Customers could possibly appoint different personnel to engage in each topic of seminar.

SPECIALIZED TRAINING

- Being organized monthly, including many topics such as accounting, finance, auditing and internal audit, IFRS, preparing and presenting consolidated financial statements, tax optimization, basic construction, legal, etc.;
- The training topics are organized according to the requirements of customers in order to equip and broaden knowledge and job skills for the accounting and financial staff at the enterprises, contributing to the sustainable and effective development;
- Lecturers are experts with a bunch of experiences working and teaching in the subject in charge; always enthusiastic to answer the enquires of learners.
- The program is designed diversely, richly and oriented towards practical application.

TRAINING ON REQUEST

Depending on the practical demands of the business, our experts will build training topics to match your needs and expected results.

- On-demand training topics are interested by numerous businesses and organizations:
 - ✓ *Planning for tax and social insurance;*
 - ✓ *Internal audit practice;*
 - ✓ *Accounting practice in accordance with IFRS;*
 - ✓ *Guidance for preparing and presenting the consolidated financial statements;*
 - ✓ *Associated transactions, foreign contractor tax (FCT) and double tax avoidance agreement (DTAA);*
 - ✓

TRAINING – GUIDING

- The program is designed to equip all levels of corporate personnel with the capabilities to plan, execute and control key issues in accounting, finance, auditing, tax and legal operations. effectively. Knowledge and practical skills will be transmitted via practical training and guiding methods. Accordingly, learners will easily absorb and practice knowledge directly on their current work, in order to optimization the effectiveness of training;

