



**LEGAL, LABOR AND
TAX UPDATES
July 2020**

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NEW LEGAL INSTRUMENTS

08 June 2020 | Resolution No. 102/2020/QH14 on ratification of EU-Vietnam Free Trade Agreement (EVFTA)

09 July 2020 | Decree No. 81/2020/NĐ-CP on amendments to the Government's Decree No. 163/2018/ND-CP dated 04 December 2018 on issuance of corporate bonds

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08 July 2020 | Official Letter No. 2777/TCT-CS on VAT refund for investment project

08 July 2020 | Official Letter No. 2784/TCT-KK on getting information on capital transfer of businesses

A. NEW LEGAL INSTRUMENT

❖ STANDING COMMITTEE OF THE NATIONAL ASSEMBLY

08/06/2020| Resolution No. 102/2020/QH14 on ratification of EU-Vietnam Free Trade Agreement (EVFTA)

The entire content of the Resolution is applicable, in which:

- The regulation of the Resolution in Annex 2 appended is directly applicable;
- The regulation of the Resolution in Annex 3 hereto appended is applicable when the Law on Intellectual Property No. 50/2005/QH11 amended by the Law No. 36/2009/QH12 and the Law No. 42/2019/QH14 comes into force;
- This Agreement is applicable in the United Kingdom from the date of entry into force of this Agreement to 31 December 2020 inclusive

(an extension for 24 months is allowed under an agreement between the United Kingdom and European Union concerning UK's withdrawal from the EU).

(The resolution shall take effect from 08 June 2020)

❖ GOVERNMENT

09/07/2020| Decree No. 81/2020/NĐ-CP on amendments to the Government's Decree No. 163/2018/NĐ-CP dated 04 December 2018 on issuance of corporate bonds

Pursuant to Decree, each bond issue must be completed within 90 days from the date of publishing of information before the bond issue; the interval between two issues must be at least 06 months; bonds issued in an issue must have the same terms and conditions.

Besides, corporate bonds issued in the domestic market shall be subject to a restriction that limits the number of investors involving in bond transactions to less than 100, exclusive of professional securities investors within one year from the end of a bond issue, except for special cases.

After the aforesaid period, corporate bonds shall no longer be subject to the restriction on the number of investors involving in bond transactions, unless otherwise decided by the issuer.

Transactions involving corporate bonds issued in an international market shall comply with regulations on bond transactions adopted in that market.

Total outstanding debt on corporate bonds issued through the private placement at the time of issuance (including the planned amount of bonds to be issued) does not exceed 05 times the owner's equity stated in the financial statements of the latest quarter preceding the time of issuance approved by a competent authority.

(The Decree shall take effect from 01 September 2020)

B. OFFICIAL INSTRUCTIONS

+ OFFICIAL DISPATCH ON TAXATION

08/07/2020| Circular No. 2777/TCT-CS on VAT refund for investment project

In case the Thaco - Mazda Automobile Manufacturing One Member Limited Liability Company (the Company) at the time of VAT refund has contributed insufficient charter capital as prescribed, it will be ineligible to receive a VAT refund for investment project under the regulation.

The Quang Nam Tax Department is proposed to retrospectively refund the refunded VAT amount to the investment project of the Company due to not fully contributing the charter capital in accordance with the law on tax administration. The VAT refund for investment project of the Company when contributing sufficient charter capital in accordance with law.

08/07/2020| Official Letter No. 2784/TCT-KK on getting information on capital transfer of businesses

To strengthen the tax management of capital transfer, it is necessary to coordinate and provide information on capital transfer from the Department of Planning and Investment (DPI) (with information on capital transfer, charter capital and shares of organizations or individuals).

According to the opinion of the Business Registration Office – Hanoi DPI, the National Business Registration Information System has currently not designed the statistical and filter functions the criteria of reports of enterprises entering the capital transfer activities.

In order to support the coordination of the Tax Authority and local business registration office in managing taxpayers' liabilities towards the State budget, the General Department of Taxation requests the DPI research, upgrade and design statistical and filter functions the criteria of reports of enterprises entering the capital transfer activities on the National Business Registration Information System to business registration office could possibly export information of enterprises with transfer capital and submit data to the competent authority as requested by the General Department of Taxation on deploying tax management activities in the local.

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❖ Accounting.

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