



LEGAL, LABOR AND TAX UPDATES

January 2020



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A. NEW LEGAL INSTRUMENT

❖ GOVERNMENT

17 January 2020| Decree No. 10/2020 / ND-CP regulates business and conditions for transport business by auto

Scope of adjustment

This Decree prescribes the business and conditions for transport business by auto and the granting or withdrawal of transport business licenses by cars, badges and signboards; as well as gives regulations on bus station announcement.

Regulated entities

This Decree applies to organizations and individuals performing activities related to transport business by auto.

Accordingly, taxi drivers using taximeters must print invoices or receipts for passengers at the end of the journey, meters and printing equipment shall be fixed at an easy-to-see position.

In terms of bill, there shall be at least the information such as the name of the transport business unit, the license plate, the distance of the trip (km) as well as passenger fares.

Some other new regulations on transport business by taxi including:

- If having the light box with word "TAXI" on the roof (with the size 12 x 30m), then do not need post the word "TAXI" in front of and rear glass of the auto.
- Taxi using apps to book/ cancel or even calculate the trip cost shall have a device directly connected to the passenger; Trip fares are calculated according to the distance determined on the digital map, etc.

(This Decree shall take effect from 01 April 2020)

❖ STATE BANK

27/12/2019| Circular No. 30/2019 / TT-NHNN regulates the implementation of compulsory reserves of credit institutions and foreign bank branches

Scope of adjustment

This Circular prescribes the determination, maintenance and implement of required reserve ratio of credit institutions and foreign bank branches for implementing national monetary policy.

Regulated entities

Credit institutions and foreign bank branches (hereinafter referred to as "credit institutions") that are established and operating in accordance with Law on Credit Institutions, except credit institutions prescribed in Article 3 hereof.

Accordingly, credit institutions in the following cases do not need to make the reserve requirement:

- Credit institutions placed under special control: A credit institution is not required to maintain the reserve requirement for the period commencing from the month following the month when it is placed under the special control according to the decision made by the State Bank of Vietnam (hereinafter referred to as “SBV”) to the end of the month when the special control is lifted by SBV;
- Credit institutions that have not yet started their business are not required to maintain the reserve requirement until the end of the month in which it is inaugurated;
- Credit institutions that are given an approval for dissolution or issued with a decision to institute bankruptcy proceedings or decision on revocation of business license by a competent authority.

The period is not required to maintain the reserve requirement for the period commencing from the month following the month when the credit institution is approved to dissolve or the decision to open bankruptcy procedures as well as revoke its license shall take effect.

(This Circular shall take effect from 01 March 2020)

B. OFFICIAL INSTRUCTIONS

GENERAL DEPARTMENT OF TAXATION

09 January 2020 | Official Letter No. 115/TCT-DNNCN on the deduction of PIT

The supplementary welfare allowance to assist the employees to find new jobs that Manulife Asset Management Vietnam Co., Ltd paid to Ms. Ngo Thi Bach Minh Luan is **the other amounts paid as wages or remunerations.**

If Manulife Asset Management Vietnam Co., Ltd. pays **welfare allowance for Ms.Luan when she leaves her job**, which is higher than the rate of salary she received prescribed by the Labor Code and the Law on Social Insurance before the time she officially took leave, **the difference on income withheld by the employer based on the progressive tax table** is in accordance with the current regulations.

13 January 2020 | Official Letter No. 152/TCT-DNL gives a guidance on tax policy for bouquets and flower baskets for giving to customers

In case fresh flowers which are preprocessed products cut, bunched into bouquets or flower baskets as well as added some accessories to become a different product from the initial fresh flowers (preprocessed products are those that have only been split or cut), **fresh bouquets or baskets are not preprocessed products as prescribed in Clause 1, Article 4 of Circular No. 219/2013/TT-BTC.** Thus, in case of when VietinBank buys bouquets or flower baskets in order to use as gift for its customers, the bank should **issue tax invoice at a VAT rate of 10%, declare and pay tax in accordance with regulations.**

17 January 2020| Official Letter No. 217/TCT-DNNCN on the PIT policy for dependents registration

In case employees working in the Company **register their dependents as aunts and uncles whose siblings or children could possibly take care of them**, these dependents are **not considered as people without refuge**.

21 January 2020| Official Letter No. 323/TCT-CS on the policy of VAT on collection and payment on customers' behalf

In case Pisico Quang Nam Forest Products Joint Stock Company (Pisico Company) performs export entrusted services for customers and agrees to prepay total chartering fee to shipping lines in accordance with law that is considered as collection or payment on behalf of customers; and in case the shipping lines issue invoices which contain name and tax code of customer, **the Company does not need to issue VAT invoices, declare and pay taxes with the collection and payment on customers's behalf but needs to make receipts and payments as collecting the payment on customers' behalf in accordance with regulations;**

In case the **suppliers do have issued invoices which contain name and tax code of Pisico Company**, Pisico Company shall issue VAT invoices and declare VAT as collecting payment on customers's behalf in accordance with regulations.

31 January 2020| Official Letter No. 368/TCT-KK on the policy of extra-provincial VAT

In case Bao Thien Phat Co., Ltd in Ca Mau province has a **contract to install scaffolding for works in Ho Chi Minh City**, the Company must **declare tax, submit tax return as well as pay VAT for actual revenue received from the above extra-provincial contract** to the relevant tax authorities in Ho Chi Minh City.

In case the Company is late submission of tax returns and late payment of tax for authorities in Ho Chi Minh City, it **shall be fined for late submission of tax returns and must pay late payment interest in accordance with regulations**.

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