



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

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A. NEW LEGAL INSTRUMENT

❖ GOVERNMENT

15/10/2020| Decree No. 122/2020/NĐ-CP regulating coordination and connection of procedures for registration of enterprise establishment, branch and representative office operation, employment declaration, issuance of social insurance number, and registration of enterprise's invoice use

Accordingly, procedures for cooperation between business registration authorities and social insurance authorities are specified as follows:

- After the certificate of enterprise/branch/representative office registration is granted, the business registration authority shall share information about:
 - + Information about the Enterprise Registration Certificate, Branch Registration Certificate and Representative Office Registration Certificate.
 - + Information about the expected total number of employees, business lines and social insurance payment method of enterprises, branches or representative offices.
- In case of changes to enterprise/branch/representative office registration information, the business registration authority shall notify such amendment on certificates to the social insurance agency.
- The ID number of an enterprise/branch/representative office is also its social insurance participant number.
- When an enterprise/branch/representative office pays social insurance premiums, the social security authority shall share information about the number of its employees who pay social insurance premiums with the business registration authority to serve state management of registered enterprises.

(This Decree took effect since 15 October 2020)

19/10/2020| Decree No. 125/2020/NĐ-CP prescribing penalties for administrative violations against regulations on taxes and invoices

Scope of application

This Decree deals with acts of administrative violations, penalties, amounts of fines, remedial measures, power to impose penalties, power to record administrative violations and procedures for imposition of penalties for administrative violations against regulations on taxes and invoices.

This Decree is not applicable to administrative violations against fees and legal fees; administrative violations against tax on exports and imports managed by customs authorities and violations against regulations on tax registration procedures, regulations on notification of business suspension and business operation ahead of schedule as registered to business registration agencies, cooperative registration agencies of organizations and individuals that carry out tax registration together with enterprise registration, cooperative registration and business registration.

Application subjects

1. Taxpayers.
2. Tax officials, tax authorities of all levels.
3. Other organizations and individuals performing laws related to taxes and invoices.

(This Decree shall come into effect since 05 December 2020)

19/10/2020| Decree No. 126/2020/NĐ-CP detailing a number of articles of Law on Tax Administration

Scope of application

This Decree details the implementation of a number of articles of Law on Tax Administration applicable to the administration of taxes and other amounts payable to the State Budget, except for regulations on tax administration for enterprises having associated transactions, application of invoices and vouchers, penalties for administrative violations against regulations on taxes, invoices, penalties for administrative violations against regulations on customs.

Application subjects

1. Taxpayers.
2. Tax authorities.
3. Tax officials.
4. Other relevant State agencies, organizations and individuals as regulated in Article 2 of Law on Tax Administration.

Accordingly, during the time taxpayers suspends their business operation:

- Taxpayers suspending their business operation are not required to submit tax declaration documents, except for taxpayers that do not suspend their business operation for full calendar month, quarter and year.
- Tax agency shall determine poll tax liability payable by business households and individuals that suspend their business operation.
- Taxpayers are not allowed to use invoices and do not have to submit a report on the use of invoices; if the taxpayer is approved by the Tax Authority to use invoices according to regulations, he/she must submit a tax declaration dossier and a report on the use of invoices.
- Decisions and notifications of tax administration agencies (on urge tax payment, debt collection, and enforcement of implementation of administrative decisions on tax administration, inspection and examination of tax law observance and handling violations of tax administration) must be complied with by taxpayers.

(This Decree shall take effect from 05 December 2020)

19/10/2020| Decree No. 128/2020/NĐ-CP prescribing the sanctioning of administrative violations in the customs domain

Scope of application

1. This Decree sets forth administrative violations, penalties, amounts of fines, remedial measures, power to impose penalties, procedures for sanctioning of administrative violations; application of measures to prevent and ensure the sanction of administrative violations in the customs domain.
2. The administrative violations in the customs domain hereby include:
 - a) Violation of regulations on customs procedures.
 - b) Violation of regulations on customs inspection, supervision and control.
 - c) Violations of regulations on tax administration for exported and imported goods.
 - d) Violations of other regulations relating to exported and imported goods.
3. Violations of regulations on administration of exports, imports or transit commodities, exiting, entering or transiting means of transport involved in customs domain shall be subject to provisions on sanctioning of administrative violations in the customs domain.
4. Other administrative violations in the customs domain not set forth in this Decree shall apply regulations on penalties for administrative violations as prescribed in other legal documents.

Application subjects

1. Domestic organizations and individuals; foreign organizations and individuals committing administrative violations in the customs domain in the territory of the Socialist Republic of Vietnam, except for cases where the international treaties to which Vietnam is a member provide other regulations.
2. Persons competent to record administrative violations, apply measures to prevent and ensure the sanction of administrative violations, persons with competence to sanction administrative violations regulated at Articles 27, 28, 29, 30, 31 and 32 of this Decree.
3. Other agencies, organizations and individuals related to the sanctioning of administrative violations specified in this Decree.
4. Organizations defined in Clause 1 of this Article include:
 - a) Enterprises, branches and representative offices established and operating under the Vietnam laws; branches and representative offices of foreign enterprises operating in Vietnam.
 - b) Cooperatives, cooperative unions, cooperative groups.
 - c) Organizations and public service providers.
 - d) Social organizations, socio-political organizations, socio-professional organizations.
 - đ) State agencies committing acts of violations that are not under their assignment.
 - e) Other organizations as regulated by laws.

(This Decree shall take effect since 10 December 2020)

B. OFFICIAL INSTRUCTIONS

OFFICIAL DISPATCH ON TAXATION

15/9/2020 | Official Dispatch No. 3845/TCT-DNNCN on PIT policy for employee expenses deducted from trade union fund

- In case of a full-time trade union official who concurrently holds the position of Trade Union president at Hoa Tho Textile and Garment Joint Stock Corporation (Hoa Tho Company), receives a salary for performing work at the trade union (exclusive of part-time allowances and responsibility allowances), this amount will be considered as PITable income from salaries and wages.

- If Hoa Tho Company employees receive the accommodation rental allowance from the corporation's trade union due to the influence of the Covid-19 pandemic, the allowance will be deemed to be non-taxable income from salaries and wages.

24/9/2020 | Official Dispatch No. 4019/TCT-CS on investment incentive policy when merging administrative boundaries

Determination of the list of geographical areas eligible for investment incentives (areas with (extremely) difficult socio-economic conditions) as a basis for money exemption or reduction Land lease and non-agricultural land use tax comply with the law on investment.

From 01 January 2020, the entire natural area of Ky Son District merged into Hoa Binh City and no longer belonged to difficult socio-economic areas according to Resolution No. 830 / NQ-UB TVDH14 dated 17 December 2019 of the National Assembly Committee, Session 14 on the arrangement of administrative units at the commune and district level in Hoa Binh Province. Therefore, newly established investment projects in Ky Son District will not be eligible for incentives on non-agricultural land use tax and land rent since 01 January 2020.

If the investment projects established before 01 January 2020 are enjoying investment incentives with respect to land rent, they will continue to be considered for land rental exemption or reduction for the remaining incentive period (if any).

If there are any issues in the determination of geographical areas eligible for investment incentives, the Department of Taxation will give opinions so that the Department of Planning and Investment could report in writing to and consult the Ministry of Planning and Investment for guidance.

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