

Vietnam Client Alert Decree 52

April 2021

Decree 52 on payment deadline extension for VAT, CIT, PIT and Land Rental in 2021

On 19 April 2021, the Vietnam Government issued Decree 52/2021/ND-CP providing extensions of deadlines for the payment of Value Added Tax (VAT), Corporate Income Tax (CIT), Personal Income Tax (PIT) and Government Land Rent in 2021. This Decree, which took effect on 19 April 2021, is significant as it provides solutions designed to support businesses and individuals impacted by the Covid-19 crisis and offers an extended schedule and timeframe for tax settlements.

The implementation and eligible beneficiaries of Decree 52 are discussed below.

DEFERRAL OF VAT PAYMENTS

Eligible Taxpayers can defer VAT payments, so that Quarter 1 and Quarter 2, 2021 payments can be deferred for 5 months for quarterly payers. March, April, May and June 2021 payments can also be deferred for 5 months for monthly payers. However, it should be noted that lodgements are still required to be completed on time, and the exemption excludes VAT on imports.

The timeframe for VAT payments for July and August are extended by four and three months, respectively.

DEFERRAL OF CIT PAYMENTS

Eligible companies are able to defer their 2021 Quarter 1 and Quarter 2 provisional CIT payments by 3 months from their due dates.

HOUSEHOLD BUSINESSES & INDIVIDUALS – VAT AND PIT DEFERRALS

The annual VAT and PIT payments due for 2021 for eligible Household Businesses and Individuals can be deferred until 31 December 2021.

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LAND RENTAL DEFERRALS

Eligible Taxpayers with direct land lease contracts from the State can defer 2021 annual land rental payments for 6 months, from 31 May 2021.

*Where the extended deadline falls on a public holiday, the deadline is considered as the next working day.

ELIGIBLE TAXPAYERS WHO CAN BENEFIT FROM THESE TAX DEFERRALS IN 2021

Businesses involved in production activities covering:

- agricultural, forestry and fisheries sectors;
- production and processing of food, textile & garments, and footwear;
- production of wooden, metal, paper, plastic and rubber products;
- production of electronic products, computers and optical products;
- automobile manufacturing;
- construction sector;
- publishing activities;
- cinematographic activities, television program production, music recording and publishing;

- extracting crude oil and natural gas (no extension for corporate income tax on crude oil, condensate, or natural gas collected under agreements or contracts);
- manufacture of beverages;
- printing and copying records of all kinds;
- production of coke coal, and refined petroleum products;
- chemical production and chemical products;
- manufacturing of products from prefabricated metal (except for machinery and equipment);
- motorbike and motorcycle manufacture;
- repair, maintenance and installation of machines and equipment; and
- drainage and wastewater treatment.

Businesses operating in service sectors covering:

- transport sector and associated supporting activities;
- accommodation and catering services;
- travel agents, tour businesses and support services related to tour promotion and organization;
- training and education;
- medical and social assistance activities;
- real estate businesses;
- artists, recreational activities, sport activities, museums and cinemas;
- labour and employment services
- radio and television activities;
- computer programming, consulting services and other activities related to computers;
- information service activities; and
- supporting services for mining activities.

Taxpayers engaged in the production of industrial products supporting the development of Vietnam and other key mechanical products.

Following previous guidelines released by the Government on Supporting Industry development, and Mechanical Engineering development.

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Small and micro enterprises defined by regulations of the Law on Supporting Small and Medium Enterprises.

The definitions include:

- Enterprises in the fields agriculture, forestry, fisheries, construction and industrial sectors with no more than 100 staff, and turnover no more than VND 50 billion or total capital not more than VND 20 billion
- Enterprises in the fields of commerce and services with no more than 50 staff, and turnover no more than VND 100 billion or total capital not more than VND 50 billion.

Credit Institutions and Foreign Bank Branches effected by the COVID-19 epidemic, as prescribed by the State Bank of Vietnam.

Taxpayers wishing to take advantage of the tax deferrals in this Decree are required to use the form recommended by the Decree, which needs to be submitted electronically or in paper from no later than 30 July 2021.

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