



Special Alert

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The Government Provides Tax and Land Rental Relief for Enterprises Affected by Covid-19

Given the impact of Covid-19 and to support the business community, on 8 April 2020 the Government of Vietnam issued Decree No. 41/2020/ND-CP on extension of deadlines for payment of taxes and land rent (“**Decree 41**”), which took effect from the date of signing. Below is a summary of the key contents of Decree 41.

Tax payers who subject to the extension of deadline for tax and land rental payment

Decree 41 grants extension of deadlines for payment of taxes (including Value-Added Tax (“**VAT**”), Corporate Income Tax (“**CIT**”) and Personal Income Tax (“**PIT**”)) and land rent to a number of enterprises, individuals and business households which have engaged in various business activities and have generated revenue from such activities in 2019 or 2020 as below:

- (a) Enterprises, individuals and business households engaging in following production activities:
 - (i) Agriculture, forestry and fishery;
 - (ii) Food production and processing; weaving; producing clothes; producing leather and related products;
 - (iii) Wood processing and producing products from wood, bamboo of various species (except beds, wardrobes, tables, chairs); producing products from straw and plaiting materials; producing paper and paper-related products; producing products from rubber and plastic; producing products from other non-metallic minerals, metal production;
 - (iv) Mechanical processing, handling and coating metal; manufacturing electronic products, computers and optical products; manufacturing automobiles and other

- motor vehicles (now including cars with 9 seats or less);
 - (v) Production of beds, wardrobes, tables, chairs;
 - (vi) Construction; and
 - (vii) Production of supporting industry products given priority for development; key mechanical products as defined.
- (b) Enterprises, individuals and business households engaging in following business activities:
- (i) Transportation and warehousing; accommodation and catering services; education and training; health and social assistance activities; real estate business;
 - (ii) Labor and employment service activities; activities of travel agents, tour operators and support services related to advertising and organizing tours; and
 - (iii) Composing, artistic, entertainment activities; library activities, conservation, museums and other cultural activities; sports activities, entertainment activities; movies.
- (c) Decree 41 also grants extensions to small and micro enterprises as defined by Decree No. 39/2018/ND-CP; and to certain credit institutions and foreign bank branches which are implementing measures to support enterprises, organizations and individuals affected by COVID-19 as determined by the State Bank of Vietnam (the “**SBV**”).

Extension of deadline to pay tax and land rent

The extension of deadlines for payment of VAT (except for VAT at the import stage) and CIT is for **five months** from the deadline for payment. The extension of VAT payment will be applied for the tax declaration periods of first and second quarters of year 2020. In case the enterprise declares VAT on a monthly basis, the extension will be applied to tax assessment periods in March, April, May and June of year 2020. The extension of CIT payment will be applied for the tax declaration periods of the remaining CIT payable in 2019 and CIT provisionally payable in the first and second quarters of year 2020. If the remaining CIT payable in 2019 has been paid, the taxpayer can offset such paid taxes with other types of tax payable.

Decree 41 grants extension of deadlines for payment of VAT and PIT of family households and business individuals, who have business activities as mentioned in the above list, until **31 December 2020**.

Decree 41 extends the deadline for payment of land rent in the first period of year 2020 by enterprises, organizations, family households and individuals to whom the State leased land directly pursuant to a Decision or Contract of the competent State agency in the form of annual payment of land rent for **five months until 31 October 2020**.

Administrative requirements

To apply for the extension of tax payment, taxpayers must submit a request under the required form

provided in Decree 41 to the tax authority. Only one request for all categories of tax is required. If such request is not submitted at the time when the taxpayer makes their tax declaration, the deadline for its submission is **30 July 2020**. Taxpayers are responsible for truthfully assessing their eligibility for the extensions. The tax authority will only notify the taxpayer if it deems them ineligible for the tax extension.

Based on public information provided by the General Department of Tax¹, as of 4 May 2020 there have been VND24,054 billion of taxes and land rents subject to requests for extension, accounting for 10% of all enterprise taxpayers.

¹ Please see this link: <https://tuoitre.vn/da-tiep-nhan-giay-de-nghi-gia-han-hon-24-000-ti-tien-thue-va-thue-dat-20200504182022295.htm>.

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