

# COVID-19

## Decree now finalised on extensions of deadlines for tax payments



PwC Vietnam NewsBrief

10 April 2020

## On 8 April, the Government finally released Decree 41 regarding the extension of deadlines for payments of taxes and land rental fee. The Decree took effect from the signing date. Below is a summary of certain key contents:

The Decree is applicable to companies engaging in various business activities and have generated revenue from such activities in 2019 or 2020:

### Manufacturing sector

- Agriculture, forestry and fishery;
- Food production and processing; weaving; producing clothes; producing leather and related products;
- 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;
- 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);
- Production of beds, wardrobes, tables, chairs; and
- Construction.

### Service sector

- Transportation and warehousing; accommodation and catering services; education and training; health and social assistance activities; real estate business;
- Labor and employment service activities; activities of travel agents, tour operators and support services related to advertising and organizing tours;
- Composing, artistic, entertainment activities; library activities, conservation, museums and other cultural activities; sports activities, entertainment activities; movies.

### Other in-scope sectors/activities

- Production of supporting industry products given priority for development; key mechanical products as defined;
- Small and micro enterprises as defined;
- Banking – in certain circumstances.



For those in the above list, the following would be applied:

### 1. Extension of deadline to pay VAT and CIT

- Generally, the provisions on extension of deadlines for payments of CIT and VAT are similar to our previous updates. Particularly:
  - The deadline for VAT payments for March, April, May and June 2020 (for companies declaring VAT on a monthly basis) and Quarter 1 and Quarter 2 2020 (for companies declaring VAT on a quarterly basis) will be extended to 5 months from the statutory deadline. Of note, this will not apply to import VAT.
  - The deadline for payments of CIT due per the FY19 CIT final return and the provisional CIT payments for Quarter 1 and Quarter 2 of 2020 will be extended to 5 months from the statutory deadline. In case companies already settled FY19 CIT payments, such companies can offset against other kinds of taxes.
- Dependent units and branches of in-scope companies which separately file VAT and CIT returns at local tax departments will also be entitled to the above extensions. However in case branches and dependent units do not conduct in scope business activities, they are not entitled to extensions.

### 2. Extension of deadline to pay VAT and PIT for individuals and business households

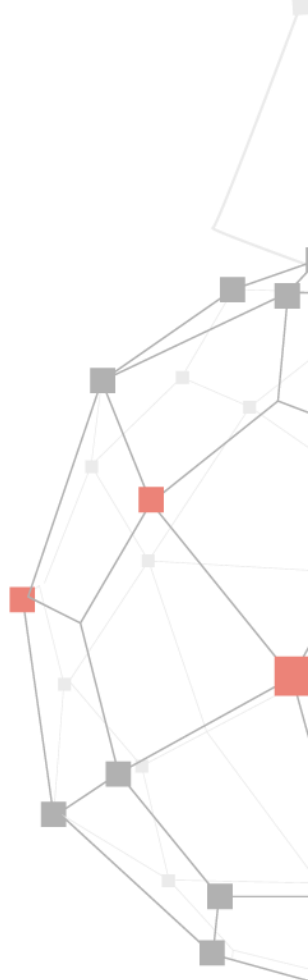
- Similar to our last update, the deadline for payments of VAT & PIT will be extended to 31 December 2020, applicable to individuals and business households which engage in eligible in scope business activities.

### 3. Extension of deadline to pay annual land rental fee

- An extension of 5 months for the first payment of 2020 (from 31 May 2020) will be granted to those who directly lease land from the State, pay land rental fee on an annual basis and conduct in-scope business activities (i.e. of note, the Decree mistakenly states “31 May 2010” - this should be “31 May 2020”; the MoF is aware of this typo and will rectify soon).

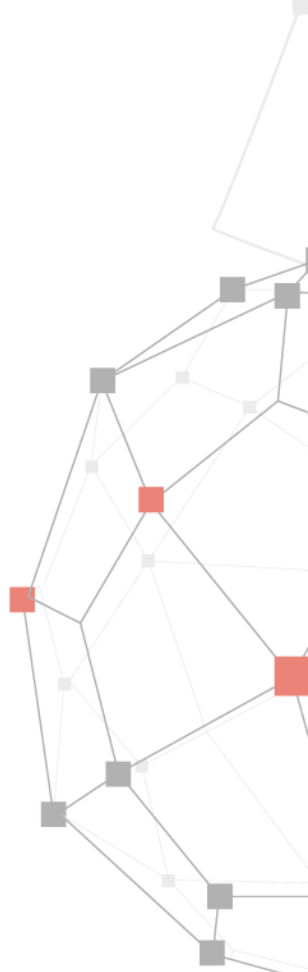
### 4. Companies with both in and out of scope business activities

- The Decree provides that such companies which have multiple business activities and/or have various land rental decisions/contracts, will be entitled to extensions of tax payments and of land rental payments incurred pertaining to all activities.



## 5. Administrative requirements

- The Decree requires eligible companies to submit a request (in prescribed form as attached to Decree 41) to their local tax department with their monthly or quarterly tax return. The deadline is 30 July 2020 and failure to meet the deadline will result in forfeiture of these benefits. The submission can be done either electronically or by other means and should be done once, covering all types of taxes and land rental fees for all eligible periods.
- If a company leases land from the State in different locations, then their local tax department has to send copies of the submitted request form to the relevant tax departments in the other locations.
- This is a self-assessment by taxpayers and the tax authorities have no obligation to inform or confirm whether this extension request is acceptable. No late payment interest will be calculated during the period of tax payment extension.
- However, Decree 41 also states that during the extension period, if the tax authorities have "basis" to determine that the taxpayer is not eligible for the extension, the tax authorities will send a written notice to the taxpayer cancelling the extension and require the taxpayer to pay all taxes, land rental fees and late payment interest thereon. If this is assessed in future tax audits, then the taxpayer would also be liable for late payment interest and admin penalties.



# Contact us

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. For further information, please reach out to us.

## Ha Noi office:



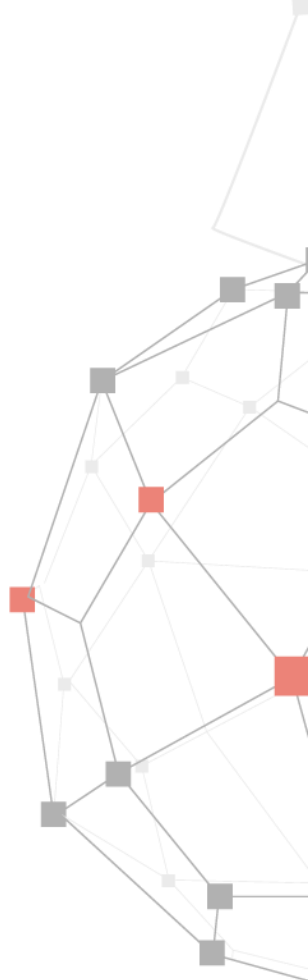
**Nguyen Huong Giang**  
Partner – Legal services  
+84 24 3946 2246 Ext. 1502  
[n.huong.giang@pwc.com](mailto:n.huong.giang@pwc.com)

## Ho Chi Minh City office:



**Richard Irwin**  
Partner - Tax & Legal services  
+84 (28) 3824 0117  
[r.j.irwin@pwc.com](mailto:r.j.irwin@pwc.com)





[www.pwc.com/vn](http://www.pwc.com/vn)



[facebook.com/pwcvietnam](https://facebook.com/pwcvietnam)



[youtube.com/pwcvietnam](https://youtube.com/pwcvietnam)



[linkedin.com/company/pwc-vietnam](https://linkedin.com/company/pwc-vietnam)

At PwC Vietnam, our purpose is to build trust in society and solve important problems. We're a member of the PwC network of firms in **157 countries** with over **276,000 people** who are committed to delivering quality in assurance, advisory, tax and legal services. Find out more and tell us what matters to you by visiting us at [www.pwc.com/vn](http://www.pwc.com/vn).

©2020 PwC (Vietnam) Limited. All rights reserved. PwC refers to the Vietnam member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further structure. This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.