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NEWSLETTER IN DECEMBER 2024

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01

Report on the employment of foreign workers for the year 2024, to be submitted before January 5, 2025

Official Letter No. 28950/SLĐTBXH-VL-ATLĐ dated November 18, 2024, issued by the Department of Labor, Invalids and Social Affairs of Ho Chi Minh City

The Department of Labor, Invalids, and Social Affairs of Ho Chi Minh City requests units operating within the city to submit reports on the employment of foreign workers as follows:

- **Report template:** Form No. 07/PLI, Appendix issued with Decree No.70/2023/NĐ-CP dated September 18, 2023, by the Government.
- **Reporting period:** Data on foreign workers aggregated from December 15, 2023 to December 14, 2024.
- **Submission period:** From December 15, 2024 to January 5, 2025.
- **Submission method:** Organizations and enterprises shall access the Google Form link at: https://docs.google.com/forms/d/e/1FAIpQLScYIjL919UOjeDscH3rS1tA2Kc4_hQx35ZXTzHN7nCf_owEUg/viewform?pli=1 or scan the attached QR code. The report on the employment of foreign workers must be submitted online to the Department of Labor, Invalids, and Social Affairs (through the Labor Safety Office), including foreign labor data and a scanned copy of the signed and sealed report (PDF format) to facilitate monitoring and summarization.

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02

New Value Added Tax Law

No. 48/2024/QH15 dated November 26, 2024 issued by the National Assembly, effective from July 1, 2025.

The new law comprises 4 Chapters and 18 Articles, regulating subjects of taxation, non-taxable subjects, taxpayers, tax bases and calculation methods, as well as VAT deduction and refund mechanisms.

1. Conditions for Input VAT Deduction

1.1. Payment Documents: Under the new law, non-cash payment documents are required for purchased goods and services, except in certain specific cases as stipulated by the Government.

Previous VAT law: Non-cash payment via bank transfer was required for purchased goods and services, except for goods and services purchased in single transactions valued under 20 million VND.

1.2. Additional Documentary Requirements: For exported goods and services, beyond the conditions outlined in points (a) and (b) of this provision, the following are now required: a contract with foreign parties for the sale, processing of goods, or provision of services; a sales invoice or service provision invoice; non-cash payment documentation; Customs declaration for exported goods;

Packing slips, transport documents, insurance documents (if applicable). The Government will further stipulate deduction conditions for goods exported via overseas e-commerce platforms and other specific cases.

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New Value Added Tax Law

No. 48/2024/QH15 dated November 26, 2024, issued by the National Assembly, effective from July 1, 2025.

2. Supplementary VAT Declarations for Errors or Omissions

Taxpayers must supplement declarations in the month or quarter where errors or omissions in input VAT occur, **if** such errors increase the payable VAT amount or reduce the refundable VAT amount. Taxpayers must pay the additional payable tax amount, return the corresponding refunded tax, and pay late-payment penalties to the state budget (if any).

If errors or omissions reduce the payable VAT amount, or only affect the VAT carried forward, **taxpayers can declare corrections in the month or quarter when the errors are discovered.**

3. New Cases of VAT Refund Eligibility

Businesses exclusively producing goods or providing services subject to a 5% VAT rate will be eligible for VAT refunds if their input VAT exceeds 300 million VND and remains undeducted after 12 consecutive months or 4 consecutive quarters.

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New Value Added Tax Law

No. 48/2024/QH15 dated November 26, 2024, issued by the National Assembly, effective from July 1, 2025.

4. Additional Conditions for VAT Refunds

The seller must have declared and paid VAT in accordance with regulations for invoices issued to the business requesting the refund.

5. Increased Revenue Threshold for VAT Exemption for Household and Individual Businesses

Under the new law, goods and services of household and individual businesses with **annual revenue of 200 million VND or less** are exempt from VAT. (***Previous threshold: 100 million VND.***)

6. Scope of 0% VAT Rate Application

- a) Exported goods include goods sold from Vietnam to foreign organizations or individuals for consumption outside Vietnam; goods sold domestically to organizations within free trade zones for consumption in such zones and directly serving export production activities; goods sold in isolation zones to individuals (foreigners or Vietnamese citizens) who have completed exit procedures; goods sold in duty-free shops.
- b) Exported services include services provided directly to foreign organizations or individuals for consumption outside Vietnam; services provided directly to organizations in free trade zones for consumption in such zones and directly serving export production activities.

Previous regulation: There was no mention of “directly serving export production activities.”

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New Value Added Tax Law

No. 48/2024/QH15 dated November 26, 2024, issued by the National Assembly, effective from July 1, 2025.

In addition to the above, the new law revises and supplements provisions regarding: adjustments to certain goods and services exempt from VAT; adjustments to VAT rates for certain goods and services; and other related issues.

Effective Dates: The law will come into **effect on July 1, 2025**, **except** for the following provisions: the revenue threshold for VAT exemption for household and individual businesses under Clause 25, Article 5, and Article 17 of this law, which will take effect **from January 1, 2026.**

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03

Expanding Subject Eligibility to Foreign Workers

Law No. 50/2024/QH15 of the National Assembly dated November 27, 2024, on Trade Unions Law

The new Law, consisting of 6 Chapters and 37 Articles, stipulates the functions, tasks, rights, and responsibilities of the Vietnam Trade Union; workers' rights to establish, join, and participate in trade union activities; the admission of workers' organizations at enterprises into the Vietnam Trade Union; the rights and responsibilities of trade union members; the responsibilities of the State, agencies, organizations, units, enterprises, and employers towards the Trade Union; ensuring the operation of the Trade Union; resolving disputes and addressing violations of the law on trade unions.

This law introduces a significant amendment by expanding the right to join trade unions to **foreign workers**. According to Clause 2, Article 5, foreign nationals working in Vietnam under labor contracts with a minimum term of 12 months are eligible to join and participate in activities of grassroots trade unions.

Regarding trade union funding, the Law maintains **the contribution rate of 2% of the wage fund**, which serves as the basis for compulsory social insurance contributions for workers (Article 29).

The Law will officially take effect **on July 1, 2025**, replacing the Law on Trade Unions No. 12/2012/QH13 issued on June 20, 2012.

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Amending and supplementing the Law on Securities, the Law on Accounting, the Law on Independent Auditing, the Law on State Budget, the Law on Management and Use of Public Assets, the Law on Tax Administration, the Law on Personal Income Tax, the Law on National Reserves, and the Law on Handling Administrative Violations.

Law No. 56/2024/QH15 dated November 29, 2024, of the National Assembly

Key highlights include:

Amendments and supplements to the Law on Accounting:

Addition of provisions regarding the rights of accountants:

Accountants have the right to independence in accounting expertise and operations; to retain professional opinions in writing when they differ from decision-makers; to report in writing to the chief accountant or the legal representative of the accounting entity upon detecting violations of financial or accounting laws. If required to execute such decisions, accountants may report to the direct superior of the decision-maker or the competent state authority and will not bear responsibility for the consequences of executing such decisions.

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Amending and supplementing the Law on Securities, the Law on Accounting, the Law on Independent Auditing, the Law on State Budget, the Law on Management and Use of Public Assets, the Law on Tax Administration, the Law on Personal Income Tax, the Law on National Reserves, and the Law on Handling Administrative Violations.

Law No. 56/2024/QH15 dated November 29, 2024, of the National Assembly

Amendment of provisions on the fiscal year accounting period:

If the first or last fiscal year covers a period of no more than three consecutive monthly accounting periods, it can be combined with the following or previous fiscal year into a single fiscal year. The combined period must not exceed 15 months (previously: periods shorter than 90 days).

Amendments and supplements to the Law on Tax Administration:

Amendment to Clause 1, Article 47 on supplementary tax declarations:

Taxpayers may amend submitted tax declarations within 10 years from the deadline of the tax declaration period with errors, provided:

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Amending and supplementing the Law on Securities, the Law on Accounting, the Law on Independent Auditing, the Law on State Budget, the Law on Management and Use of Public Assets, the Law on Tax Administration, the Law on Personal Income Tax, the Law on National Reserves, and the Law on Handling Administrative Violations.

Law No. 56/2024/QH15 dated November 29, 2024, of the National Assembly

- a) It is before the tax authority or competent agency announces the decision on inspection or audit;
- b) The tax period is not within the scope of the inspection or audit specified in the inspection or audit decision.

For content under inspection or audit scope, taxpayers may submit supplementary explanatory documentation in accordance with tax laws, audit laws, and the conclusions of competent specialized agencies.

Abolition of provisions:

The law abolishes Clauses 2 and 3 of Article 47, which previously allowed for supplementary tax declarations after the announcement of inspection/audit decisions or after the issuance of post-inspection/audit conclusions or decisions.

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Amending and supplementing the Law on Securities, the Law on Accounting, the Law on Independent Auditing, the Law on State Budget, the Law on Management and Use of Public Assets, the Law on Tax Administration, the Law on Personal Income Tax, the Law on National Reserves, and the Law on Handling Administrative Violations.

Law No. 56/2024/QH15 dated November 29, 2024, of the National Assembly

New regulations on tax declaration and payment responsibilities:

The law introduces amendments related to tax declaration and payment responsibilities for foreign suppliers, e-commerce platforms, and individuals or households conducting business on these platforms.

Effective Date:

This Law shall take effect **on January 1, 2025**, **except** for specific cases stipulated in Article 10 on the effective date.

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05

Management of Debts of Branches, Representative Offices, and Business Locations

Official Letter No. 5725/TCT-QLN dated December 6, 2024, of the General Department of Taxation

1. Regarding the Temporary Suspension of Exit

Branches and representative offices are dependent units of enterprises, while business locations are specific places where enterprises carry out their business activities. In cases where taxpayers are enterprises under enforcement measures, individuals who are the legal representatives of these enterprises fall under the category for consideration of temporary suspension of exit, as prescribed in Article 66 of the Law on Tax Administration and Article 21 of Decree No. 126/2020/ND-CP.

For taxpayers who are organizations not established under the Law on Enterprises or household businesses, the General Department of Taxation has reported to the competent authority to amend and supplement Article 66 of the Law on Tax Administration. This amendment stipulates the temporary suspension of exit for individuals who are legal representatives of cooperatives, cooperative unions, or heads of household businesses who have not fulfilled their tax obligations.

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Management of Debts of Branches, Representative Offices, and Business Locations

Official Letter No. 5725/TCT-QLN dated December 6, 2024, of the General Department of Taxation

2. Regarding the Collection of Debts for Branches, Representative Offices, and Business Locations

In cases where enterprises have branches or dependent units that terminate their operations in accordance with Clause 1, Article 213 of the Law on Enterprises, these enterprises are responsible for inheriting and settling the debts of the branches or dependent units that have ceased operations. Tax authorities managing the branches are responsible for implementing measures to collect and enforce the recovery of outstanding taxes owed by these branches. If the tax authority managing the branch lacks sufficient information or the conditions to enforce the recovery, it must coordinate with the tax authority managing the enterprise to carry out enforcement in accordance with regulations.

3. Regarding Debt Deferral for Taxpayers Who Are Branches, Representative Offices, and Business Locations

If the enterprise remains operational, debt deferral will not be applied to its branches, representative offices, or business locations.

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06

Guidance on PIT policies for foreign individuals visiting Vietnam for the first time

Official Letter No. 5874/TCT-DNNCN dated December 12, 2024, issued by the General Department of Taxation,

The General Department of Taxation provides the following guidance:

In principle, in cases where the taxpayer is a foreign worker (from countries or territories that have signed an Agreement with Vietnam to avoid double taxation and prevent tax evasion on income taxes) who arrived in Vietnam for the first time in February 2022 and meets the conditions to be considered a resident individual in Vietnam, when finalizing PIT for the year 2022, the individual is required to aggregate their global income from February 2022 to December 2022. Simultaneously, the deduction for family circumstances for the taxpayer will be calculated for the period from February 2022 to December 2022 (calculated on a monthly basis). The individual is responsible for completing their tax finalization with the relevant tax authorities.

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Guidance on the issuance of invoices and declaration of VAT for collection and payment on behalf of others

Official Dispatch No. 6019/TCT-CS dated December 17, 2024, of the General Department of Taxation,

The General Department of Taxation provides the following guidance:

Principles: In cases where a business establishment incurs amounts collected and paid on behalf of others, which are not related to the sale of goods or provision of services by the business establishment, the establishment is not required to declare or pay tax as per applicable regulations.

According to the Company's explanation: In cases where suppliers issue VAT invoices indicating the Company's name and tax identification number, and the Company subsequently requests the Partner to reimburse these amounts, the Company must issue a VAT invoice to the Partner, applying the VAT rate as stipulated by law. The Company is responsible for declaring input and output VAT in accordance with the applicable laws on tax management.

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08

Value-added tax (VAT) reduction from January 1, 2025, to June 30, 2025

Decree No. 180/2024/NĐ-CP dated December 31, 2024, issued by the Government,

VAT Reduction:

VAT will be reduced for groups of goods and services currently subject to the 10% VAT rate, **except** for those listed in Appendices I, II, and III issued in conjunction with this Decree.

Reduced VAT Rates:

Business entities applying the credit-invoice method for VAT calculation shall enjoy a reduced VAT rate of 8% for the goods and services specified in Clause 1 of this Article.

Business entities (including business households and individuals) applying the percentage-based method for VAT calculation on revenue shall enjoy a 20% reduction in the percentage rate used for VAT calculation when issuing invoices for goods and services eligible for the VAT reduction as specified in Clause 1 of this Article.

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Value-added tax (VAT) reduction from January 1, 2025, to June 30, 2025

Decree No. 180/2024/NĐ-CP dated December 31, 2024, issued by the Government

Implementation Guidelines:

When issuing VAT invoices for goods and services eligible for VAT reduction, the VAT rate field on the invoice must state "8%," along with the VAT amount and the total amount payable by the buyer.

For cases where invoices have already been issued and declared using the standard VAT rate or percentage rate not yet reduced in accordance with this Decree, the seller and buyer must process the issued invoices following the laws on invoices and documents. Based on the processed invoices, the seller shall adjust the output VAT, and the buyer shall adjust the input VAT (if applicable).

Business entities specified in this Article must declare goods and services eligible for VAT reduction using Form No. 01 in Appendix IV issued in conjunction with this Decree, together with the VAT declaration.

Effective Date:

This Decree takes effect from **January 1, 2025 to June 30, 2025.**

ABBREVIATION

CIT	Corporate Income Tax	JVC	Joint Venture Company
PIT	Personal Income Tax	Ltd.	Limited
VAT	Value Added Tax	PC	People's Committee
FCT	Foreign Contractor Tax	MOF	Ministry of Finance
FA	Fixed Asset	MOIT	Ministry of Industry and Trade
GDT	General Department of Taxation	MOLISA	Ministry of Labor, Invalid and Social affairs
EPE	Export Processing Exporting Company	DPI	Department of Planning and Investment
EPZ	Export Processing Zone	OD	Official Dispatch
UAL	Usage of Agricultural Land	SBV	The State Bank of Vietnam
IZ	Industrial Zone	FC	Foreign Contractor





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