



FINCH LAW



FINCH NEWSLETTER

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Latest legal news on enterprises, business,
investment and trade

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1. INTEREST RATE SUBSIDY OF 2% PER YEAR FROM THE STATE BUDGET OF VIETNAM FOR ENTERPRISE LOANS

According to Decree No. 31/2022/ND-CP, the interest rate subsidy for enterprises, cooperatives and household business is 2% per year on the loan balance and loan interest subsidy terms in the prescribed periods.

Companies eligible for this policy include:

- Aviation industry, transportation and warehousing, tourism, accommodation services, catering, education and training, agriculture, forestry and fishery, processing industry, manufacturing, publishing software;
- Having projects in social housing, housing for workers, renovating old apartment buildings.

Companies must meet loan requirements by applicable laws. The loan is granted in Vietnam dong under a loan agreement and disbursed within the period from January 1, 2022 to December 31, 2023, and has not been applied interest subsidies from the state budget.

The term for support shall start from the disbursement to the date companies pay off the debt, but not exceeding December 31, 2023.

Decree No. 31/2022/ND-CP comes into force from May 20, 2022.



Another door for enterprises in Government's effort after Covid

2. ASSISTANCE FOR SMALL AND MEDIUM START-UPS OF VIETNAM

This is a content of Circular No. 06/2022/TT-BKHDT dated May 10, 2022 on guidance on Decree No. 80/2021/ND-CP elaborating the Law on Assistance for Small and Medium Enterprises (SMEs). According to the Circular, start-ups that are SMEs are supported with:

- Support for training in the enterprise up to 50% cost of training courses to upgrade technology and intensive production technical qualifications.
- Support for SME trainees to participate in the domestic and foreign courses, including tuition fees, materials, meals, accommodation, transportation (including airfares).
- SMEs shall be assisted in maintaining accounts on e-commerce platforms, including:
 - + For Vietnamese e-commerce platforms: payment fees, fixed fees and service fees that sellers must pay to e-commerce platforms;
 - + For international e-commerce platforms: costs for sellers' accounts, costs for introduction and order fulfillment, warehousing, barcode registration, etc.



Online courses for your employees will also be financially supported

3. EXTEND DEADLINES FOR VAT AND EIT PAYMENT

Following to Government's Decree No. 34/2022/ND-CP dated May 28, 2022, the extension duration is 06 months for the value-added tax (VAT) amount of the tax periods of March, April and May 2022 and the tax periods of first quarter of 2022; 05 months for the VAT amount of the tax periods of June 2022 and the second quarter of 2022; 04 months for the VAT amount of the tax period of July 2022; and 03 months for the VAT amount of the tax period of August 2022.

For enterprise income tax (EIT), companies may extend the deadlines for payment of the temporary EIT amounts for the first and second quarters of 2022 if belong to these business lines:

- Agriculture, forestry and fisheries;
- Foodstuff production or processing; textiles
- Construction; transportation and other business lines.

The extended duration is 03 months from the deadline for EIT payment as prescribed by the law on tax administration.

This Decree takes effect from the date of its signing to the end of December 31, 2022.



Make use of deadline extension for paying EIT and VAT right now to avoid late payment penalty

4. INDUSTRIAL PARKS MAY BE TRANSFORMED INTO URBAN SERVICE AREAS

Industrial parks are allowed to be transformed into the urban service areas when meeting such conditions: The transformation is in compliance with provincial master plans; placed in urban areas of the special-grade urban centers and provincial first-grade urban centers. Besides, the time of establishing industrial parks until application must not be less than 15 years or half the operating period of the parks; more than 2/3 of the number of enterprises in these industrial parks agree with the transformation.

The regulations are extracted from Degree No 35/2022/NĐ-CP dated May 28th, 2022.

Besides, according to the new regulations, experts and employees are allowed to reside temporarily at accommodation establishments in the industrial parks for business-serving purposes. The enterprise must declare temporary residence according to relevant laws. Before this, the Government only allowed managers and experts to temporarily reside in industrial zones, and this had to comply with the regulations of the provincial People's Committee.



Due to transformation, value of Industrial zones located in thriving parts of the city may increase

5. STIMULATE USING COMPANY FUND FOR SCIENCE AND TECHNOLOGY

According to Circular No 05/2022/TT-BKHCHN, companies are encouraged to establish a fund to spend on scientific and technological development (S&T) for the company.

Apart from current expenses from the Joint Circular 12/2016/TTLT-BKHCHN-BTC such as buying science secrets, science processing, drawing, technical rendering; buying machinery, equipment to renew technology; training S&T resources; the new regulations also allow other purposes:

- Pay for technology transfer in industries and areas having investment incentives;
- Pay for employees managing the fund, including remuneration and other expenses for insurance.

In addition, enterprises that have paid or contributed to the National Science and Technology Development Fund, in both ministry and local level, may request support from the science and technology development funds for their demand.



Advanced facilities and technology help to increase labor productivity



QUICK NEWS

1. Suspension of health declaration for domestic travel

The Government officially suspend the application of health declaration for domestic travel (domestic move, at public areas, restaurants, etc.) from 00:00 on April 30, 2022.

The regulation is from Ministry of Health's Official Dispatch No. 2213/BYT-DP dated April 29, 2022. Before this, the Minister requested People's Committees of provinces and centrally-run cities to suspend health declaration at all border gates of Vietnam for people on entry.

2. Halt SARS-CoV-2 testing from May 15, 2022

The Prime Minister request to suspend the SARS-CoV-2 test requirement for people entering Vietnam from 00:00 on May 15, 2022. This request has been made in the Official Telegram No. 416/CD-TTg. On June 2, 2022, the Ministry of Health issued Official Letter No. 2860/BYT-DP requesting provinces and cities to strictly implement the direction of the Prime Minister.

3. VAT electronic invoices are not required in exporting custom dossiers

According to the General Department of Customs, e-VAT invoices follows Vietnamese law, while the export customs procedures require the commercial invoice in international trade (complying with international practices). This content extracts from Official Dispatch No. 2054/TCHQ-GSQL dated June 3, 2022.

Accordingly, the issuance time of the invoices is different: commercial invoices are issued before customs procedures, and e-invoices are issued later (according to the Government's new regulations on e-invoices). Therefore, the General Department of Customs does not require VAT invoices at the time of customs procedures because the invoices have not been issued at that time.

4. By 2030, the number of import tax rates will be reduced to 20

In Decision No. 508/QD-TTg dated April 23, 2022, the number of import tax rates will be reduced to simplify the import tariffs, strive to reduce the number of import tax rates from 32 to about 25 by 2025 and 20 by 2030. Also, by 2025, strive that the percentage of electronic support for taxpayers will be at least 70%; at least 80% of tax registration will be processed online at levels 3 and 4.

5. Increase the proportion of foreign investment capital of certain areas up to 75% by 2030

This is found in the Strategy promulgated by the Prime Minister through Decision 667/QĐ-TTg. The strategy sets out the goal of raising investment capital of countries in some regions to more than 70% in the total foreign investment capital of the country for 2021-2025 and 75% in the next period 2025-2030, which includes:

- (i) Asia: Korea, Japan, Singapore, China, Taiwan (China), Malaysia, Thailand, India, Indonesia, Philippines;
- (ii) Europe: France, Germany, Italy, Spain, Russia, Great Britain; and
- (iii) Americas: United States of America

In addition, it is proposed to increase by 50% the number of multinational corporations in the group of 500 largest corporations in the world having presence and operations in Vietnam.

6. Aquaculture companies are supported with agricultural insurance premiums

According to Decision 13/2022/QĐ-TTg, the objects supported for agricultural insurance includes: Crops (rice, rubber, pepper, cashew, coffee); Livestock (buffalo, cow, pig); Aquaculture (black tiger shrimp, white leg shrimp, pangasius).

Agricultural production organizations are supported 20% of agricultural insurance premiums when fully meeting the following regulations:

- Companies established under the Law on Enterprises;
- Having an association contract involved in agricultural products;
- Having agricultural products certified to ensure quality and food safety by competent authorities.

The implementation period for agricultural insurance premium support is from June 24, 2022 to the end of December 31, 2025.

7. Product Specific Rules (HS 2017) under the VKFTA

On June 1, 2022, the Minister of Industry and Trade issued Circular 09/2022/TT-BCT amending regulations on implementing the Rules of Origin in the Vietnam - Korea Free Trade Agreement (VKFTA).

The new product specific rules are built on the basis of the Harmonized System (HS 2017). Previously, this Code was built on the basis of the Harmonized System (HS 2012).

TO: ALL READERS

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In case you require to be provided a full set of legal documents, please let us know the number and issuance date of such legal document. We thank you for your reading of our Newsletter, and should you have any feed back, please do not hesitate to let us know.

Thanks and best regards.

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