

## **Decree 15 on Value Added Tax (“VAT”) reduction and Corporate Income Tax (“CIT”) deductibility for expenses related to donation and sponsorship for Covid-19 prevention**

Following the Resolution No. 43/2022/QH15, on 28 January 2022, the Government issued Decree 15/2022/ND-CP guiding the implementation of the tax relief measures relating to the VAT reduction and CIT deductibility for Covid-19 donation and sponsorship expenses.

Decree 15 takes effect from 1 February 2022 with notable points summarised as follows:

### **1. Reduction of VAT from 1 February 2022 to 31 December 2022**

- To reduce VAT for the goods and services which are currently subject to the rate of 10% to 8%, applicable from 1 February 2022 to 31 December 2022. Decree 15 provides a list of exceptional goods and services which are not eligible for the VAT reduction under Appendices I, II and III attached to this Decree.
- The VAT reduction is applicable consistently to all stages including import, manufacturing, processing and trading.
- The taxpayers must issue a separate invoice for goods and services eligible for the VAT reduction, otherwise the VAT reduction will not qualify.
- Where the goods and services are eligible for the 8% VAT rate but the seller did not apply such rate on the invoice, the seller and buyer must enter into a minute acknowledging the mistake and the seller should issue an adjustment invoice to correct the mistake. Then the seller and buyer shall make revised VAT declarations.
- The taxpayers must declare the list of goods and services eligible for the 8% VAT rate under Form 01 stipulated under Decree 15, which shall be submitted to the tax authorities together with the periodical VAT declaration.

### **2. CIT deductibility of donation and sponsorship expenses for Covid-19 prevention in 2022 (applicable to the tax year 2022)**

- Taxpayers are allowed to claim a CIT deduction for donation and sponsorship expenses related to Covid-19 prevention in Vietnam upon determination of taxable income for fiscal year 2022.
- Where the parent company receives the donation or sponsorship from the subsidiaries within the group to make a centralized donation or sponsorship, the parent company and related subsidiaries are allowed to claim a CIT deduction for the corresponding portion of the donation or sponsorship.

- To claim a CIT deduction, taxpayers must maintain legitimate supporting documents as stipulated in Decree 15 and other relevant regulations.

Please contact KPMG for further consultancy for the implementation of Decree 15.

## Contact us

### Hanoi

46<sup>th</sup> Floor, Keangnam Landmark 72,  
E6 Pham Hung, Me Tri, Nam Tu Liem

**T: +84 (24) 3946 1600**

### Ho Chi Minh City

10<sup>th</sup> Floor, Sun Wah Tower,  
115 Nguyen Hue, Ben Nghe, District 1

**T: +84 (28) 3821 9266**

### Da Nang

D3, 5<sup>th</sup> Floor, Indochina Riverside Towers,  
74 Bach Dang, Hai Chau I, Hai Chau

**T: +84 (236) 351 9051**

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2022 KPMG Limited, KPMG Tax and Advisory Limited, KPMG Law Limited, KPMG Services Company Limited, all Vietnamese one member limited liability companies and member firms of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.



**Scan to visit our website:** [kpmg.com.vn](https://kpmg.com.vn)

**Email:** [kpmghcmc@kpmg.com.vn](mailto:kpmghcmc@kpmg.com.vn)