

Tax Alert

February 2022

Draft decree amending and supplementing a number of articles of Decree 126/2020/ND-CP and Decree 123/2020/ND-CP

In order to create favorable conditions for tax declaration and remove difficulties in paying provisional Corporate Income Tax ("CIT"), the Ministry of Finance has prepared a draft Decree to submit to the Government which amends and supplements a number of articles of Decree 126/2020/ND-CP and Decree 123/2020/ND-CP with some notable points as follows:

1. Amending the regulation on provisional CIT payment

- The total provisional CIT payment for the four quarters in a fiscal year must not be less than 80% of the total CIT liability of the annual CIT finalization. Currently, Decree 126/2020 requires the provisional CIT for the first three quarters to account for at least 75% of the annual CIT liability. According to the draft Decree, this change will apply from the tax year 2021.

2. Amendment of regulations on declaration of Personal Income Tax ("PIT") and tax withholding obligations of e-commerce platform owners

- Organizations and individuals paying income who are not required to withhold PIT in a month or quarter are not required to file the relevant monthly or quarterly PIT return.
- Organizations that are owners of an e-commerce trading platform ("e-commerce") are only required to declare and pay taxes on behalf of domestic and overseas individuals who sell goods and services on the e-commerce platform via the online ordering function. For other cases, the owners of the e-commerce platform are not required to declare and pay tax on-behalf of the seller, but are responsible for providing the tax authorities with information of the traders, organizations and individuals who have conducted partially or wholly their supply of goods or provision of services via the e-commerce platform.

3. Supplementing the provision of PIT declaration where an individual receives dividends or bonuses in the form of securities

- According to Decree 126/2020, securities trading companies and commercial banks are responsible for withholding and declaring PIT when an individual receives dividends in the form of securities, or where an individual being an existing shareholder receives bonuses as securities. Previously, the individual was responsible for PIT declaration and payment in this case. The draft Decree proposes to not apply the aforesaid regulation of Decree 126 until 1 January 2023.
- During the transitional period prior to 1 January 2023, when an individual receive dividends as securities, or an individual being an existing shareholder receives bonuses as securities and the securities trading company or commercial banks have not withheld and declared tax on their behalf, such individual shall declare and pay tax directly to the tax authority and will not be subject to both administrative penalty for late tax filing and interest on late payment.

4. Supplementing the regulation on the deadline for tax declaration and payment

- Where the deadline for tax declaration, tax payment, and the deadline for tax authorities to handle the tax dossier or enforce tax payment, does not fall on a work day, then such deadline will be the next workday following the deadline.

Please contact KPMG for further consultation on the impact of the draft Decree to your business.

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