

LEGAL NEWS UPDATE – MARCH 2016

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HANOI: contact@bross.vn

HCMC: saigon@bross.vn

PART I: REGULATION HIGHLIGHTS

1. THE TAX GUIDELINES ON PETROLEUM AND GAS PRODUCTION OPERATIONS

On 26 February 2016, the Ministry of Finance promulgated the Circular No. 36/2016/TT-BTC on guiding the implementation of tax regulations on organizations, individuals conducting the petroleum exploration and production operations under the Law on Petroleum.

Accordingly, the export tax rate of crude oil and natural gas is provided as the applicable export tariff. The Circular specifies on tax-calculating cases. Besides, the input VAT of goods, service used for the search, exploration and development of oil and gas fields arising up to the first date of operation or production, shall be totally refundable and the case in which the petroleum agreement does not detect commercial oil and gas and is terminated by the competent authorities' decision is also specified therein.

This Circular is effective from 12 April 2016 and substitutes for the Circular No.32/2009/TT-BTC dated 19 February 2009.

2. TAX INCENTIVES TO THE PRODUCTION OF SUPPORTING INDUSTRY PRODUCTS

On 05 February 2016, the Ministry of Finance promulgated the Circular No.21/2016/TT-BTC on guiding the declaration of VAT and corporate income tax incentives according to the Decree No.111/2015/ND-CP dated on 03 November 2015 of the Government in connection with the development of supporting industries.

Accordingly, the Circular provides on the time-limit for declaration of VAT and corporate income tax of taxpayers.

The Circular is effective from 01 April 2016.

3. INCREASE IN THE LENDING LIMIT TO TRADERS, FAMILY HOUSEHOLDS IN DIFFICULT REGIONS

On 26 February 2016, the Minister of Government promulgated the Decision No.307/QD-TTG on adjustment of the lending limit to the traders doing business in difficult regions and the Decision No.306/QD-TTg on adjustment of the lending limit to the family households manufacturing, trading in difficult regions.

Under the Decision No.307/QD-TTg, the individual traders, who do not implement bookkeeping policy and pay presumptive tax under the tax authorities' decisions, are allowed to make a loan not exceeding 50 million dong from the Vietnam Bank

for Social Policies for purpose of doing trading activities in the difficult regions. The traders making a loan with its value up to 50 million dong shall not implement any securities for such loan. The traders making a loan with its value over 50 million dong shall implement securities for such loan in accordance with the laws on secured transaction and instructions of the Vietnam Bank for Social Policies.

In addition, the Decision No.306/QD-TTg stipulates on the lending limit to one family household manufacturing and trading in difficult regions.

The foregoing Decisions are effective from 15 March 2016.

4. THE POLICY ON MANAGEMENT AND USE OF APARTMENT BUILDING

On 15 February 2016, the Ministry of Construction promulgated the Circular No.02/2016/TT-BXD on promulgation of the policy on management and use of apartment building.

Accordingly, the service charges for management and operation of the apartment building is determined in Vietnamese currency and calculated basing on each square meter (m²) of usable area or other area in an apartment (specified according to the carpet area).

In case of the apartment building is put into service but the first apartment building meeting hasn't be held yet, the service charges for management and operation of the apartment building shall be decided by an investor and specified in

the agreement on purchase or lease of an apartment; after the first apartment building is held, the service charges shall be decided by the meetings on the basis of the negotiation with operation unit.

The expenditures on the apartment building's operation so that the managing and operating unit may implement any tasks shall comply with this Circular.

The Circular is effective from 02 April 2016 and the Decision No.08/2008/QD-BXD dated 28 May 2008 and the Circular No.05/2014/TT-BXD dated 09 May 2014 are abolished.

5. INCREASING IN THE LIMIT OF INDEMNIFY OF MOTOR VEHICLE LIABILITY INSURANCE

On 16 February 2016, the Ministry of Finance promulgated the Circular No.22/2016/TT-BTC on promulgation of rules, terms, premiums and the limit of liability of compulsory civil liability insurance of motor vehicle owners.

Accordingly, the maximum amount, which insurance companies must pay if there is a loss of life caused by the motor vehicles, is 100 million dong/person/accident (the former is 70 million dong /person/accident).

Additionally, the compulsory civil liability insurance charges in respect of cars have been also adjusted while the other motor vehicles charges are unchanged.

This Circular is effective from 01 April 2016 and substitutes for the Circular No.126/2008/TT-BTC dated 22 December 2008

6. THE ELECTRONIC BORDER PROCEDURE IN SEAPORTS

On 03 March 2016, the Prime Minister promulgated the Decision No.10/2016/QD-TTg on implementation of the electronic border procedure in seaports.

Accordingly, the electronic border procedure shall be implemented during 24 hours daily. The time-limit of declaration shall be 04 hours prior to the expecting arrival time of boats and 02 hours prior to the expecting departure time.

In case where the one-stop national portal website has a trouble (equipment, software, database or the transmission line connecting to the system of electronic data processing of seaport border stations is corrupted or faulty), the applicant shall implement the electronic border procedure via the portal website.

In case where the applicant detects errors or updates any information required to supplement or declare under the laws but arises after the time of receiving the confirmation on completion of electronic border procedure, the applicant has a right to emend, supplement any contents having been declared in electronic dossier within the term stipulated in this Decision but must be approved by Border Office of the sea port.

This decision is effective from 18 April 2016 and substitutes for the Decision No.22/2011/QD-TTg dated 15 April 2011.

PART II: LIST OF NEW LEGAL DOCUMENTS

| No. | NAME OF DOCUMENT | EFFECTIVE DATE |
|---|--|-----------------------|
| THE MINISTRY OF FINANCE | | |
| 1 | <i>Circular No. 22/2016/TT-BTC dated 16 February 2016 of the Ministry of Finance on stipulating rules, terms, premiums and responsibilities levels for compulsory civil liability insurance of motor vehicle owner</i> | 01/04/2016 |
| 2 | <i>Official Letter No. 2614/BTC-TCT dated 26 February 2016 of the Ministry of Finance on the policy of corporate income tax</i> | 26/02/2016 |
| 3 | <i>Official Letter No. 2614/BTC-TCT dated 26 February 2016 of the Ministry of Finance on the policy of corporate income tax</i> | 23/02/2016 |
| THE GENERAL DEPARTMENT OF TAXATION | | |
| 1 | Official Letter No. 801/TCT-TNCN dated 02 March 2016 of the General Department of Taxation on the guidance of personal income tax finalization in 2015 and granting dependent tax codes | 02/03/2016 |
| 2 | <i>Official Letter No. 794/TCT-CS dated 01 March 2016 of the General Department of Taxation on the policy of tax and invoice</i> | 01/03/2016 |
| 3 | <i>Official Letter No. 792/TCT-KK dated 01 March 2016 of the General Department of Taxation on VAT refund</i> | 01/03/2016 |
| 4 | <i>Official letter No. 786/TCT-CS dated 01 March 2016 of the General Department of taxation on tax policy</i> | 01/03/2016 |
| 5 | <i>Official Letter No. 774/TCT-CS dated 29 February 2016 of the General Department of Taxation on VAT</i> | 29/02/2016 |
| 6 | <i>Official Letter No. 772/TCT-DNL on 29 February 2016 of the General Department of Taxation on the inheritance of VAT deduction</i> | 29/02/2016 |
| 7 | <i>Official Letter No. 770/TCT-HTQT dated 29 February 2016 of the General Department of Taxation on the announcement of the valid of tax Treaties between Vietnam and San Marino</i> | 29/02/2016 |
| 8 | <i>Official Letter No. 766/TCT-DNL dated 29 February 2016 of the General Department of Taxation on corporate income tax from capital transfers</i> | 29/02/2016 |
| 9 | <i>Official Letter No. 755/TCT-CS dated 26 February 2016 of the General Department of Taxation on determination of the subject to land levy</i> | 26/02/2016 |
| 10 | <i>Official Letter No. 751/TCT-CS dated 26 February 2016 of the General Department of Taxation on VAT</i> | 26/02/2016 |

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| 11 | <i>Official Letter No. 750/TCT-CS dated 26 February 2016 of General Department of Taxation on tax policy</i> | 26/02/2016 |
| 12 | <i>Official Letter No. 743/TCT-CS dated 26 February 2016 of the General Department of Taxation on tax policy</i> | 26/02/2016 |
| 13 | <i>Official Letter No. 739/TCT-TNCN dated 25 February 2016 of the General Department of Taxation on the policy of personal income tax</i> | 25/02/2016 |
| 14 | <i>Official Letter No. 728/TCT-TNCN dated 25 February 2016 of the General Department of Taxation on the policy of personal income tax</i> | 25/02/2016 |
| 15 | <i>Official Letter No. 722/TCT-KK dated 25 February 2016 of the General Department of Taxation on the declaration of the VAT</i> | 25/02/2016 |
| 16 | <i>Official Letter No. 675/TCT-KK dated 25 February 2016 of the General Department of Taxation on VAT refund of investment projects in both non-taxable and taxable manufacturing business.</i> | 23/02/2016 |
| 17 | <i>Official Letter No.671/TCT-CS dated 23 February 2016 of the General Department of Taxation on the policy of corporate income tax</i> | 23/02/2016 |
| 18 | <i>Official Letter No. 667/TCT-HĐQT dated 23 February 2016 of the General Department of Taxation on the application of tax treaties between Vietnam and Korean with respect to the guarantee fee</i> | 23/02/2016 |
| 19 | <i>Official Letter No. 649/TCT-KK dated 22 February 2016 of General Department of Taxation on the problems of tax policy</i> | 22/02/2016 |
| 20 | <i>Official Letter No. 639/TCT-CS dated 22 February 2016 of the General Department of Taxation on VAT</i> | 22/02/2016 |
| 21 | <i>Official Letter No. 638/TCT-Cs dated 22 February 2016 of the General Department of Taxation on tax policy to the foreign contractor</i> | 22/02/2016 |
| 22 | <i>Official Letter No. 636/TCT-CS dated 22 February 2016 of the General Department of Taxation on the policy of corporate income tax</i> | 22/02/2016 |

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