

LEGAL UPDATES

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Some policies on taxes, accounting, auditing take effect from May 2018

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New guidelines on the non-deductible expenses when calculating the corporate income tax (CIT)

This is the featured content mentioned at Circular No. 25/2018/TT-BTC (taking effect from May 01, 2018), providing the guidelines to Decree No. 146/2017/ND-CP and amending, supplementing Circular No. 78/2014/TT-BTC, Circular No. 111/2013/TT-BTC.

Accordingly, amendments and supplements are made to some provisions on deductible expenses and non-deductible expenses when calculating CIT, specifically:

- Adding the non-deductible fixed assets depreciation for the case that the enterprise receives the transfer (a part of the capital or the entire enterprise).

- The costs of buying the life insurance for workers exceeding the regulatory limit or the conditions for enjoying the life insurance not specified in the document, the cost is considered as the non-deductible expense when calculating CIT.

- Increasing the deductible amount when calculating CIT for the appropriation for voluntary retirement, voluntary retirement insurance, life insurance for workers and so on up to the maximum amount of 3 million VND/month/person; but must ensure the following requirements:

The condition for enjoying and the benefit level must be specified in one of the following documents: the labor contract, the collective labor agreement; the financial regulation of the Company and the Corporation; Bonus regulation by the Chairman of the Board of Directors, the General Director and Director based on the financial regulation of the Company and the Corporation.

The enterprise must fully implement the obligations of the mandatory obligation to the employee (including the case of arrears of the compulsory insurance).

Increasing the fines in the accounting field up to 100 million VND

This is the new content amended by Decree No. 41/2018/ND-CP, replacing Decree No. 105/2013/ND-CP on sanctioning administrative violations in the field of accounting, independent audit and this regulation takes effect from May 01, 2018.

Accordingly, the maximum fine for an administrative violation in the field of accounting and independent audit is 50 million VND for the individual and 100 million VND for the organization.

FDI enterprises are entitled to export on the spot of redundant materials used for processing

Official letter No. 309/XNK-CN dated March 19, 2018 of the Ministry of Commerce and Industry provided the guidelines on the export on the spot of raw materials used for production and processing.

As prescribed at Article 32 Decree No. 187/2013/ND-CP, the processor is allowed to export on the spot the redundant materials used for processing. This provision applies to the processor who is a businessman in Vietnam,

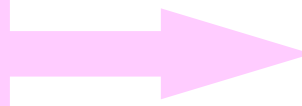
including the enterprise with foreign-invested capital in Vietnam.

Accordingly, for the case that the processor is a FDI enterprise, then it is allowed to export on the spot the redundant.

The export conditions and procedures must comply with the provisions at Article 4 and Clause 3 Article 32 Decree No. 187/2013/ND-CP.



The enterprises are allowed to self-declare the value of donated raw materials



Official letter No. 1808/TXNK-TGHQ dated April 13, 2018 of the General Department of Customs provided the guidelines on the customs value of imported goods.

As prescribed at Clause 5 Article 17 Circular No. 39/2015/TT-BTC, for imported goods without sales contracts or commercial invoices, the customs value is the declared value.

Accordingly, for the case that the enterprise is donated by a foreign partner with the redundant materials used for processing or production to export by the foreign partner and transfer for domestic consumption, the customs value is determined by the declared value.

However, if there is evidence showing that the value the enterprise declared is not appropriate, then the customs authority will re-determine the value based on the principles and method of determining customs value as stipulated at Circular No. 39/2015/TT-BTC.



Slow payment of health insurance shall be subject to the interest rate at 0.75%/month from 2018

Notice No. 13/TB-BHXH dated January 04, 2018 of the Social Insurance of Ho Chi Minh City provided the adjustment on the interest rate on the slow payment of the health insurance.

According to this Notice, the interest rate on the slow payment of the health insurance in Ho Chi Minh City is 0.75%/month from January 01, 2018, lower than the interest rate applicable in 2017 (0.967%/month, Notice No. 67/TB-BHXH dated January 10, 2017).



As prescribed at Decision No. 60/2015/QD-TTg, for the case that the enterprise makes the slow payment of the health insurance for over 30 days, the enterprise must pay the interest amount equal to 02 times of the interbank market rate for a 9-month term deposit of the preceding year publicized by the State Bank calculated on the amount and the time of the slow payment.

NOTICE:

"The purpose of this news is to provide the clients with further information. Although we have focused much on the ensure of accuracy, the information that is given on this news is not absolutely thorough and the clients would better consult professional opinions before application".

