

# WINWIN AUDIT

Newsletter 05/2024



**Make Everything Better**

**1. Reduction of value-added tax for groups of goods and services currently subject to the 10% tax rate, excluding the following groups of goods and services:**

a) Telecommunications, financial activities, banking, securities, insurance, real estate business, metals and fabricated metal products, mining products (excluding coal mining), coke, refined petroleum, and chemical products. Details are provided in Appendix I attached to this Decree.

b) Goods and services subject to special consumption tax. Details are provided in Appendix II attached to this Decree.

c) Information technology as prescribed by the law on information technology. Details are provided in Appendix III attached to this Decree.

d) The reduction of value-added tax for each type of goods and services specified in Clause 1 of this Article is uniformly applied at the stages of import, production, processing, and commercial business. For extracted coal sold (including cases where extracted coal is screened and classified through a closed process before being sold), it is subject to value-added tax reduction. Coal products listed in Appendix I attached to this Decree, at stages other than extraction and sale, are not eligible for value-added tax reduction.

State-owned corporations and economic groups that carry out a closed process before selling are also eligible for value-added tax reduction for extracted coal sold.

In cases where goods and services listed in Appendices I, II, and III attached to this Decree are exempt from value-added tax or are subject to a 5% value-added tax rate as per the Value-Added Tax Law, the provisions of the Value-Added Tax Law shall apply, and no further reduction in value-added tax will be granted.

**This Decree is effective from July 1, 2024, until December 31, 2024.**

## 2. Government Decree No. 74/2024/ND-CP dated June 30, 2024, stipulates the minimum wage for workers employed under labor contracts.

According to Decree No. 74/2024/ND-CP, the minimum wage by region will increase on average by 200,000 VND to 280,000 VND starting from July 1, 2024, compared to the current minimum wage set by Decree No. 38/2022/ND-CP. Specifically:

The monthly minimum wages for the four regions are specified as follows:

Region I: An increase of 280,000 VND, from 4,680,000 VND per month to 4,960,000 VND per month.

Region II: An increase of 250,000 VND, from 4,160,000 VND per month to 4,410,000 VND per month.

Region III: An increase of 220,000 VND, from 3,640,000 VND per month to 3,860,000 VND per month.

Region IV: An increase of 200,000 VND, from 3,250,000 VND per month to 3,450,000 VND per month.

The hourly minimum wage is as follows:

Region I: An increase from 22,500 VND per hour to 23,800 VND per hour.

Region II: An increase from 20,000 VND per hour to 21,200 VND per hour.

Region III: An increase from 17,500 VND per hour to 18,600 VND per hour.

Region IV: An increase from 15,600 VND per hour to 16,600 VND per hour.

The application of regional areas is determined based on the location of the employer's operations as follows:

Employers operating in a specific region must apply the minimum wage rates prescribed for that region.

Employers with units or branches operating in areas with different minimum wage rates must apply the minimum wage rate prescribed for each specific area where the unit or branch operates.

Employers operating in industrial zones or export processing zones located in areas with different minimum wage rates must apply the minimum wage rate for the area with the highest rate.

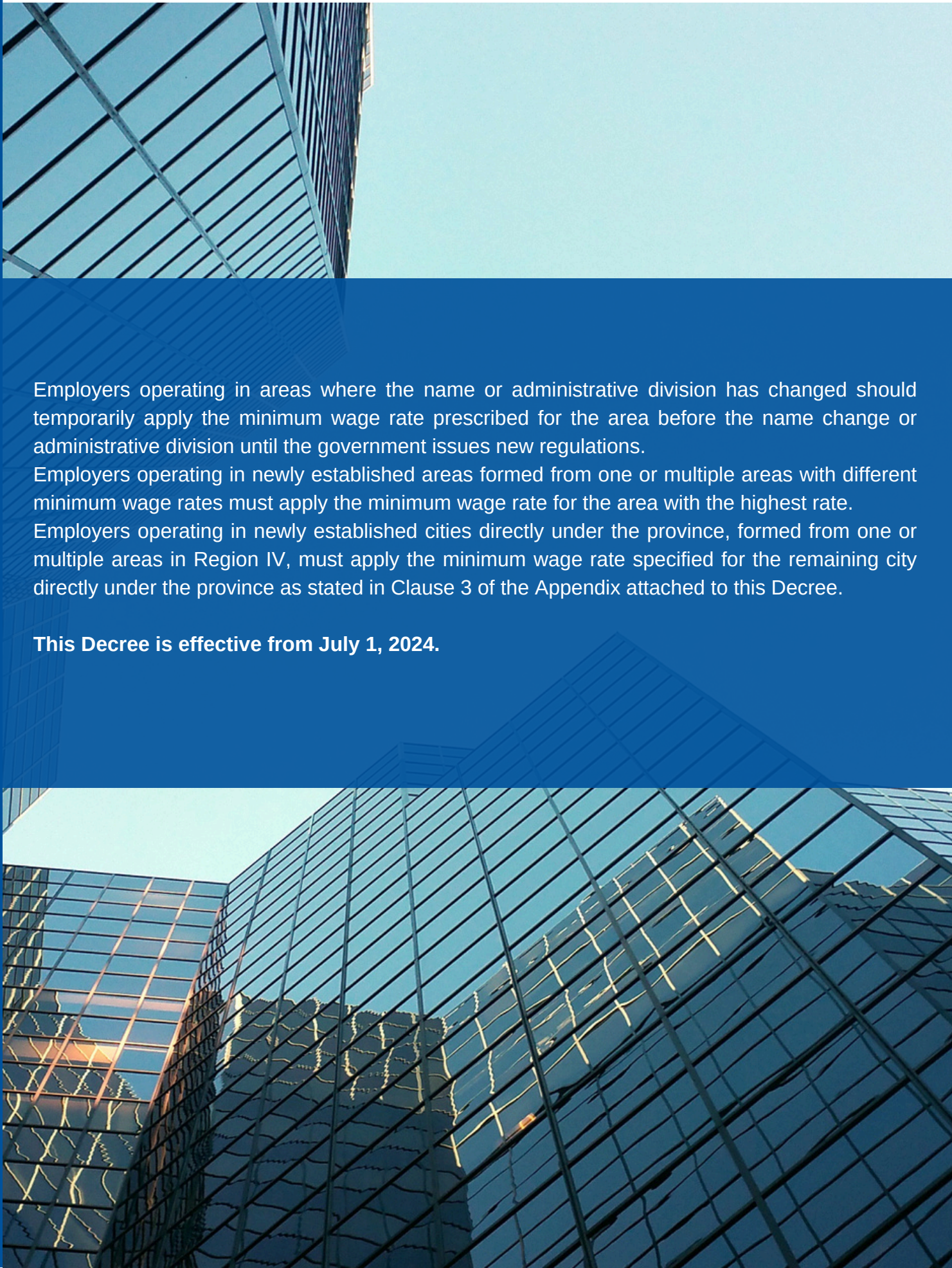
**2. Government Decree No. 74/2024/ND-CP dated June 30, 2024, stipulates the minimum wage for workers employed under labor contracts.**

Employers operating in areas where the name or administrative division has changed should temporarily apply the minimum wage rate prescribed for the area before the name change or administrative division until the government issues new regulations.

Employers operating in newly established areas formed from one or multiple areas with different minimum wage rates must apply the minimum wage rate for the area with the highest rate.

Employers operating in newly established cities directly under the province, formed from one or multiple areas in Region IV, must apply the minimum wage rate specified for the remaining city directly under the province as stated in Clause 3 of the Appendix attached to this Decree.

**This Decree is effective from July 1, 2024.**



**3. Official Dispatch No. 18799/CTBDU-TTHT of the Binh Duong Provincial Tax Department dated July 15, 2024, regarding the transfer of profits from a subsidiary to the parent company.**



Based on Clause 2, Article 42 of the Tax Administration Law No. 38/2019/QH14 (effective from July 1, 2020), which stipulates the principles of tax declaration and tax calculation:

"Taxpayers are responsible for calculating the amount of tax payable, except in cases where tax calculation is performed by the tax authorities in accordance with government regulations."

Based on Article 69 of the Enterprise Law No. 59/2020/QH14 dated June 17, 2020, which stipulates:

"Article 69. Conditions for Profit Distribution"

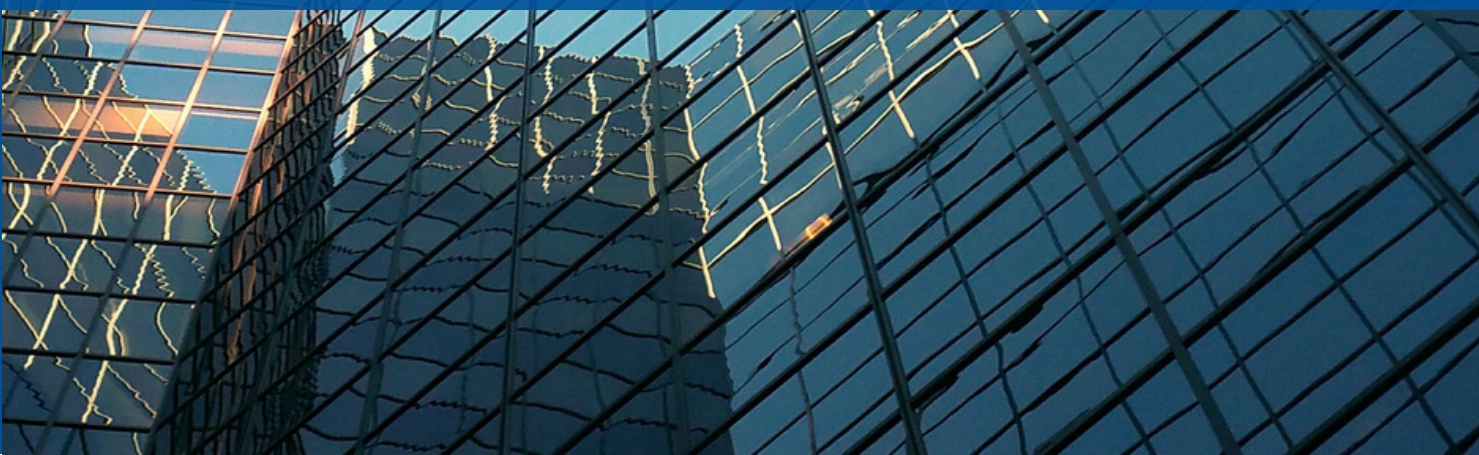
The company may only distribute profits to its members after fulfilling tax obligations and other financial obligations as prescribed by law, ensuring that all debts and other financial obligations due are paid in full after profit distribution.

· Based on Clause 6, Article 4 of Government Decree No. 218/2013/ND-CP dated December 26, 2013, which provides detailed regulations and guidelines for the implementation of the Corporate Income Tax Law.

"Article 4. Tax-Exempt Income"

6. Income distributed from capital contributions, share purchases, joint ventures, or economic links with domestic enterprises, after the receiving party (whether through capital contribution, share issuance, joint ventures, or economic links) has paid taxes as required by the Corporate Income Tax Law, including cases where the receiving party is benefiting from tax incentives as stipulated in Chapter IV of this Decree.

**=> Based on the above regulations, if a parent company invests capital in a subsidiary, and the subsidiary has fulfilled its tax obligations and distributed after-tax profits, the parent company receiving the profits from this investment will be exempt from corporate income tax as stipulated in Clause 6, Article 4 of Government Decree No. 218/2013/ND-CP dated December 26, 2013.**



**4. Official Dispatch No. 1085/CTKGI-TTHT of the Kien Giang Provincial Tax Department dated July 10, 2024, regarding tax policies for the money lending activities of enterprises.**




If the company has idle funds to deposit in a bank or lend to members within the unit, the interest rate must comply with regulations. Tax law does not stipulate the interest rate of the company but only calculates tax on the interest income received by the company.


In cases where a company conducts transactions that do not reflect the economic reality, are not based on actual occurrences, or do not align with normal market transaction values with the intention of reducing the taxpayer's tax obligations, the tax authorities will handle the situation according to tax regulations.



**5. Official Dispatch No. 18797/CTBDU-TTHT of the Binh Duong Provincial Tax Department dated July 15, 2024, regarding the difference between the invoice issue date and the signature date on electronic invoices.**



The Binh Duong Provincial Tax Department issued Official Dispatch No. 18797/CTBDU-TTHT providing guidance on cases where the invoice issue date and the signature date on electronic invoices differ. Specifically:

- If an electronic invoice for the sale of goods or provision of services has a timestamp for digital signing that differs from the invoice issue date, the electronic invoice will still be considered valid if the timestamp for digital signing occurs at the same time or after the invoice issue date.
  - The selling company will declare and pay VAT based on the invoice issue date. The purchasing company will declare tax at the time of receiving the invoice, ensuring compliance with the form and content requirements as stipulated in Article 10 of Decree No. 123/2020/ND-CP.
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The information in the Newsletter is for general and summary purposes. Therefore, you should contact us directly for advice on a case-by-case basis.