

New Regulations on Tax and Social Insurance

Recently, on 14th April 2017, the Government promulgated Decree No. 44/2017/ND-CP (“**Decree 44**”) replaced provisions on Decree No. 37/2016/ND-CP (“**Decree 37**”) regarding the rate of contribution to the Occupational Accident And Well-being Assurance, and on 18th April 2017, Ministry of Finance promulgated Circular No. 31/2017/TT-BTC (“**Circular 31**”) on amending and supplementing a number of articles in Circular No. 99/2016/TT-BTC (“**Circular 99**”) regarding to the management of value added tax, these regulations shall take effect from June 2017.

Value added tax refunding

Processing time for tax refunding to taxpayers is limited down from 03 working days under the provision of Circular 99 to 01 working day dated from the receiving:

- (i) Refunding Order to the accounts receivable of national budget; or
- (ii) Order to refund and compensate to the accounts receivable of national budget issued of Tax authorities.

Tax authority publishes on General Department of Taxation website those events of:

- (i) dossier receiving date of tax refunding; written declaration, additional information or documentation submitted by Taxpayer;
- (ii) issuing date of notification and decision on the settlement of VAT refunding by Tax authority; and
- (iii) Taxpayer’s tax refunding receivable from National Treasury.

Department of Taxation has obligations to promptly update and archive tax refunding decisions, decisions on tax refunding and compensating to National budget are updated on Tax Administrative System at the same day of issuing tax refunding decision.

Completion upon the recording of tax refunding decisions, decisions on tax refunding and compensating to National budget are proceeding to National Treasury by the Department of Taxation within the day or no later than the following business day.

Circular 31 shall take effect from 2nd June 2017.

Tax rate contributed to the Occupational Accident and Well-being Assurance

Decree 44 regulated to tax down employment monthly rate contributed to the Occupational Accident and Well-being Assurance from 1% as under the provisions of Decree 37 to 0.5% on monthly income of employees (on which the social insurance premiums are based):

- (i) Persons working under the labor contracts of (a) indefinite-term; (b) definite-term; (c) seasonal term or special jobs with a term of between 3 to 12 months; (d) signing between an employer and legal representative of the person aged under 15 whom will be working for the employer in accordance with the labor law;
- (ii) Salaried managers of enterprises and cooperatives;
- (iii) Cadres, civil servants and officials;
- (iv) Defense staffs, public security staffs and persons doing other jobs in cipher organizations;
- (v) Officers and troopers of people’s army of Vietnam; sergeants, and non-commissioned technique officers of people’s public security of Vietnam; and staffs engaged in cipher works rated trooper salary.

A person who works under a labor contract of 1-3 month term, monthly rate contributed to the Occupational Accident and Well-being Assurance sets down to 0.5% from 01st January 2018 instead of 01st June 2017.

Decree 44 shall take effect from 01st June 2017.