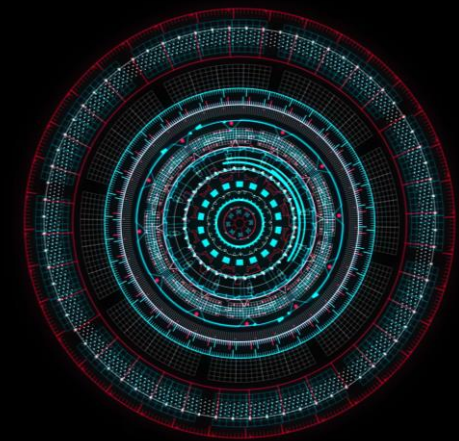


## Tax Alert

# Decree No. 34/2022/ND-CP on extending the deadline for payment of taxes and land rental fee in 2022

June 2022



## Background

The Government has issued Decree No. 34/2022/ND-CP dated 28 May 2022 (“Decree 34”) on extending the deadline for payment of Value Added Tax (“VAT”), Corporate Income Tax (“CIT”), Personal Income Tax (“PIT”) and land rental fee in 2022. Decree 34 is effective from 28 May 2022 to 31 December 2022.

In this tax alert, we would like to summarize several notable contents in Decree 34 for your reference.

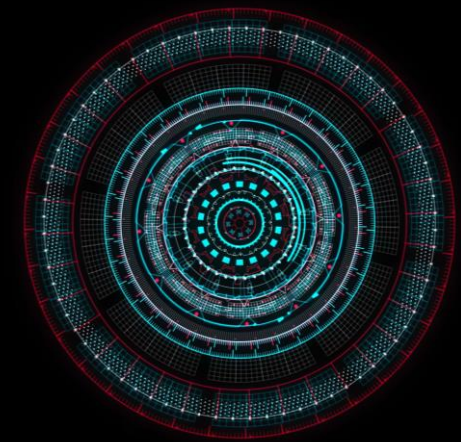
## Main contents

1. **Subject of application:** Similar to those under Decree No. 52/2021/ND-CP (“Decree 52”);
2. **Extending the deadline for taxes payment:**
  - For enterprises and organizations: Extending the deadline for payment of VAT and CIT;
  - For business households and individuals: Extending the deadline for payment of VAT and PIT;
  - Extending the deadline for payment of land rental fee: applicable to **50% of total land rental fee payable in 2022.**
3. **Extension procedures:**
  - Taxpayers shall **self-determine and take responsibility** for requesting extension of taxes and land rental fee payment;
  - The deadline for submitting the application for extension of tax and land rental fee payment is 30 September 2022; at the latest;
  - Tax authorities **are not required to** notify taxpayers of their acceptance of the tax and land rental fee payment extension.
  - In case during the extended period the tax authorities have basis to prove that the taxpayer is not eligible for the deferral, they shall send a written notification to the taxpayer of the ineligibility for extension and the taxpayer shall fully pay the taxes, land rental fees and late payment interests that accrue over the elapsed period.

## Tax Alert

## Decree No. 34/2022/ND-CP on extending the deadline for payment of taxes and land rental fee in 2022

June 2022



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## Entities eligible for extension

The entities eligible for extension in Decree 34 shall be similar to those in Decree 52. Specifically:

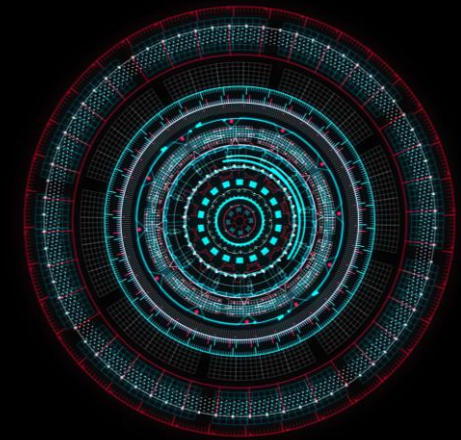
i. Enterprises, organizations, business households and individuals operating in following sectors:

**Manufacturing sectors:**

- Agriculture, forestry and fishery;
- Manufacturing and processing food; weaving; producing costumes; manufacture of leather and related products; manufacture of wood and of products of wood and cork, except for furniture; manufacture of products of straw and plaiting materials; manufacture of paper and paper products; manufacture of rubber and plastic products; manufacture of other non metallic mineral products; manufacture of metals; machining; treating and coating of metals; manufacture of electronic products, computers and optical products; manufacture of automobiles and other motor vehicles; manufacture of furniture;
- Construction;
- Activities in publishing, cinematographic, television program production, music recording and publishing;
- Extraction of oil and natural gas (no extension for CIT on crude oil, condensate, nature gas under agreement and contract);
- Beverage's production, printing, copying, production of coke coal, refined petroleum products; producing chemicals and chemical products; production of the products of prefabricated metal (except for machinery and equipment); production of motorcycle; repair, maintenance and installation of machine and equipment;
- Drainage and wastewater treatment.

**Business sectors:**

- Transportation and warehousing (logistics); accommodation and catering services; education and training; health and social assistance activities; real estate activities;
- Manpower supplies; activities of travel agents, tour operators and support services related to tourism promotion and organization;
- Creative, arts and entertainment activities; activities of libraries, archives, museum, and other cultural activities; sport activities, recreational activities; cinema activities;
- Radio and television activities; computer programming; consulting services and other activities related to computer; information service activities;
- Mining support service activities.

**Tax Alert****Decree No. 34/2022/ND-CP on extending the deadline for payment of taxes and land rental fee in 2022****June 2022****1 Entities eligible for extension (cont'd)**

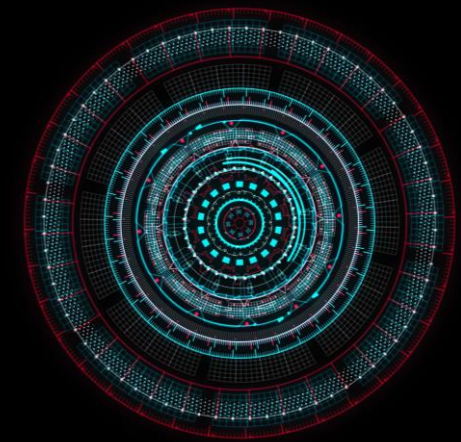
- ii. Enterprises, organizations, business households and individuals manufacturing supporting industrial products prioritized for development; principal mechanical products.
- iii. Small and micro enterprises as defined under the Law on Supporting Small and Medium Enterprises 2017 and guiding documents;
- iv. Credit institutions, branch of foreign banks conducting solutions to support clients which are enterprises, organizations and individual affected by Covid 19 under regulations of the State Bank of Vietnam.



## Tax Alert

## Decree No. 34/2022/ND-CP on extending the deadline for payment of taxes and land rental fee in 2022

June 2022



## 2

## Extension of deadline for tax payment

## 2.1. For enterprises and organizations

i. Extension of VAT payment (except for VAT at importation stage):

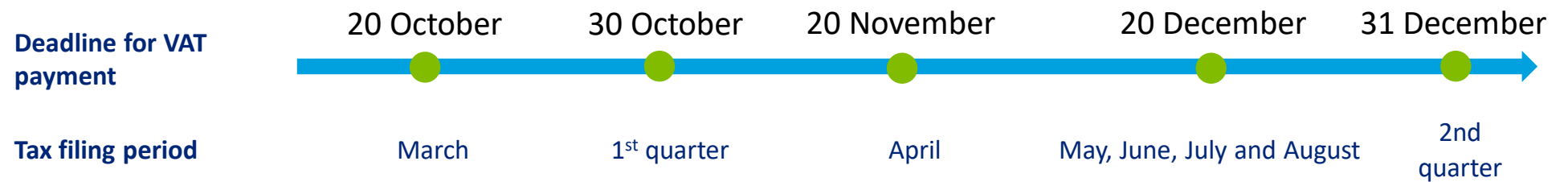
Extension of deadline for payment of VAT payable (including the amount allocated to provinces other than where the headquarter is located, and the tax payable upon incurrence):

- For **monthly declaration**: tax period **from March to August 2022**.
- For **quarterly declaration**: tax period of the **1st quarter** and **2nd quarter of 2022**.

## Extension period:

- **06 months** for the VAT payable **from March to May 2022** and the **1st quarter of 2022**,
- **05 months** for the VAT payable of **June 2022** and the **2nd quarter of 2022**,
- **04 months** for the VAT payable of **July 2022**,
- **03 months** for the VAT payable of **August 2022**.

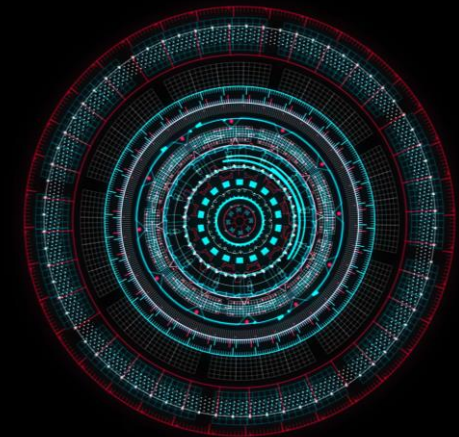
The extension period is counted from the ending date of the prescribed deadline for VAT payment. Enterprises and organizations eligible for the extension shall declare and submit monthly and quarterly VAT declarations in accordance with current regulations, **but are not required to settle** the payable VAT amount. The deadline for monthly and quarterly VAT payment is extended as follows:



## Tax Alert

## Decree No. 34/2022/ND-CP on extending the deadline for payment of taxes and land rental fee in 2022

June 2022

**ii. Extension of CIT payment**

- Extension of **03 months** for the tax amount pre-paid in the 1st quarter and 2nd quarter of the 2022 tax period.
- **Not applicable** to cases where branches and affiliated units do not have production and business activities in the economic sectors entitled to extension.

**2.2 For business households and individuals**

- Extension of deadline for payment of VAT and PIT payable in 2022 to **31 December 2022** at the latest.

**2.3. For land rental fees**

- The extension period for 50% of total land rental fees payable in 2022 is **06 months from 31 May 2022**.
- **Subjects of application:** Enterprises, organizations, households, business households and individuals specified in Article 3 of Decree 34 and directly leasing land from the Government under a Decision or Contract of a competent authority with annual land rental payments.

**Other notes:**

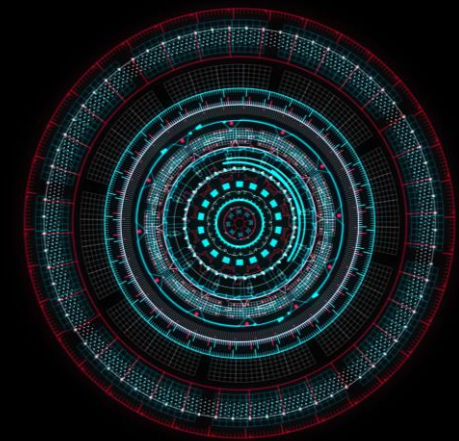
- *In case an enterprise or organization has branches or affiliated units that separately declare VAT and CIT to their managing tax authorities, such branches or affiliated units are also eligible for VAT and CIT payment extension. The policy is **not applicable** to branches or affiliated units of an enterprise or organization not operating in the economic sectors eligible for extension.*
- *In case the **expiration date** of the extension period is **a statutory day off**, it will be the **working days succeeding** such day off.*



## Tax Alert

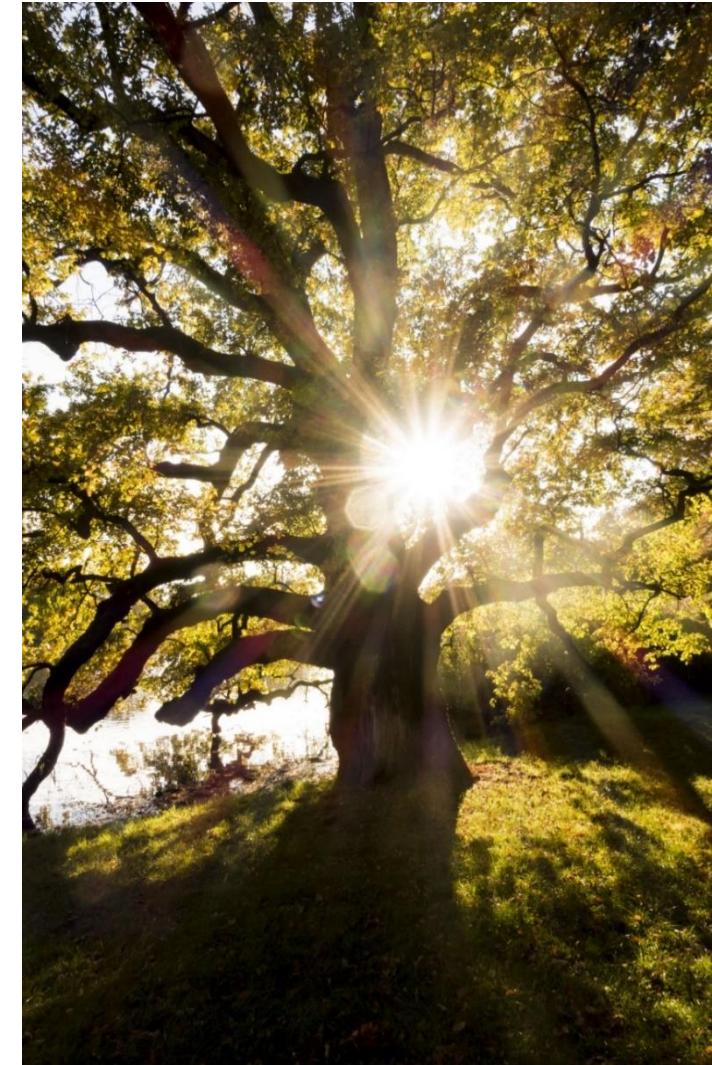
## Decree No. 34/2022/ND-CP on extending the deadline for payment of taxes and land rental fee in 2022

June 2022



## 3 Extension procedures

- i. The taxpayer submits the **Application for extension to the direct managing tax authority once for the entire** taxes and land rental fees amount arising in the extended tax periods.
- ii. The deadline for submission is **when submitting** the monthly (or quarterly) tax return or 30 September 2022 **at the latest**.
- iii. In case the amounts entitled to extension are in different tax management areas, **the directly managing tax authority is responsible** for transmitting information and sending the request for extension to the relevant managing tax authorities.
- iv. The taxpayer shall **self-determine and take responsibility for the extension** request to ensure the subject of extension is accurate.
- v. The tax authority **is not required** to notify the taxpayer of the acceptance of the tax and land rental fee payment extension. In case the tax authority is able to prove that the taxpayer is not eligible for extension, **the tax authority shall send a written notification to the taxpayer of the ineligibility for extension** and the taxpayer shall **fully pay the taxes, land rental fees and late payment interests** that accrue over the elapsed period. In case a competent authority discovers **through inspection and audit** that the taxpayer is not eligible for extension, the taxpayer shall pay the **underpaid taxes, fines and late payment interests** to state budget.
- vi. Late payment interest **shall not be charged** on extended taxes and land rental fees during the extension period. In case the tax authority has charged late payment interest (if any) for taxpayers entitled to extension, the tax authority shall **adjust** and cancel the late payment interest.



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