**LEGAL UPDATES
VOL 23, OCTOBER 2021**

**Dear Valued Clients and Partners,**

ADK & Co Vietnam Lawyers would like to introduce to you the Legal Updates, Vol 23 of October 2021 with new legal provisions with notable contents as follows:

1. **Officially promulgate a resolution on tax exemption and reduction for people and businesses affected by the Covid-19 epidemic**

On October 19, 2021, The President of the National Assembly signed and promulgated the Resolution No. 406/NQ-UBTVQH15 on promulgating a number of solutions to support businesses and people affected by the Covid-19 epidemic. **The Resolution will take affect from October 19, 2021.**

Accordingly, the Standing Committee of the National Assembly will reduce the payable corporate income tax amount by 30% in 2021 for the case that taxpayers according to the provisions of the Law on Corporate Income Tax having a revenue in 2021 is not more than 200 billion VND and revenue in 2021 is lower than the revenue in 2019.

Note that, the criterion that the revenue in 2021 is reduced compared to the revenue in 2019 is not applied to the case of taxpayers newly established, consolidated, merged, divided, separated in the tax period 2020, 2021.

Exemption from personal income tax, value added tax and other payable taxes arising from production and business activities of the months in the third and fourth quarters of 2021 for:

1. Households and individuals having production and business activities in district areas affected by the COVID-19 epidemic in 2021 shall be decided by the President of the People's Committee of the province or the city directly under the central government.
2. No tax exemption applies to incomes and revenues from providing software products and services; digital information content products and services on entertainment, video games, digital movies, digital photos, digital music; digital advertising.

In addition, the Resolution also clarifies that the late payment interest arising in 2020 and 2021 is exempt from tax, land use levy and land rent debts for:

1. Enterprises, organizations (including dependent units, business locations) incur losses in 2020.
2. The provisions of this clause do not apply to cases where late payment interest has been paid.
3. **The Government submits to the National Assembly the draft Law on Insurance Business**

On October 22, 2021, the National Assembly heard the Minister of Finance on behalf of the Prime Minister submit the draft Law on Insurance Business (amended).

Accordingly, the draft has supplemented provisions on:

1. Classifying the contract, amending the content of the insurance contract, some contents to be consistent with the Civil Code and market practice such as the provision for exclusion of insurance liability, the unilateral termination of the contract; contract is invalid, responsibility to provide information of the insurance buyer, insurance enterprise, time limit for submission of application for insurance payment, time limit for payment...
2. Require comprehensive disclosure of information regularly and irregularly, including qualitative and quantitative information on a periodic, in order to enhance transparency and fair competition in the market.
3. Financial management of insurance enterprises and reinsurance enterprises in the direction of converting to risk-based capital management. Accordingly, the draft Law requires enterprises to determine the capital adequacy ratio and capital management corresponding to the size and risk level of the enterprise.
4. Independent audit, independent audit scope and responsibility for providing information to the Ministry of Finance.
5. The Ministry of Finance shall coordinate with foreign insurance management agencies in managing, supervising, inspecting and examining branches of foreign insurance enterprises in Vietnam; establish a mechanism to share management and supervisory information with the State Bank of Vietnam and other ministries and branches related to insurance business.

In addition, the draft also amends a number of contents as follows:

1. Regulations on professional reserves, investment activities, asset management, revenue - expenses are revised to correspond to the risk-based capital management model as the requirement to use experts. calculated in the setting up of provisions, provisions must be attached to corresponding assets and regularly evaluated;
2. Regulations on state management of insurance business are also revised in the direction of aggregating regulations on content of state management and state management agencies; supplement the tasks and powers of the Ministry of Finance in management, supervision, inspection and handling of violations of the law on insurance business activities.
3. **Amendment regulations on grant of special loans to credit institutions placed under special control.**

On July 6, 2021, The Governor of the State Bank of Vietnam promulgates Circular No. 08/2021/TT-NHNN prescribing the grant of special loans to credit institutions placed under special control. **This Circular will take effect from October 27, 2021**

Accordingly, the Circular amends regulations on grant of special loans to credit institutions placed under special control:

1. The State Bank of Vietnam shall consider and decide, but less than 12 months about special loan term to support the liquidity of a credit institution that is in danger of becoming insolvent or has become insolvent and such insolvency threatens the stability of the system while the credit institution is placed under special control.
2. This Circular also supplements regulations for above credit institutions that is in danger of becoming insolvent or has become insolvent and such insolvency threatens the stability of the system while the credit institution is placed under special control, must use collateral in order of priority.

We hope you found this brief legal update informative.

Kind regards.

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