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English Legal Normative Documents

LEGAL NEWSLETTER

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LEGAL UPDATES

Export - Import

Vietnam expects to apply global minimum tax in 2024

The Ministry of Finance has recently submitted the Government a draft resolution on the imposition of top-up corporate income tax under the Global Anti-Base Erosion (GloBE) model rules, which is expected to be adopted by the National Assembly for application from the beginning of next year.

The Ministry of Finance (MOF) has recently submitted to the Government a draft resolution on the imposition of top-up corporate income tax under the Global Anti-Base Erosion (GloBE) model rules, which is expected to be adopted by the National Assembly for application from the beginning of next year.

Accordingly, the Vietnam-based constituent entity or group of Vietnam-based constituent entities of a multinational enterprise (MNE) group that earns an annual revenue of EUR 750 million or more as stated in the consolidated financial statements of the ultimate parent entity in at least two out of the four fiscal years preceding the tested fiscal year would be liable to a qualified domestic minimum top-up tax (QDMTT).

In case the Vietnam-based constituent entities or group of Vietnam-based constituent entities' revenue reaches the threshold under the GloBE rules and the actual corporate income tax rate applicable to the MNE group is lower than the global minimum tax rate, its QDMTT in Vietnam would be calculated according to the following formula:

QDMTT = (Top-up tax percentage x Excess profit) + Additional current top-up tax (if any)

In which:

Top-up tax percentage = Minimum rate - Effective tax rate

The effective tax rate is 15 percent

The MOF explains that if applying the QDMTT rule, Vietnam would have the right to levy tax, thus limiting tax loss. It would help ensure progress and transparency of the tax administration system and business investment environment in line with international standards. At the same time, the country may also retain the current preferential policies applicable to businesses not subject to the global minimum tax.

The draft resolution also provides for the income inclusion rule (IIR), saying that an MNE group’s ultimate parent entity, partially owned parent entity or intermediate parent entity in Vietnam that directly or indirectly holds ownership in an overseas low-taxed constituent entity at any time during the fiscal year would have to declare and pay a top-up tax based on its allocable share of the top-up tax of the overseas low-tax entity in the fiscal year, unless the top-up tax is paid in a country that have regulations on priority qualified IIR compliant with the order of priority under the GloBE rules. This regulation would not apply to the Vietnam-based constituent entities of the ultimate parent entity, partially owned parent entity or intermediate parent entity.

The top-up tax under the IIR would be determined as follows:

Jurisdictional top-up tax = (Top-up tax percentage x Excess profit) + Additional current top-up tax (if any) - Domestic top-up tax (if any)

In which:

Top-up tax percentage = Minimum rate - Effective tax rate

The effective tax rate is 15 percent

According to the MOF, the IIR is expected to help Vietnam increase the state budget revenue with the top-up tax collected from Vietnamese groups investing offshore, ensure equality between domestic and foreign investors, direct and indirect investors, and prevent Vietnamese MNE groups from committing profit shifting and transfer pricing to evade taxes.

A taxpayer would not be liable to the top-up tax under the QDMTT rule or IIR in the fiscal year if satisfying two requirements (i) having average revenue of under EUR 10 million and (ii) obtaining average income of less than EUR 1 million or suffering financial loss.

The time limit for submission of declaration and payment of the top-up tax for a fiscal year would be nine months, for those liable to tax under the QDMTT rule, or 15 months, for those subject to the IIR, counting from the last day of that fiscal year.

In case an MNE group has more than one constituent entity liable to pay tax in Vietnam, the ultimate parent entity in the host country would have to designate one of its constituent entities to declare and pay top-up tax under the GloBE rule, otherwise the Vietnamese tax authority would do so.

Entities not liable to the GloBE rules would be governmental entities, international organizations, not-for-profit organizations, pension funds, investment funds being ultimate parent entities, real estate investment organizations being ultimate parent entities, or entities with at least 85 percent of the value owned directly or indirectly by one or more than one excluded entity.

Industry

Country approves national energy master plan for 2021-30 period

By 2030, Vietnam will establish and develop several clean energy centers in the northern, central, and southern regions, and develop new energy production to meet domestic and export demands. The capacity of green hydroelectricity production is estimated at about 100,000-200,000 tons per year by 2030 and about 10-20 million tons annually by 2050.

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Such are targeted in Decision 893/QD-TTg, approving the national energy master plan for the 2021-2030 period, with a vision toward 2050.

Under the Decision, the overall objective of the plan is to ensure the country's energy security, meet the requirements of economic and social developments, industrialization, and modernization, ensure national defense and security, improve the people's living standards, and protect the ecological environment. In addition, it aims to develop an independent and autonomous energy industry and establish a comprehensive energy industry ecosystem based on renewable and new energy sources, with a goal of becoming a regional center for clean energy industries and renewable energy exports.

It sets a target for total primary energy supply to reach 155 million tons of oil equivalent by 2030 and between 294 and 311 million tons by 2050. The total national oil and petroleum reserves (including crude oil and products), meanwhile, is expected to rise to 75-80 days of net imports by 2030 and gradually to 90 days after that year.

Regarding equitable energy transition, the plan sets a target for the share of renewable energy in the total primary energy to be 15-20 percent by 2030 and about 80-85 percent by 2050. It also aims to achieve energy savings of about 8-10 percent by 2030 and about 15-20 percent by 2050 compared to the normal development scenario.

The projected greenhouse gas emissions are about 399-449 million tons by 2030 and about 101 million tons by 2050. The goal is to cut emissions by 17-26 percent by 2030 and about 90 percent by 2050 compared to the normal development scenario.

Efficient exploitation and utilization of domestic energy resources are highlighted, with the production of crude oil, natural gas, and commercial coal targeted at 6 - 9.5 million tons, 5.5 - 15 billion cubic meters, and 41-47 million tons, respectively, for the 2021-2030 period.

To achieve these goals, the Decision sets out six implementation solutions, including capital mobilization and allocation; mechanisms and policies; environment, science, and technology; human resource development; international cooperation; and implementation and supervision of the master plan.-

Investment

More investments lured to just energy transition process

From now to 2030, it is required to formulate and perfect the legal framework to facilitate the attraction of investors, businesses and people to engage in the just energy transition process and promote technology transfer.

Such is a salient point of a decision approving the plan for the implementation of the Political Declaration on establishing the Just Energy Transition Partnership (JETP Declaration) signed by Deputy Prime Minister Tran Hong Ha.

Accordingly, the plan aims to successfully implement the JETP Declaration in combination with promoting the development of renewable energy, and the economical and efficient use of energy, contributing to realizing net zero greenhouse gas emission targets by 2050; developing the energy industry with synchronous and smart infrastructure on the basis of ensuring national energy security and development goals, and ensuring fairness in energy transition.

Land - Housing

Vietnam issues plan to implement Glasgow declaration on forests

Vietnam will closely manage natural forests, and gradually deal with forest and land degradation by 2025, according to Decision No. 993 dated August 24, on the national plan for implementation of the Glasgow Leaders' Declaration on Forests and Land Use.

The plan targets that the area of downgraded natural forests restored and upgraded in the country will be 10 percent by 2025, and 20 percent by 2030. Meanwhile, the area certified for sustainable forest management is expected to reach 0.5 million hectares by 2025, and 1 million hectares by 2030.

The country will perfect mechanisms and policies to promote sustainability in agro-forestry production and consumption and raise the resilience of forest land to climate change.

Efforts will be made to advance rural livelihoods by empowering the community, consolidating the land management system, and improving the multi-purpose management of forests.

According to lawmakers, the national plan is issued to realize goals of sustainable agricultural and rural development, greenhouse gas emission reduction, climate change response, biodiversity conservation, sustainable forest management, and transition to a green economy and a circular economy. It also aims to promote the access to and efficient use of domestic and international financial resources, as well as public-private partnership in agro-forestry production, and sustainable forest management, and support local residents, especially ethnic minority groups.

Transport

How can foreigners register vehicles in Vietnam?

I am a foreign expat currently working in Vietnam and have been granted a residence permit with a validity period of three years. I'm considering buying a motorbike or a car for use in Vietnam. Can I register the vehicle under my name and what is the procedure for vehicle registration?

Under the Ministry of Public Security's Circular 24/2023/TT-BCA providing the registration and grant of number plates of motor vehicles, effective as of August 15, foreigners can register their motorbikes and cars at their places of temporary or permanent residence.

In particular, you can register your vehicle online via the National Public Service Portal or the Public Service Portal of the Ministry of Public Security. If you cannot carry out online registration because of unavailable e-data or technical errors, you can go to the Traffic Police Division in the locality where you reside to complete the formality.

You'll have to pay a fee for vehicle registration. Payment may be made via online payment services integrated into the Public Service Portal or directly at the Traffic Police Division.

If your vehicle registration dossier is complete and valid, you will be granted a vehicle registration certificate and a vehicle number plate. You may choose to receive the vehicle registration certificate and vehicle number plate via the public postal service or at the Traffic Police Division. Please note that the first option is available only if you carry out vehicle registration procedures online.

Your vehicle registration number will be managed based on your ID number which is established by the Vietnamese Ministry of Public Security's Electronic Identification and Authentication System or based on the number of your temporary residence permit or another identity card issued by a Vietnamese authority. Your vehicle registration number will not change even in case you move to another locality in the country. However, when your vehicle is damaged to an extent that it becomes unusable or reaches the end of its life or when you sell it to another person, your vehicle registration number will be revoked and re-granted to you if you register a new vehicle within the subsequent five years. Past this time limit, such number may be granted to another person or organization according to regulations. When you sell your vehicle to another person, you have to return the vehicle registration certificate and number plate to the vehicle registration agency or authorize the buyer to do so. But please keep in mind that you will be fined if the certificate and number plate are not returned within 30 days after the vehicle title transfer agreement is signed, and held responsible before law for all violations concerning the vehicle if failing to carry out procedures for revocation of the vehicle registration number.

National important transport projects need accelerating: PM

Prime Minister Pham Minh Chinh on September 3 signed to promulgate Official Letter 780/CD-TTg, asking ministries and localities to speed up the progress of national important transport projects.

Accordingly, in order to have about 3,000km of expressways by 2025 and 5,000km of expressways by 2030 as set in the 13th National Party Congress's Resolution, the cabinet leader requested concerned agencies and local authorities at all levels to exert more efforts, remove difficulties, handle existing problems relating to site clearance, technical infrastructure works, exploitation and supply of construction materials so as to accelerate construction progress and put into operation the projects on schedule and ensure their quality.

They will also have to take responsibility for reviewing connections between different expressways to promote efficiency and socio-economic development of regions, localities and the whole country.

Prime Minister Chinh lauded the Minister of Transport, Chairman of the Commission for the Management of State Capital at Enterprises and Chairpersons of provincial-level People’s Committees to have appropriate and timely encouragement and reward organizations and individuals, aiming to further enhance the emulation sprit at important national transport projects.

He also requested the Minister of Planning and Investment to coordinate with the Minister of Finance to urgently issue documents guiding ministries, central agencies and localities on capital adjustments for tasks and projects of the socio-economic recovery and development program and the medium-term public investment plan for the 2021-25 period.

The adjustments that should be completed before September 9 must ensure maximum disbursement of allocated capital and immediately resolve problems related to capital sources for the Eastern North-South Expressway project and other key projects.

The Government Office will regularly monitor and inspect the implementation of the official letter and monthly report to the Prime Minister.-

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LIST OF UPDATED LEGAL NORMATIVE DOCUMENTS

Culture – Sports – Tourism			
1	Decision No. 515/QD-TTg dated May 15, 2023 of the Prime Minister approving the Overall Program on development of Vietnam's culture for the 2023-2025 period	Issuing date: Effective date: Effect status:	15/05/2023 15/05/2023 In force
Land – Housing			
2	Decision No. 993/QD-TTg dated August 24, 2023 of the Prime Minister approving the National Plan on the implementation of the Glasgow Declaration on Forests and Land Use through 2030	Issuing date Effective date: Effect status:	24/08/2023 24/08/2023 In force
Medical - Health			
3	Resolution No. 77/NQ-CP dated May 12, 2023 of the Government promulgating the Government's Program of Action to implement Resolution No. 27-NQ/TW	Issuing date: Effective date: Effect status:	12/05/2023 12/05/2023 In force
Insurance			
4	Decree No. 21/2023/ND-CP dated May 05, 2023 of the Government on microinsurance	Issuing date: Effective date: Effect status:	05/05/2023 05/05/2023 In force

Thank you for your reading!

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