

## LEGAL UPDATE (September 07<sup>th</sup>, 2021)

In this issue, we would like to bring to your attention to the following:

- The new circular on the List of machinery, equipment and vehicle of transport that can be produced domestically;
- Guidance on corporate income tax arrears not yet retrospectively collected from societalized entities.

### 1. List of machinery, equipment and vehicle of transport that can be produced domestically

The Ministry of Planning and Investment issues the Circular 05/2021/TT-BKHDT dated August 17<sup>th</sup>, 2021, stipulating the list of machinery, equipment, spare parts, specialized vehicle of transport, raw materials and supplies, semi-finished products can be produced domestically. This Circular replaces Circular No. 01/2018/TT-BKHDT dated March 30<sup>th</sup>, 2018 of the Ministry of Planning and Investment and will take effect from October 2<sup>nd</sup>, 2021. The lists of goods specified in this Circular are the basis for determining objects not subject to value added tax and exempt from import tax according to the provisions of tax law and do not include most other domestically produced goods are circulated on domestic and international markets but not yet specified in this Circular.

Accordingly, there are 09 lists issued along with this Circular, including:

- List of special-use vehicles of transport that can be produced domestically (Appendix I);
- List of machines, equipment and technological lines that can be produced domestically (Appendix II);
- List of auto parts and accessories that can be produced domestically (Appendix V);
- List of plant varieties, livestock, aquatic products, fertilizers, animal feeds, veterinary drugs, and pesticides that can be produced domestically (Appendix IX); ...
- List of automobile components and spare parts that can be produced domestically (Appendix V);
- List of supplies necessary for domestic oil and gas activities that can be produced (Appendix VI);
- List of materials, supplies and semi-finished products for shipbuilding that can be produced domestically (Appendix VII);

- List of machinery, equipment, raw materials, supplies and components for the telecommunications - information technology industry, digital content and software that can be produced domestically (Appendix VIII);
- List of plant varieties, livestock, aquatic products, fertilizers, animal feeds, veterinary drugs, and pesticides that can be produced domestically (Appendix IX).

## **2. Guidance on corporate income tax arrears not yet retrospectively collected from societalized entities**

On August 17<sup>th</sup>, 2021, the Ministry of Finance issued Circular No. 71/2021/TT-BTC providing guidance on corporate income tax for establishments implementing socialization that have not yet arrears in accordance with Resolution 63/NQ-CP August 25<sup>th</sup>, 2014.

Accordingly, societalized entities shall be entitled to corporate income tax incentives under laws and the Prime Minister's decisions over periods of time in the following specific circumstances:

- In cases where societalized entities meet the conditions according to the detailed list of types, size-related criteria and standards promulgated along with one of Decision No. 1466/QD-TTg or Decision No. 693/QD-TTg or Decision No. Decree 1470/QD-TTg shall be entitled to corporate income tax incentives for the remaining time since meeting the conditions;
- In cases where societalized entities meet the conditions before the time when the above 03 Decisions take effect, they shall be entitled to corporate income tax incentives for the remaining time since the effective date of the Decisions;
- In cases where societalized entities do not meet the mentioned above conditions, they shall make additional declarations of the amount of corporate income tax underpayment (if any), self-assess corporate income tax amount that must be paid or corporate income tax arrears that tax authorities will retrospectively collect until they meet the conditions stated in the Prime Minister's Decisions.

We hope this Weekly Newsletter would bring you useful information.

Best regards.

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