

MONTHLY NEWSLETTER (February, 2020)

In this issue, we would like to bring to your attention a brief overview of the recent legal news concerning the following:

- *Our outstanding legal articles in February 2020;*
- *The remarkable news in February, 2020.*
- *The remarkable legislations effected in February 2020*

1. Our outstanding legal articles in February, 2020

First, our Senior Partner – Ms. Pham Thi Thoa had a very interesting article concerning the exclusive protection of the Corona Vaccine of the country in the Covid-19 epidemic, and intellectual property law issues revolved around the registration of patent protection. The article published on The Saigon Times under the following title – **Who will have Exclusive Ownership of Corona Vaccine?** To read and understand the entire article, please visit [here](#).

Second, our Senior Paralegal – Ms. Pham Bich Trinh also had a legal article about the **“Whether Foreign-Invested Enterprise is allowed to receive a mortgage of real estate to secure loans or not?”** This article has mentioned and answered the issues related to the limit of the right to receive a mortgage real estate of the foreign-invested enterprises, as well as the right to mortgage real estate of Vietnamese individuals to ensure the loans. To read the entire article, please visit [here](#).

2. The remarkable news in February, 2020

a) On February 28th, 2020, the Ministry of Finance issued a written request to Ministries, branches, localities, and proposals to the Government on adjustment of the reduction based on family circumstances for personal income tax

Accordingly, the Ministry of Finance has proposed raising the reduction based on family circumstances for taxpayers **from 9,000,000 dongs/month to 11,000,000 dongs/month and increase the rate of the reduction for each dependent from 3,600,000 dongs/month to 4,400,000 dongs/month**. Thus, the tax payable will be reduced for all taxpayers, in which the reduction of the taxes payable by the group of taxpayers at the lower tax level will be higher than those who pay taxes at the top tax level.

With this new proposal, for example, Mr X's income is 40,000,000 dongs/month and have two dependents. If using the way of calculation of personal income tax, Mr. X will have to pay the personal income tax amount of 3,110,000 dongs. However, if the reduction based on family

circumstances and dependents applied under the new proposal, Mr. X will only have to pay 2,390,000 dongs of personal income tax. So, with this new calculation, Mr. X's payable tax amount will decrease approximately 720,000 dongs compared to the old calculation.

The Ministry of Finance shall submit to the Government the plan on adjustment of the reduction based on family circumstance mentioned above, which will apply from the 2020 tax period. Cases of temporary tax payment under the old reduction based on family circumstance level are determined the amount of individual income tax payable according to the new reduction based on family circumstances level under this resolution when settling personal income tax in 2020.

b) Decree No. 22/2020/ND-CP amending and supplementing Decree No. 139/2016/ND-CP issued on February 24th, 2020; taking effect on February 25th, 2020 that have been new and prominent regulations regarding license tax

Accordingly, there are 03 more cases of exempting license tax:

- Newly established organization (granted new tax code, new business code); households, individuals, groups of individuals that first started production and business activities; and branches, representative offices, business locations of organizations, families, individuals, groups of individuals established during the license tax exemption period. In these cases, the license tax will exempt in the first year of establishment or production and business;
- Small and medium-sized enterprises converted from business households (as defined in Article 16 of the Law on Support for Small and Medium-sized Enterprises) are exempt from the license tax within 03 years from the date of being granted the first business registration certificates;
- The public general education institution, and the public preschool education institution.

The Decree also supplemented new provisions on the deadline to declare license tax, specifically as follows:

- The fee payer who has just started production, business activities or newly established enterprises; Small and medium-sized enterprises converted from business households shall declare license tax and submit their declarations to tax agencies directly managing them before January 30th of the year after the new year of production or business activities or newly established enterprises;
- Households, individuals, and groups of individuals that pay tax by the flat method do not have to declare license tax. The tax authority will base on the tax declaration, the tax industry database to determine business revenue, as a basis for calculating the license tax payable.

The subjects paying license tax shall not have to pay license tax for the calendar year in which they temporarily suspend production and business if they meet the following 02 conditions:

- Submit a written requires for the temporary stoppage of production and business activities to the tax office before January 30 annually;
- License tax for the year of the temporary stoppage of production and business activities has not paid.

3. The remarkable legislations effected in February 2020

NO.	DOCUMENT TITLE	EXECUTION DATE	EFFECTIVE DATE
1.	Decree No. 06/2020/ND-CP amends and supplements Article 17 of the Decree No. 47/2014/ND-CP dated May 15, 2014 regulates the compensation, support, and resettlement upon land expropriation by the State	03/01/2020	20/02/2020
2.	Decree No. 07/2020/ND-CP on the special preferential import tariff the for implementation of Asean - Hong Kong, China free trade agreement in the period 2019 - 2022	05/01/2020	20/02/2020
3.	Decree No. 08/2020/ND-CP stipulating the organization and operation of the bailiff	08/01/2020	24/02/2020
4.	Decree No. 24/2020/ND-CP detailing a number of Articles of the Law on prevention and control of harmful effects of alcoholic beverages	24/02/2020	24/02/2020
5.	Decree No. 22/2020/ND-CP amendments and additions to the Decree No. 139/2016/ND-CP regulations on the license tax	24/02/2020	25/02/2020
6.	Circular No. 35/2019/TT-BLDTBXH regulates the adjustment of the monthly salary and income for which social insurance premiums have been paid	30/12/2019	15/02/2020
7.	Circular No. 01/2020/TT-BTC on fees for management and supervision of insurance activities, collection, transfer and management there	03/01/2020	20/02/2020
8.	Circular No. 01/2020/TT-BCT on import of raw material tobacco under tariff quotas in 2020	14/01/2020	29/02/2020
9.	Circular No. 02/2020/TT-BCT regulations on principles on import management under tariff quotas for salt and poultry eggs products in 2020	22/01/2020	29/02/2020
10.	Circular No. 03/2020/TT-BCT on import of raw material tobacco	22/01/2020	29/02/2020

	under tariff quotas in Comprehensive and Progressive Agreement for Trans-Pacific Partnership		
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We hope this short Letter of legal updates would bring you useful information.

Best regards.

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ABOUT US,

Apolat Legal is a professional law firm with its offices in Ho Chi Minh city and Ha Noi city. The firm's lawyer team specializes in almost all legal practice areas in Vietnam including: Enterprise and Investment; Labor and Employment; Intellectual Property; Dispute Resolution; Real Estate and Construction; Information and Communication; Natural Resources and Environment; Transport; Industry and Trade; Education and Training; Finance and Banking; Agriculture; Legal Document Translation; Legal Training.

Our reputation and the quality of its services are reflected by our clients. We are serving nearly 1,000 clients both local and multi-national companies.

We are also honored to receive numerous recognitions and/or articles posted by world-leading and local organizations and publications including: The Law Association for Asia and the Pacific (LawAsia, 1966), The Legal500, IP Link, IP Coster, Lexology, Global Trade Review (GTR), The Saigon Times, etc.

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