

## LEGAL UPDATE (August 2<sup>nd</sup>, 2021)

In these legal updates, we would like to send clients the legal updates on some following issues:

- Guidance on submitting tax declaration file during the implementation of Directive 16/CT-TTg
- Obligations of organizations and individuals in foreign investment activities in the Vietnamese securities market

### 1. **Guidance on submitting tax declaration file during the implementation of Directive 16/CT-TTg**

On July 19<sup>th</sup>, 2021, Department of Tax in Ho Chi Minh City issued Official Letter No. 6770/CTTPHCM-KK guiding on the submission of tax declaration file during the implementation of Directive 16/CT-TTg (hereinafter referred to as “**Official Letter 6770**”).

Accordingly, Official Letter 6770 has answered the question of taxpayers regarding the penalty for the late submission of tax declaration file during the Covid-19 pandemic as follow:

In case the taxpayers being organizations or individuals with their head office or business address (permanent or temporary) located in an isolated area, an isolated zone, or an individual being subject to quarantine according to a decision, a notice of a competent state agency due to the Covid-19 epidemic, are obliged to submit a tax declaration file, but are under the quarantine period (including the period of social isolation according to the official letter of the Prime Minister, Government Office, isolation by region, area according to a decision of local authorities, isolation according to a decision of competent state agency) and cannot submit a tax declaration file in accordance with the law which leads to the late submission of the tax declaration file, they will not be imposed penalties for administrative violations under Clause 4, Article 11 of the Law on Handling of Administrative Violations.

Thus, if organizations or individuals whose head office is located in the quarantine area, an individual is subject to quarantine, which leads to the delay in submitting tax declaration file during the quarantine period, they will not be imposed penalties for administrative violations.

### 2. **Obligations of organizations and individuals in foreign investment activities in the Vietnamese securities market**

On June 30<sup>th</sup>, 2021, the Ministry of Finance issued Circular No. 51/2021/TT-BTC guiding on the obligations of organizations and individuals in foreign investment activities in the Vietnamese securities market (hereinafter referred to as “**Circular 51/2021**”).

Accordingly, the investment transactions performed by foreign investors and their representatives in the Vietnamese securities market are not aimed at creating fake supply

and demand, manipulating securities prices and other prohibited transactions as prescribed by law.

Foreign investors and related groups of foreign investors are obliged to report their ownership and announce information about securities transactions in accordance with the law on information announcement in the securities market based on the principles stated in this circular.

Simultaneously, when conducting securities activities in Vietnam, foreign investors and organizations issuing depositary receipts in foreign countries must fulfill the obligation to declare, pay and finalize taxes, fees, charges, the service prices related to such activities.

Circular 51/2021 also stipulates the number of obligations that securities companies, securities investment fund management companies, branches of foreign fund management companies in Vietnam, and business entities with foreign investors holding more than 50% of charter capital must comply with when providing services to foreign investors.

In addition, the obligations that the representative of foreign investors must comply with when conducting transactions on behalf of foreign investors are specifically guided as follows:

- Firstly, comply with regulations of the Law on Securities and relevant laws.
- Secondly, comply with trading and payment directions of foreign investors, and avoid directly making investment decisions, including choosing the type of securities, quantity, price and time of trading, before receiving trading orders and investment directions from foreign investors.

The Circular 51/2021 will take effect from August 16<sup>th</sup>, 2021.

We hope this Letter of legal updates would bring you useful information.

Best regards.

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