

LEGAL UPDATE (June 27th, 2022)

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

- Proposed regulations on lending via electronic means
- Resolving difficulties in reducing VAT to 8%

1. **Proposed regulations on lending via electronic means**

The State Bank of Vietnam is drafting a Circular amending the Circular No. 39/2016/TT-NHNN dated December 30th, 2016 regulating lending activities of credit institutions, foreign bank branches.

The draft Circular supplementing Article 24a: Lending activities through the use of electronic means.

Credit institutions providing loans through the use of electronic means must develop, promulgate and publicize processes, dossiers and procedures for lending by electronic means in accordance with this Circular, the provisions of the law on prevention of money laundering, the law on electronic transactions, the relevant legal provisions to ensure the safety and confidentiality of customer information and the safety of the credit institution operation.

Credit institutions that make loans through the use of electronic means must manage, control and assess risks of processes that are automated, in which it is necessary to apply risk monitoring models and early warning to promptly take measures to prevent fraudulent acts.

The full text of the draft and comments can be found [here](#).

2. **Resolving difficulties in reducing VAT to 8%**

On June 20th, 2022, the Government issued Decree 41/2022/ND-CP amending the Government's Decree No. 123/2020/ND-CP dated October 19th, 2020 on invoices and Decree No. 15/2022/ND-CP dated January 28th, 2022 of the Government on tax exemption and reduction policies.

The promulgation of Decree 41/2022/ND-CP aims at removing obstacles in invoicing for goods and services subject to VAT reduction to 8%. Specifically, in the process of implementing Decree 15/2022/ND-CP, Tax Departments and businesses reported problems with the provisions of Clause 4, Article 1 of Decree 15/2022/ND-CP on the making of separate invoices for goods and services subject to VAT reduction.

To solve the above problem, the Government issued Decree 41/2022/ND-CP amending as follows: In case business entities calculate VAT by the deduction method, when selling goods or providing services applied different tax rates, the value-added invoice must clearly state the tax rate of each goods and service as prescribed.

In case a business entities calculate VAT according to the method of percentage on revenue, when selling goods or providing services, the sales invoice must clearly state the reduced amount as prescribed.

Clause 1, Article 3 of Decree 41/2022/ND-CP also states: During the period from February 1st, 2022 to June 20th, 2022, businesses that have issued invoices clearly stated the tax rates (without separate invoice tax rate of 8%) are still entitled to VAT reduction and do not have to adjust invoices, not be sanctioned for administrative violations on taxes and invoices.

This Decree comes into effect from June 20th, 2022.

We hope this Newsletter would bring you useful information.

Best regards.

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