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## 1. Novelties on land valuation methods

On 5 February 2024, the Government issued Decree 12/2024/ND-CP (“**Decree 12/2024**”) amending and supplementing a number of articles of Decree 44/2014/ND-CP (“**Decree 44/2014**”) prescribing land prices, and Decree 10/2023/ND-CP amending and supplementing a number of articles of the decrees guiding the Law on Land. This is a decree that enterprises are looking forward to, which contains some novelties related to land valuation as follows:

### 1.1 There are 4 methods of land valuation

Instead of providing 5 land valuation methods as prescribed in Decree 44/2014, Decree 12/2024 has eliminated the deduction method in land valuation. Accordingly, there remain 4 land valuation methods, including: (i) comparison method, (ii) income method, (iii) surplus method, and (iv) land price adjustment coefficient method. These 4 methods are formulated with more details than before, coupled with the application conditions for each land valuation method. For example, the income method provides as follows:

*For implementation method:* the income method is implemented by dividing the average annual net income per land area unit by the average interest rate for 12-month deposits in Vietnamese dong at commercial banks in the provincial area in which the State holds more than 50% of the charter capital or the total shares with voting rights, for 3 consecutive years up to the end of the latest quarter with data available before the time of land valuation.

*For application conditions:* the income method is applied for valuation in cases where the land plot, agricultural land, or non-agricultural land is not residential land, and the land plot or

land area to be valued does not meet the conditions for applying the comparison method but income and expenses from land use can be determined based on the legal land use purpose at the time of valuation.

In addition, Decree 12/2024 also adds regulations on the order and content of land valuation according to the 4 land valuation methods mentioned above.

### 1.2 Information to apply land valuation method

Article 1.5 of Decree 12/2024 supplements regulations on information to apply land valuation methods as follows:

- *For the comparison method, surplus method and land price adjustment coefficient method,* information about land price, land rental price, and site rental price will be applied. This information includes: winning prices of land use right auctions for auction winners who have fulfilled financial obligations according to the winning auction decisions; price of land plots that have undergone tax procedures at the tax agency or registered at the land registration office for cases of transfer of land use rights; land

rental price, site rental price; and land transfer prices on the market.

agencies, and agricultural and rural development agencies.

The above information should be collected within a period of no more than 24 months from the time of land valuation and is collected from official sources such as: national land database; Land registration office, entities that hold auctions of land use rights and property auctions; tax authorities; real estate trading floors, real estate enterprises; or directly through interviews with the transferor or transferee, ...

- *For the income method:* the information applied is information on income and expenses arising from non-agricultural land use, collected from income sources in production and business activities recorded in the financial statements or income from land or site rental collected during the 3 consecutive years preceding the time of valuation. Costs to generate income from land use are calculated based on norms and unit prices issued by competent state agencies or the construction investment capital rates announced by the Ministry of Construction. Information on income and expenses from agricultural land use is collected from statistical agencies, tax

### 1.3 Authority to decide specific land prices

According to the principles of land valuation prescribed in Article 112.1 of the Law on Land 2013, conditions for applying land valuation methods, results of appraisal by the Specific Land Price Appraisal Council of land pricing options, the Committee The Provincial People's Committee will decide on the specific land price, or the District People's Committee will decide on the specific land price if authorised by the Provincial People's Committee in accordance with the Law on Organisation of Local Governments.

The specific land price is used as a basis for the cases specified in Article 114.4, Article 172.2 and Article 189.3 of the Law on Land 2013; the starting price for land use right auctions when the State allocates land with collection of land use fees, or leases land with one-time payment of land rental fee for the entire lease period.

The natural resources and environment agency is responsible for assisting the People's Committee at the same level in the determination of specific land prices.

Decree 12/2024 will take effect from the date of signing, i.e. 5 February 2024.

## 2. Amending and supplementing regulations on granting licenses to establish representative offices of foreign trade promotion agencies

On 7 February 2024, the Government issued Decree 14/2024/ND-CP (“Decree 14/2024”) amending and supplementing a number of articles of Decree 28/2018/ND-CP (“Decree 28/2018”) detailing the Law on Foreign Trade Management 2017,

regarding foreign trade development measures. The Decree features some notable contents related to the issuance of Licenses to establish Representative Offices (RO) of foreign trade promotion agencies in Vietnam as follows:

### 2.1 Adding 2 cases where the License to establish ROs can be re-granted

Compared to the current regulations in Article 28.1 of Decree 28/2018, Article 1.3 of Decree 14/2024 has added 2 more cases where the License to establish ROs can be re-granted to foreign trade promotion agencies, specifically as follows:

- (i) The license to establish the RO is lost, burned, torn, or otherwise destroyed; or
- (ii) Changing the location of the RO to another province or centrally-run city.

### 2.2 Changing the authority to accept applications for the License to establish Ros

Previously, Article 26.1 of Decree 28/2018 stipulated that foreign trade promotion agencies wishing to obtain a License to establish a RO in Vietnam must *submit documents to the Ministry of Industry and Trade* to request a License. Now, Article 1.1 of Decree 14/2024 stipulates that foreign trade promotion agencies wishing to establish ROs in Vietnam must *send 01 set of documents to the Department of Industry and Trade* of provinces or centrally-run cities (Licensing authorities) where the RO is to be located to request a RO-establishing license.

### 2.3 Adding a method to submit applications for a License to establish Ros

In addition to the submission method according to current regulations such as: (i) sending documents by postal service to the Licensing agency, or (ii) submitting documents directly at the Licensing agency's headquarter. Decree 14/2024 adds another method (iii) online submission of legally valid electronic application documents via the National Public Service Portal or the Information System for handling administrative procedures at the provincial level.

### 2.4 Extending the deadline for granting a License to establish Ros

Decree 14/2024 extends the review time to 20 days (*previously 15 working days*) from the date the licensing agency receives complete documents from the foreign trade promotion agency, in case the license is not granted, the licensing agency must respond in writing and clearly state the reasons. In cases where opinions from the Ministry of Public Security and the Ministry of National Defense must be sought, the time limit for settlement is 40 days from the date of receipt of complete documents.

### 2.5 Adding 02 cases where the License to establish ROs can be revoked

Compared to the current regulations in Article 23.2 of Decree 28/2018, Article 1.5 of Decree 14/2024 has added the

following 2 cases where the License to establish ROs can be revoked:

(i) There is evidence that the RO organises, participates in or sponsors activities that are harmful to national security and defense, social order and safety, and are against the tradition, culture, morality, customs and traditions of Vietnam;

(ii) The Licensing Agency gets notified by a competent authority that the foreign trade promotion agency is named on the list of organisations subject to sanctions according to the Resolution of the United Nations Security Council.

Decree 14/2024 will take effect from 25 March 2024.

### 3. Novelties on loan interest rates, payment, finalisation of BT projects and income tax exemption in Ho Chi Minh City

On 2 February 2024, the Government issued Decree 11/2024/ND-CP (“Decree 11/2024”) prescribing the loan interest rate, reasonable profits, payment methods, and finalisation of investment projects under BT contracts; corporate income tax exemption, personal income tax exemption in Ho Chi Minh City (HCMC) with the following notable contents:

#### 3.1 Basis for determining loan interest rate ceiling after construction period

According to Article 3.1, Article 5 of Decree 11/2024, the proposed reference interest rate ceiling for loan interest rates after the construction period is determined based on (i) the average ceiling interest rate for medium-term and long-term loans of 4 commercial banks (Joint Commercial Bank for Foreign Trade of Vietnam (VCB), Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV), Joint Stock Commercial Bank for Industry and Trade of Vietnam (Vietinbank), Vietnam Bank for Agriculture and Rural Development (Argibank)) in HCMC designated by the State Bank; or (ii) loan interest rates of similar BT projects (if any).

The loan interest rate after this construction period will be calculated according to the actual loan interest rate

at which the investor mobilises capital to implement the BT project. In case the actual loan interest rate after the construction period is higher than the rate prescribed in the BT contract and its appendix (if any), the maximum loan interest rate paid by the State is equal to the loan interest rate specified in the BT contract and its appendix (if any).

#### 3.2 Time to calculate investors' profits

Article 6.1 of Decree 11/2024 stipulates that the investor's profit is calculated from the time the BT project is completed, handed over and put into use to the time of full payment to the investor.

For work items and construction works under independently operated BT projects that are paid for according to the BT contract, the investor's profit is calculated from the time the work items and construction works under the BT



project are completed, accepted and put into use to the time the State makes payment to the investor.

The investor's profit with respect to the share of equity paid by the State terminates from the time the State makes payment to the investor.

The time the investor submits the investment capital settlement application for a BT project that is completed later than the time specified in Decree 11/2024 is not counted into the time to calculate the investor's profit paid by the State.

### 3.3 Enterprises earning income from innovative entrepreneurial activities are exempt from corporate income tax

According to Article 13 of Decree 11/2024, innovative startups, science and technology organisations, innovation centers and intermediary organisations supporting innovative startups (collectively referred to as startups) earning income from innovative entrepreneurial activities in HCMC, if they meet the regulations set by the HCMC People's Council on priority fields, criteria, conditions, and content of innovative entrepreneurial activities (*including organisations that earn income from transferring capital or the capital contribution rights to innovative start-ups in HCMC*) will be exempt from corporate income tax on this income. The tax exemption period is 5 years

from the time the enterprise incurs corporate income tax from entrepreneurial activities in HCMC during the effective period of Resolution 98/2023/QH15.

After Resolution 98/2023/QH15 expires and the tax exemption period has not ended, enterprises can continue to enjoy this policy until the end of the tax exemption period.

### 3.4 Individuals earning income from capital transfer to innovative start-ups are exempt from personal income tax

According to Article 14 of Decree 11/2024, for individuals earning income from the transfer of capital and capital contribution rights (*except income from the transfer of stocks, bonds, fund certificates and other types of securities, transfer of capital attached to real estate*) into innovative start-ups in HCMC during the effective period of Resolution 98/2023/QH15, if they meet the regulations set by the People's Council of HCMC on priority fields, criteria, conditions, and content of innovative entrepreneurial activities, they will be exempt from personal income tax on this income.

Decree 11/2024 will take effect from 2 February 2024, except for regulations on corporate and personal income tax exemption that will be applied from 1 August 2023.

### 1. Additional declaration toward increasing the proposed refund target on the tax filing

In case the Company has submitted a value-added tax (VAT) filing for the investment project form No. 02/GTGT for the third quarter of 2022 tax period, the Company is not allowed to additionally declare an increase in the VAT amount refundable on the VAT filing form No. 02/GTGT for the second quarter of 2022 tax period as prescribed in Article 7.4 (c) of Decree 126/2020/ND-CP.

For the input VAT amount of an investment project that is not refundable but eligible for deduction, the Company will carry it forward to the VAT filing of production and business activities, form No. 01/GTGT according to the instructions in Official Letter No. 4394/TCT-KK dated 24 November 2022 of the General Department of Taxation.

*The General Department of Taxation replies to the question of Dong Nai province Tax Department in Official Letter No. 501/TCT-KK dated 6/2/2024.*

### 2. Period of exemption and reduction of corporate income tax for new investment projects in industrial parks

In case the Company is eligible for tax exemption or tax reduction for new investment projects in industrial parks not located in areas with favorable socio-economic conditions as prescribed in Article 16.3 (amended, supplemented according to Article 1.6 of Decree 91/2014/ND-CP) of Decree 218/2013/ND-CP, the tax exemption and reduction period is calculated

continuously from the first year the company has taxable income from new investment projects entitled to tax incentives. In case there is no taxable income in the first 3 years, from the first year of revenue from the new investment project, the tax exemption or reduction period is calculated from the 4th year.

In case, in the first tax period, the enterprise's new investment project has a production and business operation period eligible for tax exemption or tax reduction of less than 12 months, the enterprise may choose to enjoy tax exemption or tax reduction for a new investment project right in that tax period or by registering with the tax authority for tax exemption or reduction starting from the next tax period.

*Bac Ninh province Tax Department replies to the question of Taechang Tech Vina Co., Ltd. in Official Letter No. 896/CTBGI-TTHT dated 2/2/2023.*

### 3. Tax reduction according to Decree No, 44/2023/ND-CP

In case the business company applies commercial discounts to customers and for commercial discounts on goods from 1 January 2023 to 30 June 2023, VAT is charged at a rate of 10% and from 1 July 2023 to 31 December 2023, VAT reduction at the tax rate of 8% is applied for sales in 2023 but from 1 January 2024, invoices showing the content of commercial discounts will be issued as follows:

- If the discount amount is made on the last purchase or the next period after 30 June 2023, the discount

amount of the sold goods is calculated and adjusted in the content of tax calculation price, tax rate is implemented according to applicable law at the time of issuing invoice.

- If the discount amount is established at the end of the discount programme (period) after 31 December 2023, the seller will issue an adjusted invoice and apply the 8% VAT rate at the time of sale.

*Binh Duong province Tax Department replies to the question of Red Bull (Vietnam) Co., Ltd. in Official Letter No. 2492/CTBDU-TTHT dated 05/02/2024.*

#### 4. Tax policy on brokerage commission payments

In case the Company pays brokerage commissions to individuals who do not do business, nor sign labour contracts, or sign labour contracts of less than 3 months, the income that the individual receives is subject to personal income tax from salary, wages. The Company is responsible for deducting personal income tax at the rate of 10% for income of VND 2 million/time or more before paying to individuals as prescribed in Article 25.1(i) of Circular 111/2013/ TT-BTC.

In case the Company has expenses that meet Article 4 of Circular 96/2015/TT-BTC, they will be included in deductible expenses when determining income subject to corporate income tax.

*Ha Noi City Tax Department replies to the question of Vicostone JSC. in Official Letter No. 4850/CTHN-TTHT dated 24/01/2024.*





## 1. Not to prohibit loans to buy off-plan houses

In response to recent questions from the Ho Chi Minh City of Real Estate Association (HoREA) concerned that banks are prohibited from lending to buy off-plan houses, the State Bank said that Circular 22/2023/TT-NHNN does not change lending regulations for this type of house, nor restricting the rights of organisations and individuals to buy off-plan houses.

According to current regulations, loans to buy and implement real estate projects and are secured by real estate, projects formed from loans, are defined as loans secured by real estate.

A loan is defined as a home mortgage loan that must meet the conditions such

as the source of debt repayment not coming from the house rental generated from the loan, the house having been completed for handover according to the purchase contract, houses formed from loans required to be independently valued ...

According to current regulations, loans to buy real estate, houses and mortgages against off-plan real assets apply a risk factor from 30% to 120% depending on the security ratio (LTV) calculated as the ratio of the loan balance to the value of the collateral, in case of no information about the Loan-to-Value ratio, the risk factor is 150%.

*By vnexpress.net*

## 2. The Bank proposes extension of Circular 02/2023/TT-NHNN from 6 months to 1 year in connection with the deadline of restructuring debt repayment

At the Industry-wide online conference on promoting bank credit and promoting economic growth in 2024 organised by the State Bank of Vietnam (SBV) on 20 February 2024, many banks have said that amid economic woes, the market demand stays weak, impacting customers' ability to repay debt, and proposed extension of Circular 02/2023/TT-NHNN from 6 months to 1 year, instead of its valid until 30 June 2024.

Accordingly, Mr. Vo Minh - Director of the SBV Da Nang Branch said that it is necessary to extend the deadline of Circular 02/2023/TT-NHNN because the market is still difficult and customers need more time for debt restructuring and repayment. However, Mr. Minh said that there needs to be research, analysis and forecasting of difficulties as well as the recovery of the economy to put up a benchmark for extending the time, rather than only propose extension of 6 months or 1 year.

Deputy Governor of the SBV Dao Minh Tu said that it is necessary to consider extending Circular 02/2023/TT-NHNN, but the issue of extending it for another 6 months or 1 year needs to be considered carefully. Even though credit slowed down in the first month of this year, banks should not lend at all costs, nor tighten credit. These are two issues that need to be ensured. Credit needs to be redirected to priority areas, promoting support for enterprises in difficulty, but with conditions for recovery.

Previously, at the press conference "Implementing banking tasks in 2024", Mr. Dao Minh Tu also said that the SBV would consider extending Circular 02/2023/TT-NHNN on restructuring the debt repayment period and keeping the debt group intact.

*According to cafef.vn*

No.	Document title	Issuance date	Effective date
<b>NATIONAL ASSEMBLY</b>			
1	Law No. 32/2024/QH15 on Credit Institutions.	18/1/2024	1/7/2024
2	Law No. 31/2024/QH15 on Land.	18/1/2024	1/1/2025
<b>GOVERNMENT</b>			
1	Decree 15/2024/ND-CP amending and supplementing a number of articles of Decree 30/2013/ND-CP on air transportation and general air operation, and Decree 92/2016/ND-CP providing for conditional business sectors or activities in the civil aviation industry.	16/2/2024	16/2/2024
2	Decree 14/2024/ND-CP amending and supplementing a number of articles of Decree 28/2018/ND-CP detailing the Law on Foreign Trade Management regarding foreign trade development measures.	7/2/2024	25/3/2024
3	Decree 12/2024/ND-CP amending and supplementing a number of articles of Decree 44/2014/ND-CP prescribing land prices, and Decree 10/2023/ND-CP amending and supplementing a number of articles of the decrees guiding the implementation of the Law on Land.	5/2/2024	5/2/2024
4	Decree 11/2024/ND-CP prescribing the loan interest, reasonable profits, payment methods, and settlement of investment projects under BT contracts; corporate income tax exemption, personal income tax exemption in Ho Chi Minh City.	2/2/2024	2/2/2024
5	Decree 10/2024/ND-CP prescribing the high-tech zones.	1/2/2024	25/3/2024
6	Decree 06/2024/ND-CP amending and supplementing a number of articles of Decree 08/2021/ND-CP prescribing the management of inland waterway navigation activities	25/1/2024	10/3/2024
<b>PRIME MINISTER</b>			
1	Decision 165/QD-TTg on approving Vietnam's hydrogen energy development strategy to 2030, with vision to 2050.	7/2/2024	7/2/2024
<b>MINISTRY OF INDUSTRY AND TRADE</b>			
1	Circular 03/2024/TT-BCT amending and supplementing a number of articles of the Minister of Industry and Trade's Circulars on franchise, representative offices and branches of foreign traders, the trading of goods and activities directly related to the trading of goods by foreign service providers.	30/1/2024	18/3/2024
<b>MINISTRY OF FINANCE</b>			
1	Circular 06/2024/TT-BTC amending and supplementing a number of articles of Circular 81/2019/TT-BTC on management of risks in customs operations.	29/1/2024	15/3/2024
<b>MINISTRY OF SCIENCE AND TECHNOLOGY</b>			
1	Circular 01/2024/TT-BKHCN on the state inspection of quality of goods in circulation.	18/1/2024	03/3/2024



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