

EXTENSION OF PAYMENT DEADLINE OF VALUE-ADDED TAX, CORPORATE INCOME TAX, PERSONAL INCOME TAX, AND LAND RENT FOR 2023

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On April 14, 2023, the Government promulgated Decree 12/2023/NĐ-CP on extending the deadline for payment of value-added tax (VAT), corporate income tax (CIT), personal income tax (PIT), and land rent for 2023 (**Decree 12**) to support people, enterprises, promote production and business. Decree 12 takes effect from April 14, 2023 until the end of December 31, 2023. The following are some notable contents of this Decree:

First, the Decree regulates the subjects eligible for an extension of payment deadline for tax and land rent. According to Article 3, Decree 12, these subjects include:

(i) *Enterprises, organizations, households, household businesses, and individuals engaging in manufacturing activities in economic sectors as regulated in clause 1 and clause 2, Article 3, Decree 12.* Accordingly, the lists of economic sectors are defined under Decision 27/2018/QĐ-TTg dated July 6, 2018 of the Prime Minister on Vietnam Standard Industrial Classification. Some specific economic sectors mentioned in Decree 12 include:

- Agriculture, forestry, and fishery;
- Food processing and production; apparel production;
- Construction;
- Transport and storage; accommodation and food and drink; education and training; medical and social assistance; real estate trading;
- Labor and employment services; operation of travel agents, tour operators, and services assisting, relating to advertisement and organization of travel tours;
- Computer coding, consulting services, and other activities relating to computer; communication operations.

(ii) *Enterprises, organizations, households, household*



businesses, and individuals manufacturing supporting industry products prioritized for development; key mechanical engineering products as regulated in clause 3, Article 3, Decree 12. Accordingly, supporting industry products prioritized for development are determined in accordance with Decree 111/2015/NĐ-CP on development of supporting industry; and key mechanical engineering products are determined in accordance with Decision 319/QĐ-TTg dated March 15, 2018 of the Prime Minister approving the Development strategy of Viet Nam's mechanical industry to 2025, with vision to 2035. It should be noted that economic sectors, areas of enterprises, organizations, households, household businesses, and individuals as regulated in clause 1 to clause 3, Article 3, Decree 12 are those in which enterprises, organizations, households, household businesses, and individuals have production and business activities and generate revenue in 2022 or 2023.

(iii) *Small and micro enterprises as regulated in clause 4, Article 3, Decree 12.* Accordingly, this subject is determined in accordance with the Law on Assistance for Small and Medium Enterprises 2017 and Decree 80/2021/NĐ-CP elaborating some articles of the Law on Assistance for Small and Medium Enterprises.

Second, the Decree extends the payment deadline for 03 types of tax (including VAT, CIT, PIT) and land rent. The analysis below will focus on the extension of payment deadline for VAT (except for import VAT), CIT, and land rent for taxpayers who are enterprises and organizations, specifically:

(i) *Extension of the deadline for VAT payment (except for import VAT).* Clause 1, Article 4, Decree 12 permits to extend the payment deadline for VAT payables of the tax period ranging from March to

August of 2023 (if VAT is declared on a monthly basis) and tax period of the first quarter and the second quarter of 2023 (if VAT is declared on a quarterly basis) of eligible enterprises and organizations. Besides, the extended period shall apply with 6 months for the VAT incurred during the period from March to May 2023 and in the first Quarter of 2023; 5 months for the VAT incurred in June 2023 and the second Quarter of 2023; 4 months for the VAT incurred in July 2023; 3 months for the VAT incurred in August 2023.

It should be noted that the enterprises and organizations mentioned above are still obliged to declare and submit their tax returns monthly, quarterly in accordance with applicable laws but not yet required to pay VAT payables on the filed tax return. The deadline for payment of monthly, quarterly VAT is specified in clause 1, Article 4, Decree 12.

(ii) Extension the deadline for CIT payment. Clause 2, Article 4, Decree 12 allows eligible enterprises and organizations to extend the deadline for paying CIT of the first Quarter and second Quarter in the tax period of 2023. The extended period shall be 3 months from the payment deadline of CIT in accordance with tax administration laws.

It should be noted that in the case that an enterprise or organization conducts production and business activities in various economic sectors, including those specified in clauses from 1 to 3, Article 3, Decree 12, that enterprise or organization is entitled to the extension of payment deadline for the entire VAT and CIT payables.

(iii) Extension of the deadline for land rent payment. Clause 4, Article 4, Decree 12 extends the payment deadline for 50% of land rents payable in 2023 by eligible enterprises, organizations that are directly leasing land from the Government under competent authority's Decision or Contract in form of paying annual land rent. The extended period shall be 6 months, from May 31, 2023 to November 30, 2023.

COMMENTS AND RECOMMENDATIONS

It can be seen that the extension of payment deadline for taxes and land rents is one of the important policies to support and reduce difficulties for enterprises and organizations so that they can focus on production and business. It should be noted that the tax and land rent payment deadline extension must be carried out according to the procedures specified in Article 5 of Decree 12. Accordingly, taxpayers must determine and assume responsibility to apply for an extension in accordance with this Decree. If the application for extension of enterprises, organizations is not filed at the same time as the monthly (or quarterly) tax return, **the deadline for submitting the Application will be September 30, 2023. If taxpayers send the Application for extension to the tax authority after September 30, 2023, they shall not be eligible for tax and land rent payment deadline as prescribed in Decree 12.** Please further note that after the extended periods under Decree 12, the payment deadline of taxes and land rents shall conform to applicable laws. Therefore, enterprises, organizations that are eligible for extension of payment deadline need to study the contents of Decree 12 and be proactive in carrying out procedures to ensure their legitimate rights and interests. In case of any problems during implementation, they should contact the competent tax authority for specific instructions.