KIBLAF
KINH BAC INTERNATIONAL LAW FIRM

Disclaimer: *This legal update mentioned within this Legal Newsletter is only for reference purposes and is not intended to be used as our legal advice in any cases. In no event shall KIBLAF be liable for any actions arising out of or in connection with the use of any or all contents of this Legal Newsletter. In case you need legal advice for a specific issue, please contact us with the information provided at the end of this Newsletter.*

www.kiblaf.com

1. Amend provisions on tax declaration dossier supplementation

Clause 1 Article 47 of the Law on Tax Administration 2019 regulated that in case the tax declaration dossier submitted to the tax authority is erroneous or inadequate, supplementary documents may be provided within 10 years from the deadline for submission of the erroneous or inadequate tax declaration dossier but before the tax authority or a competent authority announces a decision on tax inspection or tax audit.

However, according to the new regulations in Clause 6 Article 6 of the Law No. 56/2024/QH15 in case the tax declaration dossier submitted to the tax authority is erroneous or inadequate, supplementary documents may be provided within 10 years from the deadline for submission of the erroneous or inadequate tax declaration dossier in the following cases:

- Before the tax authority or a competent authority announces a decision on tax inspection or tax audit.
- The tax declaration dossier is not subject to the scope and period of tax inspection or tax audit specified in the decision on tax inspection or tax audit.

Regarding the contents falling within the scope of tax inspection or tax audit, the taxpayer may submit additional explanatory dossier in accordance with the provisions of the law on taxation, the law on inspection, and in cases where the conclusions or regulations of competent specialized agencies concerning the determination of taxpayers' liability are applicable.

Law No. 56/2024/QH15, amending and supplementing certain provisions of Law on Securities, Law on Accounting, Law on Independent Audit, Law on State Budget, Law on Management and use of public assets, Law on Tax Administration, Law on Personal income tax, Law on National reserves, and Law on Handling of administrative violations, takes effect on January 1, 2025.

2. Groups of goods and services are subject to add-valued tax reduction

Decree No. 180/2024/ND-CP takes effect from January 01st, 2025 until end of June 2025 on VAT reduction following Resolution No. 174/2024/QH15 on November 30th, 2024. Decree No. 180/2024/ND-CP stipulates on reduce the value-added tax rate for groups of goods and services which are currently subject to the tax rate of 10%, except for the following groups:

- Telecommunications, financial activities, banking, securities, insurance, real estate trading, metals and prefabricated metal products, mining products (excluding coal mining), coke, refined petroleum, chemical products;
- Goods and services subject to special consumption tax;
- Information technology in accordance with the regulations on information technology;

The VAT reduction applies uniformly across all stages including import, manufacturing, processing and trading. For coal products extracted and sold (including cases where coal is extracted, then screened and classified through a closed process before being sold), they are subject to the value-added tax reduction.

The detailed list of goods and service groups is specified in the Appendices attached to Decree No. 180/2024/ND-CP.

This tax reduction policy is expected to stimulate production and business activities, reduce a portion of production costs, increase profits, and enhance demand, thereby contributing to the recovery and development of the socio-economic sector.

3. New provision in stock field

Law No. 56/2014/QH15 also introduces important amendments and supplements to the provisions of the Law on Securities 2019, including the following key points:

3.1. Additional document in the public offering of securities dossier

According to the provision of Point a Clause 7 Article 1 Law No. 56/2014/QH15, a joint stock company registering for an initial public offering of stocks must submit an additional document: a report on the contributed charter capital as of the time of registration for the initial public offering of stocks, audited by an independent auditing organization. Accordingly, *the dossier for registering an initial public offering of stocks of a joint-stock company includes:*

(i). The application of registering an initial public offering;

(ii). The prospectus;

(iii). The charter;

(iv). Decision of the General Meeting of Shareholders approving the plan for issuance, the plan for utilizing the proceeds from the offering, and the commitment agreement to list or register the shares for trading on the stock exchange system;

(v). The written commitment to comply with the regulations in Point d and Point e Clause 1 Article 15 of this Law on Securities 2019;

(vi). The written commitment of major shareholders prior to the initial public offering of stock of the issuer regarding their agreement to jointly hold at least 20% of the company's charter capital for at least 01 year from the end of the offering;

(vii). The consulting contract with a securities company for public offering of stock;

(viii). The confirmation of a bank or the branch of a foreign bank on opening of an escrow account to receive payments for the offered shares;

(ix). Commitment to underwriting the offering;

(x). **A report on the contributed charter capital as of the time of registration for the initial public offering, audited by an independent auditing organization**

Along with that, *for the dossier registering the public offering of bonds*, the enterprise must submit an additional document: The contract between the issuer and the representative of the bondholders. Therefore*, the dossier for registering the public offering of bonds includes:*

(i). The application of registering the public offering of bond;

(ii). The prospectus;

(iii). The charter;

(iv). A written commitment stating that the issued organization is not under investigation for criminal liability or has not been convicted of any offense related to the violation of economic management order that has not been expunged;

(v). The decision of the General Meeting of Shareholders or Board of Directors or the Board of members or company owner approving the plan for issuance, the plan for utilizing and repayment the proceeds from the offering, and the commitment to have the bonds listed on the securities trading system;

(vi). Commitment to fulfilling the issuing organization's obligations to investors regarding issuance conditions, payment, ensuring the legal rights and interests of investors and other conditions;

(vii). Report credit rating results;

(viii). Consulting contract on public bond offering registration dossier with a securities company;

(ix). The confirmation of a bank or the branch of a foreign bank on opening of an escrow account to receive payments for the offered bonds;

(x). Commitment to underwriting the offering;

(xi). **Contract between the issuing organization and the representative of the bondholders.**

3.2. The public company is not required to carry on procedures reducing its charter capital when repurchasing of shares from its employees.

Clause 6, Article 36 of the Law on Securities 2019 stipulates that in case a public company repurchases shares from employees according to the company's regulations on issuing shares to employees, the company must carry on procedures to reduce its charter capital corresponding to the total value calculated according to par value of the shares repurchased by the company within 10 days from the date of reporting to the Annual General Meeting of Shareholders. However, from January 1, 2025, this procedure is no longer required.

Specifically, Clause 13, Article 1 of Law No. 56/2024/QH15 amended and supplemented Clause 6, Article 36, stipulates that in cases where a public company repurchases shares from its employees under the company's employee stock issuance regulations, the company is not required to complete procedures for reducing charter capital for the repurchased shares.

Additionally, the total number of shares repurchased from employees must be reported at the nearest annual General Meeting of Shareholders

Although, concerns remain that the removal of the requirement to reduce charter capital may affect transparency in the management of public companies' capital, in practice, this amendment will simplify administrative procedures and facilitate companies in implementing employee stock issuance.

4. Employees are eligible to participate in occupational accident insurance

Decree No. 143/2024/ND-CP, issued on November 1, 2024, allows workers aged 15 and older who are not working under a labor contract and are not subject to mandatory social insurance for occupational accidents and diseases to participate in voluntary occupational accident insurance.

This Decree stipulates the payment methods and contribution rates for workers participating in voluntary occupational accident insurance. Accordingly, the contribution rate for voluntary occupational accident insurance is specified in Clause 3, Article 11 of Decree No. 143/2024/ND-CP as follows:

- The contribution rate for 6 months is equivalent to 6% of the monthly minimum salary of region IV (currently, the minimum salary for Region IV, according to Decree No. 74/2024/ND-CP, is 3,450,000 VND/month);
- The contribution rate for 12 months is equivalent to 12% of the monthly minimum salary of region IV.

According to this Decree, the initial application for voluntary occupational accident insurance consists of the employee's social insurance registration form. This form must specify detailed information about the occupation, job, duration, and workplace registered for voluntary occupational accident insurance. In cases of changes to the occupation, job, duration, or workplace, information adjustments must be declared in accordance with Article 15 of Decree 143/2024/NĐ-CP.

This Decree takes effect on January 01st, 2025.

Kinh Bac International Law Firm ("KIBLAF") is one of the leading domestic law firms in Vietnam, with experienced lawyers and consultants who have years of practice and a deep understanding of the legal system as well as the business environment of Vietnam.

KIBLAF's services cover virtually all businesses in Vietnam. Areas we are specialized in are Investment, Trade and Business and are associated with activities such as banking, financial project, real estate and construction, infrastructure development, taxation, labour, logistics, litigation and arbitration, intellectual property and technology transfer, etc. By understanding the goals of our clients, we always offer the most beneficial options for clients to choose.

If you need further information related to this Legal Newsletter or require legal advice, please do not hesitate to contact us:

Kinh Bac International Law Firm

Address: Binh Minh Tower, No. 84 Dam Quang Trung, Phuc Dong, Long Bien, Hanoi

Tel: 02473 022 866 – Hotline: 0967 85 99 17

Email: contact@kiblaf.com

Website: www.kiblaf.com