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New Circular providing guidance on performing electronic tax transactions

On March 18, 2021, the Ministry of Finance promulgated Circular No. 19/2021/TT-BTC providing guidance on performing electronic tax transactions (“**Circular 19**”).

1. **General Regulations**

According to this document, taxpayers may register electronic tax transactions in accordance with the following methods:

Method 1: Signing up for e-tax accounts with tax authorities through the Web Portal of the General Department of Taxation.

Method 2: Registering electronic transactions with tax authorities on the web portals of competent regulatory authorities connected with the Web Portal of the General Department of Taxation, including:

- National Public Service Portal and Web Portal of the Ministry of Finance; and
- Web portals of other competent state authorities.

Method 3: Registering electronic tax transactions with tax authorities via the T-VAN platform.

Circular 19 is entering into force as of May 3, 2021.

2. **Electronic Tax Documents**

Additional regulations on electronic documents include confirmation of tax obligation fulfillment; verification of tax payment information; procedures for clearing tax, late payment interest, and fine overpayment; tax deduction and tax reduction; exempting late payment penalties; not charging late payment interest; freezing funds for debt forgiveness; writing off tax arrears, late payment interest, and fines; tax payment extension; and paying tax debt in installments.

Regulations amending and supplementing electronic state budget payment documents include state budget payment documents in accordance with the provisions of Decree 11/2020/ND-CP: In cases of tax payment via electronic tax payment form of banks or tax-paying organisations, if a payment intermediary service company is used, the state budget payment receipt is a processing record by a bank or an entity that provides intermediary payment services, and must verify that all details on the payment receipt form are needed.

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3. Changing Information About E-Transactions in Taxation

Circular 19 provides complementary regulations on the registry of changes and additions to electronic transaction records for taxpayers who have reported transactions with tax authorities electronically through the e-commerce platform of responsible state agencies or who file for changes or additions to the transaction account at the payment intermediary service provider.

4. Electronic Taxpayer Registration

Circular 19 removes the provision that taxpayers shall submit paper documents to the tax office after submitting electronic records for reference after obtaining a Tax Registration Certificate or Tax Identification Number notification for the first time in a tax registration dossier since the electronic dossier has been electronically authenticated by the tax authority via the taxpayer's personal phone number or the official who is the legal representative of the citizen.

New Circular on new guidelines on foreign currency transactions

On March 31, 2021, the State Bank of Vietnam (“**SBV**”) promulgated Circular No. 02/2021/TT-NHNN on guidelines for foreign currency transactions on foreign currency markets by credit institutions authorised to make foreign currency transactions (“**Circular 02**”).

1. General Regulations

Circular 02 provides regulations on the types and scope of credit institutions permitted to conduct foreign currency transactions, including:

- Spot, forward, swap, and option transactions with other authorised credit institutions;
- Spot, forward, swap, and put option transactions with economic organisations;
- Spot and forward transactions with residents that are other organisations or individuals;
- Spot transactions with non-residents that are organisations or individuals; forward sale transactions with non-residents (only spot transactions are permitted under current regulations); and
- Forward sale transactions with non-residents that are foreign investors holding government bonds issued in Vietnamese dong in the domestic market as provisions for exchange rate risks to their bonds.

Circular 02 entered into force on May 17, 2021.

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2. A Guide to Domestic Foreign Currency Trades

Accordingly, this Circular governs domestic foreign currency transfers between credit institutions and the State Bank, as well as between credit institutions. This Circular would not restrict foreign currency exchange practices on the international market.

When an authorised credit institution makes a foreign currency transaction with another authorised credit institution, documents proving the purpose of use of foreign currencies are not required.

Clients must present documents that contain information about purpose of use, quantity, and type of foreign currency, deadline for payment or wire transfer according to applicable regulations on foreign currency management and regulations of authorised credit institutions when making foreign currency transactions with authorised credit institutions.

In the event the foreign currency payment plan of the client changes due to an objective reason approved by the authorised credit institution and negotiated by the client in advance, on the basis of a written request from the client sent together with documentary proof of the necessity of a change to the transaction term, the authorised credit institution and the client may make currency swaps to change the term of the signed foreign exchange forward as appropriate to the term stated in documents presented. The total term of the signed foreign exchange forward and all currency swaps shall be a maximum of 365 days starting from the transaction date.

For purchase of foreign currencies in foreign exchange forwards by foreign investors, when buying a foreign currency in a foreign exchange forward with an authorised credit institution, the foreign investor must provide documentary proof of ownership of governmental bonds, ensuring that the value and term of the foreign currency transaction does not exceed the purchase price and remaining term of those bonds.

Within seven (07) working days from the date on which the foreign exchange forward is made, the foreign investor shall provide documents on blocking the abovementioned bonds at Vietnam Securities Depository and Clearing Corporation for the signed foreign exchange forward to enter into force.

At least two (02) working days before the expiration date of a foreign exchange forward, if the foreign investor wishes to continue preventing exchange rate risk for their bonds, the authorised credit institution and client may make a currency swap to extend the term of the signed foreign exchange forward.

Furthermore, under the new regulations, credit institutions are permitted to sell foreign currency on the spot to individuals who are Vietnamese nationals who purchase foreign currency in cash for research or medicinal purposes, business trips, travel, and/or international visits (*Art. 17, Circular 02*).

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New Circular on supporting customers stricken with Covid-19

On April 2, 2021, the State Bank of Vietnam (“**SBV**”) promulgated Circular No. 03/2021/TT-NHNN amending Circular No. 01/2020/TT-NHNN concerning debt rescheduling, interest reduction or exemption, or debt non-restructuring for the purpose of supporting customers stricken with Covid-19 during the global pandemic (“**Circular 03**”).

1. General Regulations

According to this Circular 03, below are the regulations on interest exemption or reduction granted to customers affected by Covid-19.

Credit institutions and foreign bank branches may, at their discretion, decide to grant exemption or reduction of interest or fees prescribed in their internal rules and regulations with respect to outstanding debts incurred from credit facilities before June 10, 2020 (except corporate bond purchases and investments) if:

- Obligations to repay principal and/or interest are due during the period from January 23, 2020 to December 31, 2021; or
- Customers are incapable of repaying principal and/or interest debts by payment due dates under terms and conditions of lending contracts or agreements due to decreases in their revenue and income caused by the Covid-19 outbreak.

Interest and fee exemptions or reductions granted to customers under Circular No. 03 will last until December 31, 2021.

2. Supplement and Expand Conditions for Debt Restructuring

The SBV imposed requirements in Circular 03 to allow credit institutions and foreign bank branches to restructure their outstanding loans. The SBV, in particular, permits credit institutions to modify the repayment term for debts incurred between January 23, 2020 and the end of 2021. Previously, Circular 01/2020 only allowed debt restructuring with commitments arising from January 23, 2020 to three months from the day the Prime Minister declares the end of the COVID 19 pandemic.

Furthermore, the SBV maintains the same control of the restructuring time limit of 12 months from the date of the credit institution. Restructuring of the debt maturity period is being carried out until December 31, 2021.

Circular 03 governs the balance of debt reduction, ensuring that the debt maturity cycle is retained in the listed debt category and that the rating criterion is not applied to debt groups with a higher degree of risk, as required by regulations. To escape a profit shock at the end of the turnaround phase, banks will need to start making provisions depending on the existence of those debts.

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Specifically, the adjusted material requires that a specific amount of provision be deducted as the difference between (i) specific arrangements to be made for the entire remaining balance of consumers if not restructured and (ii) the number of settings that the Covid-19 pandemic has had an effect on with respect to the customer's overall layout. This percentage must meet a minimum of 30% of the specific amount for additional provisions related to financial risks by December 31, 2021, and rise to a minimum of 60% and 100% by the end of 2022 and 2023, respectively.

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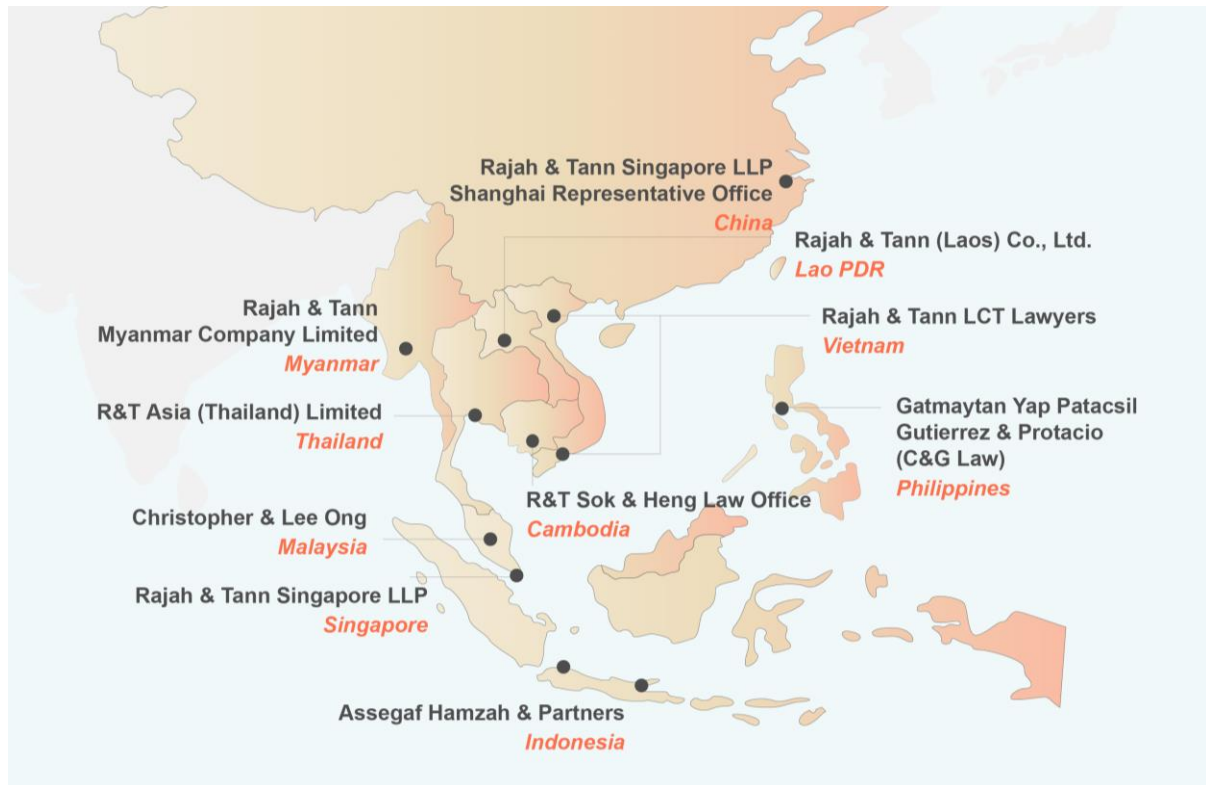
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