

TAX FLASH - 12 APRIL 2021

DECREE NO 44/2021/NĐ-CP ON EXPENSES FOR SUPPORTING AND SPONSORING COVID-19 PANDEMIC PREVENTION

On 31 March 2021, the Government issued Decree 44/2021/NĐ-CP ("Decree 44/2021") guiding deduction of expenses incurred by taxpayers on support and sponsorship for Covid-19 pandemic prevention for CIT purposes.

Decree 44/2021 provides that that in the tax periods of 2020 and 2021, expenses incurred by taxpayers on support or sponsorship, in cash and in kind, for Covid-19 pandemic prevention in Vietnam are deductible expenses when determining CIT.

However, in order to claim a tax deduction on those expenses, taxpayers need to support and sponsor through organizations as permitted to receive donations and sponsorships, specifically listed as follows:

- ▶ The Central Committee the Vietnam Fatherland all levels;
- ▶ Health facilities; educational institution; Press Agency;
- ▶ Armed force units; Units and organizations assigned by competent state agencies to serve as centralized isolation bases;
- ▶ Ministries, Ministerial-level agencies, Government-attached agencies; party organizations, Youth unions and Trade unions at all levels at central and local levels;
- ▶ Local government agencies and units at all levels having the function of mobilizing funding; Covid-19 pandemic prevention and control fund at all levels;
- ▶ National humanitarian web portal; Charity, humanitarian funds and organizations with the function of mobilizing donations being established and operating in accordance with the law.

In addition, taxpayers must ensure that they have sufficient supporting documents, namely:

- ▶ Minutes and documents certifying the support and sponsorship with signature and stamp of the parties receiving and giving the support;
- ▶ Legal invoices and documents in accordance with the laws.

According to Decree 44/2021, taxpayers who did not claim the expenses of sponsoring and supporting Covid-19 prevention in the 2020 tax year can submitted their revised 2020 CIT returns.

Should you have any inquiry or require any assistance, please do not hesitate to contact us.



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