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## Reducing the social insurance premium rates for the employer from June 01, 2017

This is the content stated in **Decree No. 44/2017/ND-CP** promulgating the compulsory social insurance premium rates contributed to the insurance fund of occupational accidents and diseases.

Accordingly, the rate of monthly social insurance premium contributed to the insurance fund of occupational accidents and diseases will be adjusted to reduce from **1%** down to **0,5%** of the salary fund which is used as the base to pay for social insurance premium of the employee.

The employee who has the labor contract with the term of full 01 month to less than 03 months shall comply with the regulations mentioned above from **January 01, 2018**.

Currently, total payment rate for social insurance, health insurance and unemployment insurance premiums the employee and the employer are obliged to contribute is 32,5%, in which the employer pays 22% and the employee pays 10,5%.

The rate of 22% includes 1% contributed to the insurance fund of occupational accidents and diseases as regulated in Article 4 of Decree No. 37/2016/ND-CP.

The Decree No. 44/2017/ND-CP adjusts to reduce the premium rate contributed to the insurance fund of occupational accidents and diseases down to 0,5% and will be applied from June 01, 2017. Therefore, from June 01, 2017, the total premium rate for social insurance, health insurance and unemployment insurance for employee and employer is 32%, in which the employer pays 21,5% and the employee pays 10,5%.



Besides, in relation to the premium rate for unemployment insurance of the employer, the **Resolution No. 34/NQ-CP** dated April 07, 2017 by the Government on government regular session in March 2017, the Government approved to reduce the rate for enterprises from 1% down to 0,5% of the monthly salary fund of the employees who pay the unemployment insurance. The premium rate for unemployment insurance will be adjusted to reduce as soon as the Assembly Decree on adjustment on unemployment insurance premium takes into effect and keeps up to **December 31, 2019** inclusive.

**The current premium rate for unemployment insurance is 1% for enterprise and 1% for the employee as promulgated in Point b Article 57 of the Law on Employment No. 38/2013/QH13. Since the Government Resolution does not mention the premium rate as of 1% for the employee, this rate might not be reduced.**

**Thus**, with new regulations, the enterprise will be entitled to reduce a part of expenses related to the employee in the upcoming time.



## Scraps can be handled during the progress of processing



The **Official letter No. 826/GSQL-GQ2** dated April 26, 2017 has been adopted by the General Department of Customs regarding to the procedures of handling of scrap, discarded products while performing processing contracts.

According to the regulations in Clause 1 Article 64 of **Circular No. 38/2015/TT-BTC**, the enterprise is allowed to handle scrap, discarded products while performing processing contracts.

**Therefore**, the handling of scrap, discarded products is not required to wait after the completion of the processing contract; it can be done right in the progress of the processing.





## The time taken for value added tax (VAT) refund shall be reduced

That is the guideline content at **Circular No. 31/2017/TT-BTC** dated April 18, 2017 of the Ministry of Finance regarding on the amendment and supplement of some articles of **Circular No. 99/2016/TT-BTC** dated June 26, 2016 of the Ministry of Finance guiding on the management of VAT refund.

This Circular provides amendments and supplements on some articles of Circular No. 99/2016/TT-BTC regarding to the process of VAT refund.

Accordingly, the time that the State Treasury implements VAT refund to the tax-payer shall be shortened **from 3 days to 1 working day** from the date receiving the order to reimburse the State Budget revenue or the order to reimburse cum offsetting the State Budget revenue transferred from the tax authorities (Clause 2 Article 1).

Besides, according to the amendment, the time that the State Treasury makes the tax refund shall also be updated publicly on the electronic portal of the General Department of Taxation (Clause 3 Article 1).

The Circular shall take effect from **June 02, 2017**.

## The exported goods to be returned must have the supplementary labels when being sold in the domestic market



This is the new regulation as stipulated in the **Decree No. 43/2017/ND-CP** issued on April 14, 2017 on the goods labels. Accordingly:

Supplementing the goods that are returned or not eligible for export, which are circulated in the market into the cases where the supplementary labels are required, as well as the imported goods with the current regulations.

On the supplementary labels attached to the goods not eligible for export or to be returned, there must have a bold phrase of **"Made in Vietnam"**.

In addition, the Decree also stipulates the cases which are not subject to labeling of supplementary labels, specifically:

**Spare parts to be imported to replace defective spare parts in warranty of the service provider without being sold in the market**

**Materials, food additives, food processing aids, spare parts to be imported for manufacture without being sold in the market**



The Decree No. 89/2006/ND-CP will turn into expiring since the date the Decree No. 43/2017/ND-CP takes effect **(June 01, 2017)**.



# Goods imported in the form of business import are still entitled for import tax refund when being put into production for export

The **Official letter No. 1181/TXNK-CST** dated April 05, 2017 was adopted by the General Department of Customs regarding on the tax policies for goods manufactured for export.

According to regulations at Clause 1 Article 36 **Decree No. 134/2016/ND-CP**, in respect of goods imported for business production whose import duties are paid, if the enterprise puts those goods into the production for export and the products that have been exported to a foreign country or a non-tariff trade zone, it shall be considered for the import tax refund.

The basis for determining goods entitled to tax refund and dossiers, procedures for the tax refund shall comply with Clauses 3, 5, and 6 Article 36 of the Government's Decree No. 134/2016/ND-CP.



## Since May 01, 2017, the electronic refund of VAT has been expanded nationwide

The **Decision No. 710/QĐ-BTC** dated April 24, 2017 has been adopted by the Ministry of Finance on the implementation of receiving dossiers and resulting VAT refund by electronic method.

Under this Decision, from May 01, 2017, tax refund by electronic method will be deployed in all 63 provinces and cities across the country, instead of recently piloted in 13 provinces and cities.

Dossiers requested for electronic tax refund include the VAT refund dossiers for exported goods and investment projects.

However, it should be noted that in order to be refunded by electronic method, the enterprise needs to register and be approved by the tax authority to perform electronic transactions as prescribed in **Circular No. 110/2015/TT-BTC**.

Electronic tax refund procedures shall comply with the guidelines in **Decision No. 2790/QĐ-BTC** dated December 27, 2016.

The Decision takes effect upon its signing date.

### NOTICE:

*"The purpose of this news is to provide the clients with further information. Although we have focused much on the ensure of accuracy, the information that is given on this news is not absolutely thorough and the clients would better consult professional opinions before application".*

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