



# Tax Alert

August 2021

## Collecting CIT on socialization activities without qualifying conditions

According to current CIT regulations, enterprises having taxable income from the activities of education, vocational training, healthcare, culture, sports and environment (hereinafter referred to as socialization activities) can enjoy the preferential CIT rate of 10%, tax exemption for 4-5 years and 50% tax reduction for the next 9 years.

In principle, to enjoy CIT incentives, enterprises in the field of socialization must meet specific conditions on the type, scale and standards of each socialization activity. These conditions are stipulated in the three Decisions of the Prime Minister, including Decision No. 1466/QĐ-TTg dated 10 October 2008, Decision No. 693/QĐ-TTg dated 6 May 2013 and Decision No. 1470/QĐ-TTg dated 22 July 2016.

On 17 August 2021, the Ministry of Finance issued Circular 71/2021/TT-BTC guiding the collection of tax where enterprises do not meet the conditions of socialization activities.

Accordingly, socialization enterprises are entitled to CIT incentives for the remaining period from the time of meeting the conditions specified in one of the three decisions mentioned above.

For the period before meeting the prescribed conditions, the enterprise must self-declare, revise tax returns and pay the under-declared tax amount (if any). Enterprises do not have to pay late payment interest and fines if additional tax is paid before 2 November 2021. Enterprises must pay late payment interest and fines (if any) if additional tax is paid from this date.

Where enterprises do not voluntarily declare and pay tax, the tax authority will audit and collect taxes.

Therefore, enterprises in the fields of socialization should review their CIT incentive position and amend CIT return to pay the tax shortfall if they do not meet the required criteria. Please contact KPMG for further discussion and support.

## Contact us

### Hanoi

46<sup>th</sup> Floor, Keangnam Landmark 72,  
E6 Pham Hung Road, Me Tri Ward,  
South Tu Liem District, Hanoi, Vietnam

T: +84 (24) 3946 1600

F: +84 (24) 3946 1601

E: [kpmghanoi@kpmg.com.vn](mailto:kpmghanoi@kpmg.com.vn)

### Ho Chi Minh City

10<sup>th</sup> Floor, Sun Wah Tower,  
115 Nguyen Hue Street, Ben Nghe Ward,  
District 1, Ho Chi Minh City, Vietnam

T: +84 (28) 3821 9266

F: +84 (28) 3821 9267

E: [kpmghcmc@kpmg.com.vn](mailto:kpmghcmc@kpmg.com.vn)

### Da Nang

Unit D3, 5<sup>th</sup> Floor, Indochina Riverside Towers,  
74 Bach Dang Street, Hai Chau I Ward,  
Hai Chau District, Da Nang City, Vietnam

T: +84 (236) 351 9051

F: +84 (236) 351 9051

E: [kpmgdanang@kpmg.com.vn](mailto:kpmgdanang@kpmg.com.vn)

Follow us on:   

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2021 KPMG Limited, KPMG Tax and Advisory Limited, KPMG Legal Limited, KPMG Services Company Limited, all Vietnamese one member limited liability companies and member firms of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.