

E - NEWSLETTER AUGUST 2009

PERSONAL INCOME TAX (PIT) HEALTH INSURANCE (HI) SOCIAL INSURANCE (SI)

A. PERSONAL INCOME TAX (PIT)

Circular 160/2009/TT-BTC: issued by Ministry of Finance on 12 Aug 2009. Content: Guidance on PIT Exemption in 2009.

BENEFICIARY & EXEMPT PERIOD

BENEFICIARY	KIND OF INCOME	EXEMPT PERIOD
Tax resident and Non-tax resident	Income from capital investment, capital assignment, copyright, franchising.	01/01/2009 to 31/12/2009
Tax resident	Income from business activities, employment, inheritance, gifts	01/01/2009 to 30/06/2009

EXEMPT INCOME & DEADLINE FOR PAYMENT

EXEMPT INCOME	DEADLINE FOR PAYMENT
Salary, bonus derived in 2008 paid in 2009; benefits in-kind, uniforms, and other benefits derived during Jan to Jun 09	30/06/2009
Salary, wages, bonus derived from quarter 1 and 2 in 2009	31/12/2009
Annual bonus in 2009 (50% exempted)	31/03/2010

For more information, please contact:

*This is not an official text law.
The information in this e-newsletter is
just for reference and general direction.*

For further information, please contact:

Payroll and Outsourcing Service

Nguyen Thi Thanh Huong

PIT DECLARATION, FINALIZATION

1. For employers:

MONTHLY RETURNS	2009 YEAR END FINALIZATION	TAX DEDUCTION
Remove exempted income paid after 1/7/2009	Declare only the Taxable income paid in the period from 1/7/2009-31/12/2009	<ul style="list-style-type: none">• Compulsory insurance contribution• Personal relief (24 million VND)• Dependant relief (1.6 million VND/person/month)• Charity contribution from 1/7/2009 to 31/12/2009

- 2. For employees (Tax resident):** Employees have to do the individual tax finalization only if their PIT withheld is not equivalent to the PIT payable (if they wish to refund tax or offset with next period or have to pay more)

TIPS FOR TAX PLANNING

1. Adjust income paid to employees in the year to the trend of income derived in the first 6 months.
2. Allocate quarterly bonus to the trend of income derived from quarter 1 and quarter 2.
3. Plan for payment annual bonus 2009 to be carried out before 31/03/2010 (applicable for company that fiscal year ended in Mar of June 2010).
4. Plan for 2009 dividend to be paid before 30/06/2010 (if any).

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B. HEALTH INSURANCE (HI) AND SOCIAL INSURANCE (SI):

I. NEW REGULATION ON HI: Decree 62/2009/ND-CP issued by Government on 27 July 09. Content: stipulated and implemented some articles of Health Insurance Law.

PARTICIPANT

Employee who performs Labor Contract from full 3 months and above or indefinite term.

SALARY FOR HI CONTRIBUTION

Salary for HI contribution is the salary stated in the Labor Contract and capped at 20 times of the minimum salary.

HI CONTRIBUTION RATE

PERIOD	RATE	
	Employee	Employer
01/07/09 - 31/12/09	1%	2%
From 01/01/2010 onwards	1.5%	3%

Employee who is on maternity leave or leave for taking care of infants (under four-month old) does not contribute to HI whereas time to participate still accumulated.

HI CONTRIBUTION DURING MATERNITY LEAVE FOR THE PERIOD BEFORE 1ST OCT 2009

In reference to Notice 2195/TB-BHXH dated 31/07/2009 of HCM SI Agency, from 01/07/2009 to 30/09/2009, HI is temporarily required to contribute during the time of maternity leave or taking care of infant under four- month old as stipulated in Decree 63/2005/ND-CP.

HI BENEFITS

- 80% of cost of medical examination and treatment is covered by HI fund, the remains is born by employee.
- If the employee took medical examination and treatment at non-public medical institution, the cover is limited at 80% of cost applied to public medical institution.

II. SI CONTRIBUTION RATE

Based on Social Insurance Law effective on 01/01/2007, SI contribution rate is stipulated as follows:

PERIOD	RATE	
	Employee	Employer
2007 -2009	5%	15%
2010-2011	6%	16%
2012-2013	7%	17%
2014 onwards	8%	18%

SALARY FOR SI CONTRIBUTION

Salary for SI is the salary stated in Labor Contract and capped at 20 times of the minimum salary.

PERIOD	SALARY FOR SI CONTRIBUTION
1/5/2009 –Present	VND13,000,000
2010 (for planning only)	VND15,000,000

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SUMMARY FOR HR BUDGET PLANNING FOR YEAR 2010

Capped Salary: VND 15,000,000

PARTICIPANT	SOCIAL INSURANCE	HEALTH INSURANCE	UNEMPLOYMENT INSURANCE	TOTAL
Employee	6%	1.5%	1%	8.5%
Employer	16%	3%	1%	20%
TOTAL	22%	4.5%	2%	28.5%