

CASES WHERE AN ENTERPRISE CONSIDERED AS HAVING TRANSACTIONS WITH RELATED PARTIES

The Government issues Decree No. 132/2020/ND-CP on prescribing tax administration of enterprises having transactions with related parties on November 05, 2020.



In addition to 10 cases specified in current regulations, there is one case where an enterprise is considered as having transactions with related parties. To be specific:

1. Transactions to transfer or receive the capital transfer to contribute at least 25% of the equity of the enterprise in the tax period;
2. Transactions to borrow or lend at least 10% of equity capital of the owner at the time of transactions in the tax period with the operator or controller of an enterprise or with an individual in a relationship as prescribed in Point g, Clause 2, Article 5 of this Decree.

The taxpayer shall be exempted from declaring or formulating dossiers of determining prices of related-party transactions only if it has transactions with related parties that are liable to pay enterprise income tax in Vietnam, subject to the same enterprise income tax rate as applied to the taxpayer, and neither of them is entitled to enterprise income tax incentives in a tax period but shall provide bases for such exemption.

This Decree takes effect on December 20, 2020, and applies from the 2020 enterprise income tax

period.