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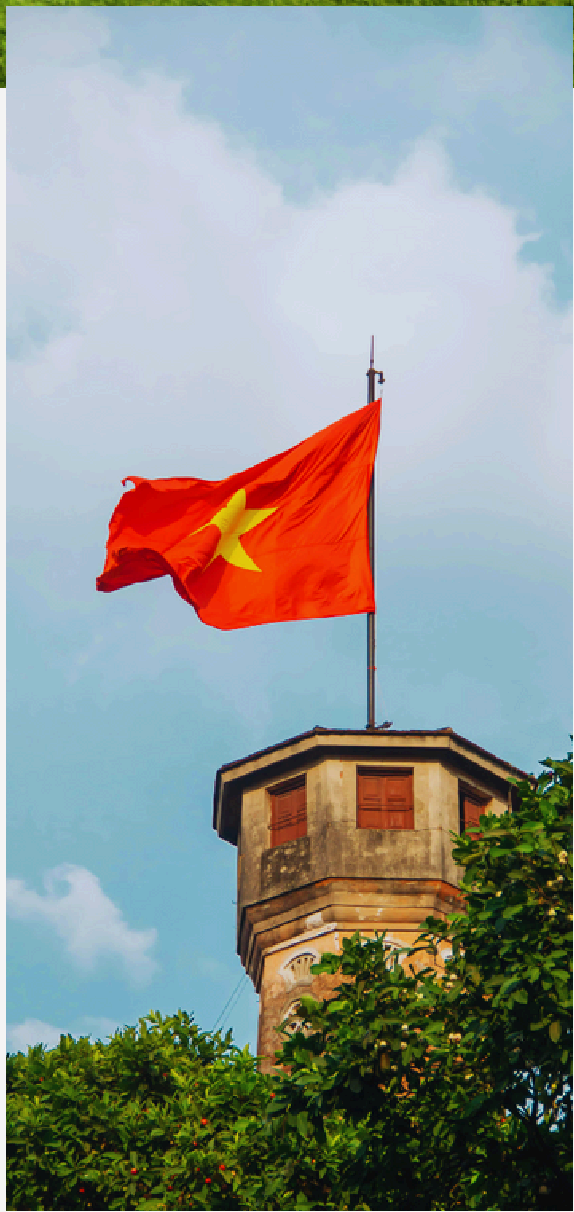

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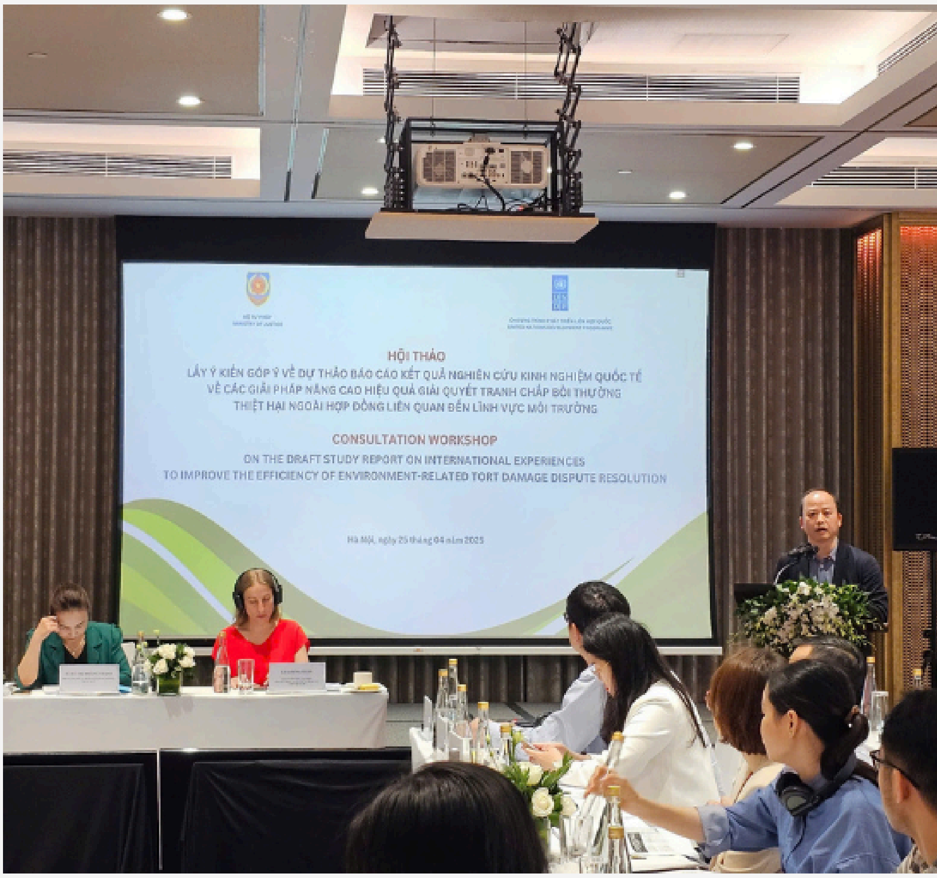
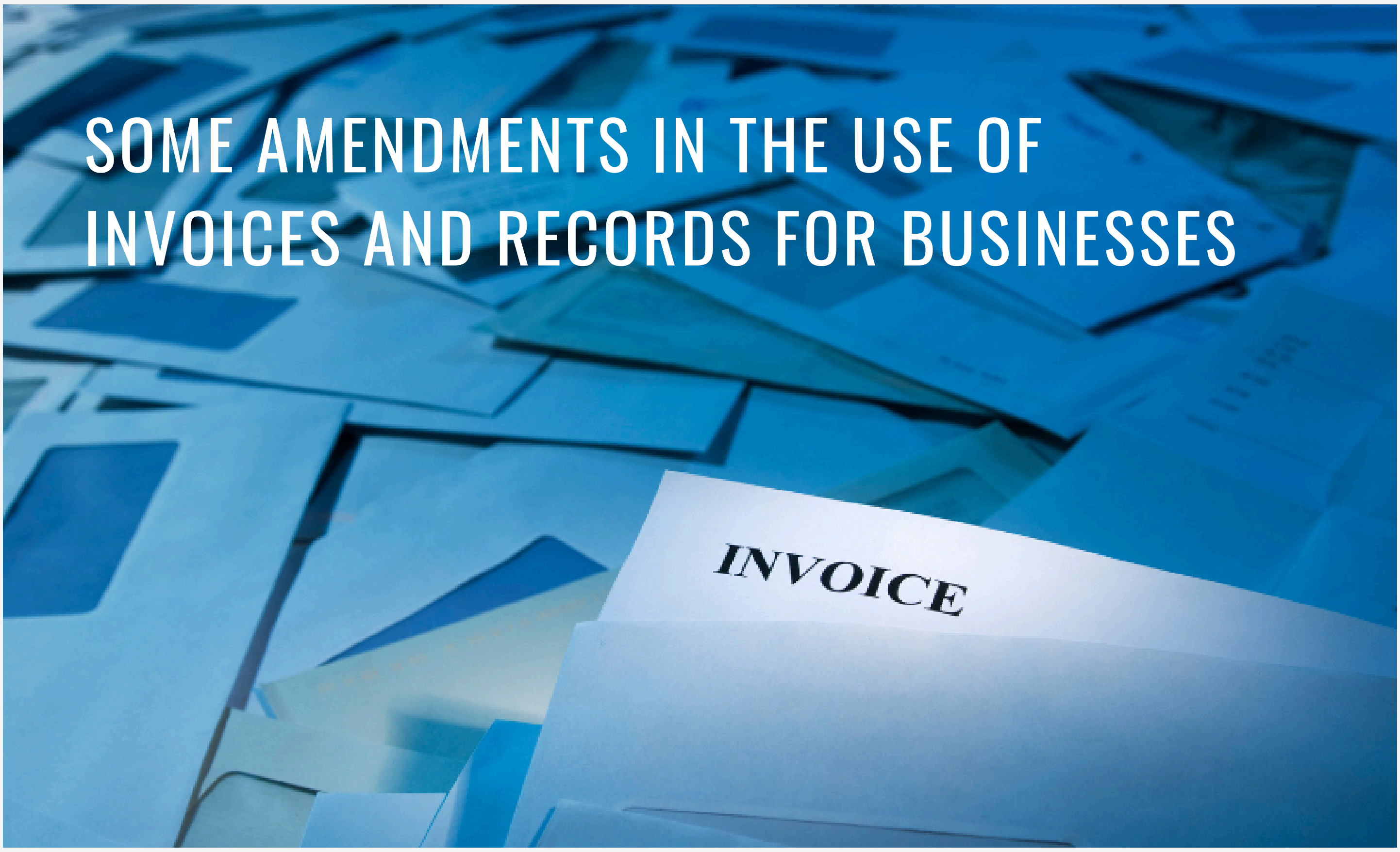
NOTABLE ACTIVITY APRIL 2025

In Vietnam, environmental pollution is an alarming situation, which seriously threatens the health and property of the people. In response to the context of the challenges faced by environmentally affected individuals and communities in Vietnam, the United Nations Development Programme (UNDP), in collaboration with the Ministry of Justice, conducts the **Legal study on International experiences to improve the efficiency of environment-related tort damage dispute resolution**. The Study is being developed by domestic and international consultants, including **Mr. Nguyen Hung Quang, Managing Partner of NHQuang&Associates** (Team Leader), **Ms. Nguyen Thuy Duong - Senior Associate of NHQuang&Associates** (Team Member), and Prof. Mirjana Drenovak-Ivanović from University of Belgrade Faculty of Law (Serbia).



On April 25, 2025, the Ministry of Justice and UNDP organized a Consultation Workshop to collect comments on the draft Legal Study, chaired by Ms. Le Thi Hoang Thanh - Deputy Director of the Department of Civil and Economic Laws, Ministry of Justice, and Ms. Sabina Stein - Assistant Resident Representative, Head of the Governance and Participation Division, UNDP. On behalf of the Research Team, Mr. Nguyen Hung Quang presented the main contents of the draft Legal Study at the Workshop. The draft Study has attracted a lot of attention and comments from representatives of prestigious universities in Vietnam such as the University of Law - VNU, Hanoi Law University (HLU), Vietnam Women's Academy, Hanoi University of Natural Resources and Environment, National Economics University (NEU), and Thuongmai University (TMU).

SOME AMENDMENTS IN THE USE OF INVOICES AND RECORDS FOR BUSINESSES



LE MAI PHUONG

On March 20, 2025, the Government issued Decree 70/2025/ND-CP amending and supplementing a number of articles of Decree 123/2020/ND-CP regulating invoices and records (**Decree 70**). The Decree was developed and issued to address difficulties faced by businesses, ensure transparency, and facilitate taxpayers and organizations in the use of electronic invoices and records. Decree 70 will take effect from June 1, 2025 with some notable contents as follows:

Firstly, Decree 70 has amended and supplemented some regulations related to **handling incorrect invoices**, specifically:

(i). *Repealing the regulation that allows the cancellation of electronic invoices* that have been assigned a code by the tax authority and have not been sent to the buyer if any errors are detected: According to Decree 123/2020/ND-CP (**Decree 123**), in the case that a seller discovers any error in an electronic invoice (which has been assigned a code by the tax authority) that has not been sent to the buyer, the seller shall notify the tax authority of the cancellation of electronic invoices (according to Form No. 04/SS-HDDT) and cancel the invoice. According to Decree 70, depending on the case, the seller may *notify the buyer* about the error in the invoice issued and does not have to issue a new invoice; or choose to issue adjustment invoice or invoice to replace the incorrect electronic invoice.

(ii). *Supplementing some obligations before adjustment or replacement of issued electronic invoices with error(s)*: If the buyer is an enterprise, economic organization, other organization, business household, or business individual, the seller and the buyer must make *a written agreement* that clearly states the incorrect content(s) of the invoice. If the buyer is an individual, the seller must *notify* the buyer or notify the incorrect invoice on its website. This provision is supplemented to avoid sellers' self-cancellation/ adjustment/replacement of invoices without making any agreement/notifying buyers while the parties have already declared taxes, which affects the buyers' rights.

(iii). Supplementing the provision that *allows sellers to create one invoice to replace or adjust multiple invoices in a month* in the case that a seller has created multiple invoices with the same incorrect information about the buyer, product name, unit price, and tax rate for the same buyer in the same month.

It should be noted that according to Decree 70, cases of replacing and adjusting electronic invoices will be recognized as one of the cases in which *sellers must issue an invoice to deliver to buyers*.

Secondly, Decree 70 has amended and supplemented a number of regulations on **the content of invoices**, specifically:

(i). Amending and supplementing the recording method for the criterion of "*quantity of goods and services*" in case of promotional goods and services or giving away goods and services according to the law: The seller is entitled to *issue an invoice for the total value of promotion and giving away*, along with a list of the goods/services promoted, or given away; in case that customers request an invoice for each transaction, the seller is required to issue separate invoices for each transaction accordingly.
(ii). Amending and supplementing specific instructions in cases where the digital signature date on an issued electronic invoice differs from the invoice issuance date. Decree 123 currently stipulates that "*In the case where an issued electronic invoice has a digital signature date different from the invoice issuance date, the latter will be the tax declaration date*". Decree 70 stipulates:

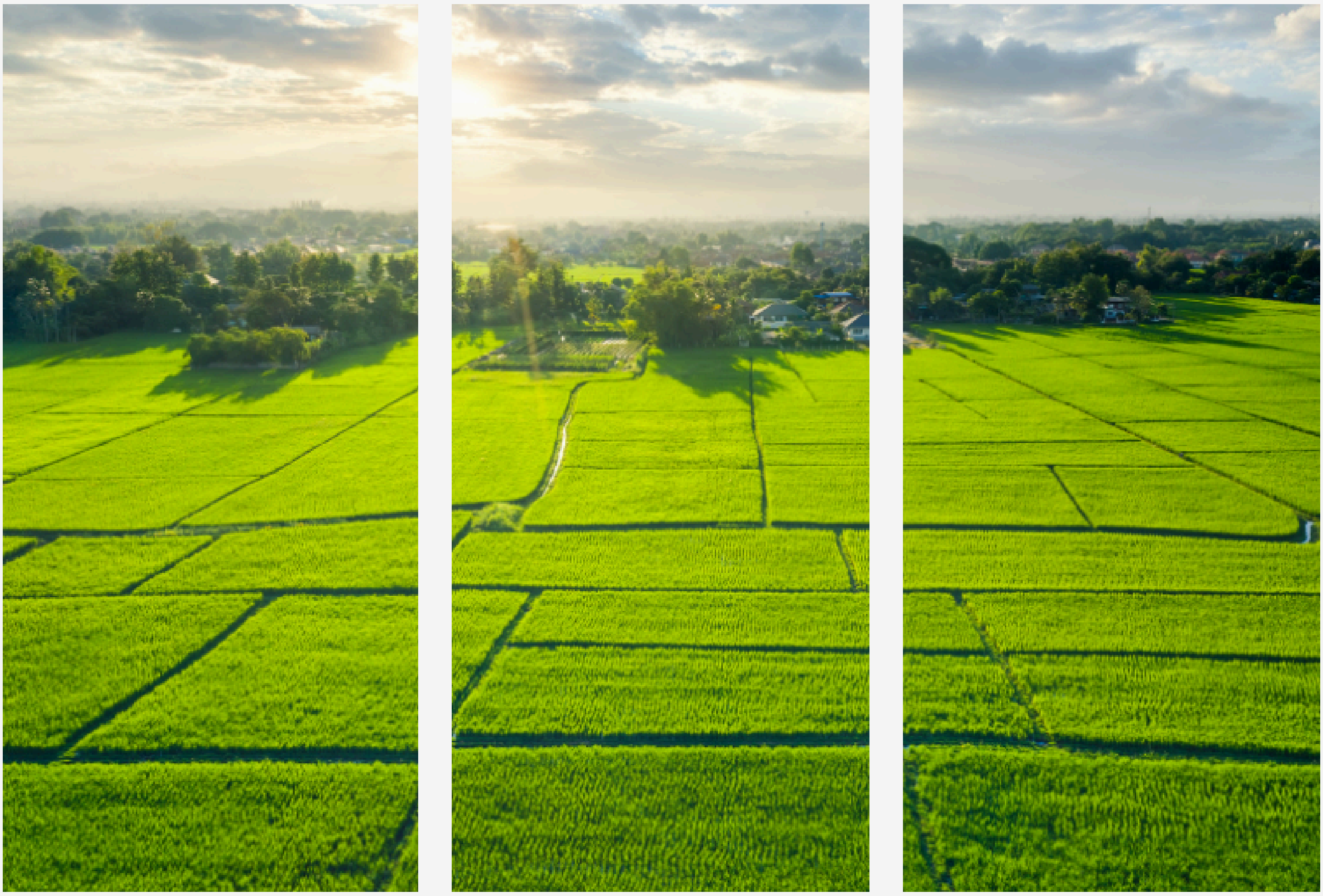
- The time of digital signature and the time of sending invoices to the tax authority for granting a code (for invoices with tax authority codes) or the time of transferring electronic invoice data to the tax authority (for electronic invoices without tax authority codes) *is no later than the next business day following the invoice issuance date* (except for the case of sending data according to the summary table specified in point a.1, clause 3, Article 22 of Decree 123).
- Sellers *declare tax according to the invoice issuance date*; the time of tax declaration for buyers is *the time of receiving invoices with correct and complete form and content* as prescribed in Article 10 (Content of invoice), Decree 123.

Thirdly, Decree 70 amends and supplements the regulations on **the time of invoice issuance** for exported goods (including export processing): According to Decree 70, the time of issuance of e-commerce invoices, electronic value-added invoices or electronic sales invoices *is determined by the seller but no later than the next business day following the clearance of the goods through customs* under the law on customs. According to Decree 123, the time of issuance of value-added invoices for exported goods is "*after completing the procedures for exported goods*". According to NHQuang's experience, the amendment of this regulation will enhance the flexibility and pro-activeness of export enterprises in issuing invoices.

In addition, Decree 70 has amended and supplemented other regulations on electronic records of personal income tax deduction, supplemented regulations on e-commerce invoices, as well as amended and supplemented several forms, such as supplementing Form No. 01/BK-DCTT (List of incorrect e-invoices), amending Form No. 04/SS-HDDT (Notification of incorrect electronic invoices). Enterprises need to update and study the regulations of Decree 70 to use invoices and records in accordance with the legal regulations. Should you need more information about the relevant regulations and the use of invoices and records, kindly contact NHQuang&Associates for legal support and advice.

SIGNIFICANT ASPECTS OF THE POLICY ON REDUCTION OF LAND LEASE FEE FOR 2024

LUU TUE DANG



On April 11, 2025, the Government promulgated Decree No. 87/2025/ND-CP stipulating the reduction of land lease fee for 2024 (**Decree 87**). Decree 87 was formulated with the objective of supporting enterprises and individuals in responding to impending difficulties and challenges amidst economic uncertainties and risks, while concurrently providing assistance to localities affected by Typhoon Yagi in 2024. This Decree encompasses several salient provisions that land users should take note of, as follows:

Firstly, Decree 87 applies to land users who are currently leasing land directly from the State under a Land Lease Decision, Land Lease Contract, or Certificate of Land Use Rights, Ownership of Assets Attached to Land issued by a competent state authority, which is effective in 2024 through annual land lease payment. Additionally, land users who have not completed land legal procedures in 2024 but have finalized these procedures at the time of submitting the application for land lease fee reduction in accordance with Decree 87 (having a Land Lease Decision, Land Lease Contract, or Certificate of Land Use Rights, Ownership of Assets Attached to Land through annual land lease payment) shall still be eligible to be considered for land lease fee reduction for 2024 under Decree 87.

Secondly, Decree 87 permits land users to receive a **30% reduction of the land lease fee payable for 2024**. If a land user is currently (i) entitled to a reduction of land lease fee under relevant regulations and/or (ii) eligible for deduction of compensation and site clearance expenses in accordance with the law on land lease fee, the land lease fee reduction stipulated in Decree 87 shall be calculated based on the payable land lease fee (if any) after such reduction and/or deduction. However, it is important to note that the 30% reduction shall not apply to any outstanding land lease fees from the years preceding 2024 and any late payment interest (if any).

Thirdly, Decree 87 stipulates the procedures for land users to request a reduction of land lease fee for 2024 as follows:

- Land users shall submit a Request for Reduction of Land Lease Fee for 2024 using the form provided in the Appendix issued together with Decree 87. In this form, the land users must fully declare the following information: name, tax identification number, address, and telephone number of the taxpayer; and details of the leased land for which the reduction is requested, including the address of the leased land plot, number and date of the Land Lease Decision, Land Lease Contract, or Certificate of Land Use Rights, Ownership of Assets Attached to Land.
- Land users shall submit the aforementioned Request for Reduction of Land Lease Fee for 2024 to the tax authority from April 11, 2024 to July 31, 2025. If the Request for Reduction of Land Lease Fee is submitted after July 31, 2025, the land lease fee reduction under Decree 87 shall not be applied.
- Regarding the method of submission, land users may submit the Request for Reduction of Land Lease Fee directly, via postal service, electronically, or through other means as prescribed by the law on tax administration. Based on the Request for Reduction of Land Lease Fee submitted by the land user and the Notice of Land Lease Fee Payment for 2024 of the land user (if any); the competent authority shall (i) determine the amount of land lease fee to be reduced and (ii) issue a Decision on Land Lease Fee Reduction within maximum 30 days from the date on which this authority receives the Request for Reduction of Land Lease Fee.

Fourthly, land users should take note of the following cases:

- If a land user has been granted a land lease fee reduction by a competent authority under Decree 87 but is subsequently found to be ineligible for such reduction in accordance with the provisions of this Decree, the land user shall be required to repay (i) the amount of land lease fee that has been reduced, and (ii) the late payment interest calculated on the reduced amount, in accordance with the law on tax administration.
- If a land user has already paid the land lease fee for 2024 and there is an overpayment, the overpaid amount may be deducted from the land lease fee for the next period or the following year. If there are no subsequent periods for land lease fee payments, the overpayment shall be (i) offset or (ii) refunded in accordance with the law on tax administration and other relevant legal regulations.

Decree 87 has stipulated a relatively broad scope of entities eligible for land lease fee reduction in 2024, while concurrently simplifying the dossier composition and permitting submission through various methods, thereby facilitating land users in requesting the land lease fee reduction and consequently contributing to supporting enterprises and individuals in promoting production and business activities. Enterprises, organizations, and individuals utilizing land should carefully examine the provisions of Decree 87 to accurately and fully carry out the procedures for requesting a reduction of the land lease fee in 2024. In the event that esteemed Clients and readers wish to gain a more comprehensive understanding of the regulations and seek advice on relevant financial obligations to the State authorities, NHQuang&Associates stands ready to provide the required clarification, support, and relevant legal counsel.

DRAFT DECREE ON DOMESTIC CARBON TRADE EXCHANGE: NOTABLE NEW REGULATIONS

TRAN HAI LONG

In an effort to fulfill international commitments on climate change, particularly the goal of achieving net-zero emissions by 2050, Vietnam is gradually developing and improving its legal framework for the domestic carbon market. The initial legal foundation was established through the Law on Environmental Protection 2020, which outlines the organization and development of the carbon market in Article 139. Subsequently, preliminary regulations on the carbon market were provided in Decree 06/2022/ND-CP on Greenhouse Gas emission reduction and ozone layer protection. To further specify the roadmap for the carbon market's development, the Prime Minister issued Decision 232/QD-TTg on January 24, 2025, approving the Scheme for Developing the Carbon Market in Vietnam. Based on these foundational legal documents, the Ministry of Finance (**MOF**) has drafted the Decree on domestic carbon trade exchange (**Draft Decree**), which includes the following key points related to carbon trade exchange:

Firstly, *regarding tradable commodities*, in accordance with the Law on Environmental Protection 2020, Decree 06/2022/ND-CP, and Decision 232/QD-TTg, the Draft Decree classifies two types of tradable commodities on the carbon trade exchange, including:

(i) Greenhouse Gas Emission Quotas (Quota). According to the Law on Environmental Protection 2020, "Quota" is defined as "*the amount of greenhouse gases that a country, organization, or individual is allowed to emit within a specified period, measured in tons of carbon dioxide (CO2) or tons of CO2 equivalent (CO2e).*"
(ii) Carbon Credits (defined as "*certificates that can be traded and represent the right to emit one ton of carbon dioxide (CO2) or one ton of CO2 equivalent (CO2e)*"), including:

- Carbon credits obtained from domestic programs or projects under the Carbon Credit exchange or offset mechanisms according to legal regulations;
- Carbon credits obtained from international programs or projects under the Carbon Credit exchange or offset mechanisms, which are expected to include, for example, credits from the Clean Development Mechanism (CDM) and Carbon Credits under Article 6 of the Paris Agreement.

To ensure the validity of these commodities on the exchange and the consistency of ownership data for trading, depository, and transaction settlement, the Draft Decree requires that these two types of commodities must be verified and recorded by the Ministry of Agriculture and Environment (**MAE**) in the National Registry System before being included in the carbon trading system by Hanoi Stock Exchange (**HNX**). Additionally, the MOF proposes regulations for removing Quotas and Carbon Credits from the carbon trading system in specific cases, namely:

- Expiry (when the commodities become invalid);
- Other cases as regulated by MAE (e.g., when forests under Carbon Credit projects are burned, organizations voluntarily use Carbon Credits to offset emissions).

Secondly, *regarding trading participants*: the Draft Decree specifies the participants eligible to engage in trading on the carbon trade exchange, depending on the type of commodities on the basis of inheriting and further elaborating the entities listed in Article 16 of Decree 06/2022/ND-CP, including:

(i) For Quotas: Entities in the List of sectors and entities emitting greenhouse gases that must conduct greenhouse gas inventories issued by the Prime Minister, which are allocated with Quotas.

(ii) For Carbon Credits:

- Entities in the List of sectors and entities emitting greenhouse gases that must conduct greenhouse gas inventories issued by the Prime Minister, which are allocated with Quotas.
- Organizations implementing programs or projects under the domestic Carbon Credit exchange and offset mechanism, or implementing programs or projects under international Carbon Credit exchange and offset mechanisms, in accordance with the provisions of Vietnamese law and international treaties to which the Socialist Republic of Viet Nam is a party.
- Organizations and individuals that are eligible to invest in and trade Carbon Credits under environmental law.

Thirdly, *regarding the organizational, management, and operational systems to serve the domestic carbon trade exchange*: The Draft Decree outlines a carbon market operational structure based on three principal systems, with a relatively clear allocation of responsibilities among relevant authorities and organizations. This structure lays a critical foundation for Vietnam to develop a transparent, efficient, and sustainable carbon market, comprising:

(i) National Registry System for Quotas and Carbon Credits: a system managed and operated by MAE to serve the purposes of managing, operating, updating, and extracting information on Quotas and Carbon Credits; and handling the borrowing, returning, transferring, and offsetting activities of Quotas.

(ii) Carbon Trading System: infrastructure system, technological platform organized and operated by HNX to facilitate the trading of Quotas and Carbon Credits.

(iii) Carbon Trading Settlement System: an infrastructure system, technological platform organized and operated by the Vietnam Securities Depository and Clearing Corporation (**VSD**) in coordination with payment banks, to process the settlement of transactions involving Quotas and Carbon Credits.

Fourthly, *regarding the execution of transactions of Quotas and Carbon Credits by trading participants*:

- According to the Draft Decree, Quotas and Carbon Credits must be deposited centrally at VSD **before** trading on the domestic carbon trade exchange. Trading participants will not directly deposit with VSD but will open depository accounts to deposit Quotas and Carbon Credits with Depository Members (securities companies approved by VSD as Depository Members). VSD will receive deposits from Depository Members. In addition, trading participants may request other services such as withdrawal/transfer of Quotas and Carbon Credits.
- To trade Quotas and Carbon Credits, participants must open trading accounts with Trading Members (securities companies approved by HNX) to conduct transactions.
- Transactions will be conducted based on agreements on the carbon trading system, where parties involved in the transaction mutually agree on relevant terms. There are two forms of transaction method by agreement:
  1. *Electronic agreement*: A trading method where participants input buy or sell orders with a binding commitment in the system or select matching orders already entered into the system for execution;
  2. *Standard agreement*: A trading method where buyers and sellers mutually agree on the transaction terms in advance and report the results to the carbon trading system to establish the transaction.
- Transaction settlement: According to the Draft

Decree, transactions on the carbon trade exchange will be settled via the Carbon Trading Settlement System operated by VSD and payment banks. The settlement method will be real-time for each transaction, which means that the payment and transfer of Quotas and Carbon Credits will occur almost simultaneously once the transaction is confirmed. As an important point to be noted, the Draft Decree clearly confirms not to apply the central counterparty clearing mechanism to these transactions. VSD will issue detailed Settlement Regulations for further guidance.

- The service fees on the carbon trade exchange applied at VSD and HNX will be determined by the MOF.

With groundbreaking new provisions, the Draft Decree has laid the foundation for managing and trading Carbon Credits, while aligning with global trends in reducing greenhouse gas emissions, contributing to the realization of Vietnam's sustainable development goals. Currently, the Draft Decree is in the process of seeking feedback from competent state agencies, organizations, businesses, and relevant individuals, and it is expected that it will be finalized for issuance and implementation from June 1, 2025. Therefore, businesses, organizations, and individuals need to actively monitor the development of the Draft Decree for effective participation in the carbon trade exchange once the Decree comes into force.

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