



**IC&PARTNERS VIETNAM**

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# TAX NEWSLETTER

JUNE 2022



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*Entities eligible for Value Added Tax (VAT), Corporate Income Tax (CIT), Personal Income Tax (PIT) deferral in 2022*

Decree No. 34/2022/ND-CP (*effective from May 28, 2022 to December 31, 2022*) regulates on deferral of VAT, CIT, and PIT in 2022. Accordingly, the entities eligible for the deferral are enterprises, organizations, households, household businesses and individuals in Vietnam carrying out manufacture and doing business in the lines of business as prescribed in Article 3 of this Decree. To be specific:

❖ **Manufacture lines:**

- Agriculture, forestry and aquaculture;
- Manufacture of electronic products, computers and optical products; motor vehicles and other motorized vehicles; furniture;
- Construction;
- Drainage and wastewater treatment, etc.

❖ **Business lines:**

- Transport, warehousing; accommodation, catering services; education and training; healthcare and social assistance; real estate business;
- Employment-related services; operation of travel agencies, tourism business, auxiliary services relevant to tour organization and advertising;
- Audio and video broadcasting; computer programming, consulting services and other computer-related activities; information service activities, etc.

In addition, these policies are also applied to enterprises, organizations, households, household businesses and individuals manufacturing prioritized ancillary products or key mechanical products and small enterprises and micro-enterprises in Vietnam according to regulations.

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*Official Letter No. 5442/TCT-TNCN guiding Personal Income Tax (PIT) when declaring on behalf of foreign experts*

On November 27, 2017, the General Department of Taxation issued Official Letter No. 5442/TCT-TNCN responding to the Enterprise on PIT declaration for foreign experts.

Pursuant to Clause 1, Article 18 of Circular No. 111/2013/TT-BTC dated August 15, 2013 of the Ministry of Finance, in the situation that the contracts between foreign experts and foreign contractors prescribe the expenses such as hotel rent, plane ticket, mobile charges, meals, traveling... which are paid by the Enterprise and the amount paid are reasonable according to the regulations as at Point d4, Clause 2, Article 2 of Circular No. 111/2013/TT-BTC dated August 15, 2013 of the Ministry of Finance, these expenses shall not include when calculating PIT payable of foreign experts.

The paid expenses exceeding the prescribed limit of the foreign contractors must be included in taxable income for PIT calculation.

If the contracts between foreign experts and foreign contractors do not prescribe the expenses as mentioned above which are paid by the Enterprise, these expenses are taxable income of non-residents. The Enterprise is responsible for withholding PIT of non-residents according to Clause 1, Article 18 of Circular No. 111/2013/TT-BTC dated August 15, 2013 of the Ministry of Finance.

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*Violation signs in invoice management*

On June 1, 2022, the General Department of Taxation issued Official Letter 1873/TCT-TTKT to strengthen the review, check and detect that taxpayers have signs of invoice risks and fight tax refund fraud.

Accordingly, the General Department of Taxation requires Tax authorities at all levels:

- Implementing some measures, such as implementation, dissemination, organization, consolidation, evaluation and exchange of experiences in signs and acts of violation in invoice management including issuance, use, purchase and sale of illegal invoices.
- Organizing reviews and evaluation to classify enterprises with signs of invoice risk through questionable signs.
- Some signs and acts of violation specified in the Appendix of Official Letter No. 1873/TCT-TTKT are as follows:
  - An enterprise which has high revenue and input and output VAT but does not incur tax, has negative VAT for many tax periods;
  - An enterprise which does not have fixed assets or has extremely low fixed asset value;
  - An enterprise which has suspicious bank transactions (same-day deposit and withdrawal);
  - An enterprise whose employees are not commensurate with its size and lines of operation;
  - An individual acts as legal representative who has established and managed numerous enterprises; etc.



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# ACCOUNTING

### *Official Letter No. 2054/TCHQ-GSQL guiding the use of electronic invoices for exports*

On June 3, 2022, the General Department of Customs issued Official Letter No. 2054/TCHQ-GSQL on using e-invoices for exports.

Accordingly, e-invoicing time for exports according to Decree No. 123/2020/ ND-CP dated October 19, 2020 as follows:

The basis for issuing VAT invoices for exports is after the goods have been actually exported with the customs authority's confirmation in case of export entrustment and after completing the procedures for exported goods in case exporters declare and pay VAT by following credit-invoice methods including export processors (*point b, c, clause 3, Article 13*).

According to the above regulations, e-invoicing time for exported goods is after completing customs procedures. Therefore, the exporters cannot issue VAT invoices to submit in the customs dossier when processing customs procedures for exported goods.

E-invoices are made according to Vietnamese law, while commercial invoices are made according to international practices. The issuing time of these two types of invoices is different: commercial invoices are issued before customs clearance and e-invoices are issued later.

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- **Deadlines for issuance the old C/O form D**

***Regulations on deadlines for issuance the old C/O form D***

The Minister of Industry and Trade issued Circular No. 10/2022/TT-BCT dated on June 1, 2022 amending the Circular on implementing the Rule of Origin of goods under the ASEAN Trade in Goods Agreement, including the regulations on deadlines for issuance the old C/O form D.

Accordingly, the old C/O form D according to Appendix II of Circular No. 19/2020/TT-BCT (old form) will be issued until the end of October 10, 2022.

This C/O form D is accepted by Customs authority within the time limit specified in Article 15 of Appendix I of Circular No. 19/2020/TT-BCT.

Previously, the General Department of Customs issued Official Letter 1683/TCHQ-GSQL dated May 12, 2022 on the transition time to implement the new C/O form D.

In particular, the implementation instructions for C/O form D (including C/O transmitted through the national single-window system (electronic C/O and paper C/O) are as follows:

- For C/O issued during the transition period from May 1, 2022 to the end of October 31, 2022, the Customs authority accepts the old C/O form D and the new C/O form D.
- For C/O form D issued from November 1, 2022, the Customs authority only accepts C/O form D issued according to the new form.

*Circular No. 10/2022/TT-BCT comes into force from July 16, 2022*



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## INTRODUCTION

IC&Partners Vietnam Co., Ltd. is a member of IC&Partners S.p.A in Italy, specializing in providing services on Tax Agent, Tax Consulting, Transfer Price Documentation Consulting, Corporate Consulting, and other support related to the day-to-day operations of the business. We have many years of experience in providing services for the field of consulting in general and tax consulting in particular for multinational corporations of different nationalities such as Korea, Japan, Italy, Germany, Singapore ... not only in Vietnam but also in many other countries around the world.

Currently, the regulations and policies of the Tax Department are increasingly strict while businesses cannot anticipate the risks that may occur due to the lack of grasp of current legal regulations.

We are pleased to serve you with the following services:

- Tax Agent (Quarterly Tax Report, Annual Tax Finality)
- Tax risk review
- Supporting the procedures for establishing, closing the Company
- Refund of VAT and PIT
- Consultancy on preparing transfer pricing documentation
- Procedures for dealing with tax problems (exemption, reduction, tax penalty, etc.)
- Consulting services, support on management and other administration.

With the strength of quality and prestige, IC&Partners Vietnam is confident to bring the most satisfaction to customers when coming to us.

*Sincerely thank you!*