



IC&PARTNERS VIETNAM

Supporting

Business Worldwide

TAX NEWSLETTER

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Implement tax collection and payment based on the payable identification code ID

On April 24th, 2023, General Department of Taxation issued Official Letter No. 1483/TCT-KK on implementation tax collection and payment according to the identification code ID as follows:

From May 10th, 2023, the web portal of the General Department of Taxation included electronic tax service eTax; eTax Mobile upgraded the function that allowed taxpayers to:

- Search tax obligations;
- Support for arrangement of payment in accordance with the Law on Tax Administration;
- Prepare Payment note to State Budget, check and amend the information according to ID code.

In order to implement the provisions of Circular No. 19/2021/TT-BTC, General Department of Taxation guides the tax collection and payment, other revenues belong to the state budget managed by the tax agencies according to the ID code as follows:

- Firstly, issue and notify ID code to the taxpayers.
- Secondly, provide information of ID code to the collection organization.
- Thirdly, instruction on using ID code.

Taxpayers use the payable ID code to:

- Search status of handling tax obligations of taxpayers;
- Pay money into the state budget;
- Check and adjust the state budget collection information at the electronic portal of the General Department of Taxation.

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New regulation on micro insurance

On May 05th, 2023, Government issued Decree No. 21/2023/ND-CP on micro insurance as follows:

1. New regulations on insurance for low-income people

The maximum amount of insurance and maximum insurance premium of micro insurance are as follows:

- Micro insurance protects risks of life and health: No more than 05 times the annual per capita income of people of the near-poor standard in urban areas at the implementation time.
- Micro insurance protecting the risks of property does not exceed the market value of the insured asset when participating in the insurance and less than 05 times of the annual per capita income of people of the near-poor standard in the urban area at the implementation time.
- The annual insurance premium for each insurance contract of micro insurance does not exceed 5% of the annual per capita income of people of the near-poor standard in the urban area.

2. The term of micro insurance

- Life insurance enterprises can provide micro insurance to protect life and health risks for less than 05 years.
- Enterprises and branches of non-life insurance foreign enterprises can provide micro insurance to protect life and health risks for less than 01 year and for property risks of less than 05 years.
- Health insurance enterprises can provide micro insurance to protect life risks for less than 01 year and health risks for less than 05 years.
- Supporting organizations for micro insurance can provide micro insurance with a term of 01 year or less.

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Vietnam is considering and developing new financial preferential policies to adapt global minimum tax

Recently, Ministry of Finance has organized a seminar to discuss rules of global minimum tax, the application experience of countries, expected impacts and recommendations for Vietnam.

At this seminar, two main issues were raised as to whether Vietnam should apply a minimum tax, or retain the incentives for FDI enterprises as before. Recommendations from independent consulting organizations and from affected businesses themselves say that Vietnam should proactively issue new legal regulations to apply the global minimum tax rate, so that the incentives will change from what Vietnam has previously committed.

Currently, the Ministry of Finance is coordinating with the Ministry of Planning and Investment (MPI) to research and develop directly and indirectly financial support solutions, for affected FDI enterprises after Viet Nam changes the policy preferences. It is expected that these policies will soon be reported by the Ministry of Finance, MPI and related ministries to the Government and competent agencies to be proactive in policies, in line with Vietnam's financial conditions, and in accordance with new tax regulations and orientation to attract foreign investment of Vietnam.

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Official Letter No. 8091/CTBDU-TTHT on Corporate Income Tax (CIT), Value Added Tax (VAT) policies and invoicing

Binh Duong Tax Department issued Official Letter No. 8091/CTBDU-TTHT on CIT, VAT policies and invoicing on May 05th 2023 as follows:

1. Corporate Income Tax Incentives

For investment projects in **industrial parks located in areas with favorable socio-economic conditions** (specifically, urban districts of special-class urban centers, grade-I cities directly under the central government and provincial-level cities). , excluding districts of special-class cities, grade-I cities directly under the central government, provinces newly established from districts since January 1, 2009) **will not be entitled to tax exemption and reduction** according to regulations prescribed in Circular No. 151/2014/TT-BTC.

2. Mid - shift meal cost for employees

In case the Company **provide mid-shift meals for employees**, if the cost **meets the conditions** as prescribed in Article 4 Circular No. 96/2015/TT-BTC; Clause 10, Article 1 Circular No. 26/2015/TT-BTC, and is specified the conditions and the level of enjoyment at one of the following documents: labor contracts, collective labor agreements, financial regulations, the company **shall declare deductible VAT input and included in deductible expenses when determining taxable income.**

3. The invoicing date of exported goods

In case the Company has **export activities on the spot**, after **completing the procedures for exported goods, the Company shall issue a VAT invoice for the exported goods** according to the provisions of Point c, Clause 3, Article 13 of Decree No. 123/ 2020/ND-CP.

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Official Letter No. 8177/CTBDU-TTHT onon liquidation of fixed assets for export processing enterprises (EPZs)

Binh Duong Tax Department issued Official Letter No. 8177/CTBDU-TTHT on liquidating fixed assets of EPE on May 08th, 2023 as follows:

If the EPE liquidates used fixed assets for domestic enterprises, the Company shall carry out the liquidation procedures according to the provisions of Clause 55, Article 1 of Circular No. 39/2018/TT-BTC, as follow:

In case of sale, donation or gift in Vietnam market, EPE can select one of the following methods:

- ***Use purpose conversion:*** Register new customs declarations, tax policies, and policies on management of imported goods applied at the time of registration of customs declarations of imported goods that have changed their use purposes. After the use purpose is changed, the sale, donation or gift of these goods in the Vietnamese market is not required to go through customs procedures;
- ***on - spot export and import:*** carry out import procedures on the spot, pay taxes as prescribed. At the time of carrying out on-spot export and import procedures, that policy on management of export and import goods is not applied, the import-licensing agency must agree that in writing.

When liquidating fixed assets, the Company shall use electronic invoices specified **"for organizations and individuals in the non - tariff area."**

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Official Letter No. 1180/ CTHNA-TTHT on personal income tax (PIT) policies

Ha Nam Tax Department dated Official Letter No. 1180/CTHNA-TTHT on PIT policies on May 05th 2023 as follows:

1. PIT from winning a prize, receiving gifts

If the Company **organizes games and competitions** for employees and they receive **the prize value exceeding 10 million VND** (according to each winning time and does not depend on the number of bonuses), it shall be **calculated in the PIT taxable income from winning the prizes.**

In case the employees **receive gifts in kind from the Company** such as moon cakes, gift baskets, confectionery, vouchers ... but these things do not have to register ownership or using right according to Clause 10, Article 2 Circular No. 111/2013/TT-BTC, this income **is not determined as PIT taxable income from gifts.**

2. PIT on salaries, wages when working overtime

In case **the employee earns income from the part of the salary or wages for night work or overtime work**, which is paid higher than the salary or wages for daytime or overtime work but not in accordance with the Labor Code, Employees **are not entitled to PIT exemption** under the provisions of Point i, Clause 1, Article 3 of Circular No. 111/2013/TT-BTC.

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Official Letter No. 8246/CTBDU-TTHT on Corporate Income Tax (CIT), Value Added Tax (VAT) policies

Binh Duong Tax Department issued Official Letter No. 8246/CTBDU-TTHT on CIT, VAT policies on May 09th 2023 as follows:

➤ **Legal basic:**

- Clause 2.22 Article 4 Circular No. 96/2015/TT-BTC specified:
“2. *The expenses below are not deductible when calculating taxable income:*
2.22. *Provision of sponsorship for education (including sponsorship for vocational education) for illegitimate recipients according to Point (a) or without documentation mentioned in Point (b).”*

In case of **having the sponsorship expense for education in accordance with the object** specified at Point a, **having a dossier of determining the sponsorship amount** at Point b, Clause 2.22 and meets the conditions of deducted expense specified in Article 4 Circular No. 96/2015/TT-BTC, The Company shall be **accounted for deductible expenses when determining CIT taxable income.**

Regarding **the sponsorship expenses** are not for the production and trading of goods and services which are subject to VAT, the Company **shall not be deducted input VAT.**

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Official Letter No. 30387/CTHN-TTHT on corporate income tax (CIT) incentives of investment projects on foreign language centers invested foreign capital

Hanoi Tax Department issued Official Letter No. 30387/CTHN-TTHT TTHT on CIT incentives of investment projects on foreign language centers having foreign capital on May 05th 2023 as follows:

In case meeting the conditions pursuant to Laws on criteria, standards and scale of the socialization establishment in education - training and new investment project, the Company is enjoyed CIT incentive as follows:

- **Tax rate: 10 % during the operation period** pursuant to Clause 3, Article 11 Circular No. 78/2014/TT-BTC
- **Tax exemption time: four-year tax exemption, reducing 50% of tax payable in the next year** as prescribed in Clause 2, Article 20 of Circular No. 78/2014/TT-BTC

During the time of CIT incentives, if the enterprise **carries out many production and business activities**, the enterprise must **calculate the income from production and business activities which are the subject to CIT incentives** (include tax rates, tax exemptions, tax reductions) **and income from business activities are not subject to tax incentives to declare and pay separately.**

The aforementioned CIT incentives shall be only applicable to enterprises implementing the accounting regime, invoices, documents and pay CIT in case of declaration as prescribed in Clause 1, Article 18 of Circular No. 78/2014/TT-BTC.

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Official Letter No. 640/CTVLO-TTHT on electronic invoices

Vinh Long Tax Department issued Official Letter No. 640/CTVLO-TTHT on electronic invoices on May 05th 2023 as follows:

In case the Company is a business organization with many establishments, using the same type of electronic invoice with the same invoice symbol and form **without issuing electronic invoices by random access from electronic invoices system** in continuous order from small to large number specified at Point a, Clause 3, Article 10 of Decree No. 123/2020/ND-CP, the Company's electronic invoicing system must ensure **principle of increasing over time, each invoice number must ensure that it can only be made and used once and has a maximum of 8 digits** as prescribed at point b, Clause 3, Article 10 of Decree No. 123/2020/ND-CP .

For e-invoices that are **not in order from small to large** made by the Company as prescribed at Point b, Clause 3, Article 10 of Decree No.123/2020/ND-CP. If the e-invoice of the tax authority exists information **that matches the information on the issued invoice, the e-invoice is accepted according to regulations**. The Company shan't cancel the issued invoice and no administrative fines

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New instruction in subjects are outside the copyright protection scope

On April 26, 2023, Government issued Decree No. 17/2023/ND-CP guidelines on some articles and executive measures of Law on Intellectual Property on copyright and related rights.

New guidance on non-copyright objects as follow:

- News only reporting information are daily short press information, factual data, containing no creative elements.
- Administrative documents include documents issued by state agencies, political organizations, socio-political organizations, socio-political-professional organizations, social organizations, socio-professional organizations and people's armed forces units.
- Process, system, operating methods, concepts, principles, data are understood as follows:
 - Process is the compulsory sequence when conducting works;
 - System is a collection of many elements, units of the same type or the same function, having relationships or contact with each other closely, making a unified whole;
 - Method is a way to study and assess the phenomena of nature and social life;
 - The concept is the idea that generally reflects the things and phenomena of reality and the relationships between them;
 - The principle is the general basic principle, dominating a series of phenomena, the initial initial ideas or theory and is considered the starting point for the development of other theories.



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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, regulations and policies of the Tax Authority are increasingly strict while the Enterprises cannot anticipate possible risks because they have not yet grasped the 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
- Consulting on preparing transfer pricing documentation
- Procedures for dealing with tax problems (tax exemption, reduction, 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!