



IC&PARTNERS VIETNAM

Supporting

Business Worldwide

TAX NEWSLETTER

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IN THIS ISSUE

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➤ *Taxation*

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➤ *Enterprise*

- From December 1, 2023, transactions of at least 400 million VND must be reported to the State Bank of Vietnam (SBV)

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Official application of Global Anti-Base Erosion (GloBE) rules from 2024

On November 29, 2023, the National Assembly issued a Resolution on the application of Top-up Corporate Income Tax (CIT) under Global Anti-Base Erosion rules. The Resolution takes effect from January 1, 2024, applies from fiscal year 2024 with the following contents:

1. Taxpayers

The taxpayers specified in the Resolution are: Constituent entities of Multinational Enterprise (MNE) Groups that generate a revenue of at least 750 million euros (EUR) for at least 02 years out of 04 years preceding the fiscal year according to the consolidated financial statement of its ultimate parent entity, except for some cases as prescribed.

2. Content of the Resolution

- Qualified Domestic Minimum Top-Up Tax (QDMTT) applies to the constituent entities or collections of constituent entities of the above-mentioned MNE Groups, which have production and business activities in Vietnam in the fiscal year.
- The income inclusion rule (IIR) applies to the ultimate parent entity, partially-owned parent entity, intermediate parent entity in Vietnam that is a constituent entity of the above-mentioned MNE Group, holding directly or indirectly the ownership of low-taxed constituent entities located in other jurisdictions under the Global Anti-Base Erosion at any time during the fiscal year.

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3. Tax rate

The minimum tax rate specified in the Global Anti-Base Erosion rules is 15%.

4. Declaration documents for taxpayers

Tax declarations according to the Resolution on Global Anti-Base Erosion rules from January 1, 2024 include:

- Declarations of QDMTT;
- Top-up Tax enclosed with written explanation for differences between financial accounting standards and payment of Top-up Tax.

5. Deadline for tax declaration and payment

The deadline for submitting declarations and paying taxes according to the Global Anti-Base Erosion rules from January 1, 2024 is as follows:

- For QDMTT, it is 12 months after the end of the fiscal year;
- For IIR, it is 18 months after the end of the fiscal year for the first year in which the MNE Groups become subject to the GloBE rules; 15 months after the end of the fiscal year for the following years

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Official reduction of Value-Added tax (VAT) by 2% until June 30, 2024

On November 29, 2023, the National Assembly issued Resolution No. 110/2023/QH15 on the 6th meeting of the 15th National Assembly, which includes the content of VAT reduction until June 30, 2024.

At Section 10 of Resolution No. 110/2023/QH15, the National Assembly agreed to reduce VAT rate by 2% for the groups of goods and services specified in point a, section 1.1, clause 1, Article 3 Resolution No. 43/2022/QH15 of the National Assembly on fiscal and monetary policies for supporting socio-economic recovery and development program from January 1, 2024 to June 30, 2024.

Specifically, 2% reduction in VAT rate applies for the groups of goods and services subject to 10% tax rate. Some groups of goods and services are not eligible for VAT reduction, specifically as follows:

- Telecommunication;
- Information technology;
- Financial activities, banking, securities, insurances, real estate business;
- Metals, fabricated metal products, mining products (excluding coal mining), coke, refined petroleum, chemical products;
- Products and services subject to excise duty.

The VAT reduction period is from January 1, 2024 to June 30, 2024.

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Hai Phong reduces land rent by 30% for enterprises in economic zones

Hai Phong Economic Zone Management Board informed a guidance on implementing a 30% reduction in land rent in 2023 for enterprises renting land in Dinh Vu - Cat Hai Economic Zone.

Accordingly, the reduction of land rent in 2023 for enterprises in Dinh Vu - Cat Hai Economic Zone is implemented according to Decision No. 25/2023/QD-TTg dated October 3, 2023 of the Prime Minister.

Specifically, organizations, units, and enterprises that have been directly leased land by the State according to decisions or land lease contracts in the Dinh Vu - Cat Hai Economic Zone under the form of annual land rent payment will be reduced by 30% of the payable land rent in 2023. The 30% reduction in land rent does not apply to the debt amount of the previous years before 2023 and the late payment (if any).

According to the report of Hai Phong Economic Zone Management Board, up to now, the industrial zones and economic zones of Hai Phong have attracted 511 FDI projects with a total investment capital of 25.756 billion USD. The industrial zones and economic zones of Hai Phong have also attracted 217 domestic investment projects with a total investment capital of 318.331 billion VND.

The enterprises investing in the industrial and economic zones of Hai Phong have employed more than 185,000 employees (both domestic and foreign), mainly operating in the fields of electronics manufacturing, automobile and motorcycle manufacturing, mechanical engineering, chemical industry, pharmaceuticals, textile and leather, logistics, infrastructure, etc.

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Overcoming the situation of not issuing invoices to customers for each transaction

Recently, sales without invoicing are still common, especially at restaurants, hotels, and shopping centers for the reason that buyers do not request them.

According to Article 90 of the Tax Administration Law 2019, when selling goods/services, the seller shall issue and send electronic invoices to buyers. The electronic invoices shall follow standard formats and contain sufficient information in accordance with tax laws and accounting laws, regardless of the value of each sale.

To overcome the above phenomenon, recently the General Department of Taxation has been synchronously implementing the following solutions:

- Promote media communication to sellers and buyers about the rights and obligations of issuing invoices when purchasing goods and services;
- Deploy electronic invoices created from cash registers for businesses in the retail sector to consumers;
- Coordinate with departments and local agencies to review and handle violations of business establishments that do not promptly issue invoices to buyers when providing goods and services;
- Deploy the “Lucky Invoice” program with the goal of encouraging consumers to get invoices when purchasing goods and services, at the same time, putting pressure on sellers and requiring invoices when selling goods and services.

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Two more countries are eligible to apply special preferential import taxes under the RCEP Agreement.

On December 1, 2023, the Government issued Decree No. 84/2023/NĐ-CP amending Decree No. 129/2022/NĐ-CP promulgating the Special Preferential Import Tariff of Vietnam to implement the Regional Comprehensive Economic Partnership (RCEP) Agreement for the period 2022 - 2027.

Accordingly, Decree No. 84/2023/ND-CP amending Decree No. 129/2022/ND-CP stipulates that imported goods eligible for special preferential import tariff under the RCEP Agreement must satisfy the following conditions:

- They are included in the Special Preferential Import Tariff Schedule;
- They are imported into Vietnam from member states of the RCEP Agreement, including: Brunei; Cambodia; Indonesia; Laos; Malaysia; Singapore; Thailand; South Korea; Japan; New Zealand; Myanmar (Added); Philippines (Added).
- They meet origin criteria and has documents certifying the origin of goods.
- For goods imported from Myanmar and registered for customs declaration of import from March 4, 2022, for goods imported from the Philippines and registered for customs declaration of import from June 2, 2023 to before December 1, 2023, if they meet the requirements for eligibility for RCEP rates and have paid tax at a higher tax rate, they will be settled the overpaid tax by customs authorities.

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Official Letter No. 16333/CTHDU-TTHT on Personal Income Tax (PIT) policy

On December 4, 2023, Tax Department of Hai Duong Province issued Official Letter No. 16333/CTHDU-TTHT on PIT policy as follows:

In case the Company incurs severance allowances to employees in 2023:

- When the Labor Contract terminates according to current Labor Code, the Company is responsible for paying severance allowance to employee who has worked regularly for the Company for at least 12 months. This allowance is not included in the employee's taxable income.
- The Company pays a severance allowance to the employee, but the employee is still working at the Company and has not ended the labor contract as prescribed, this is not a severance allowance. This allowance is similar to salary and wages and is a taxable income according to regulations.
- The employee who is a resident and signs a labor contract for at least 03 months shall be deducted tax according to the progressive tax. The employee who is a resident and does not sign a labor contract or signs a labor contract of less than three months with a total income payment of two million VND per time or more shall be deducted tax at the rate of 10% on the income.

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On April 27, 2023, the Prime Minister issued Decision No. 11/2023/QĐ-TTg regulating large value transactions that must be reported to SBV.

Accordingly, from December 1, 2023, transactions valued from 400.000.000 VND (four hundred million) or higher are subject to mandatory reporting to SBV. Specifically, the following subjects must report to the SBV when conducting large value transactions:

1. Reporting entities are financial institutions licensed to conduct one or more of the following activities or operations:

- Acceptance of deposits;
- Lending;
- Financial leasing;
- Payment services;
- Payment intermediary services;
- Issuing negotiable instruments/transferable securities, bank cards, fund/money transfer/wire transfer orders;
- Bank guarantees and financial commitments;
- Providing foreign exchange services, money market instruments;
- Securities brokerage; advice to security investment, provision of security for securities issues;
- Investment fund and portfolio management;
- Life insurance business;
- Money and currency changing.

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2. Reporting entities are relevant non-financial businesses and professions subject to law that conduct one or more of the following activities or operations:

- Prize-awarding games, including electronic games; telecommunications network-based games, Internet-based games; casinos; lottery tickets; betting;
- Real estate business, except leasing or subleasing of real property and real estate consulting;
- Dealing in precious metals, jewels;
- Supply of accounting services; provision of notarial services; provision of legal services rendered by lawyers, legal professional organizations;
- Providing business formation, management and administration services; services of acting as a director or secretary of a company to third parties; legal arrangement services.

Based on Article 6 of Circular No. 09/2023/TT-NHNN on reporting regime, transactions with large value must be reported as follows:

- Reporting entities are responsible for reporting large transactions to internal regulations on anti-money laundering authority via electronic means or via physical means if compatible information technology system has not been established to facilitate reporting.
- If customers make large cash deposits in foreign currency to purchase VND or make large cash deposits in VND to purchase foreign currency, only cash deposits are reported.



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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, 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!