



**IC&PARTNERS VIETNAM**

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# TAX NEWSLETTER

APRIL 2023



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***General Department of Taxation implemented Decree No. 12/2023/ND-CP related to extension of tax payment time limit***

On April 14<sup>th</sup>, 2023, General Department of Taxation promulgated Dispatch No.02/CĐ-TCT on implementing Decree No. 12/2023/ND-CP related to extension of tax payment time limit as follows:

**1. Application period for deferral of tax in 2023**

- Extension period shall be 06 months applied for VAT from March to May, 2023 and Q1 2023;
- Extension period shall be 05 months applied for VAT of June, 2023 and Q2 2023; 04 months applied for VAT of July, 2023;
- Extension period shall be 03 months applied for VAT of August, 2023;
- Extension period shall be 03 months applied for provisional CIT of Q1 and Q2 of CIT period 2022;
- Business households, businesspeople pay VAT, PIT 2023 no later than December 30, 2023.

**2. The time limit for submission of extension tax payment**

Taxpayers send the one-time application for extension tax payment for the entire amount of incurring tax in extension tax period at the same time with the monthly or quarterly tax declaration dossier pursuant to Law on Tax Management. In case the application for extension tax payment was not submitted at the same time with tax declaration, the time limit is no later than September 30, 2023.

*Official Letter No. 1500/ TCHQ-TXNK on Excise Tax*

General Department Custom issued Official Letter No.1500/TCHQ-TXNK on Excise Tax as follows:

➤ **Legal basic:**

- Point c Clause 1 Article 3 Law on Excise Tax 2008 specified non-taxable objects as follows:

***“Goods temporarily imported for re-export and temporarily exported for re-import which are not subject to import duty or export duty within the time limit specified in the law on import duty and export duty”.***

Therefore, for **exported goods of re-import back** to Vietnam shall be **not subject to goods temporarily imported for re-export and temporarily exported for re-import** pursuant to point c Clause 1 Article 3 Law on Excise Tax so shall be not the non-taxable subjects. The Company shall **declare, pay the excise tax when re-importing goods back** to Vietnam.

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# TAXATION

### *Official Letter No. 15743/CTHN-TTHT guides on value added tax (VAT) rate*

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Hanoi Tax Department issued Official Letter No. 15743/CTHN-TTHT guides on value added tax (VAT) rate on March 30<sup>th</sup> 2023 as follows:

In case Company **provides construction service in non-tariff zones that meets the conditions pursuant to Clause 2 Article 9 Circular No. 219/2013/TT-BTC**, this construction service is determined as export services and shall be **applied 0% of VAT rate**.

In case the Company **provides construction service outside non-tariff zones**, it is the object **applied 10% of VAT rate** pursuant to Article 11 Circular No. 219/2013/TT-BTC.

In case the service **meets condition of export services applying 0% of VAT rate** pursuant to Article 9 Circular No. 219/2013/TT-BTC and **input VAT amount which was not deducted is from 300 million dong or more in the month/quarter**, the Company **shall be refunded VAT monthly/quarterly** pursuant to Article 2 Circular No. 25/2018/TT-BTC. Exported goods, services (except to the case pursuant to Article 17 Circular No. 219/2013/TT-BTC) for tax deduction, input VAT refund must meet the conditions as prescribed in Article 16 of Circular No. 219/2013/TT-BTC.

*Official Letter No. 1094/CTBNI-TTHT on invoicing for sample products*

Bac Ninh Tax Department issued Official Letter No. 1094/CTBNI-TTHT on invoicing for sample products on April 05<sup>th</sup> 2023 as follows:

➤ **Legal basic:**

- Clause 1 Article 4 Decree No. 123/2020/ND-CP
- Point a Clause 5 Article 7 Circular No. 219/2013/TT-BTC
- Article 17 Decree No. 81/2018/ND-CP

In case a Company specializes in production, which offers sample products, provides sample services to customers to try free, the Company shall invoice pursuant to Clause 1 Article 4 Decree No. 123/2020/ND-CP and determine taxable prices is 0 as per Point a Clause 5 Article 7 Circular No. 219/2013/TT-BTC.

When organizing a promotional activity by giving sample products, sample services for customers to try free, the Company must notify the promotional activity to all Department of Industry and Trade localities where the sales promotions are conducted before conducting except the following cases:

- Organize cultural, art, entertainment programs and other events for promotion purposes;
- Total value of prizes, gifts is under VDN 100 million;
- Only sell goods and organize sales promotions via e-commerce website or promotional online website.

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*Official Letter No. 3309/CTDAN-TTHT on value added tax (VAT) refund for exported goods*

Da Nang Tax Department issued Official Letter No. 3309/CTBNI-TTHT on VAT refund for export goods on April 03<sup>rd</sup>, 2023 as follows:

In case the Company engages **in transshipment activities** by transporting the goods directly from the exporting country to the importing country, **the transshipment items are exempt from VAT** pursuant to Clause 20, Article 4 of Circular No. 219/2013/TT-BTC.

Input VAT of goods and services used for business and production purposes also that are **subjected and not subjected to VAT**, only **deduct input VAT amount when they are subjected to VAT**. The Company has to account the deductible and non-deductible input VAT separately; in case of separate accounting cannot be implemented, the deductible input tax shall be calculated based on the ratio (%) between revenues that subjected to VAT, non-declared and non-taxable revenue and the total revenues of goods and services sold that included non-declared and non-taxable revenue that were unable to account separately. The Company temporarily allocates VAT deductible of goods and services purchased in the month/quarter. At the end of the year, the Company conducts deductible VAT input allocation throughout the year to re-declare the adjustment of input VAT that was temporarily allocated during the year.

In case Company **has both exported and domestically consumed goods and services, the deductible input VAT has to be accounted separately**. In case separate accounting cannot be implemented, the VAT refund for exported goods and services used for business and production purposes will be determined as prescribed in Clause 4, Article 18 of Circular No. 219/2013/TT-BTC.

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*Official Letter No. 3422/CTDAN-TTHT on processing invoice of returned goods*

Da Nang Tax Department dated Official Letter No. 3422/CTDNA-TTHT on processing invoice when having returned goods on April 05<sup>th</sup> 2023 as follows:

➤ **Legal basis**

- Article 4 Decree No.123/2020/ND-CP specified the rules on invoicing, management and using of invoices, accounting
- Article 2.8 Annex 4 issued together with Circular No. 39/2014/TT-BTC guidelines on handle buyers without invoices when returning goods

In case Company had **sold an apartment and invoiced** pursuant to Decree No. 51/2020/ND-CP and Decree No. 04/2014/ND-CP. Then, the buyer returned the apartment followed by the agreement of two parties. If **the buyer is business establishment, they must invoice when delivering returned goods** to Company pursuant to Clause 1 Article 4 Decree No. 123/2020/ND-CP.

In case the buyer does not have invoice, when returns the apartment, based on the written agreement between Company and the buyer, company shall **handle pursuant to the guideline at Point 2.8 Annex issued together with Circular No. 39/2014/TT-BTC and delare the tax declaration dossiers additionally.**

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*Official Letter No. 6123/ CTBDU-TTHT on Corporate Income Tax (CIT) policy*

Binh Duong Tax Department issued Official Letter No.6123/ CTBDU-TTHT on Corporate Income Tax (CIT) policy on April 06<sup>th</sup> 2023 as follows:

**1. Depreciate of fixed assets delivered**

Company determines the original price of fixed assets delivered and the time of depreciation of fixed assets pursuant to Article 4 and 10 Circular No. 45/2013/TT-BTC. The depreciation or stoppage of depreciation of fixed assets is implemented from the date on which the fixed assets increase or decrease. Company shall account the increase or decrease of fixed assets pursuant to Article 9 Circular No. 45/2013/TT-BTC.

**2. Organize canteen for the Employees**

- ***With PIT taxable income:*** If employees are provided mid-shift meals and lunch meals, **it is not included in PIT taxable income.**
- ***With CIT taxable income:*** If company proves that the amount to **provide mid-shift meals and lunch meals for employees arising actually related to manufacture and business activities, has fulfill invoice, documents,** it shall be **deducted when declaring CIT taxable income.**

**3. Determine other income when declaring PIT taxable income for interest**

In case **the revenue from interest, loan interest are higher than the loan interest expenditure,** after compensation, **the remaining difference is calculated in other income** when determining taxable income. If **they are lower,** the remaining difference is **reduced to the income from production and business.**





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### *Official Letter No. 6193/CTBDU-TTHT on the remittance abroad of profits*

Binh Duong Tax Department issued Official Letter No. 6193/CTBDU-TTHT on the remittance abroad of profits on April 06<sup>th</sup> 2023 as follows:

The Company **araises profits** after **finishing fulfill financial obligations** with Vietnamese State under regulations, **submitting audited financial statements and CIT finalization declarations** of that year to direct managing tax offices **can remit abroad profits** pursuant to Circular No. 186/2010/TT-BTC.

The Company must send **the notification of profits remittance abroad** followed by the form issued together with Circular No. 186/2010/TT-BTC to direct managing tax authority at least 07 working days before remitting the profit abroad.

If the foereign investor is **an individual investing directly to Company**, the **profits** paid by Company to the investor is the subject to **the PIT taxable income**. If the investor **is a single-member Limited Liability Company** owned by an individual, the profits remitted abroad **is not the declared and payable PIT objects** pursuant to Clause 6 Article 11 Circular No. 92/2015/TT-BTC.

The Company remits the profits abroad pursuant to Circular No. 06/2019/NHNN of The State Bank of Vietnam guiding the foreign exchange management for the foreign direct investment in Vietnam and other relevant regulations.

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***New regulations about payment collection process Social Insurance (SI), Health Insurance (HI), Unemployment Insurance (UI), Labor Accident Insurance (LAI), occupational disease; Social Insurance book management, Health Insurance card***

Vietnamese Social Insurance Department (VSID) issued Decision No. 490/QĐ-BHXH on March 28<sup>th</sup>, 2023 amends collection process SI, HI, UI, LAI, occupational disease; SI book management, HI card together with Decision No. 595/QĐ-BHXH and amends Decision No. 505/QĐ-BHXH as follows:

**1. Amend the procedure in case of SI refund because of double-time paid**

- Pursuant to Clause 3 Article 3 Decision No. 505/QĐ-BHXH, in case an individual has **02 SI book or more and pay SI, HI double-time** followed by the guideline at Official Letter No. 25/LĐTĐBXH-BHXH on January 01<sup>st</sup>, 2016 of Ministry of Labor –Invalids and Social Affairs, VSID shall **refund the amount paid to pension fund, death insurance and UI, do not include interest.**
- Management SI authority where the employees are working for or living in shall refund and reissue SI book pursuant to Clause 2 Article 46 Decision No. 595/QĐ-BHXH.

**2. Change the UI payment method**

- From April 01<sup>st</sup>, 2023, UI of the Employee **must be only paid monthly.**
- Enterprises, cooperatives, individual business households, cooperative groups operating in the fields of agriculture, forestry, fishery and salt production, paying wages by product or by package can register for monthly social insurance payment method.



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## INTRODUCTION

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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!*