



IC&PARTNERS VIETNAM

Supporting

Business Worldwide

TAX NEWSLETTER

JUNE 2023



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• **Assessing and classifying taxpayers with invoice risks**

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Decision No. 575/QĐ-TCT stipulated the process of assessing and classifying taxpayers at risk of invoices

On May 10, 2023, the General Department of Taxation issued Decision No. 575/QĐ-TCT on the process of applying risk management to assess and classify taxpayers with risk signs in the management and use of invoices.

Accordingly, tax authorities will assess and classify taxpayers with risk signs in management and use of e-invoices periodically on the 25th of each month by automatic assessment method based on risk management information updated on the risk management application:

- (I) Group I - Group of criteria determines that taxpayers use e-invoices with codes of tax authorities instead of the ones without codes of tax authorities.
- (II) Group II - Group of criteria determines that taxpayers with risk signs are inspected for the management and use of invoices.
- (III) Group III - Group of reference criteria determines that taxpayers with risk signs are inspected for the management and use of invoices.

Depending on the management requirements of each period, tax authorities may use reference criteria to identify taxpayers with risk signs to be inspected for the management and use of invoices or identify taxpayers with high-risk signs.

Tax authorities enter parameters for criteria, the risk management application will support analyzing and scanning taxpayers with risk signs belonging to criteria of Group III to provide a list of taxpayers to be reviewed and inspected.

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Official Letter No. 2121/TCT-CS guiding the invoicing with a 2% reduction of Value-added Tax (VAT)

On May 29, 2023, the General Department of Taxation issued Official Letter No. 2121/TCT-CS on the invoicing with a 2% reduction in Value-added Tax (VAT) according to Decree No. 15/2022/ND-CP as follows:

- In case of goods and services eligible for VAT reduction, after December 31, 2022, it is figured out that the issued invoice contains errors, such invoice must be adjusted or replaced:
 - If the error does not affect the cost of goods and the payable VAT or taxable price, the adjusted or replaced invoice shall apply the VAT rate of 8%;
 - If the error in the quantity of goods leads to the wrong amount of goods and VAT, the adjusted or replaced invoice shall apply the VAT rate prescribed at the time of creating the adjusted or replaced one.
- In case goods purchased before January 1, 2023 at the tax rate of 8%, are returned after December 31, 2022 due to improper specifications and quality, the seller shall issue an invoice to return the goods for adjusting or replacing the issued one at the VAT rate of 8%, the seller and the buyer have an agreement to clearly state the returned goods.

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Official Letter No. 2121/TCT-CS guiding the invoicing with a 2% reduction of Value-added Tax (VAT)

- If a business establishment applies a trade discount in 2022 for customers with the VAT rate of 8% but issues an invoice showing the content of the trade discount after December 31, 2022:
 - If the discount amount is invoiced on the last purchase or the next period after December 31, 2022, the discount amount of the goods sold is adjusted at the taxable price, and the tax rate complied with the current law at the time of invoicing.
 - If the discount amount is invoiced at the end of the discount period after December 31, 2022, the seller will issue an adjusted invoice and apply the VAT rate of 8% at the time of sale.
- In the case of revenue arising from February 1, 2022 to December 31, 2022 of a business establishment selling goods, providing services (subject to VAT reduction), and construction and installation activities at the time of commissioning and acceptance of the finished work, whether the payment of the invoiced amount is made or not, but after December 31, 2022, the invoice will be issued:
 - This case is invoicing at the wrong time, and the VAT reduction is applied according to Decree No. 15/2022/ND-CP;
 - The seller is administratively fined for invoicing at the wrong time.

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Official Letter No. 2049/CTBNI-TTHT on Corporate Income Tax (CIT) incentives for supporting industrial products (SIP)

Official Letter No. 2049/CTBDU-TTHT on CIT incentives for SIP issued by Bac Ninh Department of Taxation on June 06, 2023 as follows:

In case the Company has an investment project to produce products on the list of prioritized SIP, the income from this project is entitled to CIT incentives under other preferential conditions, if the project satisfies the conditions of the project on the SIP production and is granted the Certificate of Incentive for the SIP production by a competent authority, the Company shall be entitled to CIT incentives under the conditions of the project producing SIP for the remaining time. The remaining preferential period is determined according to the principle below:

- New investment projects are entitled to a preferential tax rate of 10% within 15 years:

$$\begin{matrix} \text{Remaining years} \\ \text{applied preferential} \\ \text{tax rates} \end{matrix} = \begin{matrix} \text{Years applied tax} \\ \text{incentives under conditions} \\ \text{of SIP production} \end{matrix} - \begin{matrix} \text{Years applied tax} \\ \text{incentives under} \\ \text{other conditions} \end{matrix}$$

- Expanded investment projects are not eligible for preferential tax rates.
- The tax exemption and reduction period is determined by each project with a 4-year tax exemption period and 50% reduction of tax payable in the next 9 years for income from the SIP production.

$$\begin{matrix} \text{Remaining tax} \\ \text{exemption/reduction} \\ \text{period} \end{matrix} = \begin{matrix} \text{Tax} \\ \text{exemption/reduction} \\ \text{period conditions of} \\ \text{SIP production} \end{matrix} - \begin{matrix} \text{Tax exemption/} \\ \text{reduction period under} \\ \text{other conditions} \end{matrix}$$

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Official Letter No. 2020/CTBNI-TTHT on VAT declaration of business locations in different provinces or cities from the headquarters

Bac Ninh Department of Taxation issued Official Letter No. 2020/CTBNI-TTHT on VAT declaration of business locations in different provinces or cities from the headquarters on June 02, 2023 as follows:

The declaration, allocation, and payment of VAT of business locations in different provinces, cities from the headquarters of the Company are carried out as follows:

- In case the Company's business location is a production establishment in the case of declaring, allocating and paying VAT according to Article 13 of Circular No. 80/2021/TT-BTC, the Company shall carry out the concentrated VAT declaration for production and business activities. The business location is the production establishment and submits tax declarations according to form No. 01/GTGT, an appendix specifying the distribution of VAT payable to the locality where production and business activities take place according to form No. 01-6/GTGT issued together with Appendix II of Circular No. 80/2021/TT-BTC to the Tax Department at headquarters. In addition, the Company pays the tax allocated to the Tax Department at the business location as prescribed in Clause 4, Article 12 and Point d, Clause 2, Article 13 of Circular No. 80/2021/TT-BTC.
- In case the business location of the Company is not a production establishment, not in the allocated cases specified in Clause 1, Article 13 of Circular No. 80/2021/TT-BTC, the Company shall declare and pay VAT centrally at the headquarters.

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Official Letter No. 8767/CTHDU-TTHT on VAT policy

Hai Duong Department of Taxation issued Official Letter No. 8767/CTHDU-TTHT on VAT policy on June 01, 2023 as follows:

1. About reasonable documents for cost accounting

In case the Company purchases goods from a business household on livestock farming with business registration and tax payment registration with the tax office, the business household must comply with the accounting regime, invoices, and documents when purchasing and selling goods, services in accordance with relevant laws.

If the Company purchases goods sold directly by farmers, the Company makes a list of purchased goods and services according to form No. 01/TNDN (instructions in Circular No. 78/2014/TT-BTC) together with the payment voucher for the seller.

2. About VAT refund for exported goods

If the Company has exported goods in a month/quarter (including goods not subject to export VAT) with input VAT amount has not yet been deducted from 300 million VND or more, meeting the conditions specified in Article 16 Circular No. 219/2013/TT-BTC, VAT refund shall be refunded monthly/quarterly

Official Letter No. 8767/CTHDU-TTHT on VAT policy

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3. About deductible input expenses

In case the Company has goods and services that are not subject to VAT, the tax rate of 0% shall be applied when exporting. To be applied the tax rate of 0%, it must comply with Clause 2 Article 9 Circular No. 219/2013/TT-BTC.

If the Company has input expenses such as electricity and water fee, gasoline costs, packaging costs, etc. used for production and trading of goods, services subject to VAT and goods, services not subject to VAT when exporting, meeting the conditions specified in Article 15 of Circular No. 219/2013/TT-BTC, input VAT shall be deducted.

In case a number of input VAT amounts used simultaneously for the production and trading of taxable and non-taxable goods and services cannot be separately accounted for, the Company shall allocate at the rate (%) between VAT-taxable revenue, revenue exempted declaring and paying VAT compared to the total revenue of goods, services sold, including revenue exempted declaring and paying VAT which cannot be accounted for separately.

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Decision No. 948/QD-BHXH amending regulations on monthly salary for compulsory Social Insurance (SI) contributions

Decision No. 948/QD-BHXH issued on June 05, 2023 amends the process of collecting SI, health insurance (HI), unemployment insurance, occupational accident and disease insurance, which amends the regulations on monthly salary for compulsory SI contributions as follows:

- Abolition of Points 2.6a and 2.6b, Clause 2, Article 6 Decision 595/QD-BHXH dated April 14, 2017. Contents of the repeal include:

“The salary for SI contributions for employees doing jobs or titles requiring trained (including employees self-trained by enterprises) must be at least 7% higher than the regional minimum wage;

The salary for SI contributions of employees doing jobs or titles with heavy, hazardous, or dangerous working conditions must be at least 5% higher; a job or title with particularly heavy, hazardous, or dangerous working conditions must be at least 7% higher than the salary of a job or title of equivalent complexity, working under normal working conditions.”

⇒ Thus, after abolishing the above content, the regulations on compulsory SI contributions of employees who have undergone training have been synchronized between Decision No. 595/QD-BHXH and Decree No. 38/2022/ND-CP.

- In addition, Decision No. 948/QD-BHXH issued has also amended a number of forms on SI and HI.

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- **Determination of the origin of exported and imported goods**

New regulations on the determination of the origin of exported and imported goods

On May 31, 2023, the Ministry of Finance issued Circular No. 33/2023/TT-BTC regulating the determination of the origin of exported and imported goods.

Before carrying out customs procedures for export and import shipments, organizations and individuals that request for pre-determination of origin of goods shall submit a dossier to the General Department of Customs (GDC) pursuant to Clause 11 Article 1 Decree No. 59/2018/ND-CP.

GDC shall receive, review the dossier and predetermine the origin of goods pursuant to Article 28 Law on Customs and Clause 11 Article 1 Decree No. 59/2018/ND-CP.

When carrying out customs procedures, customs declarant declares the origin of goods on the electronic customs declaration form according to form 02 Appendix I Circular No. 39/2018/TT-BTC and is not required to submit certificates of origin to customs authorities.

In case goods were predetermined their origin according to the written notification of GDC, the customs declarant declares the number, date, and validity period of the written notification on the electronic customs declaration form 02 Appendix II or paper customs declaration in form HQ/2015/XK Appendix IV of Circular No. 38/2015/TT-BTC.

In case the customs declarant requests to submit a certificate of origin or a written notification of the result of pre-determination of origin, the customs authority shall receive and inspect pursuant to Articles 6, 7, 8, 9 Circular No. 33/2023/TT-BTC.



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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!

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