



IC&PARTNERS VIETNAM

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Business Worldwide

TAX NEWSLETTER

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The Government unifies policies on amending the Law on Value-Added Tax (VAT) and the Law on Excise Tax

On July 28th, 2023, the Government issued Resolution No. 115/NQ-CP thematic session on legislation drafting in July 2023 with the following main contents:

1. The Government agreed on five policies when amending the Law on VAT, including:

- Perfecting regulations on goods and services not subject to VAT.
- Perfecting regulations on taxable prices.
- Perfecting regulations on VAT rates, researching to narrow the category of goods and services subject to 5% tax rate
- Perfecting regulations on input VAT deduction.
- Perfecting regulations on VAT refunds.

2. The Government agreed on seven policies when amending the Law on Excise Tax, including:

- Perfecting regulations on taxed commodities.
- Perfecting regulations on commodities not subject to excise tax.
- Perfecting regulations on excise tax basis.
- Perfecting regulations on excise taxable prices.
- Perfecting regulations on tax rates, research to increase tax rates for alcohol, beer, and tobacco.
- Perfecting regulations on excise tax refund.
- Perfecting regulations on implementation clauses.

The above regulations will be finalized and approved at the 8th Meeting (October 2024).

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The procedure of auditing tax returns according to entire inspection support application

On July 14th, 2023, the General Department of Taxation issued Decision No. 970/QĐ-TCT on the tax audit process, in which the procedure of auditing tax returns using the entire inspection support application is stipulated as follows:

1. Step 1: Auditing tax returns

- No later than 25 days after the deadline for submitting tax returns, assigned tax officers use the inspection application to check and make a list of high-risk taxpayers.
- At the end of checking each tax dossier, the tax officer shall print the assessment form on tax dossier attached to this Procedure for high-risk tax dossiers.

2. Step 2: Processing the results, determining the notification case

- For tax dossiers with a high total risk score, a list should be made on the application to carry out an examination of tax returns at the tax department's office .
- The list of taxpayers inspected at the tax department's office is submitted by the head of the tax audit department to the head of the tax authority for signature, together with the decision to assign the task of auditing tax dossiers at the tax department's office to each tax audit team.
- Based on this Decision, the tax audit team reports to the head of the tax audit department to ask the head of the tax authority to request the taxpayer to explain and supplement information and documents for the risks determined from auditing tax dossiers.

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Official Letter No. 55519/CTHN-TTHT on VAT policy for the leasing of factories and offices to export processing enterprises (EPEs)

Hanoi Tax Department issued Official Letter No. 55519/CTHN-TTHT on VAT policy for leasing factories and offices to EPEs on August 1, 2023 as follows:

1. Regarding VAT rate in case domestic enterprises lease factories and offices to export processing enterprises

- Office leasing activities are subject to **VAT rate of 10%** as prescribed in Article 11 Circular No. 219/2013/TT-BTC.
- Factory leasing activities are subject to **VAT rate of 0% if the conditions** specified at Point b, Clause 2, Article 9 Circular No. 219/2013/TT-BTC are satisfied.
- Enterprises must declare VAT at each tax rate prescribed for each of the above activities. **If enterprises do not determine according to each tax rate, they must calculate and pay tax at the highest VAT rate of 10%** as prescribed in Article 11 Circular No. 219/2013/TT-BTC.

2. Regarding the VAT refund policy for investment projects

- According to Clause 3, Article 1 of Law No. 106/2016/QH13, a business that has registered to pay VAT using the credit-invoice method and has a new investment projects which is still in its investment stage, VAT on goods/services purchased serving the investment has not been deducted, and **the remaining tax is at least VND 300 million, VAT shall be refunded**

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Official Letter No. 56955/CTHN-TTHT on tax obligations for income from abroad

Hanoi Tax Department issued Official Letter No. 55519/CTHN-TTHT on tax obligations for income from abroad on August 4th, 2023 as follows:

In the case of an individual **who does not register for business** signs a contract with a customer to provide consulting services, **the remuneration received from the contract is considered salary or wages** according to the regulations at Point c, Clause 2, Article 2 of Circular 111/2013/TT-BTC..

Resident individuals earning incomes from salaries or wages paid from abroad **have to declare Personal Income Tax (PIT) directly to the tax authorities** as prescribed in Item a.2), Point a, Clause 3, Article 19 Circular No. 80/2021/TT-BTC.

PIT declaration dossiers for individuals earning incomes from salaries and wages who directly declare to tax authorities shall comply with the provisions of Point 9.2, Section 9, Appendix I List of tax declaration dossiers (Attached to Decree No. 126/2020/ND-CP).

The period of PIT declaration shall comply with the guidance in Article 8 Decree No. 126/2020/ND-CP.

The location to submit PIT finalization dossiers shall comply with specific guidance in Clause 8, Article 11 Decree No. 126/2020/ND-CP.

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New regulations on documents for issuing popular passport

On June 24, 2023, the Government issued Law No. 23/2023/QH15 amending some articles of Law on entry and exit of Vietnamese citizens and Law on entry, exit, transit and residence of foreigners in Vietnam, including new regulations on documents for issuing popular passport as follows:

From August 15, 2023, according to the Law on Exit and Entry of Vietnamese Citizens and the Law on Entry, Exit, Transit, and Residence of Foreigners in Vietnam amended in 2023, documents for issuing the popular passport (domestic and overseas) includes:

- The last issued popular passport is still valid for the person who has been issued with a passport; In case the valid passport is lost, it must be enclosed with a lost notice or a notice of receipt of the application from a competent agency specified at Point a, Clause 2, Article 28 the Law on Exit and Entry of Vietnamese citizens.
- A copy of the birth certificate or a extract for a person under 14 years old who has not been granted a personal identification number; in case there is no copy of the birth certificate or extract, submit the photocopy and present the original for examination and comparison;
- A copy of a document issued by a competent Vietnamese agency proving authorized legal representatives for incapacitated persons, persons having limited recognition or behavioral control as prescribed in Civil Code, people under 14 years old; if there is no copy, submit a photocopy and present the original for examination and comparison.

New regulations on the forms of visa, immigration and residence forms for foreigners

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On June 30, 2023, the Minister of Public Security issued Circular No. 22/2023/TT-BCA amending some forms issued together with Circular No. 04/2015/TT-BCA stipulating forms related to the entry, exit and residence of foreigners in Vietnam. Accordingly, the forms of visa, entry, exit, and residence of foreigners applied from August 15, 2023 includes:

- E-Visa Application Form (NA1).
- Sponsoring application form for foreign family members to enter Vietnam (NA3).
- Application form for visa issuance, stay extension (NA5).
- Sponsoring application form for temporary resident card (NA7).
- Sponsoring application form for permanent residence of foreigners in Vietnam (NA11).
- Application form for permanent resident card renewal/reissuance (NA13).
- Application for permitted access of family members to restricted areas, border areas (NA15).
- Official Letter responding to application for E-account (NB8).
- Loose leaf visa form (NC2) and E-visa (NC2a).

The Circular also notes when applying for an e-visa as follows:

- E-visa are issued to foreigners who are abroad and wish to enter Vietnam.
- E-visa are only used for entry and exit through permitted border gates on the list permitted by the Government of Vietnam.
- Foreigners specified in Clauses 1, 2, 3 and 4, Article 8 the Law on entry, exit, transit and residence of foreigners in Vietnam shall submit their visa applications through inviting agencies, organizations, guarantee at a competent agency of the Ministry of Foreign Affairs.

Postponing pension payment schedule on August 2023

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On July 17, 2023, Vietnam Social Insurance (VSS) issued Official Letter No. 451/CSXH-HT providing information on the adjustment of pension, social insurance allowance and monthly allowance as follows:

In order to promptly ensure the beneficiaries of the policies specified in Decree No. 42/2023/ND-CP as soon as possible, VSS has just announced that will **pay pensions, social insurance allowance and monthly allowances** in August 2023 **from August 14, 2023** (the effective date of Decree No. 42/2023/ND-CP).

In the payment period of August 2023, VSS will make full repayment of the unreceived difference increase of July 2023 to the beneficiaries.

⇒ Thus, instead of paying pensions, new allowances and paying the unreceived difference increase in the payment period in September 2023 as previously announced, the social insurance agency shall pay **new salaries, allowances, and the difference in the payment period August 2023, from 14 August 2023.**

The Social Insurance Agency is updating the software to manage the payment of individuals receiving monthly social insurance benefits, preparing and transferring payment lists according to regulations, coordinating with the post office to provide funding and planning to organize timely pension payments at the new benefit level to beneficiaries from August 14th.

Regulations on retirement insurance accounts

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On July 1, 2023, the Government issued Decree No. 46/2023/ND-CP detailing the implementation of a number of articles of the Law on Insurance Business on retirement insurance accounts as follows:

The retirement insurance account is a separate account for each insured person that holds the accumulated premiums paid after deducting the initial fee. The account is opened, monitored, and managed by the insurer.

The insured person may **not withdraw from the retirement insurance account before the maturity date when he/she reaches the retirement age**, as specified in the insurance policy, except for the cases specified in Article 119 of Decree No. 46/2023/ND-CP as follows:

- The insured person has a degree of impairment from 61% or more as per applicable law.
- The insured suffers from a fatal disease as prescribed by law.
- The insured person is a Vietnamese citizen who is legally permitted to reside in a foreign country by a competent authority.
- The insured may withdraw from the retirement account early to pay off their personal loans (except for consumer loans) at a bank, provided that the loan contract must remain valid for at least 24 months before the maturity date of the retirement account.

New regulations on insurers and reinsurers

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On July 1, 2023, the Government issued Decree No. 46/2023/ND-CP detailing the implementation of a number of articles of the Law on Insurance Business with contents on insurance and reinsurance companies as follows:

The minimum charter capital for insurers and reinsurers from July 1, 2023 is as follows:

- The minimum charter capital of a life insurer (depending on the type of life insurance) is from VND 750 to 1,300 billion.
- The minimum charter capital of a non-life insurer (depending on the type of non-life insurer) is from VND 400 to 500 billion.
- The minimum charter capital of a health insurer is VND 400 billion.
- The minimum charter capital of a reinsurer (depending on the type of reinsurance) is from VND 500 to 1,400 billion.

The insurer must **commit the minimum investment interest rate** in the retirement insurance account in the insurance policy. At the end of each fiscal year, the insurer is responsible for **announcing the investment interest rate and accumulated account value up to that time**. If the investment returns of the retirement insurance account are lower than the committed interest rate, the insurer must **use the assets of its owner's fund to cover any shortfalls**.



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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!