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I. BUSINESS LICENSE FEE

The deadline of payment business business license fee in 2019 is January 30th, 2019

According to the provisions of Decree 139/2016 / ND-CP, it is compulsory for the organizations and individuals engaging in manufacturing, trading goods and service in Vietnam (Article 2, Article 3) to make the payment of annual Business License Fee.

The aim of this newsletter is to remind the customers (enterprises, organizations that are running a business) about the payment of license fee for 2019. (Particularly newly established enterprises, please contact us for further advice)

Deadline: January 30th, 2019

1. Subject

Business License Fee Payer is defined as organizations and individuals engaging in manufacturing, trading goods and services, including: Enterprises established under the provisions of law; organizations established under the Cooperative Law; business units established under the provisions of law; other organizations engaging in production and business activities, branches, representative offices and business locations, individuals, groups of individuals and households engaging in production and business activities

In case the representative office (of Foreign Trader or Vietnamese Trader) in Vietnam does not conduct the production and business activities of goods and services, the payment of Business License Fee is not required.

2. Business License Fee Level

- a. Organization with charter capital or investment capital which is over VND 10 billion: VND 3,000,000/year
- b. Organizations with charter capital or investment capital which is VND 10 billion or less: VND 2,000,000/year.
- c. Branches, representative offices, business locations, business units and other economic organizations: VND 1,000,000/year.

The Business License Fee level for organizations prescribed at Point a and b of this Clause shall be based on the charter capital stated in the enterprise registration certificate; In case there is no charter capital, the investment capital stated in investment registration certificate shall be based.

3. Chapter

- a. Chapter 2862 about paying the Business License Fee level (grade) 1.
- b. Chapter 2863 about paying Business License Fee level (grade) 2.
- c. Chapter 2864 about paying Business License Fee level (grade) 3.



II. VALUE ADDED TAX

Official Letter No. 5108 /TCT-KK dated on December 13rd, 2018 issued by General Department of Taxation on temporarily not refunding tax in case of insufficient conditions of bank payment documents regarding the exported goods and services

In case Vietnam Company that exports goods and services does not have sufficient evidence to prove that the information about the bank account of the foreign purchaser such as name, address and account number is in accordance with the information written in signed contract and appendix, the Company is not eligible for VAT deduction or refund for its related expenses. Tax authorities shall temporarily not consider the tax refund in such case and wait for supplement more information from tax payer.

In case, for confidential reason, the foreign bank does not accept to provide the foreign purchaser's information about bank account to the receiving bank in Vietnam, the company must ask the foreign purchaser to provide this information. Once receiving the confirmation of the specific information about the relevant bank account from the bank in Vietnam, the Company shall supplement necessary information to continue having the tax refunded as prescribed by law.

Official Letter No. 84097/CT-TTHT dated December 24th, 2018 of Hanoi Tax Department about VAT policy of services provided to foreign organization

The Company provides services to the foreign company with 2 separate scopes of services:

- (1) To manage and supervise the process of goods orders which is processed at the factory in Vietnam;
- (2) To inspect quality of finished goods before exporting to the foreign company.

VAT rate applied in this case is as follows:

(1) The service of managing and supervising the processing goods orders which is processed at the factory in Vietnam is provided and consumed inside Vietnam, therefore, the Company has to issue VAT invoice at 10% VAT rate.

(2) The service of inspecting quality of finished goods before exporting to the foreign company is consumed outside Vietnam, thus, it is subject to 0% VAT rate if meeting the conditions at Clause 2, Article 9 of Circular No. 219/2013/TT-BTC.

III. CORPORATE INCOME TAX

Official Letter No. 84196/CT-TTHT dated December 25th, 2018 of Hanoi Tax Department regarding CIT incentives and VAT of website design service.

In principle, if the company's activities meet the processes and conditions of software production in accordance with Circular No. 16/2014/TT-BTTTT and Decree No. 71/2007/ND-CP, the company's products are under the list of software products in Circular No. 09/2013/TT-BTTTT, it shall be determined as software manufacturing activities.



According to Hanoi Tax Department, website design service is not a software manufacturing activity, therefore, it is not entitled to CIT incentives under Article 11, Article 12 of Circular 96/2015/TT-BTC.

The Company's services that meet the conditions of software services shall be not subject to VAT when providing in domestic and enjoy 0% VAT when exporting.

IV. FOREIGN CONTRACTOR TAX

Official Letter No. 5301/TCT-CS dated December 13th, 2018 of the General Department of Taxation about FCT on income from copyright

In case Vietnam Company uses the "Integrated Brand Protection Solution" of the Foreign Group to print labels attached to customers' products, it means using software based on barcode to access the serial number to distinguish different labels on product packaging and aim to monitor, control, identify brand, protect brand; transport, marketing, tracking, control inventory for customers who are brand owners, the foreign Group's income from providing this "Integrated Brand Protection Solution" is income from software copyright and subject to FCT with the ratio:

+ 10% CIT and

+ Not subject to VAT.

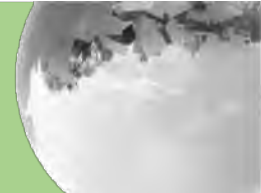
V. OTHERS

Decree 157/2018/ND-CP dated November 16th, 2018 of the Government changes the region-based minimum wage for employees working under labor contracts, as follows:

- a) For companies located in Region I: VND 4,180,000/month
- b) For companies located in Region II: VND 3,710,000/month
- c) For companies located in Region III: VND 3,250,000/month
- d) For companies located in Region IV: VND 2,920,000/month

The increasing in the region-based minimum wage will affect the unemployment insurance obligation accordingly

The Decree takes effect from January 1st, 2019 and replaces Decree 141/2017/ND-CP dated December 7th, 2017



Abbreviation

CIT	Corporate Income Tax	JVC	Joint Venture Company
PIT	Personal Income Tax	Ltd.	Limited
VAT	Value Added Tax	PC	People's Committee
FCT	Foreign Contractor Tax	MOF	Ministry of Finance
FA	Fixed Asset	MOIT	Ministry of Industry and Trade
GDT	General Department of Taxation	MOLISA	Ministry of Labor, Invalid and Social affairs
EPE	Export Processing Exporting Company	DPI	Department of Planning and Investment
EPZ	Export Processing Zone	OL	Official Letter
UAL	Usage of Agricultural Land	SBV	The State Bank of Vietnam
IZ	Industrial Zone	FC	Foreign Contractor
SB	State Budget	SI	Social Insurance
SI	Social Insurance	UI	Unemployed Insurance



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