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- Ho Chi Minh Tax Department begins to deploy the electronic tax system eTax effective by 10<sup>th</sup> Febuary 2020.



## I. CORPORATE INCOME TAX

### **Official letter No. 1480/CT-TTHT dated 20<sup>th</sup> January 2020 issued by Binh Duong Tax Department regarding deducted tax for issued invoice with wrong period.**

According to the official letter, in case the Company signs a contract with a service provider (the seller) and the seller issues an invoice at the incorrect time as prescribed in Point a, Clause 2, Article 16 of Circular 39/2014 / TT-BTC, as long as the service is actually provided, having a contract, with adequate invoices and documents and meets the provisions of Circular 219/2013 / TT-BTC, and these VAT invoices has been fully declared and paid by the seller, and the VAT payable in this invoice is the deducted VAT for the buyer if the expense is used for buyer's business.

In addition, if the above invoices and documents meet the provisions of Circular 96/2015 / TT-BTC, the the expense can also be treated as deductible expenses when finalizing CIT.

### **Official letter No. 1091/CT-TTHT dated 16<sup>th</sup> January 2020 issued by Binh Duong Tax Department regarding the deducted expenses of sponsoring education via non-governmental organizations (NGO).**

Based on Item a, Point 2.22, Article 4, Circular 96/2015 / TT-BTC, funding for education includes: Financing public, private and semi-private schools under the national education system according to provisions of the educational law, provided that this grant is not to contribute capital or to buy shares in schools; Funding facilities used for teaching, learning and other school activities; Sponsor regular school activities; Scholarship grants for students of general education institutions, vocational education institutions and higher education institutions defined in the Education Law (either directly sponsoring pupils and students or through educational institutions, agencies and organizations with the function of accepting funding according to the provisions of law); Sponsoring contests for subjects taught in schools where the participants are students; funding to set up education promotion funds in accordance with the law on education and training.

According to this Official Letter, the sponsoring for regularly educational activities via non-governmental organizations does not meet the conditions specified above, therefor this expense cannot be deducted when finalizing CIT.

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## II. VALUE- ADDED TAX

### **Official letter No. 1965/CT-TTHT dated 15<sup>th</sup> January 2020 issued by Ha Noi Tax Department on issuing invoice when the conference is organized by many parties.**

In accordance with the Official Letter, in case the Company signs an agreement with other two companies to co-organize a Tripartite co-operation agreement event. One party has to be chosen as the Representative to sign with the supplier and pay on behalf of all parties, then the Representative proportionally allocates expenses to the other Parties:



- When the Representative distributes expenses for the other Parties, the Representative has to issue VAT invoices to each Parties, declare and pay VAT in accordance with regulations.
- For the input VAT amount serving the business activities subject to VAT of the enterprises, if the conditions specified in Clause 10, Article 1 of Circular 26/2015 /TT-BTC are met, the company could declare and deduct in accordance with regulations.
- Expenses for production and business activities of enterprises that meet the conditions in Circular 78/2014/TT-BTC (amended in Circular 96/2015 / TT-BTC) are treated as deductible expenses when determining CIT.

### **Official Letter No. 324 / TCT-CS dated 21<sup>th</sup> January 2020 issued by the General Department of Taxation about refunding VAT when the foreign party loses its solvency.**

According to this official letter, based on the provisions of Point d.1, Clause 3, Article 16, Circular 219/2013 / TT-BTC, if in the tax refund file of the Company arises the VAT amount related to a foreign party which is insolvent, the Company must provide a written explanation clearly stating the reason and using one of the following documents as a substitute for the bank transfer voucher:

- A customs declaration of goods imported from Vietnam, registered with the customs office in the country of importation (01 copy); or
- A petition to the court or a competent authority in the country where the buyer resides, enclosed with a notice or a document of the agency's certification of the acceptance of the petition (01 copy); or
- Foreign court's decision to win a case against the business establishment (01 copy); or
- Papers of a foreign competent organization certifying (or notifying) that the foreign purchaser is bankrupt or insolvent (01 copy).

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### **III. OTHERS**

### **Official Letter No. 7840 / TCHQ-GSQL dated 18<sup>th</sup> December 2019 of the General Department of Customs about submission of copies of import declarations for enjoying preferential export tax rates under CPTPP agreement.**

Pursuant to Clause 4, Article 4 of Decree 57/2019/ND-CP, the conditions for application of preferential export tariff under the CPTPP Agreement include:

1. Be imported into the territories of the countries under the CPTPP Agreement.
2. Obtain transportation documents (copies) with the destination in the territories of the countries specified.
3. Obtain import customs declarations proving that the goods exported from Vietnam are imported into the territories of the countries specified (photocopies and translations in English or Vietnamese in case the language on the declaration is not in English).



Therefore, in order to be eligible for tax incentives, the company must present the copy of import customs declarations and translations into English or Vietnamese in case the language on the declaration is not in English (the full, intact declaration is not covered / erased / erased when taking picture). The company bears full responsibility for the legality of the translation of the import declaration.

The relevant provincial Customs Departments shall check and compare copies of import declarations with customs dossiers for consideration and handling according to current regulations.

## **Ho Chi Minh Tax Department begins to deploy the electronic tax system eTax effective by 10<sup>th</sup> February 2020.**

To improve service quality, and to create the best conditions for businesses, organizations and individuals to fulfill obligation of tax administrative procedures, Ho Chi Minh Tax Department would deploy an electronic tax service system (<http://thuedientu.gdt.gov.vn>) to replace online tax declaration applications (<http://kekhaithue.gdt.gov.vn>) and Electronic tax payment (<http://nophthue.gdt.gov.vn>) from 08:00 on 10<sup>th</sup> February 2020.

Some prominent features of eTax service system include:

- Login to a system to use all services, manage all tax records without changing the website address or logging back into the system.
  - Easily complete the steps in the process of tax declaration, tax payment, tax refund, and easily lookup information records, tax obligations.
  - In addition to 1 main account for each tax code, businesses can create additional accounts for different company positions such as for director, chief accountant, accountants for easy control and management.
  - Search tax records sent to the tax authorities, notices of processing results of tax records, look up information about tax obligations and payable tax amounts.
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**Abbreviation**

CIT	Corporate Income Tax	CTLD	Joint Venture Company
PIT	Personal Income Tax	Ltd.	Limited
VAT	Value-added Tax	PC	People' Committee
FCT	Foreign Contractor Tax	MOF	Ministry of Finance
FA	Fixed Asset	MOT	Ministry of Trade
GTD	General Department of Taxation	MOLISA	Ministry of Labor, Invalid and Social Affairs
EPE	Export Processing Enterprise	DPI	Department of Planning and Investment
EPZ	Export Processing Zone	OL	Official Letter
ALU	Agricultural Land Use	SBV	State Bank of Vietnam
IZ	Industrial Zone	FC	Foreign Contract



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