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## I. CORPORATE INCOME TAX

### **Official Letter No. 3868/TCT-CS dated 10<sup>th</sup> October 2018 issued by General Tax Department about business trip approval decision printed from software system of the Company**

By this Official Letter, General Tax Department accepted Ha Noi Tax Department's proposal about business trip decision of employees as below:

In case of the Company assigns employees business trip with approval by user via computer (without using digital signature) that must ensure the full information stated the business trip decision or assignment for business trip, the Company is allowed to use this approval method to replace business trip decision or assignment for business trip.

The business trip expense shall be treated as deductible expense when determining taxable income for CIT purpose.

The Company is responsible for the accuracy of business trip assignment information, the Company need to print, store the e-documents from the software system along with business trip payment document.

## II. INVOICE

### **Decree No. 123/2020/ND-CP dated 19<sup>th</sup> October 2020 issued by the Government regulating invoices and documents.**

This Decree has some changes compared to previous regulations as follows:

- Providing specific guidance when issue invoices for each type of business
- Content on invoices.
- + The number of invoices written in Arabic numerals has a maximum of 8 digits, starting from No. 1 on 01<sup>st</sup> January or the starting date of using invoices, ending on 31<sup>st</sup> December each year with maximum up to No. 99 999 999.

(Previous regulation had a maximum of 7 digits)

- + The detailed list is only used for services arising by period
- + The signing date and issued date of e-invoice are allowed to be different. In this case, the time of tax declaration is based on issued date of e-invoice.

This Decree takes effect on 01<sup>st</sup> July 2022.

Decree No. 51/2010/ND-CP and Decree No. 119/2018/ND-CP continue to be effective until 30<sup>th</sup> June 2022.



Abolishing the regulations on mandatory time of using e-invoices in Article 35, Decree 119/2018/ND-CP from 01<sup>st</sup> November 2020.

Thus, the mandatory time of using e-invoices is switched to 01<sup>st</sup> July 2022.

### III. PERSONAL INCOME TAX

#### **Official Letter No. 4590/TCT-DNNCN dated 28<sup>th</sup> October 2020 issued by General Tax Department guiding the personal deduction in case of PIT finalization for 12 consecutive months in 2019**

According to this Official Letter, in case the expatriates (tax payer) who is resident, prepares the first year PIT finalization (for example from July 2019 to June 2020), for the period from July 2019 to December 2019, the personal deduction amount is 9,000,000 Dong/month (for individual) and 3,600,000 Dong/month (for each dependant); for the period from January to June 2020, the personal deduction amount is 11,000,000 Dong/month (for individual) and 4,400,000 Dong/month (for each dependant).

Kindly note that, in order to apply this personal deduction, the Company needs to update the HTKK software version 4.4.6.

### IV. OTHERS

#### **Decree 122/2020/ND-CP dated 15<sup>th</sup> October 2020 issued by The Government about single-window cooperation in processing applications for registration of enterprises, branches, representative offices; declaration of personnel; social insurance participation; use of invoices by enterprises**

According to this Decree, after the Certificate of enterprise/branch/representative office registration is granted, the business registration authority shall share information about the certificate and information about the total expected employees, business industries, social insurance payment method of the enterprise/branch/representative office with the social insurance authority.

In case of changes to enterprise/branch/representative office registration information, the business registration authority shall share this information with the social security authority.

The Business Identification number of an enterprise/branch/representative office is also its social insurance participant number.

When an enterprise/branch/representative office pays social insurance premiums, the social security authority shall share information about the number of its employees who pay social insurance premiums with the business registration authority.

In case an application for enterprise/branch/representative office registration is valid, the business registration authority shall share information about the enterprise/branch/representative office registration and invoice registration with the tax authority.

On the basis of information responded by the tax authority, the business registration authority shall grant the Certificate of Enterprise/ Branch/ Representative Office Registration and send a notice to the supervisory tax authority of the enterprise/branch/representative office.



**Decree No. 125/2020/ND-CP dated 19<sup>th</sup> October 2020 issued by the Government prescribing administrative penalties for tax or invoice-related violations.**

This Decree prescribes for administrative violations, sanctioning forms, sanctioning levels, remedial measures, competence to impose penalties, competence to make administrative violation minutes and a number of sanctioning procedures administrative violations about tax, invoices.

Most of the penalty levels mentioned in this Decree increase comparing with Decree 109/2013/ND-CP, Decree 129/2013/ND-CP and Decree 46/2016/ND-CP.

For example, for violations about the deadline for tax declaration submission, the penalties are as follows:

1. A warning will be imposed if the tax declaration is submitted from 01 to 05 days after the deadline and there are mitigating circumstances.

2. A penalty from VND 2 million to VND 5 million for tax declaration submission after the deadline from 1 to 30 days.

3. A penalty from VND 5 million to VND 8 million for tax declaration submission after the deadline from 31 to 60 days.

4. A penalty from VND 8 million to VND 15 million for any violations as follows:

+ Tax declaration submission after the deadline from 61 to 90 days.

+ Tax declaration submission after the deadline above 91 days but no arising tax payable.

+ No tax declaration submission but no arising tax payable.

+ No appendices submission under regulations of tax administration for enterprises having related-party transactions enclosed with Corporate Income Tax Finalization dossiers.

5. A penalty from VND 15 million to VND 25 million for tax declaration submission dossiers overdue above 90 days, arising tax payable and taxpayers have paid tax or late interest payment into the State Budget before Tax department announcing their decisions on tax examination or Tax inspection or the Minute about late behavior tax declaration submission.

(Maximum penalty: no more than the amount of incurred tax on tax declaration dossier but no less than the average of the penalty bracket in Item 4).

6. Tax evasion if the tax declaration is submitted overdue above 90 days and not belong to the case Item No. 5 above.

The level of penalty for tax evasion is from 1 to 3 times the amount of tax payable.

This Decree takes effect on 5<sup>th</sup> December 2020.



## **Decree No. 126/2020/ND-CP dated 19<sup>th</sup> October 2020 issued by the Government guiding the implementation of the Law on Tax Administration 2019**

Some new points of Decree 126/2020/ND-CP are mentioned as follows:

- The provisional corporate income tax amount for the first 3 quarters of the year must not be lower than 75% of the CIT payable annual finalization.
- How to determine the monthly and quarterly tax declaration and instructions on how to handle wrong declaration between month and quarter.
- Detailed instructions on the tax submission location and deadline for tax payment
- Dossiers, procedures, tax debt-freezing period.
- Supplemental responsibility for providing information of organizations and individuals to Tax Authorities such as Tax & Accounting service providers; Entrusted organizations for import and export; Audit firm; Organizations and individuals are business and partners of taxpayers; ...
- Detailed regulations on coercive measures to enforce administrative decisions on tax administration.

This Decree comes into force from 05<sup>th</sup> December 2020.

**Các từ viết tắt**

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	MOTt	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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