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## I. INVOICE

### **Official Letter No. 3732/CT-TTHT dated May 07th, 2018 of Ho Chi Minh Tax Department on electronic invoice**

According to this Official Letter, for the goods and services purchased with electronic invoices, the Company has to use electronic invoices (not converted invoices) as a basic to record reasonable expense for CIT purpose.

According to Clause 1, Article 12, Circular No. 32/2011/TT-BTC, electronic invoices are only allowed to be converted into paper invoices for the purpose of proving the origin of goods circulated on the road and storage.

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## II. VALUE ADDED TAX

### **Official Letter No. 5720/CT-TTHT dated June 14th of Ho Chi Minh Tax Department on VAT**

According to Article 12, Circular No. 219/2013/TT-BTC, in case the invoices which were issued with incorrect VAT rate have not yet been corrected by the Company, when the Tax Authorities inspects and finds out, it shall be handled as below:

a) For the seller: If the VAT rate on the invoices is higher than the prescribed rate by tax law, the seller have to declare and pay VAT with the VAT rate in invoices; in the opposite case, the rate prescribed by tax law will be applied.

b) For the buyer: If the VAT rate in invoices is lower than the prescribed rate by tax law, the buyer deducts the input VAT with the rate written on invoices; in the opposite case, the buyer is entitled to deduct the input VAT with the rate prescribed by tax law. In case the seller has declared and paid tax with VAT rate in the invoices, the buyer is entitled to deduct the input VAT with rate written on the invoices as long as it is certified by Tax Office which directly manages the seller.

According to this Official Letter, in case the seller issued the invoices with incorrect VAT rate to the buyer, if the Tax Office which directly manages the seller have confirmed that the seller have paid VAT under rate written on the invoices, the buyer is entitled to deduct the such VAT as a deductible input VAT.

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## III. FOREIGN CONTRACTOR TAX

### **Official letter No. 5658/CT-TTHT dated June 14<sup>th</sup>, 2018 of Ho Chi Minh Tax Department about FCT policy.**

According to this Official Letter, when the Company provides services to parent company, and the contract is agreed that the parent company will advance the service fee to get a cash discount, this cash discount shall be subject to FCT, even when the service fee is paid by offsetting method.

FCT liability in this case is 5% of the turnover subject to CIT (no VAT liability).



#### IV. OTHERS

### **Official Letter No. 2550/GSQL-GQ2 dated August 15<sup>th</sup>, 2018 of General Department of Vietnam Customs regarding export and import tax policy on goods transferred between EPE to its branch.**

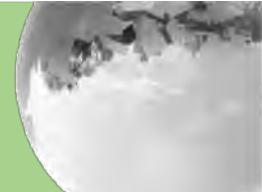
Pursuant to Point c, Clause 4, Article 2 of Export and Import Duties Law No. 107/2016/QH13, goods transferred between EPEs are exempted from export and import tax.

Accordingly, in case the EPE transfers machinery, equipment to its branch that is not EPE (according to the branch registration certificate), export and import tax is not exempted according to the above regulation.

### **Official letter No. 57077/CT-TTHT dated August 15<sup>th</sup>, 2018 of Ha Noi Tax Department on the remittance abroad of profits.**

According to Article 4, Circular 186/2010/TT-BTC, foreign investors can remit profits to abroad on condition that: completed financial obligations in Vietnam, submitted audited financial statements, submitted CIT finalization declarations and informed before remitting profits.

In which, the Notification of profit remittance abroad must comply with the form issued in Circular No. 186/2010/TT-BTC and specify clearly the amount of the remitted profits of each year, in the case of remitting accumulated profits of many years.



## 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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