



Content

I. INVOICE

- Decree No. 119/2018/ND-CP dated September 12th, 2018 of the Government on electronic invoices for selling goods and providing services

II. CORPORATE INCOME TAX

- Official Letter No. 3966/CT-TTHT dated January 24th, 2018 of Hanoi Tax Department on the capitalized loan interest when determining CIT taxable income according to Decree No. 20/2017/ND-CP
- Official Letter No. 6315 / CT-TTHT dated 29 June 2018 of the Tax Department of Ho Chi Minh City on the provisions for long-term financial investments
- Circular No. 16/2018 / TT-BGDDT dated 3 August 2018 of the Ministry of Education and Training on the regulations of sponsoring the educational institutions in the national education system

III. FOREIGN CONTRACTOR TAX

- Official Letter No. 2105/CT-TTHT dated September 04th 2018 of Long An Province Tax Department on FCT on insurance amount which provided in oversea and paid by parent company

IV. OTHERS

- Official Letter No. 1904/BHXH-CD dated September 27th 2018 of Ho Chi Minh City Social Insurance on solving of sickness allowance



I. INVOICE

Decree No.119/2018/ND-CP dated September 12th, 2018 of the Government on electronic invoices (e-invoice) for selling goods and providing services

The Decree stipulates the application of e-invoices in all goods and services business activities to fully replace for paper invoices.

Accordingly, all enterprises, economic organizations and other organizations selling goods or providing services are required to issue e-invoices with tax authority's identification codes.

In addition, household and individual businesses that execute accounting books, regularly hire at least 10 employees and get previous year's revenue at least 3 billion dong or 10 billion dong (if operating in trade - service sector) also have to use the e-invoices with tax authority's identification codes.

Except for enterprises doing business in the following sectors: electricity, petroleum, post and telecommunication, transportation, clean water, finance and credit, insurance, healthcare, electronic commerce, supermarket and trading shall have right to use e-invoices without tax authority's identification codes

This Decree also requires that the Company has to issue e-invoices when selling goods and providing services, regardless of high or low amount of each transaction, instead of have not to issue invoices when selling goods and providing service under 200,000 dong if the buyer does not request under current regulation at circular 39/2014/TT-BTC.

E-invoice must be registered before using at Web Portal of the General Department of Taxation according to the registration form No. 01 attached herewith this Decree.

This Decree takes effect from dated November 01st, 2018.

However, the conversion from paper invoices to e-invoices is executed with schedule until November 01st, 2020; Decree No. 51/2010/ND-CP and No. 04/2014/ND-CP still take effect until October 31st, 2020 and will expire on November 01st, 2020.

II. CORPORATE INCOME TAX

Official Letter No. 3966/CT-TTHT dated January 24th, 2018 of Hanoi Tax Department on the capitalized loan interest when determining taxable corporate income according to Decree 20/2017/ND-CP

According to this official letter, the loan interest that qualify to be capitalized into value of asset in compliance with VAS 16 will be excluded in total interest expenses in the period to be used to compare with 20% of EBITDA as guided at Clause 3, Article 8 of Decree 20/2017/ND-CP.

The above implementation is also match with the guidance in Appendix II, Circular No. 41/2017/TT-BTC, whereby: loan interest expense is defined as the amount of loan interest expense is showed in the item financial expenses in profit and loss statement.

Besides, the official letter states the regulation does not allow to net-off interest expense and interest income when determining CIT taxable income as guided at Clause 3, Article 8 of Decree 20/2017/ND-CP.



Official Letter No. 6315 / CT-TTHT dated 29 June 2018 of the Tax Department of Ho Chi Minh City on the provisions for long-term financial investments

According to Clause 2 Article 5 of Circular No. 228/2009 / TT-BTC (amended in Article 1 of Circular No. 89/2013 / TT-BTC), the amount that the Company used to invest in other companies is defined as the long-term financial investment.

Accordingly, if the result showed in the profit and loss statement at the end of the fiscal year of the investee is loss (except for the loss is estimated under plan before), the Company is allowed to make provisions for long-term financial investments and such provision expense in this case is considered to be reasonable.

The level of this provision for long-term financial investments are determined in compliance with the formula in the point c Article 1 of Circular 89/2013/TT-BTC.

Circular No. 16/2018 / TT-BGDDT dated 3 August 2018 of the Ministry of Education and Training on the regulations of sponsoring the educational institutions in the national education system

One of the new points of this Circular is the supplement to the form of sponsoring for educational purpose.

Specifically, non-physical sponsorship is also permitted as one of form of sponsoring beside the monetary sponsorship, physical sponsorship, such as transferring or granting for free use of copyright and ownership of intellectual property; land rights; contributing labor day; providing training services, sightseeing tours, surveys, seminars, free consulting service for educational institutions.

In addition, the sponsorship must be voluntary, open, transparent, not be compulsory and have no average level or the minimum of funding, the sponsorship for education is not served for the purpose of funding forcedly as well as not to be became the condition of the providing of educational and training services.

"The sponsorship for education" is one of the reasonable expenses in aspect of CIT under regulations in Clause 2.22, Article 4 of Circular No. 96/2015 / TT-BTC.

This Circular is effective from 18 September 2018 on and replace Circular No. 29/2012/ TT-BGDDT dated 10 September 2012.

III. FOREIGN CONTRACTOR TAX

Official Letter No. 2105/CT-TTHT dated September 04th 2018 of Long An Province Tax Department on FCT on insurance amount which provided in oversea and paid by parent company

In cases of the parent company buys for the subsidiary company in Vietnam the insurance products to manage risks under Group's policy (such as product liability insurance, public liability insurance, environmental insurance, product recall insurance). These insurance products are provided by oversea suppliers. Then, the subsidiary company in Vietnam pay the money back to the parent company, the subsidiary in Vietnam is responsible for declaring and paying FCT before transferring to oversea.

FCT rate in this case is applied at the following rates: 5% VAT and 5% CIT.

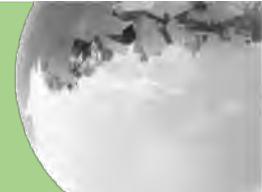


IV. OTHERS

Official Letter No. 1904/BHXH-CD dated September 27th 2018 of Ho Chi Minh City Social Insurance on solving of sickness allowance

According to Point c, Clause 2, Article 3 of Circular No. 59/2015/TT-BLDTBXH, employees who are sick during the period of unpaid leave shall not be received sickness allowance. Thus, this provision only refuses sickness allowance for people who are sick within the period of unpaid leave.

Accordingly, in case the employees have unpaid leave more than 14 days and sick leave, the sick leave time is without the period of unpaid leave, the employees are fully entitled to receive sickness allowance although the employees do not pay social insurance in that month.



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



I-GLOCAL CO., LTD.

VINA BOOKKEEPING CO., LTD

Ho Chi Minh City Office

14th Floor, TNR Tower, 180-192 Nguyen Cong Tru, District 1, HCMC, Vietnam

Tel: +84 28 3827 8096 Fax: +84 28 3827 8097

Takayuki Jitsuhara (真原): takayuki.jitsuhara@i-glocal.com

Vo Tan Huu: vo.tan.huu@i-glocal.com

Tran Nguyen Trung: tran.nguyen.trung@i-glocal.com

Cao Hoang Vuong: cao.hoang.vuong@i-glocal.com

Tran Cong Hung: tran.cong.hung@i-glocal.com

Duong Quynh Nga: duong.quynh.nga@vinabookkeeping.com

Hanoi Office

R.1206, 12th Floor, Indochina Plaza Hanoi Tower, 241 Xuan Thuy, Cau Giay Dist., Hanoi, Vietnam

Tel: +84 4 2220 0334 Fax: +84 4 2220 0335

Naoki Fukumoto (福本): naoki.fukumoto@i-glocal.com

Ta Huong Ly: ta.huong.ly@i-glocal.com

Nguyen Thi Dung: nguyen.thi.dung@vinabookkeeping.com

Website: <http://www.i-glocal.com>

<http://www.vinabookkeeping.com>