



## CONTENT

### I. INVOICE

- Official Letter No. 62332/CT-TTHT dated August 6<sup>th</sup>, 2019 of Ha Noi City Tax Department on handling with VAT invoices when canceling the contract

### II. VALUE ADDED TAX

- Official Letter No. 3609/CT-TTHT dated April 16<sup>th</sup>, 2019 of Ho Chi Minh City Tax Department about VAT policy for selling goods abroad without exporting

### III. PERSONAL INCOME TAX

- Official Letter No. 2461/CT-TTHT dated March 21<sup>st</sup>, 2019 of Ho Chi Minh Tax Department on PIT of house rental fee of foreigners
- Official Letter No. 56770/CT-TTHT dated July 19<sup>th</sup>, 2019 of Ha Noi Tax Department about terminating the first tax period of foreigners

### IV. CORPORATE INCOME TAX

- Official Letter No. 3214/CT-TTHT dated April 4<sup>th</sup>, 2019 of Ho Chi Minh City Tax Department on the allocation of repair cost when terminating the office lease contract
- Official Letter No. 53582/CT-TTHT dated July 8<sup>th</sup>, 2019 of Ha Noi City Tax Department about determining deductible expenses for online purchase



## I. INVOICES

### **Official Letter No. 62332/CT-TTHT dated August 6<sup>th</sup>, 2019 of Ha Noi City Tax Department on handling with VAT invoices when canceling the contract.**

According to this Official Letter, after the seller issues invoice and declares tax, if the buyer breaches the agreement and all parties decide to cancel the contract, the issued invoice shall be allowed to process as the case of returned goods at Point 2.8, Appendix 04 of Circular 39/2014/TT-BTC.

The seller bases on the agreement of invoice cancellation between all parties and the documents of invoice cancellation as guided at Point 2.8, Appendix 04 above to declare the adjustment of sales and output VAT.

---

## II. VALUE ADDED TAX

### **Official Letter No. 3609/CT-TTHT dated April 16<sup>th</sup>, 2019 of Ho Chi Minh City Tax Department about VAT policy for selling goods abroad without exporting.**

If the Company produces molds for foreign customers, but does not export and keeps to continue producing other products, when receiving money for molds, the Company must issue VAT invoice with 10% tax rate, it can not be entitled to 0% VAT.

According to Clause 1, Article 9 of the Circular 219/2013/TT-BTC, in order to be entitled to 0% VAT, export goods must be shipped abroad or to non-tariff zones.

---

## III. PERSONAL INCOME TAX

### **Official Letter No. 2461/CT-TTHT dated March 21<sup>st</sup>, 2019 of Ho Chi Minh Tax Department on PIT of house rental fee of foreigners.**

According to this Official Letter, if the Representative office has rented an apartment in a long term for employees from the holding company to stay in short-day business trips in Vietnam, the rental fees including water and electricity fee shall be subject to PIT.

The PIT taxable income is the amount of rental fee calculated on the number of days that the foreign employee actually stays in this apartment.



## **Official Letter No. 56770/CT-TTHT dated July 19<sup>th</sup>, 2019 of Ha Noi Tax Department about terminating the first tax period of foreigners.**

Pursuant to Point a, Clause 1, Article 6, Circular 111/2013/TT-BTC, the foreigner who stays in Vietnam from 183 days in 12 consecutive months from the arrival date to Vietnam is a resident individual.

However, in this case, the first tax year of the foreigner is not the calendar year, it is the 12 consecutive months from the first arrival date to Vietnam. The second tax year onward shall be determined by each calendar year.

Example: A foreigner who first came to Vietnam for working from July 2017. Until June 2018 (12 consecutive months), if he stayed in Vietnam 183 days, he was a resident individual. The first tax period is from July 2017 to June 2018, the second tax period is from January 2018 to December 2018.

---

## **IV. CORPORATE INCOME TAX**

### **Official Letter No. 3214/CT-TTHT dated April 4<sup>th</sup>, 2019 of Ho Chi Minh City Tax Department on the allocation of repair cost when terminating the office lease contract.**

According to Clause 2.16, Article 4 of Circular 96/2015/TT-BTC, the prepayment of rental fee of fixed assets is allocated by the number of years of prepayment. However, the repair cost of leased fixed assets is recorded at once or allocated to expenses in the term not exceeding 3 years.

Therefore, if the Company leases a house of an individual for operation and is responsible for repairing the house, the repair cost will be recorded at once or allocated within maximum 3 years.

In case the Company decides to allocate the repair cost within 3 years, if the Company terminates the rental contract early due to ineffective business, the repair cost which has not yet been fully allocated is still considered as reasonable expenses.

### **Official Letter No. 53582/CT-TTHT dated July 8<sup>th</sup>, 2019 of Ha Noi City Tax Department about determining deductible expenses for online purchase.**

In case the Company purchases the software online from a foreign supplier, the Company are responsible for withholding, declaring and paying foreign contractor tax (FCT) on behalf in accordance with Article 11, 12, 13 of Circular 103/2014/TT-BTC.



The Company is allowed to record the cost of software if it is actually related to the production and business activities and meets the conditions on invoices and payment documents as regulation in Article 4 of Circular 96/2015/TT-BTC.

If the foreign supplier does not use invoices as Vietnam regulations, the Company has to show the FCT declarations and payment vouchers as evidence of expense accounting.



## Abbreviation

CIT	Corporate Income Tax	CTLD	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 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
ALU	Agricultural Land Use	SBV	The State Bank of Viet Nam
IZ	Industrial Zone	FC	Foreign Contractor Tax



## I-GLOCAL CO., LTD.

## VINA BOOKKEEPING CO., LTD

### Ho Chi Minh City Office

14<sup>th</sup> 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](mailto:takayuki.jitsuhara@i-glocal.com)

Vo Tan Huu: [vo.tan.huu@i-glocal.com](mailto:vo.tan.huu@i-glocal.com)

Tran Nguyen Trung: [tran.nguyen.trung@i-glocal.com](mailto:tran.nguyen.trung@i-glocal.com)

Cao Hoang Vuong: [cao.hoang.vuong@i-glocal.com](mailto:cao.hoang.vuong@i-glocal.com)

Tran Cong Hung: [tran.cong.hung@i-glocal.com](mailto:tran.cong.hung@i-glocal.com)

Duong Quynh Nga: [duong.quynh.nga@vinabookkeeping.com](mailto:duong.quynh.nga@vinabookkeeping.com)

### Hanoi Office

R.1206, 12<sup>th</sup> 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](mailto:naoki.fukumoto@i-glocal.com)

Ta Huong Ly: [ta.huong.ly@i-glocal.com](mailto:ta.huong.ly@i-glocal.com)

Nguyen Thi Dung: [nguyen.thi.dung@vinabookkeeping.com](mailto:nguyen.thi.dung@vinabookkeeping.com)

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

<http://www.vinabookkeeping.com>