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I. INVOICES

Official Letter No. 44743/CT-TTHT dated Jun 11th, 2019 of Hanoi Tax Department requesting the General Department of Taxation on some items on e-invoices.

Hanoi Tax Department requests General Department of Taxation to consider and advise the following problems:

1. Is the date and time of signature a compulsory item on the e-invoice as regulations?
2. When the buyer receives an input e-invoice without the date of signature, other compulsory items are still sufficient, how is the VAT deduction?

In Hanoi Tax Department's opinion, date and time of signature on e-invoices is "timestamp insurance" service according to Article 30, Decree No. 130/2018/ND-CP, it is not a compulsory item on e-invoices according to Article 6, Circular 32/2011/TT-BTC and Article 6, Decree 119/2018/ND-CP.

Therefore, if the e-invoice does not include the date and time of signature, but other compulsory items are still sufficient, this e-invoice is still valid. When the buyer receives the e-invoice without date and time of signature, if the e-invoice is valid in accordance with law, input VAT will be deductible.

II. VALUE ADDED TAX

Official Letter No. 26994/CT-TTHT dated April 26th, 2019 of Hanoi Tax Department on VAT declaration of dependent accounting branches.

If the Company has established dependent branches that do not sell goods, do not generate revenue, VAT will be declared centrally at the head office with below principles:

- + If the Company buys goods for the operation of the Dependent branch, the name of buyer in invoice depends on the name of buyer in the purchase contract or purchase agreement (if the contract is not available), maybe the Company's name or the Branch's name.
- + The Company is allowed to deduct the input invoices for the operation of the Branch, including invoices with the Branch's name.

III. PERSONAL INCOME TAX

Official Letter No. 41157/CT-TTHT dated May 31st, 2019 of Hanoi Tax Department regarding PIT on income of non-resident individuals

In case the Company in Vietnam has opened a representative office in a foreign country and employs indigenous people, if these people are not resident individuals in Vietnam, the income generated by working at the foreign representative office is not subject to PIT in Vietnam.



According to Article 1, Circular 111/2013/TT-BTC, for non-resident individuals, only income incurred in Vietnam is subject to PIT.

IV. CORPORATE INCOME TAX

Official Letter No. 21841/CT-TTHT dated April 18th, 2019 of Hanoi Tax Department regarding depreciation of fixed assets for employees at the company

Pursuant to Clause 2.2, Article 4, Circular 96/2015/TT-BTC, sports facilities for employees at the enterprise shall be depreciated and included in deductible expenses when computing CIT taxable income.

Therefore, if the company builds sports facilities for employees at the company and it meet the conditions and standards of fixed assets according to Circular 45/2013/TT-BTC and Article 4 of Circular 96/2015/TT-BTC, it will be depreciated and included in deductible expenses when computing CIT taxable income.

Official Letter No. 21839/CT-TTHT dated April 18th, 2019 of Hanoi Tax Department regarding recording deductible expenses when purchasing liquidated assets of the foreign representative office (Rep. Office)

If the Rep. office that is a non-business organization sells liquidated assets to its partners in Vietnam, the Rep. office does not have to declare and pay VAT on liquidated assets. Because the tax authority does not provide retail invoices for the organizations that are not enterprises and sell goods exempted from VAT, so the Rep. office does not have to purchase retail invoices to issue when liquidating assets.

If the buyer of liquidated assets of Rep. office has the following legal documents, the purchase expenses of liquidated assets will be considered as deductible expenses:

1/ Sale contract, the list of purchased goods in the form of No. 01/TNDN enclosed with Circular No. 78/2014/TT-BTC.

2/ Payment vouchers to the seller.

3/ Relevant documents prove that the Rep. office is the owner of the goods.

Proof of non-cash payment is not required for such expenses. If the buying prices of goods/ services on the list are higher than the market prices at that time, the tax authority shall recalculate tax according to the market prices at the time of purchase.

Official Letter No. 47390/CT-TTHT dated June 19th, 2019 of Hanoi Tax Department regarding CIT incentives with activities related to software and computers

The company is established in the field of software production (CPC 842), computer programming (CPC 8424), if it meets the requirements of production of software products according to Circular No. 16/2014/TT-BTTTT, the income generated from these activities are



entitled to the CIT rate of 10% for 15 years, exempted tax for 4 years and reduced tax for the next 9 years (Article 15 and 16, Decree No. 218/2013/ND-CP).

However, compilation activities, system analysis service (CPC 8422), computer troubleshooting service and software installation (CPC 8499), software implementation service (CPC 842), computer consulting and system management (CPC 8410) are not the production of software products, it is not entitled to CIT incentives.

Official Letter No. 28507/CT-TTHT dated May 03rd, 2019 of Hanoi Tax Department regarding expenses for buying voluntary pension insurance and life insurance

Pursuant to Clause 3, Article 3 of Circular 25/2018/TT-BTC, the expenses for buying voluntary pension insurance and life insurance for employees shall be deductible if not exceeding VND 3 million/month/person.

In addition, these expenses must be specified with entitlement and rates of entitlement in one of the following documents: Labor contract, Collective labor agreement, Financial regulation or Bonus Regulation; and the enterprise has fulfilled its compulsory insurance obligations.

Official Letter No. 1191/TCT-CS dated April 03rd, 2019 of General Department of Taxation regarding CIT from real estate transfer

According to the provision in Article 2 of Circular 96/2015/TT-BTC, enterprises are allowed to offset the profit from production and business activities with the loss from real estate business, but not to offset the opposite – the profit from real estate business with the loss from production and business.

Accordingly, in case the enterprise generates interest from real estate transfer, it is not allowable to compensate with the loss from production and business, all profits from real estate transfer must be calculated for corporate income tax payment.

Official Letter No. 35853/CT-TTHT dated May 20th, 2019 of Hanoi Tax Department regarding the application of corporate income tax incentives.

Pursuant to Clause 2.31, Article 4 of Circular 96/2015/TT-BTC, for interest from bank deposits arising during the period of capital construction investment, first of all, it must be deducted with interest expenses (if any). After deduction, the remaining difference will be recorded as the reduction of the investment value.

In case the company has an investment project entitled to the incentives according to the preferential area, has not received revenue from such project yet, but has income outside the preferential area, this income is not entitled to incentives (Point I, Clause 2, Article 10, Circular 96/2015/TT-BTC).



V. OTHERS

The Law on Tax Administration in 2019 (the Law No. 38/2019/QH14) takes effect from July 01st, 2020

On June 13th, 2019, the National Assembly adopted the Law on Tax Administration in 2019 (the Law No. 38/2019/QH14) taking effect from July 01st, 2020 with a lot of highlights.

This Law prescribes about tax registration, tax declaration and payment, tax exemption, tax refund and sanctioning of administrative violations in the field of tax administration.

The Law has some new points as below:

- Supplementing tax exemption policies for individuals with PIT payable from wages and remunerations after finalization no more than VND 50.000.
- Be aware of the deadline of tax refunds, non-refundable tax amounts and legal basis for non-refundable tax amounts.
- Be searched to view, print all electronic documents of taxpayers sent to the web portal of tax administration authorities according to this Law and the Law about electronic transactions.
- Electronic documents can be used in transactions with tax administration authorities and related authorities and organizations.
- No tax violations and no late payment penalty are required for cases where taxpayers comply with the guiding documents and decisions of tax authorities and competent state agencies related to the determination of tax obligations of taxpayers.
- Regarding personal tax code, when the personal identification numbers are granted to all individuals, the current personal tax codes shall be replaced by personal identification numbers.

This Law comes into force from July 01st, 2020.

Regulations on electronic invoices and documents of this Law take effect from July 01st, 2022; to encourage organizations and individuals to apply the regulations on electronic invoices and vouchers in this Law before July 01st, 2022.

The Law on Tax Administration No. 78/2006/QH11 has been amended and supplemented in some article by Law No. 21/2012/QH13, Law No. 71/2014/QH13 and Law No. 106/2016/QH13 will expire from the effective date of this Law, except for the case specified in Clause 1, Article 152 of this Law.



Official Letter No. 1372/BCT-KH dated March 04th, 2019 of the Ministry of Industry and Trade regarding selling goods from export processing enterprises (EPEs) to the domestic market

According to the Ministry of Industry and Trade, the EPEs which have foreign investment capital and sell goods made in Vietnam by the enterprises to the domestic market are not regulated by Decree No. 09/2018/ND-CP.

Therefore, when carrying out this activity, the EPEs with foreign investment capital do not have to carry out procedures for granting business licenses, licenses to set up retail outlets according to Decree No. 09/2018/ND-CP.

However, goods sold from export processing zones to the domestic market are subject to foreign trade management measures like goods imported from foreign countries to Vietnam and must comply with tax, financial obligations and customs procedures (Article 57, Law on Foreign Trade Management No. 05/2017/QH14).



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



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