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I. PERSONAL INCOME TAX

Official Letter No. 4386/CT-TTHT dated 05th May 2020 issued by Ho Chi Minh City Tax Department about PIT for the case of remuneration by coupons.

According to this official letter, in case the company hires staff to serve the company project (not the company's employees), the company pays the remuneration to employees by coupons so this income is a salary or wage nature. When paying, if the total income is from 2,000,000 VND (two million VND) or more, the company must withhold at the rate of 10% of the income before paying to the employees.

II. CORPORATE INCOME TAX

Decree No. 114/2020/ND-CP dated 25th Sep 2020 issued by The Government promulgates a Decree elaborating the implementation of the National Assembly's Resolution No. 116/2020/QH14 on reduction in corporate income tax payable in 2020.

I. The method of determining revenue subject to CIT, tax period and reduced tax amount as follows:

1. CIT payable in the fiscal year 2020 by the enterprises **whose total revenue in 2020 does not exceed 200 billion VND** shall be reduced by 30%.

2. **The total revenue in 2020** is total revenue of the enterprises in the fiscal year 2020 including revenue from sales goods, processing, service provision, subsidies and extra charges which the enterprises are entitled to.

+) In the case, the enterprises are established, undergo conversion, ownership transfer, consolidation, merger, division, dissolution, bankruptcy in the fiscal year 2020 which have operated for less than 12 months.

Total revenue in 2020 = [(Total revenue earned in the fiscal year 2020) : (The number of months of actual business operation)] X 12 months

+) In the case, the month in which the enterprises are established, undergo conversion, ownership transfer, consolidation, merger, division, dissolution or bankruptcy will also be included in the months of actual business operation.

3. In the case, the enterprises estimate total the revenue in the fiscal year 2020 which does not exceed 200 billion VND, it shall pay 70% of the quarterly CIT payable.

4. At the end of the fiscal year 2020, the total revenue in 2020 of the enterprises does not exceed 200 billion VND, the enterprises declare the CIT reduction of 2020 when CIT finalization.

The 30% reduction specified in this Decree shall apply to the enterprise's CIT payable in the fiscal year 2020 minus the CIT eligible for incentives to which the enterprise is entitled.

5. The fiscal year will be the calendar year. The fiscal years of enterprises that do not apply calendar years shall be applied by its financial year.

6. In case the first fiscal year of enterprises that are established in 2019 or the last fiscal year of enterprises that undergo conversion, ownership transfer, consolidation, merger, division, dissolution,



bankruptcy in 2021 is shorter than 03 months, it will be combined with the fiscal year 2020, in which case CIT reduction will only apply to the revenue earned in the fiscal year 2020 (12 months).

The determination of total revenue and reduced tax in this case only applies to the corporate income tax period 2020 (12 months).

II. The reduction for declaration stipulated in the Decree implementing the following:

The enterprises determine the amount of the CIT reduction itself.

When preparing tax statements, the enterprises shall specify the CIT reduction on the set forms provided in Circular No. 151/2014/TT-BTC and its amending documents (if any) and the Declaration of CIT Eligible for Reduction Under Resolution No. 116/2020/QH14, which is provided in the Appendix hereof.

In case the CIT payable by an enterprise decreases when it revises the 2020's CIT statement or implements the competent authority's post-inspection decision, the overpaid amount (if any) shall be handled in accordance with the Law on Tax administration and its guiding documents.

III. Effect

This Decree comes into force from the effective date of Resolution No. 116/2020/QH14 (3rd Aug 2020)

III. VALUE ADDED TAX

Official Letter No. 5589/TCHQ-TXNK dated 21st August 2020 issued by General Department of Vietnam Customs about tax policy for processed ordered goods in Enterprise Processing Export (EPE)

This Official Letter guides some points as follows:

1. In case EPE accepts to process for another EPE:

1.1. Regarding import tax and export tax:

Goods for processing in this case are not subject to import tax or export tax

1.2. Regarding VAT on the outsourcing processing services provided by EPEs to other EPEs:

Not subject to VAT

2. In case EPE accepts to process for a domestic company:

2.1. For domestic enterprises:

- Regarding import tax:

Domestic enterprises must declare and pay import tax on finished products when received.

Taxable price = Processing fee + Value of raw materials used in the processing provided by foreign party (under the processing contract)

(*) The value of materials and raw materials that the domestic enterprises bring to the EPE under the processing contract do not calculated customs value of finished processing products.



(Clause 3, Point 17, Circular 39/2015/TT-BTC)

- Regarding VAT:

Domestic enterprises must declare and pay VAT according to the price for calculating VAT specified in Clause 2, Article 7, Circular 219/2013/TT-BTC:

Taxable price = Import price at border gate + Import tax (if any) + Special consumption tax (if any) + Environmental protection tax (if any)

2.2. For EPEs:

- Regarding VAT on outsourcing processing services provided by EPEs to domestic firms:

If the processing activities of EPE belong to the purchase and sale of goods and activities directly related to the sale and purchase of goods in Vietnam as prescribed in Clause 7, Article 30, Decree 82/2018/ND-CP, the EPE shall record separately, declare and pay VAT separately for the above processing activities at the tax rate of 10%.

Official letter No. 3560/TCT-KK dated 28th August 2020 issued by General Tax Department about export goods which have shipping fee with inappropriate freight schedule

According to this Official Letter, General Tax Department requested Quang Tri Tax Department to process VAT refund for export goods which have shipping fee with inappropriate freight schedule based on Official Letter No. 10492/BTC-TCT dated 30th July 2015 issued by The Ministry of Finance on strengthening VAT refunds management.

According to Official Letter No. 10492/BTC-TCT, do not implement VAT refund for enterprises having export activities through main, subsidiary border, trails, land border openings, ... have or not have but not guaranteed the suitability between below documents:

- Export contract;
- Custom Declaration which have confirmation of Custom Office about the actual export;
- Export invoice/VAT invoice;
- Debit Advice from the bank of purchased and exported goods;
- Proof of goods transportation.

Official Letter No. 3330/TCT-CS dated 14th August 2020 issued by General Tax Department about VAT in case of importing goods then selling to Vietnamese customers without opening import declaration

Base on this Official Letter, in case a Vietnamese company (hereinafter Seller) bought goods from a foreign supplier with the delivered conditions at a Vietnamese port/airport without preparing import procedures into Vietnam then sold the goods to the customer who is Vietnamese entities (hereinafter Buyer). With the condition of the delivered condition at Vietnamese port/airport without preparing import procedures and Buyer is the one who prepares import procedures and pays for related tax (if any) at the import stage, the sale activity above shall not eligible for 0% tax rate and be subjected to tax as regulations, Seller has to issue the invoice, calculate and declare output VAT when selling goods to Vietnamese customer according to regulations.



For input VAT: If Tax payer has payment voucher of VAT at the import stage under Tax payer's name and satisfies VAT deduction conditions, Tax payer shall deduct input VAT according to regulations.

IV. INVOICE

Official Letter No. 2501/CT-TTHT dated 01st September 2020 issued by Long An Tax Department about cancellation e-invoice which was declared

Base on this Official Letter, in July 2020, Company issued an e-invoice of processing goods for the client and had declared and paid VAT in the tax period of July 2020. By August 2020, because the client issued an invoice that had the wrong Company's name on the delivery bill cum internal transportation and requested Company also re-issued invoice to replace the one issued in July 2020.

According to Official Letter No. 2501/CT-TTHT, Long An Tax Department guided the case of cancellation e-invoice as below:

1. In case e-invoice has been issued and sent to Buyer but not yet delivered goods and services or e-invoice has been issued and sent to Buyer but Seller and Buyer did not yet declare VAT.

→ If there is found incorrect, e-invoice shall be canceled only when there are agreement and confirmation of Seller and Buyer according to Article 9, Circular 32/2011/TT-BTC dated 14th March 2011 issued by the Ministry of Finance.

2. In case e-invoice has been issued and sent to Buyer, goods, and services have been delivered and provided, Seller and Buyer have declared VAT, then detect the errors.

→ Seller and Buyer have to prepare an agreement with the electronic signature of both parties, clearly imply the error, Seller also issued an e-invoice to adjust the error according to Article 9 Circular 32/2011/TT-BTC dated 14th March 2011 issued by the Ministry of Finance.

In the above situation, if the Company issue an e-invoice complies with regulation (no errors) to the client, the Company shall not cancel the issued invoice.



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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