
TAX BULLETIN December 2022

1. VAT refund for an investment project divided into various periods (Official letter no 15785/CTBDU-TTHT dated 11th October 2022 of Binh Duong Tax Department)

In case where the Green View Shareholding Company carries on an investment project which is divided into various periods, for the completed investment items which incurs turnover, input VAT incurred after time of incurring such turnover will not be refundable. The input VAT amount incurred before the time of incurring turnover will be considered for refund provided that conditions of input VAT credit as well as other conditions stipulated in Clause 3, Article 1, Circular No. 130/2016/TT-BTC dated 12th August 2016 of Ministry of Finance are met in full.

2. Handling the overpaid tax in case of changing the location of the company headquarter (Official letter No. 16888/CTBDU-TTHT dated 3rd November 2022 of Binh Duong Tax Department)

TYPE PACIFIC VIETNAM Co., Ltd. relocates its headquarter from Hochiminh city to Binh Duong province and has overpaid import duty and VAT on imported goods in Hochiminh, such overpaid tax amounts will be offset against the payable tax amount incurred in the Tax Office where the headquarter is removed to in accordance with Article 6 of Decree No. 126/2020/NĐ-CP dated 19th October 2020 provided that the conditions as provided for in Clause 10, Article 1 of Circular No. 26/2015/TT-BTC dated 27th February 2015 of Ministry of Finance are met in full.

3. VAT rate applicable to services provided for EPE upon direct appointment by a foreign company (Official letter No. 999/CTBNI-TTHT dated 1st November 2022 of Bac Ninh Tax Department)

In case where Charm Trading (Vietnam) Corporation Co., Ltd. signs a service contract of installation, repairment and maintenance of equipment with a foreign company located in South Korea (Charm Engineering Company) and is appointed by this company to render services for Samsung Display Vietnam Co. Ltd. - an export processing enterprise (“EPE”) in Vietnam, services provided by Charm Trading (Vietnam) Corporation Co., Ltd. to Samsung Display Vietnam Co. Ltd. are entitled to zero rated VAT provided that the services are performed at the premises of Samsung Display Vietnam Co. Ltd., and meet the condition of being consumed in a non-tariff area and all other condition provided for in Point b, Clause 2, Article 9 of Circular No. 219/2013/TT-BTC dated 31st December 2013 of Ministry of Finance.

4. Tax treatment on the return of purchased goods (Official letter No. 17367/CTBDU-TTHT dated 11th November 2022 of Binh Duong Tax Department)

If a company returns purchased goods which have not been used to the supplier, it should be considered a goods sale activity, rather than goods return activity due to low-quality. The company must therefore issue invoices, declare, and pay tax as a normal sales activity when selling the goods back to the supplier.

5. Foreign Contractor Tax imposed on the payment on behalf of the foreign expatriate (Official Letter No. 11261/CTHDU-TTHT dated 25th November 2022 of Hai Duong Tax Department)

In case a Vietnamese company made a payment on behalf of the overseas company for accommodation and travel expenses for foreign technicians in Vietnam and then was directly reimbursed by the foreign company without any further income generated, such payment is not subject to Foreign Contractor Tax.

6. PIT applied to Covid-19 allowance paid to employees (Official Letter No. 4572/TCT-DNNCN dated 7th December 2022 of the General Department of Taxation)

If Mizuho Bank pays Covid-19 allowances other than allowances stipulated in the Decision No. 28/2021/QĐ-TTg dated 1st October 2021 of the Prime Minister to its employees, these allowance will be treated as taxable income of employees for PIT purpose according to Point đ, Clause 2, Article 3, Law on Personal Income Tax No. 04/2007/QH12 dated 21st November 2007.