
TAX BULLETIN March 2023

1. Writing product name in an invoice (Official letter No. 20280/CTBDU-TTHT dated 23rd December 2022 of Binh Duong Tax Department)

Regarding the issue, Binh Duong Province Tax Department instructs AKZO NOBEL VIETNAM Co., Ltd. as follows:

Regarding the name and language of goods and services written in an invoice, the Company complies with provisions as provided for in Point a, Clause 6, and Point a, Clause 12 of Article 10, Decree No. 123/2020/NĐ-CP dated 19th October 2020 of Government. In case where the Company sells assorted products of which names and trademarks were registered with the competent authority in English language, the Company is not requested to translate them from English into Vietnamese.

2. Guidance on the implementation of Circular No. 31/2022/TT-BTC dated 8th June 2022 (Official letter No. 5772/TCHQ-GSQL dated 30th December 2022 of General Department of Customs)

Ministry of Finance issued the Circular No. 31/2022/TT-BTC dated 8th June 2022, and Circular No. 72/2022/TT-BTC dated 30th November 2022 on promulgation of Vietnam's Nomenclature of Import – Export (2022 Nomenclature) which have taken effect from 30th December 2022. These Circulars have replaced to the Circular no 65/2017/TT-BTC dated 27th June 2017 and Circular no 09/2019/TT-BTC dated 15th February 2019 of Ministry of Finance.

In practice, however, for the time being many Ministries have not yet issued the Nomenclature of specialized goods of which HS codes are converted in accordance with the 2022 Nomenclature. Regarding these cases, upon clearing custom procedure, it is requested that Provincial Customs Departments comply with the implementing principle of HS codes and policies on specialized management to goods under the List of specialized goods and valid issued licenses in an orientation that “Enterprises base on the practice to declare HS codes of imported goods, exported goods in accordance with the Vietnam’s Nomenclature of Import – Export issued together with the Circular No. 31/2022/TT-BTC dated 8th June 2022 and to comply with management policies in accordance with current legal provisions and valid issued licenses.”

3. Handling an issued erroneous invoice (Official letter No. 1952/CTBDU-TTHT dated 9th February 2023 of Binh Duong Tax Department)

In case where an e-invoice with verification code of tax authority was prepared by a seller in accordance with provisions in Decree No. 123/2020/NDD-CP dated 19th October 2020 of Government and sent to a purchaser; and it was found that such an e-invoice was erroneous, the seller and purchaser will handle such an erroneous e-invoice in accordance with provisions

in Clause 2, Article 19, Decree No. 123/2020/NDD-CP dated 19th October 2020 of Government. If the seller self-destroyed the erroneous e-invoice without informing the purchaser or without any agreement between two parties, this erroneous e-invoice would be considered as an illegal invoice. Accordingly, the purchaser would not be allowed to use the invoice in order to claim for VAT input credit and for deductible expense for CIT purpose.

4. Foreign Contractor Tax on account purchased on overseas technology platforms (Official Letter No. 4035/CTHN-TTHT dated 07th February 2023 of Hanoi Tax Department)

Income derived in Vietnam by foreign contractors from selling accounts for using utilities on available technology platforms is determined as income from copyright according to clause 3 Article 7, Circular No. 103/2014/TT-BTC. Accordingly,

- Applicable CIT rate (%) of CIT calculated on taxable revenue is 10%.
- Regarding VAT, if this is not a software service as prescribed in Decree No. 71/2007/ND-CP and not a technology transfer or transfer of intellectual property rights, VAT rate on revenue of 5% will be applied.

5. PIT applied to gifts and bonuses to employees (Official Letter No. 3469/CTHN-TTHT dated 1st February 2023 of Hanoi Tax Department)

PIT treatment will be applied to gifts or bonuses paid to employees in each case as follows:

- Payment on behalf for the training to improve qualifications and skills, suitable to the employee's work, expertise and profession shall be exempted from PIT in accordance with Point dd.6, Clause 2, Article 2, Circular No. 111/2013/TT-BTC.
- Winning prizes in the contest with a value of over VND10 (ten) million must be PIT withheld according to Point g, Clause 1, Article 25, Circular No. 111/2013/TT-BTC.
- Benefit other than salary or wage (in cash or not in cash), must be PIT withheld according to Point b, Clause 1, Article 25, Circular No. 111/2013/TT-BTC.
- For gifts in kind that is not of salary or wage in nature and does not fall under the provisions of Clause 10, Article 2, Circular No. 111/2013/TT-BTC, it is not required to withhold PIT.