
TAX BULLETIN September 2024

1. Guidance on invoice issuance timing (Official letter No. 40278/CTHN-TTHT dated 10th July 2024 of Hanoi Tax Department)

Pursuant to the applicable provisions, in principle, invoice for goods will be issued at time when the ownership or the use right of goods is transferred to the purchaser, regardless of the fact that the seller has received payment or not as provided for in the Article 9, Decree No. 123/2020/NĐ-CP dated 19th October 2020 of the Government. In case where the timing of of transfer of ownership or the use right of goods to the purchaser is the signing date of Acceptance Minutes for delivering the goods between two sides (the seller and the purchaser), and such Minutes is considered as a legal document in case where an appeal is happened (if any), the invoice issuance timing for goods sold will be the signing date of the Acceptance Minutes.

2. Tax treatment of costs for receiving foreign clients (Official letter No. 3326/CTBNI-TTHT dated 26th June 2024 of Bac Ninh Tax Department)

In case the Company incurs the payment of business trip costs including air tickets, visa, and accommodation for employees of foreign clients to support free-of-charge training courses and visit the Company's factory in Vietnam, relevant tax regulations will be applied as follows:

- Personal Income Tax: if not being benefits received by foreign individuals in accordance with provisions in Article 2, Circular No. 111/2013/TT-BTC dated 15th August 2013 of Ministry of Finance, these payments are not taxable for PIT purpose in accordance with provisions in the Article 1, Circular No. 111/2013/TT-BTC (which was supplemented, amended by the Article 2, Circular No. 119/2015/TT-BTC dated 22nd June 2013);
- Corporate Income Tax: the Company is entitled to claim these costs as deductible expenses provided that conditions as provided for in Article 6, Circular No. 78/2014/TT-BTC dated 18th June 2014 of Ministry of Finance (which was supplemented, amended by Article 4, Circular No. 96/2015/TT-BTC dated 22nd June 2013).

3. CIT applied to deposit interest derived by a Representative Office (Official letter No. 3227/TCT-CS dated 26th July 2024 of General Department of Taxation)

According to current provisions, General Department of Taxation agrees with the proposal of Hanoi Tax Department that in case where a Representative Office derives deposit interest which is subject to CIT, the Office shall be required to declare and pay CIT in accordance with the guidelines in Article 11, Decree No. 218/2013/NĐ-CP dated 26th December 2013 of Government.

4. CIT incentives for expansion investment project of a supporting industry project (Official letter No. 3219/TCT-CS dated 26th July 2024 of General Department of Taxation)

Regarding the issue, General Department of Taxation provided instruction to Hanoi Tax Department as follows:

According to current provisions, in case the expansion investment project of the Company is entitled to CIT incentives under other conditions than the conditions for supporting industry products, such an expansion investment project will continue enjoying CIT incentives under conditions for the manufacture of supporting industry products for the residual period starting from the date the Certificate of incentives is granted by the relevant competent authority.

5. Tax policy applicable to non-tariff areas (Official letter No. 3391/TCT-CS dated 1st August 2024 of General Department of Taxation)

In case the Company was granted with an Investment Registration Certificate to be operated as an export processing enterprise (EPE) before the effective date of the Decree No. 18/2021/NĐ-CP, during period from the issuing date of the Investment Registration Certificate to the date when the Company met the condition on customs inspection and control, the Company had not yet been entitled to tax scheme applied to non-tariff area in accordance with provisions in the Decree No. 18/2021/NĐ-CP. If the Company, during this period, imported goods and services or purchased goods and services from domestic suppliers and paid VAT at the import stage or incurred input VAT on goods, services domestically purchased, the Company will get credit and refund of input VAT in accordance with provisions of Law on VAT.

6. Using Letter of assignment as a supporting document for CIT purpose (Official letter No. 3468/TCT-CS dated 7th August 2024 of General Department of Taxation)

Regarding the issue, General Department of Taxation provided guidance to Hanoi Tax Department as follows:

Regarding internal transfer of employees, the Ministry of Finance sent the Official letter no 5476/BTC-CST dated 7th May 2020 to the Ministry of Plan and Investment on implementing the results of the annual Vietnam Business Forum (VBF) 2019. Accordingly, in the annual VBF, European Chamber of Commerce had proposed Vietnam Government to amend relating provisions on CIT in order to accept a letter of assignment as a legal supporting document of deductible expenses for CIT purpose (the recommendation No. 21). In the Official letter No. 5476/BTC-CST dated 7th May 2020, Ministry of Finance provided guidance responding the recommendation No. 21 as follows: *“Based on provisions of Law on CIT, the recommendation on amendment of provisions of Law on CIT to add a letter of assignment as a legal supporting document of deductible expenses with respect to salaries, wages and remunerations is inappropriate.”*