
TAX BULLETIN November 2024

1. Tax treatment applied to sales reduction and discount (Official letter No. 4991/TCT-KK dated 5th November 2024 of General Department of Taxation)

Pursuant to current provisions, in principle, in case where sales discount calculation is based on volume or turnover of goods sold or services provided, the discount amount shall be adjusted on the invoice of the last purchase transaction of goods, service or in the following purchase transaction. If the discount amount is calculated upon the termination of a discount program (period), an adjusted invoice shall be issued with attachment of a list of the number of invoices to be adjusted, adjusted amount and corresponding adjusted tax amount.

Therefore, in case where a company incurs sales reduction and discount according to the agreement set between the company and its client in a principle contact, annex of contact, and goods sales contract, an adjusted invoice is required to be issued by the Company in accordance with regulation on invoice provided that the company possesses sufficient dossiers, documents and receipts as evidences for sales reduction discount and ensures the legality and accuracy of these dossiers, documents and receipts. Based on the adjusted invoice, the Company will declare adjusted sales in accordance with applicable tax regulation.

2. Treatment of deposit for land lease made by foreign investors (Official letter No. 27660/CTBDU-TTHT dated 22nd October 2024 of Binh Duong Tax Department)

In case where before being granted a certificate for establishment of a company, foreign investors opened a direct investment account in foreign currency in an authorized credit institution to perform transactions relating to its direct investment activities in Vietnam in accordance with provisions on foreign exchange management of direct investment activities, the deposit for land lease and other advance payments made by the foreign investor via the direct investment account mentioned above is considered as a legal capital contribution of the foreign investor into the company to be established. Accordingly, if a foreign investor directly transferred payments of deposit for land lease to a bank account of the land lessee from abroad instead of from a direct investment account in foreign currency in an authorized credit institution, such a transfer is improper according to legal provisions, and therefore, the payments are not considered as a legal capital contribution of the foreign investor into the company.

3. Import duty treatment of Vietnamese goods exported to bonded warehouses and re-imported into the domestic market (Official letter No. 5177/TCHQ-GSQL dated 24th October 2024 of the General Department of Customs)

It is instructed by the General Department of Customs in its Official letter sent to provincial customs departments that goods originating in Vietnam that are exported to bonded

warehouses and then re-imported into the domestic market can be eligible for special preferential import duty rates similar to goods imported from overseas if they meet the following requirements:

- having a certificate of origin and listed in the preferential import tariff schedule as stipulated in the decrees setting out the special preferential import tariffs; and
- no changes are made to the goods while they are stored in the bonded warehouse.

4. Guidance on CIT incentives applicable to investment projects on manufacturing support industrial products (Official letter No. 4070/CTHPH-TTHT dated 16th October 2024 of Hai Phong Tax Department)

In case where the Company has investment projects (new investment project and expansion investment project) on manufacturing products under the List of prioritized supporting industrial products and meets conditions as provided for in Clause 11, Article 1, Decree No. 12/2005/NĐ-CP dated 12th February 2005 of Government and the Article 4, Circular No. 55/2015/TT-BCT dated 30th December 2015 of Ministry of Industry and Trade; and the projects were granted the Certificate of CIT incentives on 9th September 2024 by Ministry of Industry and Trade, income derived from the projects on manufacturing support industrial products shall be entitled to CIT incentives under conditions applied for manufacturing support industrial products from the tax year of 2024 as follows:

- For the new investment project, CIT incentives will be exemption for the first four years, a 50% reduction for the subsequent nine years, and a preferential tax rate of 10% for 15 years.
- For the expansion investment project, if meeting one of criteria as provided for in Clause 4, Article, Circular No. 96/2015/TT-BTC dated 22nd June 2015 of Ministry of Finance, CIT incentives shall be exemption exemption for the first four years, a 50% reduction for the subsequent nine years; preferential tax rate is not applicable.

In addition, some notable points when applying CIT incentives for manufacturing support industrial products are as follows:

- In case the Company has an investment project on manufacturing support industrial products of which income is entitled to CIT incentives under other conditions than conditions on manufacturing support industrial products, the Company is entitled to CIT incentives under the conditions on manufacturing support industrial products for the remaining time from the tax period when the Company is granted the Certificate of CIT incentives for manufacturing support industrial products by the competent authority.
- According to the Official letter No. 2326/TCT-CS dated 3rd June 2024 of General Department of Taxation, if an enterprise selects to apply CIT incentives under conditions on manufacturing support industrial products, income derived from products which are not support industrial products shall not continue being entitled to CIT incentives under other conditions anymore.