
TAX BULLETIN March 2025

1. PIT on pension income received from a voluntary pension fund abroad (Official letter No. 32578/CTBDU-TTHT dated 26th December 2024 of Binh Duong Tax Department)

If a foreign employee who is dispatched to work in Vietnam under an internal transfer have participated in an overseas voluntary pension fund in accordance with legal provisions of the country where he/she possesses nationality, pension income received by the foreign employee from the pension fund shall be exempted from PIT, regardless of the mode of pension payment and receipt.

2. Adjustment of VAT declaration resulting in an increase of creditable VAT amount (Official letter No. 471/TCT-KK dated 5th January 2025 of General Department of Taxation)

Pursuant to current provisions, if the supplementary VAT declaration for the tax period of June 2023, made on 10th August 2023, only increases the creditable VAT for that period, the taxpayer should declare this information in item [38] "Adjustment for increasing the VAT deductible from previous periods" on the initial VAT declaration form for the tax period of July 2023 (as it is still within the VAT filling deadline for the tax period of July 2023).

3. Guidance on administrative penalties for violations related to taxes and invoices (Official letter No. 216/TCT-PC dated 15th January 2025 of the General Department of Taxation)

- Regarding administrative penalties for tax and invoice violations, Decree 125/2020/ND-CP (amending Decree 102/2021/ND-CP) has specifically stipulated administrative violations and the penalties corresponding to each violation. In case a taxpayer is sanctioned for multiple tax and invoice related violations of procedures in the same sanction, only one decision shall be issued to decide on the form and level of sanction for each violation of that individual or organization.
- Pursuant to Clause 2, Article 52 of the Law on Handling Administrative Violations (amended and supplemented in 2020), the authority to impose penalties is determined based on the maximum amount provided in the penalty framework for each specific violation. The fine amount stated in the administrative sanction decision is the total of the specific fines for each violation and is not limited by the maximum fine specified in point c, point d, Clause 1, Article 24 of the Law on Handling Administrative Violations 2012 (amended and supplemented in 2020).
- Regarding the application of aggravating factors in “large-scale administrative violation” - violation with a large quantity or value, the provisions of Clause 2, Article 6, Decree 125/2020/ND-CP specify the concept of “large-scale” for administrative

violations relating to invoices, which are administrative violations involving 10 or more invoices. Accordingly, in case within a single administrative sanction proceeding, the taxpayer commits multiple invoice-related violations and is penalized separately for each violation, the aggravating circumstance of a “largescale administrative violation” shall not be applied. However, if the taxpayer commits a single administrative violation related to invoices (with the number of violated invoices being 10 or more), the violation will be treated as one single offense and the aggravating circumstance of a “large-scale administrative violation” shall be applied.

- ”Repeated administrative violation” is an aggravating circumstance and is considered to be applied in cases where an individual or organization commits an administrative act that has previously committed an administrative violation but has not been handled and the statute of limitations for handling has not expired. Aggravating circumstances and mitigating circumstances are stipulated in Clause 1, Article 6, Decree 125/2020/ND-CP. Accordingly, in case where the taxpayer commits multiple identical administrative violations and is penalized separately for each violation, from the second violation onward, it shall be deemed that the taxpayer has committed an administrative violation with the aggravating factor of “repeated administrative violations” as prescribed in point b, Clause 1, Article 10 of the Law on Handling Administrative Violations 2012 (amended and supplemented in 2020).

4. Export goods designated to be delivered to Vietnamese enterprises through bonded warehouses not subject to the 0% VAT rate (Official letter No. 1872/BTC-TCT dated 17th February 2025 of the Ministry of Finance)

In case where goods are sold by domestic enterprise to a foreign trader with presence in Vietnam and designated to transfer to a Vietnamese third-party via bonded warehouse. Accordingly, this transaction does not meet the conditions of goods exported to overseas organizations or individuals and consumed outside of Vietnam, nor goods sold to organizations or individuals in the non-tariff area and consumed within the non-tariff area, so it is not considered an export transaction eligible for the 0% VAT rate.

5. Foreign contractor tax on goods imported under DDU terms and conditions (Official letter No. 323/CTVPH-TTHT dated 27th February 2025 of Vinh Phuc Tax Department)

If the Company imports goods under the delivery terms DDU, where foreign contractor is responsible for transporting the goods to the delivery location designated by the buyer, but does not provided any services in Vietnam and in the contract between the Company and the foreign contractor, the value of goods and the value of transportation services according to the accompanying delivery terms are not separated, FCT will be applied as follows:

- VAT: VAT is imposed at import stage and VAT is calculated based on the total contract value;
- CIT: the applicable CIT rate is 1% calculated on total contract value.