

**MONTHLY BULLETIN**  
**SEPTEMBER & OCTOBER**

**Features**

**Page 2**

VAT reduction policy for processing activities

**Page 3**

Income from bank deposit interest

**Page 4**

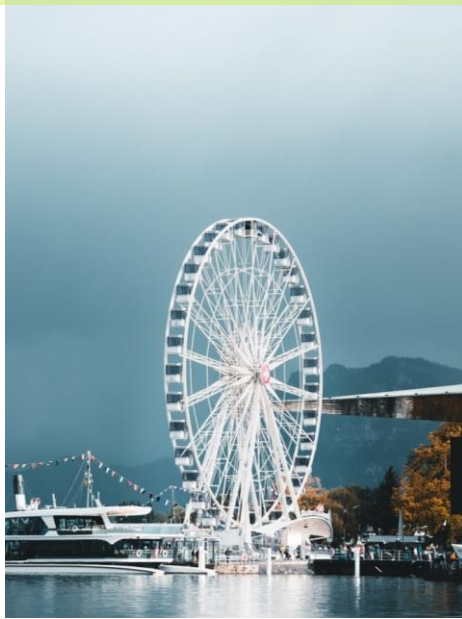
Personal income tax policy

**Page 5**

Handling invoices for returned goods



**LEGAL, LABOR AND TAX  
UPDATES IN 2024**



# VAT REDUCTION POLICY FOR PROCESSING ACTIVITIES

**Official Dispatch No. 2341/CTHNA-TTHT dated September 4, 2024 of the Tax Department of Ha Nam Province**

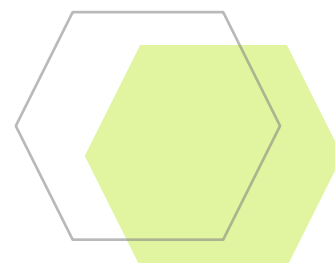
In principle, the reduction of value-added tax (VAT) for goods and services stipulated in Article 1 of Decree No. 72/2024/ND-CP by the Government is uniformly applied **at all stages of importation, production, processing, and commercial trading.**

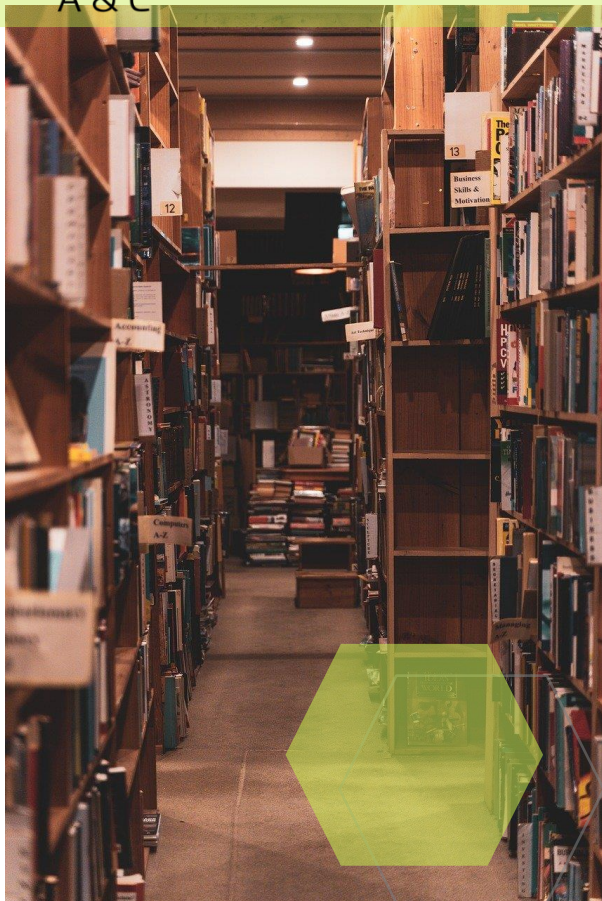
Accordingly, if the Company engages in mechanical product processing activities, the determination of the value-added tax (VAT) rate for processing services shall follow these principles:

- If **the processed products by the Company** are currently subject to a 10% VAT rate and are included in the list of goods and services specified in Appendices I, II, III attached to Decree No. 72/2024/ND-CP, **these will not be eligible for VAT reduction as stipulated in Article 1 of Decree No. 72/2024/ND-CP.**

- If **the processed products by the Company** are currently subject to a 10% VAT rate and **are not included in the list of goods and services specified in Appendices I, II, III** attached to Decree No. 72/2024/ND-CP, these will be eligible for an 8% VAT rate as stipulated in Article 1 of Decree No. 72/2024/ND-CP, applicable from July 1, 2024, to December 31, 2024.

*Accordingly, companies engaged in processing activities should take note of the above guidance to apply the appropriate VAT rate and mitigate potential risks.*





# INCOME FROM BANK DEPOSIT INTEREST

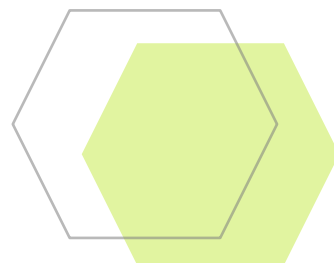
Official Dispatch No. 25992/CTBDU-TTHT dated September 27, 2024 Binh Duong Tax Department

In the case where a company has idle funds deposited in banks, the income from bank deposit interest is considered other financial income, which is not subject to VAT declaration and payment. The Company does not need to issue an invoice for this financial income but must prepare a receipt according to regulations.

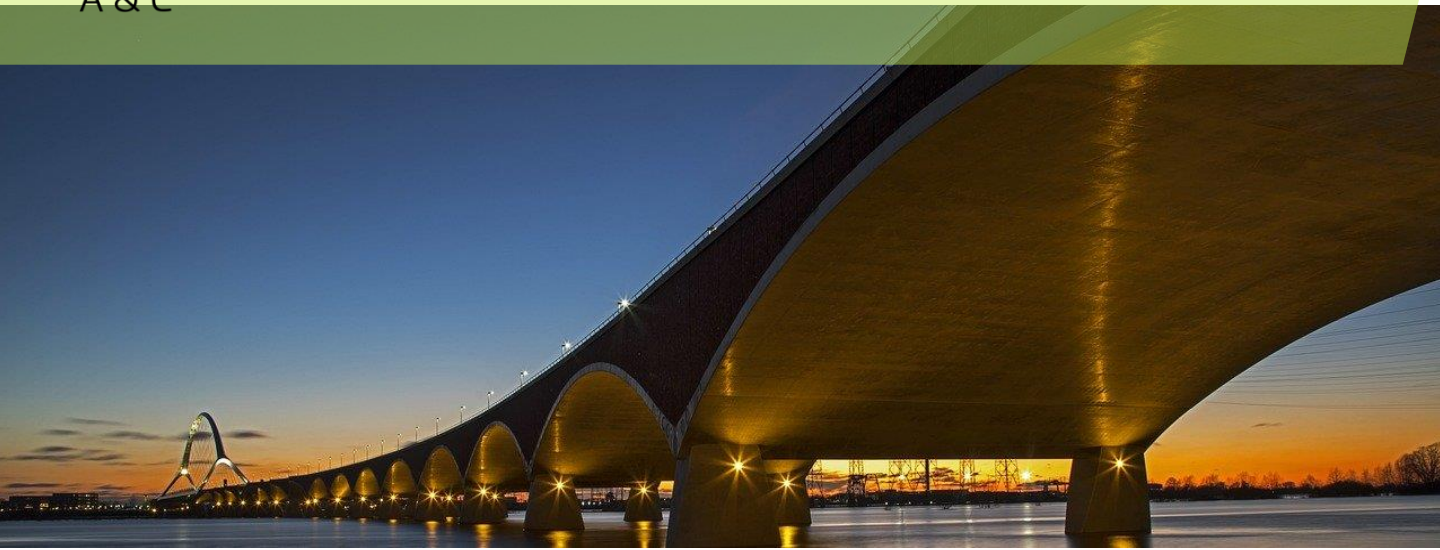
This replaces Official Dispatch No. 25950/CTBDU-TTHT dated September 26, 2024, from the Tax Department of Binh Duong Province regarding tax policy.

Similarly, the Tax Department of Binh Dinh Province issued Official Dispatch No. 34642/CTBDI-TTHT on October 7, 2024, correcting the content regarding savings interest in Official Dispatch No. 3332 dated September 13, 2024.

*Accordingly, if companies have income from bank deposit interest, this income is classified as other financial income. The companies should issue a receipt and is not required to issue a VAT invoice as prescribed.*







## PERSONAL INCOME TAX POLICY

**Official Dispatch No. 18809/CTBRV-TTHT dated September 26, 2024, from the Tax Department of Ba Ria-Vung Tau Province**

Regarding the guidance on calculation, deduction, and declaration of personal income tax (PIT) for individual income from **lottery programs** and income **from child-rearing support for children under 18 years old**, the Ba Ria - Vung Tau Tax Department provides the following opinions:

- In cases where an individual **receives income from lottery programs organized by the company on occasions such as year-end celebrations or the company's founding day, such income is considered lottery winnings** in accordance with point đ, clause 6, Article 2 of Circular No. 111/2013/TT-BTC.
- For **support payments made by the Company to its employees via their salaries or wages**, if these payments do not fall under the allowances or subsidies that can be excluded as per point b, clause 2, Article 2 of Circular No. 111/2013/TT-BTC, these shall be included in the taxable income of the employee's salary or wages for PIT purposes.

**Official Dispatch No. 8210/CTQNA-TTHT dated October 10, 2024, from the Quang Nam Tax Department:**

According to the Tax Department's viewpoint, in cases where a company **gives mooncakes or supermarket vouchers** to its employees during holidays or festivals, **specifying the names of the employees who will receive them**, these items will be considered non-cash benefits, separate from the salaries or wages paid by the Company. These benefits are subject to PIT taxable income, in accordance with clause 2, Article 2 of Circular No. 111/2013/TT-BTC.

*Therefore, businesses should pay attention to reviewing the allowances and support provided to their employees in order to assess and determine whether these should be subject to PIT withholding from salary and wages or classified as other PIT taxable income, ensuring proper tax calculation and payment.*



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## HANDLING INVOICES FOR RETURNED GOODS

**Official Dispatch No. 7443/CTDAN-TTHT dated September 10, 2024, from Da Nang Tax Department**

According to the guidance from the Tax Department, in the case where a buyer returns part or all of the goods due to non-compliance with specifications or quality as agreed with the seller, the seller can choose one of two methods for handling the issued invoice:

- Issue an adjusted invoice: *The seller will adjust to reduce the details for the incorrect items, and adjust to increase the corresponding details for the correct items. This includes the item name, unit of measurement, quantity, unit price, tax rate, and amount excluding tax. For any error in the value on the invoice, the adjustment should be made by increasing (positive sign) or decreasing (negative sign) the amount to match the actual adjustment.*
- Issue a replacement invoice: The seller may choose to issue a replacement invoice to correct the erroneous invoice, which will contain the correct details.

For both cases mentioned above, the adjusted or replacement invoice should include the following information: *"Adjustment/replacement for invoice Template No. ... with serial number ... dated ... month ... year ..."* as specified in Clause 2, Point b of Article 19 of Decree No. 123/2020/ND-CP and Clause 1, Point e of Article 7 of Circular No. 78/2021/TT-BTC.

After issuing the adjusted or replacement invoice, if it results in errors in the VAT declaration for the Company (the original period), the Company shall submit a supplementary tax declaration for each erroneous tax return. If the supplementary declaration increases the payable tax amount or decreases the amount of tax refunded by the State Budget, the Company shall pay the additional tax due or the excess refunded tax, along with any late payment interest to the State Budget (if applicable). In case the supplementary declaration only increases or decreases the VAT amount that can be carried forward to the next period, the Company shall not only submit the supplementary declaration for the original period with errors but also declare in the current tax period as per Clause 4 of Article 7 of Decree No. 126/2020/ND-CP.

*Therefore, in the case of returned goods, businesses should pay attention to following the current instructions of the Tax Authority and update any amended or supplemented regulations.*

*These Legal Updates are general information for internal use merely, and they are not provided to any specific case of any organizations or individuals. Although we endeavor to present as accurate information as possible, we do not assure that the aforesaid information remains its accuracy as at the date on which the readers receive these Legal Updates. You are advised to refer consultants before adopting these Legal Updates for specific cases.*

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