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LEGAL, LABOR AND TAX UPDATES IN 2024



LACK OF DECLARATION OF IMPORT VAT DOCUMENTS

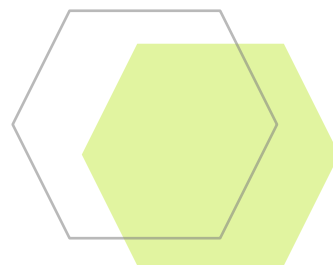
Official Letter No. 5847/TCT-KK dated December 21, 2023 from the General Department of Taxation

Remarkable issues:

The General Department of Taxation provides guidance on the case where a company in **2019 had payment vouchers at the import stage but did not declare them on the VAT declaration**. Subsequently, the company submitted a request for tax refund for the tax period from January 2018 to March 2021; the Tax Authority conducted a pre-refund inspection and issued a tax refund decision. Accordingly, **the company is not allowed to supplement the tax declaration dossiers**. The company acted in line with the provisions of Point dd Clause 6 Article 1 of Law on Tax No. 31/2013/QH13 and Clause 3 of Article 47 of Law on Tax Administration No. 38/2019/QH14.

Based on Clause 3 of Article 47 of Law on Tax Administration No. 38/2019/QH14, after the Tax Authority has issued conclusions and decisions on tax treatment following tax inspections, the submission of additional tax declaration documents to increase the refunded tax amount shall be carried out in line with the procedures for resolving tax complaints.

Therefore, taxpayers need to be aware that the procedure for submitting supplementary declarations after the Tax Authority has issued conclusions and decisions mentioned thereon must be conducted in accordance with the prescribed procedures under the Law on Tax Administration and related guiding documents.



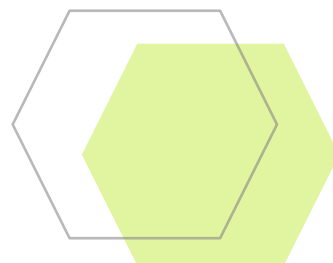


DEDUCTIBILITY OF OVERSEAS COMPULSORY INSURANCE FOR PIT CALCULATION

Official Letter No. 6002/TCT-DNNCN dated December 29, 2023 from the General Department of Taxation

The General Department of Taxation provides guidance on the case where an expatriate is working in Vietnam under an intra-corporation transfer scheme, receiving income paid by both Vietnam and overseas entities and where the overseas income (including compulsory insurances (CI) paid overseas) will be subsequently reimbursed by the Vietnam entity in full, any compulsory insurances contributed paid overseas are not allowed to be deducted when calculating the PIT liability in Vietnam.

With the guidance provided above, businesses need to clarify whether CI contributions made abroad by expats performing intra-corporate transfer are deemed to be deductible when calculating CIT taxable income in Vietnam. This clarification is essential to mitigate potential risks.



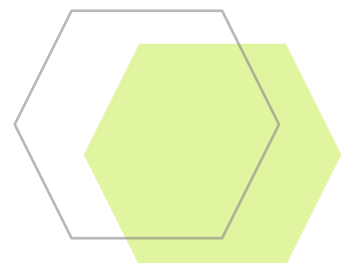


RECOVERY OF VAT REFUND FOR EXPORTS DUE TO LATE PAYMENT

Official Letter No. 257/TCT-CS dated January 19, 2024 granted by the General Department of Taxation

The General Department of Taxation instructs that in cases where the deadline for payment under export contracts and appendices arrives, and the company fails to provide payment vouchers, the conditions for VAT deduction and refund will not be met. In such instances, the Ho Chi Minh City Tax Department will recover the refunded VAT amount and handle it in accordance with the Law on VAT and Law on Tax Administration.

With the guidance mentioned thereof, taxpayers need to note potential risks related to VAT refund, wherein the corresponding VAT refund for export activities must ensure compliance with payment terms specified in the contract and its appendices with foreign customers.





VAT DEDUCTION FOR FOREIGN SUPPLIERS ENGAGED IN E-COMMERCE AND DIGITAL BASED BUSINESS

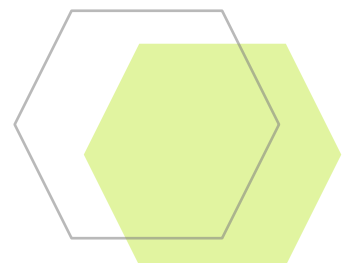
Official Letter No. 296/TCT-CS dated January 24, 2024 from the General Department of Taxation

The General Department of Taxation provides guidance on:

Determining foreign suppliers engaged in e-commerce and digital based business who have registered for tax in Vietnam: The General Department of Taxation in Vietnam has publicly posted the list of foreign suppliers who have made tax registration on the portal for foreign suppliers (etaxvn.gdt.gov.vn). The Company may access the portal to look up the tax registration status of foreign supplier.

In terms of VAT declaration and deduction: One of the conditions for input VAT deduction is to have a VAT invoice of the purchased service or VAT payment documents at the import stage or VAT payment documents on behalf of the foreign party. The prepaid invoice issued by the foreign contractor to the Company is not a VAT invoice for an organization declaring VAT by deduction method and therefore does not meet the conditions for input VAT deduction as prescribed. With this official letter, the General Department of Taxation instructs that through the tax registration method on the e-portal, the non-resident supplier will directly declare and pay FCT to the Tax Authority, as well as submit invoices not meeting the current requirement mentioned thereon to be eligible for VAT deduction.

Therefore, you need to note this guidance and assess its impact on your business activities.



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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BAKER TILLY INTERNATIONAL

a worldwide network including the world's leading independent member firms of professional accounting firms and business advisers, was established in 1987 and has headquartered at Global Office, Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU, United Kingdom.

Top 7

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of the global annual income in **2022**



145

Territories



703

Offices

41.234

Employees

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- Ha Noi Branch.
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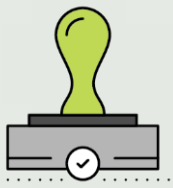
Auditing • Accounting • Advisory • Legal • Valuation • Training • Ongoing to develop and diversify our services.

COLLECTIVE MEMBERSHIP OF NUMEROUS HUGE INDUSTRY ASSOCIATIONS

Being a member of Vietnam Association of Certified Public Accountants (VACPA) • VietbusinessClub (VBC) • Vietnam Tax Consulting Association (VTCA) •

APPROVED BY

- The State Securities Commission to audit the **Financial Statements of the listed joint stock companies**, public joint stock company and securities companies.
- The State Bank of Vietnam to **perform audit on the financial statements of the banks and credit institutions** operating in Vietnam.
- Non-governmental organizations **allow the auditing of projects** funded by these ones.



ASSURANCE SERVICE



Financial Statements



Audit Finalization of Completed Projects



VALUE-ADDED SERVICE



Tax Consultancy



Transfer Pricing Documentation



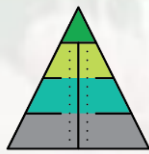
Risk Management



Finance



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Investment Project Appraisal



Corporate Restructuring



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Accounting



Training