



# NEWSLETTER

JUNE 2023



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## General Department of Taxation on the review and handling of illegal invoices.

*Official Letter No. 1798/TCT-TTKT dated May 16, 2023 of the General Department of Taxation*

The General Department of Taxation received Official Letter No. 1770/CAT-CSKT dated March 29, 2023 from the Phu Tho Provincial Police, requesting direction and coordination in preventing crimes of illegal purchase and sale of electronic invoices. Accordingly, the Phu Tho Public Security Agency investigated and discovered that a number of individuals had purchased businesses to issue invoices, sold them to organizations and individuals in need, causing damage to the state budget. .

One of the notable directives, **the General Department of Taxation requested the Tax Department to focus on reviewing the sales invoices of 524 enterprises** in Appendix 1 (collectively 524 enterprises) attached to the official dispatch. This.

In case it is discovered that an enterprise under the tax authority has used its invoice out of 524 enterprises, the enterprise shall be **requested to clarify** the use of the invoice for VAT deduction/VAT refund, which is included in the calculation. CIT expenses, legal goods bought floating, smuggled



## **FCT for the case of two foreign companies delivering and receiving goods in Vietnam**

*Official Letter No. 1861/TCT-CS dated May 17, 2023 of the General Department of Taxation*

Accordingly, in case Company A in British West Indies supplies goods to Company B in British Virgin Island through Company C in Vietnam, the goods are delivered and delivered in the territory of Vietnam:

- Company A is subject to the application of contractor tax in Vietnam;
- Company C is obliged to declare and pay contractor tax on behalf of Company A according to regulations..



## Guiding handling of interest expense in case of negative EBITDA

*Official Letter No. 9662/TCBDU-TTHT dated Jun 05, 2023 of the Tax Department of Binh Duong province*

The Tax Department of Binh Duong province guides, in case the total net profit from business activities in the period plus interest expense after deducting deposit interest and loan interest incurred in the period plus depreciation expense incurred in the negative period (negative EBITDA) then:

- The part of interest expense that is **not deductible** when determining taxable income; and
- The interest expense is **carried forward** to the next tax period, according to Point b, Clause 3, Article 16 of Decree No. 132/2020/ND-CP.



## Guiding the VAT rate for exported goods without customs declaration

*Official Dispatch No. 2326/TCT-CS dated June 9, 2023 of the General Department of Taxation*

Accordingly, the General Department of Taxation guides that in case the company **sells goods** to a foreign partner **without a customs declaration**, the value-added tax rate of 10% shall be applied.



## Directing the inspection of electronic invoices

*Official Letter No. 2392/TCT-QLRR dated June 14, 2023 of the General Department of Taxation*

The General Department of Taxation guides and directs the Tax Departments of provinces/cities directly under the Central Government to inspect electronic invoices. Accordingly, the General Department of Taxation has built a function on the e-invoice application to meet the requirements of controlling e-invoices, preventing the issue of false invoices.

Some of the main functions are as follows:

- The system automatically controls the total value of goods sold on the issued invoices against the input value threshold calculated by K times the total value of inventory and the total value of purchased goods.
- The alarm system follows parameter K.

**$K = (\text{Total value of goods sold on invoice}) / (\text{Total value of inventory} + \text{Total value of goods purchased on invoice})$**



## Directing the inspection of electronic invoices

*Official Letter No. 2392/TCT-QLRR dated June 14, 2023 of the General Department of Taxation*

On this basis, cases where taxpayers (NNTs) exceed the threshold will be warned and put on the management list. Use the function of looking up the list of warning taxpayers to/review and identify cases subject to discontinuation of using invoices as prescribed. Tax authorities use the existing function when deploying e-invoice software to notify stop/continue to use invoices (meeting the provisions of Article 16, Decree No. 123/2020/ND-CP).

The "Invoice usage warning list" function in the e-invoice application serves to control e-invoices and prevent the issue of false invoices on the e-invoice application module. open from 15/6/2023.





## VAT reduction policy under Resolution No. 101/2023/QH15 of the National Assembly

*Decree No. 44/2023/ND-CP dated June 30, 2023 of the Government*

### Applicable object:

Value-added tax reduction for groups of goods and services currently being applied at the tax rate of 10%, except for the following groups of goods and services:

- a) Telecommunications, financial activities, banking, securities, insurance, real estate trading, metals and prefabricated metal products, mining products (excluding coal mining), coke , refined petroleum, chemical products. Details are in Appendix I issued together with this Decree.
- b) Products, goods and services subject to excise tax. Details are in Appendix II issued together with this Decree.
- c) Information technology according to the law on information technology. Details are in Appendix III issued with this Decree.

The reduction of value added tax for each type of goods and services is uniformly **applied at the stages of import, production, processing, business and trade.**



## **VAT reduction policy under Resolution No. 101/2023/QH15 of the National Assembly**

*Decree No. 44/2023/ND-CP dated June 30, 2023 of the Government*

### **VAT reduction: :**

- a) Business establishments that calculate VAT by the credit method may apply the VAT rate of 8% for goods and services specified in Clause 1 of this Article.
- b) Business establishments (including business households and business individuals) that calculate VAT according to the percentage method on revenue are entitled to a 20% reduction of the percentage rate to calculate value-added tax when exporting. invoices for goods and services eligible for value-added tax reduction specified in Clause 1 of this Article.



## **VAT reduction policy under Resolution No. 101/2023/QH15 of the National Assembly**

*Decree No. 44/2023/ND-CP dated June 30, 2023 of the Government*

### **VAT declaration:**

If the business establishment has issued an invoice and declared at the tax rate or percentage to calculate the value added tax that has not been reduced as prescribed in this Decree, the seller and the buyer shall process the invoice. have been prepared in accordance with the law on invoices and vouchers. Based on the invoice after processing, the seller declares and adjusts the output tax, and the buyer declares the adjustment of input tax (if any).

Business establishments specified in this Article shall declare VAT-reduced goods and services according to Form No. 01 in Appendix IV issued with this Decree together with the Value-Added Tax Declaration.

### **Effectivity:**

This Decree takes effect from **July 1, 2023 to the end of December 31, 2023.**


## ABBREVIATION


<b>CIT</b>	Corporate Income Tax	<b>JVC</b>	Joint Venture Company
<b>PIT</b>	Personal Income Tax	<b>Ltd.</b>	Limited
<b>VAT</b>	Value Added Tax	<b>PC</b>	People's Committee
<b>FCT</b>	Foreign Contractor Tax	<b>MOF</b>	Ministry of Finance
<b>FA</b>	Fixed Asset	<b>MOIT</b>	Ministry of Industry and Trade
<b>GDT</b>	General Department of Taxation	<b>MOLISA</b>	Ministry of Labor, Invalid and Social affairs
<b>EPE</b>	Export Processing Exporting Company	<b>DPI</b>	Department of Planning and Investment
<b>EPZ</b>	Export Processing Zone	<b>OL</b>	Official Letter
<b>UAL</b>	Usage of Agricultural Land	<b>SBV</b>	The State Bank of Vietnam
<b>IZ</b>	Industrial Zone	<b>FC</b>	Foreign Contractor




# THANK YOU


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