

### 1. CORPORATE INCOME TAX

#### ❖ Overtime expenses for employee

OL No. 3674/CTBNI-TTHT dated 08 November 2022 issued by the Tax Department of Bac Ninh guides:

In case the Company organizes overtime work for employees, the Company should make a notification in writing to get approval from competent authorities. The approved overtime expenses serving the Company's business activities are deductible when determining the taxable income for CIT purposes.

#### ❖ Income from trading activities are not entitled to CIT incentives

OL No. 3593/CTBNI-TTHT dated 31 October 2022 issued by the Tax Department of Bac Ninh stipulates:

In case the Company enjoyed CIT incentives by area supplements its business with trading activity but does not increase capital or not expand its investment for increasing assets, the income from the trading activity would not be eligible for CIT incentives.

### 2. PERSONAL INCOME TAX

#### ❖ Guidance on PIT finalization declaration

OL No. 50820/CTHN-TTHT dated 20 October 2022 issued by Tax Department of Hanoi regulates:

- An income-paying Company should have the employees' individual tax code when implementing PIT finalization declaration on behalf of employees (with their authorizations).
- In case the income-paying Company declares PIT finalization only by identity certificated number of employees, the Company should instruct the employees to apply for the tax registration procedure as prescribed in Circular No. 105/2020/TT-BTC and prepare the adjusted PIT declaration as regulated.

### 3. VALUE-ADDED TAX

#### ❖ VAT declaration for construction activities located in another province of the head quarter

OL No. 53393/CTHN-TTHT dated 04 November 2022 issued by Hanoi Tax Department guidance as:

In case a construction contractor does not directly enter into any contracts with the investor to execute construction works in another province other than its head quarter, the contractor is not required to declare VAT for construction works with the Tax Authority of province where construction is conducted.

#### ❖ VAT and invoice for compensation

OL No. 3359/CTHPH-TTHT dated 20 October 2022 issued by Hai Phong Tax Department stipulated as:

In case a Company rents a warehouse and receives compensation for damaged goods from the lessor due to a water leak in the warehouse, the VAT and invoice should be treated as follows:

- Regarding VAT: The Company is allowed to credit the input VAT of warehouse rental expenses if the conditions for payment vouchers and invoices as prescribed are satisfied.
- Regarding to invoices: The Company is not required to issue an invoice but should issue a receipt for the compensation received from the lessor.

### 4. FOREIGN CONTRACTOR TAX

#### ❖ FCT levied on income from providing the right of using trademark in Vietnam

OL No. 51874/CTHN-TTHT dated 27 October 2022 issued by Hanoi Tax Department regulated as:

In case a Vietnamese Company pays a foreign vendor to use a trademark in Vietnam, the income shall be subject to FCT in accordance with the regulations on intellectual properties at rates:

- CIT rate on taxable revenue is 10%.
- VAT is 10% in case of applying the deductible method or 5% if applying direct method.

❖ **FCT levied on income from providing service and selling goods through forward and option contracts**

*OL No. 3334/TCT-CS dated 09 September 2022 issued by the General Department of Taxation guidance as:*

In case activities of providing services and selling goods through forward and options contracts at the commodity exchange are determined to be a derivative financial service as prescribed, the income received from foreign contractors is not subject to VAT and subject to CIT rate of 2% on the taxable revenue.

## 5. INVOICE

❖ **Announcement of the "Lucky bills" program in Ho Chi Minh City**

*OL No. 16142/TB-CTTPHCM dated 27 October 2022 issued by the Tax Department of Ho Chi Minh City announce as:*

Tax Department of Ho Chi Minh City announce to tax paying organizations, businesses and individuals in Ho Chi Minh City the content in the "Lucky Invoice" program. To encourage buyers get invoices when purchasing goods and

services for enhancing business revenue management and avoiding tax loss. Creating a civilized consumption habit, buying and selling goods with legal invoices and documents, protecting the interests of buyers. Encouraging sellers of goods and providing services to use e-invoices with tax authorities' codes.

## 6. LABOR

❖ **The Workers Conference 2023 should be held by 31 May 2023**

*OL No. 1333/LĐLĐ-CSPL dated 13 December 2022 issued by the Confederation Labor of Ho Chi Minh City regulated as:*

According to the announcement of the HCMC Labor Confederation, the employees conference 2023 at the enterprises is encouraged to be held **before 31 March 2023**. In case of a good reason, the organization can be postponed the conference to 31 May 2023.

The employee conference in 2023 can be held in person or online but the content must be recorded.

The organization of the Employees Conference 2023 at enterprises is still based on the provisions of Decree No. 145/2020/ND-CP.

#### Abbreviations

MOF	CIT
Ministry of Finance	Corporate Income Tax
GDT	PIT
General Department of Taxation	Personal Income Tax
MOLISA	VAT
Ministry of Labour, War invalids and Social Affairs	Value Add Tax
OL	FCT
Official Letter	Foreign Contractor Tax

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*This newsletter aims to update and summarize the general provisions related to Taxation, Accounting, Investment and Labor in Vietnam. You should seek professional advice before making a decision.*