

1. VALUE ADDED TAX, CORPORATE INCOME TAX AND PERSONAL INCOME TAX

❖ Extension of tax payments in 2023

Decree No. 12/2023/ND-CP dated 14 April 2023 issued by the Government stipulated the extension of tax (VAT, CIT, PIT) and land rental payments in 2023.

i. The application period for the extension of tax and land rent payments in 2023 is as follows:

- The **extension of VAT** payment (including the tax amount allocated to other provinces, the province where the taxpayer's head office is located, and the tax amount incurred each time) for VAT payable incurred in the tax period **from March 2023 to August 2023** (monthly basis) and **the 1st and 2nd quarter of 2023** (quarterly basis) of enterprises, organizations is mentioned in Article 3 of this Decree as detailed:
 - The deadline for VAT payment of the tax period in March 2023 is 20 October 2023;
 - The deadline for VAT payment of the tax period in April 2023 is 20 November, 2023;
 - The deadline for VAT payment of the tax period in May, June, July and August 2023 is 20 December 2023;
 - The deadline for VAT payment of the 1st quarter tax period 2023 is 31 October 2023;
 - The deadline for VAT payment of the 2nd quarter tax period 2023 is 31 December 2023.

Note: The above regulation does not apply to import VAT.

- The **extension of estimated CIT** payment in the 1st and 2nd quarter 2023 of enterprises, organizations is mentioned in Article 3 of this Decree. **The extension period is 3 months** from the end of the deadline for the CIT payment in accordance with the law on tax administration.
- The extension of VAT and PIT payment for tax payable arising in 2023 of business households and individuals operating in the economic sectors and fields is regulated in Clauses 1, 2 and 2. 3 Article 3 of Decree No.12/2023/ND-CP. Business households and

individuals shall be extended the tax payment **by 30 December 2023.**

- Land rental: Extending the land rental remittance deadline for 50% of the arising land rental payable in 2023 of enterprises, organizations, households and individuals specified in Article 3 of this Decree who is being leased directly by the State under a Decision or Contract of a competent state agency in the form of annual land rental payment. The extension period is 06 months from 31 May 2023 to 30 November 2023.
- ii. Procedures for extension:
 - Taxpayers may submit the Application for extension via the internet or in the written directly to the Tax Authority according to the Appendix attached to this Decree at the same time as submitting the tax declaration.
 - The deadline for submission is 30 September 2023 in case the Application for extension is not submitted at the same time as the tax declaration.

The Decree takes effect from the signing date until 31 December 2023.

❖ PIT and CIT on gifts from sweepstakes.

OL No. 3281/CTBDU-TTHT dated 21 February 2023 guiding the tax policy for the event that the Company organizes sweepstakes as the year-end part specifically:

- For gifts of different values (converted into money), the income that the employee received is determined as income subject to PIT from wages and salaries. Accordingly, the Company deducts, declares and pays PIT.
- The cost of sweepstake gifts for employees is determined as another welfare cost. Thus the sweepstake cost is determined as deductible expenses in case other conditions are met in accordance with the provisions and the total welfare cost does not exceed the average of 1 actual monthly salary during the year.

❖ PIT on gifts and bonuses for employees.

OL No. 3469/CTHN-TTHT dated 01 February 2023 issued by the Tax Department of Hanoi stipulates PIT for income that the Company pays employees. Accordingly, the Company should consider the nature of income paid to employees and make PIT

declaration/deduction. Some typical cases are as follows:

- In case the Company pays the cost for employee training to improve qualifications and skills based on employees' profession and work, the fee is not included in the taxable income of employees;
- In case the Company organizes contests for employees and their relatives, the Company should deduct PIT on the amount of the individual prize that exceeds 10 million VND based on each winning time regardless of the number of times receiving the prize money;
- In case employees are given a gift by the Company in kind as "vouchers, gift cards" or gift baskets of confectionery, mugs, shirts, etc." the employees are not required to declare and pay PIT if these gifts are not given as salary and wages nature.

❖ **Guidance on CIT policy for the VAT of invoices issued for gifting goods**

OL No. 8202/CTHN-TTHT dated 28 February 2023 guiding the VAT policy under Decree No. 15/2022/ND-CP as specifically:

According to OL No. 447/TCT-DNL dated 16 February 2023 issued by the GDT and OL No. 274/CTBNI-TTHT dated 03 February 2023 by the Tax Department of Bac Ninh Province guidance that output VAT of goods and services used for promotion, advertising, giving, donation or internal consumption is subject of VAT by deductible method, so the amount of VAT that cannot be collected on the invoice issued for promotion, advertising, giving, donation or internal consumption is not included in the deductible cost when determining CIT taxable income.

❖ **Tax policy for goods canceled or returned**

OL No. 4220/CTBDU-TTHT dated 03 March 2023 guiding the policy on canceled goods as:

- In case the Company cancels the export shipment according to the contract/annex as the goods are not suitable for the foreign market and the customer agrees to pay the entire value of the shipment, the Company is entitled to declare and deduct input VAT and deductible cost when calculating CIT on value and costs related to the canceled shipment.
- In the event that the canceled domestic shipment is paid by the customer, the Company issues an output VAT invoice, declares tax and records sales revenue for customers.

OL No. 287/CTBNI-TTHT dated 06 February 2023 guiding the policy for the return of the Company's sold goods specifically as:

- Based on the returned goods invoice of the purchaser, the Company makes supplement declarations and reduces the revenue subject to VAT of the previous monthly/quarterly declared period.
- In case the Company purchases goods and then returns them to the Seller, the Company should make an invoice of goods return, supplement declarations, and reduce the deducted input VAT for the previous monthly/quarterly declared and deducted period.

❖ **Trade discount**

OL No. 313/CTTPHCM-TTHT dated 11 January 2023 further guides the VAT rates related to trade discounts made at the end with corresponding tax rates:

- In case the trade discount associated with the revenue from selling goods or providing services from February to December 2022 is subject to a VAT rate of 8%, the VAT rate of trade discount is correspondingly 8%.
- In case the trade discount is associated with the revenue from selling goods or providing services in 2022 with the applicable VAT rate of 10%, the VAT rate of trade discount is correspondingly 10%.

2. FOREIGN CONTRACTOR TAX

❖ **FCT when purchasing Slack package, Github using technology platform**

OL No. 4035/CTHN-TTHT dated 07 February 2023 of Hanoi Tax Department guiding the obligation of FCT declaration, withholding, and payment on behalf for the purchase of Slack account packages (online tools, services to support management and teamwork in the cloud), Github (service of providing an online-based repository for software development projects) on the technology platform from foreign suppliers:

Income generated in Vietnam that Foreign suppliers received from providing the right of using utilities on available technology platforms is defined as royalty income and not software services /technology transfer /intellectual property right transfer. Therefore, the applicable FCT rate is 10% of CIT and 5% of VAT.

3. OTHERS

❖ **Financial statement**

OL No. 924/BTC-QLKT of the MOF guiding the application of International Financial Reporting Standards (IFRS) as specifically:

Accordingly, the MOF is currently focusing on researching and updating Vietnamese Accounting Standards by international practice and reporting standards. Therefore, Vietnamese enterprises have temporarily not applied IFRS until there are official instructions and continue to apply the applicable Vietnamese accounting standards and regimes.

❖ Invoices

OL No. 20935/CTBDU-TTHT dated 29 December 2022 and OL No. 3377/CTHN-TTHT dated 31 January 2023 stipulating the time of invoice issuance and the applicable VAT rate as specifically:

- Accordingly, goods and services are subject to tax rate reduction under Decree No. 15/2022/ND-CP in the calendar year 2022 will no longer be effective from 01 January 2023, and tax-reduced goods and services should apply the VAT rate of 10% including contracts and services made in 2022 but invoiced in 2023.
- Even for construction and installation activities, the time of invoicing is the time of acceptance and handover of works, work items, completed construction and installation volumes, regardless of receipts of payment. For invoicing after 31 December 2022, the VAT reduction policy under Decree No. 15/2022/ND-CP will not be applied even though the goods and services provided are subject to VAT reduction.

4. LABOR

❖ Records related to foreign laborers

DOLISA of Ho Chi Minh City guidance on regulations and procedures for preparing documents related to foreign laborers under the Labor Code 2019 and Decree No.152/2020/ND-CP as:

- Procedures for reporting and explaining the need for using foreign laborers and cases of exemption from reporting and explaining;
- Procedures for grant, re-grant and extension of work permits
- Cases where foreign laborers are not granted work permits and confirmation procedures;
- Cases exempted from confirmation that are not subject to be granted work permits and

procedures for notifying exemption from confirmation;

- Cases are submitted the report to the DOLISA and submission forms;
- Duration for signing a labor contract after being granted or extended a work permit;
- Reporting on the situation of using foreign laborers;
- Cases where work permits are withdrawn;
- Behave of foreign laborers to be administratively sanctioned;
- Forms used to carry out procedures related to foreign laborers.
- Accordingly, notable that if an enterprise wants to employ foreign laborers in a variety of positions and job titles in the same year, the Company should report and explain its demand at the same time or quarterly to avoid multiple submissions and convenient tracking.
- For the position of Manager (except for manager of the private enterprise, partnership member, Chairman of the Board of Members, member of the Board of Members, President of the company, Chairman of the Board of Directors, member of the Board of Directors, Director, General Director named on the business certificate), explanation of demand report should additionally submit charter of the enterprise (certified copy).
- The deadline for submitting the application for a work permit is at least 15 days before the expected date of employing foreign laborers and the application for confirming foreigner is not subject to a work permit must be submitted at least 10 days before the start working date of foreign employee.
- After being granted or renewing a work permit, the enterprise must sign a written labor contract with foreigners before the planned working date. At the same time, the Company submits the signed labor contract (original or certified copy) to the DOLISA where the work permit has been issued.

Abbreviations

CIT	GDT
Corporate Income Tax	General Department of Taxation
PIT	MOF
Personal Income Tax	Ministry of Finance
VAT	DOLISA
Value Added Tax	Department of Labor, War Invalids and Social Affairs
FCT	
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