

1. CORPORATE INCOME TAX

❖ Determine the discount on exchange bills and deferred interest in the formula for calculating total interest expense

OL No. 42369/CTHN-TTHT dated 19 June 2023 issued by the Tax Department of Ha Noi guides as follows:

- In case the enterprise has related transactions and generated revenue from interest on deferred sales payment, the income from deferred sales interest is not deposit or loan interest arising in the period specified in Clause 3, Article 16 of Decree No. 132/2020/ND-CP.
- For the expense of paying discounted interest on exchange bills of the Bank, the Company should base on the actual transactions and compare with the credit regulations to determine the nature of the discount interest whether as the interest expense as stipulated in Clause 3, Article 16, Decree No.132/2020/ND-CP.

2. VALUE ADDED TAX

❖ Regulations on VAT reduction policy according to Resolution No. 101/2023/QH15 dated 30 June 2023

Regulations No. 44/2023/NĐ-CP dated 30 June 2023 of the Government guidance as follows:

According to the Resolution, the VAT rates applied from 01 July 2023 to the end of 31 December 2023 are as follows:

- Business establishments that calculate VAT by the credit method may be entitled to the VAT rate of 8% for the currently applying 10% rate of goods and services, except for the following groups of goods and services:
 - Telecommunication, financial activities, banking activities, securities, insurance, trading of real estate, metal, and precast metal products, mining products (excluding coal mining), coke mining, refined oil, and chemical products (further details are in Appendix I enclosed herewith Decree No.44/2023/ND-CP). The producing coal for sale (including the case of coal mined and then screened, classified and sold by a closed process) is subject to VAT reduction,

other stages except mining and selling are not entitled to a reduction in VAT.

- Goods and services subject to excise tax, further details are provided in Appendix II enclosed herewith.
- Information technology products and services as prescribed in the Law on information technology, further details are enclosed in Appendix III.
- The VAT reduction on specific types of goods and services prescribed in Clause 1 of this Article should apply consistently at all stages, including import, production, processing and trading.
- In case the goods and services prescribed in Appendixes I, II and III enclosed with Decree No.44/2023/ND-CP are not subject to VAT or subject to 5%, the VAT reduction is not entitled to apply.
- Business establishments (including household and individual businesses) that pay VAT using the direct method by percentage (%) on revenue shall be eligible for a 20% reduction on the percentage (%) used for calculating VAT when issuing invoices for the goods and services eligible for VAT reduction specified in Clause 1 of this Article.

❖ Receiving sponsorship money to perform advertising services for sponsors must declare VAT and corporate income

OL No. 41474/CTHN-TTHT dated 14 June 2023 issued by the Tax Department of Ha Noi guides as follows:

In case of receiving the sponsorship to perform services such as advertisements, VAT and CIT should be declared and paid according to the Clause 1 Article 5 of Circular No. 219/2013/TT-BTC, Article 5 of Circular No. 78/2014/TT-BTC.

❖ Providing services to EPEs out of export processing zones should calculate VAT

OL No. 43260/CTHN-TTHT dated 22 June 2023 issued by the Tax Department of Ha Noi stipulates as follows:

In case, the Company provides repair services to EPEs but performed and consumed outside the nonb-tariff zone, the services are not eligible for the VAT rate of 0% according to Article 9 Circular No. 219/2013/TT-BTC dated 31 December 2013. The Company should apply the VAT rate of 10%

in accordance with Article 11 Circular No.219/2013/TT-BTC dated 31 December 2015 of the Ministry of Finance.

3. PERSONAL INCOME TAX

❖ PIT deduction for royalties

OL No. 45192/CTHN-TTHT dated 30 June 2023 of the Tax Department of Ha Noi guides as follows:

In case the Company pays royalties for published works to authors who are collaborators of the Company in accordance with the relevant law, the above remuneration is determined as income from salaries and wages as prescribed at Point c Clause 2 Article 2 of Circular No. 111/2013/TT-BTC dated 15 August 2013 of the MOF. The Company is responsible for withholding tax at the rate of 10% for income from two million VND (2,000,000)/time or more before paying to the author.

4. OTHER TAX

❖ Decree on Export Tariffs, Preferential Import Tariffs, Nomenclature of products and fixed duties, mixed duties, out-of-quota import duties

Decree No. 26/2023/ND-CP dated 31 May 2023 granted by the Government guides as follows:

The Decree takes effect from 15 July 2023, replacing Decrees No. 122/2016/ND-CP, Decree No.125/2017/ND-CP, Decree No.57/2020/ND-CP, Decree No.101/2021/ND-CP, and Decree No.51/2022/ND-CP, according to which the list of tariffs is specified for a number of items as follows:

- The Export Tariffs under Nomenclature of Taxable Products.
- The Preferential Import Tariffs under Nomenclature of Taxable Products.
- Nomenclature of products and fixed duties, mixed duties imposed on automobiles for the transport of 15 or fewer persons, have been used.
- Nomenclature of products and tariff on out-of-quota import imposed on goods subject to tariff-rate quotas.

In addition, the Decree also details the subjects, conditions, and preferential import tax rates that apply to automobile components imported under the Tax Incentive Program for the manufacture and assembly of automobiles (the Tax Incentive Program) and the Incentive Program on tax for the automobile supporting industry.

5. INVOICE

Checking E-Invoices

OL No. 2392/TCT-QLRR dated 14 June 2023 issued by the GDT guidances as follows:

GDT has created the function on the e-invoices application to meet the requirements of controlling invoices and preventing fraud invoices issuance. Accordingly, the system has been established with the following functions:

- The system automatically controls the total value of goods sold on the issued invoices compared to the value of input goods calculated by K times the total value of inventory and purchased goods.
- The alarm system will follow the K parameter.

Accordingly, in case the taxpayer exceeding the threshold will be warned and put on the management list. Tax authorities will use the function of looking up the list of warning taxpayers to consider and identify cases should be stopped using invoices according to regulations. The tax authority uses the existing function when deploying the e-invoice software to notify the cessation/continued use of invoices (according to the provisions of Article 16 Decree No. 123/2020/ND-CP).

6. LABOR

❖ Compulsory Insurance premium rate from 1 July 2023

On 7 June 2023, the Vietnam Social Insurance Department issued Notice No. 2651/TB-BHXH regulated the payment of social insurance, health insurance, unemployment insurance, occupational accident and disease insurance from 1 July 2023 specifically as:

The ceiling rate for compulsory social insurance, health insurance and occupational accident and disease insurance payment is 36,000,000 VND/month.

The ceiling rate of unemployment insurance is 20 times the regional minimum salary:

- Region I is 93,600,000 VND/month.
- Region II is 83,200,000 VND/month.

❖ Regarding content on monthly payment of social insurance, health insurance and unemployment insurance according to the structure prescribed by the social insurance department.

On June 30, 2023, Vietnam Social Insurance Department issued OL No. 1995/BHXH-TCKT stipulates on remittance via the banking system to ensure the control of collecting social insurance, health insurance, unemployment insurance and

occupational accident and disease insurance of the units are automatically updated into the system, data communication between software is efficient and timely. Specifically:

- In case, the unit uses the social insurance payment utility on the Mobile Banking application of the bank: Input and select payment information.
- In case the unit makes a payment via other channels, the remittances, the payment slips created by the unit must clearly state - Submission structure:
+BHXH+103+00+Company code+ Department code of social insurance+remit social insurance.

Abbreviations

MOF	OL
Ministry of Finance	Official Letter
EPEs	CIT
Exported Processing Enterprises	Corporate Income Tax
MPI	PIT
Ministry of Planning and Investment	Personal Income Tax
GDT	VAT
General Department of Taxation	Value Add Tax
MOLISA	SI - HI
Ministry of Labour, War invalids and Social Affairs	Social insurance – Health insurance

Contract:

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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