

1. VALUE ADDED TAX

❖ Tax declaration for dependent accounting branches.

OL No. 14116/CTHN-TTHT dated 22 March 2024 issued by the Tax Department of Ha Noi guidance on VAT declaration for dependent branches as follows:

- In case the dependent unit (branch) conducts business activities without fully tracking and accounting output and input VAT, the Company should declare and submit VAT declarations of the Head and dependent Branches in other provinces to the directly managing tax authority of the head office as prescribed in Clauses 1 and 2, Article 11 of Decree No. 126/2020/ND-CP.
- In case the dependent unit (branch) directly sells goods, uses invoices registered by the dependent unit or by the taxpayer with the tax authority managing the dependent, fully tracks and accounts for output and input VAT, the dependent branch should declare and pay VAT to the directly managing tax authority of the branch as prescribed in Clause 4, Article 13 of Circular No. 80/2021/TT-BTC.

❖ VAT policy for the EPEs

OL No. 3123/CTH DU-TTHT dated 04 April 2024 issued by the Tax Department of Hai Duong province guiding on VAT policy for EPEs as follows:

In case the Company signs a contract with an EPE to sublease land use rights associated with infrastructure. From the registration time of the investment project to establish a factory in the leased industrial park, EPE has submitted the capability commitment to satisfy the conditions on customs inspection, surveillance, and has been granted an IRC by the investment registration agency and is eligible for applying EPE regulations, the subleasing service of land use rights associated with infrastructure (within EPE land) is subject to 0% VAT rate if satisfying conditions prescribed in Article 9 of Circular No.219/2013/TT-BTC dated 31 December 2013 and not falling under cases specified in Clause 2, Article 1 of Circular No.130/2016/TT-BTC dated 12 August 2016 issued by the MOF.

2. PERSONAL INCOME TAX

❖ Tax policy on capital transfer and donation activities of foreign companies not present in Vietnam.

OL No. 8983/CTHN-TTHT dated 23 February 2024 issued by the Tax Department of Ha Noi stipulates the tax policy on capital transfer and donation activities as follows:

- In case the foreign company is not present in Vietnam has the activity of donating owned capital at another Company to a non-resident individual in Viet Nam (the capital receiver is a shareholder of another company whose capital is held by the foreign company), the income received from donation is subject to PIT as prescribed in Clause 10, Article 2 of Circular No.111/2013/TT-BTC. The tax payable should be determined according to the guidances in Article 23 of Circular No. 111/2013/TT-BTC.
- PIT on income from capital donations for non-residents is determined by taxable income multiplied (x) by the tax rate of 10%. Specifically, taxable income from capital donations as gifts is a value exceeding 10 million VND each time of receipt.

3. CORPORATE INCOME TAX

❖ Guidance on losses carrying forward after a branch ceases operations

OL No. 9579/CTHN-TTHT dated 28 February 2024 issued by the Tax Department of Ha Noi regulates the losses carrying forward after an independent accounting branch ceases operations as follows:

In case the Branch independently accounts and declares CIT, the Company inherits all the obligations and rights of the Branch when dissolution. The tax authority has inspected the tax finalization of the Branch and determines the detailed loss of each year, the loss will be tracked in detail by the occurred year and transferred to the Company when determining taxable income.

4. FOREIGN CONTRACTOR TAX

- ❖ **The materials imported from abroad transported by rail to the Intermodal Station of international and not to a border gate, still incur FCT liability.**

OL No. 3122/CTHDU-TTHT dated 04 April 2024 issued by the Tax Department of Hai Duong province guiding on FCT policy as follows:

- In case the Company imports materials from abroad by rail transported to the international Intermodal Station located within Vietnam's territory instead of border gate, the foreign organization should pay FCT on income arising in Vietnam as prescribed.
- In case the foreign organization does not meet conditions for tax registration in Vietnam, the Company is responsible for withholding, declaring and paying FCT on behalf of the foreign contractor as guided in Articles 12 and 13 of Circular No.103/2014/TT-BTC.

5. IMPORT-EXPORT ACTIVITIES

- ❖ **Temporarily imported goods exempted from tax have changed the purpose of use should re-register customs declarations and subject to policies effective at time of new registration**

OL No. 1008/TCHQ-TXNK dated 12 March 2024 issued by the General Custom Department of Vietnam guiding on cases of the tax exemption temporarily imported goods has changed purpose of use as follows:

In case goods are temporarily imported for warranty, repair or replacement purposes and then re-exported, exempted by tax, but subsequently have changed the purpose of use to domestic consumption, a new customs declaration should be registered under the import-export management and duty policies applied at the time of new registration.

6. INVOICES

- ❖ **Invoice issuance for liquidating assets during business suspension period**

OL No. 10119/CTBDU-TTHT dated 08 April 2024 issued by the Tax Department of Binh Duong province stipulates the issuance of e-invoices with codes from tax authorities when suspending the operation of the business and has transacted liquidation of assets but not completed tax code deactivation procedures as follows:

- In case the Company pays VAT by deductible method and suspends operations without completing tax code deactivation procedures but has transacted assets as liquidation, the Company is eligible to issue e-invoices with codes from tax authorities for each arising transaction. The Company should submit a request for issuance of e-invoices with codes from tax authorities using Form No. 06/ĐN-PSĐT in Appendix IA attached to Decree No.123/2020/ND-CP to the tax authority and access the e-invoice system of tax authority to create invoices as prescribed in Clause 2, Article 13 of Decree No.123/2020/ND-CP.
- The procedures for receiving, processing and issuing codes for e-invoices per-transaction should comply with the guidance in Article 12 of Decision No.1447/QĐ-TCT by the GDT.

7. LABOR

- ❖ **Revision of ten (10) administrative procedures on employment from 29 March 2024**

Accordingly, promulgated together with Decision No.351/QĐ-BLDTBXH 10 administrative procedures have been amended and supplemented on the employment field under the state management function of the MOLISA including:

- Monthly job search notification procedure. Procedures of unemployment insurance participation;
- Procedures of unemployment benefit claim;
- Procedures of temporary unemployment benefits suspension;
- Procedures of unemployment benefits resumption;
- Procedures for unemployment benefits termination;
- Procedures for transferring unemployment benefit location (moved out);
- Procedures for transferring unemployment benefit location (moved to);
- Procedures for resolving supported vocational training;
- Procedures for supporting job counselling and offering;
- Procedures for monthly notification of job search.

Refer to detailed contents in Decision No.351/QD-BLDTBXH effective from 29 March 2024 amended and supplemented Decision No.1872/QD-LDTBXH dated 22 December 2015.

Abbreviations

MOF	IRC
Ministry of Finance	Investment Registration Certificate
MOLISA	CIT
Ministry of Labor, War Invalids and Social Affair	Corporate Income Tax
GDT	PIT
General Department of Taxation	Personal Income Tax
OL	VAT
Official Letter	Value Add Tax
EPE	
Export processing enterprises	

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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