



May 2024

Newsletter

KMC CONSULTING COMPANY LIMITED

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1 Transfer deductible VAT after ceasing operation of the branch

OL No. 1569/TCT-KK dated 15 April 2024 issued by the Tax Department of Ha Noi regarding transferring deductible VAT after ceasing operations of the branch:

In case the branch ceases operations and terminates validation of the tax code but the input VAT has not been fully deducted and fully meets the tax deduction conditions on regulations of the Law on VAT, the branch is entitled to transfer the remaining deductible VAT to headquarters for continuing to declare and deduct by regulations.

2 Instructions for deducting insurance deduction when finalizing PIT

OL No. 16888/CTHN-TTHT dated 2 April 2024 issued by the Tax Department of Ha Noi instructs on insurance deduction when finalizing PIT:

- In case individuals have income from salary with three months or more labour contracts and currently work at the Company at the PIT finalization period (including cases of not working full 12 months in year), employees are entitled to authorize the Company to perform PIT finalization.
- In case individuals join the voluntary insurance or pension fund that meets the regulations, the pension or insurance is enabled to be deducted from taxable income when calculating PIT. The proof of tax-deductible insurance is the photocopy of collection documents by the insurance organization or confirmation of the Company on the insurance amount deducted and remitted (if the Company paid on its behalf).

3 Transferring losses in case of converting independent accounting branch to dependent one

OL No. 1442/TCT-CS date 9 April 2024 issued by the Tax Department of Ha Noi guidance on transferring losses in case of converting independent accounting branch to dependent one:

Under provisions of Decree No.218/2013/ND-CP, "Enterprises established or have investment projects from the business type transformation, owner alternation, division, separation, merger, consolidation are responsible for fulfilling the obligation of CIT liabilities (including fines if any), and at the same time inherit all CIT incentives (including losses have not been carried forward) of previous enterprises or investment projects prior conversion, division, separation, merger or consolidation when continuing to satisfy the conditions on CIT incentives and losses carried forward by the provisions of law", the Tax Department provides instructions on transferring losses when a branch converts from independent to dependent accounting as follows:

- The recent legal CIT documents provide only regulations on transferring loss in cases an enterprise converts business type, alters ownership, divides, splits, merges, or consolidates;
- No regulations on transferring losses in cases of converting independent to dependent accounting branches.

4 FCT related to compensation

OL No. 1489/CTBNI-TTHT dated 17 April 2024 issued by Tax Department of Ninh Binh guiding on FCT related to compensation:

In case the Company signed a sale contract with Company B (foreign organization) that is subject to declare and pay tax by the ratio of revenue method, both parties enter compensation minutes to determine the value of the damage due to the defective delivered goods. The Company is obligated to calculate, deduct, declare and pay FCT on behalf of Foreign Company B when paying compensation as follows:

- For VAT: The Company should not declare and pay VAT on compensation amount according to the provisions of Clause 1, Article 5, Circular No.219/2013/TT BTC;
- For CIT: The Company should not declare and pay CIT while the received compensation payment is not greater than the damaged value (no taxable income occurs).

5 The tax refund of on-spot imported goods for business production

OL No.1846/TCHQ-TXNK dated 2 May 2024, issued by the General Department of Customs guidance on tax refund of on-spot imported goods for business production:

In case the importer has paid an import tax of goods and then used imported goods to manufacture exported products and exported abroad or into the non-tariff areas in Vietnam, the paid import tax for on-spot production goods shall be refunded according to the provisions of Article 36 of this Decree.

6 Change the content of registration to use electronic invoices

OL No. 3395/CTBNI-TTHT dated 10 May 2024, issued by the Tax Department of Bac Giang, stipulates adjusting the content of registration for using electronic invoices:

- In case the Company is subject to stop using electronic invoices with and without codes from the tax authority as prescribed in Clause 1, Article 16, Decree No.123/2020/ND-CP, the declaration to amend the registration content of using e-invoice (Form No. 01/DKTD-HĐĐT issued with Decree No.123/2020/ND-CP) submitted by the Company on the e-Invoice system of the General Department of Taxation shall not be accepted by the system.
- In case the Company prepares an e-invoice with a code issued by the tax authority each time arises, the digital signatures of the seller and the buyer are not required on the invoice.

Abbreviations

VAT	Value Added Tax	MOF	Ministry of Finance
PIT	Personal Income Tax	GDT	General Department of Taxation
CIT	Corporate Income Tax	MOIT	Ministry of Industry and Trade
BLT	Business License Tax	MOLISA	Ministry of Labor, War Invalids and Social Affairs
SCT	Special Consumption Tax	DPI	Department of Planning and Investment
IET	Import and Export Tax	SBV	The State Bank of Vietnam
FCT	Foreign Contractor Tax	EPE	Export processing enterprises
OL	Official Letter	EPZ	Export Processing Zone
INV	Invoices	IZ	Industrial Zone



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KMC's 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.





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