



**July 2024**

# **Newsletter**

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**KMC CONSULTING COMPANY LIMITED**

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# Content

<u>1</u>	OL No. 2155/TCT-CS dated 21 May 2024 issued by GDT guides on VAT for repairing services performed outside the non-tariff zones.	<b>VAT</b>
<u>2</u>	OL No. 1569/TCT-KK dated 15 April 2024 issued by the GDT regarding deductible VAT transferred in the next period when the branch terminates operation.	<b>VAT</b>
<u>3</u>	OL No. 28812/CTHN-TTHT dated 17 May 2024 issued by Ha Noi Tax Department guidances on CIT for supporting transportation expenses.	<b>CIT</b>
<u>4</u>	OL No.18135/CTBDU-TTHT dated 04 July 2024 issued by Binh Duong Tax Department regarding fully guidance on salaries of foreigners working in Vietnam, paid by oversea Parent Company then paid back by the Company in Vietnam.	<b>CIT</b>
<u>5</u>	OL No.1504/TCT-DNNCN dated 11 April 2024 issued by the GDT stipulated PIT obligations when transferring capital contributed by real estate.	<b>PIT</b>
<u>6</u>	OL No.2363/CTHYE-TTHT dated 11 June 2024 issued by Hung Yen Tax Department about Invoices issuance for services entitled to and not entitled to VAT reduction.	<b>OTH</b>

# Content

<u>7</u>	OL No. 40278/CTHN-TTHT dated 10 July 2024 issued by Ha Noi Tax Department regarding the time of invoices issuance.	<b>OTH</b>
<u>8</u>	OL No, 18137/CTBDU-TTHT dated 04 July 2024 issued by Binh Duong Tax Department guides on trade discount.	<b>OTH</b>
<u>9</u>	OL No.2926/CTCTH-TTHT dated 20 June 2024 issued by Can Tho Tax Department stipulated the documents for the non-cash payment by individual card.	<b>OTH</b>

## **1 VAT on repairing services performed outside the non-tariff zones**

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*OL No. 2155/TCT-CS dated 21 May 2024 issued by GDT guides on VAT for repairing services performed outside the non-tariff zones:*

According to Article 9 Circular No. 219/2013/TT-BTC, the VAT rate of 0% applies to exported goods and services, construction or project installation abroad and in non-tariff zones; international transportation, goods and services not subject to VAT when exported. Therefore, the service is not entitled to the VAT rate of 0% in case the Company provides repairing services to EPEs but performs and consumes at the Company (outside the non-tariff area).

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## **Deductible VAT is transferred into the next period when branch terminates operation**

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*OL No. 1569/TCT-KK dated 15 April 2024 issued by the GDT regarding deductible VAT transferred in the next period when the branch terminates operation:*

The branch is a dependent unit and located in a different province from the parent Company. In case the branch terminates the operation and effect of the tax code and still has a deductible VAT to transfer in the next period, the branch shall transfer remain deductible VAT from the previous period to the parent Company for continuously declaring and deducting under regulations if meeting the eligibility of VAT deduction.

## 3 Tax policy on supporting transportation expenses

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*OL No. 28812/CTHN-TTHT dated 17 May 2024 issued by Ha Noi Tax Department guidances on CIT for supporting transportation expenses:*

In case, the Company implements a policy to support transportation expenses for the buyer to promote the product consumption of the Company:

- VAT: when receiving financial support, the buyers should issue and send VAT invoices to the Company for declaring and paying tax by regulation.
- CIT: supporting transportation expenses should be written into offsetting minutes by both sides as a basis to net off the value of purchasing goods and specified in the contract/contract annex, list, and confirmation record of supporting transportation expense between both sides to be considered as deductible expense when calculating CIT as prescribed in Article 4, Circular No. 96/2015/TT-BTC.

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## **Fully guidance on salaries of foreigners working in Vietnam, paid by oversea Parent Company then paid back by the Company in Vietnam**

*OL No. 18135/CTBDU-TTHT dated 04 July 2024 issued by Binh Duong Tax Department regarding fully guidance on salaries of foreigners working in Vietnam, paid by oversea Parent Company then paid back by the Company in Vietnam:*

Foreigners working for the Company in Vietnam under the labour agreement with the overseas parent Company. In case the salaries are directly paid by the overseas Company by labour contract and then the Vietnam Company pay back to the parent Company implemented as follows:

- CIT: recording into deductible expense when calculating CIT under regulations.
- FCT: the Company should not withhold the FCT (if there is no different when paying).
- PIT:
  - Company declares Form 05/KK-TNCN by monthly or quarterly for income paid by the company.
  - Foreigners declare Form 02/KK-TNCN by monthly or quarterly for income in Viet Nam and oversea by themselves.

## **5 PIT obligations when transferring capital contributed by real estate**

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*OL No. 1504/TCT-DNNCN dated 11 April 2024 issued by the GDT stipulated PIT obligations when transferring capital contributed by real estate:*

In case individuals contribute capital by real estate, individual shareholders are not required to declare and pay PIT on real estate transfer upon the capital contribution. When individuals transfer, withdraw, or dissolve their shares, the shareholders should declare and pay PIT for income on real estate at the capital transfer stage.

## 6 Invoices issuance for services are and are not entitled to VAT reduction

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*OL No. 2363/CTHYE-TTHT dated 11 June 2024 issued by Hung Yen Tax Department about Invoices issuance for services entitled to and not entitled to VAT reduction:*

In case the Company conducts the maintenance and management of infrastructure for customers, including the services that are or are not subject to VAT reduction; when impossible to determine the tax rate, the Company implements as follows:

- The invoice should be issued with the highest tax rate of 10%.
- The customers could use the invoice to declare input VAT and and claim VAT refund (if applicable).

## 7 Time of invoices issuance

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*OL No. 40278/CTHN-TTHT dated 10 July 2024 issued by Ha Noi Tax Department regarding the time of invoices issuance :*

Time of issuing sale invoices: the time of signing delivery records.

## 8 Trade discount

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*OL No. 18137/CTBDU-TTHT dated 04 July 2024 issued by Binh Duong Tax Department guides on trade discount:*

- Adjustment invoice issuance (in case of separate invoice issuance): do not write negative value as this is not an error.
- The buyers and the sellers based on the adjustment invoice for preparing the SUPPLEMENT DECLARATION for the original invoices's declaration.

## 9 The vouchers of non-cash payment when paid by visa card of individual

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*OL No. 2926/CTCTH-TTHT dated 20 June 2024 issued by Can Tho Tax Department stipulated the documents for the non-cash payment by individual card:*

- Should be specified in the Company's regulation.
- Remittance receipt of the Company transfer to the bank account of individual.
- Remittance receipt of the individual transfer to the seller.
- Purchasing invoice exemplifies name, tax code and address of company.
- Documents relate to the authorization of the Company to individuals for paying the seller.

# Abbreviations

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



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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.





# Connect with us.

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