



# October 2024 Newsletter

**KMC CONSULTING COMPANY LIMITED**

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## **1 Supplement declaration for adjusted and replaced invoices**

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*OL No. 27220/CTBDU-TTHT dated 11 October 2024 issued by Binh Duong Provincial Tax Department guidance on supplement declaration for adjusted and replaced invoices as:*

In case the Company discovers an issued invoice has errors and should prepare an adjusted or replaced invoice, the Company shall handle the erroneous invoice by the provisions at Clause 19, Decree No. 123/2020/ND-CP dated 19 October 2020 by the Government and make supplement declarations within 10 years from the deadline for submitting tax declaration dossiers of the tax period with errors but before the tax authority or competent authority announces the decision to inspect and examine.

## **2 Deductible expenses when determining CIT taxable income**

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*OL No. 27221/CTBDU-TTHT dated 11 October 2024 issued by the Binh Duong Provincial Tax Department on deductible expenses when determining CIT taxable income as:*

In case the Company decides to send an employee on a business trip, the expenses of air tickets and hotel accommodation for the employee are classified as deductible expenses when determining CIT taxable income if meeting the provisions in Article 4, Circular No. 96/2015/TT-BTC.

In case the receipts for purchasing air tickets are provided by foreign companies, those receipts are considered valid if following the regulations of the host country.

In case the Company receives invoices or vouchers in a foreign language, the documents should be translated into Vietnamese as specified in Article 85, Circular No. 80/2021/TT-BTC dated 29 September 2021 of the Ministry of Finance.

## **3 PIT Policy on vacation expenses for employees**

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*OL No. 24530/CTBDU-TTHT dated 4 September 2024 issued by the Binh Duong Provincial Tax Department stipulated on vacation expense policies for employees as follows:*

The Company has a policy on vacation expenses for employees (the eligibility conditions and the level are specially stated in one of the following documents: Labor contract; Collective labor agreement; Financial regulations of the Company, Corporation, Group; Bonus regulations prescribed by the Chairman of the Board of Directors, General Director, Director under the financial policy of the Company, Corporation), IF:

## **3 PIT Policy on vacation expenses for employees**

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The expense clearly states the name of the received individual then this expense will be included in the PIT taxable income of the employee.

The expenses generally for the collective of employees without stating the name of any individual, the income is not included in the PIT taxable income of the employee according to the provisions in Clause 2, Article 2, Circular No. 111/2013/TT-BTC.

## **4 PIT Policy for income from sharing profit on capital contributions of members**

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*OL No. 27103/CTBDU-TTHT dated 10 October 2024 issued by the Binh Duong Provincial Tax Department regulates on declaring PIT for income from sharing profit on capital contributions of members as follows:*

In case the Company pays the sharing profit on capital contributions of individuals, the Company should declare each time occurring payment. And then the Company should declare Appendix Form 06-1/BK-TNCN issued with Circular No. 80/2021/TT-BTC dated 29 September 2021 at the end of the last month of the year in which the profit payment occurs.



## **5 Issue VAT invoices for savings interest**

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*OL No. 3824/CTBDI-TTHT dated 15 October 2024 issued by the Binh Dinh Provincial Tax Department regarding the issuance of VAT invoices for savings interest:*

According to Clause 1, Article 5, Consolidated Circular No. 21/VBHN-BTC dated 30 December 2021 by the Ministry of Finance stipulates cases are not required to declare and pay VAT as:

Organizations and individuals receive compensation by cash (including compensation for land and assets on land when retrieving according to the decision of a competent State agency), bonuses, support money, transfer money for emission rights and other financial revenues.

## **5 Issue VAT invoices for savings interest**

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The establishment that receives payment from compensation, bonuses, support fees, transfer payments for emission rights and other financial revenues should prepare recipient documents according to regulations.

The establishment that makes expenditures should prepare remittance documents according to remuneration purposes.

In line with the above provisions, the Company should not declare or remit VAT on bank deposit interest classified as other financial income. Upon receiving interest from bank deposits, the Company should only issue a receipt voucher rather than an invoice.

## **6 Sanctions for cases where sellers arbitrarily cancel invoices**

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*OL No. 1279/CTTQU-TTHT dated 11 October 2024 by the Tax Department of Tuyen Quang Province responds on tax policy as:*

Article 19, Decree No. 123/2020/ND-CP dated 19 October 2020 by the Government regulates handling erroneous invoices as:

In case the seller discovers the e-invoice with the tax authority assigned code has errors and has not been sent to the buyer yet, the seller shall notify the tax authority by Form No. 04/SS-HDDT, Appendix IA issued with this Decree on the cancellation of the erroneous e-invoice, create a new e-invoice, digitally sign and send to the tax authority to grant a new assigned code to replace the erroneous invoice and send to the buyer. The tax authority shall cancel the erroneous e-invoice with the assigned code that has been kept in the tax authority's system.

## **6 Sanctions for cases where sellers arbitrarily cancel invoices**

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By principle, the seller is only allowed to cancel the issued e-invoice when the invoice with the assigned code of the tax authority has not been sent to the buyer but discovering the errors or the seller issues an invoice when collecting money in advance/during the provision of services as specified in Clause 2, Article 9, Decree No. 123/2020/ND-CP and then cancels/terminates the services.

In case after cancelling the invoice, the seller does not issue a new invoice or the replacement invoice for the cancelled one, the seller will be sanctioned for not issuing the invoice or issuing the invoice at the wrong time according to the provisions in Article 17, Article 24, Decree No. 125/2020/ND-CP.

## **7 VAT policy**

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*OL No. 4514/TCT-CS dated 9 October 2024 of the General Department of Taxation stipulates VAT policy as follows::*

In case a Vietnamese company imported auto parts and components has duly declared and fully paid VAT on these imported goods and also met the conditions for input VAT deduction, the General Department of Taxation aligns with the guidance provided by the Vinh Phuc Provincial Tax Department in OL No. 202/CTVPH-TTKT1 dated 30 January 2024. In particular, a Vietnamese company is entitled to deduct the entire amount of input VAT paid in the import stage if adhering to the provisions at Clause 10, Article 1, Circular No. 26/2015/TT-BTC dated 27 February 2015 by the Ministry of Finance.

## **8 Declaration of tax exemption and reduction for foreign transport companies**

*OL No. 4551/TCT-KK dated 11 October 2024 granted by the GDT regulates the tax declaration, exemption and reduction of foreign transport companies as follows:*

- **Tax declaration for foreign transport companies:** The agent of the foreign transport company is responsible for declaring, paying tax and submitting tax dossiers to the direct management tax authority of the agent on behalf of the foreign transport company according to the provisions in Clause 6, Article 8, Decree No. 126/2020/ND-CP dated 19 September 2020 of the Government.
- **Submitting a dossier for tax exemption or reduction under the Agreement:** In case a foreign transport company is eligible for tax exemption or reduction due to the application of the Double Taxation Avoidance Agreement between Vietnam and Singapore, the agent of the foreign transport company shall submit a dossier for requesting tax exemption or reduction under the Tax Agreement to the tax authority as prescribed in Point b.3, Clause 1, Article 62, Circular No.80/2021/TT-BTC dated 29 September 2021 of the Ministry of Finance.

# 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	<b>INV</b>	Invoice



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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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