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# Monthly Newsletter October, 2017

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## October, 2017

This e-newsletter facilitated by **Crowe Horwath Vietnam** serves as a knowledge sharing tool with the main purpose of information exchange and dissemination. This e-newsletter benefits the readers by keeping you up-to-date on the latest issues, which are your matters of concern.

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# Value Added Tax

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## Validity check on input invoices

On 05 October 2017, Binh Duong Tax Department issued Official Letter No. 17262/CT-TT&HT as guidance on validity check on input invoices.

In order to claim tax deduction for expenses incurred in the ordinary course of business, invoices of those must be valid ones issued in accordance with current regulation; invoices must include enough information to clearly determine supplier and buyer; description must accurately reflect economic transactions conducted.

Valid invoice is the one of which Notice of issuance has been made in accordance with Circular No. 39/2014/TT-BTC.

In order to check validity of input invoices, Company can carry out searches on Online invoice tracking system (at <http://tracuuhoadon.gdt.gov.vn>) based on supplier's notice of invoice issuance and invoice number. Where there's no result found, the supplier should make contact with relevant Tax department to submit Notice of invoice issuance.

# Value Added Tax

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## Valid conversion of paper invoices to e-invoices

On 23 October 2017, Ha Noi Tax Department issued Official Letter No. 68917/CT-TTHT as guidance on conversion of e-invoice to paper invoice. Accordingly:

- Where the buyer wishes to convert e-invoice to paper invoice as proof of goods origin on transportation, buyer can request supplier to provide a converted version of e-invoice once.
- Converted version of e-invoice used as proof of goods origin on transportation must meet regulations at Clause 2, 3, 4 Article 12 Circular 32/2011/TT-BTC, must be signed by seller's legal representative and sealed by company stamp.

# Value Added Tax

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## Recognise valid invoice

Allowance of pre-printed and self-printed invoices has granted greater discretion to enterprises. However, it also has caused certain difficulty for accountants in recognising valid invoices, especially when accountants are not directly engaged in negotiating contracts or making purchase. Therefore, Crowe Horwath Vietnam would like to introduce several ways to check if invoices are valid.

- Online search for invoices at <http://tracuuhoadon.gdt.gov.vn>, which is built by GDT aiming at providing information on invoices issued by tax departments and taxpayers.
- Information on this website has been obtained from reports, notices of invoices issuing units (taxpayers and tax departments) as per stipulated in Decree no. 51/2010/NĐ-CP issued by Government and Circular No. 153/2010/TT-BTC issued by MOF.
- [Tracuuhoadon.gdt.gov.vn](http://tracuuhoadon.gdt.gov.vn) can assist taxpayers, organisations, and other individual in searching for information on issued invoices: Invoice issuer, time of issuance, time of validity, information on invalid invoices (which is issued by dormant taxpayers; lost, voided, canceled invoices; invalid invoices after Inspection and examination of tax departments)
- Specific types of invoice (of which presentation is not in compliance with Circular No. 153/2010/TT-BTC, and issuance is allowed by Tax Department) are not available to search on this website.
- GDT has also issued detailed user manual which can be downloaded on [Tracuuhoadon.gdt.gov.vn](http://tracuuhoadon.gdt.gov.vn).

# Corporate Income Tax

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## Corporate Income Tax treatment for overtime pay

On 03 October 2017, Binh Duong Tax Department issued Official Letter No. 17030/CT-TT&HT as guidance for CIT treatment for overtime pay.

According to Article 4, Circular No. 96/2015/TT-BTC dated 22/06/2015 issued by MOF as guidance on deductible and non-deductible expense for income tax purpose, and according to Article 106, Labour Law No. 10/2012/QH13 dated 18/06/2012 issued by the Parliament as guidance on working overtime.

In order to be treated as deductible expense for income tax purpose, the overtime pay must be incurred in the ordinary course of business; both parties, employer and employee, must reach a consensus on working overtime which is stipulated in labour contract, collective bargaining agreement, financial regulation; total overtime hours do not exceed 200 hours in a year.

In case total annual overtime hours exceed 200, which constitutes a violation of Labour Law, the company is not allowed to deduct expenses related to the excess from assessable income.

# Personal Income Tax

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## Personal Income Tax applicable for foreigners

On 18 October 2017, Hanoi Tax Department issued Official Letter No. 68151/CT-TTHT as guidance on calculating foreigners' PIT liability.

- Where expat is a non-resident, Company withholds PIT at 20% flat rate on income from employment (including performance bonus after expiration date of labour contract). Non-residents are not required to lodge annual PIT return. Where Company withholds PIT at progressive tax rate, and the individual turns out to be non-resident, then the Company is required to revise lodged PIT withholding returns as guidance at Article 5, Clause 10 Circular 156/2013/TT-BTC.
- Where expat is a resident, Company withholds PIT at progressive tax rate. Upon expiry of labour contract, foreign tax residents are required to finalise PIT return before departure procedures.
- Where expat is a resident, Company withholds PIT at progressive tax rate. Upon expiry of labour contract, foreign tax residents are required to finalise PIT return before doing departure procedures.
- Where the individual has finalised his PIT return and departed from Vietnam, he/ she is no longer resident for PIT purpose. At that time, if the Company is required to pay performance bonus as per labour contract, 20% withholding rate is applicable.

**Note:** General news in this e-newsletter is provided without liability. The content of the e-newsletter only includes general information on issues of concern and, therefore, does not constitute professional advice. Documents in the form of official letters are for reference only and cannot apply to all cases. Please contact us for more information.

#### Hanoi Office

Address: Suite 1205, 12th Floor, IPH Office Tower  
241 Xuan Thuy, Cau Giay District, Hanoi, Vietnam  
Tel: +(84-24) 2220 8334 / 37  
Fax: +(84-24) 2220 8335

Newsletter in-charge

**Ms. Nguyen Thi Thu Huyen**

Mobile: +(84) 988 238 234

#### Ho Chi Minh Office

Address: 14th Floor, TNR Tower, 180-192 Nguyen Cong Tru,  
District 1, Ho Chi Minh City, Vietnam  
Tel: +(84-28) 3827 8516 / 19  
Fax: +(84-28) 3827 8517

Newsletter in-charge

**Mr. Phan Doan Khanh**

Mobile: +(84) 972 487 048

