

Monthly Newsletter September, 2017



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Value Added Tax

Withdrawal of Form No. 06/GTGT upon change of VAT calculation method.

On 19 September 2017, MOF issued Circular No. 93/2017/TT-BTC as guidance on VAT registration. Accordingly:

- Business entities are not required to submit form no. 06/GTGT upon:
 - Change of VAT calculation method
 - Registration of VAT calculation under deduction method, applicable to business entities which are recently established or business entities of which VAT revenue is under 1 billion VND.
- Determination of VAT calculation method shall be based on VAT declaration dossier submitted by business entities.
 - Where business entities register for VAT calculation under deduction method, they can use Form no. 01/GTGT, 02/GTGT.
 - Where business entities register for VAT calculation under direct method, they can use Form no. 03/GTGT, 04/GTGT

Corporate Income Tax

Documents on payment by personal credit card

On 06 September 2017, Binh Duong Tax Department issued Official Letter No. 15603/CT-TTHT as guidance on payment by personal credit card.

Where the Company gives an employee authorization to use personal credit card to make payments for goods and services, then the Company shall reimburse that individual by bank transfer from its own account to that person's account; this payment method is clearly written in the Company's financial management regulation or Decision on payment authorisation to individual; and at the same time, the Company maintains sufficient dossier to substantiate expenses being incurred in carrying on business, including:

- Invoice indicating the Company as buyer with correct business name and tax code;
- Dossier on the Company's authorisation to an individual to make payment to suppliers, and process expense claims,
- Proof of bank transfer from registered personal account to supplier (where price of goods and services is above 20 million VND),
- Proof of bank transfer from the Company's account to that individual's account.

Given all above requirements are met, this payment method is deemed as non-cash payment, and shall serve as basis for VAT input declaration and deduction, and allowable deduction for CIT purpose.

The Company bears the responsibility to prepare and maintain list of authorised personal credit card accounts and provides the list on relevant authority's request.

Corporate Income Tax

Income tax requirement on dividends paid to foreign investors

On 15 September 2017, Binh Duong Tax Department issued Official Letter No. 15971/CT-TTHT as guidance on income tax on investment income.

- Where the Company generates profit and fully discharges its financial liabilities to Government, it can make dividend payment to foreign investors. Upon dividend transfer, Company submits forms stipulated in Circular 186/2010/TT-BTC to tax authority.
- Where investors are foreign organisations, the Company is required to pay tax on dividend paid to foreign investors.
- Where investors are individual, upon dividend transfer, the Company is responsible for withholding, declaration, and paying Personal income tax on capital investment income as per stipulated at point d, clause 2, Article 25 of Circular 111/2013/T-BTC.

Managing tax declaration of EPEs exercising import and export rights.

On 12 September 2017, GTD issued Official Letter No. 4107/TCT-KK as guidance on managing tax declaration of EPEs exercising import and export rights.

- EPEs are not VAT taxpayers on production for export, so are not required to declare VAT for this kind of activity.
- In addition to carrying on production for export, EPE is also granted license to goods purchase and sales and other activities in relation to goods purchase and sales in Vietnam, then this activity is subject to VAT. EPE is required to apply for tax registration with domestic tax authority; maintains a separate accounting book for revenue earned and expenses incurred in relation to goods purchase and sales in Vietnam; does not record those transactions in the same accounting book as production activity; and at the same time, arranges separate storage area for imported/ exported goods as per import/ export rights.
- EPE bears the responsibility to fulfill tax and other financial obligations in relation to carrying on goods purchase and sales as per stipulated in regulations.

Investment, tax and other financial incentives applicable to production for export are not applied to goods purchase and sales and other activities in relation to goods purchase and sales in Vietnam.

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