



Mazars in Vietnam Newsletter

March 2024

Tax & Legal Updates

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Operational updates

Official Letter No. 2133/CTBDU-TTHT guiding CIT incentives implications for pending projects

According to Official Letter No. 2133/CTBDU-TTHT dated 31 January 2024 issued by the Binh Duong Province Tax Department, in case enterprises fail to implement investment project according to the schedule specified in the Investment Register Certificate (e.g., late implementation compared to registration), CIT incentives may not be applicable for the income from the investment project.

Official Letter No. 257/TCT-CS guiding the recollect of VAT refunds for export contracts whose payments are due but without bank payment documents

According to Official Letter 257/TCT-CS dated 19 January 2024 issued by the General Department of Taxation ("GDT"), in case the payments of the export contracts or appendices are due but the Company could not provide payment evidence, the conditions for VAT creditable and VAT refund for exported goods are not fulfilled. Accordingly, the tax authorities will recollect the refunded VAT amount in accordance with current regulations.

Official Letter No. 462/TCT-CS guiding the use of invoices for export processing enterprises (EPE) for goods sold, liquidating assets, processing for the domestic market

According to Official Letter 462/TCT-CS dated 05 February 2024 issued by the General Department of Taxation ("GDT"), EPEs selling self-produced products, liquidating assets into the domestic market, processing for domestic enterprises would use sales invoices, which clearly states "For organizations, individuals in non-tariff zone".

Official Letter No. 3007/CTHN-TTHT guiding the handling of erroneously canceled output invoices

According to Official Letter 3007/CTHN-TTHT dated 16 January 2024 issued by Hanoi Department of Taxation, the output invoice that has been canceled would no longer be valid for use, where the Company shall issue a new invoice per the economic transaction per regulation. In case the new invoice results in incorrect time of invoice issuance, it may also be subject to penalty per regulation.

Official Letter 7443/CTHN-TTHT guiding on PIT obligations for gifts to employees

According to Official Letter 7443/CTHN-TTHT dated 05 February 2024 issued by Hanoi Department of Taxation, benefits in-kinds paid to employees such as Tet gift baskets, and purchase vouchers for employees are treated as PIT-taxable income and require PIT withholding per regulation.

Operational updates

Official Letter No. 84810/CTHN-TTHT guiding on PIT implications regarding welfare expense for employees

According to Official Letter No. 84810/CTHN-TTHT dated 01 December 2023 issued by the Hanoi Department of Taxation, the rewards to the children of employees are included in the taxable income for PIT purpose from the salaries or wages of the employees.

Official Letter 6033/TCT-CS guiding foreign contractors being allowed to deduct the revenue already withheld with Foreign Contractor Withholding Tax (“FCT”)

According to Official Letter 6033/TCT-CS dated 29 December 2023 issued by the General Department of Taxation, foreign contractors having e-commerce business activities in Vietnam who have registered to declare directly with tax authorities, in case the Vietnamese customers have withheld, declared, and submit FCT on their behalf, the FCT-withheld revenue can be deducted per regulations.

Official Letter 296/TCT-CS providing guidance on declaring input invoice for advertising activities on Google

According to Official Letter 296/TCT-CS dated 24 January 2024 issued by GDT, the prepaid invoice issued by Google to the Company is not a VAT invoice of an organization declaring VAT under credit method, and thus does not meet the conditions for input VAT creditability per current regulations.

Official Letter No. 23/TCT-PC guiding on calculating late payment interest and tax arrears for tax evasion but the statute of limitations for sanctioning administrative violations has passed

According to Official Letter No. 23/TCT-PC dated 05 January 2023 issued by the GDT providing guidance, in case a taxpayer commits tax evasion that is not subject to criminal prosecution, but the statute of limitations for sanctioning has passed, administrative penalties for tax evasion shall not be implemented, and only remedial actions are applied including full submission of the evaded tax amount to the State Budget, along with late payment interest incurred per regulated deadline.

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**This is a guide from Mazars in Vietnam to update the latest developments in tax, accounting and investment environment in Vietnam. The information and analysis or comments herein are of the generic nature and are quoted or interpreted from the regulations. We recommend that the clients contact Mazars Vietnam's advisors for further clarification and professional advice for each particular circumstance.*

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