

LEGAL UPDATES

APRIL 2014



I - Removing the six months' time limit for additional declaration of invoices

On March 17, 2014, the General Department of Taxation promulgated the Official Letter No. 863/TCT-KK providing guidance on late invoice declaration.

- According to the Circular No. 06/2012/TT-BTC, time limit for additional declaration and deduction is 06 (six) months from the month written on invoices. Once the 06 (six) months expire, invoices shall no longer be eligible for input value added tax (VAT) declaration and deduction. In that case, Company is entitled to include the amount of non-deductible VAT in deductible expense for personal income tax calculation purpose.
- From April 01, 2014 onwards, in accordance with the Circular No. 219/2013/TT-BTC, there shall be no limit for additional value added tax declaration and deduction; but this must be paid attention before the tax examination and inspection.



II - Providing guidance on the process of e-customs procedures on commercial imported and exported goods

On March 28, 2014, the General Department of Customs promulgated the Decision No. 988/QD-TCHQ on the process of e-customs procedures on commercial imported and exported goods.

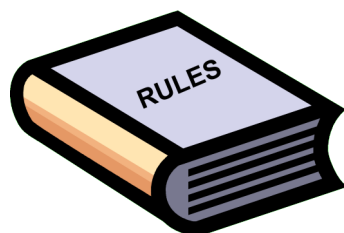
Accordingly, promulgating together with the Decision is 08 (eight) processes for each type of good, including:

- The imported and exported goods under sale and purchase contracts;
- Goods processed for foreign traders;
- Materials and raw materials imported for production of exported goods;
- Imported and exported goods of processing enterprises;
- Exports and imports are the subjects of tax exemption;
- Goods temporarily imported - re-exported;
- On-site imported and exported goods;
- Goods transported under the supervision of customs.



In addition, the Decision also promulgated together with appendix of a number of forms, tables for preparing e-customs procedures

The content above is applied from April 01, 2014.



III - Providing guidance on personal income tax and foreign contractor tax

On March 13, 2014, the General Department of Taxation promulgated the Official Letter No. 812/TCT-TNCN providing guidance on personal income tax and foreign contractor tax.

- The Company buys accident insurance and emergency for medical transportation for personal employees, these are the benefits of employees and thus those shall be included in taxable income for personal income tax calculation purpose.
- The Company signs a contract with a foreign contractor and the contract clearly stated the service fee is exclusive of the cost of accident insurance and emergency for medical transportation, travel and accommodation, immigration visa, personal income tax then revenue for calculation of value added tax and corporate income tax for contractor is the entire value of the contract including all expenses paid on behalf by the Vietnamese Party such as: cost of accident insurance and emergency for medical transportation, travel and accommodation, immigration visa and personal income tax for foreigners.

IV - Providing guidance on value added tax (VAT) on on-site export and import

On March 24, 2014, the General Department of Taxation promulgated the Official Letter No. 951/TCT-CS providing guidance on VAT on on-site export and import.

If a foreign contractor provides goods to a Vietnamese enterprises in the form of on-site export and arises income in Vietnam on the basis of the contract signed between the foreign contractor and enterprises on-site import, the VAT obligation of the foreign contractor shall be determined based on the following principles:

- If VAT on the imported goods has already been paid during importation process as prescribed, foreign contractor shall not pay VAT on the value of goods;
- In case the value of goods and services are able to separate in the contract, the VAT rate is applied to each activity value respectively;
- In case the value of goods and services are unable to separate in the contract, VAT rate is applied to the entire value of contract.



The Vietnamese enterprises import on-site should provide evidence that value of imported goods has been declared and paid VAT during importation process to determine tax obligations.

V - From June 01, 2014 the tax authorities will not receive announcement on issuance of export invoice

In accordance with the newest guidance of the General Department of Taxation that from June 01, 2014, the tax authorities will not receive announcement on issuance of export invoice.

However, if business organizations or enterprises issued of export invoice before March 01, 2014, they are entitled continue to use if there is any demand.

For export invoices announced for issuing before June 01, 2014, the enterprises and organizations must register for the number of remaining export invoices which have not been used and send to tax authorities no later than July 31, 2014 for continuing to use.

The contents above were guided in the Express Official Letter No. 1412/TCT-CS promulgated on April 25, 2014 on using of export invoices./.

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