

May 2017

Payment of exported goods must be via banks

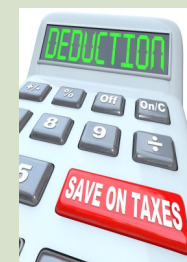
Official Letter No.1288/CT-TTHT

1

To be eligible for cost recognition and value added tax deduction, the payment of exported goods must be settled via banks regardless of being worth more or less than 20 million dong.

That is the content of Official letter No. 1288/CT-TTHT dated February 15, 2017 of the Tax Department of Ho Chi Minh City regarding the payment vouchers via banks.

According to Clause 10 Article 1 of Circular No. 26/2015/TT-BTC and Article 1 of Circular No. 173/2016/TT-BTC, the goods purchased and sold domestically with the amount from over 20 million dong and the exported goods (regardless of whose amount is more or less than 20 million dong) are required to be paid via banks in order to be eligible for recognition of expenses and deduction of input value added tax.



Accordingly, it's not allowed for recognition of expenses and tax deduction if the enterprise makes payments for the purchased goods from 20 million dong or the exported goods (regardless of the amount more or less than 20 million dong) by cash.



Nationwide extension of electronic refund of VAT

Decision No. 710/QĐ-BTC

1

New regulations on the use of invoices

Circular No. 37/2017/TT-BTC

2

Since May 01, 2017, electronic refund of value added tax (VAT) is extended nationwide

Decision No. 710/QĐ-BTC dated April 24, 2017 of the Ministry of Finance on the implementation of receiving dossiers and returning the settlement result of VAT refund by electronic method.

According to this Decision, from May 01, 2017, the electronic method of VAT refund will be deployed in all 63 provinces and cities across the country, while it has been currently piloted in 13 provinces and cities only.

The dossiers applied for the electronic tax refund include VAT refund dossiers of exported goods and of the investment project.

TIPS ON TAX
"TAX REFUND"
EXPLAINED

However, it should be noted that in order to be entitled for electronic refund, the enterprise needs to register and be approved to implement the electronic

transactions under regulations at Circular No. 110/2015/TT-BTC.

The process of electronic tax refund is implemented under the guideline at Decision No. 2790/QĐ-BTC dated December 27, 2016.

The Decision takes effect from the signing date.



Tuition fees for children of foreigners working in Vietnam

Official Letter No.1057/CT-TTHT

2

Consumption norm of materials for processing and manufacturing goods for export

Official Letter No.494/GS QL-GQ2

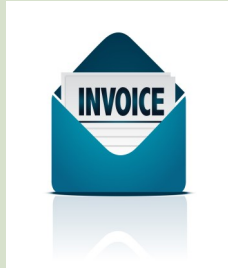
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Inspection of enterprises shall not exceed one time per year

Directive No.20/CT-TTg

3

New regulations on the use of invoices since June 12, 2017



On April 27, 2017, the Ministry of Finance has issued Circular No. 37/2017/TT-BTC amending Circular No. 39/2014/TT-BTC and Circular No. 26/2015/TT-BTC guiding on the invoices of selling goods and providing services.

Accordingly, some of new noticeable points are as follows:

- The notice of the issue of invoices and the sample invoice must be sent to the tax authority not later than 02 days before starting using the invoices (as current regulations, it is not later than 05 days before starting using the invoices);

- If in the case that after 02 working days from the receipt of the written letter for requesting to use self-printing invoices or self-ordered invoices from the enterprise, the tax authority does not express any opinion in written letter, the enterprise then is allowed to put their invoices in use (currently it is 05 working days).



The head of the tax authority shall take the responsibility for the cases of not responding to the enterprises by written letters.

Circular No. 37/2017/TT-BTC takes effect from June 12, 2017.

Tuition fees for children of foreign employees working in Vietnam are also entitled for exemption from the personal income tax if such fees are covered by the parent company.

Official letter No. 1057/CT-TTHT dated February 08, 2017 of the Tax Department of Ho Chi Minh City on tax policies.

According to the regulations at Point g.7 Clause 2 Article 2 of Circular No. 111/2013/TT-BTC, the tuition fees (from preschool to high school) for children of foreign employees working in Vietnam, which are paid by the employer on their behalf are entitled to exemption of the personal income tax.



Accordingly, in case that the Company has foreign employees who are assigned to be General Director in Vietnam, the Parent Company will pay tuition fees for such General Director's children to study in Vietnam (from preschool to high school), these fees shall be exempted from the personal income tax.



If the Company must not repay the tuition fees to the Parent Company, these expenditures shall not be recorded as expenses.

Consumption norm of each kind of materials for processing or manufacturing goods for export shall be set up.

That is the content of Official Letter No.494/GSQL-GQ2 of the General Department of Customs on the estimate of norms for materials, supplies for processing and producing goods for export.

The written letter replies to the concerns whether there is any case in which materials, supplies imported for processing and manufacturing goods for export are not subject to the norm set-up?



Under the guidance of the General Department of Customs, the estimate of norms for raw materials imported for processing and manufacturing goods for export is currently carried out under the regulations at Article 55 Circular No. 38/2015/TT-BTC and there is no exception for the exemption of the estimate of norms.



Therefore, the production norms for all of raw materials, supplies imported for processing and manufacturing goods for export must be estimated including: material consumption norm, supplies consumption norm and rate of loss of materials or supplies.

Before manufacturing, the Company must estimate the production norms for every product code. In addition, if changes are arisen during the manufacturing process, the new norms must be estimated appropriate to the reality.

The examination, inspection of enterprises shall not exceed one time per year.

This is the content stipulated by the Prime Minister at Directive No. 20/CT-TTg regarding on reinforcing inspection activities at the enterprises.

Accordingly, when setting up and approving the annual inspection plan, the situation of inspecting over one time a year at the enterprises shall not be happened.

In addition, when carrying out the inspection at the enterprises, it must be ensured to be in compliance with the requirements under the Directive No. 20, such as:



- Inspecting in accordance with the approved direction and plan in which the inspection contents shall be limited within the scope of their assigned state management;
- In case of unscheduled inspection, the inspection decision shall be issued when there is clear sign of violation;
- Do not extend the scope of the inspection exceeding the content of the unscheduled inspection decision;
- If there is duplication or overlapping in inspection activities with other agencies, the related agencies and units must be reported in order to have the reasonable solution and it must ensure the inheritance in the activity between the agencies and units.

Directive No. 20/CT-TTg was released on May 17, 2017.

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