

# LEGAL UPDATES

**07**  

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**2017**



- Inspection activities towards enterprises
  - Export processing enterprises
- Selling products to other enterprises for export
  - Interest rate on VND short-term loans
- Invoices detected to be omitted after inspection
  - Declaration and payment of taxes, charges



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# 1. The Ministry of Finance suggests not overlapping inspections for the enterprises.

The Ministry of Finance released the **Official letter No. 9179/BTC-TTr** dated July 11, 2017, reinforcing inspection activities towards enterprises in accordance with **Directive No. 20/CT-TTg** dated May 17, 2017.

Accordingly, the Official letter requires the units under the Ministry of Finance to regularly monitor, examine, review the inspection plans towards enterprises in order to ensure the correct implementation on Directive No. 20/CT-TTg dated May 17, 2017.

Specifically, the inspection plan must not be overlapped, duplicated in the scope, subject, content and time of the inspection.

## 2. Export processing enterprises have processing scraps sold domestically less than 3% will be entitled to exemption from retrospective payment of import duty.

**Official letter No. 4635/TCHQ-TXNK** dated July 11, 2017 of the General Department of Taxation stipulates the domestic sale of processing scraps.

According to the regulations under Clause 4 Article 10 of **Decree No. 134/2016/ND-CP**, where export processing enterprises sell their processing scraps to the domestic market of which the value is not more than 3% of the total volume of each raw material or material imported under the processing contract, those shall be exempted from import duty.

However, these enterprises must declare to pay value added tax, special consumption tax, environment protection tax (if any) for the customs authority.

In case of selling scraps before September 01, 2016 (the effective date of the Decree No. 134/2016/ND-CP), the tax declaration for scraps must be prepared at the local tax authorities (Clause 5 Article 64 of **Circular No. 38/2015/TT-BTC**).

Declaration on domestic sale of scraps is applied code type **A42** (Official letter No. 2765/TCHQ-GSQL dated April 01, 2015, Official letter No. 11567/TCHQ-TXNK dated December 08, 2016).



## 3. Selling products to other enterprises for export is not entitled to the refund of import duty.



**Official Letter No. 4846/GDC-TXNK** dated July 20, 2017 of the General Department of Customs stipulates the refund of import duty.



According to the regulations under Clause 1, Article 36 of Decree 134/2016/ND-CP, one of the conditions for tax refund for goods imported for production to export is that the enterprises must directly export or entrusted to export the products.



Accordingly, whether the enterprises import goods for production to export but not directly export products and sell them to other enterprises for export, they are not entitled to the refund of export duty.

#### 4. From July 10, 2017, the interest rate applicable to short-term loans denominated in Vietnamese Dong (VND) is reduced to 6.5% per annum.

The State Bank promulgated the **Decision No. 1425/QD-NHNN** dated July 07, 2017 on maximum interest rates applicable to short-term loans denominated in VND of credit institutions, branches of foreign banks provided for clients who need the loans to meet the capital demand for some economic fields, sectors under Circular No. 39/2016/TT-NHNN dated December 30, 2016.

Decision adjusts to decrease by 0.5% of the interest rates applicable to

short-term loans denominated in VND from July 10, 2017, specifically from 7% down to 6.5% per annum.

The interest rates mentioned above are applicable to the capital demand stipulated at Clause 2 Article 13 Circular No. 39/2016/TT-NHNN, **including:**

This Decision takes effect from July 10, 2017 and replaces **Decision No. 277/QD-NHNN** dated March 3, 2017.

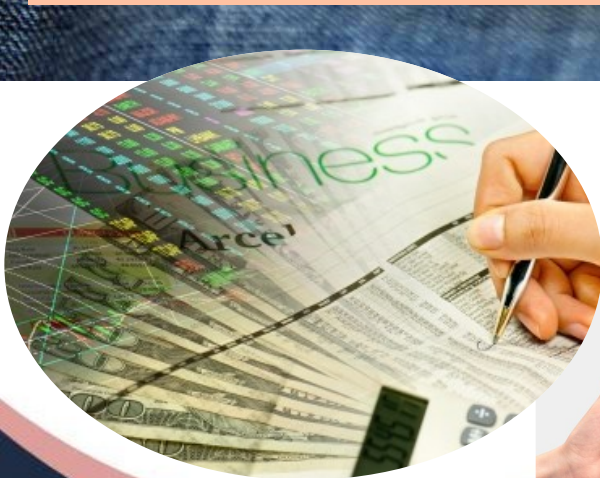
Serving the rural and agricultural development sectors;

Implementing the business plan of export goods;

Serving the business of the small and medium enterprises;

Developing the supporting industries;

Serving the business of enterprises applying the high technology.



#### 5. Invoices detected to be omitted after tax inspection are still entitled to declaration for deduction of additional value added tax

General Department of Taxation released the **Official letter No. 2876/TCT-CS** dated June 28, 2017 on value added tax policy.

According to the regulations under Clause 2, Article 5 of **Decree 83/2013/ND-CP**, if after tax inspection, the enterprises themselves detected the omission of the input invoices, even including the invoices within the period of inspection, they are still entitled to declaration for additional deduction.

The enterprises shall be subject to relevant sanction. However, the sanctions will be based on regulations and objective and subjective reasons for omission of declaration.



Regarding on the forms, for the case of electronic tax filing, the enterprises make the payment slip or the authorized payment slip in accordance with Form **C1-02/NS** accompanied with this Circular. There must be signed electronically at least 1 in 3 positions of the payers or the chief accountant or the head of the unit and submit online through the electronic portal of the General Department of Taxation.

## 6. New regulations on the procedures for declaration and payment of taxes and charges

The Ministry of Finance promulgated the **Circular No. 84/2016/TT-BTC** dated June 17, 2016 on guidelines for collection and payment of taxes and domestic revenues for the State Budget.

This Circular provides guidance on procedures for payment of taxes, fees, charges, land rents, water surface rents, land levies, charges for granting mineral extraction right, and other revenues collected by tax authorities, excluding revenues from import/export.

Accordingly, regarding on the form of tax payment, if the enterprises operating in the area have been provided the service of electronic tax payment by the tax authorities and the bank, the enterprises are not allowed to settle the tax payment in cash and must declare and settle the payment by electronic form.

The Circular takes effect after **45 days** from the date of signing.

The Circular repeals the deposit slip (Form C1-02/NS), the deposit slip denominated in foreign currency (Form C1-03/NS), tax declaration (Form 01/BKNT) accompanied with the **Circular No. 119/2014/TT-BTC** dated August 25, 2014 of the Ministry of Finance.

## CASH

In contrast, if the enterprises settle the tax payment in cash or via the transfer of the commercial bank that makes the on-behalf collection, the enterprises must make the declaration of tax payment in accordance with Form 01/BKNT accompanied with this Circular.



### NOTICE:

*"The purpose of this news is to provide the clients with further information. Although we have focused much on the ensure of accuracy, the information that is given on this news is not absolutely thorough and the clients would better consult professional opinions before application".*

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