

Vietnam Tax Updates July 2022

Vietnam Accounting & Taxation Changes

This July 2022 publication of our Tax and Accounting Updates looks at Decree 41 removing separate invoicing requirements for reduced VAT of 8%, an Official Letter clarifies required invoices for export customs declarations, instructions for handling bidding packages under the CPTPP Agreement that opened bids before 25 August 2022, and prolonging bad debt settlement time according to Resolution 42/2017/QH14.

DECREE 41 REMOVES SEPARATE INVOICING REQUIREMENTS FOR REDUCED VAT OF 8%

On 20 June 2022, the Government of Vietnam promulgated Decree 41/2022/ND-CP on amendments to Decree 123/2020/ND-CP dated 19 October 2020 on invoices and records and Decree 15/2022/ND-CP dated 28 January 2022 of the Government of Vietnam on tax exemption and reduction under Resolution 43/2022/QH15 of the National Assembly of Vietnam on fiscal and monetary policies for supporting socio-economic recovery and development program.

Specifically, the Decree abolishes requirements to issue separate invoices for goods and services entitled to a 2% VAT reduction under Decree 15/2022/ND-CP and stipulates additional invoicing requirements as follows:

- When a taxpayer declares VAT under the deduction method, the VAT invoice must specify the tax rate applicable to each good and service when selling goods or providing services at different tax rates.
- Where a taxpayer declares VAT under the direct method (or percentage of revenue), the sales invoices must specify the reduced amount.

Decree 41 was effective from 20 June 2022. However, from 1 February 2022 (the effective date of Decree 15 reducing VAT to 8%) to 20 June 2022, enterprises issuing VAT invoices according to the above provisions (i.e., one invoice for goods and services at different tax rates) are still entitled to VAT reduction. They are not required to adjust these invoices and are not subject to tax and invoice administration penalties.

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AN OFFICIAL LETTER CLARIFIES REQUIRED INVOICES FOR EXPORT CUSTOMS DECLARATIONS

On 3 June 2022, the General Department of Customs issued Official Letter 2054/TCHQ-GSQL to clarify the specific type of invoice required for customs declarations and the timing for invoice issuance, which are areas of confusion and common questions raised by exporters.

Required invoices for export custom declarations

According to the prevailing regulations, customs documents for exported goods include commercial invoices or equivalent documents which means VAT e-invoices are not required to undertake customs procedures.

Timing for issuing invoices for exported goods

VAT e-invoices are to be issued following Vietnamese law, with commercial invoices used for customs purposes following international practices. The issue time of these two types of invoices is different, in particular:

- Commercial invoices are to be issued before undertaking customs procedures.
- VAT e-invoices for exported goods are to be issued after the customs declarations are complete.

The guidance in this Official Letter has cleared up confusing matters regarding invoices for exported goods. Exporters are encouraged to review and ensure that their process and timing are compliant with the regulations.

For further information, please refer to our previous article on the above amendments [here](#).

INSTRUCTIONS FOR HANDLING BIDDING PACKAGES UNDER THE CPTPP AGREEMENT THAT OPENED BIDS BEFORE 25 AUGUST 2022

On 30 June 2022, the Minister of Planning and Investment promulgated Circular 12/2022/TT-BKHDT detailing the preparation of bidding documents for procurement of goods for bidding packages within the scope of the CPTPP, EVFTA, and UKVFTA Agreements.

Accordingly, the bidding packages within the scope of the CPTPP, EVFTA, and UKVFTA Agreements opened before 25 August 2022 (the effective date of Circular 12/2022/TT-BKHDT):

- The evaluation of bids and consideration of winning bids will comply with the provisions stated in the bidding documents and ensure that they are not contrary to the provisions of the CPTPP, EVFTA, and UKVFTA Agreements.
- In addition, for the bidding packages within the scope of the CPTPP, EVFTA, and UKVFTA Agreements that have been approved and released before 25 August 2022, but the bid closing time is after 25 August 2022, and the bid closing time is not due yet:
 - If there are inappropriate contents or contrary to the instructions stated in the Bidding Documents Forms issued together with Circular 12/2022/TT-BKHDT, they are required to be amended accordingly.
 - In case of modification of the bidding documents after issuance, the investor and the bid solicitor must give the contractor a reasonable amount of time to prepare the bid.

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- For bidding packages covered by the CPTPP, EVFTA, and UKVFTA Agreements that have been approved before 25 August 2022 but have not yet issued the bidding documents, they are required to be modified according to the forms of bidding documents issued together with Circular 12/2022/TT-BKHDT.

Circular 12/2022/TT-BKHDT takes effect from 25 August 2022 and replaces Circular 09/2020/TT-BKHDT dated 27 November 2020.

PROLONGING BAD DEBT SETTLEMENT TIME ACCORDING TO RESOLUTION 42/2017/QH14

On 16 June 2022, the National Assembly promulgated Resolution 63/2022/QH15 on an agreement to extend the bad debt settlement time according to Resolution 42/2017/QH14 under the pilot of bad debt settlement of credit institutions.

Specifically, the National Assembly agreed to extend the application period for all provisions of Resolution 42/2017/QH14 from 15 August 2022 to the end of 31 December 2023.

At the same time, the Government was assigned to study and propose the legalisation of regulations on handling bad debts and collaterals of bad debts together with reviewing, amending, and supplementing the Law on Credit Institutions, and submit to the National Assembly for consideration at the 5th session (May 2023).

During the extension time for application of all provisions of Resolution 42/2017/QH14, the Government proposes solutions to overcome difficulties and obstacles, directs to strengthen coordination among agencies and units, and organises and implements the Resolution, ensuring the effectiveness and efficiency of the Resolution.

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