

Vietnam Tax Updates October 2022

Vietnam Accounting & Taxation Changes

This October 2022 publication of our Tax and Accounting Updates looks at Circular providing instructions on foreign exchange administration in respect of taking and repaying foreign loans of enterprises and our regular review of recent Official Letters released by the Tax Authorities related to use of e-invoices and goods lists for exports, use of PIT withholding vouchers from 1 July 2022, determining tax return period for the adjusted invoice and allocating VAT to branches outside the province of management consulting companies.

REGISTRATION FOR CHANGES OF FOREIGN LOANS

On 30 September 2022, the State Bank of Vietnam issued Circular 12/2022/TT-NHNN guiding the management of foreign exchange for borrowing and paying foreign loans of enterprises.

Accordingly, borrowers are required to register changes of foreign loans with the State Bank if any changes related to the loan are mentioned in the written confirmation of foreign loan registration, or written confirmation of foreign loan change registration of the State Bank, except for the following cases:

- Change the time of capital withdrawal and principal repayment within 10 working days compared to the plan confirmed by the State Bank
- Change the address of the borrower without changing the province or city where the borrower's head office is located
- Change the lender or relevant information about the lender in the syndicated loan with the appointment of representatives of the lenders, unless the lender changed is concurrently the representative of the lenders, and the change result in changes the role of representatives of the lenders
- Change the commercial transaction name of the bank providing account services or serving security transactions
- Change the plan of interest and fee payment of the loan compared to the plan confirmed by the State Bank without changing the method of determining the interest and the fee specified in the loan agreement.

Vietnam Tax Updates, October 2022

- Change the amount of capital withdrawal, repayment of principal, interest and fees within 100 currency units of the foreign loan currency compared to the registered amount
- Change the actual amount of capital withdrawal and principal repayment of a specific period less than the amount stated in the plan for capital withdrawal and debt repayment.

Circular 12/2022/TT-NHNN takes effect from 15 November 2022 and replaces Circular 03/2016/TT-NHNN, Circular 05/2016/TT-NHNN, and Circular 05/2017/TT-NHNN.

OFFICIAL LETTERS RELEASED

Official Letters are releases showing the Tax and other Authorities' interpretation and application of Vietnam's Taxation Laws, providing guidance to taxpayers in Vietnam.

Use of e-invoices and goods lists for exports

On 19 September 2022, the Ministry of Finance released Official Letter 9517/BTC-TCT on the use of e-invoicing for exports. According to the Ministry of Finance, enterprises paying VAT by deduction method and applying e-invoices

according to Decree 123/2020/ND-CP and Circular 78/2021/TT-BTC, when exporting goods, including export processing, will use VAT e-invoices to deliver to customers. The making of a list attached to an e-invoice is used for a number of specific goods and services provided in a certain period, the invoice must specify the period of goods and service provision and the list of sold goods and services must be listed on e-invoices. Invoices must clearly state "with list of number..., date... month... year".

In addition, the list must indicate the name, tax code, address of the seller, date of making, name and signature of the maker and must clearly state "VAT rate", "VAT amount" if the seller declares tax by deduction method.

E-invoices application is implemented according to the roadmap from November 2021 for the first 6 provinces and cities and from April 2022 for 57 other provinces and cities (Decision 206/QD-BTC dated 24 February 2022).

Use of PIT withholding vouchers from 1 July 2022

On 13 September 2022, the Hanoi Tax Department - General Department of Taxation released Official Letter 45085/CTHN-TTHT on registering to use the self-printed PIT withholding voucher.

Specifically, from 1 July 2022, tax authorities will not sell PIT withholding vouchers printed by tax authorities anymore. During the time when electronic PIT withholding documents have not yet been deployed, organisations and enterprises can use PIT withholding documents in the form of self-issuance. Where tax deduction vouchers bought from tax authorities are still available, enterprises are allowed to use them.

Determining tax return period for the adjusted invoice

On 14 September 2022, the Hanoi Tax Department has recently issued Official Letter 45390/CTHN-TTHT providing guide on determining tax return period for adjusted or replaced invoice.

Vietnam Tax Updates, October 2022

According to Article 47 of the Law on Tax Administration 38/2019/QH14, where an adjusted or replaced invoice generated, the enterprise will make additional declarations in the tax period with errors or omissions (not supplement declarations to the current tax period).

When making an additional declaration of the adjusted or replaced invoices, if it does not change the tax obligation, enterprises just submit an explanation of the additional declaration and relevant documents (no additional declaration is required). Where the additional declaration of the adjusted or replaced invoice leads to an increase in the payable tax amount or a decrease in the refundable tax amount, the additional tax amount or overpaid tax amount and late payment interest (if any) must be fully paid. (Clause 4, Article 7 of Decree 126/2020/ND-CP).

Management consulting companies do not have to allocate VAT to branches outside the province

The Tax Department of Ho Chi Minh City has issued Official Letter 6543/CTTPHCM-TTHT on VAT allocation of the management company to the branch.

Accordingly, fields and business activities mentioned in the list stipulated in Clause 1, Article 13 of Circular 80/2021/TT-BTC are required to allocate VAT to their branches and affiliated units, and the list does not cover Management Consulting activities. In other words, companies which operate in management consulting field, have branches and dependent units located outside the province, and do not directly sell goods or provide services, are allowed to declare and pay VAT concentrated at the head office, not allocate to branches.

For more information on tax updates and other compliance requirements for businesses operating in Vietnam, follow our monthly releases on the website and social media channels at vietnam.acclime.com.

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