



## PROFESSIONAL LEGAL NEWSLETTER JULY 2019

### A. LEGAL DOCUMENTS HAVE JUST BEEN ISSUED

- **THE MINISTRY OF FINANCE**

1. **Circular No. 42/2019/TT-BTC dated 12 July 2019**

Abolish Circular No. 128/2014/TT-BTC dated 05 September 2014 of the Ministry of Finance guiding the reduction of personal income tax for individuals working in the economic zone.  
Abolish Circular No. 128/2014/TT-BTC dated 05 September 2014 of the Ministry of Finance guiding the reduction of personal income tax for individuals working in the economic zone.  
This Circular takes effect from 26 August 2019.

2. **Circular No. 43/2019/TT-BTC dated 12 July 2019**

Guiding the provisions of Clause 4, Article 24 of the Government's Decree No. 82/2018/NĐ-CP dated 22 May 2018 on management of industrial parks and economic zones

- Expenses for investment in construction, operation or lease of condominiums and social infrastructure works in service of workers working in industrial parks or economic zones of enterprises having investment projects in industrial parks and economic zones, it is deducted when determining the income subject to enterprise income tax.
- Incentives for investment projects on construction of houses, cultural and sports facilities, social infrastructure works in service of workers working in industrial parks and economic zones.

This Circular takes effect from 26 August 2019.

### B. GUIDING – ANSWERING DISPATCH

- **GENERAL DEPARTMENT OF TAXATION**

3. **No. 2646/TCT-CS dated 01 July 2019**

**Licensing fee**

The Ministry of Finance issued Official Dispatch No. 15865/BTC-CST dated 07 November 2016, Official Dispatch No. 1025/BTC-CST dated 20 January 2017 providing guidelines on licensing fees. Accordingly representatives offices of enterprises engaged in goods and service production and trading activities must pay licensing fees; If the representative office does not produce or trade in goods and/or services, it is not required to pay licensing fees as prescribed.



**4. No. 2710/TCT-CS dated 05 July 2019**

Information on the invoice

- The total payment on the invoice must be written in words. In case the word on the invoice is in Vietnamese without accents, the letter without accent on the invoice must ensure that it does not lead to misunderstanding of the content of the invoice.
- The problem of Fuji Xerox Vietnam Co., Ltd. - Hanoi Branch, Hanoi Tax Department has issued Official Letter No. 63898/CT-TTHT dated 11 October 2016 to answer to the Company about amount written in words on the invoice (photocopy attached). The content of Official Letter No. 63898/CT-TTHT mentioned above is appropriate.

**5. No. 2722/TCT-CS dated 08 July 2019**

Tax and invoice

If an enterprise generates sales of goods or construction activities during the period of coercion by invalid invoice notification. If the Company has not yet issued an invoice to the customer and not declared VAT but has declared CIT finalization for revenue generated during the enforcement period, the Company will be sanctioned for selling goods without invoices and handled for administration violations in the tax field for acts of making false declaration of payable tax amounts. In addition, the Company was applied remedial measures for acts of selling goods without invoices during the time the tax authorities applied the measure of tax debt enforcement by notification of invalid invoices as prescribed.

**6. No. 2875/TCT-DNNCN dated 22 July 2019**

Personal income tax guidance

In case the customer is an individual who earns a turnover (not in cash) as a tourist trip under the promotion program under the provisions of Decree No. 81/2018/NĐ-CP dated 22 May 2018 of the Government, it is determined as income from gifts and is not subject to ownership registration, so it is not subject to PIT.

**7. No. 2969/TCT-DNNCN dated 31 July 2019**

Personal income tax declaration form

- If a shareholder being an individual who is a non-resident, transfers the shares of the CV securities joint stock company to another shareholder who is also a non-resident individual, the activity generates income from the transfer of securities and individuals directly declare personal income tax according to the form No. 04/CNV-TNCN promulgated in Circular No. 92/2015/TT-BTC dated 15 June 2015 of the Ministry of Finance.
- CV Securities Joint Stock Company declares personal income tax and pays tax on behalf of an individual, then the phrase "Declaration on behalf of" in the declaration must be written in the previous section: Taxpayer or legal representative of taxpayer and also sign, state the full name and seal of CV Securities Joint Stock Company. Because tax obligations are those of securities transferors, personal income tax returns should be fully displayed. information about tax codes of individuals transferring securities as prescribed at Point a, Clause 2, Article 5 of Circular No. 95/2016/TT-BTC dated 28 June 2016 of the Ministry of Finance.



## ● HANOI TAX DEPARTMENT

### 8. No. 51361/CT-TTHT dated 01 July 2019

#### Using electronic invoices more than 01 page

Electronic invoice is essentially a collection of electronic data messages about goods sale and service provision, which is initialized, made, sent, received, stored and managed by electric means. The number of lines may increase depending on the quantity of goods and products on the invoice. However, when converting the e-invoices to paper invoice, the e-invoices can be printed on many pages. Therefore, in order to conform to the characteristics of e-invoices, in case e-invoices are converted into paper, if the quantity of goods or services sold exceeds the number of lines of an invoice page, the Company shall implement similar to the case of using self-printed invoices where the making and printing of invoices are made directly from the software and the quantity of goods or services sold is more than the number of lines of an invoice page, specifically: Bella Italy Company Limited may show more than one page of the invoice if it is displayed on the back of the next page: the same invoice number as the first page (automatically granted by the computer system); the same name, address and tax identification number of the buyer or seller as the first page; same form and invoice symbol as the first page; enclose a Vietnamese note "previous page - page X / Y" (where X is the page number and Y is the total page number of the invoice).

### 9. No. 53587/CT-TTHT dated 08 July 2019

#### Personal income tax for non-resident individuals

Representative office pays travel and accommodation expenses for foreigners (non-resident individuals) to provide technical support to customers in Vietnam (individuals are not receiving salaries/wages or extra money for the period of working in Vietnam), the above payment will be calculated into the income subject to PIT of foreign individuals as prescribed. The personal income tax in this case is determined by the income received (x) 20% as prescribed in Circular No. 111/2013/TT-BTC above.

### 10. No. 58604/CT-TTHT dated 25 July 2019

#### VAT policy for services provided to foreign businesses

YUD Vina Logistics Co., Ltd provides package delivery and forwarding services for foreign enterprises from the foreign port to the place of delivery and receipt in Vietnam and from the warehouse of the enterprise in Vietnam to foreign ports, including domestic and international transport stages, inland loading, customs services, loading and unloading at ports, related expenses such as fee for documents and telex relaease, lead seal, container charge, Hanoi Tax Department guides in principle as follows:

- Forwarding, counting, lifting and unloading services provided at the port area in accordance with the regulations on maritime services provided to foreign enterprises, meeting the conditions specified in Item d, Clause 2, Article 9 Circular No. 219/TT-BTC is subject to 0% VAT rate.
- With related expenses such as document fee, delivery fee, lead-seal fee, storage fee, if the company collects and pays on behalf of shipping lines to foreign partners, the Company does not have to declare, calculate and pay VAT. In case this is the revenue from the Company providing services such as issuing documents, making telex release, sealing, storing,... if meeting the conditions prescribed in Clause 1, Clause 2, Article 9 and Article 16 of Circular No. 219/TT-BTC and not being the subjects specified in Clause 2, Article 1 of Circular No. 130/2016/TT-BTC are subject to 0% VAT rate and are eligible to deduct input VAT for exported goods and services. In case of failing to meet the above regulations, they shall be subject to VAT at the rate of 10%.



**11. No. 59212/CT-TTHT dated 29 July 2019**

**CIT incentives**

- Yahata Vietnam Co., Ltd was granted the first investment certificate in 20 November 2012 by Hanoi Management Board of Industrial and Export Processing Zones to implement the investment project in Thang Long Industrial Park, Dong Anh District, Hanoi City. As of the 2014 tax period, the company met the conditions for tax incentives in accordance with the provisions of Law No. 32/2013/QH13, Law No. 71/2014/QH13 and guiding documents. The company enjoys tax exemption for 2 years and reduce 50% of payable tax amount for 4 subsequent years (not entitled to preferential tax rate) **for the remaining period from the tax period 2015** according to Clause 1 Article 13 of the Circular No. 96/2015/TT-BTC.
- In the course of operation, the Company has incurred commercial activities but not associated with investment projects in Thang Long Industrial Park, Dong Anh District, Hanoi City, the income from this commercial activity is entitled to CIT incentives

**12. No. 60503/CT-TTHT dated 31 July 2019**

**Personal income tax deduction for income from compensation of life insurance contracts**

- A company employee participates in life insurance and receives compensation money paid by the life insurance company as agreed in the signed insurance contract, this income exemption from PIT in accordance with Article 3 of Circular No. 111/2013/TT-BTC above (amended and supplemented in Article 12 of Circular No. 92/2015/TT-BTC).
- The Company buys life insurance with accrued premiums for employees, by the time of contract expiry, the Insurance Company is responsible for deducting the tax amount at the rate of 10% on the premium amount corresponding to the amount purchased for employees by the company as prescribed in Article 7 of Circular No. 111/2013/TT-BTC above (amended and supplemented in Article 14 of Circular No. 92/2015/TT-BTC).

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