
TAX BULLETIN February 2022

1. Amendment of regulation on provisional payment for 75% of Corporate Income Tax liability

This is one of the significant contents in the draft Decree to amend Decree No. 126/2020/ND-CP providing the guidance for the implementation of the Law on Tax Administration and Decree No. 123/2020/ND-CP on invoices and relevant document which the Ministry of Finance will submit to the Government for issuance. According to the draft Decree, the regulation on CIT provisional payments in the first 3 quarters of the tax year not being lower than 75% of CIT payable amount according to the annual finalization shall be amended by the regulation that the CIT provisional payments in the 4 quarters of the tax year must not be lower than 80% of CIT payable amount according to the annual finalization. In case of underpayment of their CIT liabilities, taxpayers must pay late payment interest from the date following the last day of the deadline for payment of quarterly provisional CIT amount to the date of paying the outstanding tax amount into the state budget.

2. Payment of untaken annual leave days for employees (Official No. 05/CTBNI-TTHT dated 04/01/2022 of Bac Ninh Tax Department)

In case the company pays for untaken annual leave days in the year to employees who are still working at the company, it is not consistent with the provisions of Clause 3, Article 113 of the Labor Code No. 45/2019/QH14 dated 20 November 2019 (the payment of untaken annual leave days in the year is only regulated for the case of termination or job loss), thus, does not meet deductible condition for salary and bonus expenses for CIT purpose.

3. Guidance on applying electronic invoices ("e-invoice") (Official Letter No. 5113/TCT-CS dated 27 December 2021 of the General Department of Taxation).

On 27 December 2021, the General Department of Taxation issued Official Letter No. 5113/TCT-CS guiding several issues related to the application of e-invoice according to Decree No. 123/2020/ND-CP. Some major contents are summarized as follows:

- Sending Notice of receipt and handling results of the erroneous e—invoices (Form 01/TB-SSDT): after receiving Form No. 04/SSDT - Notice of errors in e-invoices sent by taxpayers, authorized tax officer shall digitally sign Form 01/TB-SSDT to notify the taxpayer on the receipt and handling result of the erroneous e-invoices.
- Stop using and destroy the old invoice after obtaining approval from tax authority to use new e-invoice:
 - After obtaining approval from tax authority to use new e-invoices, enterprises must stop using and immediately dispose any remaining paper, electronic invoices

registered under prior regulation. Disposing procedures shall comply with Article 27, Decree No. 123/2020/ND-CP.

- During the effective period of Circular No. 39/2014/TT-BTC, enterprises can submit a Notice of Invoice disposal (Form No. TB03/AC) and Report on Invoice Usage Form (BC26) for tax authority to input in the tax system.
- Integrating e-invoicing software with accounting software: not compulsory.
- Registration for use of both e-invoices with verification code and without verification code: applicable in cases where an enterprise conducts business in multiple sectors, with sectors subject to use e-invoice with verification code and sectors subject to e-invoice without verification code. The enterprise may register to use the e-invoice with or without verification code for each business activities. At this stage, enterprises shall register e-invoices according to tax authority's classification. the General Department of Taxation will upgrade the tax system to ensure taxpayers can register to use both types of e-invoices.
- Tax authorities have informed taxpayers to apply e-invoices with verification code but taxpayers register to apply e-invoices without verification code
 - When receiving the taxpayer's registration for using e-invoices without verification code, the tax office will check it with the Notice on using of invoice form (with or without verification code) sent to taxpayers and instruct taxpayers, if having received the Notice on using e-invoice with verification code issued by the tax office, to change the registration information for using the invoice with verification code and send it back to the tax office.
 - In case taxpayers do not send changes in information to register for the use of e-invoices with verification codes, the tax office will assess the level of risk to issue a decision to inspect at the enterprise's premises in order to check taxpayers' information technology infrastructure conditions. In case the taxpayer does not meet the conditions to use the e-invoice without verification code, the tax office shall notify in writing of the request for the taxpayer to switch to the application of the e-invoice with verification code.
- Using e-invoices for the parent company with subsidiaries, branches using the same accounting software and invoicing software, but headquarter of subsidiaries and branches not located in 06 provinces prioritized for the application of e-invoices according to Decree No. 123/2020/ND-CP: The whole system will register to use e-invoices without a code if it meets the conditions on the industry and the information technology system.