
TAX BULLETIN July 2022

1. Strengthening the process of taxpayer reception and handling appeals and denouncements (Official letter No. 2197/TCT-KTNB dated 22nd June 2022 of the General Department of Taxation)

To implement the Monthly Meeting Resolution of Government in February 2022, General Department of Taxation issues a directive on strengthening the process of taxpayer reception and solving appeals and denouncements to provincial tax departments as follows:

- The responsible and competent person must clearly understand the situation, be active in handling cases of appeal and denouncement timely, properly to provisions of law, identify reasons for appeal and denouncement in order to address shortcomings, weakness of state management work, to handle government servants who have committed the violation, and to propose competent authorities for supplementing, amending shortcomings of policies and laws (if any)
- The settlement of appeal must be proceeded by issuing official decisions. A decision on appeal settlement must be based on legal regulations and issued under prescribed form.
- In case a decision on the first settlement of appeal rejects or partly accepts the appeal, the dialogue results between the tax office and the taxpayer shall be enclosed to the decision; If in the first settlement of appeal, the appeal's issues are partly accepted by the tax office, the tax payable amount should be calculated and indicated in the decision on first settlement of appeal in order to avoid the situation where the tax office shall issue a new decision on tax penalisation to replace the first one after the tax appeal is solved.
- In case of the second settlement of appeal, a dialogue among the person in charge of handling the appeal, the defendant, the complaint, and the person with related interests and obligations must be held.

2. Guidance on electronic certificate of PIT withholding (Official letter No. 2455/TCT-DNNCN dated 12th July 2022 of the General Department of Taxation)

From 1st July 2022, organizations, businesses and individuals officially stop using paper certificate of PIT withholding issued by tax authorities and self-printed certificate according to the provisions of Circular No. 37/2010/TT-BTC and start to use electronic certificate of PIT withholding according to Decree No. 123/2020/ND-CP and Circular No. 78/2021/TT-BTC. To implement this regulation, a number of Provincial Tax Departments issued notices to instruct businesses and organizations not to use paper certificates as from 1st July 2022 anymore even if they have not been used up and to register for using e-certificate of PIT withholding. However, the General Department of Taxation provides a general guidance on PIT withholding certificate as follows:

- Pursuant to Article 33, Decree No. 123/2020/ND-CP , organizations applying e-certificate of PIT withholding shall not be obliged to register, notify, issue and transfer electronic data to tax authorities. Each organization shall develop its own software system to issue e-

certificate with mandatory requirements prescribed in Paragraph 1, Article 32, Decree No. 123/2020/ND-CP .

- From 1st July 01, tax authorities shall cease to sell PIT withholding certificates; any PIT withholding certificates purchased from tax authorities, but having not yet used up, shall remain usable.

3. Support money for Covid-19 prevention and control received from the reduction of unemployment insurance contributions not subject to PIT (Official letter No. 22148/CTHN-TTHT dated 16th May 2022 of Hanoi Tax Office)

In case companies pay the entire amount of unemployment insurance reduction to support employees for Covid-19 prevention and control in accordance with Decision No. 23/2021/QĐ-TTg, they are not required to withhold PIT with respect to this payment.

4. Guidance on fixed asset liquidation (Official letter No. 1506/CTBNI-TTHT dated 12th May 2022 of Bac Ninh Tax Department)

In case where the Dea Sun Vina Cons Co., Ltd. imported a shipment of used machineries, equipment (fully paid import duty and VAT and retained non-cash voucher when making payment to the exporter); and incurred expenses for repairing and installing the machineries, equipment so that they are already available for using,

- These repairing and installing expenses are calculated into the historical cost of the machineries, equipment.
- Company is required to depreciate the machineries, equipment which are repaired, installed and already available for using from the date when the Company records an increase in the value of fixed assets in accordance with the current accounting standards.
- When not using the purchased machineries, equipment anymore, the Company is allowed to sell these machineries, equipment to its subsidiary (a related enterprise). Based on the remaining value of purchased machineries, equipment (which is the difference between the historical cost and depreciations accrued from the beginning date of depreciation to the liquidating date), an appropriate selling price of purchased machineries, equipment shall be determined in line with to the market value at the liquidating time.

5. Issuing e- invoice for materials sold by export processing enterprises to the domestic market (Official letter No. 1573/CTBNI-TTHT dated 20th May 2022 of Bac Ninh Tax Department)

Regarding the issue, Bac Ninh Tax Department instructs Vietnam Dragonjet Co., Ltd as follows:

- In case where the Company - an export processing enterprise - has successfully registered and has been using the e-invoice with the verification code of the tax authority in accordance with provisions of the Decree No. 123/2020/NĐ-CP dated 19th January 2020 of Government and the Circular No. 78/2020/TT-BTC dated 1st April 2020 of Ministry of

Finance, the Company is not able to request the tax office to provide e-electronic invoice for each time of selling materials to a domestic company because it is not under the cases of e-invoice provision by each incurring time as provided for in clause 2, Article 13 of the Decree no 123/2020/NĐ-CP.

- When selling the materials to domestic companies, the Company shall issue e- invoice (the selling e-invoice which clearly states “used for entities and individuals in non-tariff areas”). The e-invoice must include in full contents, be consistent to the format and information which were registered in accordance with Articles 10, 12 and 15, Decree No. 123/2020/NĐ-CP mentioned above. After issuing e-invoice, the Company digitally sign and send it to the tax authority for verification code. The verification code will be automatically issued by the tax office’s system and sent to the Company. After receiving the e-invoice with verification the code of the tax office, the Company will be responsible for sending it to the purchaser so that they can proceed customs procedures, tax declaration, and recognition of expenses in accordance with legal provisions.