
TAX BULLETIN April 2023

1. Guidance on tax collection and payment based on the payable identification (ID) code (Official letter No. 1483/TCT-KK dated 24th April 2023 of the General Department of Taxation)

This is a new guidance informed by the General Department of Taxation (GDT) in the Official letter No. 1483/TCT-KK dated 24th April 2023 to all the tax offices to coordinate with taxpayers to implement tax collection and payment based on ID code. Accordingly, the tax offices will receive the payment vouchers to the state budget with ID code, handle the offset of the payable amount and paid amount based on ID code and process requests for tracing and adjustment of state budget collection and payment information based on ID code. “Payable identification (ID) code” refers to a series of characters that is generated on the tax administration system and unique to each tax dossier or payable of a taxpayer.

From 10th May 2023, the portal of the GDT will upgrade the function to allow taxpayers to look up their tax liabilities, support in arranging the payment order according to the provisions of the Tax Administration Law, and to make tax payment remittance to the State budget based on the ID code. The ID code will be notified to companies and individuals at the Notice of Acceptance of Electronic Tax Returns; Notice of tax payment or notice on the portal of the GDT. Companies and individuals may use ID code in order to:

- check the situation of handling tax liabilities;
- make tax payment to the state budget; and
- check and adjust tax collection and payment information on the portal of the GDT.

2. CIT treatment with respect to Raw materials and goods used in excess of the norm (Official letter No. 4228/CTBDU-TTHT dated 3rd March 2023 of Binh Duong Tax Department)

With regards to raw materials, fuel, energy and goods subject the norm stipulated by the State, consumption exceeding the norm will be treated as non-deductible expense for CIT purpose according to Point 2.3, Article 4, Circular 96/2015/TT-BTC dated 22nd June 2014.

In case after post customs clearance audit at the company, the customs authority decides to deem import duty and import VAT because there are differences between material value in import/ export documents, payment documents and accounting books and actual inventory count, the value of raw materials exceeding the norm will be treated as non-deductible expense for CIT purpose as prescribed.

3. Supplement business line but not increase capital, not allowed to enjoy CIT incentives (Official letter No. 4229/CTBDU-TTHT dated 3rd March 2023 of Binh Duong Tax Department)

In case the company has been operating and enjoying CIT incentives (locational conditions are met), registers to supplement business activities but does not increase its capital nor increase assets, income from supplemented business activity is not entitled to CIT incentive.

4. Timing of export revenue recognition (Official letter No. 912/CTTNG-TTHT dated 8th March 2023 of Thai Nguyen Tax Department)

When the company made export declaration in November 2022 but the customs clearance procedures were not completed until February 2023, the time for VAT declaration and recognition of export revenue for tax declaration purpose is the completion date of customs procedures (i.e., customs clearance date). If taxable revenue is recognized in 2023, the corresponding selling expenses should be recorded in 2023. Expenses which do not correspond with the taxable revenue will be considered as non-deductible expenses for CIT purpose as prescribed at point 2.30, clause 2, Article 4, Circular No. 96/2015/TT-BTC.

5. Declare and allocate PIT payments for provinces having branches and business locations (Official Letter No. 4418/CTHN-TTHT dated 9th February 2023 of Hanoi Tax Department)

If a company have branches or business locations in many provinces and cities and conducts centralized accounting at the headquarter, PIT must be declared, calculated, and allocated to the provinces where branches and business locations located at. The PIT amount allocated to each province is determined according to the actual tax withheld of each individual. If the employee is transferred or rotated, based on the time of income payment which province the employee is working at, the withheld PIT incurred shall be calculated for that province.