
TAX BULLETIN March 2024

1. Amendment of VAT amounts for refund after submission of the tax declaration of subsequent period (The Official Letter No. 501/TCT-KK dated 6th February 2024 of the General Department of Taxation)

If the company submitted VAT return for investment project under form No. 02/GTGT for the 3rd quarter of 2022, amendment of the additional VAT amount requested for refund of the 2nd quarter of 2022 would not be allowed. For the input VAT of investment project, which is not refundable but eligible for deduction, the company can carry to the VAT return of production and business activities under form No. 01/GTGT pursuant to the guidance by the Official Letter No. 4394/TCTKK dated 24th November 2022 of the General Department of Taxation.

2. CIT incentives applied to investment projects behind schedule (Official letter No. 2133/CTBDU-TTHT dated 31st January 2024 of Binh Duong Tax Department)

In case the Company was established at 21 VSIP II, Road no 6, KCN VSIP II, Ben Cat District, Binh Duong Province under the first Investment Certificate issued by Vietnam – Singapore Industry Management Board on 27th February 2009 and implemented the project on the schedule as provided for in the first Investment Certificate, then the Company would be entitled to tax incentives for the remaining time as from the tax period of fiscal year 2015 in accordance with provisions as provided for in the Law No. 32/2013/QH13, Law No. 71/2014/QH13 and legal document providing guidance on the implementation of these laws.

In the 8th amendment of Investment Certificate dated 25th September 2023, the implementation schedule of key targets of the project is provided as follows: Groundbreaking: March 2010, Installation of machineries and equipment: March 2011, and Operation: December 2011. In practice, however, the Company started construction activities from November 2021 and put the project into operation in September 2023. The Company has fallen behind the schedule as provided for in the Investment Certificate; therefore, the Company is not entitled to CIT incentives for income derived from the investment project.

3. Tax declaration for advertisement activities in Google (Official Letter No. 296/TCT-CS dated 24th January 2024 of the General Department of Taxation)

The General Department of Taxation (GDT) provides guidance on tax declaration for prepaid invoices but not VAT invoices for business entities declaring VAT according to credit method issued by Google Asia Pacific Pte. Ltd (Google) to a Vietnamese company regarding to advertising activities on Google as follows:

- Value Added Tax: The invoice issued by Google to the company do not qualify as VAT invoices for an organization declaring VAT under the credit method; therefore, do not meet the conditions for VAT creditability in accordance with current regulation.

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- Corporate Income Tax: The GDT issued the Official letter No. 3149/TCT-CS dated 15th August 2018. According to this Official letter, advertisement expenses paid for in Facebook, Google are deductible if qualifying the conditions including being related to business activities, having legitimate invoices and documents with the company's name, address, and tax code (if the seller does not provide invoices, Foreign Contractor Tax (FCT) declaration and proof of FCT payment will be required), and having payment voucher according to VAT regulations.
 - The list of foreign suppliers with ecommerce activities and businesses on digital platforms who have registered for tax in Vietnam is publicly posted by GDT (<https://etaxvn.gdt.gov.vn/>). The company can access the Electronic Information Portal to look up the tax registration status of the foreign suppliers.
- 4. Tax treatment applied to payments for sport activities exercised by employees (Official letter No. 6443/CTHPH-TTHT dated 7th December 2023 of Hai Phong Tax Department)**
- Corporate Income Tax: In case the Company organizes sport activities for its employees, payments made to these activities are considered as deductible expenses for CIT purpose provided that conditions as provided for in Article 4, Circular No. 96/2015/TT-BTC dated 22nd June 2015 of Ministry of Finance and Clause 2, Article 3, Circular No. 25/2018/TT-BTC dated 16th March 2018 of Ministry of Finance are met in full, and that total welfare costs in the year does not exceed average salary amount of one month actually recorded in the tax year.
 - Personal Income Tax: In case the Company make support payments in cash for sport activities for its employees and these payments do not indicate specific name of beneficiaries individually, but only collective of employees, the support payments are not taxable for PIT purpose.
- 5. Tax treatment of overseas business trip costs (Official letter no 5697/CTBNI-TTHT dated 22nd December 2023 of Bac Ninh Tax Department)**
- In case where a Company incurs business trip expenses such as air tickets, hotel accommodation, meal, transportation expenses, and per diem paid to employees for the purpose of business activities, with adequate invoices and receipts required by financial or internal regulations of the Company as provided for in Article 6, Circular No. 78/2014/TT-BTC dated 18th June 2014 of Ministry of Finance (which was supplemented, amended in Article 4, Circular No. 96/2015/TT-BTC dated 22nd June 2015 of Ministry of Finance), these expenses are deductible for CIT purpose and are not subject to taxable income of employees for PIT purpose.