

# **TAX ALERT AND LAW**

## **September 2023**

INTERNAL ONLY

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## 1. Instructions on Tax Policy when paying by personal credit card

### Official Letter 62652/CTHN-TTHT

*Hanoi Tax Department*

On 25 August 2023, the Hanoi Tax department released Official Letter 62652/CTHN-TTHT on tax policy for expenses paid by personal credit card.

If the company authorizes an individual who is an employee of the company to pay for the purchase of fixed assets with a value **of 20 million VND or more (price includes VAT)** to the seller in the form of individual credit card payment that to the seller's account. The company then pays the individual back through a transfer from the company's account (registered with the Tax authority) to the individual's account.

The expense is **deductible for VAT and CIT** purpose provide the following condition are met:

- This form of payment is specifically regulated in the Company's financial management regulations or governance regulations. Have complete records and documents proving assets are used for production and business activities of the enterprise;
- Have an invoice for purchasing goods and services bearing the Company's name and tax code;
- Supporting documents relating to the Company's authorization for individuals to pay the seller and pay back to the Company;
- Credit statement documents from the individual's credit card to the seller, money transfer documents from the Company's bank account to the individual.

## 2. Instructions on confirming tax obligations “VAT”

Official Letter 62665/CTHN-TTHT

*Hanoi Tax Department*

On 25 August 2023, The Hanoi Tax Department released Official Letter 62665/CTHN-TTHT confirm the implementation of tax obligations.

In case an electronic invoice has been created according to Decree 123/2020/ND-CP and has been sent to **the buyer and the buyer or seller discovers an error** in the tax rate, the seller shall handle the error according to the instructions at point b, clause 2, article 19 of Decree 123/2020/ND-CP dated 19 October 2020 of the Government. In case the invoice has been prepared according to the provisions of Decree No. 51/2010/ND-CP dated 14 May 2010, Decree No. 04/2014/ND-CP dated 17 January 2014 of the Government and other documents If this invoice has errors, the seller and buyer must handle the errors according to the instructions in Clause Article 12 of Circular No. 78/2021/TT-BTC dated 17 September 2021 of the Ministry of Finance.

In case the invoice states **the wrong value-added tax rate but the business establishment has not adjusted it itself and the tax authority checks and discovers it**, it is determined that the seller has declared and paid tax at the correct tax rate. Recorded on the invoice, input tax can be deducted according to the tax rate stated on the invoice, but there must be confirmation from the tax authority directly managing the seller as prescribed in point b, clause 5, article 12 of Circular No. 219/2013/TT-BTC dated 31 December 2013 of the Ministry of Finance.

### 3. Instruction on handling invoice with errors

Official Letter 63648/CTHN-  
TTHT

*Hanoi Tax Department*

Official Letter No. 63648/CTHN-TTHT issued by the Hanoi Tax Department on 30 August 2023 provides guidance on handling invoices with errors.

In case the Company provides goods and services that **are eligible for VAT reduction** according to Decree 15/2022/ND-CP, after 31 December 2022, errors are discovered and must be issued an adjusted or replaced invoice. **without affecting the goods price and VAT payable** or adjusting the taxable price, **the adjusted or replaced invoice will apply the 8% VAT rate.**

In case an **error in the quantity of goods leads to an error** in the amount of goods and VAT, the adjusted or replaced invoice **will apply the VAT rate as prescribed at the time of making the adjusted** or replaced invoice according to the instructions in Official Letter No. 2121/TCT-CS dated 29 May 2023 of the General Department of Taxation.

## 4. Guidance on implementing policies to support trade union members and workers whose working hours are reduce or labor contracts are terminated due to reduced orders from enterprises

### Decision 7785/QĐ-TLĐ

*Vietnam General Confederation of Labor*

### Continue to support workers whose jobs are affected until the end of 2023

Employees working under labor contracts at enterprises that pay union dues before 1 April 2023 will have their working hours reduced, their work stopped, their labor contracts suspended, and they will be dismissed without benefits. salary, labor contracts terminated due to businesses cutting or reducing orders during the period from 1 April 2023 to 31 December 2023 continue to receive support.

Conditions for union members and workers whose working hours are reduced or stopped to receive support:

- Having a reduction in daily working time or a reduction in the number of working days in a week or a month (except for the case of reducing overtime) or being stopped from work according to Clause 3, Article 99 of the Labor Code for 14 days or more.
- Income (not deducting mandatory monthly contributions as prescribed by law) of any month is equal to or lower than the regional minimum wage as prescribed in Decree No. 38/2022/ND-CP.
- The period of reduced working hours and stoppage of work is from 1 April 2023 to 31 December 2023.

## 4. Guidance on implementing policies to support trade union members and workers whose working hours are reduce or labor contracts are terminated due to reduced orders from enterprises (cont.)

### Decision 7785/QĐ-TLĐ

*Vietnam General  
Confederation of Labor*

Conditions for union members and workers who temporarily postpone the implementation of labor contracts or take unpaid leave due to business cuts or reduced orders to receive support:

- Temporarily postpone the implementation of the labor contract, leave work without pay within the term of the labor contract for 30 consecutive days or more due to the business cutting or reducing orders (except in cases where union members and workers are temporarily suspended) implementation of labor contract, leave without pay for personal reasons).
- The period of temporary suspension of labor contract implementation and unpaid leave is from 1 April 2023 to 31 December 2023.
- The starting time of temporary suspension of labor contracts and unpaid leave is from 1 April 2023 to 31 December 2023.

Conditions for union members and workers whose labor contracts are terminated because the business cuts or reduces orders but are not eligible for unemployment benefits to receive support:

- Termination of the labor contract during the period from 1 April 2023 to 31 December 2023 (except in cases where the employee unilaterally terminates the labor contract illegally or is subject to disciplinary action of dismissal). ; agree on the probation content stated in the labor contract but the probation fails to meet the requirement or one party cancels the probation agreement; receive monthly pension and disability allowance).
- Not eligible for unemployment benefits.

## 5. The Government Issues Vietnam's Preferential Export Tariffs and Special Preferential Import Tariffs to Implement the Comprehensive and Progressive Agreement for Trans-Pacific Partnership for the Period of 2022 - 2027.

### Decree 68/2023/ND-CP

#### *Government*

On 7 September 2023, the Government issued Decree 68/2023/ND-CP amending Decree 115/2022/ND-CP dated 30 December 2022 on Preferential Export Tariffs and Preferential Import Tariffs. Vietnam's special incentives to implement the CPTPP Agreement.

Adding 03 countries applying Vietnam's Preferential Export Tariff to implement the CPTPP Agreement. Temporary suspension of labor contract implementation and unpaid leave from 1 April 2023 to 31 December 2023.

To implement the Comprehensive and Progressive Agreement for Trans-Pacific Partnership to take effect from 14 January 2019.

- Malaysia takes effect from 29 November 2022;
- The Republic of Chile takes effect from 21 February 2023;
- Brunei Darussalam takes effect from 12 July 2023;

The Government added to the Preferential Export Tariff in Decree 68/2023/ND-CP, effective from 7 September 2023.



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