

# NEWSLETTER ICL

## Tax & Legal updates

*December - 2024*

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# Personal income tax (PIT) on income from winning prizes



According to Decree No. [65/2013/NĐ-CP](#) in Clause 6, Article 2:

**Income from winning prizes** is money or goods that individuals receive in the following forms :

d) Winning prizes in games, contests with prizes and other forms of winning prizes organized by economic organizations, administrative agencies, public service agencies, unions and other organizations and individuals.

## **Article 15. Basis for calculating tax on income from winning prizes**

### **Taxable income**

Taxable income from winning prizes is the prize value exceeding VND 10 million that the taxpayer receives each time he wins, regardless of the number of times he receives the prize.

+ In case of **one prize but there are many winners**, taxable income is divided among each prize recipient.

+ In case **an individual wins many prizes** in a game, taxable income is calculated on the total value of the prizes.

### **Tax rate**

Personal income tax rate on income from winnings is applied according to the Full Tax Schedule with a tax rate of 10%.

### **Time to determine taxable income**

The time for determining taxable income for income from winning prizes is the time when the organization or individual pays the prize to the winner .



## VALUE ADDED TAX (VAT)

Clause 22, Article 7 of Circular 219/2013/TT-BTC

In case the business establishment applies a trade discount for customers (if any), the VAT **taxable price is the selling price after the trade discount** for customers.

In case **the trade discount is based on the quantity and turnover of goods and services**, the discount amount of the sold goods will be **adjusted on the invoice for the sale of goods and services of the last purchase or the following period.**

In case **the discount amount is established at the end of the sales discount program (period)**, an **adjustment invoice will be established with a list of invoices that need to be adjusted, the amount, and the adjusted tax amount.** Based on the adjustment invoice, the seller and the buyer declare the adjustment of the purchase and sale revenue, output and input taxes...

Section d Clause 6 Article 10 Decree No. 123/2020/ND-CP

d) In case a business establishment applies a commercial discount to customers or a promotion in accordance with the provisions of law, the commercial discount or promotion must be clearly shown on the invoice.

Clause 1, Article 7 of Circular No. 78/2021/TT-BTC

For electronic invoices:

e) For the content of the invoice value that has errors: adjust up (write positive sign), adjust down (write negative sign) according to the actual adjustment.

*(Official letter no. 4991/TCT-CS dated 05 Nov2024)*

## CORPORATION INCOME TAX (CIT)

At Clause 1 and Clause 2, Article 81 of Circular 200/2014/TT-BTC:

The revenue reduction adjustment is made as follows:

Trade discounts, sales discounts, returned goods arising in the same period of product, goods and service consumption are adjusted to reduce revenue of the arising period;

In case products, goods and services have been consumed in previous periods, and trade discounts, sales discounts or returned goods arise in the following period, the enterprise is allowed to record a reduction in revenue according to the following principles:

- If products, goods, and services have been consumed in previous periods, and must be discounted, discounted, or returned in the next period, and **arise before the issuance of the Financial Statement**, the accountant must consider this an event that requires adjustment occurring after the date of the Balance Sheet and **record a reduction in revenue on the Financial Statement of the reporting period (previous period)**.
- In case products, goods, and services must be discounted, have trade discounts, or are returned **after the issuance of the Financial Statement**, the enterprise **will record a reduction in revenue for the period in which they arise (the following period)**.

### Article 5 of Circular No. 78/2014/TT-BTC

Revenue for calculating taxable income is the total amount of money from selling goods, processing fees, and providing services, including subsidies, surcharges, and extras that the enterprise enjoys, regardless of whether the money has been collected or not

*(Official letter no. 4991/TCT-CS dated 05 Nov2024)*



# Hiring a foreign company to transport goods requires paying contractor tax



*According to Circular No. 103/2014/TT-BTC dated August 6, 2014 of the Ministry of Finance guiding the implementation of tax obligations applicable to foreign organizations and individuals doing business in Vietnam or having income in Vietnam.*

## The subjects of application

- + Foreign business organizations with or without a permanent establishment in Vietnam;
- + Foreign business individuals who are residents in Vietnam or not residents in Vietnam (hereinafter referred to as Foreign Contractors, Foreign Subcontractors) doing business in Vietnam or having income arising in Vietnam on the basis of contracts, agreements, or commitments between Foreign Contractors and Vietnamese organizations or individuals or between Foreign Contractors and Foreign Subcontractors to perform a part of the work of the Contractor's Contract.

According to the Tax Department of Hanoi City, in case a foreign company provides road transport services from Vietnam to abroad and vice versa and has income arising in Vietnam on the basis of contracts and agreements signed with companies in Vietnam. Vietnam is subject to contractor tax according to the provisions of Circular No. 103/2014/TT-BTC.

If the foreign company does not meet the tax declaration conditions in Vietnam, the Vietnamese company is responsible for deducting, declaring and paying contractor tax on behalf of the contractor according to the instructions in Article 12 and Article 13 of Circular No. 103/2014. /TT-BTC .

In particular, contractor taxes that must be deducted and paid on behalf include: Corporate income tax calculated at the rate of 2% of taxable revenue and VAT calculated at the rate of 3% of taxable revenue as prescribed in Clause 2, Article 12. , Clause 2, Article 13 of Circular No. 103/2014/TT-BTC (except in cases where the transportation service provided meets the regulations of international transportation, the VAT rate of 0% will apply according to Article 9 of the Circular). No. 219/2013/TT-BTC).

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