



## QUESTION-ANSWER AND PROFESSIONAL UPDATE ABOUT TAX

Questions/ New Update	Page
1. How is the VAT rate reduction from 01 <sup>st</sup> July 2023 to 31 <sup>st</sup> December 2023 applied to construction companies?	02
2. Guidance of the Tax department about invoicing implement the Government's Decree No. 15/2022/ND-CP dated 28 <sup>th</sup> January 2022	03
3. In the same period, if an enterprise received many different tax incentives for the same income, which tax incentive does the enterprise apply?	04
4. When there is a current income that has been deducted 10%, if there is no need for PIT finalization on this income, is it compulsory to directly declare and finalize this amount?	04
5. Is it compulsory to finalize PIT for foreign workers when they are in Vietnam enough 12 months or do they make the finalization according to the calendar year? If yes, how to settle?	05
6. Foreigners living in Vietnam for more than 12 months who are entitled to tax refund can they authorize the company to pay tax (tax refund) ?	06
7. After an individual has authorized the tax finalization, income payers has made the tax finalization on behalf of the individual. if it is discovered that the individual is directly subject to tax finalization, how to handle it?	07
8. What are the conditions for a personal income tax refund?	07

## QUESTION-ANSWER AND PROFESSIONAL UPDATE ABOUT TAX (cont.)

Questions/ New update	Answer	Reference
1. How is the VAT rate reduction from 01 <sup>st</sup> July 2023 to 31 <sup>st</sup> December 2023 applied to construction companies?	<p>Official Letter No. 2116/CTBTR-TTHT responding to inquiries about regulations on the application of VAT reduction to construction companies from 1<sup>st</sup> July 2023 to 31<sup>st</sup> December 2023 as follows:</p> <p><b><i>“4. The time of invoicing for some specific cases is as follows:</i></b></p> <p><i>c) For construction and installation activities, the time of invoice is the time of acceptance and handover of works, work items, volume of construction and installation completed, regardless of whether money has been collected or not yet collected...”</i></p> <p><b><i>“Article 8. Time to determine VAT</i></b></p> <p><i>1. For construction and installation, including shipbuilding, means the time of acceptance and handover of works, work items, volume of construction and installation completed, regardless of whether money has been collected or not yet collected...”</i></p> <p><b><i>Reply from Tax department of Ben Tre Province :</i></b></p> <p><b>Company X has implemented the construction and installation package from September 2023 to March 2025. The reduction of VAT is implemented as follows:</b></p> <p><b>Case 1: The time of invoicing and determining VAT when accepting</b> and handing over works, work items and construction volume <b>from 01<sup>st</sup> July 2023 to 31<sup>st</sup> December 2023</b> is subject to a <b>VAT rate of 8%.</b></p> <p><b>Case 2: The time of invoicing and determining VAT when accepting</b> and handing over works, work items and construction volumes <b>after 31<sup>st</sup> December 2023,</b> the <b>VAT rate is 10%.</b></p>	<p><a href="#">Point c, Clause 4, Article 9 of Decree No. 123/2020/ND-CP dated October 19, 2020</a> of the Government regulation for invoices and document</p> <p><a href="#">Clause 5, Article 8 Circular No. 219/2013/TT-BTC dated 31/12/2013</a> of Ministry of Finance.</p> <p><a href="#">Official Letter No.2116/CTBTR-TTHT dated 14/07/2023</a></p>



## QUESTION-ANSWER AND PROFESSIONAL UPDATE ABOUT TAX (cont.)

Questions/ New update	Answer	Reference
<b>2. Guidance of the Tax department about invoicing implement the Government's Decree No. 15/2022/ND-CP dated 28<sup>th</sup> January 2022?</b>	<p>On 30<sup>th</sup> June 2023, the Government issued Decree No. 44/2023/ND-CP stipulating the reduction of value-added tax from 10% to 8%.</p> <p>To ensure consistent implementation of the General Department of Taxation's guidance on the use of e-invoices, the Tax Department of Ho Chi Minh City provides the following guidelines:</p> <ul style="list-style-type: none"><li><b>- Invoicing in case the buyer returns the goods due to wrong specifications and quality</b></li></ul> <p>For goods purchased before 1<sup>st</sup> January 2023 subject to VAT reduction at the rate of 8%, after 31<sup>st</sup> December 2022, the buyer returns the goods due to wrong specifications or quality, The seller issues an invoice to return the goods at the VAT rate of 8%.</p> <ul style="list-style-type: none"><li><b>- Invoicing for commercial discount of goods eligible for VAT reduction according to Decree No. 15/2022/ND-CP:</b></li></ul> <p>In case business establishments apply the form of commercial discount for customers and for commercial discounts of goods eligible for VAT reduction at the rate of 8% sold in 2022 but from 1<sup>st</sup> January 2020. In 2023, when an invoice showing the content of the commercial discount is issued:</p> <p><b>Case 1 :</b> The discount amount is made on the last purchase or the next period after 31<sup>st</sup> December 2022, the discount amount of sold goods shall be adjusted to the content of the taxable price and tax rate in accordance with the current law at the time of invoice.</p> <p><b>Case 2 :</b> The discount amount is made at the end of the discount program (period) after 31<sup>st</sup> December 2022, the seller will issue a new invoice to adjust and apply the VAT rate of 8% at the time of sale.</p>	<p>Official letter No. 8999/CTTPHCM-TTHT dated on 19/07/2023 answered by Ho Chi Minh city Tax Department</p>

## QUESTION-ANSWER AND PROFESSIONAL UPDATE ABOUT TAX (cont.)

Questions/ New update	Answer	Reference
<p>3. In the same period, if an enterprise received many different tax incentives for the same income, which tax incentive does the enterprise apply?</p>	<p>In Clause 12, Article 1 of Law No. 32/2013/QH13 dated June 19, 2013, amending and supplementing a number of articles of the Law on corporate income tax stipulates:</p> <p><b>“Article 18. Conditions for application of tax incentives:</b></p> <p><i>4. In the same period, if an enterprise enjoys different tax incentives for the same income, the enterprise may choose to apply the most favorable tax incentives.”</i></p> <p><b>Based on the above regulation, the General Department of Taxation responded as follows:</b></p> <p>In principle, in the case of an enterprise during the tax incentives period according to the tax incentives field or geographical area, <b>the enterprise may choose to apply the most favorable tax incentives</b> (according to the field or geographical area eligible for tax incentives or income). of enterprises from cultivation, animal husbandry, processing in the fields of agriculture and fisheries).</p>	<p>Clause 12, Article 1 of <a href="#">Law No. 32/2013/QH13 dated 19<sup>th</sup> June 2013</a> as amended</p> <p><a href="#">Official letter No.1834/TCT-CS dated on 17/05/2023</a> answered by Tax Department</p>
<p>4. When there is an income that has been deducted 10%, if there is no need for PIT finalization on this income, is it compulsory for that individual to directly declare and finalize this amount?</p>	<p><b>Answering questions about PIT finalization, Hanoi Tax Department has answered as below:</b></p> <p>Mr. T in 2022 has an income with 10% deduction, if there is no need for PIT finalization for the 10% withheld current income, <b>he is not required to directly declare the final settlement with the agency. tax that is authorized to the income-paying agency to finalize PIT on behalf of.</b></p> <p>If you want to directly declare PIT finalization with the agency, you must declare fully the PIT income received in the period in item number (20): "Total taxable income (PIT) in the period" of Declaration 02/QTT-TNCN according to Circular 80/2021/TT-BTC dated September 29, 2021 of the Ministry of Finance</p>	<p><a href="#">Official letter No. 41573/CTHN-TTHT dated on 14/06/2023</a> answered by Tax department of Ha Noi city.</p>



## QUESTION-ANSWER AND PROFESSIONAL UPDATE ABOUT TAX (cont.)

Questions/ New update	Answer	Reference
5. Is it compulsory to finalize PIT for foreign workers when they are in Vietnam enough 12 months or do they make the finalization according to the calendar year? If yes, how to settle?	<p><b>Subjects to PIT finalization:</b></p> <p>"For individuals who directly settle with tax authorities:</p> <p>Individuals present in Vietnam for less than 183 days in the first calendar year, but in 12 months continuous from the first day of presence in Vietnam for 183 days or more, the first year of settlement is 12 months continuously since the first day of presence in Vietnam."</p> <p>=&gt; Therefore, in this case foreign workers stay in Vietnam for more than 12 months, they must finalize PIT.</p> <p><b>Instructions for PIT finalization:</b></p> <p>- <b>The first tax year:</b> To declare and submit tax finalization documents no later than the 90<sup>th</sup> day from the date of calculation for 12 continuously months.</p> <p>- <b>From the second tax year:</b> To declare and submit tax finalization documents no later than the 90<sup>th</sup> day from the end of the calendar year. The remaining tax payable in the second tax year is determined as follows:</p> <p>The remaining tax payable in the 2<sup>nd</sup> tax year = The payable tax amount of the 2<sup>nd</sup> tax year – Duplicate tax amount deducted</p> <p>In which :</p> <p>The payable tax amount of the 2<sup>nd</sup> tax year = Taxable income of the 2<sup>nd</sup> tax year x Personal income tax rate according to the partially progressive schedule</p> <p>Duplicate tax amount to be deducted = (Tax payable in the first tax year /12)*Number of duplicate months.</p>	<p>Official letter No. 883/TCT-DNNCN dated on 24<sup>th</sup> March 2022 answered by Tax Department</p> <p>Clause 2, e.2 Article 26 of Circular 111/2013/TT-BTC</p>



## QUESTION-ANSWER AND PROFESSIONAL UPDATE ABOUT TAX (cont.)

Questions/ New update	Answer	Reference
6. Foreigners living in Vietnam for more than 12 months who are entitled to tax refund can they authorize the company to pay tax (tax refund) ?	<p><b>Conditions for authorization of PIT finalization in 2023</b></p> <p><b>Resident individuals authorize tax finalization for income payers, specifically as follows:</b></p> <ul style="list-style-type: none"><li>- Individuals earning incomes from salaries or wages sign labor contracts for 3 months or more at a place and are actually working there at the time the income-paying organization or individual performs the tax finalization. , including the case of not working for full 12 months in a calendar year.</li><li>- Individuals are employees who are transferred from the old organization to the new organization by the merger, consolidation, division, separation or transformation of the old organization.</li><li>- Individuals earning incomes from salaries and wages sign a labor contract of 3 months or more at a place and are actually working there at the time the organization or individual pays the income tax finalization, including the case of not working for full 12 months in a calendar year; at the same time have current income elsewhere in the year on average not more than 10 million dong and have been withheld PIT at the rate of 10% if there is no requirement for tax finalization on this part of income.</li></ul> <p><b>Individuals directly declare personal income tax in the following cases:</b></p> <p>"Individuals present in Vietnam in the first calendar year are less than 183 days, but counting for 12 consecutive months from the first day of presence in Vietnam is 183 days or more."</p> <p><b>=&gt; Based on the above regulations, this foreigner is in the case of direct tax declaration.</b></p>	<p>Section d2 Clause 6 Article 8 of Decree 126/2020/ND-CP</p> <p>Section d3 Clause 6 Article 8 of Decree 126/2020/ND-CP</p>



## QUESTION-ANSWER AND PROFESSIONAL UPDATE ABOUT TAX (cont.)

Questions/ New update	Answer	Reference
7. After an individual has authorized the tax finalization, income payers has made the tax finalization on behalf of the individual. if it is discovered that the individual is directly subject to tax finalization, how to handle it?	<p><b>Response from Tax Department of Hanoi City is as follows:</b></p> <p>"Income payers <b>do not adjust PIT finalization of income-paying organizations, only issue tax withholding vouchers to individuals</b> according to settlement numbers and write in the lower left corner of tax withholding documents the following content: "Company ... has settled PIT on behalf of Mr/Ms. .... (by authorization) at line (ordinal number) ... of Appendix to List 05-1/BK-TNCN" to directly make tax finalization with tax authorities."</p>	Clause 3, Section III, <a href="#">Official Letter No. 6043/CT-TTHT dated 18<sup>th</sup> February 2020</a> answered by Tax Department of Hanoi city.
8. What are the conditions for a personal income tax refund?	<p><b>To be eligible for a personal income tax refund, the following conditions must be met:</b></p> <ul style="list-style-type: none"><li>+ Registered and has a tax identification number at the time of submission of tax finalization documents.</li><li>+ Belongs to one of the following tax refund cases:<ul style="list-style-type: none"><li>" 2. For individuals who have <b>authorized tax finalization for income-paying organizations</b> or individuals to make the final settlement, the individual's tax refund shall be effected through the income-paying organizations or individuals. Income-paying organizations and individuals shall offset the overpaid and underpaid tax amounts of individuals. After clearing, if there is any overpaid tax, it will be offset in the next period or refunded if there is a request for refund.</li><li>3. Individuals who <b>declare directly</b> to tax authorities can choose to refund or offset tax in the next period at the same tax authority."</li></ul></li></ul>	<a href="#">Article 28 Circular 111/2013/TT-BTC</a>