

# TAX ALERT

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## GUIDING ON THE TRADE DISCOUNT INVOICES ACCORDING TO DECREE NO. 123/2020/ND-CP

**Official Letter No.1546/CTBNI-TTHT dated May 16, 2022 of the Tax Department of Bac Ninh Province, guiding on the trade discount invoices according to Decree No. 123/2020/ND-CP**

In case the Company is using e-invoices according to Decree No. 123/2020/ND-CP of the Government, trade discounts will be applied at the end of **the discount program** (period) to customers according to regulations. As required by the law, the trade discount must be clearly shown on the e-invoice, specifically as follows:

- The company shall issue an adjusted e-invoice. On the invoice, it shall be written: Adjustment due to trade discount (enclosed with a list of invoice numbers to be adjusted); the adjusted amount and tax amount (on the adjusted invoice, the Company **does not record a negative number** because this is **not** a case of **incorrect invoice adjustment**).
- After the Company has sent the adjusted e-invoice to the tax authority to get the invoice code and receive it back, the Company must send the invoice to the buyer. Based on the Adjusted invoice, the Company declares and adjusts sales revenue, output tax, and the buyers declare and adjust purchase cost and input tax (if any).

## GUIDING TAX POLICY FOR ONLINE ADVERTISING SERVICES

**Official Letter 36815/CTHN-TTHT dated July 28, 2022 of Hanoi Tax Department guiding tax policy for online advertising services**

In case the overseas supplier (Meta Company) has registered, declared and paid tax in Vietnam as prescribed in Articles 76, Article 77, Article 78, Article 79 Circular 80/2021/TT- BTC, the organization purchasing services from foreign suppliers (the Company) **is not required to declare, deduct and pay on behalf** of overseas suppliers.

In principle, the input VAT on goods and services used for the production and trading of goods and services subject to VAT **is fully deductible** if the conditions for input VAT deduction are satisfied as prescribed in Article 15. Circular No. 219/2013/TT-BTC dated December 31, 2013 of the Ministry of Finance (amended and supplemented as prescribed in Clause 10, Article 1 of Circular No. 26/2015/TT-BTC, Article 1 of the Circular) No. 173/2016/TT-BTC).

**The expenses are considered as deductible** when determining taxable income if it meets the conditions specified in Article 4 of Circular 96/2015/TT-BTC dated June 22, 2015 of the Ministry of Finance.

# GUIDING VAT POLICY FOR EXPORT PROCESSING ENTERPRISES PERFORMING OUTSOURCING AND REPAIRING ACTIVITIES FOR DOMESTIC ENTERPRISES

**Official Letter No. 2250/CTHPH-TTHT dated August 5, 2022 of Hai Phong City Tax Department guiding VAT policy for export processing enterprises performing outsourcing and repairing activities for domestic enterprises.**

In case the Company (an export processing enterprise) performs goods processing and mold repair activities for domestic enterprises, then:

## **1. VAT and invoices for processing activities:**

In case a domestic enterprise supplies main materials for processing, but these processing activities are not part of goods trading activities or directly related to goods trading activities in Vietnam, when receiving processing goods, **domestic enterprises carry out customs procedures** according to regulations on the goods to be processed abroad, **declaring and paying VAT** at the customs stage.

The company is **not required** to declare and pay VAT on processed goods for domestic enterprises. The company issues sales invoices (invoices for businesses in non-tariff zones) to declare revenue for calculating corporate income tax (CIT) according to regulations.

## **2. VAT and invoices for repair activities:**

**Case 1:** A domestic enterprise carries out customs procedures, has declared and paid VAT on mold repair services at the customs stage, the company is **not required** to declare and pay VAT, the company shall issue a sales invoice (invoice for enterprises in non-tariff zones) to declare and calculate CIT.

**Case 2:** Domestic enterprises do not carry out customs procedures, do not declare and pay VAT on mold repair services at the customs stage, the company **must declare and pay VAT** to the tax authorities:

- If the Company registers to apply VAT according to **the deduction method**, the Company uses VAT invoices, applying the VAT rate of 10%;
- If the Company registers to apply VAT by **the direct method**, the Company uses the sales invoice (invoice for businesses in the non-tariff zone) to make and deliver to the customer and make the declaration, pay VAT by the direct method in the VAT declaration form No. 04/GTGT; in which the percentage to calculate VAT on repair service revenue is 5%.

# THE PROCESS OF MANAGING E-INVOICES WITH TAX AUTHORITY'S CODE GENERATED FROM CASH REGISTERS

**Decision No. 1391/QĐ-TCT dated August 23, 2022 of the General Department of Taxation on the process of managing e-invoices with tax authority's code generated from cash registers.**

Accordingly, the process of managing registration information for using e-invoices created from cash registers is detailed as follows:

- **Step 01:** Within 15 minutes after receiving the Declaration Form No. 01/DKTD-HDDT (appendix attached to this Decision), the e-Portal automatically compares with the information on this Declaration. Based on the comparison results, the e-Portal automatically generates a notice to accept / decline of the declaration / change of information using the e-invoice (Form No. 01/TB-TNĐT), sign and send to the taxpayer according to the registered e-mail of taxpayers and through post office.
- **Step 02:** Within 01 working day from the date the e-Portal sends the notice of acceptance, in case the taxpayer registers to use the e-invoice created from the cash register, the e-invoice system automatically compares the information on Form No. 01/DKTD-HDDT.
- **Step 03:** Based on the results of steps 1 and 2, the officer in the department of receiving registered information and e-invoice data confirms for acceptance or rejection and provides the reason for the rejection.
- **Step 04:** Issuing a notice Form No. 01/TB-DKDT in the attached appendix to send to taxpayers.
- **Step 05:** Update the list of taxpayers using/stopping e-invoices generated from the cash register.

Note: Enterprises are **only allowed to register to use e-invoices** created from cash registers when they have activities of providing goods and services directly to consumers according to business models such as: shopping mall; supermarkets; retailing of consumer goods; restaurant; hotel; retailing of modern medicines; entertainment and other services.

The Decision takes effect from **August 23, 2022** and the decision applies to tax authorities when deploying an e-invoice with a tax authority's code generated from a cash register with an electronic data transfer connection to the tax authority as prescribed in the Law on Tax Administration, Decree No. 123/2020/ND-CP, Decree No. 41/2022/ND-CP and Circular No. 78/2021/TT-BTC..

# GUIDING ON THE USE OF INVOICES FOR ON-SPOT IMPORT AND EXPORT GOODS

**Official Letter No. 8042/BTC-TCHQ dated 12/8/2022 of the Ministry of Finance guiding on the use of invoices for on-spot import and export goods.**

Accordingly, the Ministry of Finance provides guidance on invoices when carrying out export and import procedures on the spot for domestic enterprises that declare and pay VAT according to the deduction method, for export processing enterprises., enterprises in non-tariff zones (including export processing enterprises) as follows:

- When carrying out export procedures on the spot: the customs declarant may submit **an ex-warehousing cum internal transportation note** (scan version) instead of the VAT invoice according to the provisions of Point c, Clause 3, Article 13 of Decree No. 123/2020/ND- CP.
- When carrying out import procedures on the spot: the customs declarant must submit the **VAT invoice** (scan version) enclosed with the customs dossier through the electronic customs system.

Regarding the details of customs procedures for on-spot import and export goods, the customs declarant shall comply with the provisions of Clause 58, Article 1 of Circular No. 39/2018/TT-BTC dated April 20, 2018.



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Parker Russell International is a worldwide organization of independent professional accounting firms and business advisers, incorporated in England and Wales. The registered office is 9 Bickels Yard, 151-153 Bermondsey Street, London Bridge, London SE1 3HA, United Kingdom.

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