



Newsletter

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UPDATE TAX REGULATIONS

Guidance on the implementation of some articles of Law on Value Added Tax (“VAT”)

On 30 August 2018, the Ministry of Finance issued Circular No. 82/2018/TT-BTC (“Circular 82”), effective from 15 October 2018, annulling a part of Circular No. 219/2013/TT-BTC (“Circular 219”) of the Ministry of Finance guiding the implementation of the Value added tax law.

Specifically, Circular 82 repeals example 37 specified at Point a.4, Clause 10, Article 7 of Circular 219. Example 37 refers to the VAT accessible price in case of purchasing land use rights then transferring the right to other party. The VAT accessible price in this case is equal to transfer price of the land use rights minus (-) deductible land price. The deductible land price is the original purchased price of the land use rights.

Currently, there are many questions about the reasons for repealing Example 37 of the Ministry of Finance. In our opinion, the abolition of this content is to comply with the regulation that “transfer of the land use rights” is not subject to VAT under Circular 219.

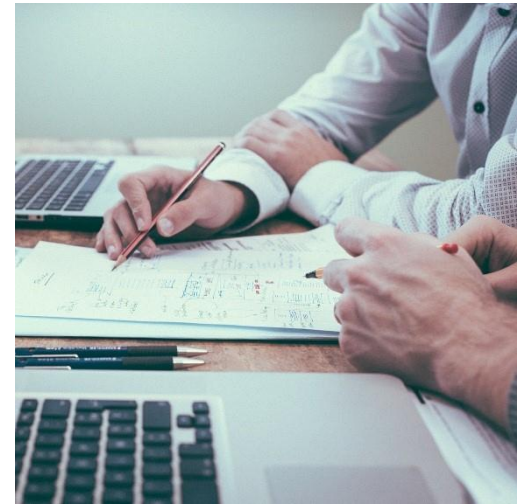
Conditions for Value Added Tax refunds of exported goods

On 25 July 2018, the General Department of Taxation issued Official Letter No. 2890/TCT-KK to An Giang Tax Department on policy of VAT refund for exported goods.

Accordingly, one of the conditions for settling VAT refunds for exported goods is the customs declarations of exported goods in accordance with completed customs procedures under guidance of the Ministry of Finance. Customs authority is responsible for the accuracy and completeness of the customs declarations and attached appendices (if any).

The Official Letter clearly states that if the tax authority does not clearly identify any legal information in the customs declarations which the customs procedures have been completed, the tax authority should consult customs authority to confirm the information on the actually exported goods as a basis for

The General Department of Taxation issued Official Letter No. 3149/TCT-CS dated 15 August 2018 to the Hanoi Department of Taxation on tax policy for online advertising costs from Facebook and Google.



Accordingly, if these expenditures fully satisfy the conditions related to business activities of the enterprises supported with legitimate invoices and vouchers under the enterprise’s name, address, tax code and payment vouchers in accordance with the provisions of the law on value added tax, the expenditures shall be deductible when determining Corporate Income Tax. In cases where the seller does not provide invoices for advertising costs on Facebook and Google, the enterprises must submit declarations and vouchers of foreign contractor tax payment in accordance with regulations.



UPDATE REGULATIONS ON LABOR, WAGES AND INVESTMENT

Supplementation of some articles of the Labor Code regarding wages under Decree No. 121/2018/ND-CP

On 13 September 2018, the Government issued Decree No. 121/2018/ND-CP (“Decree 121”) amending and supplementing Decree No. 49/2013/ND-CP dated 14 May 2013 regulating some articles of the Labor Code regarding wages. Decree 121 takes effect on 1 November 2018.

Accordingly, Decree 121 additionally stipulates that the enterprises must set up labor norms as a basis for paying salaries to employees who are paid by products. For enterprises employing less than 10 employees, they will be exempted from submitting (i) salary scale, (ii) payroll and (iii) labor norm to the State labour management agencies at district level where the enterprises located their production/business facilities.

Guidance on the implementation of some articles of the Investment Law

On 28 August 2018, the Ministry of Finance issued Circular No. 81/2018/TT-BTC (“Circular 81”) amending Circular No. 83/2016/TT-BTC dated 17 June 2016 of the Ministry of Finance. Circular 81 amended and supplemented the regulations on tax incentives (CIT, import duty and non-agricultural land use tax).

Specifically, investment projects licensed before 01 July 2015 and domestic investment projects with investment capital of less than VND 15 billion implemented before 01 July 2015 are allowed to apply tax incentives in accordance with provisions of the regulations effective before 01 July 2015.

Circular 81 confirms that the projects mentioned above are still guaranteed to the entitlement of investment incentives in accordance with Law on Investment.

This Circular takes effect from 12 October 2018.

OUR EXPERTS

To exceed the expectations of our clients and our people



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