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Tax & Advisory Services



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Tax Update

Official Letter No. 610/BTC-CST (OL 610) dated 16 January 2017 on the Value Added Tax (VAT) treatment of transportation services provided to Export Processing Enterprises (EPEs) located inside Export Processing Zones (EPZs)

The Ministry of Finance issued OL 610 providing guidance in relation to VAT on the provision of transportation services (except for picking up/ dropping off employees) to EPEs located inside EPZs. The OL stated that such transport services are considered as export services which are subject to a VAT rate at 0%.

In order to apply a 0% rate, services contracts with the EPEs, bank payment vouchers for the transportation services and other compulsory documents must be available.

Official Letter No. 74/TCT-CS (OL 74) dated 9 January 2017 on revaluation of fixed assets for tax purposes where there is change in form of an enterprise

The General Department of Taxation issued OL 74 in relation to the revaluation of fixed assets for tax purposes where there is change in form of enterprise. Under this OL, enterprises that have already declared Corporate Income Tax (CIT) based on a valuation certificate of fixed assets issued by an external valuation company are not subsequently allowed to revise the CIT return based on a changed asset value which is supported by an in-house revaluation.

According to this OL, the enterprises are allowed to revalue fixed assets by themselves for the purpose of contributing capital, restructuring, etc. but not for revision of CIT returns when they have already prepared their return based on external valuations.

Official Letter No. 114/TCHQ-TXNK (OL 114) dated 6 January 2017 on import duty exemption and import duty refund of raw materials used for export production

According to OL 114, enterprises that do not own any production establishment and have to engage third parties for manufacturing activities or who do have business premises but are unable to prove they are legal owners of their factories/ buildings will not be entitled for import duty exemption/ refund of the imported raw materials used for export production.

Official Letter No. 37/TCT-CS (OL 37) dated 5 January 2017 on issuance of a VAT invoice when receiving loan interest payment

OL 37 states that an enterprise must issue a VAT invoice for every loan interest receivable amount exceeding VND200,000.

If the interest amount is below VND200,000, the enterprise can issue a VAT invoice at the end of the day. The VAT invoice should be supported by an attached list stating loan information such as: the borrower's name, the loan principal amount and the loan interest payment within the period.

Official Letter No. 06/TCT-CS (OL 06) dated 3 January 2017 on VAT adjustment in relation to timing of payment vouchers under installment/ deferred contracts

This OL states that enterprises who purchase goods or services under contracts with installment/ deferred payments need to pay attention on VAT declaration and creditability of input VAT as follows:

- At the time of purchasing goods, the enterprises are allowed to declare and claim input VAT credits based on invoices issued by the suppliers.
- If the enterprises have not paid by the payment due date: the enterprises are not required to adjust their VAT declaration.
- When actual payments are made but payment vouchers via banks are not available: the enterprises must reduce the declared input VAT in the period of making payments.

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