

Update new legal documents and some important tax policies

June 2023



In this newsletter, Grant Thornton Vietnam would like to update to our valued customers the relevant legal policies and guidelines in the field of Tax, Social Insurance and Labor recently issued.

- 1 Decision No. 575/QD-TCT stipulating the Risk Management Process for assessing and identifying taxpayers having risk signs in management and invoice usage
- 2 Decree No. 24/2023/ND-CP on changing of base salary for official, bureaucrat, civil servant and the armed forces
- 3 Official Letter No. 1483/TCT-KK of the General Department of Taxation about payment of tax according to the payable identity code (ID)
- 4 Notice 08/TB-HTDN of the Hanoi Business Support Center on the implementation of the program “Supporting 01 digital signature authentication and e-invoice installation for new enterprises in 2023”
- 5 Official Letter 2121/TCT-CS of the General Department of Taxation about issuing invoices following to Decree No. 15/2022/ND-CP
- 6 Official Letter No. 1798/TCT-TTKT of the General Department of Taxation on reviewing and handling illegal invoices
- 7 Official Letter No. 35708/CT-TTHT of Hanoi Tax Department on determination taxable income of winning prizes
- 8 Official Letter No. 30384/CTHN-TTHT of Hanoi Department of Taxation on detail list of goods and services when issuing invoices
- 9 Notification No. 2298/TB-TTKQH of the National Assembly on the reduction of value-added tax
- 10 Official Letters issued by General Department of Taxation on speeding up the process of VAT refund dossiers
- 11 Official Letter No. 41474/CTHN-TTHT of Hanoi Tax Department on guiding tax policy when receiving sponsors
- 12 Official Letter No. 37935/CTHN-TTHT of Hanoi Tax Department guiding on regulations on invoices
- 13 Official Letter No. 13739/SLDTBXH-VLATLD of the Department of Labor, War Invalids and Social Affairs on the report on the situation of occupational accidents in the first 6 months of 2023
- 14 Official Letter No. 2392/TCT-QLRR on checking E-Invoices
- 15 Official Letter No. 2330/TCT-CS of the General Department of Taxation on E-invoices

1. Decision No. 575/QD-TCT stipulating the Risk Management Process for assessing and identifying taxpayers having risk signs in management and invoice usage:

On 10 May 2023, the General Department of Taxation issued Decision No. 575/QD-TCT aims to guide tax authorities from all levels to collect, analyze information, and classify taxpayers' risk level in management and invoice usage in accordance with the law; standardize the contents and process, create consistency and objectivity in the assessment of taxpayers having risk signs in management and invoice usage, which improves the efficiency in tax administration performance.

Accordingly, the risk management process to assess and identify taxpayers having signs of risk in the management and invoice usage includes the following contents:

- Collect and process information
- Develop and use indicators to evaluate and identify taxpayers having signs of risk in management and invoice usage.
- Assess and classify of taxpayers
- Process the evaluation result, classify and identify the taxpayer with sign of risk in management and invoices usage.
- Process the taxpayers' list having signs of risk in management and invoices usage.
- Report on the results of the application of risk management in the assessment of taxpayers showing signs of risk in in management and invoice usage.



2. Decree No. 24/2023/ND-CP on changing of base salary for official, bureaucrat, civil servant and the armed forces:

On 14 May 2023, the Government issued Decree No. 24/2023/ND-CP stipulating the base salary for official, bureaucrat, civil servant and the armed forces. The Decree has some notable points as follows:

- **Base salary will be applied to:**

- Calculate salary in payrolls; allowances and other benefits as regulated by law for prescribed subjects;
- Calculate operation and subsistence fee according to the regulation;
- Calculation of deductions and other benefits according to the base salary.

- **From 1 July 2023, the base salary is VND1,800,000/month.**

Although this regulation has been applied for official, bureaucrat, civil servant and the armed forces, according to the regulation of Law on Social Insurance 2014, the monthly salary for social insurance contributions is capped by 20 times of the base salary. Therefore, from the effective date of this Decree (1 July 2023), the maximum salary for social and health insurance contributions of all employees in enterprises will also increase from VND 29.8 million to VND 36 million.



3. Official Letter No. 1483/TCT-KK of the General Department of Taxation about payment of tax according to the payable identity code (ID)

On 24 April 2023, General Department of Taxation issued Official letter No. 1483/TCT-KK providing guidance on using ID to collect and pay taxes, other receivables to the State Budget managed by tax authorities. In which, there are some notable points as below:

- From 10 May 2023, the payable identity code is a mandatory information to be filled in for tax payment. In case this information is omitted or there is no data to fill in when the enterprise makes tax payment order, this tax amount will be classified in to-be-checked status and tax authority will contact with the enterprise for investigation information to complete procedures;
- The ID is provided to the taxpayer by the tax authority in accordance with the notification on acceptance of electronic tax return/payment/administrative decision or penalty decision issued by tax authority;
- The enterprise will base on the provided identification code to fill in the payment voucher at the item "Number of declaration/decision/notification" or put in the payment content if creating payment order via internet banking.

In case the company does not receive the ID on the due date of payment since the notification of acceptance has not yet issued, the company could make a payment slip without ID and supplement this information upon receipt.

For the temporary payment for CIT/other taxes, if the company registers to pay tax by electronic method via online tax system, the company selects "temporary payment" when making the payment. In case, the Company directly pay from its bank account, this payment will be classified as a temporary payment to the State Budget by tax system.



3. Official Letter No. 1483/TCT-KK of the General Department of Taxation about payment of tax according to the payable identity code (ID)

- For the tax payment without ID from May 10, 2023, the company could make an investigation on e-tax account by the following steps:
 - Step 1: Select the "Search" button, then select "Searching for tax obligation".

In Section II – The payable amounts, overpayment and refunded amount recorded in tax system, in the checkup column, the company selects one or more payable amount recorded on tax system but not in line with the company's record in tax declaration, relevant notices and decisions.
 - Step 2: The company clicks "Continue", the system automatically transfer to the screen of Making request for investigation of tax obligation and automatically fills in the request for inspection.
 - Step 3: The company enter the data which need to be adjusted and click "Finish" to sign and submit to the tax authority.

Per our observations during this period, many enterprises made the payment voucher without identification code information after 10 May 2023, however, this payment is still automatically recorded by the tax authority without investigation procedure. We will continue updating the practice of this procedure in the following newsletters.



4. Notice 08/TB-HTDN of the Hanoi Business Support Center on the implementation of the program “Supporting 01 digital signature authentication and e-invoice installation for new enterprises in 2023”

Implementing Resolution No. 09/2020/NQ-HDND dated 9 December 2020 of the Hanoi People's Council approving on Program to support small and medium enterprises in the period of 2021 to 2025, on 13 March 2023, Hanoi Business Support Center under the Hanoi Department of Planning and Investment issued Notice No. 08/TB-HTDN on the implementation of the Support program to promote digital transformation for newly established enterprises. Specifically, the program supports funding for 01 digital signature authentication service for the first year of establishment and installation of e-invoices with 500 invoices for newly established enterprises in 2023.

Hanoi Business Support Center has implemented online bidding and selected the supporter is the Joint Venture of Military Telecommunications Industry Group – Telecommunications Services Corporation – Bkav Joint Stock Company (VIETTEL – VNPT VINAPHONE – BKAV Joint Venture). To register for free package, enterprises register directly at the counter – One-stop department – Hanoi Department of Planning and Investment or the office of the Joint Venture.

5. Official Letter 2121/TCT-CS of the General Department of Taxation about issuing invoices following to Decree No. 15/2022/ND-CP

On 29 May 2023, the General Department of Taxation issued Official Letter 2121/TCT-CS on issuing invoice according to Decree No. 15/2022/ND-CP. Some opinions and instructions mentioned in this letter as follows:

- In case goods and services are eligible for VAT reduction under Decree 15/2022/ND-CP, after 31 December 2022, any errors on issued invoice leading to the requirement of issue adjustment or replacement invoice with no impact on amount of goods and VAT payable or taxable amount, the adjustment or replacement invoice will be applied VAT rate of 8%. In case the quantity of goods is incorrect leading to the adjustment of total price and VAT, the adjustment or replacement invoice shall apply the VAT rate applicable at the issuance date of the adjustment or replacement invoice.
- In case goods were purchased before 1 January 2023 at the VAT rate of 8%, after 31 December 2022, the buyer returns the goods due to improper specifications and quality, the seller shall issue the invoice for returned goods to adjust for reduction or replacement of previous invoice with the VAT rate of 8%, the seller and the buyer needs supplement an agreement to clearly state the returned goods.
- In case the business applies the commercial discount for customers and for goods eligible for VAT reduction at the rate of 8% sold in 2022, but discount content is only shown on the invoice issued on and after 1 January 2023:
 - In case the discount amount is made on the last purchase or the following period after 31 December 2022, the discount amount of the goods sold shall be adjusted on the content of the taxable price and the applicable tax rate prescribed at the date of issuing invoice.
 - In case the discount amount is made at the end of the discount program (period) after 31 December 2022, the seller shall issue the adjusted invoice and apply the VAT rate of 8% at the selling date.

In case business sells goods or provides services (subject to VAT reduction according to Decree No. 15/2022/ND-CP) but after 31 December 2022, the enterprise issues invoice for revenue from goods and services provision arising from 1 February 2022 to 31 December 2022 and construction, installation activities with the time of acceptance/handover of works, amount of completed construction and installation, regardless of whether money has been collected or not, is determined from 1 February 2022 to the end of 31 December 2022; but after 31 December 2022, the enterprise issues invoice for revenue from construction and installation that have been accepted and handed over, will be subject to the case of invoice issuance on wrong time basis which is be eligible for VAT reduction according to Decree No. 15/2022/ND- CP dated 28 January 2022 of the Government and subject to administrative penalty for issuance invoices in wrong time basis.

6. Official Letter No. 1798/TCT-TTKT of the General Department of Taxation on reviewing and handling illegal invoices

According to Official Letter No. 1798/TCT-TTKT issued on 16 May 2023, the General Department of Taxation has published a list of 524 enterprises facing high risk of using illegal invoices. For enterprises using invoices issued by enterprises among these 524 enterprises, the managing tax authority will request explanations to clarify the use of invoices for VAT creditability/VAT refund, deductibility of CIT expense, validation of floating and smuggle goods purchased...

Accordingly, enterprises need to actively review all declared invoices and ensure reasonable explanations on the use of invoices.



7. Official Letter No. 35708/CT-TTHT of Hanoi Tax Department on determination taxable income of winning prizes

On 24 May 2023, Hanoi Tax Department issued Official Letter 35708/CTHN-TTHT on determination PIT taxable income on winning prizes, the opinions of Hanoi Tax Department are as below:



- In case the taxpayer, who is not an employee of a Company, wins a prize from participating in the gameshow hosted by the Company, so the Company paying the winning money is responsible for withholding tax and PIT declaration for the winning prize on behalf of the individual according to the Form No. 06/TNCN issued together with Circular 92/2015/TT-BTC.
- In order to calculate PIT obligation for income from winning prizes, the Company follows the instructions at Article 15 of Circular No. 111/2013/TT-BTC dated 15 August 2013, in which taxable income from winning prizes is the prize value exceeding VND10 million that taxpayers received for each winning time, regardless of the number of receiving the prize.
- In case the Company detects that the tax declaration dossier submitted to the tax authority has errors, accordingly the company shall supplement declarations according to the guidance at Article 47 of the Law on Tax Administration No. 38/2019/QH14 dated 13 June 2019 of the National Assembly.


8. Official Letter No. 30384/CTHN-TTHT of Hanoi Department of Taxation on detail list of goods and services when issuing invoices



On 5 May 2023, the Hanoi Department of Taxation issued Official Letter 30384/CTHN-TTHT on detail list of goods and services for invoice issuance. Accordingly, Hanoi Tax Department's opinions are as below:

Specific types of goods and services such as electricity, water, telecommunications services, information technology services, television services, postal delivery services, banks, stocks and insurance sold in a certain period, the invoice must specify the period of supply of goods, service. For periodic services mentioned above, the enterprise could use the list of goods and services sold attached with invoices to support for the inspection and comparison of competent agencies as prescribed at Point a, Clause 6, Article 10 of Decree No. 123/2020/ND-CP.

In case the Company does not trade in specific goods and services such as electricity, water, telecommunications services, information technology services, television services, postal and delivery services, banking, securities and insurance sold in certain periods specified at Point a, Clause 6, Article 10 of Decree No. 123/2020/ND-CP, the Company is not allowed to use list of goods and services sold attached with invoices.



9. Notification No. 2298/TB- TTKQH of the National Assembly on the reduction of value-added tax

On May 17, 2023, the National Assembly Standing Committee agreed to add the National Assembly's Resolution project on value-added tax ("VAT") reduction to the 5th Session Program, submit it to the National Assembly for consideration and decision according to the abbreviated process and procedures and include this content in the content of the Joint Resolution of the National Assembly Session.

The National Assembly Standing Committee agreed on the scope of application of the VAT reduction policy as stipulated in the National Assembly's Resolution No. 43/2022/QH15 dated January 11, 2022 on fiscal and monetary policies to support the socio-economic recovery and development

program. The application period of the Resolution is from 1 July 2023 to 31 December 2023.

According to Resolution 43/2022/QH15, the VAT rate for goods and services currently applying the VAT rate of 10% is reduced to 8%. This provision does not apply to some groups of goods and services: financial activities, banking, securities, insurance, telecommunications, information technology, real estate business...

On 30 June 2023, the Government has already issued the Decree No. 44/2023/ND-CP guiding this regulation in details.

10. Official Letters issued by General Department of Taxation on speeding up the process of VAT refund dossiers

On 26 May 2023, General Department of Taxation issued Official Letter No. 2099/TCT-KK on implementing the direction of the Prime Minister and the Ministry of Finance on VAT refund.

After Official Letter No. 2099/TCT-KK was issued, on 15 June 2023, the General Department of Taxation issued Official Letter No. 2426/TCT-KK requesting the Head of the Tax Department to periodically designate a coordinating unit responsible for consolidating the results of tasks outlined in Official Letter No. 2099/TCT-KK and then submit the consolidated report to General Department of Taxation no later than 16:00 every Friday. Specifically as follows:

- ✓ Report on the outcomes of dialogues with Associations and local businesses
- ✓ Report on concerns related to value-added tax refund policies and management, along with suggestions and recommendations.

- ✓ For tax refund applications currently being processed and exceeding 40 days from the date of receipt, which fall under the pre-refund inspection category, the General Department of Taxation recommends that the Director of the Tax Department assign the responsible unit (e.g., the legal department or internal audit department) to coordinate and directly work with the Inspection and Audit Divisions and the Tax Sub-Departments in charge of handling the tax refund applications. The aim is to clarify the existing issues and propose solutions to expedite the tax refund process for taxpayers.

Accordingly, as of 16 June 2023, tax authorities from all levels have issued 7,893 tax refund decisions, reaching 30% of the estimated VAT refund for 2023, which is equivalent to 88% compared to the same period in 2022.

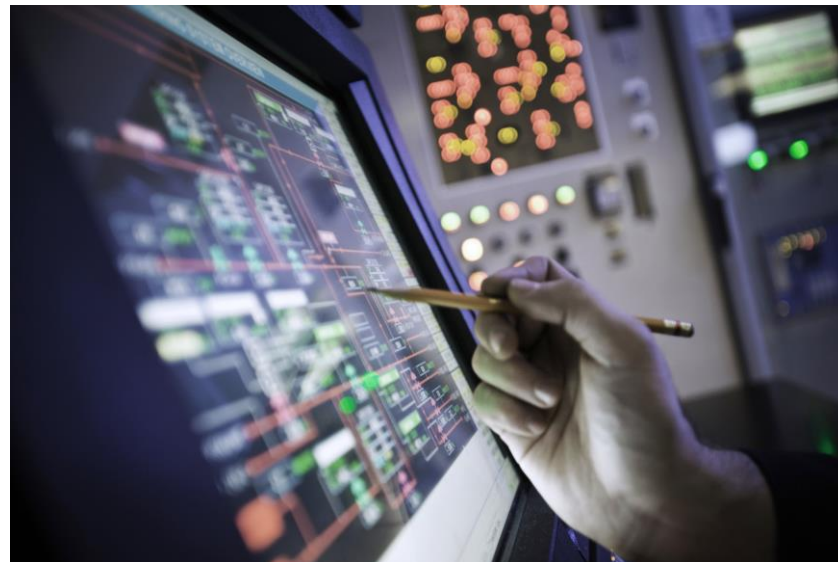
On 19 June 2023, General Department of Taxation requested the Tax Departments of Provinces and Cities under the Central Government to promptly implement the necessary tasks to ensure swift and timely resolution of tax refund applications for businesses. This will create favorable conditions for businesses to access financial resources for production and business development. Additionally, efforts should be made to ensure that the value-added tax refund amount by 30 June 2023, is at least equal to the corresponding period in 2022.

Therefore, General Department of Taxation is actively directing local tax departments to speed up the tax refund process to remove difficulties for businesses.

11. Official Letter No. 41474/CTHN-TTHT of Hanoi Tax Department on guiding tax policy when receiving sponsors

On 14 June 2023, Hanoi Tax Department issued Official Letter No. 41474/CTHN-TTHT responding to the National Hospital of Endocrinology about tax policy when receiving sponsors as follows:

In case the hospital receives sponsors to perform services for the sponsor such as advertising, the Hospital shall be obligated to declare and pay VAT and CIT according to the provisions of Clause 1, Article 5 of Circular No. 219/2013/TT-BTC dated December 31, 2013 of the Ministry of Finance, Article 5 of Circular No. 78/2014/TT-BTC dated June 18, 2014 of the MOF.



12. Official Letter No. 37935/CTHN-TTHT of Hanoi Tax Department guiding on regulations on invoices

On 31 May 2023, Hanoi Tax Department issued Official Letter 37935/CTHN-TTHT on the use of e-invoices in case the enterprise is forced. Accordingly, Hanoi Tax Department has the following comments:

In case the company pays VAT under deduction method and is forced by the tax authority by stopping using invoices will belongs to the case of being granted electronic invoice with the tax authority's code on one off basis. The Company submit the Form No. 06/DN-PSĐT Appendix IA attached to the Government's Decree No. 123/2020/ND-CP to the tax authority and access to e-invoice system of tax authorities to issue e-invoices as prescribed in Clause 2, Article 13 of Decree No. 123/2020/ND-CP.

The procedures for receipt, processing and issuance of e-invoices codes on each time will be implemented according to the guidance in Article 12 of Decision No. 1447/QĐ-TCT of the General Department of Taxation.



13. Official Letter No. 13739/SLDTBXH-VLATLD of the Department of Labor, War Invalids and Social Affairs on the report on the situation of occupational accidents in the first 6 months of 2023

Implementing the regulations on reporting on occupational accidents in Article 24 of the Government's Decree No. 39/2016/ND-CP dated 15 May 2016 regulating some articles of the Law on occupational safety and hygiene on 20 June 2023, Department of Labor, War Invalids and Social Affairs ("DOLISA") issued guidance on reporting occupational accidents in the first 6 months of 2023 at Official Letter No. 13739/SLDTBXH-VLATLD as follows:

- For enterprises, production facilities and labor-using organizations with headquarters in Ho Chi Minh City:
 - Submit the report on labor usage from 1 January 2023 to 30 June 2023, even if no change incurred, the report still must be submitted according to the Appendix XII form and sent to the DOLISA, where the employer's head office is located
 - Time of receiving reports: from 20/06/2023 to before 05/07/2023
 - Submission method: Information management system, creating a database of occupational accidents in the city (<http://atld.com.vn>)
- For the Departments, Boards and Branches of the City, the People's Committee of Thu Duc City, District, the Management Board of the Export-Industrial-Processing Zone, Management Board of the Hi-Tech Park, the Management Board of the Hi-Tech Agricultural Park , Corporations, companies:
 - Urging, guiding employers in the area under their management to make reports on time as prescribed; statistics on occupational accidents and technical incidents causing occupational safety and health insecurity occurring in the area according to the form in Appendix XVI.
 - Time to receive reports: before 07/05/2023
 - Submission method: Information management system, creating a database of occupational accidents in the city (<http://atld.com.vn>)

14. Official Letter No. 2392/TCT-QLRR on checking E-Invoices



On 14 June 2023, General Department of Taxation issued Official Letter No. 2392/TCT-QLRR to notify about building the function on the application of e-invoices to meet the requirements of controlling invoices, preventing the issue of illegal invoices. Accordingly, the system has been built with the following functions:

- ✓ The system automatically controls the total value of goods sold on the issued invoices compared to the value of input goods calculated by K times the total value of inventory and purchased goods.
- ✓ The alarm system will follow the parameter K.

Accordingly, in case the taxpayer exceeding the threshold will be warned and put on the management list. Tax authorities will use the function of looking up the list of warning taxpayers to consider and identify cases should be stopped using invoices according to regulations.

Before official implementation, the General Department of Taxation organizes the inspection of control results according to the K value and requests the Tax Departments to organize the inspection of *"List of Taxpayers subject to supervision on issuing invoices beyond the safe threshold"* according to the announced plan.

15. Official Letter No. 2330/TCT-CS of the General Department of Taxation on E-invoices

On 9 June 2023, General Department of Taxation issued Official Letter 2330/TCT-CS sent to Can Tho Tax Department to give opinions on the penalty of administrative violations for the report on invoices usage in June 2022 and Quarter II.2022 which is submitted after 1 July 2022, specifically as follows:

In case the taxpayer registered to use E-invoices and was accepted by tax authority: From 1 July 2022 when Circular No. 39/2014/TT-BTC expires, there is no basis for the Tax Department to make a dossier of sanctioning administrative violations for the report on invoice usage in June 2022 and Quarter II.2022 submitted after 1 July 2022.

Contact

Please study the newly issued regulations and review the internal compliance procedures in order to comply with the regulations on customs tax as well as reduce errors in the process of filing and preparing documents that could lead to additional tax obligations or administrative penalty.

Please contact the experts of Grant Thornton Vietnam for in-depth advice if you have any inquiries during the implementation of tax and customs compliance.

Please visit our [Tax Hub](#) to view more information

Head Office in Hanoi

18th Floor, Hoa Binh International Office Building
106 Hoang Quoc Viet Street, Cau Giay District, Hanoi, Vietnam
T + 84 24 3850 1686
F + 84 24 3850 1688

grantthornton.com.vn

Hoang Khoi

National Head of Tax Services
D +84 24 3850 1618
E khoi.hoang@vn.gt.com

Vishwa Sharan

Director – Transfer Pricing
D +84 327 345 053
E vishwa.sharan@vn.gt.com

Hoang Viet Dung

Director - Tax and
Transfer Pricing Services
D +84 24 3850 1687
E dung.hoang@vn.gt.com

Bui Kim Ngan

Tax Director
D +84 24 3850 1716
E ngan.bui@vn.gt.com

Ho Chi Minh City Office

14th Floor, Pearl Plaza, 561A Dien Bien Phu Street
Binh Thanh District, Ho Chi Minh City, Vietnam
T + 84 28 3910 9100
F + 84 28 3910 9101

Valerie – Teo Liang Tuan

Tax Partner
D +84 28 3910 9235
E valerie.teo@vn.gt.com

Nguyen Thu Phuong

Tax Director
D +84 28 3910 9237
E thuphuong.nguyen@vn.gt.com

Lac Boi Tho

Tax Director
D +84 28 3910 9240
E tho.lac@vn.gt.com

Dang Hai Ha My

Tax Director
D +84 28 3910 9241
E my.dang@vn.gt.com

© 2023 Grant Thornton (Vietnam) Limited - All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton International Ltd (GTIL) and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.