

Updates in relation to invoices, taxation, custom, and investment procedures

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1. Amendment on the deadline for submission of the application on using self-printed invoices, as well as the notification on invoice publication, effective from 12 June 2017

The Ministry of Finance issued amending and supplementing several articles in the Circulars which provide guidance on invoices for sales and service provision (Circular No. 39/2014/TT-BTC, Circular No. 26/2015/TT-BTC) with the following notable points:

- **Using self-printed invoices:**
 - ❑ Within 02 working days from the request of the enterprise for using self-printed invoices, the Tax authority-in-charge must response on the conditions of using self-printed invoices of the enterprise. In the event if the Tax authority has no written response after 02 working days, the enterprise is allowed to use the self-printed invoices.
- **Notification on invoice publication and sample invoice:**
 - ❑ Notification on invoice publication and sample invoice are required to be submitted to the Tax authority-in-charge within two (02) days before the enterprise commences to use the invoices.
 - ❑ The notification on invoice publication together with the sample invoice must be display at the establishment's location throughout the effective period of using such invoices to sell goods and provide services.
 - ❑ From the second submission of notification on invoice publication, if there is no changes to the invoice's content and form, the sample invoice is not required to be submitted.
- **The tax authorities sell invoices on a monthly basis to organization, households, and individuals doing business:**
 - ❑ The number of invoices sold to organizations, households and individuals for the first time shall not be allowed to exceed one booklet of fifty (50) invoices of each type. If the organizations, households and individuals have used up their invoices before the end of the month, the tax authorities shall decide the number of invoices to be sold subsequently.
 - ❑ In the event if the business households or individuals have no requirement to use invoice booklet and would like to use separate invoices, the tax authorities will issue the separate invoice (01 number) according to the need of the business households or individual without any charge.

2. Whether 0% interest rate loans will be subject to deemed tax?

Hanoi Tax Department has issued a guidance relating to loan agreement with 0% interest rate; in which, such transaction is not in accordance with market price standard; therefore, the enterprise will be deemed tax on such transaction.

Of note, upon implementation of the loan transaction, including loans and repayments, enterprises are only able to use the following payment methods: check, payment order - money transfer, and other non-cash payment methods in accordance with the current regulations.

Furthermore, the General Department of Taxation also provides guidance for cases where the parent company is located in an overseas country and having the Project Offices ("the POs") in Vietnam as the affiliated parties. In particular, if there is any money transfer transaction from the parent company to the POs or among the POs as designated by the parent company, such transaction is defined as lending activities (including the case of injection of loan amount in a certain period of time without arising loan interests) and will be subjected to Foreign Contractor Tax; as well as will be required to determine the interest rate in accordance to the market price. However, the General Department of Taxation also provides comment in principle that if the money transfer is merely a capital support for the purpose of making timely payments to the subcontractors and suppliers, consequently it will not be subjected to Foreign Contractor Tax.

3. Regulations on Value Added Tax applicable for imported fixed assets as capital contribution for the establishment of an enterprise

The General Department of Customs has issued an official letter guiding that all goods and services used for production, business and consumption in Vietnam, including imported goods and services, are subjected to VAT, except for non-taxable objects.

In this regard, upon importing machinery from abroad into Vietnam, even if for the purpose of capital contribution, the enterprise still has to declare and pay VAT at the import stage, except for those machinery which are not subjected to tax. However, subsequent to that, when contributing capital by such imported machinery, the enterprise is not required to declare and pay VAT in accordance with Circular 219/2013/TT-BTC.

4. Circular 02/2017/TT-BKHDT provides guidance on the mechanism for the coordination in processing the applications for investment registration and enterprise registration of foreign investors effective from 15 June 2017

This Circular provides a mechanism for coordination between the investment registration authority and the business registration authority in assessing the procedures of investment registration and business registration of the foreign investors.

Cases in which the coordination mechanism is applied to include:

1. Foreign investors, economic organizations invested by the foreign investors, establish economic organizations as stipulated in Article 22 of the Law on Investment,
2. Foreign investors and economic organizations invested by the foreign investors, invested by contributing capital, purchasing shares, or contributing capital in accordance to Clause 1, Article 26 of the Law on Investment.
3. Foreign investors and economic organizations invested by the foreign investors simultaneously amend contents of business registration and investment registration, including:
 - a) Amendment on business lines and industries, as well as the objectives of the investment projects;
 - b) Amendment on the address of the head office as well as the location of the implementation of the investment project;
 - c) Amendment on the charter capital of the enterprise as well as the investment capital of the project;
 - d) Amendment on members, information of founding shareholders being foreign investors in the enterprise as well as the information of investors stated in the Investment Registration Certificate.



4. Circular 02/2017/TT-BKHDT provides guidance on the mechanism for the coordination in processing the applications for investment registration and enterprise registration of foreign investors effective from 15 June 2017

Reduce duplicated records:

- The investment registration and the business registration authorities shall coordinate, exchange information and request the investor to submit only one copy for the documents that are required in both investment registration dossier and the business registration dossier; such as, Passport or equivalent valid personal identification documents in the case of individual investors; Establishment decision or business registration certificate, or other documents having equivalent legal validity for the case of organization investor; power of attorney to carry out the procedures for investment registration and business registration.
- The Department of Planning and Investment will hand over the dossier for business registration to the business registration division.
At the date that Department of Planning and Investment approves the capital contribution, purchase of shares or contributed capital of the foreign investor, the business registration division shall also grant the Business Registration Certificate, Confirmation on the amendment of business registration's content; simultaneously, transfer such Certificate and Confirmation to the Department of Planning and Investment for handing over to the investor.

Order of implementing interconnect mechanisms for the case whereby the foreign investors invest by contributing capital, purchasing shares or purchasing contributed capital:

- Foreign investors and economic organizations invested by the foreign investors in the form of capital contribution, purchase of shares or purchase of contributed capital, shall submit the application dossier to the Department of Planning and Investment for capital contribution, purchase of shares or contributed capital, and documents to register the amendment on the business registration's content of the company receiving the capital contribution.

Please contact to Grant Thornton Vietnam's professional if you require further assistance in relation to the investment procedures, business establishment, capital contribution, share purchase, or amendment of business lines and industries.

Contacts

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