

RECENT UPDATES ON TAX POLICIES

On 13 June 2019, the National Assembly ratified the Law on Tax Administration No. 38/2019/QH14 (“LTA 2019”) which will take effect from 01 July 2020, replacing the guidelines of the previous Law on Tax Administration (“LTA”).



Supplementing new principle on Tax Administration

Supplementing the principle on tax administration: Operational substance determines the tax obligation

According to the above principle, the tax obligation of the taxpayers is determined by analyzing the substance of the transactions, the production and trading activities of the taxpayers.

Amending regulations related to tax declaration, tax finalization and tax payment

There are some changes in deadline of submission of tax declaration, tax finalization dossiers and tax payment in LTA 2019 compared to the previous LTA, which are set out in the following table:

Amended content	Previous LTA	LTA 2019
Submission of tax declaration, tax finalization dossiers		
Deadline of submission of tax declaration dossiers for taxes declared on a quarterly basis	No later than the 30th day of the quarter following the quarter in which the tax liability arises for taxes declared temporarily on a quarterly basis	No later than the last day of the first month of the quarter following the quarter in which the tax liability arises
Deadline of submission of tax declaration, tax finalization dossiers for taxes with annual taxation periods	No later than the 30th day of the first month of the calendar year or of fiscal year for <i>annual tax declaration dossiers</i>	No later than the last day of the first month of the calendar year or of fiscal year for <i>annual tax declaration dossiers</i>
	No later than the 90th day , from the end of the calendar year or of fiscal year for <i>annual tax finalization dossiers</i>	No later than the last day of the 3rd month from the end of the calendar or of fiscal year for <i>annual tax finalization dossiers</i>
	There were no specific regulations regarding the <i>personal income tax ("PIT") finalization dossiers for individuals who directly conduct the PIT finalization</i>	No later than the last day of the 4th month (30 April) from the end of the calendar year for the <i>PIT finalization dossiers of individuals who directly finalize PIT</i>
Deadline of submission of presumptive tax declaration dossiers	Deadline of submission of tax declaration dossiers for individuals who pay presumptive tax is no later than the 15th day of December of the year before the taxable year	No later than the 15th day of December of the preceding year for the presumptive tax declaration dossiers of business households, business individuals
Tax payment		
Deadline for temporary payment of corporate income tax on a quarterly basis	There were no specific regulations regarding the deadline for temporary payment of corporate income tax on a quarterly basis	No later than the 30th day of the first month of the following quarter

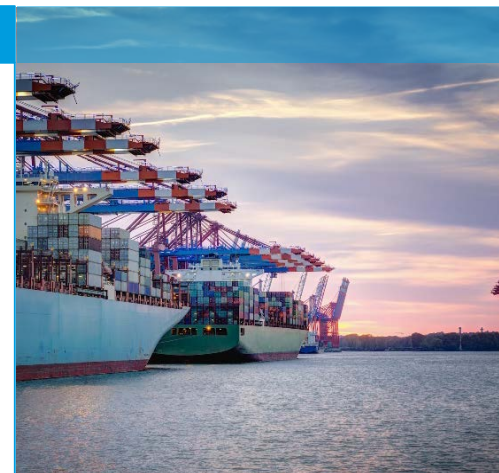
Supplementing the regulations on electronic transactions (“E- tax transactions) in tax field

• For taxpayers

- Taxpayers who have conducted E- tax transactions are not required to conduct transactions in other methods
- Taxpayers must declare, pay, and work with their tax management departments via electronic means in case they conduct their business in areas having information technology infrastructure

• For the Government Agencies

- The Tax Departments must confirm on the completion of E-transactions for the taxpayers
- Electronic announcements, decisions and documents of the Tax Departments have the same validity as their written announcements, decisions and documents
- Organizations (which are different from Tax Departments) that already have electronic connection with the Tax Departments shall not require tax payers to submit written documents



Regulations in E-invoice and E-document application

- LTA 2019 was amended with a number of regulations regarding e-invoice. Basically, these regulations are almost the same as the guidance in Decree 119/2018/NĐ-CP on e-invoice
- However, the regulations on E-invoicing, E-document of LTA 2019 will take effect **from 01 July 2022** and authorities, organizations, *individuals are encouraged to apply the regulations on E-invoicing, E-document before 01 July 2022*

Supplementing the regulations regarding taxation administration on E-commerce

- In case foreign suppliers conduct business via E-commerce, digital base and other services without a permanent establishment in Vietnam, they must, by themselves or by others authorized on their behalf, register, declare and pay tax in Vietnam
- State Bank shall be responsible for setting up a management and monitoring mechanism for payment transactions, supporting tax administration regarding the provision of cross-border services in E-commerce
- When Vietnamese parties makes payment to the foreign organizations and individuals who are not present in Vietnam and conducting cross-border business activities based on digital intermediary platforms, they must use the tax codes granted to these organizations and individuals to withhold and pay taxes on their behalf
- Commercial banks shall be responsible for withholding and paying taxes payables as regulated on behalf of foreign organizations and individuals who conduct and earn income from E-commerce activities in Vietnam

Supplementing rights of taxpayers

Taxpayers are not subject to administration penalties and late payment interest in cases they determine their tax obligations in accordance with guiding documents and decisions of the Tax Departments or competent Government Agencies.

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