

NEWSLETTER

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I – UPDATES ON ACCOUNTING - TAX

* **Official letter 1741/TCT-CS**

- **Issued by:** The General Department of Taxation
- **Dated:** 25/04/2024
- **Content:** Tax policy for software product production

Software product and software service production activities are not subject to VAT according to the provisions of Clause 21, Article 4 of Circular No. 219/2013/TT-BTC.

In case the Company produces software products for foreign organizations and individuals and these products are consumed outside of Vietnam; supplying to organizations and individuals in the non-tariff zone and consumed in the non-tariff zone according to the provisions of law are subject to the VAT rate of 0% if they meet the conditions prescribed in Article 9 and Clause 2, Article 16 of Circular No. 219/2013/TT-BTC.

Regarding corporate income tax, if an enterprise's activities belong to a software production project and meet the preferential conditions for corporate income tax, they will receive incentives according to the actual conditions met.

The determination of the field of software product production is carried out according to the instructions in legal documents issued by the Ministry of Information and Communications.

* **Official letter 1794/TCT-CS**

- **Issued by:** The General Department of Taxation
- **Dated:** 02/05/2024
- **Content:** Corporate income tax policy for exchange rate difference

The exchange rate difference arising during the tax period directly related to the revenue and costs of the main production and business activities of the enterprise is included in the costs or income of the main production and business activities of the enterprise.

In case an enterprise has an investment project that is entitled to CIT incentives because it meets the conditions for investment incentive fields, the income from the investment incentive field and income such as exchange rate differences directly related to revenue and costs of preferential fields also enjoy CIT incentives.

*** Official letter 1879/TCT-CS**

- **Issued by:** The General Department of Taxation
- **Dated:** 07/05/2024
- **Content:** Deductible expenses for CIT purpose

When starting production and business activities, the enterprise has not yet generated revenue but has incurred regular expenses to maintain production and business activities of the enterprise (not construction investment expenses to formation of fixed assets) and these expenses meet the prescribed conditions, this expense will be included in deductible expenses when determining taxable income.

In case during the investment phase, the enterprise incurs loan payments, these expenses are included in the investment value. In case during the construction investment phase, the enterprise incurs both loan interest payments and deposit interest income, it will be offset between loan interest payments and deposit interest income. After offsetting, the remaining difference would be recorded as a decrease in investment value.

*** Official letter 23290/CTHN-TTHT**

- **Issued by:** The Tax Department of Hanoi
- **Dated:** 23/04/2024
- **Content:** Personal income tax policy

Contributions to a voluntary pension fund purchased by the employer or contributed on behalf of employees for insurance products with accumulated premiums are personal income taxable income from salary and wages according to the provisions of Point d.2, Clause 2, Article 2 of Circular No. 111/2013/TT-BTC dated August 15, 2013 of the Ministry of Finance.

The amount of contribution to the voluntary pension fund is deducted from taxable income according to actual arising, not exceeding one (01) million VND/month according to the provisions of Article 15 of Circular No. 92/2015/TT-BTC dated June 15, 2015 amending and supplementing point b, clause 2, Article 9 of Circular No. 111/2013/TT-BTC dated August 15, 2013 of the Ministry of Finance.

Monetary or non-monetary bonuses, rewards given to children of employees who have good academic achievements and receive excellent student certificates, city and national awards... which are not included in tax exempt items stipulated in Point e.1, Clause 2, Article 2 of Circular No. 111/2013/TT-BTC dated August 15, 2013 of the Ministry of Finance, are subject to personal income tax from salaries and wages.

*** Official letter 24941/CTHN-TTHT**

- **Issued by:** The Tax Department of Hanoi
- **Dated:** 26/04/2024
- **Content:** CIT declaration of income from capital transfer

In case Group A is a foreign organization not present in Vietnam and does not operate under the Investment Law or Enterprise Law of Vietnam, it generates income from capital transfer activities at Company B LLC (in Vietnam) to Joint Stock Company C (in Vietnam), then the Joint Stock Company C is responsible for determining, declaring, deducting and paying on behalf of the foreign organization (Group A) the amount of corporate income tax payable according to regulations specified in Point c, Clause 2, Article 14 of Circular 78/2014/TT-BTC.

*** Official letter 24944/CTHN-TTHT**

- **Issued by:** The Tax Department of Hanoi
- **Dated:** 26/04/2024
- **Content:** VAT declaration for branches

In case the branch declares VAT by itself, when the branch exports goods for sale to the head office, it shall issue a VAT invoice according to the provisions of Clause 1, Article 4 of Decree 123/2020/ND-CP.

The VAT calculation price is determined to be the selling price excluding VAT as prescribed in Article 7 of Circular 219/2013/TT-BTC.

The time of invoice for the sale of goods is the time of transfer of ownership or rights to use the goods to the buyer, regardless of whether money has been collected or not as prescribed in Clause 9, Decree 123/2020/ND-CP.

The time to calculate VAT is the time of transfer of ownership or rights to use goods to the buyer, regardless of whether money has been collected or not, according to the provisions of Article 8 of Circular 219/2013/TT-BTC.

Thus, in case the Company's branch directly does business, uses invoices, registers with the tax office managing the branch, tracks and fully accounts for output and input VAT, the branch declares and pays VAT for the branch's direct management tax office as prescribed in Clause 4, Article 13 of Circular No. 80/2021/TT-BTC.

II – UPDATES ON INVESTMENT - ENTERPRISES

* Decree 50/2024/ND-CP

- **Issued by:** The Government

- **Dated:** 10/05/2024

- **Nội dung:** Amending and supplementing several articles of Decree No. 136/2020/ND-CP and Decree No. 83/2017/ND-CP on fire fighting and prevention

Accordingly, the list of facilities under new fire fighting and prevention management effective from May 15, 2024, with some changes as follows:

- Remove beauty salons and massage service businesses;
- Regulate detailedly the area of service businesses and restaurants;
- Add businesses dealing with flammable and explosive goods;
- Specify "houses used as office headquarters for enterprises..." instead of "houses used as offices for enterprises, ..." as before;

The Decree shall be effective from May 15, 2024.

The draft decree on administrative penalties for violations in the cybersecurity sector

The Ministry of Justice has recently released the appraisal dossier for the draft Decree regulating administrative penalties for violations in the cybersecurity sector. Specifically, this draft Decree stipulates acts of administrative violations, forms of penalties, levels of penalties, measures to remedy consequences, subjects subjected to penalties, authorities to draw up records and authority to impose penalties, and specific fine levels.

The decree includes 5 groups:

- Group "Violation of provisions on ensuring information security"
- Group "Violation of provisions on protecting personal data"
- Group "Violation of provisions on prevention and combat of cyber attacks"
- Group "Violation of provisions on the implementation of cybersecurity protection activities"
- Group "Violation of provisions on preventing and combating the use of cyberspace, information technology, and electronic means to violate laws on order, security, and social safety"

The Draft Decree is expected to take effect in June 2024.

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