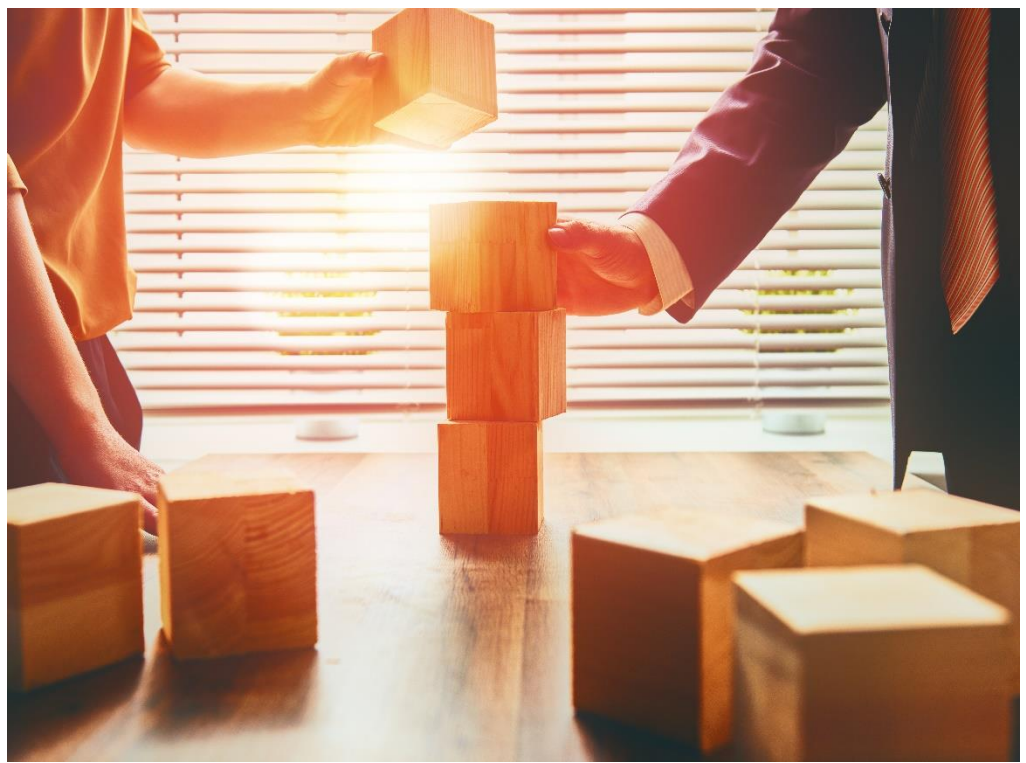


Monthly Newsletter

April, 2018

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Invoice declaration for contract deposits

On 29th March 2018, Binh Duong Tax Department issued Official Letter no 5009/CT-TT&HT as guidance for tax policy of invoice declaration for contract deposits.

The contractor is not required to issue invoice upon receipt of contract deposit(s) except where those are made for progress billings at planned stages of completion. Upon construction handover, the constructor shall issue VAT invoice on total construction value, and declare, make payments (for VAT, CIT) as per stipulated.

Based on the invoice issued by constructor, the company can declare deductible input VAT upon satisfaction of conditions stated at Point 10, Article 1 Circular 26/2015/TT-BTC dated 27/02/2015 by Minister of Finance.

Issuance of VAT invoice for payments on behalf of clients

On 19th March 2018, Hanoi Tax Department issued Official letter 10384/CT-TTHT as guidance for Issuance of VAT invoice for payments on behalf of clients.

Where the company enters into a service provision agreement in which the company agrees to make payments on behalf of the client for out-of-pocket fees such as inspection fees, and **VAT invoices of such expenses are issued under the client's name and tax code**. In this case, the company shall not declare deductible input VAT on invoices issued under client's name. Upon receipt of such re-charges, the company shall not issue VAT invoice but to prepare receipt note as per regulations.

Where such VAT invoices are issued under the company's name and tax code, it can require the supplier to **withdraw those VAT invoices**, and issue new ones under the client's name and tax code. In case the VAT invoices are not withdrawn, upon receipt of the recharge, the company is required to issue VAT invoice and declare output VAT as per regulations.

Usage of multiple-page VAT invoices

On 23rd March 2018, Binh Duong Tax Department issued official letter 4716/CT-TT&HT as guidance for multiple-page VAT invoices.

Where the company adopts VAT deduction method, and uses self-printed invoices, **it can use multiple-page VAT invoices** for such cases as orders with multiple specifications, categories, sales of goods and services that cannot be listed in one page. Below information of the latter pages must be the same with one in the first page: *invoice number (generated by computer); name, address, tax code of buyer, and seller; invoice serial, and there must be a note of “*tiếp theo trang trước – trang X/Y*” (which means “*Continued – page X/Y*” where X is the order of that page, and Y is the total pages of the invoice).*

Tax policy on allowances paid to distributors

On 13th March 2018, Binh Duong Tax Department issued Official Letter 4285/CT-TT&HT as guidance of allowances paid to distributors.

Where the company agrees to give allowance to the distributors in written agreement, upon disbursement of the allowance, the company is required to:

Asto VAT:

- The allowance is made in cash and for the purpose of client support, then the company prepares payment notes, and the fund recipient prepares receipt notes as per regulations. No issuance of VAT invoices nor VAT declaration nor payment are required.
- Where the allowance is made for marketing or promotion services, etc. then the client is required to issue VAT invoices, declare and make payments for VAT as per regulations.

Asto CIT: the allowance shall be treated as deduction for income tax purpose upon satisfaction of conditions stated at Article 4 Circular 96/2015/TT-BTC dated 22/06/2015 by MOF.

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