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**LEGAL, LABOR AND TAX
UPDATES IN 2023**

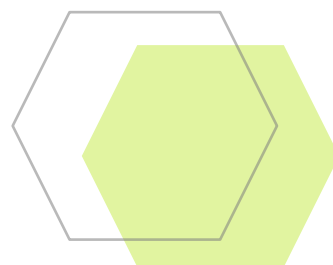
VAT POLICY OF LETTER OF CREDIT (L/C) SERVICE

Official Letter No. 5366/TCT-DNL dated November 30, 2023 from the General Department of Taxation.

Noteworthy issues:

In document No. 324/VPCP-KTTH dated August 12, 2023, issued by the Government Office, Deputy Prime Minister, Mr. Le Minh Khai concluded: *"Assign the Ministry of Finance to instruct the General Department of Taxation to base its actions on the provisions of the Law on VAT, the Law on Credit Institutions in 2010, and relevant legislation to implement VAT on L/C-related activities as prescribed."* Prior to this, on April 22, 2020, the General Department of Taxation issued Official Letter No. 1606/TCT-DNL requesting the Tax Departments of provinces and cities to review and guide credit institutions within their jurisdiction engaged in providing L/C service to declare and pay VAT in accordance with regulations.

Based on the aforementioned regulations and the conclusion of the Deputy Prime Minister in document No. 324/VPCP-KTTH dated August 12, 2023, from the Government Office, **credit institutions and foreign bank branches operating in Vietnam are obligated to declare and pay value-added tax for L/C service in accordance with the provisions of the Law on VAT, the Law on Credit Institutions in 2010, and related laws.** In cases where taxpayers provide supplementary tax declaration documents and pay the full tariff and late payment before the announces for tax inspection, or before the Tax Authority/ competent authority discovers the violation without conducting any inspection, no administrative penalties regarding taxes shall be imposed.





FAMILY DEDUCTION REGISTRATION

[Official Letter No. 4758/TCT-DNNCN dated October 26, 2023 from the General Department of Taxation.](#)

The General Department of Taxation provides guidance that, in cases where taxpayers register for family deductions for their dependents such as grandchildren (**whose parents are still within the working age and are capable of working and nurturing**), they will not be eligible for family deductions as stipulated in point d, clause 1, Article 19 of Circular No. 111/2013/TT-BTC issued by the Ministry of Finance.

With the guidance above, it can be observed that the Tax Authority, in addition to the documentation for dependent registration, will also assess the nature of the nurture obligation, determining whether it aligns with the individual's eligibility for the family deduction.

Therefore, taxpayers should review their family deduction registration documents and gather additional evidence demonstrating the appropriateness of the nurture obligation when registering dependents, in accordance with the current regulations.



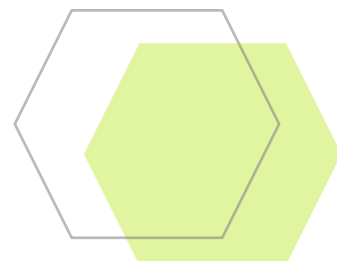


Continue to reduce VAT to 8% until June 30, 2024

[Decree No. 94/2023/NĐ-CP dated December 28, 2023, issued by the Government](#)

According to this, the reduction of VAT to 8% will continue from January 1, 2024, until June 30, 2024, for the following groups of goods and services that are currently subject to a 10% tax rate, excluding the followings:

- Telecommunications, financial activities, banking, securities, insurance, real estate business, metal and pre-cast metal products, mineral products (excluding coal mining), coke, refined petroleum products, and chemical products. Details are provided in Appendix I accompanying Decree No. 94/2023/NĐ-CP.
- Goods and services subject to special consumption tax. Details are provided in Appendix II accompanying Decree No. 94/2023/NĐ-CP.
- Information technology products under the laws on information technology. Details are provided in Appendix III accompanying Decree No. 94/2023/NĐ-CP.
- The reduction of value-added tax for each type of goods and services specified in Article 1 of Decree No. 94/2023/NĐ-CP is uniformly applied at import, production, processing, and commercial trading stages. Regarding exploited coal for sales (including cases where mined coal is later screened, classified according to a closed-loop process, and then sold), they are eligible for reduced value-added tax. Coal products listed in Appendix I accompanying Decree No. 94/2023/NĐ-CP are not eligible for reduced value-added tax in stages other than the coal for sales mentioned thereon.



These Legal Updates are general information for internal use merely, and they are not provided to any specific case of any organizations or individuals. Although we endeavor to present as accurate information as possible, we do not assure that the aforesaid information remains its accuracy as at the date on which the readers receive these Legal Updates. You are advised to refer consultants before adopting these Legal Updates for specific cases.

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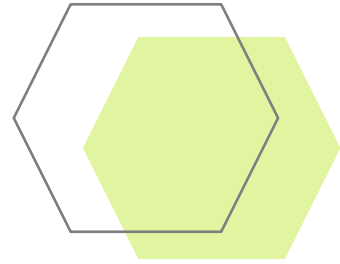
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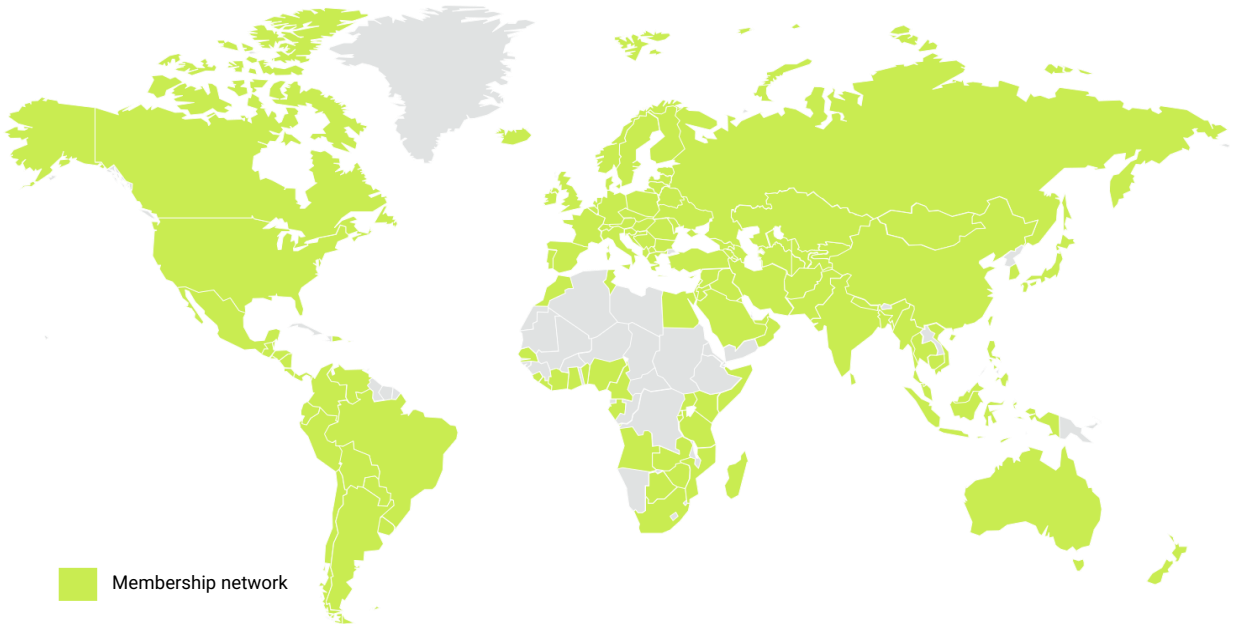
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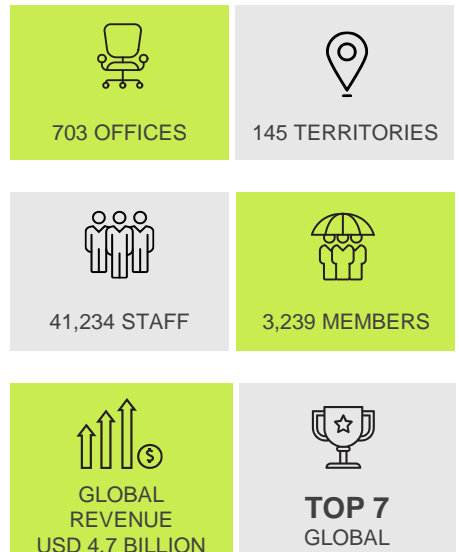


1. INTRODUCTION TO BAKER TILLY A&C



BAKER TILLY INTERNATIONAL, a worldwide organization of professional accounting firms and business advisers, was established in 1987 and has headquartered at Global Office, Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU, United Kingdom.

Baker Tilly A&C is proud to be an independent member of the Baker Tilly network. The international network gives us significant global reach in addition to our substantial national presence. We collaborate to leverage our skills, resources and local expertise with dedication to help our clients grow locally, nationally and globally.



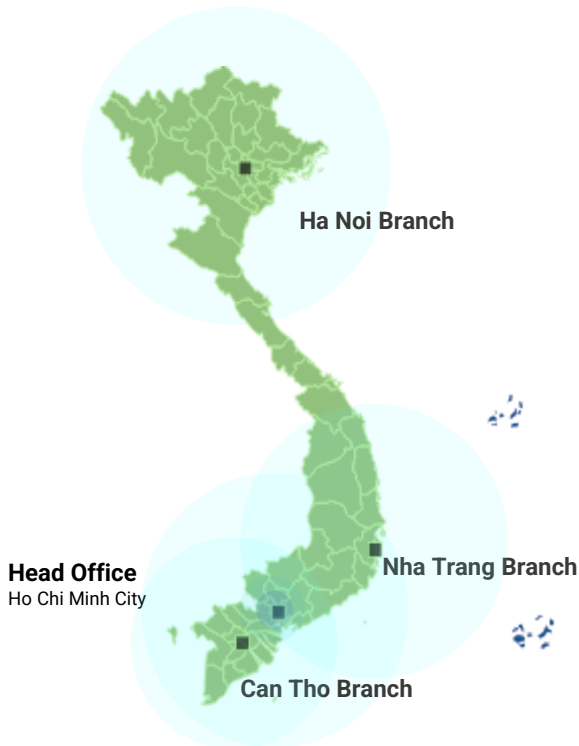
1. INTRODUCTION TO BAKER TILLY A&C



Established in 1992, formerly known as a State-owned enterprise directly under the Ministry of Finance.

A&C specializes in auditing, accounting, consulting, valuation and training, and has been constantly developing and diversifying services.

During 30 years of operation, A&C has successfully developed a branch network in major economic centers in the country.



Baker Tilly A&C's team of more than 500 employees undergoes ongoing training for improving professional expertise, skills and courage as well as updates knowledge on laws, economics, technology, marketing, etc. In addition to local training courses, our auditors and consultants have been seconded in training and practicing courses overseas, such as Malaysia, Singapore, the Philippines, Hong Kong, Great Britain, France, Belgium, Ireland, etc. organized by A&C or supporting programs of Ministry of Finance, Baker Tilly International and other international professional organizations.

A&C has been providing services to more than 2,000 clients working in various operating sectors in Vietnam, including:

- ☉ Vietnamese businesses and FDI ones of all economic sectors including manufacturing, finance, banking, oil and gas, etc.;
- ☉ International and domestic organizations, representative offices, and individuals who are in need of our services;
- ☉ Projects funded by the World Bank, the Asian Development Bank, the European Union, etc.

Collective member of Vietnam Association of Certified Public Accountants (VACPA); Member of Vietnam Business Club (VBC) and Collective member of Vietnam Tax Advisory Association (VTCA).

Why is Baker Tilly A&C credible?

<p>TOP 6 Vietnam</p>	<p>Capable workforce and intensive experience</p>	<p>Local understanding of the Vietnamese country, people and law</p>	<p>Co-operation with competent authorities</p>	<p>Worldwide membership network</p>	<p>Nationwide network</p>	<p>Dedication and profession</p>
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2. INTRODUCTION TO CONSULTING SERVICES

TAX SERVICES

- Support with tax declaration and finalization;
- Review on tax returns and advises on tax compliance;
- Support with tax inspection and tax audit;
- Assisting to work with tax authorities in case of tax inspection;
- Tax retainer;
- Tax health check;
- Review and advises on tax incentive application;
- Advises on application of Double Taxation Avoidance Agreements (DTAAs);
- Support with VAT Refund;
- Tax planning;
- Tax strategy planning.
- Consultancy on tax procedures for business dissolution.
- Tax due diligence.
- Assist in checking and confirming the implementation of tax obligations of enterprises.

TRANSFER PRICING DOCUMENTATION SERVICES

- Consulting transfer pricing documentation (Local File, Master File, Appendix, explanatory letter on the CbCR);
- Consulting risks, planning to manage associated transaction prices;
- Consulting and supporting in explanation during associated transactions inspection period;
- Consulting profit rates according to business activities; Consulting the rate of management fee, royalty fee; Advising on borrowing and lending interest rates...;
- Advising on pricing policy for internal transactions and archival documentation.

RISK MANAGEMENT

- Internal audit;
- Risk management;
- Control system advisory;
- Sarbanes-Oxley compliance.

BUSINESS FINANCIAL CONSULTATION

- Planning capital budget;
- Advise on financial strategies and cash flow management;
- Analyzing finance and operational performance.

APPRAISAL ADVISORY

- Determining the Owner's equity value for the purpose of M&A, investment, capital contribution, determination of the Allocation Purchase Price (PPA), etc.;
- Determining the enterprise value for the purpose of administration, dissolution, liquidation, restructuring, etc.;
- Determining the value of intangible assets such as brands, trademarks, goodwill, etc.

INVESTMENT PROJECT VALUATION

- Assist with feasibility report preparation for investment project;
- Assist with preparation of performance assessment report for investment project;
- Economic - technical justification of investment projects;
- Determining the value of investment projects;
- Support with project competency profile.

BUSINESS RESTRUCTURING

- Advise on Holdings model;
- Advise on personnel restructuring and operations;
- Develop strategy to optimize tax and business operation.

M & A CONSULTANCY

- Legal due diligence;
- Financial due diligence;
- Tax due diligence;
- Business valuation advisory;
- M&A plan advisory.

ASSESSMENT AND CONSULTANCY ON SETTING UP MANAGEMENT INFORMATION SYSTEMS & DIGITAL TRANSFORMATION

- Assess information systems and technology;
- Consult on information technology risk management;
- Consult on developing processes, policies and procedures for operation and control of IT activities;
- Consult on digital transformation and IT application in business activities;
- Consult on application of specialized legal regulations in the field of IT and information security;
- Consult on information security deployment and security testing.

LEGAL CONSULTANCY ON INVESTMENT AND INCORPORATION

- Register for business establishment and investment projects of foreign investors;
- Consult on setting up representative offices of foreign traders in Vietnam;
- Consult on granting business licenses for goods trading activities of FDI enterprises;
- Consult on and implement capital transfer procedures;
- Consult on dissolution of enterprises and termination of investment projects;
- Consult on dissolution of representative offices of foreign traders in Vietnam;
- Legal advisory on labor;
- Legal advisory on trade;
- Consult, review and draft contracts;
- Other legal advisory at the request of the Client.

ACCOUNTING CONSULTANCY

- Bookkeeping, preparing financial statements, tax reports and other reports at the request of customers;
- Reviewing and evaluating the enterprise accounting system;
- Accounting advice in the case of corporate restructuring, separation and merger;
- Accounting consulting on Business Consolidation;
- Advising on the conversion of the Accounting System and Financial Statements applied according to VASs to International Financial Reporting Standards ("IFRS") and vice versa;
- Consultancy on salary calculation and labor registration.

3. INTRODUCTION TO TRAINING SERVICES

SEMINAR

- Organizing periodically on the last Friday of each month, including 11 topics/ year.
- Updating and explaining newly promulgated or effective legal documents;
- Seminar on carefully selected topics to provide promptly knowledge and practical working skills for the Client;
- The team of lecturers and speakers are experts who have a ton of expertise and practical experience in both work and teaching activities;
- Professional and friendly learning environment with up-to-date facilities;
- The program is designed flexibly, so that Customers could possibly appoint different personnel to engage in each topic of seminar.

SPECIALIZED TRAINING

- Being organized monthly, including many topics such as accounting, finance, auditing and internal audit, IFRS, preparing and presenting consolidated financial statements, tax optimization, basic construction, legal, etc.;
- The training topics are organized according to the requirements of customers in order to equip and broaden knowledge and job skills for the accounting and financial staff at the enterprises, contributing to the sustainable and effective development;
- Lecturers are experts with a bunch of experiences working and teaching in the subject in charge; always enthusiastic to answer the enquires of learners.
- The program is designed diversely, richly and oriented towards practical application.

TRAINING ON REQUEST

Depending on the practical demands of the business, our experts will build training topics to match your needs and expected results.

- On-demand training topics are interested by numerous businesses and organizations:
 - ✓ *Planning for tax and social insurance;*
 - ✓ *Internal audit practice;*
 - ✓ *Accounting practice in accordance with IFRS;*
 - ✓ *Guidance for preparing and presenting the consolidated financial statements;*
 - ✓ *Associated transactions, foreign contractor tax (FCT) and double tax avoidance agreement (DTAA);*
 - ✓

TRAINING – GUIDING

- The program is designed to equip all levels of corporate personnel with the capabilities to plan, execute and control key issues in accounting, finance, auditing, tax and legal operations. effectively. Knowledge and practical skills will be transmitted via practical training and guiding methods. Accordingly, learners will easily absorb and practice knowledge directly on their current work, in order to optimization the effectiveness of training;

