



# Tax Alert

## Tax and Legal

February 2019



### VAT refundable for investment project with investment period of less than one year

Under the current Value Added Tax (“VAT”) regulations, enterprises which are in the investment phase, have not been in operation, if the investment period is one (1) year or more, will be entitled to refund of input VAT of goods and services used for investment each year. In case the accumulated VAT amount of purchased goods or services used for investment is VND 300 million or more, VAT shall be refunded.

In practice, when carrying out tax audits and inspections, many local tax authorities have shown inconsistent views on tax refund for enterprises in the investment period according to the above regulations.

Accordingly, some tax authorities view that investment projects must have an investment period of one year or more to be eligible for tax refund, regardless of the amount of input VAT used for the investment period. Meanwhile, other tax authorities allow enterprises to get VAT refund when the input VAT used for investment reaches VND 300 million or more, regardless of the time of the investment period.

On 13 February 2019, the General Department of Taxation issued Official Letter No. 475/TCT-CS providing specific guidance on this issue. Accordingly, enterprises in the investment period with accumulated input VAT of VND 300 million or more are entitled to VAT refund, even if the investment period is less than one year.

If your company has similar issues, you should pay attention to the guidance under Official Letter No. 475/TCT-CS to discuss more specifically with your local tax department, or please contact KPMG for assistance.

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