

Key changes under the Law on Taxation Administration 2019

July 2019

On 13 June 2019, the National Assembly ratified the Law on Taxation Administration No. 38/2019/QH14 ("LTA") which takes effect on 1 July 2020 (except for e-invoicing application taking effect on 1 July 2022). The key changes under the new LTA can be summarised as follows:

1. Tax administration on e-commerce

- Commercial banks will be responsible for the collection of tax on behalf of foreign enterprises/ individuals who conduct and derive income in Vietnam from e-commerce activities.
- Non-resident suppliers doing business in Vietnam via e-commerce, digital base and other services who do not have a permanent establishment in Vietnam, are obliged to register, declare and pay tax in Vietnam, or authorise other parties to do so on their behalf.
- The Vietnamese party, when making payment to foreign organisations and individuals who are not present in Vietnam but carrying out business based on a digital intermediary platform, has the obligation to withhold tax on behalf of the foreign party according to the tax code granted to these organisations and individuals.

2. E-invoicing

Decree 119/2018/ND-CP provides that e-invoicing application is compulsory from 1 November 2020.

However, according to Article 151.2 of the LTA, the compulsory application of e-invoicing is delayed to 1 July 2022.

3. Administrative violations and late tax payment

Taxpayers are not required to pay administrative penalties and late payment interest in cases where the tax declaration/payment follow guiding documents and decisions of tax authorities or competent state agencies.

4. Tax refund after an appeal/ lawsuit case

If taxpayers win a tax appeal/lawsuit case, in addition to being entitled to the refund of the collected taxes, penalties and interest, the tax payers reserve the right to request the tax authorities to pay interest of 0.03%/day on the refunded amount.

5. Responsibilities of State Audit and State Inspectorate

- The State Audit/State Inspectorate are responsible for their conclusions relating to taxpayers' tax obligations and are responsible for sending documents with audit conclusions to taxpayers for implementation.
- Taxpayers are responsible for implementing the conclusions of the State Audit/State Inspectorate regarding tax obligations.
- In case the taxpayer disagrees with the conclusions of the State Audit/State Inspectorate, the taxpayer has the right to file an appeal and initiate a lawsuit against the State Audit's/State Inspectorate's conclusions.

6. Individuals' tax code

Individuals shall use citizenship code as individuals' tax code after the citizenship code has been issued to the entire population.

Currently, individuals must have a tax code different from the citizenship code and identity card number.

7. Tax declaration and payment

- Taxpayers make tax declaration and tax calculation at local tax offices where the head office is based. In case taxpayers adopt a centralised accounting at their head office, taxpayers shall declare tax at the head office and calculate and allocate tax obligations to each province.
- Deadline for annual PIT filing of individuals directly declaring PIT with the tax authorities: 120 days from the end of the calendar year (i.e. 30 April), instead of the current 90-day deadline.
- Taxpayers may make supplementary declarations of erroneous tax dossiers within 10 years from the date of expiration of the submission deadline of the erroneous tax declaration but before the announcement of the tax or other competent authorities on tax audit or inspection.
- Taxpayers are still entitled to supplement tax declaration dossiers after the tax authorities have announced the audit or inspection decisions at taxpayers' offices. The Ministry of Finance will provide specific guidance on supplementary declarations under this Article.

Please contact KPMG's tax advisors for further assistance in relation to the new LTA above.

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