



1. Corporate Income Tax ("CIT")

(i) *Determination of permanent establishment ("PE") in Vietnam*

According to Official Letter No. 1934/TCT-HTQT dated 20 May 2015 of the General Department of Taxation ("GDT"), companies in Vietnam performing certain business activities on behalf of a foreign company in Vietnam, such as delivering and notifying of purchase orders or following up on debt payments, and if those activities are within the scope of the foreign company's business activities, the activities are deemed to create a representation relationship to partially perform the business activities on behalf of the foreign company, and therefore create a PE in Vietnam for the foreign company.

If a foreign company holds the right to review documents and dossiers of the Vietnamese company, the Vietnamese company is considered dependent on the foreign company during the implementation of the contract and the foreign company is deemed to have a PE in Vietnam.

(ii) *Payment documents for tuition fees of expatriates' children studying in Vietnam*

Pursuant to Official Letter No. 2030/TCT-CS dated 26 May 2015, if a labor contract between the company and expatriate employees stipulates that tuition fees for their children studying in Vietnam are paid by the company and the payment complies with regulations on salaries and wages, and the school does not have invoices, the following documents are acceptable for CIT deduction purposes: payment requests, payment receipts issued by the school, and payment vouchers from the company.

(iii) *Criteria to determine hi-tech enterprises*

Pursuant to Decision No. 19/2015/QĐ-TTg dated 15 June 2015 by the Prime Minister, in addition to criteria

promulgated under the Law on Investment, hi-tech enterprises must satisfy all of the following criteria:

- Revenue from hi-tech products must account for at least 70% of the total annual net revenue;
- Total expenses for development and research activities conducted in Vietnam must account for at least 1% of the total annual net revenue (applicable to small- and medium-size enterprises) or at least 0.5% (applicable to enterprises that have total capital of over VND 100 billion and total employees of more than 300 persons);
- The number of employees having bachelor degree or higher degree and directly conducting development and research activities must account for at least 5% of the total number of employees (applicable to small- and medium- sized enterprises) or at least 2.5% but not less than 15 employees (applicable to enterprises with more than VND 100 billion in capital and with more than 300 employees).

This Decision takes effect on 1 August 2015. For companies with unapproved application dossiers for a Certificate of Hi-tech Enterprise prior to 1 August 2015, the aforementioned criteria takes effect immediately.

2. Value Added Tax ("VAT")

According to Official Letter No. 2044/TCT-KK dated 26 May 2015, if a company authorizes its subsidiaries to enter into economic contracts on its behalf (the company is addressed under the economic contracts as the seller), the VAT invoices are issued under the company's name, the customers transfer payment to the subsidiaries' accounts, and the subsidiaries periodically reconcile the payments and transfer the payments to the company, this payment and collection arrangement must be clearly stated in writing. This payment method is considered a non-cash payment method for input VAT credit purposes.

Contact us

KPMG Limited

Warrick Cleine
Chairman & CEO
Vietnam and Cambodia
Tax Managing Partner

Hanoi

Do Thi Thu Ha, Senior Partner
Hoang Thuy Duong, Partner
Le Thi Kieu Nga, Partner
Nguyen Thu Huong, Director
Nguyen Ngoc Thai, Director
Nguyen Hai Ha, Director
Pham Thi Quynh Ngoc, Director
Ho Dang Thanh Huyen, Director
Taninaka Yasuhisa, Japanese Desk
46th Floor, Keangnam Hanoi
Landmark Tower 72 Building,
Slot E6, Pham Hung Street, Me Tri
Ward, South Tu Liem District, Hanoi.

T: +84 4 3946 1600

F: +84 4 3946 1601

E: kpmghanoi@kpmg.com.vn

Ho Chi Minh City

Nguyen Cong Ai, Partner
Ninh Van Hien, Partner
Ta Hong Thai, Partner
Ho Thi Bich Hanh, Partner
Jeff Sea, Partner
Nguyen Thanh Hoa, Director
Nhan Huynh, Director
Tran Dong Binh, Director
Thach Tuan Anh, Director
Nguyen Thanh Tam, Director
Terresa Yiu, Director
Watari Takashi, Japanese Desk

10th Floor, Sun Wah Tower,
No.115, Nguyen Hue Street,
Ben Nghe Ward, District 1,
Ho Chi Minh City.

T: +84 8 3821 9266

F: +84 8 3821 9267

E: kpmghcmc@kpmg.com.vn

kpmg.com.vn

3. Personal Income Tax ("PIT")

Pursuant to Official Letter No. 2178/TCT-TNCN dated 4 June 2015, if an expatriate is eligible to follow the balance tax policy, supporting documents to deduct the hypothetical tax includes labor contracts and payment vouchers of income settlement to the individual, including the balance payment sheet of hypothetical tax (if any).

4. Import and export duty policies and documents for imported goods

- (i) Pursuant to the guidance of Official Letter No. 477/GSQL-GS2 dated 22 May 2015, upon trading of goods under the import and export rights, an Export Processing Enterprise ("EPE") is not required to set up a separate trading branch or warehouse outside an EPE or industrial zone's premises. The EPE, however, is required to maintain separate accounting records and warehouse areas for the goods trading under import, export, and distribution rights.
- (ii) On 8 May 2015, the Ministry of Finance, the Ministry of Industry and Trade, the Ministry of Public Security, and the Ministry of National Defense issued the Joint Circular No. 64/2015/TTLT-BTC-BCT-BCA-BQP providing guidance on invoices and supporting documents for imported goods that are resold on the domestic market. Below are some notable points under the Circular:
 - Goods directly imported by enterprises, when sold at stores or stored at warehouses, depending on each case, requires the following documents: Goods Delivery cum Internal Transport Note or invoices, and a Goods Receipt Note.
 - Enterprises must have invoices or Goods Delivery cum Internal Transport Note attached with Mobilization Orders when transferring the imported goods to accounting-dependent units in other provinces, cities, or between subsidiaries, dependent units; returning goods from dependent unit back to the enterprises; when shipping goods for marketing purpose; when shipping goods for fairs, exhibits.
 - Enterprises manufacturing or processing goods for export, a copy of the customs declaration and Goods Delivery cum Internal Transport Note must be available when transporting, storing, or selling goods at accounting-dependent stores in the same provinces or cities.
 - Enterprises manufacturing or processing goods for export, a copy of the customs declaration and Goods Delivery cum Internal Transport Note or invoice must be available when transporting, storing, or selling goods at accounting-dependent stores in other provinces or cities.

This Joint Circular takes effect from 1 July 2015 and supersedes the Joint Circular No. 60/2011/TTLT-BTC-BCT-BCA.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2015 KPMG Limited, a Vietnamese limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.