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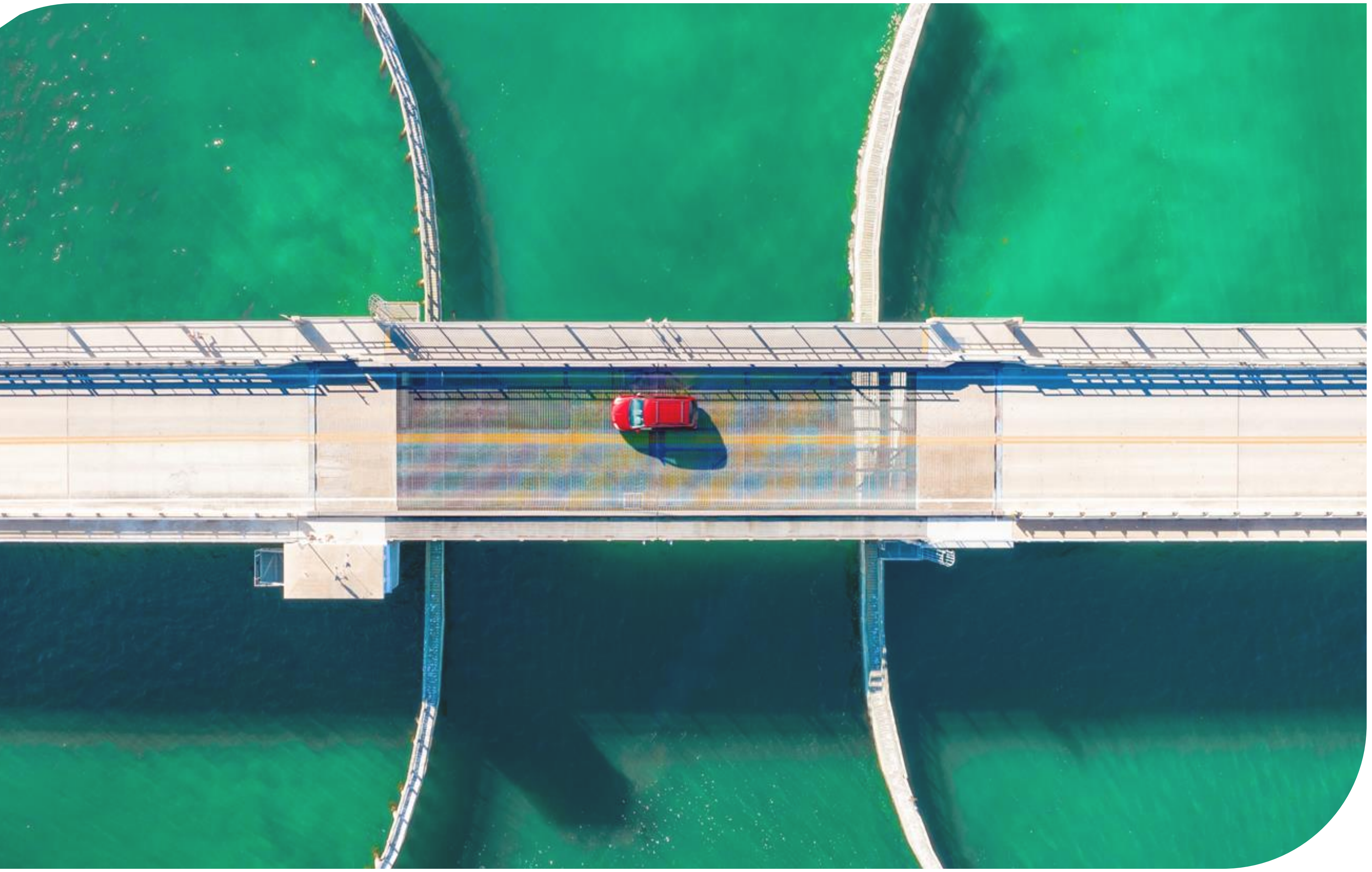
Update new legal documents and important tax policies

March 2025

Content

In this newsletter, Grant Thornton Vietnam would like to update our valued Clients the relevant legal policies and guidelines in the field of accounting, independent audit, and newly issued tax policies.



1. Law No. 56/2024/QH15 issued on 29 November 2024

Law No. 56/2024/QH15 passed by the National Assembly takes effect from 1 January 2025. The Law includes several amendments and supplements to certain laws. Within this newsletter, we would like to draw your attention to some updates on accounting, independent audit and tax.

Law on Accounting

Amending Law No. 88/2015/QH13

Law on Independent Audit

Amending Law No. 67/2011/QH12

Law on tax administration and PIT

Amending Law No. 38/2019/QH14 on tax administration and Law No. 04/2007/QH12 on PIT

1. Law No. 56/2024/QH15 issued on 29 November 2024 (Cont')

Supplementing and amending some articles of Law on Accounting

1.

The financial statement shall be prepared and presented per accounting standards and regimes. Accordingly, it is not required to observe fixed format in presenting financial information as previously regulated, which can be flexible for preparer and useful for reader.

2.

Ministry of Finance to provide guidance on accounting standards and codes of ethics on the basis of international accounting standards and Vietnam's specific conditions. This change empowers Vietnam to efficiently adopt and tailor international standards in correspondence with the unique circumstances of each period in Vietnam.

3.

The language used in accounting is Vietnamese or bilingual. If accounting books are presented in a foreign language, they must be translated into Vietnamese upon request. In this regard, language application in accounting documents are flexible and Vietnamese is not compulsory unless required by the competent authorities.

4.

It is allowed to combine the first accounting period or the final period which does not exceed 3 consecutive months, to the previous period or following period but not exceed 15 months in total. The change from 90 days to 3 consecutive months is more convenient and appropriate for the accounting report systems.

5.

Electronic documents must be certified by e-signature or other electronic formalization under the regulations on electronic transactions. This change is to adapt with fast development in technology applied by enterprises.

6.

Financial statements shall be prepared and presented in compliance with accounting standards and regimes applied at the enterprises. This stipulation, in accordance with flexibility in presentation of financial statements, ensures consistency and comparability of financial information.

7.

Supplement the rights of accountants in case they have different opinions from decision makers, i.e. they can document their opinions and report to the higher levels or competent authorities without taking responsibility for implementing others' decisions. This is to protect the accountants and encourage them to make right decision and actions in case of encountering risks while doing accounting works.

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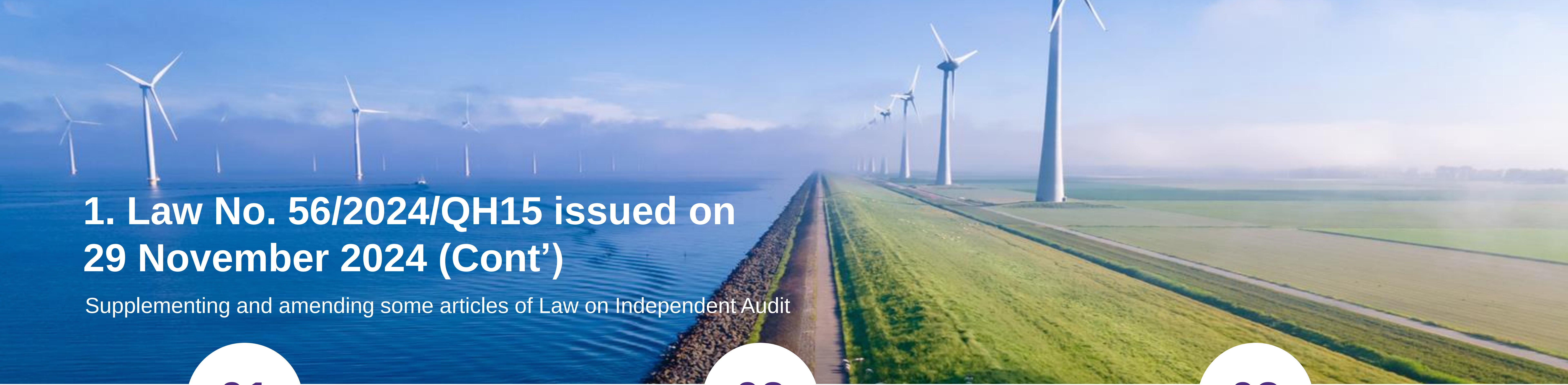

1. Law No. 56/2024/QH15 issued on 29 November 2024 (Cont')

Supplementing and amending some articles of Law on Independent Audit

01

Time limit to sign audited report

Not permitted to assign an auditor to sign audited report for the same audited entity for over 05 consecutive years. The Ministry of Finance regulates the time gap before a practicing auditor can sign audited reports of the same audited entity again.

Please note and observe the above stipulations to maintain independence criteria of auditors

02

Rotation of auditor

In line with the restricted period of time that a practicing auditor can sign audited report of the same audited entity, if an entity appoints the same auditing company or branch of foreign auditing company in Vietnam over 05 consecutive years, it is compulsory to rotate or change the practicing auditor who signs the audited report every 05 years at maximum.

03

Subject to annual statutory audit

Supplementing big-scale companies to the list of entities subject to annual statutory audit.

Big-scale companies are determined to have total resources over VND100 billion and from 300 employees or more.

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1. Law No. 56/2024/QH15 issued on 29 November 2024 (Cont')

Supplementing and amending some articles of Law on Tax Administration and Personal Income Tax

a. E-commerce ("EC") and digital platform-based ("DP") businesses

- Overseas providers doing business in EC/DPs and rendering other services in Vietnam have obligations, either directly or authorizing other entities, to implement tax registration, declaration and tax payment in Vietnam.
- From 1 April 2025, domestic and overseas organizations managing EC/DPs with payment features and having other digital economic activities are required to withhold, declare and remit taxes on transactions conducted on such e-commerce platforms or digital platforms on behalf of individuals/household businesses, regardless their being tax residents and non-residents in Vietnam.

This amendment aims for EC/DPs management organizations to reinforce tax administration and mitigate tax evasion for transactions conducted on such e-commerce platforms or digital platforms. The Ministry of Finance further issued a draft decree on 4 February 2025 regulating EC/DPs tax administration for seeking opinions and its tentative publication is scheduled in March 2025.

Furthermore, the foreign suppliers provides services also subject to tax registration, declaration and tax payment regardless of having permanent establishment in Vietnam or not.

b. Cases where tax returns can be revised

Taxpayers are allowed to revise their tax returns within 10 years from the filing deadline and if a tax audit decision has not yet been announced or the tax returns are not under the scope and period of tax audit. Hence, if a tax return falls within the scope and period of a tax audit, it can no longer be revised but supported with explanation.

c. No longer entitled to compensation from tax authority under tax administration

Taxpayers are allowed to revise their tax returns within 10 years from the filing deadline and if a tax audit decision has not yet been announced or the tax returns are not under the scope and period of tax audit. Hence, if a tax return falls within the scope and period of a tax audit, it can no longer be revised but supported with explanation.

d. Supplement the authority to decide on tax refund

The directors of sub-departments and regional sub-departments of taxation are added to list of competent authority who can decide on tax refund for eligible claims, which can expedite the tax refund process.

2. Official letter No. 302/TCT-CS dated 17 January 2025

(from the General Department of Taxation to Tax Department of Ha Tinh Province on FCT)

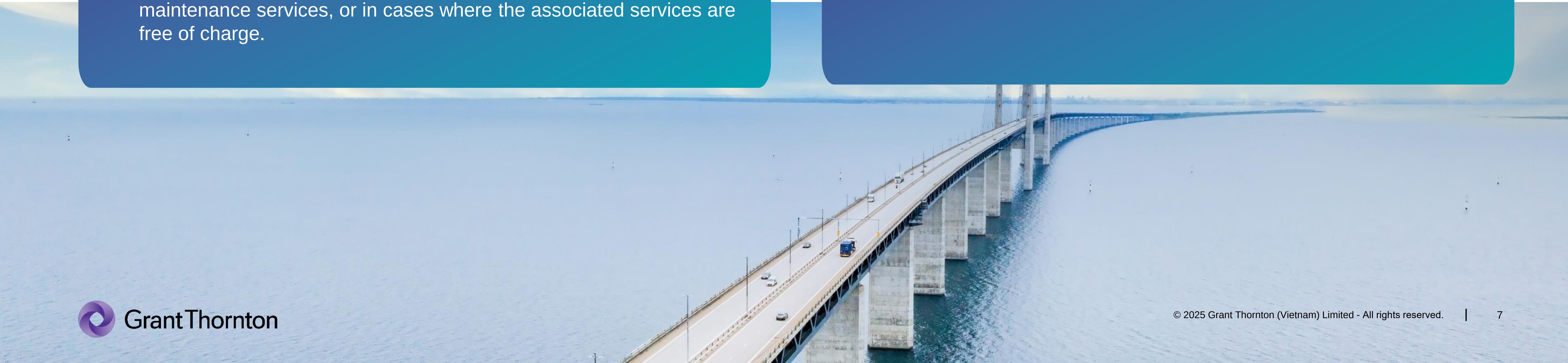
In the case of a Vietnamese company and a foreign contractor engaging in a goods purchase agreement with the delivery term under Incoterms DDU - Delivered Duty Unpaid and DAP - Delivered At Place, where:

- The foreign seller takes responsibility for delivering goods to the place assigned by the buyer in Vietnam; and
- The purchase agreement does not include any services to be implemented in Vietnam such as installation, testing, warranty, and maintenance services, or in cases where the associated services are free of charge.

Tax implications for such transactions will be:

- Value Added Tax at the import stage; and
- FCT – Corporate income tax portion at the rate of 1% on the taxable income from sales of goods.

The above implications can be referred for similar cases with delivery terms are under Incoterms D Group.



3. Official letter No. 418/TCT-DNNCN dated 23 January 2025
(from the General Department of Taxation to Tax Department of Dak Nong Province on PIT)

If a company signs service contracts, such as sales agency contracts, cooperative agreements, service agreements with telecommunication and delivery service agreements with individuals, the tax implications will be as follows.

Engaging party being individuals without business registration	Engaging party being business households or individuals
Income received will be treated as employment income (similar to salary and wages)	Income received will be treated as business income
The company shall have responsibility to withhold and declare PIT as in the case of remuneration paid to employees having no labour contracts signed before making payment.	Their business income will be governed by regulations on value added tax, personal income tax and tax administration for business households and individuals (currently is Circular No. 40/2021/TT-BTC dated 1 June 2021 of the Ministry of Finance).

4. Official letter No. 299/TCT-CS dated 17 January 2025

(from the General Department of Taxation to Tax Departments at provincial/city level on determining PIT taxable income on real estate transfer for individuals and households)

Transfer land use rights and there are no assets attached to the land

- The income subject to PIT is calculated per the price written on the transfer contract but not less than the land price announced by the provincial People's Committee

Transfer real estates property (including land use rights and assets attached to the land)

- Assets attached to the land includes infrastructure, houses, architectural works, crop or perennial plants, etc.
- The taxable income for PIT purpose is determined based on the transfer price captured in the relevant agreement at the time of each transfer.
- For cases of transferring houses associated with land or off-plan properties, details to determine taxable income for PIT purposes are governed per prevailing stipulations under Law on Personal Income Tax No. 04/2007/QH12 issued on 21 November 2007 by the National Assembly, Decree No. 12/2015/ND-CP issued on 12 February 2015 by the Government and Circular 92/2015/TT-BTC issued 15 June 2015 by the Ministry of Finance (Point b, Clause 1, Article 17)

Contact

Please study the newly issued regulations and review the internal compliance procedures in order to comply with the regulations on customs tax as well as reduce errors in the process of filing and preparing documents that could lead to additional tax obligations or administrative penalty.
Please contact the experts of Grant Thornton Vietnam for in-depth advice if you have any inquiries during the implementation of tax and customs compliance.

Please visit our **Tax Hub** to view more information

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