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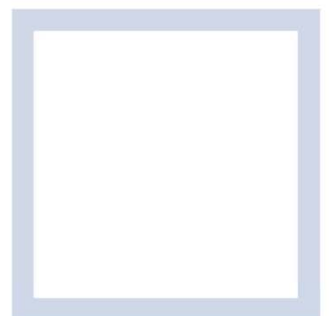
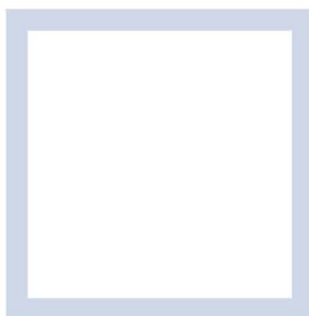
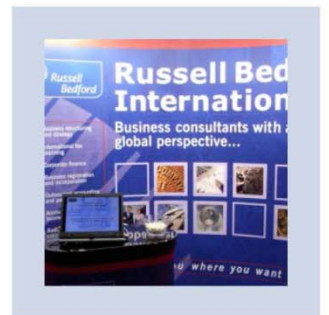
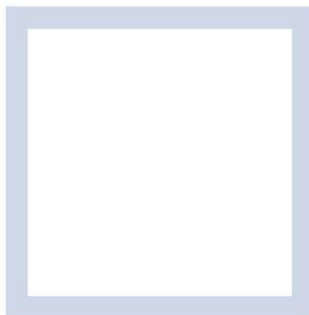
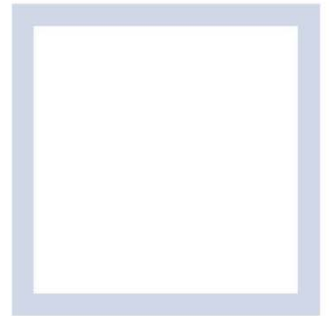
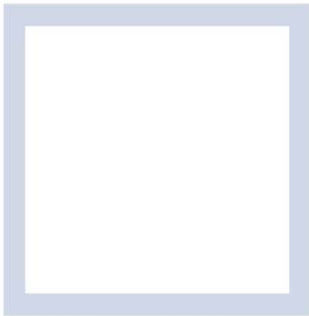


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NEWSLETTER

Issue 14, May & June 2015



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Changes in Corporate Income Tax (“CIT”)

On 22 June 2015, the Ministry of Finance (“MOF”) issued Circular 96/2015/TT-BTC on new CIT regulation.

For income from investment overseas of Vietnamese entities

- Income from countries/ territories having double tax treaties with Vietnam will be subject to the treaties’ regulation;
- Tax rate is regulated by the current law on CIT in Vietnam;
- Overseas income without tax declaration and payment will be implied by the tax authority;
- Gains/ losses from overseas investment are not allowed to offset against losses/ gains generated from domestic activities for CIT purpose.

Entities transferring real estate, investment projects and participating in investment projects losses from these activities can be offset to gains from other businesses of the entity in the same tax period and can be carried forward as current tax regulations.

Time of recognition of revenue from services rendering for CIT purpose upon completion of services, fully or partially.

Supplementary deductible expenses

- Depreciation expenses of fixed assets for employees’ benefits and career educational purpose;
- Expenses exceeding self-regulated rates on material, fuel, and energy consumption;
- Costume allowance in kind for employees with proper supporting document (allowance in cash is limited at VND 5million/person per year);
- Travel expense of VND 20 million or above paid by personal bank account, with proper supporting documents;
- Water and electricity expenses: no longer required form 02/TNDN of Circular 78/2014/TT-BTC;
- Welfare for employees, such as accident insurance, health insurance, and other

voluntary insurances (except for life insurance and pension insurance).

Conditions for revenue from agricultural and fishery products are tax incentives

- Agricultural and fishery material value costs at least 30% of cost of goods produced;
- Agricultural and fishery products, goods are not subject to excise tax.

Revenue from agricultural and fishery products should be separately determined and declared for tax preference.

Tax losses carried forward after demerging losses before demerging should be allocated to demerged entities at the ratio of entities’ capital.

This Circular takes effect from 6 August 2015 and applies to the CIT periods from the year of 2015 onwards.

Preferences in customs procedures

Circular 72/2015/TT-BTC dated 12 May 2015 of the MOF guides the preference policies in customs procedures.

Conditions to be qualified as a preference entity (“PE”)

- Annual turnover from import/ export of USD 100 million or above;
- Annual turnover from import/ export of goods manufactured in Vietnam of USD 40 million or above;
- Annual turnover from import/ export of agricultural and fishery products manufactured or grown in Vietnam of USD 30 million or above;
- Customs agencies having 20,000 declarations per year or above.

Condition in compliance with customs and tax legislation

- No acts of tax evasion, tax fraud; smuggling or illegal transportation of goods across the border in two consecutive years;
- Customs agency having its declarations subject to administrative penalties at rate of less than 0.5% of total declarations;
- No tax overdue.

PE is exempt for post-clearance inspection at customs’ premises. Post-clearance inspection at the declarer’s premises can only be conducted by the customs authority once in 3 consecutive years as highest. The preference period is three years (previously two years).

Detailed procedures for evaluation, accreditation and suspension of PE are stated. The time limit to issue decision of PE is shortened from 15 working days to 10 working days after evaluation date.

This Circular takes effect from 26 June 2015 and replaces Circulars 86/2013/TT-BTC dated 27 June 2013 and 133/2013/TT-BTC dated 24 September 2013 of the MOF.

Regulation on invoices and documents of imported goods in the market

Circular 64/2015/TTLT-BTC-BCT-BCA-BQP dated 8/5/2015 was jointly issued by MOF - Ministry of Industry and Trade – Ministry of Public Security - Ministry of National Defense regulating the policy of invoices and documents of imported goods in the market.

Accordingly, it is compulsory for goods on sale or in storage

- to present original invoice and documents within 24 hours from the time of inspection (previously 72 hours);
- to present copied invoice and documents, stamped by the entity at the time of inspection.

Violation of this regulation will be considered smuggling act and the goods will be held in custody.

For processed goods and materials which are allowed to consume in Vietnam

- when transporting, storage and sale in stores of dependent accounting practice in the same area, it is compulsory to present copied import declaration form and dispatch note cum internal transportation note;
- for stores of independent accounting practice, invoice can be used instead of the note.

The Circular is effective from 1 July 2015 and replaces Circular 60/2011/TTLT-BTC-BCT-BCA dated 12 May 2011.

Issuance of Vietnamese Standards on Review Engagements

On 8 May 2015, the MOF issued Circular No. 65/2015/TT-BTC on Vietnamese Standards on Review Engagements, including:

- Standard No. 2400 - Engagements to review historical financial statements; and
- Standard No. 2410 - Review of interim financial information performed by the independent auditor of the entity.

The Circular is applied to auditing firms, branches of foreign auditing firms in Vietnam, certified public auditors and stakeholders to the services of review of financial statements and financial information.

Review engagements being performed before 1 January 2016 but the reports are released after 1 January 2016 should follow this Circular.

This Circular takes effect from 1 January 2016.

Issuance of Vietnamese Standards on other Assurance Engagements

On 8 May 2015, the MOF issued Circular 66/2015/TT-BTC on Vietnamese Standards on other assurance engagements, including:

- Standard No. 3000 - Assurance engagements other than audits or reviews of historical financial information.
- Standard No. 3400 - The examination of prospective financial information.
- Standard No. 3420 - Assurance engagements to report on the compilation of financial information included in a prospectus.

The Circular is applied to auditing firms, branches of foreign auditing firms in Vietnam, certified public auditors and stakeholders to the services of review of financial statements and financial information.

Review engagements being performed before 1 January 2016 but the reports are released after 1 January 2016 should follow this Circular.

This Circular takes effect from 1 January 2016

Issuance of Vietnamese Standards on Agreed - upon Procedures Engagements

On 8 May 2015, the MOF issued Circular No. 68/2015/TT-BTC on Vietnamese Standards on Agreed - upon Procedures Engagements, including:

- Standard No. 4400 - Engagements to perform agreed-upon procedures regarding financial information;
- Standard No. 4410 - Summarizing financial information service.

It regulates responsibilities of chartered accountants and accounting businesses, certified auditors and audit firm when performing agreed - upon procedures engagements.

Review engagements being performed before 1 January 2016 but the reports are released after 1 January 2016 should follow this Circular.

The Auditing Standards No. 930 “Engagement to compile financial information” and No. 920 “Engagements to perform agreed-upon procedures regarding financial information” expire from 1 January 2016.

This Circular takes effect from 1 January 2016.

Issuance of Vietnamese Standard on Auditing on report on settlement of completed projects

On 8 May 2015, the MOF issued Circular 67/2015/TT-BTC on Vietnamese Standard on Auditing on audit of report on settlement of completed projects, applicable to construction projects, work sections, and other investment projects.

Auditing Standard No. 1000 “Audit of final accounts of investment” issued under Decision 03/2005/QD-BTC dated 18 January 2005 of the Minister of Finance expires from 1 July 2015.

This Circular takes effect from 1 July 2015.

Criteria for high-tech enterprises

Decision 19/2015/QĐ-TTg dated 15 June 2015 regulates in details the criteria for identifying a high-tech enterprise (“HTE”).

Accordingly, an HTE should meet the criteria of the Law on Investment, and the following ones:

- At least 70% of annual sales from high-tech products;
- Expenditure for research and development (R&D) in Vietnam costs at least 1% of net annual turnover for small and medium enterprises; and at least 0.5% for enterprises with capital of over VND 100 billion and total workforce of over 300 people;
- The number of employees with Bachelor degree or higher qualification, who directly conduct R&D activities, covers at least 5% of total number of employees of small and medium enterprises; for enterprises with capital of over VND 100 billion and total workforce of over 300 people, this ratio should be at least 2.5% but not less than 15 people.

This Decision is effective from 1 August 2015.

Guidance on procedures for business registration

To ensure the implementation of the Corporate Law 2014 which is effective from 1 July 2015, on 26 June 2015, the Ministry of Planning and Investment issued Official Letter 4211/BKHDT-DKKD on procedures for business registration of:

- Registration of business, branch, representative office, business location;
- Change of business registration, branch, representative office, business location;
- Change of investment certificate, investment license;
- Notice of change of business registration;
- Notice of business’s stamp;
- Temporary suspension of business;
- Dissolution of business;
- Closing business’s branches, representative offices.

New forms of registration applying from 1 July 2015 were also issued in the Letter.

Amendment of the corporate accounting system

Circular 75/2015/TT-BTC dated 18 May 2015 of MOF amends Circular 200/2014/TT-BTC dated 22 December 2014 on corporate accounting system.

Entities subject to compulsory quarterly or semi-annual financial statements can opt to adopt Decision 15/2006/QĐ-BTC or Circular 200/2014/TT-BTC to prepare their interim financial statements in 2015. However, the annual financial statement of 2015 must follow Circular 200.

It is encouraged, not yet required, entities to present and disclose financial instruments as regulated in Circular 210/2009/TT-BTC dated 6 November 2009 of the MOF.

This Circular takes effect from 14 July 2015.

Disclaimer

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KTC SCS is staffed by a team of qualified professionals including Certified Public Accountants (local and international), Ph.D., Masters in Accounting and Finance and Masters in Business Administration who have extensive experience in working in various industries. Our people are our assets and critical factor to our success.

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