

# VIETNAM - LOGIC CHANGES

## NEW LOGIC GUIDE

THOMSON REUTERS TAX RESEARCH  
APRIL 2022 CONTENT UPDATE #1

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### Introduction

This guide provides an explanation of the most recent changes made to Determination for the authority of Vietnam, which were implemented in connection to the review of provisions regarding the application of reverse change mechanism in the local tax law.

Considering the relevant local tax law regulations, the following changes were made.

## PART I – UPDATES TO DETERMINATION

### Authority Options

In order to trigger the reverse charge results applicable in Vietnam for the imported services, the following authority options were added effective 1 April 2022:

AUTHORITY OPTION	CONDITION	VALUE
PP – Physical Performance Reverse Charge	Both	Dual Registration

As a result, in case of B2B supplies, Determination will return Tax Type of Reverse Charge (RC) for the Buyer and Not Liable (NL) result for the foreign Seller. Local tax will be returned only in case of Seller registration in Vietnam.

## PART II - TAX RESULTS EXAMPLES

### Test 1: Physical Performance Services provided by a foreign unregistered Seller to the Vietnamese registered Buyer

WORKBENCH ELEMENTS	VALUES
Transaction Type	Physical Performance
Seller Primary	Japan
Buyer Primary	Vietnam
Seller Registration	12345
Buyer Registration	1234567890

Results as of 1 April 2022:

The following image shows details for the Seller:

Tax Calculation Results										
Scenario 2022 April 1st Update - Vietnam Reverse Charge on Physical Performance Service:										
View Results: <input checked="" type="checkbox"/> Zone		Gross Amount: 100.00		Eff%: 0%		Invoice Desc		Type	Dir	Fee
Authority	RuleOrder	Country: VIET NAM	VietNam	Not Liable		Invoice Desc	Type	Dir	Fee	Rate
Country: JAPAN		Country: JAPAN	Japan	Not Liable			NL	O	0%	0.00
							NL	O	0%	0.00
										0.00 USD
<input type="checkbox"/> Authority Messages:										
Authority	RuleOrder	Message								
VietNam	5001	GCSPP1: No VAT liability in Service location.								
Japan	5001	GCSPP5: No VAT liability in Seller country.								

The following image shows details for the Buyer:

Tax Calculation Results										
Scenario 2022 April 1st Update - Vietnam Reverse Charge on Physical Performance Service:										
View Results: <input checked="" type="checkbox"/> Zone		Gross Amount: 100.00		Eff%: 0%		Invoice Desc		Type	Dir	Fee
Authority	RuleOrder	Country: VIET NAM	VietNam	Not Liable		Invoice Desc	Type	Dir	Fee	Rate
Country: VIET NAM		Country: VIET NAM	VietNam	VAT			RC	O	8%	8.00
		Country: VIET NAM	VietNam	VAT			RC	I	8%	8.00
										0.00 USD
<input type="checkbox"/> Authority Messages:										
Authority	RuleOrder	Message								
VietNam	10000	GCBPP1: Reverse charge in Service location.								
VietNam	10000	GCBPP2: Recovery of reverse charge in Service location.								

## Test 2: Physical Performance provided by a foreign registered Seller to the Vietnamese registered Buyer

WORKBENCH ELEMENTS	VALUES
Transaction Type	Physical Performance
Seller Primary	Japan
Buyer Primary	Vietnam
Seller Registration	1234567891
Buyer Registration	1234567890

Results as of 1 April 2022:

The following image shows details for the Seller:

Tax Calculation Results													
Scenario 2022 April 1st Update - Vietnam Reverse Charge on Physical Performance Service:													
View Results: <input checked="" type="checkbox"/> Zone		Gross Amount: 100.00		Eff%: 8%		Type		Dir	Fee	Rate	Tax Amt	TT	IT
Authority	Zone	Authority	Gross Amount: 100.00	Invoice Desc	Eff%: 8%	Type	Dir	Fee	Rate	Tax Amt	TT	IT	
VietNam	Country: VIET NAM	VietNam	VietNam	VAT	8%	S	O	8%	8.00				
Japan	Country: JAPAN	Japan	Japan	Not Liable	0%	NL	O	0%	0.00				
												8.00 USD	
<input type="checkbox"/> Authority Messages:													
Authority	RuleOrder	Message											
VietNam	10000	GCSP2: Output VAT in Service location.											
Japan	5001	GCSP5: No VAT liability in Seller country.											

The following image shows details for the Buyer:

Tax Calculation Results													
Scenario 2022 April 1st Update - Vietnam Reverse Charge on Physical Performance Service:													
View Results: <input checked="" type="checkbox"/> Zone		Gross Amount: 100.00		Eff%: 8%		Type		Dir	Fee	Rate	Tax Amt	TT	IT
Authority	Zone	Authority	Gross Amount: 100.00	Invoice Desc	Eff%: 8%	Type	Dir	Fee	Rate	Tax Amt	TT	IT	
VietNam	Country: VIET NAM	VietNam	VietNam	VAT	8%	S	I	8%	8.00				
												8.00 USD	
<input type="checkbox"/> Authority Messages:													
Authority	RuleOrder	Message											
VietNam	10000	GCBPP5: Input VAT in Service location.											

## Test 3: Physical Performance provided by a foreign unregistered Seller to the Vietnamese unregistered Buyer

WORKBENCH ELEMENTS	VALUES
Transaction Type	Physical Performance
Seller Primary	Japan
Buyer Primary	Vietnam
Seller Registration	12345
Buyer Registration	None

Results as of 1 April 2022

The following image shows details for the Seller:

Tax Calculation Results													
Scenario 2022 April 1st Update - Vietnam Reverse Charge on Physical Performance Service:													
View Results:		Zone	Authority	Gross Amount: 100.00	Eff%: 0%	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT	IT
<input type="checkbox"/> Authority Messages:													
Authority		RuleOrder		Message									
GCSP4				Seller must register to collect VAT in Service location. Authority: VietNam									

The following image shows details for the Buyer:

Tax Calculation Results													
Scenario 2022 April 1st Update - Vietnam Reverse Charge on Physical Performance Service:													
View Results:		Zone	Authority	Gross Amount: 100.00	Eff%: 0%	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT	IT
<input type="checkbox"/> Authority Messages:													
Authority		RuleOrder		Message									
VietNam		5001		GCBPP10: Seller cannot invoice VAT since seller is not registered in Service location.									

## Test 4: Physical Performance provided by a foreign registered Seller to the Vietnamese unregistered Buyer

WORKBENCH ELEMENTS	VALUES
Transaction Type	Physical Performance
Seller Primary	Japan
Buyer Primary	Vietnam
Seller Registration	1234567891
Buyer Registration	None

Results as of 1 April 2022

The following image shows details for the Seller:

Tax Calculation Results									
Scenario 2022 April 1st Update - Vietnam Reverse Charge on Physical Performance Service:									
View Results: <input checked="" type="checkbox"/>	Zone	Gross Amount: 100.00	Eff%: 8%	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt
	Authority	VietNam		VAT	S	O		8%	8.00
	Country: VIET NAM			Not Liable	NL	O		0%	0.00
	Country: JAPAN								8.00 USD
<input type="checkbox"/> Authority Messages:									
Authority	RuleOrder	Message							
VietNam	10000	GCSPP2: Output VAT in Service location.							
Japan	5001	GCSPP5: No VAT liability in Seller country.							

The following image shows details for the Buyer:

Tax Calculation Results									
Scenario 2022 April 1st Update - Vietnam Reverse Charge on Physical Performance Service:									
View Results: <input checked="" type="checkbox"/>	Zone	Gross Amount: 100.00	Eff%: 8%	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt
	Authority	VietNam		VAT	S	I		8%	8.00
	Country: VIET NAM								8.00 USD
<input type="checkbox"/> Authority Messages:									
Authority	RuleOrder	Message							
VietNam	10000	GCBPP5: Input VAT in Service location.							