

# 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"/>		Gross Amount: 100.00		Eff%: 0%							
Zone		Authority		Invoice Desc		Type	Dir	Fee	Rate	Tax Amt	TT IT
Country: VIET NAM		VietNam		Not Liable		NL	O		0%	0.00	
Country: JAPAN		Japan		Not Liable		NL	O		0%	0.00	
										0.00 USD	
<input checked="" 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"/>		Gross Amount: 100.00		Eff%: 0%							
Zone		Authority		Invoice Desc		Type	Dir	Fee	Rate	Tax Amt	TT IT
Country: VIET NAM		VietNam		VAT		RC	O		8%	8.00	
Country: VIET NAM		VietNam		VAT		RC	I		8%	8.00	
										0.00 USD	
<input checked="" 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%								
	Zone	Authority		Invoice Desc		Type	Dir	Fee	Rate	Tax Amt	TT	IT
	Country: VIET NAM	VietNam		VAT		S	O		8%	8.00		
	Country: JAPAN	Japan		Not Liable		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%						
Authority		Invoice Desc		Type	Dir	Fee	Rate	Tax Amt	TT	IT
Country: VIET NAM		VatNam		VAT	S	I	9%	8.00		
								8.00 USD		
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: <input checked="" type="checkbox"/> Zone	Gross Amount: 100.00	Eff%: 0%								
	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT	IT	
							0.00 USD			
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: <input checked="" type="checkbox"/> Zone	Gross Amount: 100.00	Eff%: 0%								
	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT	IT	
Country: VIET NAM	VietNam	Not Liable	UN	I		0%	0.00			0.00 USD
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%							
Authority		Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT	IT
Country: VIET NAM		VietNam	VAT	S	O		8%	8.00		
Country: JAPAN		Japan	Not Liable	NL	O		0%	0.00		
								8.00 USD		
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%							
Authority		Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT	IT
Country: VIET NAM		VietNam	VAT	S	I		8%	8.00		
							8.00 USD			
Authority Messages:										
Authority	RuleOrder	Message								
VietNam	10000	GCBPP5: Input VAT in Service location.								