

VIETNAM - LOGIC CHANGES

NEW LOGIC GUIDE

THOMSON REUTERS TAX RESEARCH
JANUARY 2022 CONTENT UPDATE #1

Introduction

This guide provides an explanation of the most recent changes made to Determination for the authority of Vietnam, which were applied to reflect implementation of the Tax Administration Law No. 38/2019/QH14 dated 13 June 2019 and Decree 126/2020/ND-CP dated 19 November 2020. The Law introduces a new mechanism to collect tax from cross-border e-commerce traders and digital platform-based service providers. Starting 1st January 2022, tax registration, tax declaration, and payment of foreign suppliers shall be done electronically on the General Department of Taxation Portal. Otherwise, in case of B2B transaction Vietnamese organization purchasing services will withhold, declare, and pay taxes on behalf of the foreign supplier.

To provide the appropriate results, we have included some enhancements to Determination. Test cases reflecting these changes are found in the later part of this guide.

PART I – UPDATES TO DETERMINATION

Logic Mappings

The authority logic group of Electronic_Services was mapped effective 1 January 2022 with the highest order for the authority of Vietnam.

Authority Options

The following authority option was added effective 1 January 2022 for the authority of Vietnam.

AUTHORITY OPTION	CONDITION	VALUE
CL – Customer Location Reverse Charge	Foreign Transaction	Dual Registration

PART II - TAX RESULTS EXAMPLES

Test 1: Electronic Services provided by a foreign unregistered Seller to the Vietnamese registered Buyer

WORKBENCH ELEMENTS	VALUES
Transaction Type	Electronic Services
Seller Primary	Japan
Buyer Primary	Vietnam
Seller Registration	12345
Buyer Registration	1234567890

Results as of 1 January 2022:

The following image shows details for the Seller:

Tax Calculation Results										
Scenario 2022 January 1st Update - Vietnam e-commerce:										
View Results: <div><div></div></div>		Gross Amount: 100.00		Eff%: 0%						
Zone		Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT	IT
Country: JAPAN		Japan	Not Liable	NL	O		0%	0.00		
Country: VIET NAM		VietNam	Not Liable	NL	O		0%	0.00		
								0.00 USD		
<div><div></div> Authority Messages:</div>										
Authority		RuleOrder		Message						
Japan		5001		GCSCL18: No liability in Seller's Country.						
VietNam		5001		GCSCL13: No VAT liability in Buyer's country.						

The following image shows details for the Buyer:

Tax Calculation Results										
Scenario 2022 January 1st Update - Vietnam e-commerce:										
View Results: <input type="button" value="TV"/>		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		10%	10.00		
Country: VIET NAM		VietNam	VAT	RC	I		10%	10.00		
								0.00 USD		
<input type="button" value="TV"/> Authority Messages:										
Authority		RuleOrder	Message							
VietNam		10000	GCBCL31: Reverse charge in Buyer's country.							
VietNam		10000	GCBCL32: Recovery of reverse charge in Buyer's country.							

Test 2: Electronic Services provided by a foreign registered Seller to the Vietnamese registered Buyer

WORKBENCH ELEMENTS	VALUES
Transaction Type	Electronic Services
Seller Primary	Japan
Buyer Primary	Vietnam
Seller Registration	1234567891
Buyer Registration	1234567890

Results as of 1 January 2022:

The following image shows details for the Seller:

Tax Calculation Results										
Scenario 2022 January 1st Update - Vietnam e-commerce:										
View Results:		Gross Amount: 100.00		Eff%: 10%						
Zone		Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT	IT
Country: JAPAN		Japan	Not Liable	NL	O		0%	0.00		
Country: VIET NAM		VietNam	VAT	S	O		10%	10.00		
								10.00 USD		
Authority Messages:										
Authority	RuleOrder	Message								
Japan	5001	GCSC18: No liability in Seller's Country.								
VietNam	10000	GCSC14: Output VAT in Buyer's country.								

The following image shows details for the Buyer:

Tax Calculation Results												
Scenario 2022 January 1st Update - Vietnam e-commerce:												
View Results:		Gross Amount: 100.00		Eff%: 10%								
Zone		Authority		Invoice Desc		Type	Dir	Fee	Rate	Tax Amt	TT	IT
Country: VIET NAM		VietNam		VAT		S	I		10%	10.00		
										10.00 USD		
Authority Messages:												
Authority		RuleOrder		Message								
VietNam		10000		GCBCL35: Input VAT in Buyer's country.								

Test 3: Electronic Services provided by a foreign unregistered Seller to the Vietnamese unregistered Buyer

WORKBENCH ELEMENTS	VALUES
Transaction Type	Electronic Services
Seller Primary	Japan
Buyer Primary	Vietnam
Seller Registration	12345
Buyer Registration	None

Results as of 1 January 2022

The following image shows details for the Seller:

Tax Calculation Results										
Scenario 2022 January 1st Update - Vietnam e-commerce:										
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: JAPAN		Japan	Not Liable	NL	O		0%	0.00		
Country: VIET NAM		VietNam	Not Liable	UN	O		0%	0.00		
								0.00 USD		
<input type="checkbox"/> Authority Messages:										
Authority	RuleOrder	Message								
Japan	5001	GCSC18: No liability in Seller's Country.								
VietNam	5001	GCSC32: Seller cannot invoice VAT since seller is not registered in Buyer's country.								

The following image shows details for the Buyer:

Tax Calculation Results										
Scenario 2022 January 1st Update - Vietnam e-commerce:										
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	UN	I		0%	0.00		
								0.00 USD		
<input type="checkbox"/> Authority Messages:										
Authority	RuleOrder	Message								
VietNam	5001	GCBCL48: Seller cannot invoice VAT since seller is not registered in Buyer's Country.								

Test 4: Electronic Services provided by a foreign registered Seller to the Vietnamese unregistered Buyer

WORKBENCH ELEMENTS	VALUES
Transaction Type	Electronic Services
Seller Primary	Japan
Buyer Primary	Vietnam
Seller Registration	1234567891
Buyer Registration	None

Results as of 1 January 2022

The following image shows details for the Seller:

Tax Calculation Results										
Scenario 2022 January 1st Update - Vietnam e-commerce:										
View Results: <input checked="" type="checkbox"/>		Gross Amount: 100.00		Eff%: 10%						
Zone		Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT	IT
Country: JAPAN		Japan	Not Liable	NL	O		0%	0.00		
Country: VIET NAM		VietNam	VAT	S	O		10%	10.00		
								10.00 USD		
<input type="checkbox"/> Authority Messages:										
Authority	RuleOrder	Message								
Japan	5001	GCSCL18: No liability in Seller's Country.								
VietNam	10000	GCSCL14: Outout VAT in Buvor's country.								

The following image shows details for the Buyer:

Scenario 2022 January 1st Update - Vietnam e-commerce:

View Results:

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Gross Amount: 100.00

Eff%: 10%

Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT	IT
Country: VIET NAM	VietNam	VAT	S	I		10%	10.00		
							10.00 USD		

Authority Messages:

Authority	RuleOrder	Message
VietNam	10000	GCBCL35: Input VAT in Buyer's country.