



TAX ADMINISTRATION IN DIGITAL ECONOMY

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Tax regulations for organizations and individuals conducting e-commerce activities

- No difference in tax treatment between traditional business activities and e-commerce.
- Accordance with the Tax Laws (VAT, Corporate Income, Personal Income), legal documents guiding the implementation of the Tax Laws and the Law on Tax Administration, Circular No. 103/2014/TT-BTC dated August 6, 2014 of the Ministry of Finance providing the guidelines for fulfillment of tax liability of foreign entities doing business in Vietnam or earning income in Vietnam and related specialized legal documents.

Tax regulations for organizations and individuals conducting e-commerce activities

- For enterprises operating under Vietnamese law:
 - Annual turnover of VND 1 billion:
 - VAT: Using deduction method
 - CIT: Declaration method (*20% on taxable income*).
 - Annual turnover not exceeding VND 1 billion:
 - VAT: Using direct calculation
 - CIT: Percentage of total revenue of goods and services sold

Tax regulations for organizations and individuals conducting e-commerce activities

- For foreign contractors conducting e-commerce activities: If buyer is operated under Vietnamese Laws, the buyer is obliged to declare, deduct and pay tax on behalf of foreign organizations the amount of tax payable by contractors or foreign contractors can authorize tax agents to fulfill tax obligations as prescribed.
- For households and individuals: subject to VAT and PIT if revenue is more than 100 million VND per year. (regardless of e-commerce or traditional business)

Current status of e-commerce in Vietnam

- E-commerce business still has some following issues:
 - The issuance of business license:
 - Paper invoices are still used mainly in e-commerce transactions
 - Difficulties in identifying the right nature of transactions to tax business transactions in a shared economy.
 - Administration of withholding tax collection for e-commerce transactions across borders is still inadequate. (especially social networking sites)
 - Difficult to manage sales, service provision, digital products on websites and social networking sites

Proposed solutions to improve the administration of tax collection for e-commerce

- ***Institutional solutions***

- ***Tax policy solution:***

- Amending and supplementing a number of provisions of tax laws (such as VAT Law, CIT Law, Law on Personal Income Tax, Import and Export Tax Law and guiding documents) to ensure coverage of all subjects and forms of e-commerce business arising in Vietnam.

- ***Tax administration solution:***

- Supplementing the contents related to tax administration for e-commerce business activities to improve the efficiency of tax administration in e-commerce.
- Supplementing the provision that overseas suppliers with e-commerce activities in Vietnam which do not have establishments in Vietnam are obliged to register taxes, declare and pay taxes in Vietnam. The General Department of Taxation will build a simple tax registration process (open on the website of GDT application system to guide foreign organizations and individuals conducting business activities on the Internet which generate income in Vietnam to register tax and be granted a tax code to declare and pay taxes online).

Proposed solutions to improve the administration of tax collection for e-commerce

- ***Solutions to coordinate with ministries and branches***
 - *For Ministry of Industry and Trade*
 - *For Ministry of Information and Communication*
 - *For the State Bank of Vietnam*
 - *For commercial banks*



Thank you

