

Tax Alert

May 2022



Strengthening the tax administration across the e-commerce landscape

With the goal of implementing the Project of “Tax administration on e-commerce activities in Vietnam”, the Ministry of Finance (“MOF”) and the General Department of Taxation (“GDT”) have developed and requested for implementation of comprehensive measures to strengthen tax administration across e-commerce activities, specifically as follows:

1. Officially launching a web portal (Etaxvn.gdt.gov.vn) and eTax Mobile application

On 21 March 2022, the GDT has officially launched a web portal (Etaxvn.gdt.gov.vn) for overseas suppliers and the eTax Mobile application to promote digital transformation for better tax administration on the booming e-commerce activities in Vietnam.

The portal suits the typical nature of online e-commerce businesses where most of overseas suppliers do not have permanent establishments in Vietnam. Accordingly, overseas suppliers will perform tax registration, tax declaration, and tax payment, and study about tax policy and regulations on e-commerce business via the Portal.

2. Coordination between the MOF and the Ministry of Information and Communication (“MIC”)

On 8 November 2021, the MOF and the MIC signed agreement No.01/BTT-BTC-BTTTT on the coordination of tax administration for enterprises providing telecommunications and advertising services on the Internet, software products and services, digital products and services, products and services provided on domestic and cross-border digital platforms. Accordingly, the two ministerial-level agencies will exchange the following information:

- List and information (including identification and other related information) of telecommunication services providers and enterprises using telecommunications resources.
- Information of telecommunication accounts that are used to pay for small-valued goods (Mobile Money).
- List and identification information of foreign organizations and individuals, domestic organizations and individuals cooperating with foreign entities in providing telecommunications and advertising services on the Internet, digital products and services, and products and services provided on domestic and cross-border digital platforms in Vietnam.
- Coordinate and review social network systems, digital platforms with high number of visits or high volume of transactions.

3. Strengthening tax administration for e-commerce activities

On 4 April 2022, the GDT issued Official Letter No. 997/TCT-TTKT requesting the local tax authorities to strengthen tax administration for e-commerce activities for prevention of tax revenue loss with some specific tasks outlined as follows:

- To review, classify, monitor and regularly update information about enterprises that generate income from e-commerce business, including enterprises receiving income from overseas organisations, enterprises operating online accommodation rental via applications, enterprises settling digital service payment to foreign suppliers, enterprises operating e-commerce platform, enterprises operating intermediary payment applications and intermediary transport applications.
- Strengthen the coordination with commercial banks, financial service companies, intermediary payment service providers to collect the information of corporate, income, cashflow data to identify transactions that are liable to taxes but the related taxpayers have not yet performed tax registration, declaration, and payment
- Strengthen audit and inspection of enterprises doing business in e-commerce, and transacting or cooperating and using advertising services on online platforms provided by overseas suppliers.
- For payment transactions on international payment gateways (including those related to PayPal) that are not in line with the provisions of Vietnam laws, the State Bank of Vietnam has requested card issuers in Vietnam and the Representative Offices of such international card payment organizations in Vietnam to coordinate, exchange information and study measures to identify PayPal-related transactions. At the same time, the tax authorities will coordinate with other competent authorities to detect non-compliance and cases of tax evasion and tax fraud.

4. Commercial banks to report data of taxpayers' payment accounts to the tax authorities

- On 26 April 2022, the GDT issued Official Letter No. 1305/TCT-KK requesting commercial banks, within 90 days from the issuance date of the official letter, to provide the information on all bank accounts of the taxpayers, which are still activated up to the preceding month of the reporting period.
- On a monthly basis and by no later than the 10th day of the following month, commercial banks must provide information on the new bank accounts opened and those closed in the reporting period to tax authorities.

With the formalization of the legal basis for tax administration of e-commerce activities as prescribed under the Law on Tax Administration No. 38/2019/QH14 and solid measures with close coordination amongst competent authorities, the tax authorities will strictly monitor the tax compliance of e-commerce businesses in Vietnam going forward.

Please contact KPMG for further consultancy on the necessary action plans to enhance the compliance with Vietnam tax laws.

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