

Value Added Tax in Vietnam: 2023 Guide for your Business

Value-added tax is a tax imposed on the added value of goods or services arising in the process from production, circulation to consumption. (Law on Value-Added Tax No. 13/2008/QH12)

1 THRESHOLDS FOR VALUE ADDED TAX (VAT) REGISTRATION IN VIETNAM

In Vietnam, there is **no registration threshold** for:



Domestic established sellers



Non-established sellers



Non-resident suppliers of Digital Services

2 VAT COMPLIANCE IN VIETNAM

● **Monthly tax filings:**

VAT must be filed by the 20th of the following month.

● **Quarterly tax filings:**

The latest payment deadline is the 30th of the following quarter when the tax obligation arises.

● **Annual tax filings**

The latest tax payment deadline is the 30th of the first month in the calendar year.

● **Tax filings on each occurrence of tax obligation:**

The latest tax payment deadline is the 10th day from the date the tax obligation arises.

● **Annual tax settlements:**

The latest tax payment deadline is the 90th day from the end of the calendar or fiscal year.

3 APPLICABLE 2023 VAT RATES

Reduced VAT Rate: Items currently taxed at 10% will drop to 8% from July 1, 2023, till December 31, 2023. Exclusions: Certain goods/services won't be eligible for the reduction, similar to the 2022 policy.

- **Appendix I:** Excluded sectors include telecommunications, finance, banking, insurance, real estate, metals, mining (excluding coal), and more.
- **Appendix II:** Special consumption tax items are also exempt from the VAT Reduction Policy.
- **Appendix III:** IT services regulated by tech laws form another excluded group.

According to Decree 44/2023/ND-CP

4 HOW TO CALCULATE VAT IN 2023

Indirect/Credit Method

PAYABLE VAT

=

OUTPUT VAT

-

INPUT VAT

Output VAT is:

- Levied on consumers
- Added to the price of goods/services

Input VAT is:

- Imposed when buying materials & equipment
- Subtracted as your company is not the final consumer

Direct Method

For businesses engaged in the trade of silver, gold, and other gems:

VAT PAYABLE

=

ADDED VALUE

x

VAT RATE

For businesses with revenue less than VND 1 million:

VAT PAYABLE

=

REVENUE

x

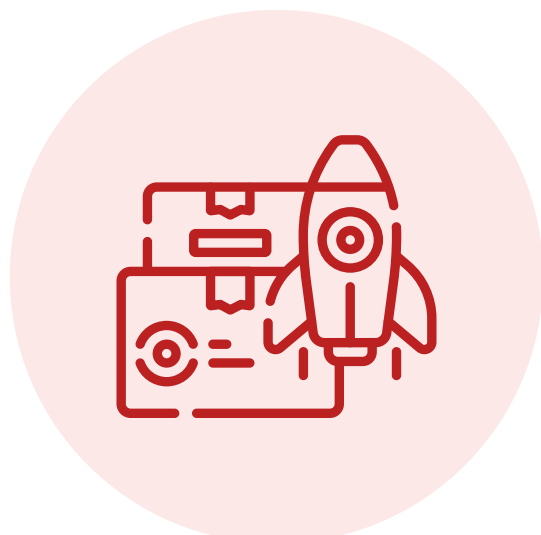
VAT RATE

5 VAT FOR FOREIGN COMPANIES

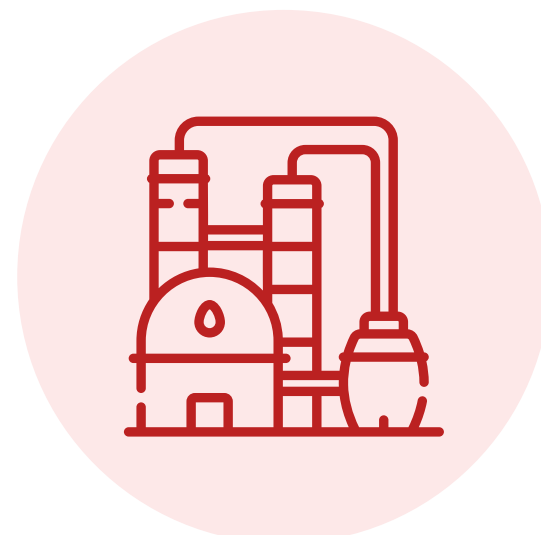
Vietnam refunds overpaid VAT if criteria are met:



Exporters with VAT credits over VND 300M.



New projects in pre-operation phase with over VND 300M in VAT credits.



Some companies* may get VAT refunds as tax incentives

**like oil and gas quarries or restructured enterprises*