

Tax Alert

May 2022



Enhancing audit and inspection relating to tax compliance requirements

On 17 March 2022, the General Department of Taxation (“GDT”) issued Official Letter No. 769/TCT-TTKT requesting provincial and municipal Tax Authorities to strengthen measures to prevent loss of State Budget revenue and ensure correct and sufficient tax collection. Accordingly, the GDT requests focus on tax audit and inspection of several high-risk industries and fields, in particular enterprises with high risks of tax refunds, focus on correct invoices, related party transactions, e-commerce as well as strong growth industries with expected profitability. The key focal points by field are as follows:

- *Invoices:* Enhancing the audit and inspection of tax compliance, together with the review of invoice usage to detect cases of illegal use.
- *Tax refunds:* Implementing the following tax administration measures to ensure tax refunds to eligible object:
 - Carry out tax risk assessments to select, review and conduct tax audit and inspection on high-risk taxpayers;
 - Carefully inspect cases where a tax refund has arisen. Promptly detect cases that take advantage of tax policy for profiteering to obtain a tax refund.
- *E-commerce:*
 - Strengthening measures to enhance the efficiency of tax audit and inspection on e-commerce businesses nationwide, with a particular focus on digital businesses of foreign suppliers not having a permanent establishment in Vietnam that do business on e-commerce platforms;
 - Review data of organizations and individuals earning income from social networks to notify them about tax declaration and payment requirements.
- *Others:*
 - Enhance tax audit and inspection and strictly handle the acts of smuggling, commercial fraud, speculation and unreasonable price increase.
 - Inspect the donation and sponsorship of taxpayers to Covid-19 prevention.

At the same time, the tax authorities are also urged to fully and promptly collect the tax liabilities through tax audit/inspection and outstanding tax debt. In order to prevent acts of tax evasion, tax fraud as well as tax crimes, the tax authorities shall actively coordinate with relevant competent authorities to exchange information and detect taxpayers with a high risk of transfer pricing, profit remittance and tax evasion.

Please contact KPMG if you need further consultancy on the tax authorities’ action plan and necessary countermeasures to improve the tax compliance.

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