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TAX ALERT

The Directive No. 18/CT-TTg on strengthening data connection and sharing to manage the tax collection for e-commerce and digital business activities

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IMPACT THAT
MATTERS
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The Directive No. 18/CT-TTg on strengthening data connection and sharing to manage the tax collection for e-commerce and digital business activities

Pursuant to the Official Dispatch No. 889/CD-TTg dated 01 October 2022, on 30 May 2023, the Prime Minister of Vietnam has recently issued Directive No. 18/CT-TTg to improve the effectiveness of tax collection management for e-commerce and digital business activities among certain competent authorities by connecting and sharing e-commerce data, preventing tax loss and ensuring monetary security.

In this Directive, the Prime Minister requests these competent authorities to work together to carry out the following notable activities as a matter of urgency:

- Competent authorities, including the Ministry of Finance, the Ministry of Industry and Trade, the Ministry of Information and Communications, and the Ministry of Public Security proactively complete the amendment of legal documents related to e-commerce, streamline declaration procedures, reduce the number of declaring parties, strengthen the measurement of tax collection at source, prevent tax losses, and strictly handle tax and customs violations;
- By the end of the third quarter of 2023, the Ministry of Finance must take the lead in establishing a cooperation plan for data connection and sharing among relevant authorities in relation to domestic e-commerce business activities, cross-border digital products and services, telecommunication services, advertising in the network environment, digital software products and services, products and services through domestic and cross-border digital platforms, information of domestic individuals and organisations doing business with the foreign individuals and organisations doing e-commerce and digital business.

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- Within 2023, strengthen the sanctions to deal with the violations of information storage and provision according to the existing regulations. Meanwhile, strengthen the tax inspection/audit for the cases of enterprises, business households and individuals conducting e-commerce activities without the tax declaration and payment;
- Integrate the e-authentication identifiers, the chip-based citizen identification cards or residential data to authenticate the subject of e-commerce activities;
- Provide guidance to commercial banks, credit institutions and intermediary payment service providers licensed by the State Bank of Vietnam to connect and provide information to tax authorities in connection with payment transactions through banks, and coordinate with tax authorities to take coercive measures in case of violations in accordance with the Law on Tax Administration.

This synchronous and active involvement, as well as the close cooperation of relevant competent authorities in Vietnam, may potentially have a remarkable impact on the tax administration of e-commerce and digital business activities in the coming period.

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