



Tax Alert

Circular 93/2017/TT-BTC on administrative procedures reform on registration and switching calculation method of Value Added Tax

25 September 2017

CIRCULAR 93/2017/TT-BTC AMENDING REGULATIONS ON THE ADMINISTRATIVE PROCEDURES ON REGISTRATION AND SWITCHING CALCULATION METHOD OF VALUE ADDED TAX

On 19 September 2017, The Ministry of Finance issued **Circular 93/2017/TT-BTC** ("**Circular 93**") on the **administrative procedures reform on registration and switching calculation method of Value Added Tax ("VAT")**. The new contents of the Circular 93 were also further guided in the Official Letter No. **4253/TCT-CS** dated 20 September 2017 by the General Department of Taxation.

In this Tax Alert, Deloitte Vietnam would like to summarize notable contents of Circular 93 with new amendments and supplements in relation to the removal of submission requirement of Form 06/GTGT when registering and changing VAT calculation method as follows:

- (1) **Annul** the requirement to lodge Form 06/GTGT for registration of VAT deduction method for newly set up companies and operating companies with VAT taxable revenue of less than VND 1 billion per annum.

Previously: Newly set up business establishments and operating business establishments with annual VAT taxable revenue of less than VND 1 billion must submit Form 06/GTGT to the tax office to register VAT deduction method. In case of not submitting the Form 06/GTGT to the tax office, the VAT direct method shall apply.

- (2) **Annul** the requirement to lodge Form 06/GTGT upon change in the VAT calculation method.

Previously: Upon change in application of VAT calculation method (i.e. from direct method to deduction method and vice versa), the companies must submit Form 06/GTGT to the tax office.

- (3) **Supplement** the guidance that the VAT calculation method shall be automatically determined based on the type of VAT forms submitted to the tax office:

- If the company registers to apply VAT deduction method, it shall submit the VAT declaration form 01/GTGT and 02/GTGT to the tax office.
- If the company registers to apply VAT direct method, it shall submit the VAT declaration form 03/GTGT and 04/GTGT to the tax office.

(VAT declaration forms 01/GTGT, 02/GTGT, 03/GTGT and 04/GTGT issued under Circular 156/2013/TT-BTC dated 06 November 2013 were amended, supplemented in Circular 119/2014/TT-BTC dated 25 August 2014 and Circular 26/2015/TT-BTC dated 27 February 2015 of the Ministry of Finance).

Circular 93 shall take effect from 05 November 2017.

Deloitte Vietnam shall timely update to Businesses upon the amendment, supplement and guidance of the Circular from the Government.

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Should you have any further inquiries, please contact us.

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