

Tax Alert

July 2021

Enforcement of tax administration on e-commerce

Following the Law on Tax Administration and Decree 126 on the tax obligations of taxpayers operating in e-commerce and digital businesses, the Ministry of Finance and General Department of Taxation (“GDT”) are finalising the draft guiding circular. The proposed approach is to administer via organisations, including Vietnam partners of overseas digital platform providers not having a permanent establishment in Vietnam and other withholding agents. At the same time, the draft circular will stipulate the obligations of relevant bodies in coordinating and providing information of individuals doing business in e-commerce such as commercial banks, the Ministry of Trade and Industry and the Ministry of Information and Communication.

In order to enhance the tax administration for e-commerce businesses, on 26 May 2021 the GDT issued Official Letter No. 1738/TCT-DNNCN requesting local tax authorities to implement the following measures:

- Study and establish a Tax Administration Plan for e-commerce and digital based businesses
- Communicate to the public via newspapers, radio and public media, the obligations to declare and pay tax, tax policies and applicable taxes
- Coordinate with provincial Departments of Trade and Industry and provincial Departments of Information and Communication to set up a data room of individuals doing e-commerce business, including information such as name, address, tax code and bank accounts.
- Review the list of organisations and individuals paying service fees to overseas organisations which are related to e-commerce, or individuals receiving payments from overseas suppliers
- Carry out tax audits and tax inspections at taxpayers providing transportation services for other entities doing e-commerce, especially transportation agents who are authorised to collect cash on delivery (“COD”) so that the tax authorities can identify organisations and individuals doing business in e-commerce and subsequently determine the taxable revenue earned by those organisations and individuals.

The GDT also requested local tax authorities to report accurately in a timely manner the tax administration on individuals doing e-commerce businesses so that the GDT can build up a database of e-commerce businesses and have a consistent nation-wide approach and guidance on tax administration, ensuring the correct and appropriate tax collection by the local tax authorities.

Please kindly contact KPMG if further consultancy on e-commerce taxation is required.

Contact us

Hanoi

46th Floor, Keangnam Landmark 72,
E6 Pham Hung Road, Me Tri Ward,
South Tu Liem District, Hanoi, Vietnam

T: +84 (24) 3946 1600

F: +84 (24) 3946 1601

E: kpmghanoi@kpmg.com.vn

Ho Chi Minh City

10th Floor, Sun Wah Tower,
115 Nguyen Hue Street, Ben Nghe Ward,
District 1, Ho Chi Minh City, Vietnam

T: +84 (28) 3821 9266

F: +84 (28) 3821 9267

E: kpmghcmc@kpmg.com.vn

Da Nang

Unit D3, 5th Floor, Indochina Riverside Towers,
74 Bach Dang Street, Hai Chau I Ward,
Hai Chau District, Da Nang City, Vietnam

T: +84 (236) 351 9051

F: +84 (236) 351 9051

E: kpmgdanang@kpmg.com.vn

Follow us on:   

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2021 KPMG Limited, KPMG Tax and Advisory Limited, KPMG Legal Limited, KPMG Services Company Limited, all Vietnamese one member limited liability companies and member firms of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

kpmg.com.vn