



Circular 105 on tax registration

On 3 December 2020, the Ministry of Finance issued Circular 105/2020/TT-BTC (“Circular 105”) providing guidance on the tax registration in accordance with the Law on Tax Administration 2019.

Circular 105 takes effect from 17 January 2021 and replaces Circular 95/2016/TT-BTC.

Hereunder are some noteworthy points in Circular 105.

For overseas suppliers doing e-commerce business, digital-based business and other services with organizations and individuals in Vietnam but not having a permanent establishment in Vietnam (“Overseas Suppliers”)

- In line with the principle of tax collection for e-commerce activities under the Law on Tax Administration, Circular 105 requires the Overseas Suppliers to be ones subject to tax registration in Vietnam.
- A 10-digit tax code shall be granted so that Overseas Suppliers can directly declare and pay tax to the tax authorities, or provide such tax code to the authorized organizations/individuals in Vietnam, the commercial banks, or the organizations providing intermediary payment services (“withholding organisations/individuals”) in order for them to withhold, declare and pay tax on behalf of Overseas Suppliers.
- In case the Overseas Suppliers do not carry out the tax registration with Vietnam tax authorities, the withholding organizations/individuals will be responsible for such tax registration with their managing tax authorities.

For other foreign contractors/sub-contractors paying taxes via the Vietnamese parties

- In case a foreign contractor/subcontractor having a project management office in Vietnam but their Foreign Contractor Tax (“FCT”) liabilities have been withheld, declared and paid on behalf by the Vietnamese parties, such foreign contractor/subcontractor will be granted a 10-digit tax code to declare and pay applicable tax liabilities other than FCT, and the tax code must be notified to the Vietnamese parties.
- The withholding organisations/individuals shall be granted a 10-digit tax code to declare and pay taxes on behalf of foreign contractors/subcontractors. At the same time, a 13-digit sub-tax code will be granted to each foreign contractor/sub-contractor for purposes of certifying the FCT obligation fulfilment.

Contact KPMG for further expert advice and consultation.

Contact us

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Hanoi

46th Floor, Keangnam Hanoi Landmark Tower, 72 Building,
Plot E6, Pham Hung Street, Cau Giay New Urban Area,
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, Sunwah Tower,
No. 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

Danang

Unit D3, 5th Floor, Indochina Riverside Tower,
No. 74, Bach Dang Street, Hai Chau 1 Ward,
Hai Chau District, Danang, Vietnam

T: +84 (236) 351 9051

F: +84 (28) 3821 9267

E: kpmgdanang@kpmg.com.vn

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