

ALERT ON SOFTWARE PRODUCT MANUFACTURING OPERATIONS

**Update the notable contents in
Circular No. 13/2020/TT-BTTTT
guiding procedural compliance
of software product
manufacturing operations**

17 September 2020



OVERVIEW

- Circular No. 13/2020/TT-BTTTT (“Circular 13”) issued by the Ministry of Information and Communications guiding on determining procedural compliance of software product manufacturing operations, which replaces Circular No. 16/2014/TT-BTTTT, has come into effect since 19 August 2020.
- In this Alert, Deloitte shall summarize the key points regarding procedural compliance of software product manufacturing operations for Corporate Income Tax (“CIT”) incentive purposes.



MAIN CONTENT

1. Supplement stages of software products manufacturing process and its corresponding supporting documents;
2. Amend conditions applicable to procedural compliance of software product manufacturing operations for CIT incentive purpose;
3. Transition clauses.



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Supplement stages of software products manufacturing process and its corresponding supporting documents

According to Circular 13, main operations of software products manufacturing process still remain the same as below:

1. Requirement determination;
2. Analysis and design;
3. Programming and coding;
4. Software examination and experimentation;
5. Software products finishing and packaging;
6. Installation, transfer, instruction, and maintenance;
7. Publishing and distributing software products.

Accordingly, supporting documents for each stages within operations have been stipulated in the new Circular, in which enterprises are required to maintain for compliance purpose.



Amend conditions applicable to procedural compliance of software product manufacturing operations for CIT incentive purpose

In order to be applicable to procedural compliance of software product manufacturing operations, enterprises must satisfy the following conditions:

- i. Perform either Stages 1: Requirement determination or Stage 2: Analysis and design;
- ii. Indicate software product manufacturing operation which is procedurally compliant in regulated documents following each stages within operations.

Transition clauses

Software manufacturing operations, which determined to be procedurally compliant as per the law prior to the effective date (i.e. 19 August 2020) hereof, shall remain the compliance status until the expiry date of approved investment projects.

Recommendation of Deloitte

Since the manufacturing of software is subject to CIT incentive entitlement, Companies should study the changes per this Circular in order to determine the incentive accurately.



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