

TAX NEWSLETTER

For enterprises in the E-commerce sector

Episode 01: New changes in Tax and Customs requirements

February 2025



INTRODUCTION

Dear Valued Clients and Business Partners,

Recently, e-commerce has developed rapidly in the global economy, especially cross-border e-commerce activities. In Vietnam, e-commerce has been expanding and has now become a common business model widely known by businesses and consumers. The diversity of operation business models and participants in e-commerce makes it easier for businesses and individuals to introduce and deliver products to consumers.

However, the fast growth of e-commerce also poses many challenges for online transactions, supervision, particularly concerning counterfeit goods, poor-quality products, and tax law violations. In this circumstance, the Vietnamese Government has put more efforts into strengthening and improving the effectiveness and efficiency of state management in the e-commerce sector resulting that there are significant changes on Vietnamese regulations in recent time.

Understanding these needs, Deloitte Vietnam is proud to introduce our **Industry newsletter series for enterprises in the E-commerce sector**. This series provides the latest legal documents, tax guidance from tax authorities along with in-depth analysis, and practical guidance. The e-commerce newsletter series is dedicated to helping our valued Clients and Business Partners stay connected on top-of-mind business issues, stay compliant and minimize the tax burden.

Deloitte Vietnam has been honored for many consecutive years as one of the top service providers. We strive to offer comprehensive tax consulting services, promoting compliance and sustainable development, while supporting clients in effective tax management to achieve their business goals.

Deloitte Vietnam is always honored to accompany our esteemed Clients and Partners!



A blue ink handwritten signature of Minh Bui.

Minh Bui
Partner, Country Leader,
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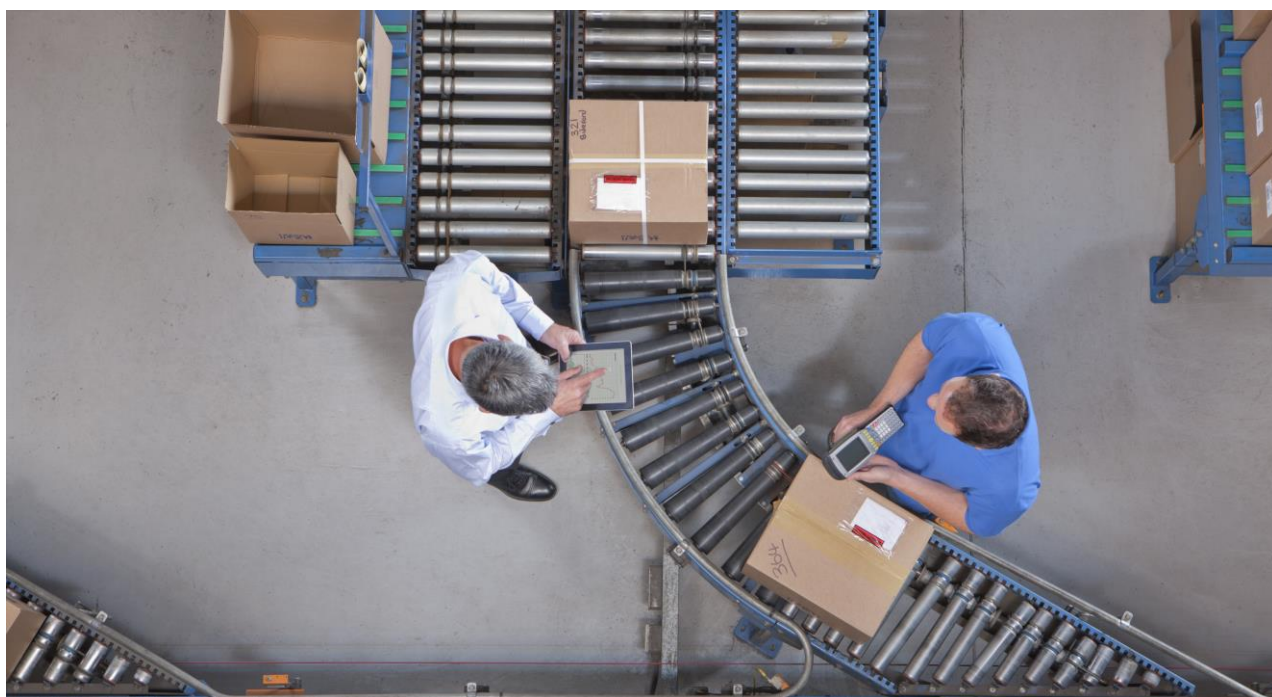
A blue ink handwritten signature of Tuan Bui.

Tuan Bui
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Highlighted Legal Documents

Episode 1 - New changes in tax and customs requirement

- Milestone on implementation of taxation to the e-commerce and digital business in Vietnam
- Law No. 56/2024/QH15 on Amendments to 09 Laws come into force from 01 January 2025 and some notable points
- New Law on Value Added Tax (“VAT”): The highlight changes for enterprises conducting business through e-commerce and digital platforms
- Decision No. 01/2025/QD-TTg and customs-related matters



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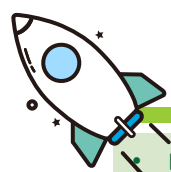
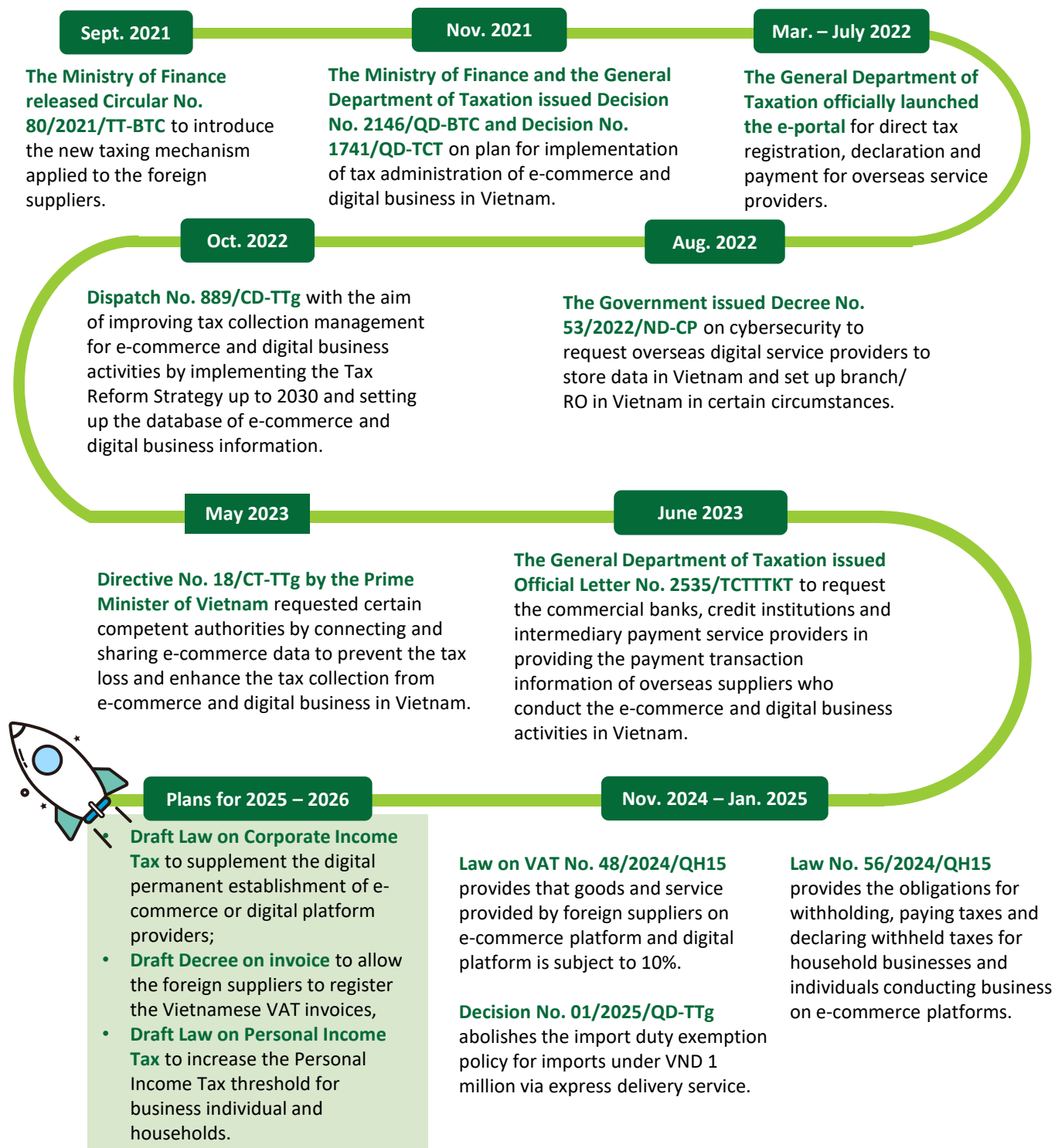
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Milestone on implementation of taxation to the e-commerce and digital business in Vietnam



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Law No. 56/2024/QH15 on amendments to 09 Laws come into force from 01 January 2025

Law No. 56/2024/QH15, which amends and supplements various provisions of the Law on Securities, the Law on Accounting, the Law on Independent Audit, the Law on State Budget, the Law on Management and Use of Public Assets, the Law on Tax Administration, the Law on the National Reserve, the Law on Personal Income Tax, and the Law on Handling Administrative Violations, come into effect on 01 January 2025.

Below is an update highlighting the key amendments under Law No. 56/2024/QH15, with a particular focus on changes to tax regulations applicable to foreign suppliers conducting business through e-commerce and digital platforms.

1 Finalize the requirement for foreign suppliers

Foreign suppliers having the permanent establishment or not in Vietnam engaging in e-commerce or digital platform business to directly or authorize others to register for tax, declare tax, and pay tax in Vietnam.

2 Introduce obligations of withholding, declaring and paying taxes for household businesses and individuals conducting business on e-commerce platforms.

- These obligations will rest with organizations which operate e-commerce platforms, digital platforms with payment functions (including both domestic and foreign operators and vendors), and other organizations engaged in digital economy activities as prescribed by the Government.
- In cases where household businesses or individuals conducting business on e-commerce or digital platforms (“e-vendors”) which would not engage the operators to withhold, declare and pay tax on their behalf, such e-vendors would be required to directly register, declare and pay tax by themselves.
- The Government will provide detailed regulations regarding the scope of responsibilities and the methods to withhold, pay, and declare taxes on behalf of the e-vendors as well as the procedures for tax filing, payment, and refunds for the operators and e-vendors engaged in e-commerce or digital platform-based business activities.

Of note, this regulation will take effect from 01 April 2025.



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Notable points regarding the amended and supplemented law

Deloitte's view

- From a state management perspective, the newly amended regulations are anticipated to strengthen tax administration for individual households and businesses, curb tax evasion in e-commerce activities, and simplify administrative procedures for the entire society.
- Notably, requirements for operators of the e-commerce platforms to withhold, declare, and pay taxes on behalf of the e-vendors will apply consistently to both domestic and cross-border platforms ensuring fairness in terms of obligations and responsibilities. It is crucial to avoid imposing additional costs for compliance purposes and losing business opportunities which could disadvantage domestic e-commerce platforms.
- The amended regulations also provide clearer guidance on the responsibilities of foreign suppliers on the more compulsory on responsibility of foreign suppliers to register, declare and pay tax in Vietnam, rather than shift the tax fulfilment obligations in Vietnam to the banks/intermediary payment service as previous regulations.
- In light of these changes, Deloitte proposes the following recommendations:

Preparation

Foreign suppliers engaging in e-commerce or digital platform business should research and study the Vietnam tax regulations to quickly register, declare and pay tax in Vietnam to avoid tax sanctions and suspension of business activity in Vietnam.

Adaptation

Domestic and cross-border e-commerce platforms promptly have the practical approaches, modernize the infrastructure and systems, and closely update with developments on regulations to ensure timely and accurate tax obligations and reporting in the upcoming time.

Consultation

Promptly consult with tax experts to fulfil tax obligations with its amendment from 01 January 2025.

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The new Law on VAT: The highlight changes for enterprises conducting business through e-commerce and digital platforms

The new VAT Law, replacing the VAT Law No. 13/2008/QH12, will become effective from 01 July 2025. These below relevant amended laws adopt significant changes to VAT applicable to the revenue of foreign suppliers conducting e-commerce or digital platform-based business in Vietnam.

Law on VAT No. 13/2008/QH12 and its amendments and guidances	Law on VAT No. 48/2024/QH15
<p>According to Article 2, Decree No. 209/2013/ND-CP providing the guidance of current VAT Law</p>	<p>According to the Article 4, Law on VAT No. 48/2024/QH15 providing the taxpayers</p>
<p>Vietnamese businesses or individuals purchasing services (including those associated with goods) from foreign entities without a permanent establishment in Vietnam are responsible for tax payment.</p>	<p>The new VAT Law further clarifies which taxpayers from e-commerce and digital platform-based businesses are included the following categories:</p> <ul style="list-style-type: none"> • Foreign suppliers: entities without a permanent establishment in Vietnam that conduct e-commerce or digital platform-based business with organizations and individuals in Vietnam. • Foreign platform operators: organizations managing foreign digital platforms responsible for withholding and paying tax on behalf of foreign suppliers. • Vietnamese business organizations: applying the VAT credit method that purchase services from foreign suppliers, are responsible for tax withholding, declaration and payment on their behalf of foreign suppliers. • E-commerce Trading Platforms: organizations (both foreign and domestic) managing e-commerce platforms having the functions of payment, tax declaration, and tax payment on behalf of business households and individuals operating on their platform.
<p>According to Article 15, Circular. No. 219/2013/TT-BTC providing the conditions of input VAT creditability</p>	<p>According to Clause 2, Article 14 of the new VAT Law</p>
<p>From the current guidance and certain private rulings from the province tax authorities, it is provided that the Vietnamese businesses receive invoices issued by foreign suppliers would NOT be treated a valid VAT invoice for claiming the input VAT.</p>	<p>In case the foreign suppliers directly register to pay taxes to the Vietnamese tax authorities, tax payment documents by the foreign suppliers would be considered valid for input VAT creditability of Vietnamese organizations.</p> <p>The Ministry of Finance would provide the detail requirement to the foreign suppliers for this documentation in a guiding Decree.</p>

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The new Law on VAT: The highlight changes for enterprises conducting business through e-commerce and digital platforms (cont.)

Law on VAT No. 13/2008/QH12 and its amendments	Law on VAT No. 48/2024/QH15
According to Circular No. 219/2013/TT-BTC providing the guidance of current VAT Law	According to Clause 3, Article 9, VAT Law No.48 providing the VAT tax rate of 10%
Foreign suppliers conducting e-commerce or digital platform-based business currently declare and pay VAT liability on the percentage (%) applicable to their revenue. The percentage (e.g., 5%, 3%, 2% or exempt) varies depending on type of income.	Goods and services provided by foreign suppliers without PE in Vietnam provided to Vietnam market via B2B or B2C on e-commerce platform and digital platform is subject to the same VAT rates as goods/services supplied by domestic suppliers.
According to Circular 40/2021/TT-BTC providing the guidance of current VAT Law	According to Clause 25, Article 5, VAT Law No. 48 which regulates entities that are not subject to VAT
Business households and individuals with revenue from production and business activities in the calendar year of 100 million VND or more must pay VAT.	Households and individual businesses with revenue over VND 200 million/year must pay VAT.

Deloitte's view

- Overall, the new VAT Law introduces several changes aimed at enhancing the efficiency of VAT collection. The consistent application of the same VAT rates (i.e. exemption/5%/10%) for foreign and domestic suppliers operating on e-commerce and digital platforms may pose challenges in maintaining competitive pricing while managing higher tax liabilities in Vietnam. This could result in increased prices for Vietnamese consumers, potentially reducing demand for foreign goods and services, particularly in the B2C sector. Foreign suppliers should carefully evaluate their pricing strategies to adapt to these changes accordingly.
- For B2B, there is a positive change as input VAT charged by foreign suppliers is now creditable against output VAT. Foreign suppliers are advised to stay updated on upcoming guidance on tax documentation and adapt the systems to meet the condition of VAT creditability.

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Future managing policy trends for e-commerce activities

Trade and Customs

Current Environment

Most e-commerce platforms today facilitate connections between sellers and buyers through channels such as international express delivery and domestic shipping services. The logistics operations within these channels are currently regulated under relatively relaxed frameworks. Imported and exported goods typically benefit from streamlined customs clearance processes, with incentive policies applied for low-value goods and fewer restrictions on goods management policies.

This situation highlights Vietnam's efforts to advance e-commerce and facilitate the entry of major players into the market. However, such rapid growth also brings the pressing need to strengthen the managing regulations and state budget collection.

Looking ahead, tighter regulation of these activities may emerge as a growing trend, driven by the expansion of international trade and the evolving online shopping habits of Vietnamese consumers. Find the below of recent changes on e-commerce related regulation and our view of future policies changing.

Upcoming future

Import tariff will be applied for low-value goods imported through express delivery service

Orders of goods and services through e-commerce businesses in Vietnam have rapidly increased, but the rise in small-value cross-border transactions has also raised concerns about state budget collection losses and fair competition. Globally, countries like Australia and EU members have implemented taxes on low-value imports to boost revenues and ensure fair competition.

Understand the situation, the Prime Minister has issued the Decision No. 01/2025/QĐ-TTg dated 03 January 2025 targeting abolishment of the import duty exemption policy for imports under VND 1 million via express delivery service, being promulgated in Decision No. 78/2010/QĐ-TTg. As this policy has been repealed, starting from 18 February 2025, all low-value goods will be subject to import duties and VAT.

Potential management policies in the coming future

From our observation, below are policies that might be considered by competent authorities:

- Developing an independent sub-function of the current electronic customs system to control the declaration of information on e-commerce platforms, similar to the function to control express delivery activities;
- Tightening management on the sellers dealing with goods that are subject to special management policies (such as products that pose health risks to consumers, including food, medicine, etc.);
- Enforcing penalties and remedial actions applicable to both platforms and sellers in case of violations of special goods management policies.
- Identifying buyers and sellers on e-commerce platforms.

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Contact Us

We are always ready to serve our partners and clients with a team of experts to support clients in the field of e-commerce. This team consists of experienced consultants in many e-commerce fields, who will provide in-depth and practical advice.

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