

TAX ALERT

MAZARS IN VIETNAM

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**Announcement from Meta
Platforms on tax
compliance procedures in
Vietnam for Facebook
advertising services**

Content

From 01 June 2022, Vietnamese enterprises using advertising services on Facebook are not required for withholding, declaring and paying of Foreign Contractor Tax (“FCT”) on behalf of Meta but Meta will declare and pay FCT directly to tax authority as guided in Circular 80/2021/TT-BTC.

Recently, a number of enterprises in Vietnam received an announcement by Meta Platforms Ireland Limited (“Meta”) via email or in the “Business Help Center” section on the change of tax compliance procedures in Vietnam for the advertising services on Facebook from 01 June 2022.

From 01 June 2022, Vietnamese enterprises using advertising services on Facebook are not required for withholding, declaring and paying of Foreign Contractor Tax (“FCT”) on behalf of Meta but Meta will declare and pay FCT directly to tax authority as guided in Circular 80/2021/TT-BTC. Simultaneously, Meta will collect additional 5% Value-added Tax (“VAT”) which will be shown on the invoice issued from July 2022. This applies to all advertisers and Workplace customers whose “Sold To” country on their business address is set to Vietnam.

Besides, Meta encourages clients to update information about their Vietnamese tax code in the “Payment Settings” section so that Meta can present tax code information on service invoice before sending to clients. This is for the purpose of assisting clients to credit input VAT that Meta has declared and directly paid tax to the tax authority. However, Meta noted that Vietnamese businesses need to refer to specific guidance of the General Department of Taxation (“GDT”) before applying the deduction of VAT amount shown on invoices of Meta.

From 01 January 2022, effective date of Circular 80/2021/TT-BTC on the new compliance procedures for foreign contractor, Meta is the first major foreign supplier announces their compliance with such new procedures. Similar announcement from other foreign suppliers is expected to be release as well, the enterprise should follow the notices of other foreign suppliers in order to avoid over-withholding, declaring and overpaid of FCT. Regarding the deduction of input VAT for invoices of foreign contractors, enterprises should wait for specific guidance from GDT. The current issued invoices of Meta as well as other foreign suppliers are commercial invoices not VAT invoices and hence do not meet the requirements for the credit of input VAT per the current regulations.

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