

Vietnam NewsBrief

An update on double taxation agreements (“DTA”)

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DTA notification procedures in Vietnam for foreign reinsurers

Under most of the DTAs between Vietnam and foreign countries, profits of a foreign reinsurance company derived from reinsurance in Vietnam can be exempt from corporate income tax (“CIT”) in Vietnam (except under the DTA with Australia). Vietnam currently has more than 60 DTAs in force with other countries.

However, CIT exemption under the relevant DTA is not applied automatically. If a foreign reinsurance company believes that it is entitled to CIT exemption under a DTA, a notification dossier needs to be submitted to the local tax authorities in Vietnam.

Under Circular 28/2011/TT-BTC on tax administration effective from 1 July 2011, DTA notifications of a foreign reinsurance company have to be prepared on an annual basis covering all insurance policies signed or expected to be signed with Vietnamese insurance companies in the year. There are two DTA notification dossiers which must be submitted:

- (i) A **temporary** DTA notification dossier is required to be submitted 5 days before signing the contract, 5 days after performing the contract, or 5 days after receiving the first payment from the Vietnamese party, whichever is earlier. Within 15 working days upon receiving the qualified temporary DTA notification dossiers, the tax authorities shall issue a certificate of temporary tax exemption under DTA to the foreign reinsurance company which serves as basis for Vietnamese insurance companies not to withhold tax on payments to the foreign reinsurer.
- (ii) A **final** DTA notification dossier is required to be submitted within the first quarter of the subsequent year.

PwC can assist with the DTA notification procedures in Vietnam, including:

- ✓ Reviewing the eligibility for tax exemption under the relevant DTA;
- ✓ Advising on documents required for preparation of DTA notification dossiers;
- ✓ Preparing temporary and final DTA notification dossiers based on regulated formats in both English and Vietnamese;
- ✓ Assisting in legalisation, notarisation, translation of supporting documents to Vietnamese;
- ✓ Compiling all documents required for DTA notification dossiers and submitting to the tax authorities;
- ✓ Obtaining the certificate of temporary tax exemption under DTA from the tax authorities; and
- ✓ Answering questions from the tax authorities.



Please do not hesitate to contact our team if you require further information on the DTA notification procedures or our fees for the assistance you need.

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