Asia Pacific VAT/GST Alert

InTouch

with indirect tax news

Issue 01/15

pwc

Australia
- GST reform measures – government announcements
- GST rulings
- GST cases update

China
- Guidelines on the VAT refund policy for goods purchased by overseas visitors

India
- Notifications/Circulars for VAT
- VAT case law
- Notifications/Circulars for Service Tax
- Service Tax case law

Japan
- Japanese Consumption Tax ("JCT") rate hike
- Introduction of JCT on cross-border digital services
- Introduction of reverse charge mechanism for theater, entertainment and sports performance services

Malaysia
- Key GST decisions

New Zealand
- Zero-rating of legal services provided to non-residents in relation to land

Philippines
- Implementation of regulations imposing Advance Business Tax (VAT or Percentage Tax) payments on sugar and for other related purposes

Singapore
- Budget 2015 – key updates

South Korea
- VAT on digital service sales on offshore open markets
- New input VAT credit available for electronic security service vehicles

Taiwan
- Deemed dividends realised by the parent company in a merger with its subsidiary excluded from non-deductible input VAT ratio and VAT adjustment

Thailand
- Position of director not subject to VAT

Vietnam
- New VAT decree and circular

Welcome to issue 01/15 of InTouch* which covers developments in VAT/ GST in Asia Pacific during the period January 2015 to March 2015.

Please feel free to reach out to any of the PwC contacts on the back of this issue.

Australia

GST Reform Measures – Government Announcements

On 30 March 2015, the Federal Government released a tax discussion paper Re:think, Better tax system, better Australia (the Discussion Paper), which formally starts the process for developing a White Paper for Reform of Australia's Tax System (the Tax Reform White Paper).

The Discussion Paper seeks community discussion and comments on the rate, base and administration of Australia's GST system and what changes should be made to the GST to improve the tax system. However, the Government has tempered expectations about potential changes to the GST system by stating that potential changes will only be progressed through the Tax Reform White Paper process provided there is broad political consensus for change, including agreement by all State and Territory governments.

The Discussion Paper includes the following observations about Australia's GST system:

- Australia's GST rate is one of the lowest among developed countries and is roughly half of that adopted by most OECD countries;
- The exemptions to Australia's GST system means that GST was paid on only 47 per cent of all goods and services consumed in Australia in the 2012 financial year;
- Exemption for imported goods valued at less than $1,000 and the current inability to tax services (and intangibles) consumed in Australia but supplied from outside Australia is applying pressure to the GST base and affecting the competitiveness of some Australian businesses;
- Exemptions add to the complexity of the GST system, thereby increasing compliance costs for business and administration costs for government; and
- The proportion of consumer expenditure on exempt health, education, rent and financial services has been increasing since the introduction of the GST in July 2000.

GST Rulings

- GSTR 2015/1: This ruling sets out the Commissioner of Taxation's views on the meaning of the terms "passed on" and "reimburse" for the purposes of Division 142 of the GST Act (which deals with refunds of "excess GST"). The ruling was previously released as GSTR 2014/D4, and is substantially the same as the draft.
- GSTD 2015/1: This ruling sets out the Commissioner's view that the supply of brokerage services that facilitate the sale or purchase of financial products on overseas securities or futures exchanges, are GST-free supplies. The Determination was previously issued in draft as GSTD 2014/D4, and is substantially the same as the draft.

GST Cases Update

- In Rio Tinto Services Ltd v Commissioner of Taxation [2015] FCA 94, the Federal Court has found that the taxpayer was not entitled to input tax credits on acquisitions related to the provision of remote area employee housing. The taxpayer has since lodged an appeal to the Full Federal Court.

Afternote

It is just announced in the 2015 federal budget that legislation will be introduced to subject services and intangibles (including digital "products") supplied by non-resident suppliers to Australian consumers to GST. This will apply to supplies made on or after 1 July 2017.

For more information, please contact:
Peter Konidaris
peter.konidaris@au.pwc.com
+61 3 8603 1168

China

Guidelines on the VAT refund policy for goods purchased by overseas visitors

China's Ministry of Finance ("MOF") issued MOF Public Notice [2015] No.3 ("Public Notice 3") to expand the VAT refund policy for goods purchased by overseas visitors on their departure from departing ports in China ("expanded VAT refund policy"). Public Notice 3 set forth the implementation guidelines and administrative procedures of the VAT refund policy, in particular:

- An overseas tourist refers to one who stays in China for not more than 183 consecutive days.
- Departing ports refer to ports in areas implementing the expanded VAT refund policy and with refund agency setup.
- The threshold of the amount of purchases eligible for VAT refund is RMB 500 on the same date at the same shop in specified areas in China.
- The departure date has to be within 90 days of the purchase date.
- The VAT refund rate is 11%. The formula for computing the VAT refund is as follows:
  - VAT refundable = Invoice amount (VAT inclusive) x VAT refund rate
- The VAT refund can be by cash or bank transfer.
- The VAT refund will be made in Chinese currency (RMB).

Public Notice 3 also set forth the criteria for areas that would like to implement the expanded VAT refund policy. Qualified areas can apply to the MOF, General Administration of Customs and State Administration of Taxation.

For more information, please contact:
Alan Wu
alan.wu@cn.pwc.com
+86 10 6533 2889

India

Notifications/Circulars for VAT

Haryana

- The VAT rate on petrol has been increased from 20% to 25% with effect from 5 February 2015.

Tamil Nadu

- The VAT rate on cellular telephones (mobile phones) has been reduced from 14.50% to 5% with effect from 1 April 2015.

Punjab

- The VAT rate on the following goods has been reduced from 14.30% to 6.05% with effect from 20 January 2015:
  - Earth moving equipment like wheel excavators, track excavators, backhoe loaders, telescopic handlers, road rollers, wheel loading shovel, skid steer and vibratory compactor; and
  - Tower cranes, mobile cranes, crawler cranes, pick and carry cranes and truck mounted.

Rajasthan

- The procedure for filing the online refund application in Form VAT-20 has been prescribed.

- The procedure for filing the online application for closure of business in Form VAT-06A has been prescribed.

- The procedure for the generation of online application in Form AS-1 under the Amnesty Scheme-2015 has been prescribed.

- An exemption from tax has been granted on the sale of aviation turbine fuel to the extent the rate of tax exceeds 5% upon production of a prescribed certificate by a registered dealer to an airline which:

  - Establishes a hub in the state; or

  - Operates scheduled or non-scheduled commercial flights from a place in the state to another place in the state.

VAT Case Laws

- The Madras High Court, in Raj Lubricants (M) Private Ltd v State of Tamil Nadu (2015(1) (TMI)682), held that interest and commitment charges for delay in making payment against the sale of goods formed part of the taxable turnover for the levy of VAT. The High Court observed that buyers had agreed to pay interest and commitment charges for the belated payment in the very same invoice, and not under any independent agreement. Consequently, the receipt of interest and commitment charges for belated payment could not be said to be arising from post-sales activity.

- The Karnataka High Court, in Southern Motors v State of Karnataka (2015 (3) TMI 433), held that under the provisions of the Karnataka VAT laws, a dealer was eligible to claim tax benefit on discounts only when such discounts were shown on the face of the invoice. The court further observed that discounts given by way of credit notes were not allowed to be adjusted from taxable turnover.

Notifications/Circulars for Service Tax

- The Central Board of Excise and Customs ("CBEC") has issued the central excise and audit norms to be followed by Audit Commissionerates, with detailed guidelines on manpower utilisation, criteria for selection of candidates for audit, frequency of audits, etc.

Service Tax Case Laws

- The Supreme Court, in Board of Control for Cricket in India ("BCCI") v CST (2015-TIOL-04-SC-ST), held that the activity of producing audiovisual coverage of "Indian Premier League" cricket matches held in India by non-resident service providers would be liable to tax under "programme production services" and the Indian service recipient was liable to pay tax under section 66A on a reverse charge basis. The Tribunal further held that any service (Hawkeye) that formed part of the programme being produced would also fall under the category of "programme production services".

- The Supreme Court of India, in CST v Citibank NA (2015-TIOL-09-SC-ST) held that irrespective of the commercial element of the Indian Premier League ("IPL") matches, sponsorship money paid to the Board of Control for Cricket in India ("BCCI") in relation to the IPL had to be classified as a "sponsorship of a sports event", which had been excluded from the scope of "sponsorship services". Hence, the payment was not liable to service tax.

- The Kerala High Court, in Muthoot Finance Ltd v Union of India and Ors (2015-TIOL-632-HC-KERALA-ST) held that the right of appeal should be governed by the law prevailing at the time of initiation of the suit or proceedings, and not by the law that prevails on the date of its decision or on the date of filing of the appeal. Accordingly, it was held that the condition of mandatory pre-deposit of 7.5% would not be applicable for cases initiated before 16 August 2014.

- The Mumbai Tribunal, in Reliance Infratel Ltd v CST (2015-TIOL-516-CESTAT-MUM), held that cement, tower parts, structural steel, etc. used in the construction of passive telecom infrastructure (telecom towers) would qualify as "input" while rendering services of letting those towers on hire to telecom service providers would be taxable under "business support services" ("BSS"). The Tribunal distinguished the decision of the Bombay High Court in Bharti Airtel Ltd v CCE (2014-TIOL-1452-HC-MUM-ST), wherein the High Court held that towers were not directly used for providing "telecommunication services" therefore tower parts, structural steel, etc. could not be held to be "inputs". However, for the case in hand, the towers were directly used for rendering services of letting those on hire to telecom operators.

For more information, please contact:
Vivek Mishra
vivek.mishra@in.pwc.com
+91 124 330 6518

Anita Rastogi
anita.rastogi@in.pwc.com
+91 124 330 6531

Japan

On 31 March 2015, a proposal for the 2015 Japanese tax reform was approved at the plenary session of the Upper House, and was enacted. The following amendments were made to the Japanese Consumption Tax ("JCT").

JCT rate hike

JCT rate is to be increased from 8% to 10% from 1 April 2017. As previously reported, given the recession subsequent to the JCT rate increase from 5% to 8% from 1 April 2014, the current rate of 8% will not be increased to 10% for the suspended period of 18 months (i.e. 1 October 2015 to 1 April 2017) under the Economy Flexible Clause. However, since the Economy Flexible Clause was abolished this time, there will be no further suspension of the JCT rate increase to 10% after 1 April 2017.

Introduction of JCT on cross-border digital services

1. B2B Telecommunication Online Services

From 1 October 2015, the provision of services performed via telecommunications digital online (e.g. distribution of e-books, music or advertisement and cloud services) is defined as the "Provision of Telecommunication Online Services" which is subject to JCT (currently at 8%). The in-or-out-of-scope criteria is changed to the destination place of the person who receives the services, instead of the origin place of the service supplying office. In this case, the consumption tax liability on the transaction is shifted to the business person who receives the provision of services (introduction of reverse charge mechanism).

The Provision of B2B Telecommunication Online Services is excluded from the taxable transfer of assets, etc. subject to consumption tax liability. However, Specific Purchases among taxable purchases in Japan (hereinafter referred to as "Specific Taxable Purchase") is included in the scope of consumption tax liability.

An Offshore Business Person engaged in the Provision of B2B Telecommunication Online Services in Japan is required to notify in advance of providing such services that a business person completing a Specific Taxable Purchase of such services becomes a consumption taxpayer. However, in the case where the taxable sales ratio for the tax period having a Specific Taxable Purchase is 95% or more (e.g. that is for most companies, except for bank, securities, financial institutions, real estate, constructor, hospital, nursing care, school, public institutions, etc. having many non-taxable sales without credit), or in the case where there is an amount of consumption tax assessed on a Specific Taxable Purchase during the tax period applying the simplified taxation system (e.g. that is for small

companies having annual taxable sales of 50 million yen or less in the base period), it shall be assumed that there were no Specific Taxable Purchase during such tax period for the time being.

2. B2C (Business to Consumer) Telecommunication Online Services

In the case of a "Provision of B2C (Business to Consumer) Telecommunication Online Services", defined as other than the Provision of B2B Telecommunication Online Services, the Offshore Business Person becomes a consumption taxpayer and shall appoint a Tax Representative in Japan.

3. Taxable scope and classification

Due to the lack of concrete criterion under the new tax law, whether some cross-border digital transactions fall within the scope of B2B or B2C Telecommunication Online Services under the new rules will depend on the Basic Circular or the Q&A guidelines, etc. to be publicly announced. However, the following types of transactions may still be exempt under the new legislation:

(a) System development rendered outside Japan (including the reporting of the results);

(b) Information gathering, summarising, analysing, etc. relating to a foreign country which are rendered outside Japan (including the reporting of the results); and

(c) Services of buying, managing, selling, etc. assets located in a foreign country and rendered outside Japan (including the reporting of the results).

Introduction of reverse charge mechanism for theater, entertainment and sports performance services

From 1 April 2016, the consumption tax liability pertaining to the provision of theatre, entertainment or sports performance services, etc. in Japan supplied by an Offshore Business Person is shifted to the business person who receives the provision of services.

For more information, please contact:
Masanori Kato
masanori.kato@jp.pwc.com
+81 3 5251 2536

Kotaku Kimu
kotaku.kimu@jp.pwc.com
+81 3 5251 2713

Malaysia

Key GST decisions

Malaysia had implemented GST on 1 April 2015, as a replacement of the existing Sales and Service Tax regime. In the wake of GST implementation, the Royal Malaysia Customs Department and the Ministry of Finance had made several key decisions pertaining to the application of the GST.

1. Indirect Exports

The scope of exports has been widened to encompass indirect exports under the business models such as:

- Goods sold to overseas customers but delivered to a 3rd party in a free commercial zone ("FCZ") or warehouse for purposes of consolidation or value added activities before being exported from Malaysia; and

- Goods sold to an overseas customer, but exported as and when there is a demand for the goods.

Businesses will have to ensure that prescribed conditions are met before applying the zero-rating treatment.

2. *Supply of agricultural land*

GST-registered persons can be part of a GST group only if they make wholly taxable supplies. While the supply of agricultural land is an exempt supply in Malaysia, a member under a GST group can still continue to be a member of the GST group if it makes a supply of agricultural land to the State Authorities.

3. *Input tax claim on hire and drive cars*

Input tax incurred on hire and drive cars which are licensed within the Commercial Vehicles Licensing Board Act 1987 are allowed. This includes input tax incurred on the purchase and importation, as well as the procurement of goods or services relating to the repair, maintenance and refurbishment of the hire and drive car.

4. *Insurance/Takaful Cash Payments*

Insurers are entitled to deemed input tax claims in the event of a cash payout made to policyholders/ insureds under a contract of insurance. However, insurers are required to ensure that the cash payouts are related to an acquisition of goods or services which are taxable and whose input tax is not disallowed. Notwithstanding this, insurers are entitled to deemed input tax claims on cash payouts that are not in relation to acquisition of goods or services.

5. *Accredited skills training programme*

Approved and accredited skills training programme under the National Skills Development Act 2006 are included in the list of exempt supplies.

6. *Services provided by joint management body/management corporation*

Services such as maintenance fees and sinking fund charges were previously exempt only if they are provided by the joint management body/ management corporation to low and low medium cost housing held under strata title. However, the list of exempt supplies has now been expanded to include all services provided by joint management body/management corporation to owners of a building for residential purposes, irrespective of whether they are low or low medium cost housing.

7. *Treated Water Supply*

The list of zero-rated supplies has been expanded to include the supply of treated water under the Water Ordinance 1994.

8. *Investment Precious Metals*

The importation of investment precious metals are now entitled to relief from import GST.

9. *Re-Importation of Goods*

Subject to conditions, goods that are exported for repair or reprocessing and subsequently re-imported by the importer are eligible for relief from import GST.

10. *Re-Exportation of Goods*

Goods imported temporarily and subsequently re-exported are now relieved from import GST if the following conditions are satisfied:

- The goods re-exported within 3 months; and
- Security for the amount of goods and services tax payable on the goods are furnished

For more information, please contact:
Wan Heng Choon
heng.choon.wan@my.pwc.com
+60 3 2173 1488

New Zealand

Zero-rating of legal services provided to non-residents in relation to land

The Inland Revenue has released a draft public ruling (Draft Public Ruling PUB0207) concerning the GST implications of legal services provided to a non-resident in relation to transactions involving land in New Zealand. The draft public ruling confirms the position taken in the earlier Public Ruling BR Pub 10/09.

The zero-rating rules in the GST Act allow services supplied to a non-resident, who is outside New Zealand at the time the services are performed, to be zero-rated unless the services are supplied directly in connection with land or moveable personal property in New Zealand.

The draft public ruling concludes that legal services provided in respect of transactions involving the sale or purchase of land in New Zealand (or the lease, license, or mortgage of land in New Zealand) are not services supplied directly in connection with land. These services can be zero-rated provided they are supplied to a non-resident who is outside of New Zealand at the time the services are performed.

Enquiries should be made by the supplier to confirm the recipient of the services is in fact a non-resident. For example, services supplied to an individual who is a tax resident under the permanent place of abode test, despite living outside New Zealand, cannot be zero-rated. Consideration should also be given to whether the transaction concerned makes the non-resident purchaser of land a resident for GST purposes.

For more information, please contact:
Eugen Trombitas
eugen.x.trombitas@nz.pwc.com
+64 9 355 8686

Gary O'Neill
gary.oneill@nz.pwc.com
+64 9 355 8432

Ian Rowe
ian.rowe@nz.pwc.com
+64 4 462 727

Philippines

Implementation of regulations imposing Advance Business Tax (VAT or Percentage Tax) payments on sugar and for other related purposes

The Revenue Regulations ("RR" No. 6-2015 dated 31 March 2015) were issued to implement the rules on the imposition of advance business tax (VAT or Percentage tax) payments on sugar and other related purposes. The salient points of the regulations are as follows.

- In general, the business tax (VAT or percentage tax) on the sale of raw and refined sugar shall be paid in advance by the owner/seller before any warehouse receipt or quedans are issued, or before the sugar is withdrawn from any sugar refinery/mill.

- The amount of advance VAT payment shall be determined by applying the VAT rate of 12% on the applicable base price of PHP 1,400 per 50 kg bag for refined sugar, and PHP 1,000 per 50 kg bag for all other types of sugar.

- For taxpayers exempted under Section 109 (1) (V) of the Tax Code from the payment of VAT who are not VAT registered persons, the amount of advance percentage tax shall be determined by applying the percentage tax rate equivalent to 3% of the gross sales or receipts; provided that cooperatives shall be exempt from the 3% gross sales or receipts.

- The following withdrawals are exempt from payment of advance VAT:

  (a) Withdrawal of raw cane sugar;

  (b) Withdrawal of sugar by the duly accredited and registered agricultural cooperative of good standing; and

  (c) Withdrawal of sugar by the duly accredited and registered agricultural cooperative which is sold to another agricultural cooperative.

- The proprietor of a sugar refinery/mill shall not allow the issuance of quedan/warehouse receipts or other evidence of ownership or allow any withdrawal of sugar from its premises without proof of payment of the required advance VAT/Percentage Taxes. Any person making the withdrawal or transfer shall submit proof of such payment or exemption from payment thereon.

- In addition to the input tax credits allowed under Section 110 of the Tax Code, the amount of advance payment of VAT made by sellers of sugar under this RR shall be allowed as a credit against the output tax based on the actual gross selling price of sugar. The Certificate of Advance Payment of the VAT/Percentage Tax and a copy of the payment form shall be attached to the monthly/quarterly return to support the claim for credit of advance VAT/ Percentage Tax payment.

- The advance tax payments made by the seller/ owner of sugar which remain unutilised at the end of taxpayer's taxable year where the advance payment was made, which is tantamount to excess payment, may, at the option of the owner/seller, be available for the issuance of the tax credit certificate ("TCC"). Unutilised advance tax payments which have been the subject of an application for the issuance of TCC shall not be allowed as carry-over nor credited against the output tax/percentage tax of the succeeding month/ quarter/year.

- Issuance of the TCC shall be limited to the unutilised advance tax payments and shall not include excess input tax. Issuance of TCC for input tax attributable to zero-rated sales shall be covered by a separate application for TCC following applicable pertinent rules.

For more information, please contact:
Malou P. Lim, Partner
malou.p.lim@ph.pwc.com
+63 2 459 2016

Singapore

Budget 2015 – Key Updates

On 23 February 2015, the Minister of Finance announced in the 2015 Budget Statement that the rules for the claiming of GST on expenses incurred prior to GST registration will be simplified. Previously, the requirement to apportion the pre-registration GST incurred to identify the portion attributable to the making of taxable supplies after GST registration makes the claim process convoluted and time-consuming. The simplified rules take effect on 1 July 2015 and would only benefit businesses that are registered for GST from that date.

Specifically, the new rules will allow a newly GST-registered business to claim pre-registration GST in full on the following goods and services that are acquired within the six months before the GST registration date:

a) Goods held by the business at the point of GST registration; and

b) Property rental, utilities and services, which are not directly attributable to any supply made by the business before GST registration.

With this change, a business will not need to apportion the pre-registration GST on these goods and services even if they have been used to make supplies straddling GST registration or if these goods have been partially consumed before GST registration, if the goods or services are used for the making of taxable supplies.

More details of the change will be released by the Inland Revenue Authority of Singapore by June 2015.

For more information, please contact:
Koh Soo How
soo.how.koh@sg.pwc.com
+65 6236 3600

Weijie Lin
weijie.lin@sg.pwc.com
+65 6236 7481

South Korea

VAT on digital service sales on offshore open markets

The VAT law has been amended to apply 10% VAT to either the electronic services (applications, MP3, music, films, etc.) provided directly by a foreign service provider or the electronic services purchased through offshore open markets app stores. Where the electronic services are provided through offshore open markets app stores, the open market operator shall be deemed to provide services. Before the amendment, the foreign app developer and offshore open market operator have not been required to pay VAT on the provision of electronic services unless it has a permanent establishment (e.g. a server) in Korea.

If an app developer is a foreigner and it provides electronic services to Korean consumers through offshore open markets app store, the amended law requires offshore open market operators to undertake a simplified VAT registration process and a quarterly VAT return filing and payment process through the homepage of the National Tax Service. The simplified VAT registration should be made within 20 days from the commencement date of providing services.

The proposed Enforcement Decree of the amended VAT law includes details on the affected services, registration, payment procedures and tax invoices. The key points of the Decree are as follows.

- The affected digital services include streaming service or the provision of electronic files (game, music, video, etc.), program update, remote service provision (news, traffic information, etc.), software, electronic documents, etc. and the service of improving the aforementioned electronic services.

- Examples of the required information for the online registration include the name of the company and representative, contact information, the jurisdiction where the marketer's business is registered, service type, the launch date of the domestic service, the details of the tax service provider and the details of the bank account for tax refund.

- VAT payment will be made through a foreign exchange bank account either in a foreign currency or Korean Won.

- The service is deemed to have been provided at the time of service provision or at the time of settlement of service fee, whichever is earlier. The service providers, however, will be exempt from the requirements for issuing VAT invoices.

This change will apply to the supply of services on or after 1 July 2015. This amendment is based on the principle of equal taxation between domestic and offshore service providers.

New input VAT credit available for electronic security service vehicles

Input VAT paid on the purchase or maintenance of vehicles to be used for electronic security services will be refundable, with effect from 3 Feb 2015. In principle, the input VAT paid on the purchase or maintenance of vehicles shall not be creditable. However, currently such input tax credit is limited to vehicles used for the purpose of sale, transportation, driving academy or rental business.

For more information, please contact:
Dong-Keon (D.K.) Lee
dklee@samil.com
+82 2 709 0561

Taiwan

Deemed dividends realised by the parent company in a merger with its subsidiary excluded from non-deductible input VAT ratio and VAT adjustment

On 21 January 2015, the Ministry of Finance ("MOF") issued Tax Ruling No. 10304608280, which states that in a parent-subsidiary merger, the dissolved subsidiary's net asset value acquired by the surviving parent company in excess of the parent company's contributed capital in the dissolved subsidiary should be treated as deemed dividends, which is excluded from the year-end calculation of tax exempt revenues, non-deductible input VAT ratio and corresponding VAT adjustment.

As such, in a merger where the net assets of the dissolved subsidiary are acquired by the surviving parent, any deemed dividends realised therefrom are exempted from VAT filing, irrespective of the parent company's shareholding percentage in the subsidiary.

For more information, please contact:
Lily Hsu
Lily.hsu@tw.pwc.com
+886 2 27296666 Ext. 26207

Li-Li Chou
li-li.chou@tw.pwc.com
+886 2 27296666 Ext. 2368

Thailand

Position of director not subject to VAT

The Director-General of the Revenue Department has issued a notification (VAT No. 205) to clarify that being a director would not be considered as a provision of service which is subject to VAT.

For more information, please contact:
Somboon Weerawutiwong
somboon.weerawutiwong@th.pwc.com
+662 344 1000 Ext. 1247

Vietnam

New VAT decree and circular

The Government and the Ministry of Finance issued Decree 12/2015/ND-CP on 12 February 2015 ("Decree 12") and Circular 26/2015/TT-BTC on 27 February 2015 providing guidance on the VAT and tax administration changes as promulgated under Decree 12. These regulations are effective from 1 January 2015. The notable points include:

- The supply of fertiliser, feed for livestock, poultry, seafood and other animals is VAT exempt instead of subject to 5% VAT. Input VAT in relation to the purchase of goods and services is still creditable if the VAT invoices are issued or the payments of import VAT (for imported goods) are made before 1 January 2015.

- For an investment project that is liquidated without having generated any taxable revenue, the input VAT previously incurred is dealt with as follows:

    - If a refund for input VAT credit has not been claimed, such input VAT credit is forfeited at the time of liquidation; and

    - For any VAT refund granted pre-liquidation, only the input VAT related to the disposal of VATable assets post liquidation are not subject to VAT claw-back. All other input VAT must be returned to the tax authority.

For more information, please contact:
Richard J Irwin
r.j.irwin@vn.pwc.com
+84 8 3 823 0796

Contacts

Australia
Peter Konidaris, Partner
peter.konidaris@au.pwc.com
Tel: +61 3 8603 1168

Cambodia
Heng Thy, Partner
heng.thy@kh.pwc.com
Tel: +855 23 218 086

China
Alan Wu, Partner
alan.wu@cn.pwc.com
Tel: +86 10 6533 2889

India
Vivek Mishra, Executive Director
vivek.mishra@in.pwc.com
Tel: +91 124 330 6518

Anita Rastogi, Associate Director
anita.rastogi@in.pwc.com
Tel: +91 124 330 6531

Indonesia
Ali Widodo, Partner
ali.widodo@id.pwc.com
Tel: +62 21 52890623

Abdullah Azis, Associate Director
abdullah.azis@id.pwc.com
Tel: +62 21 5289 0601

Japan
Masanori Kato, Partner
masanori.kato@jp.pwc.com
Tel: +81 3 5251 2536

Kotaku Kimu, Director
kotaku.kimu@jp.pwc.com
Tel: +81 3 5251 2713

Laos
Heng Thy, Partner
heng.thy@kh.pwc.com
Tel: +856 21 222 7189 Ext.1502

Malaysia
Wan Heng Choon,
Senior Executive Director
heng.choon.wan@my.pwc.com
Tel: +60 3 2173 1488

New Zealand
Eugen Trombitas, Partner
eugen.x.trombitas@nz.pwc.com
Tel: +64 9 355 8686

Gary O'Neill, Director
gary.oneill@nz.pwc.com
Tel: +64 9 355 8432

Ian Rowe, Director
ian.rowe@nz.pwc.com
Tel: +64 4 462 7274

Philippines
Malou P. Lim, Partner
malou.p.lim@ph.pwc.com
Tel: +63 2 459 2016

Singapore
Koh Soo How, Partner
soo.how.koh@sg.pwc.com
Tel: +65 6236 3600

Weijie Lin, Manager
weijie.lin@sg.pwc.com
Tel: +65 6236 7481

South Korea
Dong-Keon (D.K.) Lee, Partner
dklee@samil.com
Tel: +82 2 709 0561

Sri Lanka
Hiranthi Ratnayake, Director
hiranthi.c.ratnayake@lk.pwc.com
Tel: +94 11 4719838

Taiwan
Lily Hsu, Partner
lily.hsu@tw.pwc.com
Tel: +886 2 2729 6666 Ext. 26207

Thailand
Somboon Weerawutiwong, Partner
somboon.weerawutiwong@th.pwc.com
Tel: +662 344 1000 Ext. 1247

Vietnam
Richard J. Irwin, Partner
r.j.irwin@vn.pwc.com
Tel: +84 8 3823 0796

David Fitzgerald, Partner
david.fitzgerald@vn.pwc.com
Tel: +84 8 3824 0116

For a comprehensive guide to global VAT/GST information from over 70 countries worldwide, please visit GlobalVATOnline at www.globalvatonline.com. GlobalVATOnline can keep you up to date on all VAT issues and developments as they unfold.

Disclaimer. Clients receiving this Alert should take no action without first contacting their usual PwC Indirect Tax Advisor.

© 2015 PricewaterhouseCoopers. All rights reserved. Not for further distribution without the permission of PwC. "PwC" refers to the network of member firms of PricewaterhouseCoopers International Limited (PwCIL), or, as the context requires, individual member firms of the PwC network. Each member firm is a separate legal entity and does not act as agent of PwCIL or any other member firm. PwCIL does not provide any services to clients. PwCIL is not responsible or liable for the acts or omissions of any of its member firms nor can it control the exercise of their professional judgment or bind them in any way. No member firm is responsible or liable for the acts or omissions of any other member firm nor can it control the exercise of another member firm's professional judgment or bind another member firm or PwCIL in any way.