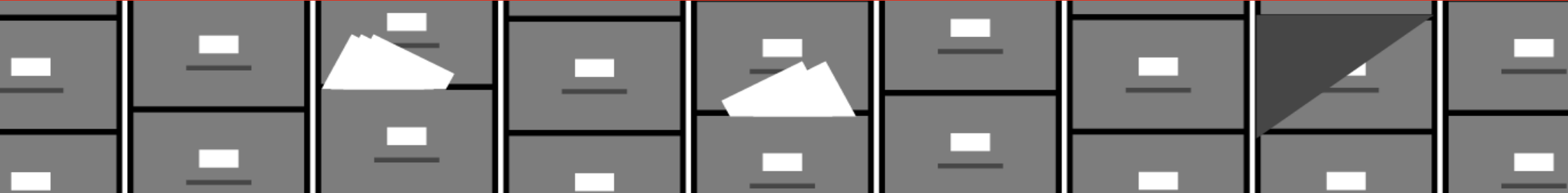


Circular 13/2023 guiding the implementation of Decree 49/2022 on VAT



8 March 2023

At a glance...

On 28 February, the Ministry of Finance released Circular 13/2023, which provides guidance on the implementation of Decree 49/2022. Circular 13/2023 takes effect from 14 April 2023.



Some notable points:

- Circular 13/2023 amends certain provisions under Circular 219/2013 as below, which mainly to align with the changes under Decree 49/2022, which was highlighted in our [Newsbrief dated 12 August 2022](#):
 - For transfer of real estate, the VATable price is determined according to Article 1.1, Decree 49/2022. Specifically, the determination of “compensation” and “site clearance” costs to be deductible in land price in case the State allocates land, or leases the land to a taxpayer to construct infrastructure and housing for sale is added. Accordingly, the deductible costs would be the amounts approved by the competent authorities. In addition, the deductible land price in case a business establishment receives a LUR transfer from an organization or individual is amended to exclude the infrastructure value.
 - Business establishments are entitled to VAT refund for investment projects according to Article 1.3, Decree 49/2022. Specifically, the requirement of the construction period to last more than one year to get VAT refund is removed. There is specific guidance for the case of new investment projects having many investment phases or having investment items. In addition, an investment project which conducts conditional business activities can still obtain VAT refund during the investment period if such investment project, as regulated by the investment and governing law, is not required/has not yet been required to obtain a license/confirmation/approval from the competent authorities to carry out the conditional businesses.



Some notable points:

- For VAT refund for conditional sectors which were not allowed under Decree 100/2016 but are allowed under Decree 49/2022, there are specific procedures for amendment of VAT, penalty and late payment interest (if any). Specifically:
 - If the tax authorities have collected the VAT refund and calculated penalty and late payment interest, the tax authorities will amend decisions which have been issued. If a taxpayer has declared additional VAT (which has been recollected), the taxpayer and the tax authorities will complete Form 02/KTT to adjust the VAT amount recollected and late payment interest.
 - If the VAT refund is recollected by the tax authorities, penalty and late payment interest which has been paid before the effectiveness of Circular 13 will be treated as overpayment, and can be offset or refunded.

Contact us

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. For further information, please reach out to us.

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