



# CIT INSIGHT

Corporate Income Tax (CIT) is a kind of direct tax, imposed on assessable income deriving from business activities of providing goods & services from the Company to its customer.

## TAXPAYER

CIT taxpayer are organizations engaging in production and trading of goods or in provision of services with taxable income (below referred to as enterprises), including:

- Enterprises established and operating under the Enterprise Law, the Investment Law, the Law on Credit Institutions, the Insurance Business Law, the Securities Law, the Petroleum Law, the Commercial Law or other legal documents in the forms of joint-stock company; limited liability company; partnership; private enterprise
- Organizations established and operating under the Cooperative Law; Enterprises established under foreign law with Permanent Establishment in Vietnam.

## CIT RATE

Common CIT rate currently is 20%, applicable for all enterprise.

There are few different CIT rates, ranging from 32% to 50%. However, these CIT rates are adopted for enterprise operating in specific activities pertaining to prospecting, exploration and exploitation of oil, gas and other rare and precious resources in Vietnam in accordance with each project and each business establishment

# CIT DECLARATION

$$\text{CIT} = \text{Assessable Income} \times \text{Tax rate (20\%)}$$

$$\text{Assessable income} = \text{Revenue} - \text{Deductible Expense} \pm \text{Other adjustment}$$

*In which:*

- *Revenue | Income derived from the provision of goods and service of the enterprise*
- *Deductible expense | Expenditure incurred during operation period, relating to business activities, supported by legal document, invoices, agreements etc. (\*)*
- *Other adjustment | Other income, other expense, loss carried forward from previous period etc.*

## DEDUCTIBLE EXPENSE

Expense treated as deductible items have to satisfy 3 general condition below:

1. Expense incurred relating to business activities; and
2. Being supported by VAT invoice, legitimate invoice, contract, agreement etc.; and
3. For any expense with amount from VND 20 million (equivalent to USD 900) and above (included VAT), the expense should be paid via non-cash payment.

## CIT FILINGS

- The enterprise is required to undertake CIT finalization at ending of fiscal year.
- Provisional CIT payables of 4 quarter is not less than 80% of total CIT payables for whole year.

*The company undertakes provisional CIT declaration in Q4 of fiscal year, and arrange to pay CIT liabilities (if any) no less than 80% of total CIT payables for whole years. Deadline for provisional CIT declaration of Q4 is no later than 30th date of the month following the quarter (same as deadline for quarterly compliance)*

- CIT finalization & CIT settlement (if any) is within 90 days from ending of fiscal year  
*E.g: Fiscal year of an enterprise is from 1 April to 31 March, thus, 30 June is deadline for CIT finalization*

