

Applied Skills

Taxation – Vietnam (TX – VNM)

Tuesday 4 June 2019



Time allowed: 3 hours 15 minutes

This question paper is divided into two sections:

Section A – ALL 15 questions are compulsory and **MUST** be attempted

Section B – ALL SIX questions are compulsory and **MUST** be attempted

Tax rates and allowances are on pages 2–4.

Do NOT open this question paper until instructed by the supervisor.

Do NOT record any of your answers on the question paper.

This question paper must not be removed from the examination hall.

Think Ahead

ACCA

The Association of Chartered
Certified Accountants

The Ministry of Finance of the
Socialist Republic of Vietnam

VNM – TX

SUPPLEMENTARY INSTRUCTIONS

1. Calculations and workings need only be made to the nearest VND, unless instructed otherwise.
2. All apportionments should be made to the nearest month.
3. All workings should be shown in Section B.

TAX RATES AND ALLOWANCES

The following tax rates and allowances are to be used in answering the questions

Value added tax (VAT)

Standard rate	10%
Reduced rate	5%

Corporate income tax (CIT)

Standard rate for enterprises	20%
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Foreign contractor tax (FCT)

Value added tax rates as a percentage (%) of taxable turnover	%
1. Services, leasing of machinery and equipment, and insurance.	5
2. (a) Construction, assembly and installation where the tender includes the supply of materials, machinery and equipment in the construction work.	3
(b) Construction, assembly and installation where the tender does not include the supply of materials, machinery and equipment in the construction work.	5
3. Other business and production.	2
Corporate income tax rates as a percentage (%) of taxable turnover:	%
1. Trading: distribution and supply of goods, raw materials, supplies, machinery and equipment associated with services in Vietnam (including the supply of goods in the form of on-the-spot export (except processing goods for foreign organisations and individuals); and the supply of goods under the terms of Incoterms).	1
2. Services, leasing of machinery and equipment, insurance, leasing of oil rigs.	5
3. Management services of restaurants, hotels and casinos.	10
4. Leasing of aircraft, aircraft engines, aircraft spare parts and sea going vessels.	2
5. Construction and installation regardless of whether the tender includes or does not include the supply of materials, machinery and equipment in the construction work.	2
6. Other production or business activities and transportation (including sea and air transportation).	2
7. Assignments [transfers] of securities, reinsurance and commissions from reinsurance.	0.1
8. Derivatives.	2
9. Loan interest.	5
10. Income from royalties.	10

Personal income tax (PIT)

Regular income tax rates for Vietnamese citizens and other residents in Vietnam

Portion of monthly assessable income (VND million)	Tax rate %
Up to 5	5
Over 5 to 10	10
Over 10 to 18	15
Over 18 to 32	20
Over 32 to 52	25
Over 52 to 80	30
Over 80	35

Net to gross calculator

$N < 4,750,000$	$G = N/0.95$
$4,750,000 < N < 9,250,000$	$G = (N - 250,000)/0.9$
$9,250,000 < N < 16,050,000$	$G = (N - 750,000)/0.85$
$16,050,000 < N < 27,250,000$	$G = (N - 1,650,000)/0.8$
$27,250,000 < N < 42,250,000$	$G = (N - 3,250,000)/0.75$
$42,250,000 < N < 61,850,000$	$G = (N - 5,850,000)/0.7$
$N > 61,850,000$	$G = (N - 9,850,000)/0.65$

Gross basis	%	Tax
$G < 5,000,000$	5	$T = 0.05G$
$5,000,000 < G < 10,000,000$	10	$T = 0.1G - 250,000$
$10,000,000 < G < 18,000,000$	15	$T = 0.15G - 750,000$
$18,000,000 < G < 32,000,000$	20	$T = 0.2G - 1,650,000$
$32,000,000 < G < 52,000,000$	25	$T = 0.25G - 3,250,000$
$52,000,000 < G < 80,000,000$	30	$T = 0.3G - 5,850,000$
$G > 80,000,000$	35	$T = 0.35G - 9,850,000$

Notes:

G: Gross income N: Net income T: Income tax

Non-resident tax rate on employment income: 20% on Vietnam sourced income

PIT rates on other income

	Resident	Non-resident
Investment income	5%	5%
Capital transfers	0.1% of selling price	0.1% of selling price
Transfers of property	2% of selling price	2% of selling price
Royalties/franchises	5% of the income in excess of VND10 million	5% of the income in excess of VND10 million
Prizes/inheritances	10% of the income in excess of VND10 million	10% of the income in excess of VND10 million

Personal deductions (per month)

Self	VND 9,000,000
Dependant	VND 3,600,000

Social insurance, health insurance and unemployment insurance on salary and allowances

Rates for the year 2018	Vietnamese individuals	Expatriates
Social insurance (SI)	8%	8%
Health insurance (HI)	1.5%	1.5%
Unemployment insurance (UI)	1%	N/A

Base salary (per month) for social insurance, health insurance and unemployment insurance, etc for the year 2018

Note: For simplicity, you should assume that this rate is applicable for the whole of the year 2018.

VND 27,800,000

Rates of exchange

The following rates of exchange are to be used in answering all questions in this paper (unless otherwise stated):

USD 1 = VND 23,500

Section A – ALL 15 questions are compulsory and MUST be attempted

Please use the grid provided on page two of the Candidate Answer Booklet to record your answers to each multiple choice question. Do not write out the answers to the MCQs on the lined pages of the answer booklet.
Each question is worth 2 marks.

- 1 In March 2018, DPN Co, a Vietnamese company, disposed of a machine for VND2,200 million. The machine was purchased in January 2017 for VND3,600 million with an estimated useful life of three years. DPN Co's policy (which is acceptable for tax depreciation) is to provide for a full month's depreciation in the month of purchase and no depreciation in the month of disposal.

What is the taxable gain on the disposal of the machine which DPN Co must declare for corporate income tax (CIT) purposes for its financial year ended 30 June 2018?

- A VND100 million
- B VND2,200 million
- C VND0 million
- D VND800 million

- 2 In 2018, ISC Co, a Vietnamese company, received compensation in cash of VND1,000 million from an insurance company for damage to goods caused by a fire. According to the insurance policy, the compensation does NOT cover any value added tax (VAT) on the purchase of the goods. The insured goods were purchased by ISC Co for VND1,650 million (inclusive of VAT 10%).

What is the amount of output value added tax (VAT) and creditable input VAT (in VND millions) ISC Co is required to declare in 2018 as a result of the above transactions?

- | | Output VAT | Creditable input VAT |
|---|----------------|----------------------|
| A | VND100 million | VND0 million |
| B | VND0 million | VND150 million |
| C | VND0 million | VND0 million |
| D | VND100 million | VND150 million |

- 3 Mr Quang Phan, a 35-year-old Vietnamese tax resident, works for Hash Vina, a foreign invested company in Vietnam. He was relocated back to Vietnam on 1 January 2018 after a three-year secondment to Hash Australia, a sister company of Hash Vina. In 2018, Mr Quang received VND200 million monthly gross salary plus a performance bonus equivalent to VND360 million for his work in Australia. During 2018 Hash Vina also paid for two return airfare tickets costing VND46 million in total for Mr Quang to visit his 35-year-old wife and 16-year-old son who live in Australia.

What is Mr Quang Phan's annual personal income tax (PIT) liability (in VND millions – to be rounded only in the final PIT calculations) in the year 2018?

- A VND799 million
- B VND673 million
- C VND803 million
- D VND791 million

- 4 In 2018, MHT Co, a Japanese company, signed a contract to supply and install equipment for PCR Co, a Vietnamese company. The contract price was USD2 million gross of value added tax (VAT) and corporate income tax (CIT). MHT Co purchased goods relating to this contract, valued at USD0.50 million, from Vietnamese suppliers.

What is the amount (in USD) of the corporate income tax (CIT) portion of foreign contractor tax (FCT) which PCR Co would be required to withhold on the above contract with MHT Co, assuming MHT Co applied the deemed method for FCT declaration?

- A USD29,100
- B USD40,816
- C USD30,612
- D USD38,800

- 5 On 30 June 2018, STG Co, a Vietnamese company, identified the value added tax (VAT) declaration it made for April 2018 was under-declared by VND1,000 million. It should be noted that 21 May 2018 was a Monday, and there had been no tax audit at STG Co in 2018.

What is the late payment interest (in VND) which STG Co is required to settle on 30 June 2018, assuming the under-declared value added tax (VAT) was settled on that date?

- A VND12,300,000
- B VND15,000,000
- C VND20,000,000
- D VND12,000,000

- 6 In February 2018, JTF Co, a Japanese investor, sold its capital contribution in TGT Co, a Vietnamese limited liability company, to a foreign buyer for USD10 million, when the USD buy-sell exchange rate from the commercial bank was VND23,000–VND23,200. The original capital contribution in TGT Co was USD10 million which is reflected in the audited financial statements at an exchange rate of USD1 = VND20,000. The transfer expenses incurred were immaterial. TGT Co's functional currency is VND.

What is the corporate income tax (CIT) liability incurred by JTF Co on the sale of its capital contribution in TGT Co in the year 2018?

- A VND6,000 million
- B VND0 million
- C VND6,400 million
- D VND230 million

- 7 In February 2018, Mr May and Ms Man, two Vietnamese tax residents, were the equal co-winners of a promotion prize, a car which had a market value of VND990 million, inclusive of 10% VAT, from a real estate company.

What is the amount (in VND million, rounded by one decimal) of Ms Man's personal income tax (PIT) liability on the above promotion prize?

- A VND48.5 million
- B VND44.5 million
- C VND49.0 million
- D VND44.0 million

- 8 CGC Co is a Vietnamese subsidiary of CG Group, which is headquartered in Europe. During the year ended 30 June 2018, CGC Co carried out related party transactions with a total value in excess of VND100 billion. CGC Co is required to file documents within 90 days of the fiscal year end in respect of these transactions.

Which of the following combinations correctly states the related party transaction document filing requirements of CGC Co?

	TP form No. 01	Local file	Master file
A	Prepare and submit	Prepare and submit	Prepare only
B	Prepare and submit	Prepare only	Prepare only
C	Prepare and submit	Prepare only	Not required
D	Prepare only	Not required	Not required

- 9 SIV Co is a Singapore company. In 2012, the company purchased shares in LST JSC, an unlisted Vietnamese joint stock company, for VND22,000 million (equivalent to USD1 million at that time). In 2018, when LST JSC's shares were listed on the Vietnamese stock exchange, SIV Co sold the entire shareholding for USD2 million.

What is the amount of tax (in VND million) which should be deducted before the proceeds from the sale of the shares can be remitted overseas to SIV Co?

- A** VND47 million
- B** VND5,000 million
- C** VND25 million
- D** VND4,700 million

- 10 Ms Huong Nguyen, who gave birth on 1 February 2018, is CEO of HWK Co, a company in Vietnam. She returned to work on 1 May 2018, despite the company policy and the regulations allowing her a six-month maternity leave. When she returned, the company paid her normal salary of VND300 million per month and in addition, during the three months ended 31 July 2018, she received an overtime allowance of VND150 million per month (which is within the range of allowed overtime under prevailing labour regulations). However, Ms Huong Nguyen did not actually work any overtime and the allowance was paid to compensate her for early return from maternity leave as a result of work requirements. The company and Ms Huong Nguyen did not claim any maternity leave benefits from social insurance from May 2018 onwards.

What is the adjustment amount for non-deductible expenses which HWK Co should make in its corporate income tax (CIT) return for the year ended 31 December 2018 in respect of the payments to Ms Huong Nguyen?

- A** VND1,350 million
- B** VND450 million
- C** VND0 million
- D** VND900 million

- 11** Mr Jung Nam-Oh is a Korean citizen employed by EPR KR, a company in Korea. From March 2018 to June 2018, Jung was assigned to work in Vietnam on a short-term project for EPR VN Co, a subsidiary of EPR KR. During that time Jung was present in Vietnam for 98 days. EPR Group cannot separate his income attributable to the project in Vietnam from his total employment income from EPR KR. In 2018, Jung's annual gross employment income from EPR KR was USD400,000 and EPR VN Co also paid for a golf course membership at a cost of VND100 million for his use whilst in Vietnam. In 2018, Mr Jung Nam-Oh had two dependants in Korea.

What is the total personal income tax (PIT) liability (rounded to VND millions) in Vietnam for Mr Jung Nam-Oh in the year 2018?

- A** VND1,880 million
 - B** VND525 million
 - C** VND519 million
 - D** VND1,900 million
- 12** CCD Co, a company in Vietnam, reimbursed employees' expenses for overseas business trips originally paid by the employees using their personal credit cards. The expenses amounted to VND50 million in total.

Which of the following conditions must be met for CCD Co to treat such reimbursed expenses as deductible for corporate income tax (CIT) purposes?

- (1) The credit card is guaranteed by the company
 - (2) The expenses are supported by proper documents/invoices
 - (3) The trip is authorised by a decision issued by the company's directors
 - (4) The company policy allows employees to advance expenses for business trips by personal credit cards
- A** 1, 2, 3 and 4
 - B** 1 and 4 only
 - C** 2 and 3 only
 - D** 2, 3 and 4 only
- 13** PNLT Co, a foreign contractor from Denmark, entered into a contract for construction of a factory in Vietnam and applied the deemed method for declaring foreign contractor tax (FCT). The works were completed in 2017, however, there were some disputes between PNLT Co, its suppliers and the project owner. When the disputes were settled in 2018, PNLT Co received contractual compensation of USD500,000 from its suppliers, but had to pay contractual compensation of USD320,000 to the project owner. Compensation is treated as 'other business activities' for corporate income tax (CIT) purposes.

What is the amount of corporate income tax (CIT) as a portion of the foreign contractor tax (FCT) liability incurred by PNLT Co in Vietnam in 2018, if the company's policy is to minimise tax under current regulations?

- A** USD0
- B** USD10,000
- C** USD36,000
- D** USD3,600

- 14** In 2017, Ms Mai Pham, a Vietnamese citizen, purchased 100,000 shares in TBC Bank in 2017 when the price per share was VND30,000 (three times par value). The shares were listed on the official stock exchange and in 2018, TBC Bank announced a 20% dividend per share, of which half would be paid in cash and half in the form of bonus shares. The market price of the shares at the time of announcement was VND50,000 per share. Ms Mai Pham had no intention of selling these shares in 2018.

What is Ms Mai Pham's Vietnamese personal income tax (PIT) liability (in VND million) in the year 2018 in relation to the dividend?

- A** VND5 million
 - B** VND15 million
 - C** VND25 million
 - D** VND0 million
- 15** MTL Co is a Vietnamese company. It declared value added tax (VAT) on a monthly basis for the three-year period from 2014 to 2016. In 2016, the company generated total revenue of VND60,000 million. MTL Co continued declaring VAT on a monthly basis for the three-year period from 2017–2019. In 2017 and 2018, MTL Co's total declared revenue was VND52,000 million and VND58,000 million respectively. However, following a tax audit in 2018, the company's revenue in 2017 was adjusted to VND48,000 million.

Which of the following combinations correctly describes the value added tax (VAT) filing requirements of MTL Co for the period 2017–2019 as a result of the tax audit?

- | | 2017 | 2018 | 2019 |
|----------|-----------------|-----------------|-----------------|
| A | Monthly basis | Quarterly basis | Quarterly basis |
| B | Monthly basis | Monthly basis | Quarterly basis |
| C | Monthly basis | Monthly basis | Monthly basis |
| D | Quarterly basis | Quarterly basis | Quarterly basis |

(30 marks)

Section B – ALL SIX questions are compulsory and MUST be attempted

Please write your answers to all parts of these questions on the lined pages within the Candidate Answer Booklet.

- 1 IVST Co is a Vietnamese company which operates in various industries, contributes capital to various projects and invests in the shares of listed companies.

In 2018, IVST Co received the following information regarding its investments in jointly operated projects in Vietnam. Each project separately records and distributes profits after tax to investors based on their relevant share in the project:

Project	Operating profits before tax (2018) (VND million)	Other income before tax (2018) (VND million)	IVST Co's share	Tax incentives (on operating profits only)
Nam An	600,000	10,000	60%	The project is entitled to 50% tax reduction on operating profits before tax, and 15% tax rate for the whole life of the project
Con Co	800,000	25,000	80%	The project is entitled to tax exemption on operating profits before tax
Dai Nam	680,000	20,000	50%	None

In 2018, IVST Co also received total dividends amounting to VND120,000 million from investments in listed companies in Vietnam. In addition, IVST Co received VND180,000 million representing its share of profits before tax and its own expenses from a business co-operation contract in Vietnam which it invested in with LST Co, another Vietnamese company. IVST Co incurred own expenses (fully supported by documents) of VND25,000 million earning that profit share.

Required:

- (a) Briefly explain the treatment of income from investments (received both before and after tax) by a Vietnamese company according to prevailing corporate income tax (CIT) regulations. (3 marks)
- (b) Calculate the total amount of tax exempt income of IVST Co in 2018. (6 marks)
- (c) Calculate the total tax liability of IVST Co from non-exempt investment income. (1 mark)

(10 marks)

- 2** Mr Tony Phan, previously resident in Vietnam, is 38 years old and holds Australian citizenship. From 1 April 2018, he was employed as chief executive officer (CEO) of NSV Co, the Vietnamese subsidiary of Next Start Co, a company in Australia.

Tony's gross remuneration for his employment with NSV Co is as follows:

- Monthly salary: USD30,000.
- Fixed bonus: USD60,000 for 12-months' employment or pro-rata.
- Variable bonus: up to USD120,000, depending on group and NSV Co's performance, to be determined and paid in 2019.

At the commencement of his employment, NSV Co also gave Tony the company's executive well-being fitness membership card. This cost NSV Co an amount of USD120,000 for a period of 18 months.

In Tony's leisure time he develops artificial intelligence (AI) systems. In 2018, Tony completed one AI system, in his own time, which could significantly boost the operational efficiency of both NSV Co and Next Start Co. Next Start Co wants to pay Tony, via NSV Co, an amount of USD10 million for acquiring the licence to use and further develop his AI system.

Since the commencement of his employment with NSV Co in April 2018, Tony has been present in Vietnam along with his wife, Huyen Tran, a 30-year-old Vietnamese tax resident, and their two children: a five-year-old boy and a two-year-old girl. Throughout that time the family has been living in a villa which Huyen inherited from her parents. As this resulted in a saving of accommodation costs for NSV Co, the company paid Tony and Huyen a monthly home allowance of USD6,000 in cash. Tony used half of this allowance to pay for kindergarten fees for their children.

Note: You should ignore any social, health or unemployment insurance contributions which may be applicable.

Required:

- (a) Calculate the taxable income and personal income tax (PIT) liability of Mr Tony Phan in Vietnam in the calendar year 2018.**

Note: The taxable income should be calculated in both USD, and VND millions (rounded to one decimal) and the PIT liability should be calculated in VND millions only (rounded to one decimal). (8 marks)

- (b) Briefly discuss the treatment for PIT purposes of the amount of USD10 million which Next Start Co may pay Tony to acquire the artificial intelligence licence, assuming the licence is acquired during Tony's employment with NSV Co in Vietnam.** (2 marks)

(10 marks)

- 3** ALPB Co is a company with global operations and is headquartered in Ireland. The company provides various online services, most notably search engines and cloud services. A key source of income for ALPB Co is the sale of online advertisement services for companies and websites, under the service package name of G-Ads.

In 2018, ALPB Co appointed AVN Co, a Vietnamese company, to act as its distributor in Vietnam in order to expand its G-Ads services. Under the distribution agreement, AVN Co identifies customers in Vietnam who have the need for G-Ads, enters into contracts for advertising with the customers and collects fees on behalf of ALPB Co. The collected fees are then remitted to ALPB Co by AVN Co after deducting their service fee based on 20% of the collected amount. The remittance is also net of any withholding tax which may be applicable to ALPB Co in Vietnam.

In 2018, AVN Co remitted a net amount of USD16 million to ALPB Co. In addition, AVN Co are liable to pay an amount of USD450,000 to ALPB Co for using its cloud services in 2018. However, the distribution agreement allows this amount to be offset with an amount of USD600,000 which is due to be paid by ALPB Co to AVN Co towards their initial expenses incurred in promoting the G-Ads service in Vietnam. Both parties would finalise any remaining amount due in 2019.

In addition, during 2018, ALPB Co collected substantial fee income for the provision of cloud services to various corporate subscribers in Vietnam. According to its standard contract with users, ALPB Co requires any withholding tax in Vietnam to be borne by the user.

Note: You should assume that the tax authorities in Vietnam accept cloud services as 'software services'.

Required:

- (a) Briefly explain whether the services (G-Ads and cloud services) provided by ALPB Co to users in Vietnam would be subject to foreign contractor tax (FCT), and the administrative and payment requirements for this tax.**

Note: No calculations are required in this part. (3 marks)

- (b) Calculate (in VND million) the FCT which AVN Co should declare on its FCT return for 2018 in respect of its payment of the net amount of USD16 million to ALPB Co.** (3 marks)

- (c) Determine whether AVN Co should declare FCT in 2018 for the fee of USD450,000 for cloud services provided by ALPB Co, and calculate (in VND million) the total FCT liability, if any.** (4 marks)

(10 marks)

- 4 (a) CSN Co operates a golf course in Ha Long, Quang Ninh province. The company's information regarding golf course income for the period ended 30 June 2018 is as follows:
- Membership fees from players: VND16,000 million
 - Sales of tickets for golf training ground: VND6,000 million

Note: The collections are inclusive of value added tax (VAT) at 10% and special sales tax at 20%.

Required:

Calculate the taxable revenue for value added tax (VAT) purposes and the output VAT which CSN Co should declare for the period ended 30 June 2018. (3 marks)

- (b) THD Co is the manufacturer of pharmaceutical products. The company's manufacturing facility and headquarters are located in Ho Chi Minh City. The company has dependent branches in various provinces in Vietnam, including Vinh Phuc. The whole group adopts the deduction method for VAT declaration purposes.

Required:

Briefly describe the invoicing requirements for both THD Co and the dependent branch in Vinh Phuc province (i) when THD Co issues goods to the branch; and (ii) when goods are sold by the branch. (7 marks)

(10 marks)

- 5 VBS Co is a company with diversified operations in various industries including farming. In June 2018, the company prepared its draft corporate income tax (CIT) return for the fiscal year ended 31 March 2018. The draft CIT return is detailed below and may contain errors:

Items	Amount (VND million)	Notes
Accounting profit before tax	26,800	
<i>Add:</i> gain on disposal of machine	350	Please see note (1) below.
<i>Add:</i> depreciation of facilities for employees	980	VND200 million of this figure is attributable to the kindergarten; VND350 million relates to a sports centre for morning and afternoon exercises; VND180 million relates to a clinic; and the remaining amount relates to a library.
<i>Add:</i> 100% of the cost of goods for trading, destroyed in a warehouse flood in March 2018	1,800	Following inspection, an insurance company paid VBS Co compensation in April 2018 based on 60% of the cost of goods. The compensation money is not reflected in the accounting profit figure above.
<i>Add:</i> expenses without supporting invoices	2,500	VND1,800 million of this figure relates to the purchase of farming products directly from farmers. These were covered by Form 01/TNDN; however, the company accountant is concerned this documentation is not sufficient for tax purposes.
<i>Add:</i> school fees excess	400	Please see note (2) below.
<i>Add:</i> costs for conducting a feasibility study for a project later abandoned	500	The project was abandoned immediately before its commercial launch due to technical issues. Recovery is not possible.
<i>Add:</i> summer trip for employees to Da Lat in September 2017 for team building activities	2,000	The trip was equally sponsored by VBS Co and a trade union. The company paid the full invoiced amount of VND2,000 million and recognised this as an expense in the accounting records. Reimbursement from the trade union of VND1,000 million was recorded as other income.
Adjusted profits before tax	<u>35,330</u>	
Tax (20%)	<u>7,066</u>	

Detailed notes:

- (1) The machine was purchased on 1 January 2016 at a cost of VND7,200 million and had an expected useful life of four years at that time. It required major repair work during the period from 1 January 2017 to 31 March 2018 and it was not used during this entire period. Following this, the machine was sold and generated an accounting gain which was added back in the CIT return. For accounting purposes, the machine was depreciated as normal during the repair period. However, the company's accountant is not sure if the depreciation expense is deductible for tax purposes. Therefore, the gain on disposal was added back as a prudence measure.
- (2) The company agreed to pay school fees for the children of four executives of the company, who are all Vietnamese individuals. According to all labour contracts, total school fees which are to be borne by the company are capped at VND350 million per year, per employee. However, the total fees paid by the company to schools during the year amounted to VND1,800 million, and the excess was recovered from the individual executives. The total expense of VND1,800 million has already been recognised in the accounting profit for the year ended 31 March 2018. However, the excess has not been recognised because it was received in May 2018. VBS Co's accountant thinks the excess recovered from the executives should be non-deductible.

Required:

Calculate (in VND millions) the corporate income tax (CIT) liability to be declared by VBS Co for the year ended 31 March 2018, based on the above information.

Note: You should start your computation with the profit before tax of VND26,800 million, and list all of the items specifically referred to in the table and the notes above, showing their correct treatment and indicating by the use of '0' any item for which no adjustment is required.

(15 marks)

- 6 ZLC Co employs four Vietnamese employees in its Ho Chi Minh City office. Their annual gross remuneration and number of dependants for 2018 is summarised below:

	Salary	Allowance	Performance bonus	Overtime (at 200% of normal rate)	Uniform allowance in cash	Number of dependants
	VND million	VND million	VND million	VND million	VND million	
Tran Anh	360	120	180	100	15	2
Dang Hoang	600	180	300	150	20	3
Phan That	144	72	36	40	8	2
Doan Sieu	240	78	80	0	5	2

Note: The overtime represents both the normal pay rate (100%) and the excess rate (100%).

ZLC Co withholds, at the set rates, the employees' contributions of social, health and unemployment insurance from their remuneration. In a recent written reply received from the Vietnamese tax authority to a query raised by ZLC Co, it was confirmed that overtime and uniform allowance would NOT be in the list of items to be excluded in determining income which is subject to social, health and unemployment insurance contributions.

Required:

- (a) Calculate (in VND millions, rounded to one decimal) the taxable income, personal deductions, social, health and unemployment insurance contributions and the monthly personal income tax (PIT) liability of each of the four employees of ZLC Co. (13 marks)

- (b) Briefly explain the treatment of the social, health and unemployment insurance contributions for PIT purposes. (2 marks)

(15 marks)

End of Question Paper