

Technical Update

June 2010

Non deductibility of value of destroyed goods due to expiry



On 10 June 2010, the General of Taxation issued Official Letter No. 2009/TCT-PC providing that value of destroyed goods due to expiry shall not be deductible for CIT purposes.

OL 2009 can have a big impact on the business of enterprises operating in the fast moving consumer goods (FMCG) industry.

OL 2009 focuses on the term of "force majeure" to determine the deductibility of the destroyed products. With this interpretation, expired goods being destroyed is a foreseeable event and enterprises are supposed to make provision for the occurrence.

CIT incentives not applicable to added business activities



According to Official Letter No. 2057/TCT-CS dated 14 June 2010 issued by the General Department of Taxation, after granted with an Investment Certificate, if FIE adds more business activities to its Investment Certificate, the added activities shall be seen as business expansion. As a result, income from added activities shall not be entitled to CIT incentives but taxed at 25%.

Contact us

Warrick Cleine
CEO - Vietnam and Cambodia
Managing Partner - Tax

Hanoi

Le Thi Kieu Nga, Partner
Hoang Thuy Duong, Partner
Do Thi Thu Ha, Partner
Chye Khoo, Director
Nguyen Thu Huong, Director
Er Say Hun, Senior Manager
Ho Dang Thanh Huyen, Senior Manager
Nakatani Takeshi, Japanese Desk

16th Floor, Pacific Place
83B Ly Thuong Kiet Street
Hoan Kiem District

Tel: +84 4 3946 1600
Fax: +84 4 3946 1601
e-Mail: kpmghanoi@kpmg.com.vn

Ho Chi Minh City

Rolf Winand, Partner
Ninh Van Hien, Partner
Ta Hong Thai, Partner
Nguyen Cong Ai, Partner
Ho Thi Bich Hanh, Partner
Hoang Anh Tuan, Director
Tran Thi Tuyet Nhung, Director
Nguyen Thanh Hoa, Director
Do Trong Hoai, Senior Manager
Pham Thi Thuy Hong, Senior Manager
Kimura Ayano, Japanese Desk

10th Floor, Sun Wah Tower
115 Nguyen Hue Street
District 1

Tel: +84 8 3821 9266
Fax: +84 8 3821 9267
e-Mail: kpmghcmc@kpmg.com.vn

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2010 KPMG Limited, a Vietnamese limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.
KPMG and the KPMG logo are registered trademarks of KPMG International, a Swiss cooperative.