

GMS Flash Alert

February 2022

REINFORCEMENT OF CO-ORDINATION BETWEEN TAX AND SOCIAL INSURANCE AUTHORITIES

On July 9, 2021, Vietnam Social Insurance Authority (“SIA”) and the General Department of Taxation (“GDT”) signed the Regulation on data sharing and coordination between the two agencies (Regulation No. 1999/QCPH-BHXH- TCT) for the purposes of managing the collection of Social Insurance (“SI”) and Health Insurance (“HI”) and for tax administration. To implement Regulation 1999, on December 6, 2021, the GDT issued Official Letter No. 4740/TCT-DNNCN to all provincial tax departments guiding on the implementation of the coordination regime with the SI agency.

Regulation 1999, replacing Regulation No. 5423/QCPH-BHXH-TCT, is expected to overcome any shortcomings and obstacles arising in the process of coordination between the SI and the tax agencies and further strengthen the efficiency in the SI and HI collection and the tax administration.

Specifically, the coordination mechanism is regulated as follows:

- Tax authorities and SI agencies will share data directly with each other through an automatically connected information technology system;
- Tax authorities will use the provided data for the purposes of forming the tax risk assessment and management criteria and to decide on the tax inspection and audit measures. This is also a data source to compare information for personal income tax (“PIT”) management purposes;
- In case risks are detected relating to the payment of PIT/SHI, the tax authorities and the social insurance agencies can coordinate for thematic inspection of the income-paying organizations.

According to Regulation 1999, the data to be shared between the tax authorities and the social insurance agencies includes:

- From the tax authority: tax registration information of the taxpayer, personal information of the individuals in the income-paying organization and information about the deduction and payment of insurance contributions at the income-paying organization as noted through tax inspection and audit;
- From the social insurance agency: information about the income paying organization participating in compulsory insurance scheme, personal information of the individuals in the income paying organization and insurance payment information of the organization as noted through inspection and audit.

With the issuance of Regulation 1999 and Official Letter 4740, it is anticipated that more inspections/audits will be conducted on the income-paying organizations in the up and coming future on a deeper and wider scale. Income paying organizations should pay due attention to the declaration and payment of PIT and compulsory insurances, ensuring data consistency to avoid risks of challenge during the inspections/audits.

Please contact KPMG for consultation and support on PIT and compulsory insurance issues in the context of Regulation 1999 implementation.

Contact us

Hanoi

46th Floor, Keangnam Landmark 72,
E6 Pham Hung, Me Tri, Nam Tu Liem

T: +84 (24) 3946 1600

Ho Chi Minh City

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

T: +84 (28) 3821 9266

Da Nang

D3, 5th Floor, Indochina Riverside Towers,
74 Bach Dang, Hai Chau I, Hai Chau

T: +84 (236) 351 9051

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 on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2022 KPMG Limited, KPMG Tax and Advisory Limited, KPMG Law Limited, KPMG Services Company Limited, all Vietnamese one member limited liability companies and member firms of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.



Scan to visit our website: kpmg.com.vn

Email: kpmghcmc@kpmg.com.vn