



## PROPOSALS FOR ONLINE SALES TAX REGIME

“Online sales tax” or “e-commerce sales tax” or “internet sales tax” are so-called when tax laws in various countries have been updated to include online shopping scenarios.

In principle, individuals will pay tax on the profits from their online businesses. However, experts remain apprehensive that it would be challenging to collect taxes from online sellers because of features of online sales, such as the use of virtual accounts which are created or deactivated easily, difficulties in identifying sellers, difficulties in tracking online sales and revenue, etc.

In order to promote the greater tax compliance, certain proposals have been put forward in the recent draft Decree regarding tax management with respect to online businesses of individuals and households, in particular:

- Individuals doing online sales through e-commerce platforms with payment features in Vietnam will declare and pay the online sale taxes through those platforms.
- E-commerce platforms with payment features are platforms enabling online buyers to make payments by using payment options integrated into the platforms, such as e-wallets, bank cards, bank transfers, or cash on delivery.
- The online sale taxes mainly comprise of value added tax (ranging from 1% to 5% of the revenue of each completed transaction) and personal income tax (ranging from 0.5% to 5% of the revenue of each completed transaction), applicable to residential individuals and non-residential individuals as the case may be.





- The platforms will deduct taxes from the payments made by the online buyers before refunding such payments to the online sellers. Taxes will be monthly declared. Each e-commerce platform may be granted a separate tax code for tax purposes.
- Individuals doing online sales through e-commerce platforms without payment features in Vietnam will directly declare and pay taxes by themselves, with the value-added tax rates ranging from 3% to 5% and the personal income tax rates ranging from 1% to 5%.
- It is also proposed that any resident individuals doing online sales through overseas e-commerce platforms may declare and pay the online sale taxes through those overseas platforms. Those overseas platforms may also be granted a tax code for tax purposes.







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