

MINISTRY AIMING TO COLLECT TAXES FROM E-COMMERCE SELLERS

The Ministry of Finance has asked digital-based businesses and delivery service companies to provide information about e-commerce sellers using their platforms and services so they can be taxed.

Tax authorities have repeatedly asked e-commerce businesses to take responsibility for the tax registrations, declarations and payments of sellers via e-commerce and digital platforms. The ministry is compiling a draft circular to provide detailed instructions for this regulation which was recently made public for comments.

Ta Thi Phuong Lan, Deputy Director of Tax Administration for Small, Medium and Household Business under the General Department of Taxation said under the circular, taxation authorities would change the management of household and individual businesses. Instead of directly working with every household and individual, tax authorities will collect information about them from e-commerce businesses and supervise their cash flow of payments via online transactions.

Under the circular, e-commerce businesses must make information declarations about their sellers. E-commerce websites such as Tiki, Shopee, Lazada or Sendo and delivery service companies are responsible for providing information about sellers for tax authorities. This draft circular does not apply to foreign suppliers. The move is expected to help tax authorities to determine the real revenues of sellers.

E-commerce businesses have said that they were currently studying the circular, so could not give any comment on it yet. For any individual involved in doing business on social media sites such as Facebook, local tax authorities will collect information from their pages to identify who they are and then tax the sellers.



Nguyen Thi Cuc, Chairwoman of the Tax Consulting Association, said tax avoidance from digital-based businesses with higher profits and lower costs than traditional businesses was unfair. The new circular would ensure equality between traditional business and digital-based business, Cuc said.

The draft circular also stipulates the new tax collection method for large-scale household businesses. In the past, all large-scale business households were subject to lump-sum tax payments. However, the draft circular will require them to pay taxes via self-declaration based on their accounting books.

Currently, large-scale business households account for about 6-7 per cent of the total of 2 million business households nationwide.

Tax authorities will also require banks to provide account holders' information to aid tax collection management.

(Source: VNS)