V/v recording material buy for foreign party to process the export goods.

Respectfully addressed to: Camptown Vina limited company.
(Binh Dang hamlet, Binh Hoa commune, Thuan An district, Binh Duong province)

Tax department has a document No.09/CT/2006 on 27 October 2006 of Camptown Vina limited company assign to guide about recording material buy for foreign party to process the export goods.

According to this document, tax department has opinion as follow:

In case of the company processes goods for foreign party, the contract regulates that the company buy material for foreign party, to have a right to declare VAT relevant with the material buying for, both of parties have to adjust the processing price includes: the total value of material and when export goods, the company issue the invoice with adjusted price. Beside that, in order to be deducted and returned input VAT, the company must ensure conditions regulated at point 1.2.d – head III – part B – Government circular No. 120/2003/TT-BTC on 12 December 2003. The cost of material in this case, the company have permission to record as legal expenses.

In case of the company buy material for foreign party but did not adjust the processing price (not includes the value of material) and the company has exported goods for foreign party with unadjusted, the cost would not be put into expenses of the fiscal period and VAT of material cost would not be deducted. When the company receives the money for this amount, the company does not need issue the invoice.

In case of the company recorded the cost of the material to expense of the fiscal period (the cost of exported products) and recorded deducted VAT (returned VAT), but the company issued the invoice not including the cost of material, the company must not only entry more revenue for the fiscal period of the cost of the material, but also the company issued the invoice having 10% VAT to pay for tax office.

Tax department announce to Camptown Vina limited company to knowing and practicing./.

Received by
-as above
- P.TTHT, DTNN
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SIGN. CHIEF GENERAL DEPARTMENT
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signed
VO THANH BINH