

# QUICK GUIDE: Business Travel & Tax Deductibility in Vietnam

(Updated October 2018)

Business travel expenses in Vietnam are some of the more challenging to understand when it comes to the necessary procedures for tax deductibility. We have prepared the following as a simplified guide in order to claim tax deductions for employee business travel costs.

## General

When enterprises send employees on business-related travel, they need to prepare "**Assignment Decisions on Business Trips**" in which they appoint employees to travel and clarify the purpose of the travel. Although cumbersome administratively, this does provide a basis for certainty with deductibility, and can even assist with documentation.

Further, enterprises need to have clear written policies on both allowing employees to pay for their own costs and seek reimbursement by the enterprise and have specified any per diem allowances that the enterprise will pay staff when travelling.

## Air Travel (Ticket) Costs

Air travel (ticket) costs can be treated according to one of the following three methods, which applies to both domestic and international travel.

Scenario	Requirements
1. Vietnamese enterprise purchases airline flight tickets domestically, through agents or direct with airlines.	VAT Invoices are compulsory for all purchases. Where the VAT-inclusive price is VND20,000,000 or higher, then documentation confirming non-cash payment (ie, bank transfer) is required.
2. Vietnamese enterprise purchases airline flight tickets through e-commerce/websites.	Electronic tickets, boarding passes (including electronic boarding passes, where applicable) and documentation confirming non-cash payment are required. Where employees cannot produce boarding passes, <i>Assignment Decisions on Business Trips</i> can be used as alternative documentation.
3. Employees purchase tickets directly, and claim costs back from Vietnamese enterprises	For these expenses to be deductible, enterprises must retain: - Airline Tickets (ie, e-ticket) - Boarding passes (including electronic boarding passes) - <i>Assignment Decision on Business Trip</i> - Policy regulating reimbursement to employees - Payment voucher for employees claims - Non-cash payment documents of employees

## Other Business Travel Expenses

Other business travel expenses include meals, accommodation and other transportation. These expenses can be treated in two ways:

Scenario	Requirements
1. Payment for actual expenses incurred during the business trip.	Adequate and lawful invoices and documents required, along with non-cash payment documentation for invoices valued at VND20,000,000 or more (inclusive of any VAT).
2. Per-diem allowances.	As regulated in enterprises' internal policies.

### Notes:

- Recent "Official Letters" from tax authorities confirm that travel payments made using personal credit cards can satisfy the "non-cash payment" requirements, if the other documentation requirements are also met.
- Limits on per-diem allowances are now set by enterprises in their policies and not by the tax authorities as they were previously.

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