**25 POTENTIAL SIGNS OF VIOLATIONS OF ENTERPRISES ON INVOICES, ANTI-FRAUD OF VALUE-ADDED TAX REFUND**

Although there have been guidelines on strengthening, managing taxes, managing invoices, strengthening inspection and examination for enterprises having high tax risks, anti-fraud of Value-Added Tax (“**VAT**”) refund, tax evasion, however, violation cases continue to arise in large quantities. Therefore, the General Department of Taxation issued Official Letter No. 1873/TCT-TTKT to strengthen the inspection and examination to detect taxpayers showing signs of invoice risks, and anti-fraud of VAT refund. Pursuant to the instructions of this Official Letter, there are 25 potential signs of violation of the enterprise as follows:

**Sign 1:** The enterprise changes its legal representative twice or more within 12 months, or changes its legal representative and moves its business location.

**Sign 2:** The enterprise has the number of times of operation status change or the number of times of business change from 2 times within a year.

**Sign 3:** The new enterprise has non-fixed business location (changing business locations several times within from 1 to 2 years of operation)

**Sign 4:** The enterprise moves its business location after receiving a Notice of Inactivity at the registered address.

**Sign 5:** TheEnterprise established by individuals with family relationships contributing capital such as wives, husbands, brothers, sisters....

**Sign 6:** The new enterprise established by the person in the name of the director, the legal representative has the company announced by the tax authority regarding the removal of the business address (tax arrears), temporary suspension of business operations.

**Sign 7:** The enterprise established for several years do not generate revenue, then resell or transfer to others.

**Sign 8:** The enterprise established without a license for mining activities but issue invoices for natural resources and minerals.

**Sign 9:** The Enterprise have goods sold or purchased that are not suitable for the conditions and characteristics of each region.

**Sign 10:** The enterprise has not fully paid the charter capital as registered.

**Sign 11:** Enterprises mergers and acquisitions with a value of less than 100 million VND.

**Sign 12:** Supermarket enterprises (retail of consumer goods, electrical appliances); catering, restaurant, and hotel business; transport business; building materials business; petroleum business; doing business in the field of mining soil, stone, sand and gravel; trading in minerals (coal, kaolin, iron ore...); trading in agro-forestry products (wood chips, planks, logs,...); There is a labor hire industry (large occurrence).

**Sign 13:** Sudden increase in revenue, specifically: The revenue in the earlier declaration period is very low, approximately zero, but there is a sudden increase in revenue in the later declaration period or there is a sudden increase in the revenue of the following period (from 3 times or more compared to the average revenue of previous periods) but the amount of VAT payable is low (VAT payable < 1% of the turnover incurred in the period).

**Sign 14:** Large revenue but inadequate warehouse or there is no warehouse, no warehouse rental costs.

**Sign 15:** The annual declared revenue is over 10 billion VND but the tax payable is less than 100 million VND (1 %).

**Sign 16:** The enterprises uses invoices in large quantities (from 500 to 2000 invoice numbers). The number of deleted invoices is large, accounting for about 20% of the used invoices on average.

**Sign 17:** The enterprise uses e-invoices according to Decree No. 123/2020/ND-CP, Circular No. 78/2021/TT-BTC have abnormally decreased number of e-invoices compared to the number of used invoices according to Decree No. 51/2010/ND-CP.

**Sign 18:** The enterprise does not have a notice of invoice issuance or do have a notice of issuance but there is no report on invoice usage (or delay in reporting).

**Sign 19:** The enterprise has the value of selling goods, VAT’s output equal or merely difference compared to the value of purchased goods, VAT’s input.

**Sign 20:** The enterprise has goods and services sold that do not suitable for the counterparts purchased.

**Sign 21:** The enterprise has large revenue and VAT’s output and input but do not generate payable tax amounts and have negative VAT numbers for many periods.

**Sign 22:** The enterprise has no fixed assets or their value is very low.

**Sign 23:** The enterprise has a suspicious transaction through the bank (money recharge and withdrawal within the same day).

**Sign 24:** The enterprise employs workers that are not commensurate with its size and industry operation.

**Sign 25:** An individual (the legal representative) establishes and operates several enterprises by his name.

Accordingly, Tax Authorities at all levels shall arrange to proceed, disseminate, arrange to conduct, summarize, evaluate, and exchange experiences regarding signs, and violations in the management of invoices: Issuance, usage, and purchasing of illicit invoices. Also, arrange to review, and evaluate to classify enterprises having signs of risk at invoice via questionable signs.

In case of high tax risks, tax authorities shall request clarification explanations. When demonstrating the basis of risk question, bring to main surveillance inspection, if there is no basis of demonstration of risks after clarification explanations, arrange tax inspection and examination in combination with checking invoices right away.

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