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Customs & Global Trade Alert

March 2025

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Value Added Tax treatment applicable to goods from domestic market brought into bonded warehouse

This Alert aims to provide updates on the Value Added Tax (VAT) treatment regarding goods from domestic market brought into bonded warehouse as designated by foreign trader having a presence in Vietnam



On 17 February 2025, the Ministry of Finance issued Official Letter No. 1872/BTC-TCT (OL 1872) to the People's Community of Dong Nai Province, providing guidance on the VAT treatment applicable to goods from domestic market brought into bonded warehouse (BW) under the designation of foreign trader.

Specifically, OL 1872 provides an in-principle guidance that if a domestic enterprise sells goods to a foreign trader who has a presence in Vietnam and is designated to deliver those goods to a third Vietnamese enterprise through a BW, this transaction shall **not be considered** meeting the conditions as for exported goods sold to overseas organizations or individuals and consumed outside of Vietnam, nor goods sold to organizations or individuals in non-tariff zones and consumed in non-tariff zones. Therefore, these goods shall not qualify for 0% VAT rate.

Companies should review your specific circumstance and take necessary adjustments and actions to optimize potential tax risks and exposures.



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APAC No. 16200301

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