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Key takeaways from Vietnam's latest Legal amendments on on-the-spot transactions, Authorized Economic Operator Recognition, and Innovation Customs Incentives

This alert highlights key amendments to the Customs Law, the Value Added Tax Law and the Export and Import Duties Law, with a focus on on-the-spot (OTS) transactions, Authorized Economic Operator (AEO) status and customs incentives for technology and innovation-driven industries.

On 25 June 2025, the National Assembly officially ratified the Law amending and supplementing several articles of the following laws: the Bidding Law; the Public-Private Partnership Investment Law; the Customs Law; the Export and Import Duties Law; the Investment Law; the Public Investment Law and the Management and Use of Public Property Law (Law amending 8 laws). Some highlights related to the customs and tax are summarized below:

1. OTS import and export transactions

- **Refined OTS definition:** Consistent with the draft version outlined in our Customs & Global Trade Alert April 2025, the Law amending 8 laws defines OTS transactions as “*goods delivered and received in Vietnam as designated by a foreign trader under contracts for sale, processing, leasing, or borrowing between Vietnamese enterprises and the foreign trader*”. Notably, the amendment removes the previous requirement – stipulated at the decree level – that the foreign trader must “have no presence in Vietnam”.
- **VAT treatment:** OTS-exported goods are now eligible for the 0% value-added tax (VAT) rate, in accordance with this Law.
- **Effective date:** These provisions take effect from 1 July 2025. During the transitional period, customs inspection and supervision provisions for OTS goods under the Law amending 8 laws also apply to OTS customs declarations that were registered but not yet cleared before the effective date of this Law.

2. Authorized Economic Operators (AEO) status

2.1. Simplified criteria for technology and innovation-driven industries

Basically, companies are eligible for AEO status if all six (6) criteria are satisfied:

- i. Compliance with customs and tax laws for two consecutive years
- ii. Annual import and export turnover meets the prescribed threshold
- iii. Implementation of electronic customs and tax procedures; the enterprise has an IT system for managing import-export activities that is connected to the customs authority
- iv. Payments are made through banking channels
- v. An internal control system is in place
- vi. Full compliance with accounting and auditing regulations

For technology and innovation-driven enterprises, the Law amending 8 laws removes criteria (i) and (ii), allowing AEO status from the start of operations rather than requiring two years of compliance history.

These technology and innovation-driven enterprises, according to clause 2, point 1, Article 3 of this Law, include *“high-tech enterprises; newly established enterprises from investment projects producing high-tech products; enterprises implementing strategic technology projects; enterprises engaged in key digital technology product manufacturing projects, R&D, design, production, packaging, and testing of semiconductor chips; enterprises developing artificial intelligence data centers; and enterprises producing supporting products directly serving the semiconductor industry”*.

2.2. AEO Mutual Recognition: The Law amending 8 laws recognizes AEO certifications from countries or territories that have signed a Mutual Recognition Agreement (MRA) with Vietnam.

3. Customs incentives for technology and innovation-driven industries

The Law amending 8 law introduces exemptions for goods imported to support science, technology, innovation, and the digital technology industry. Eligible goods include:

- Imported machinery, equipment, spare parts, specialized materials, documents, and scientific publications used directly for these industries
- Imported goods used to form fixed assets of investment projects
- Imported raw materials, supplies, and components for production or research purposes of high-tech enterprises, science and technology enterprises and innovation centers. These goods shall be exempt from import duties for a period of five years from the commencement of research or production.
- Imported raw materials, supplies, and components that are not yet domestically produced and are used directly for the production of digital technology products; and those imported for research and pilot production by research and development centers

These legislative amendments reflect Vietnam’s commitment to streamlining customs procedures, removing regulatory barriers for OTS transactions, enhancing international cooperation through AEO mutual recognition, and fostering a more supportive environment for technology and innovation-driven industries.

We recommend that businesses promptly assess their operating models, supply chains, and compliance frameworks to determine eligibility and prepare for implementation.



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