

Customs & Global Trade Updates

January 2024

This update highlights the following matters:

- ▶ Decree on Value-Added Tax (VAT) reduction applicable for the first 6 months of 2024
- ▶ Switzerland officially abolishes import duty on industrial products
- ▶ The Ministry of Industry and Trade (MoIT) issued a List of potentially unsafe products and goods
- ▶ Official Letters (OLs) provide guidance on:
 - ▶ Guidance on the application of VAT reduction at importation stage
 - ▶ The issuance of electronic Certificates of Origin (e-C/O)
 - ▶ C/O Form D verification website
 - ▶ The State inspection for Food Safety and Hygiene (FSH) of imported goods
 - ▶ Additional declaration of VAT paid at the importation stage
 - ▶ Document replacing sales invoices when Export Processing Enterprises (EPEs) sell goods in the domestic market
 - ▶ Business location of EPEs
 - ▶ Procedure of transporting goods to construction projects of EPEs

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Decree on VAT reduction applicable for the first 6 months of 2024

On 28 December 2023, the Government issued Decree No. 94/2023/ND-CP (Decree 94) providing guidance on the reduction of VAT following Resolution No. 110/2023/QH15 dated 29 November 2023 of the National Assembly.

Decree 94 outlines the following notable points:

- ▶ It continues the implementation of a 2%-point VAT rate reduction for group of commodities and services which are normally subject to a VAT rate of 10%, except for the following groups detailed in Appendices attached to Decree 94, including:
 - ▶ Appendix 1: Tele-communications, financial activities, banking activities, securities, insurance, real estate business, metals and products of prefabricated metal production, products of mining activities (exclusive of coal mining activities), coke, refined petroleum, chemical products
 - ▶ Appendix 2: Goods and services subject to the Special Consumption Tax
 - ▶ Appendix 3: Information technology in accordance with regulations on information technology
- ▶ The VAT reduction is applied consistently at all stages including importation, production, processing, and commercial trading.
- ▶ Decree 94 also provides guidance on the preparation, issuance, and declaration of VAT invoices applicable for business establishments adopting the VAT credit method and others (including business and individual business households) adopting VAT direct method.

Decree 94 enters into force from 1 January 2024 to 30 June 2024. Please refer to Decree 94 for further details.

Switzerland officially abolishes import duty on industrial products

According to information shared by Vietnam Trade Office in Switzerland¹, the Swiss Federal Council has agreed on an effective date for the abolishment of import duties for industrial products imported into Switzerland.

Thus, customs duties on industrial goods classified under HS codes from Chapter 25 to Chapter 97 of the HS Nomenclature (except for certain agricultural products classified under Chapter 35 and 38) are abolished upon importation into Switzerland from 1 January 2024.

- ▶ The abolishment of industrial tariff applies for goods originating from all countries.
- ▶ The abolishment of the industrial tariff does not change the customs clearance procedures. The importer of record is still required to make customs declaration and payment for all applicable fees, charges incurred upon importation, including import VAT.

¹ Switzerland officially abolishes industrial import tariff (moit.gov.vn)

The MoIT issued a list of potentially unsafe products and goods

On 28 December 2023, The MoIT issued Circular 41/2023/TT-BCT (Circular 41) promulgating a list of potentially unsafe products and goods under its management (goods in group 2).

Goods in group 2 includes those categorized in group of explosive precursors and industrial explosive materials. The list of goods in group 2 is detailed in Appendix of Circular 41 with corresponding HS codes, technical standards, and relevant notes.

The quality management of products and goods is implemented in accordance with Circular 36/2019/TT-BCT dated 29 November 2019 of the MoIT.

The Circular enters into force on 15 February 2024. Please see further details in Circular 41.

Some guidance provided in the form of OLs:

No.	Subject	Content
6696/TCHQ-TXNK Dated 27 December 2023	Guidance on the application of VAT reduction at the importation stage	<p>In relation to the application of a VAT reduction at the stage of import, the General Department of Vietnam Customs (GDC) issued official letters to provide guidance for provincial and city customs departments in the implementation of Decree 44/2023/ND-CP dated 30 June 2023 (Decree 44), which are:</p> <ul style="list-style-type: none">▶ OL 3431/TCHQ-TXNK dated 30 June 2023 providing guidance on the implementation of Decree 44▶ OL 4020/TCHQ-TXNK dated 1 August 2023 providing guidance on the VAT applied for household electronic appliances▶ OL 4259/TCHQ-TXNK dated 16 August 2023 providing guidance on the VAT applied for metal and metal casting products▶ OL 4260/TCHQ-TXNK dated 16 August 2023 providing guidance on the VAT applied for chemical products and basic chemicals▶ OL 4262/TCHQ-TXNK dated 16 August 2023 providing guidance on the VAT applied for specialized electronic devices

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<p>1089/TB-XNK Dated 21 December 2023</p> <p>14/TB-XNK Dated 9 January 2024</p>	<p>The issuance of e-C/O</p>	<ul style="list-style-type: none"> ▶ From 1 January 2024, for e-C/O Form E, AI, AJ, AANZ, AHK, RCEP, S, VC, VJ, VN-CU and CPTPP issued via the eCoSys system. Traders shall color print the e-C/O (including front and back pages - Overleaf Notes) in white paper, A4 size under ISO standard. ▶ The printed e-C/O will be embedded with the signature and seal of the issuance authorities and the QR code for verification purposes. ▶ For C/O Form E and AI certified for commodities exported to Thailand, traders must print C/O in normal A4-size paper and submit it to the C/O issuance authorities in accordance with guidance prescribed at Notification 257/TB-BCT dated 10 October 2022 of the MoIT. ▶ For C/O Form AI certified for commodities exported to member countries of ATIGA <ul style="list-style-type: none"> ▶ Issuing organizations shall continue to issue paper C/Os. ▶ For shipments which have been certified with an e-C/O Form AI from 1 January 2024, the Department of Import - Export (under the MoIT) has proposed the Indian customs authority to temporarily approve for Vietnam exported goods to enjoy the special preferential tariffs. The hard copy of C/O Form AI will be re-issued with a wet signature and seal of C/O issuance authorities. <p>Further guidance on the issuance of e-C/O Form AI shall be announced after the result of upcoming meeting on the implementation of ATIGA.</p>

No.	Subject	Content
6359/TCHQ-GSQL Dated 11 December 2023	C/O Form D verification website	<ul style="list-style-type: none"> ▶ The GDC updated website links for verifying C/O Form D issued by competent authorities of Cambodia, Indonesia, Malaysia, Myanmar, Singapore, and Thailand. ▶ Laos, the Philippines and Brunei have not yet established a website for verification purposes. ▶ For C/O Form D issued by competent authorities of Indonesia, Vietnam, the customs authority of the importing countries can use the QR code printed in paper or e-C/O for verification purposes.
8121/BYT-ATTP Dated 21 December 2023	The State inspection for Food Safety and Hygiene (FSH) of imported goods	<ul style="list-style-type: none"> ▶ Goods and raw materials imported for export processing and manufacturing and not for domestic consumption, shall be exempt from State inspection for FSH (this is not applicable in case of being warned of FSH) ▶ Imported food products or those processed or manufactured from imported materials, which are declared to be used for export production but then change their usage to domestic consumption, are required to satisfy the conditions on FSH in accordance with the prevailing regulations upon changing usage purposes, which is similar to domestic products. ▶ The list of imported goods subject to the State inspection for FSH is detailed in Appendix III (under the management of Ministry of Agriculture and Rural Development) and Appendix IV (under the management of MoIT) attached to Decree 15/2018/NĐ-CP dated 2 February 2018.
5847/TCT-KK Dated 21 December 2023	Additional declaration of VAT paid at the importation stage	Where an enterprise has a VAT payment receipt at the import stage but did not declare it in the corresponding VAT return, if the enterprise submitted a tax refund application, and the tax authority issued a decision approving the tax

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		<p>refund on the basis of inspection first, tax refund later:</p> <ul style="list-style-type: none"> ▶ The enterprise is not allowed to make an additional VAT declaration in accordance with Point đ, Clause 6, Article 1 in the Tax Law No.31/2013/QH13 dated 19 June 2013. ▶ In contrast, the enterprise is allowed to make an additional VAT declaration if it results in an increase of VAT payable, or a reduction of creditable VAT, exempted, reduced or refunded in accordance with Clause 3, Article 47 in the Tax Administration Law No. 38/2019/QH14 dated 13 June 2019. Administrative penalties shall be applied.
<p>13870/BTC-TCHQ</p> <p>Dated 18 December 2023</p>	<p>Document replacing sales invoice when Export Processing Enterprises (EPEs) sell goods to domestic market</p>	<ul style="list-style-type: none"> ▶ At the time of conducting on-the-spot (OTS) export customs procedures, in case an EPE could not issue a sales invoice due to not completing the transfer of (i) goods ownership or (ii) the right of usage to the buyer according to Decree no. 123/2020/NĐ-CP dated 19 October 2020 of the Government, it is allowed to alternatively submit a goods delivery note cum internal transportation to the customs authorities via the e-customs system. ▶ At the time of conducting OTS import customs procedures, a domestic enterprise must submit an import customs dossier enclose with the screenshot of sales invoice to the customs authority via the e-customs system. Of note, it must clearly state "For organization, individual in a non-tariff zone" in the invoice.
<p>10750/BKHDT-QLKKT</p> <p>Dated 20 December 2023</p>	<p>Business location of EPEs</p>	<p>In response to OL 5624/TCHQ-GSQL dated 1 November 2023 of the GDC, the Ministry of Planning and Investment (MPI) provided comments on the eligibility of EPE's business location as follows:</p> <ul style="list-style-type: none"> ▶ Provisions on export processing activities and EPEs are regulated in Clause 20, 21, Article 2

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		<p>and Article 26 in Decree no. 35/2022/NĐ-CP dated 28 May 2022 of the Government (Decree 35). As such, Decree 35 does not have provisions on the application of the eligibility of an EPE's business location.</p> <ul style="list-style-type: none"> ▶ The MPI requests the GDC to evaluate the activities of EPEs, then further consult and propose to the competent authorities on EPE's business location.
<p>6529/TCHQ-GSQL Dated 18 December 2023</p>	<p>Procedure of transporting goods to construction projects of EPEs</p>	<p>According to Clause 4, Article 26 in Decree 35/2022/ND-CP dated 28 May 2022, constructions materials, stationery, food, consumable goods delivered from the domestic market to EPEs for construction purposes, it is optional to carry out corresponding customs procedures. However, it does not provide provisions on whether it is permissible to choose whether to perform customs procedures or not for equipment and supplies. As such, if equipment and supplies purchased from domestic market to EPEs, the customs procedures are required to be undertaken. Accordingly, for the following goods:</p> <ul style="list-style-type: none"> ▶ Ventilation and air conditioning system ▶ Electricity system ▶ Water supply and drainage system ▶ PCCC system ▶ Security and surveillance system <p>there is no sufficient basis to determine whether they are consumable goods, or machinery, equipment, supplies.</p> <p>The GDC is consulting with the General Department of Tax on the condition to apply the VAT rate of 0%, off-setting with output VAT, and VAT refund where a domestic enterprise carries out construction or installation for EPEs.</p>

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