

Customs & Global Trade Updates

July 2024

This update highlights the following matters:

- ▶ Update on the Value-Added Tax (VAT) rate reduction for the last six months of 2024.
- ▶ Vietnam's special preferential import tariff schedule for implementing the ASEAN-Korea Free Trade Agreement (the AKFTA) for 2023 to 2027.
- ▶ List of goods subject to energy efficiency testing and labelling under the administration of the Ministry of Industry and Trade (the MoIT).
- ▶ List of new administrative procedures for import and export that are administrated by the MoIT.
- ▶ Increasing export tariffs for certain goods from 1 July 2024.
- ▶ Official Letters (OLs) providing guidance on the following matters:
 - ▶ Declaration of VAT rate in Vietnam Automated Cargo And Port Consolidated System (VNACCS/VCIS system) to implement Decree 72.
 - ▶ The Certificate of Origin (C/O) of goods whose usage purpose has changed.
 - ▶ Specialized inspection for goods imported from a bonded warehouse into the domestic market.
 - ▶ Price discount and duty refund for imported goods.
 - ▶ Verifying the Certificate of Quality (CQ) issued by a manufacturer of goods which are subject to the anti-dumping tax (ADT).
 - ▶ Phytosanitary Certificate on the National Single Window.
 - ▶ Customs declaration for goods imported in multiple shipments.
 - ▶ Guidance on labeling of imported goods.
 - ▶ Notification of updating the C/O issuing system of the CCPIT.

For other Updates, visit [here](#).

Update on the VAT rate reduction for the last six months of 2024

On 30 June 2024, the Government issued Decree No. 72/2024/ND-CP (Decree 72) on the VAT reduction policy following Resolution No. 142/2024/QH15 (Resolution 142) dated 29 June 2024 of the National Assembly for the last six months of 2024.

Decree 72 mirrors the content of the Decrees on VAT reduction policies applied in 2022, 2023 and the first 6 months of 2024 (respectively, Decree No. 15/2022/ND-CP dated 28 January 2022, Decree No. 44/2023/ND-CP dated 30 June 2023 and Decree No. 94/2023/ND-CP dated 28 December 2023).

Decree 72 outlines the following notable points:

- ▶ A 2% VAT rate cut applies for goods and services which are normally subject to a 10% VAT rate (now reduced to 8%), except for certain goods and services specified in Appendix I, II and III attached in Decree 72, including: Tele-communications, financial, banking, securities, and insurance activities; real estate business; metals and products of prefabricated metal production; mining activities (exclusive of coal mining activities), coke production, refined petroleum; chemical products; Goods and services subject to special consumption tax; Information technology following information technology policy.
- ▶ The VAT reduction is applied consistently in all stages of importation, manufacturing, processing, and commercial business.
- ▶ Enterprises declare goods and services which are eligible for the VAT reduction using Form 01 in Appendix IV of Decree 72 attached to the VAT declaration. Some information to be declared in Form 01 includes the information of the taxpayer; the VAT amount of the goods, and services purchased and sold in the period which are subject to 8% VAT.

Decree 72 enters into force from 1 July 2024 to 31 December 2024.

Vietnam's special preferential import tariff schedule for implementing the AKFTA for 2023 to 2027

On 4 July 2024, the Government issued Decree No. 81/2024/ND-CP (Decree 81) amending some Articles in Decree No. 119/220/ND-CP dated 30 December 2022 (Decree 119) previously issued to update the special preferential import tariff schedule in the implementation of AKFTA (AKFTA tariff schedule) for 2023 to 2027. Decree 81 entered into force on 4 July 2024.

Decree 81 outlines the following notable points:

- ▶ Replace AKFTA tariff schedule for the period 2022 to 2027 in Decree 119 with AKFTA tariff schedule for the period 2023 to 2027 in Decree 81.
 - ▶ The implementation period of AKFTA tariff schedule for 2023 to 2027: from 28 November 2023 to 31 December 2027.
 - ▶ For goods imported with customs declarations registered from 28 November 2023 to the date before Decree 81 enters into force, if such goods satisfy all of the conditions

to be eligible for AKFTA tariff in Decree 119 and for which the tax liabilities are fulfilled pursuant to the AKFTA rate under Decree 119 (which is higher than that under Decree 81) the customs authority will process the duty reimbursement in accordance with prevailing regulations on tax administration.

- ▶ Supplement the List of goods subject to out-of-quota special preferential import tariff (the List). Specifically, the tariff quotas applied for certain goods under Headings 04.07, 17.01, 24.01, 25.01 as follows:
 - ▶ The AKFTA in-quota tariff is the import duty rate as specified in the AKFTA tariff schedule in Decree 81.
 - ▶ The AKFTA out-of-quota tariff is the import duty rate as specified in the List in Decree 81.
 - ▶ For those goods which do not fall in the List in Decree 81, the out-of-quota import tariff is applied pursuant to Vietnam's schedule of export tariff, preferential import tariff, the list of goods and absolute tax rate, mixed tax rate, and out-of-quota import tariff of the Government at the time of importation.

Please refer to Decree 81 for further details.

List of goods subject to energy efficiency testing and energy labelling under the administration of the MoIT

On 1 July 2024, the MoIT issued Decision No. 1725/QĐ-BCT (Decision 1725) on the List of goods which are subject to energy efficiency testing and energy labelling under the administration of the MoIT (the List).

Attached to Decision 1725 is an Appendix outlining the List, which details the HS codes, goods' name according to the Vietnam's List of imports and exports, goods' description, corresponding technical standards, and other relevant notes.

The Energy Efficiency and Sustainable Development Department is delegated to lead and coordinate with relevant authorities as well as to provide guidance and explanations on any concerns arising from the specialized inspection of such goods.

Decision 1725 enters into force on 1 July 2024 and replaces Appendix III of Decision No. 1182/QĐ-BCT dated 20 May 2019 on the List of goods (including HS codes) which are subject to specialized inspection under the administration of the MoIT.

List of new administrative procedures for import and export that are administrated by the MoIT

On 20 June 2024, the MoIT issued Decision No. 1625/QĐ-BCT (Decision 1625) announcing a List of new administrative procedures for import and export that are administrated by the MoIT. Five customs procedures are added for the import management of refurbished goods under the EU - Vietnam Free Trade Agreement (EVFTA) and the Free Trade Agreement between Vietnam and United Kingdom and Northern Ireland (UKVFTA). The following

administrative procedures are implemented by the Import-Export Department (under the MoIT), including:

- ▶ Procedure to issue a refurbishment code under EVFTA and UKVFTA.
- ▶ Procedure to extend the validity of a refurbishment code.
- ▶ Procedure to amend trader's information who have been granted a refurbishment code.
- ▶ Procedure to issue a Certificate of eligibility as refurbished goods according to EVFTA and UKVFTA under the management of the MoIT.
- ▶ Procedure to withdraw a refurbishment code at the request of an enterprise.

Decision 1625 enters into force on the date of issuance. Please see details in the Decision.

Increasing export tariffs for certain goods from 1 July 2024

According to the Schedule of Export Tariff in Decree No. 26/2023/ND-CP (Decree 26) dated 31 May 2023, certain goods with HS code in Chapter 25 will experience an increase in the export duty rate from 25% to 30% from 1 July 2024. In particular:

- ▶ A 5% increase in the export duty rate for goods with HS codes: 2515.11.00; 2515.12.10.90; 2515.12.20; 2515.20.00.90; 2516.11.00; 2516.12.20; 2516.20.10; 2516.20.20; 2516.90.00; 2517.10.00.10; 2517.10.00.90; 2517.20.00; 2517.30.00; 2517.41.00.30; 2517.41.00.90; 2517.49.00.30; 2517.49.00.90; 2521.00.00.
- ▶ The export duty rates have been updated in the VNACCS/VCIS system by the General Department of Customs (GDC).

Please refer to Appendix I in Decree 26 for more details.

Some guidance provided in the form of OLs:

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| 1182/HQDNa-TNXK 5 July 2024 3160/TCHQ-TNXK 1 July 2024 | Declaration of VAT rate in VNACCS/VCIS to implement Decree 72 | Following Resolution 142 and Decree 72, with regards to goods eligible for a 2% VAT reduction, from 1 July 2024, when making import customs declarations, enterprises shall select the code VB225 for box "Tax rate application code" to declare the 8% VAT. |
| 3116/TCHQ-GSQL 28 June 2024 | C/O of goods with changed usage purposes | ▶ If enterprises lodge customs declarations to change the usage purpose of imported goods before the effective date of Circular 33/2023/TT-BTC dated 31 May 2023 (before 15 July 2023), Circular 38/2018/TT-BTC dated 20 |

| No. | Subject | Content |
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| | | <p>April 2018 (Circular 38) on the determination of origin for imports and exports shall prevail.</p> <ul style="list-style-type: none"> ▶ Accordingly, before 15 July 2023, if goods are determined as “not in the original state” at the time of conducting customs procedures for changing the usage purpose as per Clause 1, Article 17, Circular 38, the C/O submitted at the stage of initial importation shall not be used as a basis to apply for a special preferential tariff. |
| 1013/GSQL-GSQL5 24 June 2024 | Specialized inspection for goods imported from a bonded warehouse into domestic market | <ul style="list-style-type: none"> ▶ Unshelled and shelled cashews are subject to specialized inspection before customs clearance. ▶ When these items are imported from overseas into a bonded warehouse in Vietnam, they must undergo the plant quarantine before customs clearance. ▶ If enterprises have obtained a Certificate of Plant Quarantine at the time of customs clearance prior to sending the goods into the bonded warehouse, when such goods are imported from the bonded warehouse into the domestic market, the plant quarantine procedure is not required. |
| 2919/TCHQ-TXNK 24 June 2024 | Price discount and duty refund for imported goods | <p>The GDC has given its opinion for a specific case in which an enterprise asked the GDC to consider accepting a price discount and an import duty refund corresponding to the discount. Accordingly, the customs authority will not accept the price discount as negative adjustment to the customs value if the discount is not reflected in the actual amount paid. In addition, in terms of documentation, enterprises should ensure that:</p> <ul style="list-style-type: none"> ▶ In the sales contract, discount agreement: the discounted amount and the reason for the discount are stated. ▶ Payment terms in the sales contract: settlement via bank (either L/C or TTR). |

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| | | The legal basis for the customs authority to review and accept the price discount is Article 15, Circular 39/2015/TT-BTC dated 23 May 2015 of the MoF. |
| 2801/TCHQ-GSQL 17 June 2024 | Verifying the Certificate of Quality (CQ) issued by manufacturer of goods which are subject to anti-dumping tax (ADT) | <ul style="list-style-type: none"> ▶ When importing goods which are in the scope of anti-dumping, enterprises must present to the customs authority the original CQ issued by the manufacturer. This allows the customs authority to verify the validity of the CQ by comparing it with the sample CQ provided by the Trade Defense Department (the TDD - the MoIT) and determine the ADT outcomes. ▶ The customs authorities will check the accuracy, completeness, and compatibility in information between the CQ issued by the manufacturer and the customs declarations. ▶ If there are doubts about the validity, and appropriateness of the CQ, the provincial customs authorities will send copies of the customs declaration dossiers (inclusive of the submitted CQ) to the GDC in order to co-ordinate with the TDD - the MoIT for verification. ▶ When the verification process is on-going, and an enterprise requests customs clearance or releasing goods, it shall temporarily not apply the ADT rate which is applicable for the manufacturer listed in the Decision on applying the ADT of the MoIT. Instead, it shall apply the ADT rate as in cases where the enterprise could not present the C/O. After obtaining the verification result, it shall follow the tax procedures according to prevailing regulations. |
| 2867/TCHQ-GSQL 20 June 2024 | Phytosanitary Certificate on the National Single Window | <ul style="list-style-type: none"> ▶ In the implementation of customs procedures for imported goods which are subject to phytosanitary inspection, the GDC encounters difficulties if there are discrepancies in the "quantity" issued in the paper Phytosanitary Certificate and the search result in the National Single Window. |

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| | | <ul style="list-style-type: none"> ▶ Under Government regulations, the Phytosanitary Certificate for imports, transit, and domestic transportation issued in the National Single Window is the legal basis for the customs authority to grant goods' clearance. ▶ However, per the review of relevant competent authorities, the differences in quantity may be due to the rounding-off decimal digits in the National Single Window (when developing the system, the quantity criteria was set as integers), whereas the information declared in customs declaration is consistent with the paper Phytosanitary Certificate, and in line with the records in the Phytosanitary Certificate issuance system (which uses decimal places). ▶ Given the above discrepancies, there is no basis for the customs authority to grant goods' clearance. Therefore, the GDC will transfer the case to the Ministry of Agriculture and Rural Development (MARD) to revise the quantity format in the National Single Window. Meanwhile, the MARD is suggested to issue an official guidance on the use of a Phytosanitary Certificate in this regard. |
| 496/GSQL-GQ1 12 April 2024 | Customs declaration for goods imported in multiple shipments | <ul style="list-style-type: none"> ▶ Goods declared in one import customs declaration are only granted clearance when all the goods in that customs declaration satisfy conditions in Article 37 of the Customs Law. There is no provision on allowing the partial clearance of such goods. ▶ Where the imported goods are under one bill of lading but are shipped in two separate shipments at different times, if enterprises wish to collect goods per each individual shipment, they must split the original bill of lading into two bills of lading. Enterprises use the split bill number to declare on the import customs declaration corresponding to each individual delivery for customs clearance purposes. |

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| 170/QLCL-CL3 Dated 21 June 2024 | Guidance on labeling of imported goods | <p>The Commission for Standards, Metrology and Quality of Vietnam assigned the Department for Management of Goods and Products Quality to respond to Ho Chi Minh City Customs Department on the labeling of imported goods as follows:</p> <ul style="list-style-type: none"> ▶ The followings are compulsory contents to be shown in the original label of goods, including goods' name, origin, full name or abbreviated name of the organization or individual who is the manufacturer or the one being responsible for goods in overseas country. Other contents are not compulsory. ▶ The delivery of goods from the importing border gate to a storage warehouse is not considered a customs clearance procedure. Hence, the importing organization or individual is not required to issue a supplementary label during the process of delivering the goods from the importing border gate to the storage warehouse. ▶ Organizations, individuals who are responsible for the labeling (including the supplementary labeling) must ensure the integrity, clarity, accuracy and that truly reflect the nature of the goods. |
| 3336/TCHQ-GSQL Dated 9 July 2024 | Notification of updating C/O issuing system of the CCPIT | <ul style="list-style-type: none"> ▶ From July 2024, the CCPIT starts using the new version of the C/O issuing system in which the number of C/O issued by the CCPIT will comprise of 17 digits instead of 16 digits as for previous period. ▶ The older version of C/O issuing system remains available for the rest of July 2024. Moving onwards, only the new system is accessible. ▶ During the transition period from July to August 2024, links to the website for verifying the validation of C/O which issued by the CCPIT will be updated as follows: <ul style="list-style-type: none"> ▶ July 2024 <ul style="list-style-type: none"> ▶ C/O issued via the old system: http://check.ccpiteco.net |

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| | | <ul style="list-style-type: none"> ▶ C/O issued via the new system: http://check.ecoccpit.net ▶ From August 2024: the verification is available on website of C/O issuing new system. |

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