

Extending the Value-Added Tax reduction for another six months

Tax Alert | December 2023

This Alert is to update you on the Value Added Tax (VAT) reduction which is applicable for the period from 1 January to 30 June 2024

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On 29 November 2023, the National Assembly approved the Resolution of the 6th Session of the 15th National Assembly. This includes an extension of the 2% VAT reduction for another six months, starting 1 January 2024 and ending on 30 June 2024.

The scope of the VAT reduction under the newly approved resolution will follow point a, section 1.1, clause 1, Article 3 of the National Assembly's Resolution No. 43/2022/QH15 which was approved last year on 11 January 2022.

The Resolution authorizes the Government to arrange the VAT reduction in a timely and effective manner. Therefore, we expect that the Government will issue guiding regulations on this policy in the coming weeks.

As a reminder, point a, section 1.1, clause 1, Article 3 of the National Assembly's Resolution No. 43/2022/QH15 stipulates that goods and services which are currently subject to 10% VAT will be entitled to the 2% VAT reduction, except for the following groups of goods and services:

- ▶ Telecommunications, IT services
- ▶ Finance and banking services, securities, insurance
- ▶ Real estate business
- ▶ Metal production and manufacture of prefabricated metal products
- ▶ Mining industry (excluding coal mining), production of coke, refined petroleum, production of chemicals, and chemical products

and

- ▶ Goods and services which are subject to special sales tax

Contact

Hanoi Office

Huong Vu | Tax partner
EY Consulting Vietnam Joint Stock Company
huong.vu@vn.ey.com

Japanese Business Services (JBS)
Takaaki Nishikawa | Director
Ernst & Young Vietnam Limited
takaaki.nishikawa@vn.ey.com

Korean Business Services (KBS)
Kyung Hoon Han | Director
Ernst & Young Vietnam Limited
kyung.hoon.han@vn.ey.com

Ho Chi Minh City Office

Robert King | Indochina Tax Leader
EY Consulting Vietnam Joint Stock Company
robert.m.king@vn.ey.com

Japanese Business Services (JBS)
Takahisa Onose | Partner
Ernst & Young Vietnam Limited
takahisa.onose@vn.ey.com

Korean Business Services (KBS)
Phil Choi | Director
Ernst & Young Vietnam Limited
phil.choi@vn.ey.com

Chinese Business Services (CBS)
Owen Tsao | Director
Ernst & Young Vietnam Limited
owen.tsao@vn.ey.com

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