

Tax & Custom Alert

Highlighting recent tax and custom developments in Vietnam.

New Decree on Import Management of Refurbished Goods under CPTPP Agreement

The Vietnam Government has recently issued Decree 77/2023/ND-CP on import management of refurbished goods under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership ("**CPTPP Agreement**").

Refurbished goods are defined as commodity products made up in whole or in part from recovered supplies; have a shelf life similar to the shelf life of the goods themselves when unused; perform all functions such as functions of the goods themselves when unused, with the quality and performance efficiency unchanged or similar to the quality and performance efficiency of the goods themselves when unused; and have a warranty similar to the warranty applicable to the same type of goods when unused, listed by product code in Appendices I, II, III, IV and V of Decree 77/2023/ND-CP ("**Appendices**").

The list of refurbished goods under the CPTPP Agreement in the Appendices includes specialised goods under the management of the Ministry of Health or the Ministry of Information and Communications.

Import permits for refurbished goods include shipment import permits and Limited import permits. A consignment import license is issued for refurbished goods the first time that they are imported into Vietnam.

When importing refurbished goods, in addition to customs procedures, traders shall submit or present to the Customs authorities the following documents:

- (a) Certificates of origin under the CPTPP Agreement (submitted or presented in accordance with law);
- (b) An import permit for refurbished goods or a document authorising the import of refurbished goods when the Refurbishment Code is suspended or revoked (original to be presented); and
- (c) Other necessary documents and documents prescribed by Vietnamese law and specialised laws applicable to new goods of the same type when conducting import customs procedures (submitted or presented in accordance with law).

Value-added Tax Reduction Policy

Enterprises must take note of the following value-added tax ("**VAT**") reduction policy of the government as prescribed in Decree 44/2023/ND-CP dated 30 June 2023 ("**Decree 44**"):

- Reduction of 2% of VAT rate for groups of goods that are applying the tax rate of 10% (to be reduced to 8%), except for some groups of goods such as telecommunications, information technology, metals, products from prefabricated metals, mining products (excluding coal mining), coke, refined petroleum, chemical products, and commodity products subject to excise tax.

The items that are not entitled to VAT reduction are specified in Appendices I, II and III of Decree 44.

Instructions for Declarations on Viet Nam Automated Cargo Clearance System/Vietnam Customs Intelligence Information System ("VNACCS/VCIS") system under ruling 3431/TCHQ-TXNK dated 30 June 2023

To avail of the VAT reduction, in the VNACCS/VCIS system, affected enterprises must select VB205 code to declare the 8% VAT rate. VB205 code does not apply in instances where goods are not subject to VAT, or are subject to VAT of 0%, 5% and 10% in the VAT Law.

The declaration of VB205 code to reduce VAT rate from 10% to 8% only applies to customs declarations registered from 1 July 2023.

Further Information

Please feel free to reach out to our contact partner/s should you have queries on the above developments.

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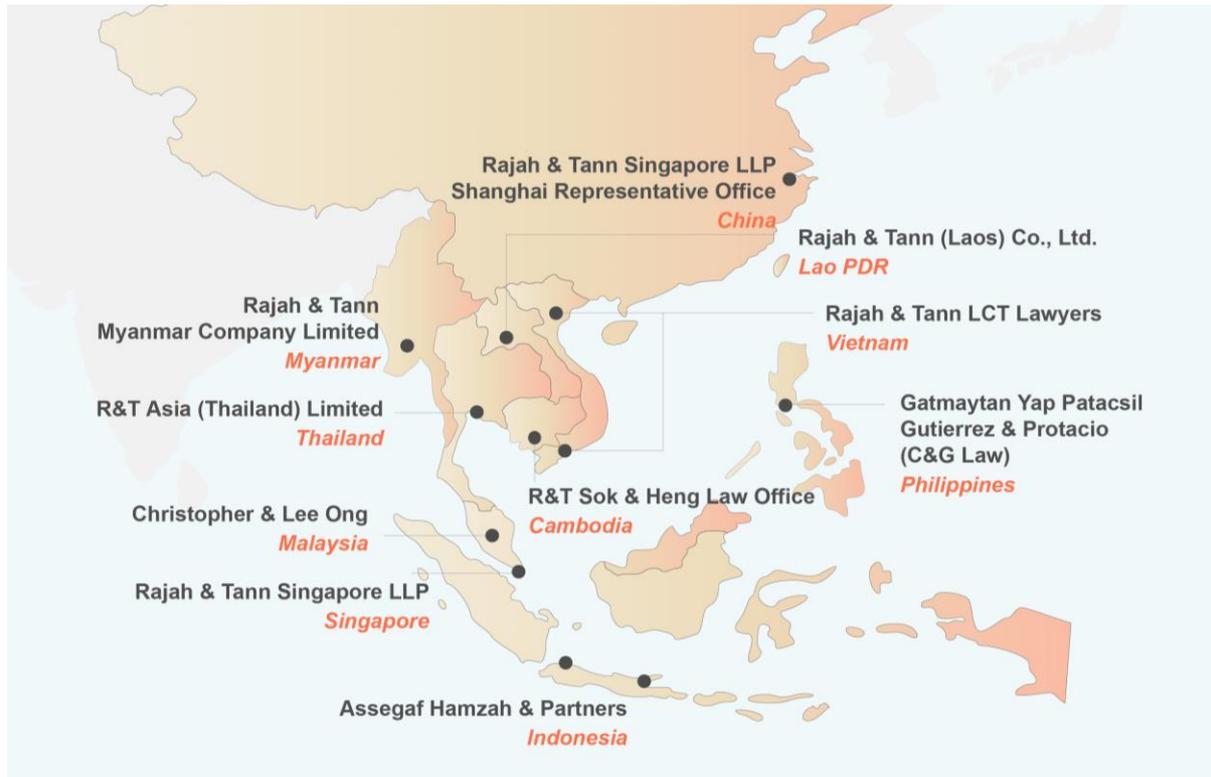
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