



Global Tax Update

Vietnam

Deloitte Tohmatsu Tax Co.

May 2016

Law on Export & Import Duties 2016

On April 6, 2016, The National Assembly has passed the Law on Export & Import Duties 2016 (“the new Law”). Notable guidance under the new Law includes:

(1) Duty treatments applicable to materials imported for the manufacturing of export products:

Materials, supplies and components imported for the manufacturing of export products shall no longer be subject to the duty payment timeline of 275 days (duties will be paid after 275 days if the finished products have not yet been exported) but subject to duty exemption instead. Accordingly, from the effective date of the new Law, materials, supplies and components imported for the manufacturing of export products shall enjoy the same duty treatment applied to goods imported for the processing of export goods.

In cases of goods imported before the effective date of the new Law, if the duties have not yet been paid (since the 275-day deadline has not yet come), the goods could enjoy duty exemption in accordance with the guidance under the new Law.

(2) Cases entitled to duty exemption

In addition to supplementing the regulations on

duty exemption for goods imported for the manufacturing of export products, the new Law also adds other cases that are entitled to duty exemption, such as:

- Imported goods with a value or duty payable below a minimum stipulated by the Government;
- Imported non-commercial goods that belong to one of the following cases:
 - Prototypes
 - Photos or videos of prototypes
 - Advertising publications in low quantities
- Seeds, livestock breeds, fertilizers, pesticide products which have yet to be manufactured in Vietnam;
- Goods which have yet to be manufactured in Vietnam imported for:
 - Production and assembly of medical equipment for research and manufacturing priorities
 - Environment protection
 - Direct service to education

Moreover, the new Law also **removes** duty exemption on goods in the following cases:

- Goods imported to form fixed assets of ODA-funded projects;

- Equipment imported for the 1st time for the following projects:
 - Hotel, office, apartment, golf yard, commercial center, amusement park, etc.;
- Remove the vehicles transporting employees from the list of imported fixed assets entitled to duty exemption;
- Not apply to investment projects in natural resources exploit, manufacturing projects in which the total value of natural resources and energy accounts for greater than 51% of the price of the products.

(3) Duty payment deadline:

Tax payers who are prioritized enterprises shall be allowed to pay duty on a monthly basis by no later than the 10th day of the following month. After this deadline, if the duty obligation is not fulfilled, tax payers shall have to fully pay the duty amount plus late payment interest in accordance with the guidance of the Law on Tax administration.

(4) Other changes:

In addition, the new Law has also provided other guidance such as:

- Supplementing the regulation on anti-dumping duty, allowance duty, and safeguard duty;
- Officially allowing the application of special preferential tariffs on goods manufactured in non-tariff zones if they qualify the rules of origin.
- Adding new regulations regarding duties on imported goods in which a quota is applied.

The new Law shall take effect from September 1, 2016, replacing the Law on Export & Import Duties No. 45/2005/QH11.

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