

Vietnam | 02 March 2021



Alert on Official Letter No. 101/XNK-XXHH

Guiding on the valid date of applying cumulation rule in the EVFTA for fabrics originating in South Korea in accordance with Circular No. 11/2020/TT-BCT

Dear Valued Clients,

On 26 February 2021, the Import-Export Department under the Ministry of Industry and Trade issued **Official Letter No. 101/XNK-XXHH (“OL 101”)** on the valid date for applying cumulation rule in the Vietnam – European Union Free Trade Agreement (“EVFTA”) for fabrics originating in South Korea according to Circular No. 11/2020/TT-BCT guiding rules of origin under the EVFTA.

Key points of OL 101 are:

1. Textile and garment shipments exported from Vietnam to the EU from **01 March 2021** that containing fabric materials originating in South Korea, can apply the cumulation rules, pursuant to Clause 7 to 11, Article 9, Circular No. 11/2020/TT-BCT.
2. Exporters of textiles and garments that were shipped from Vietnam to the EU on, or after, **01 August 2020**, are eligible to apply for a retrospective Form EUR.1, that applies the cumulation rules - pursuant to Article 22, Circular No. 11/2020/TT-BCT.

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Next Steps

Adoption of the cumulation rules for fabrics originating in South Korea, can strengthen the competitive advantage of Vietnamese textile companies when exporting to the EU.

Textile and garment manufacturers should re-examine their supply chain models to determine whether sourcing fabrics from South Korea would provide further opportunities to enjoy preferential duty rates under the EVFTA when exporting to the EU.

Deloitte Vietnam's specialist in Customs and Global trade team, can provide support in guiding how to apply the EVFTA cumulation rules and secure preferential tariff treatment – and the evidential requirements that will need to be satisfied to demonstrate the exported products were of Vietnam origin.

For more information on OL 101, and how it impacts your business, or on how we can support you to apply for retrospective Form EUR.1, or how we could support importers into the EU claim duty refunds on any overpaid import duties, please reach out to the Contacts listed, or your local Deloitte Tax contact.

You can also access our [website](#) to view other Deloitte Vietnam's Tax Alerts and Newsletters regarding to the implication of EVFTA and other notable changes of regulation.

**With warm regards,
Deloitte Vietnam**

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