



# VIET NAM BUSINESS UPDATE

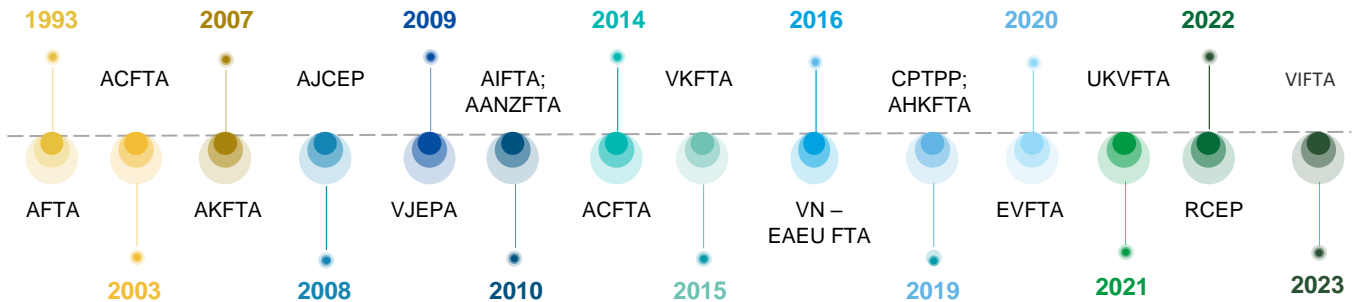
April 2024

# SNAPSHOT OF MACRO ECONOMY

## Viet Nam remains an attractive destination for foreign investors.

After experiencing constant losses over the previous six months, Viet Nam's foreign direct investment (FDI) attraction has begun to show indications of recovery, becoming a key factor in the medium- and long-term country's economic growth. Indeed, in the third quarter of 2023, Viet Nam signed a free trade agreement with Israel and the free trade agreement with the UK came into effect. Up to now, Viet Nam is member of 16 FTAs, including AFTA, ACFTA, AKFTA, AJCEP, VJEPA, AIFTA, AANZFTA, VCFTA, VKFTA, VN – EAEU FTA, CPTPP, AHKFTA, EVFTA, UKVFTA, RCEP, and VIFTA.

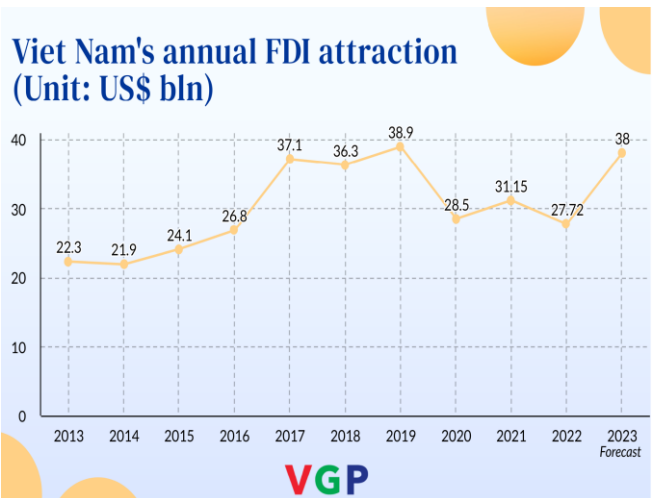
### FTA SIGNING



### FOREIGN DIRECT INVESTMENT

## Viet Nam's Stability, Openness Key to New FDI Commitments

Cumulative foreign direct investment (FDI) commitment in Viet Nam increased despite global uncertainties, thanks to continued confidence in Viet Nam's stability and openness, noted the World Bank (WB)... [Read more...](#)



# Viet Nam - The Potential Market

**Vibrant FDI Flows in Early 2024:** Vietnam has experienced a significant surge in foreign direct investment (FDI) since the beginning of 2024. [Read more.](#)

**International organizations put Vietnam's growth this year at an estimated 5-6.3%**

Recently-released reports on the economic prospects for 2024 by many international financial organizations indicate that Vietnam's economy will recover strongly this year after a year of resolutely overcoming the global economic headwinds.. [Read more.](#)



## International Economic Activities



### U.S. Assistant Secretary Kritenbrink to Visit Viet Nam

Assistant Secretary for East Asian and Pacific Affairs Daniel J. Kritenbrink will visit five Asian nations, including Viet Nam, from February 23-March . The visit aims to underscore the U.S.' strong and enduring commitment to its allies and partners in Southeast Asia...

[Read more.](#)

### Vietnam Bolsters Substantial Ties with Australia and New Zealand

Following their participation in the Special Summit commemorating 50 years of ASEAN-Australia relations, Vietnamese Prime Minister Pham Minh Chinh, his spouse and the Vietnamese high-ranking delegation embarked on official visits to Australia and New Zealand... [Read more.](#)

### Cultivating and Fortifying Vietnam-Laos Special Solidarity

A high-level meeting between the Communist Party of Vietnam (CPV) and the Lao People's Revolutionary Party (LPRP), co-chaired by CPV General Secretary Nguyen Phu Trong and LPRP General Secretary and President of Laos Thongloun Sisoulith, took place in Hanoi on February 26, 2024. [Read more.](#)



### Foreign Minister Attends 24th ASEAN-EU Ministerial Meeting

Foreign Minister Bui Thanh Son attended the 24th ASEAN-EU Ministerial Meeting in Brussels, Belgium on February 2. He emphasized the need to effectively implement decisions reached by senior leaders at the ASEAN-EU Commemorative Summit 2022.....

[Read more.](#)

### Canada Promotes Relations with Viet Nam in The New Context

Viet Nam plays a vital role in the region, making the country an essential destination for Canada, according to Deputy Minister Christopher MacLennan. More than a year after launching its Indo-Pacific Strategy, Canada has recognized the region's importance to its security and prosperity [Read more.](#)

### Viet Nam-Hungary Business Forum Organized

Prime Minister Pham Minh Chinh and his Hungarian counterpart Viktor Orbán attended Viet Nam-Hungary Business Forum that took place in Budapest, Hungary, on January 19. [Read more.](#)



# BUSINESS REGULATION UPDATES

## Tax update

### Continue applying VAT reduction from 10% to 8% until 30 June 2024

On 28 December 2023, the Government issued the Decree No. 94/2023/ND-CP on VAT reduction, applicable to goods and services subject to 10% VAT during the period from 01 January 2024 to 30 June 2024.

Goods and services which are not eligible for VAT reduction under this Decree include those listed in Appendix I-III of this Decree.

Enterprises must declare VAT-reduced goods and services under the Form No. 01 in Appendix IV to this Decree together with the VAT return.

### Procedures for applying risk management in selection of tax declaration dossiers for tax examination at the tax office

The General Department of Taxation has issued the Decision No. 98/QD-TCT to guide tax authority (i.e. General Department of Taxation, Tax Department, Tax Sub-Department) about procedures for applying risk management in **selection of VAT, CIT, and SCT declaration dossiers** for purpose of **tax examination at the tax offices**. The procedure contains the following steps:

- Collect and process information;
- Develop and use a set of criteria to select tax declaration dossiers having tax risks;
- Evaluate, classify, and process the results of classifying the risk level of tax declaration dossiers;
- Process the list of taxpayers with high risk in their tax declaration dossiers;
- Evaluate the effectiveness of the set of risk management criteria in the selection of tax declarations dossiers and propose solutions to improve efficiency accordingly.

### Tax invoice for online advertising service from foreign supplier

When Vietnamese company receive invoices for advertising services from foreign suppliers:

- **Regarding VAT:** the invoice issued by foreign entities do not qualify as VAT invoices under VAT/invoicing regulations, thus is not qualify for input VAT creditability.
- **Regarding CIT:** referring to Official Letter No. 3149/TCT-CS dated 15 August 2018, advertisement expenses paid for in Facebook, Google are deductible if qualifying the conditions including being related to business activities, having legitimate invoices and documents with the company's name, address, and tax code (if the seller does not provide invoices, FCWT declaration and proof of FCWT payment will be required), and having payment voucher following VAT regulations.
- **Regarding FCWT:** list of foreign suppliers with e-commerce activities and businesses on digital platforms who have registered for tax in Vietnam (thus Vietnamese parties do not need to withhold and declare FCWT) can be accessed via the Electronic Information Portal for foreign suppliers (<https://etaxvn.gdt.gov.vn/>).

## Tax update (cont.)

### **Strengthening tax audit and inspection on transfer pricing (“TP”) in 2024 of enterprises having potential TP risk is a recent direction by the General Department of Taxation**

On 13 December 2023, the General Department of Taxation issued the Official Letter No. 5654/TCT-TTKT directing Provincial Tax departments, Central-city Tax departments and the Tax Departments for large enterprises to strengthen tax audit and inspection of enterprises having potential TP risks. In particular:

- Tax departments are requested to carefully assess and review enterprises' tax declaration records, analyze business activities of enterprises having related party transactions; review and reconcile information from different sources based on industries, types of business, investment status, tax declaration status, adjustment in related party transactions' pricing to identify high TP risk taxpayers.
- Accordingly, enterprises considered to have high TP risks would include, but not limited to those that have significant sales and purchase amounts or significant transaction proportion with related parties; having been incurring significant losses over several years but continued to expand their scale; or have their revenue increased but incur low tax contribution to the State's budget, etc.
- Tax departments are requested to add those high TP-risk taxpayer to the tax inspection plan for 2024 and clearly categorize them under TP inspection plan.
- Tax departments are requested to also coordinate with other relevant provincial departments to enhance the exchange and collection of information regarding enterprises having related party transactions, especially for foreign direct investment enterprises for purpose of tax administration.

### **Foreigners are required to notify their PIT exemption under the Double Taxation Avoidance Agreement (“DTA”) at the same time with the first tax filing**

If a non-resident foreigner is entitled to tax exemption/reduction under the DTA, he/she is required to submit a dossier of notice of tax exemption/reduction under the DTA (under form No. 01/HTQT and supporting documents) at the same time with the tax return dossier (under form No. 02/KK-TNCN) of the first tax filing.



### Amendments on risk management regulations in customs operation

On 29 January 2024, the Ministry of Finance (“MOF”) issued Circular No. 06/2024/TT-BTC (“Circular 06”) amending and supplementing Circular No. 81/2019/TT-BTC (“Circular 81”) on risk management in customs operation, with some notable points as follow:

- **Providing on the assessment period of customs compliance level of organizations/individuals:** the compliance level of customs declarants shall be assessed on performing import, export and immigration activities within 365 consecutive days before the date of assessment.
- **Re-name of the five (05) customs compliance levels:** Level 1 – Authorized Economic Operator (AEO); Level 2 – Extra high compliance; Level 3 – High compliance; Level 4 – Average compliance; Level 5 – Non-compliance.
- **Update the criteria for classifying compliance levels.**
- **Supplement of provisions on the destruction of scrap and waste monitoring methods based on the risk level, especially for tax-free/non-taxable goods:** direct supervision or using technical equipment.
- Amendment, supplement, and abolishment of several phrases, clauses, and appendices of the Circular 81.

Circular 06 shall come into effect from 15 March 2024. Regulations related to the updated customs compliance levels shall take effect from 15 July 2025.

### Amendments on Product Specific Rules (“PSR”) under The Vietnam – Eurasian Economic Union Free Trade Agreement (VNEAEUFTA) and ASEAN – Australia-New Zealand Free Trade Area (“AANZFTA”)

On 15 January 2024, the Ministry of Industry and Trade (“MIT”) issued Circular No. 01/2024/TT-BCT (“Circular 01”) and Circular No. 02/2024/TT-BCT (“Circular 02”) amending and supplementing several provisions on rules of origin for goods traded in the VNEAEUFTA and the AANZFTA, including:

- New PSR applying the HS 2022 version;
- The process of certifying and inspecting the Certificate of Origin (“C/O”);
- The issuance of retrospective C/O form EAV under the PSR applying HS 2022 version for shipments that were exported, delivered from 01 October 2023;
- The acceptance of C/O form EAV issued from 01 October 2023, under the PSR applying HS 2022 version.

The Circular 01 and Circular 02 shall come into effect from 01 March 2024.

### Amendments on waiver of trade remedies application

On 28 December 2023, the MIT promulgated Circular No. 42/2023/TT-BCT amending and supplementing regulations on trade remedies, including:

- Restrict the timeframe for the approval or disapproval on organizations or individuals being the “stakeholder” of the case within 07 days from the date of receipt of application;
- Supplement the cases where goods are considered, granted, and revoked waiver in application of trade remedies;
- Amend and supplement regulations on the duration of waiver of trade remedies application and the deadline for waiver application;
- Stipulate the reporting obligation on the import and usage of goods with waiver applied, and compliance conditions and waiver of organizations and individuals from trade remedy application;
- Abolish certain cases within the scope of the waiver of trade remedy application.

Circular No. 42/2023/TT-BCT shall come into effect on 16 February 2024.

## Customs update (cont.)

### Two more countries, Myanmar and the Philippines, added to enjoy the Regional Comprehensive Economic Partnership (“RCEP”) Tariffs

On 01 December 2023, the Government has issued Decree No. 84/2023/ND-CP guiding the official timelines to apply the Tariffs under the RCEP for the period 2022–2027 for 02 ASEAN countries Myanmar and Philippines. Accordingly:

- **For Myanmar:** Officially applied RCEP Tariffs from 04 March 2022, specifically:
  - In 2022: From 04 March 2022 to 31 December 2022;
  - In 2023: From 01 January 2023 to 31 December 2023.
- **For Philippines:** Officially applied RCEP Tariffs 2023 from 02 June 2023 to 31 December 2023.

This Decree takes effect from 01 December 2023. For the goods imported from:

- Myanmar and registered the Import Customs declarations from 04 March 2022 to dates before 01 December 2023, and
- Philippines and registered the Import Customs declarations from 02 June 2023 to dates before 01 December 2023.

Customs authority will handle the overpaid duties according to the prevailing tax administration regulations, if all regulated conditions to claim the RCEP Tariffs are met, and the companies have actually paid import duty at the higher tariff rate (compared to RCEP tariff rate).

### Updates on the in-land import and export transactions

According to the Ministry of Planning and Investment (“MPI”), the proposal to abolish point c, clause 1, Article 35 of Decree No. 08/2015/NĐ-CP of the MOF might impact the cash flow of foreign enterprises, manufacturing costs increase, the competitiveness and investment plans as well as causing the legal space during implementation. MPI recommends MOF to uniformly amend the related regulations and reassess the pros and cons of alternative solutions.

In response to the Official Letter No. 4698/TCHQ-GSQL of the General Department of Customs, the MIT gave the opinion that the trade in goods activities of foreign enterprises without presence in Vietnam shall only be implemented **under the scope of import and export rights with registered certification**.

### Tax policies applied to enterprises converting from Export Processing Enterprises (“EPE”) to non-EPE

On 18 January 2024, the General Department of Customs issued the Official Letter No. 296/GDC-TXNK guiding on tax policies for tax declaration and payment purposes of an enterprise converting from EPE to non-EPE as follows:

- **For construction and installation services within the non-tariff zone:** the Customs authority shall only be responsible for VAT collection for imported goods (without taking responsibility for collection of VAT applied for services).
- **For goods that are construction materials purchased domestically for the construction of EPE:** enterprises might choose to perform customs procedures or not.
- **For goods that are not construction materials but purchased domestically for the construction of EPE:** enterprises must perform customs procedures to apply the 0% VAT rate.
- **For imported assets and goods with tax yet paid and still in inventory:** tax policies and customs procedures shall be applied as prevailing regulations.

# VCCI HIGHLIGHTED EVENTS



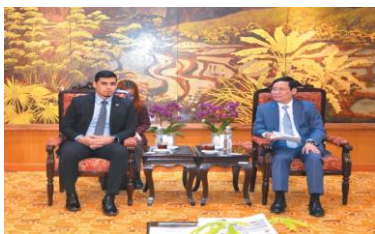
**VCCI Supports Quang Ninh to Enhance Business Environment** The Vietnam Chamber of Commerce and Industry (VCCI) has played a pivotal role in fostering trade and investment promotion across various provinces and cities, including Quang Ninh province. The province's proactive efforts to enhance the business environment have garnered widespread appreciation from businesses and yielded positive outcomes..

[Read more.](#)



## **VCCI Meets Heads of Vietnamese Representative Agencies Abroad**

The Vietnam Chamber of Commerce and Industry (VCCI) hosted a meeting between heads of Vietnamese representative agencies abroad in the 2024-2027 term with trade associations and businesses at its head office on March 14. The meeting was attended by leaders of VCCI, the Ministry of Foreign Affairs, 10 Vietnamese representative agencies abroad and more than 100 Vietnamese companies..[Read more.](#)



## **Promoting Vietnam-Venezuela relations via trade channels**

On March 13th, VCCI President Pham Tan Cong met with Mr. Juan Carlos Fernandez Juárez, Venezuela's Ambassador to Vietnam. At the meeting, VCCI President Pham Tan Gong congratulated the Ambassador on his new mission in Vietnam, expressing his hope that the two countries will work together more closely in the future to strengthen trade relations based on their long-standing friendship. [Read more.](#)



## **Canadian Ambassador, VCCI President Discuss Economic Cooperation**

President of the Vietnam Chamber of Commerce and Industry (VCCI) Pham Tan Cong hosted a working meeting on business and economic cooperation with Canadian Ambassador to Vietnam Shawn Steil at the VCCI Head Office on March 13. [Read more.](#)

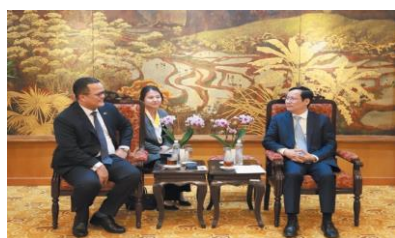


# VCCI HIGHLIGHTED EVENTS



## In 2024 - VCCI will continue to innovate, strengthen, and affirm its position and role

In his speech at the conference, Chairman Pham Tan Cong stated that the past year of 2023 had been extremely challenging for businesses and VCCI. Despite such difficulties, throughout the past year, the entire VCCI system has made concerted efforts to overcome challenges, united as one, and successfully fulfilled the mission of supporting the business community. [Read more.](#)



## Joint Endeavor to Foster Vietnam- Dominica Business Connections

On January 16, 2024, Pham Tan Cong, President of the Vietnam Chamber of Commerce and Industry (VCCI), received Jaime Francisco Rodríguez, Ambassador of the Dominican Republic to Vietnam. During the meeting, Ambassador Rodríguez highlighted that the Dominican Republic has been experiencing an annual growth rate of over 5%, positioning it as the 7<sup>th</sup> in Latin America and 1<sup>st</sup> in the Caribbean region. [Read more.](#)



## Business environment is the "lifeline" for all enterprises

In a special Lunar New Year interview with Customs Magazine for the Wood Dragon year 2024, Mr. Pham Tan Cong, Chairman of the Vietnam Chamber of Commerce and Industry (VCCI), shared insights on the importance of the business environment for enterprise recovery and the need for businesses to enhance their own capabilities to delve deeper into the value chain. [Read more](#)



## VCCI Triumphs Over Challenges, Crafting Remarkable Impressions

On In his opening address, VCCI President Pham Tan Cong acknowledged the immense challenges and pressures faced by the VCCI in 2023. Despite these adversities, the solidarity and tenacity of nearly 800 employees enabled the VCCI to navigate these pressures to successfully attain many important achievements.. [Read more.](#)

## Upcoming events

Please consult the official website of VCCI for further details regarding exhibitions, training courses, and conferences tailored for businesses./ [Read more.](#)

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