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VIET NAM BUSINESS UPDATE

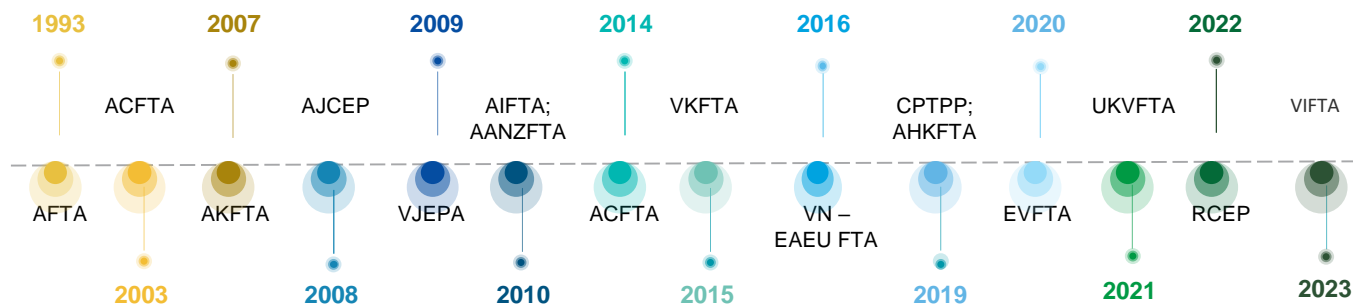
October 2024

SNAPSHOT OF MACRO ECONOMY

Viet Nam is identifying the drivers that will boost economic growth

The global political and economic landscape remains highly unpredictable, compounded by natural disasters, storms, and extreme weather conditions, which pose significant challenges. Despite the positive socio-economic outcomes achieved in the first eight months of 2024, Vietnam still has much work to do in the remainder of the year. The consumer price index (CPI) for the eight months rose by 4.04% year-on-year, remaining within the control target set by the National Assembly. Specifically, the Industrial Production Index (IIP) in August increased by 9.5% year-on-year, and the Purchasing Managers' Index (PMI) reached 52.4 points. This marks the fifth consecutive month that the PMI has been above 50 points, signaling a clear recovery in industrial production.

FTA SIGNED



FOREIGN DIRECT INVESTMENT

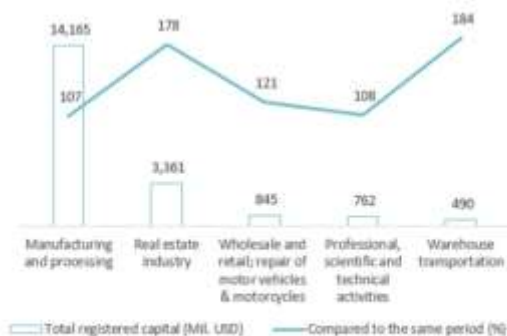
FDI inflows reach US\$20 billion in eight months

As of August 31, Viet Nam attracted US\$20.52 billion in foreign direct investment, a year-on-year increase of 7 percent, according to the Foreign Investment Agency (FIA). [Read more..](#)

FDI inflows into Viet Nam in the first eight months of 2024



Top 5 sectors with the highest FDI Capital in the first 8 months of 2024



Source: Foreign Investment Agency

Viet Nam - The Potential Market

Vietnam unveils semiconductor industry development strategy

In 2040-2050, Vietnam aims to become a leading country in the semiconductor and electronics industry. [Read more.](#)

Vietnam climbed to 71 in the latest UN's E-government index

Vietnam among 4 Southeast Asian countries moving from the "High" EGD group to the "Very High" group. [Read more.](#)



International Economic Activities



Viet Nam's trade with ASEAN surges 12.5% in eight months

The trade volume between Viet Nam and other ASEAN Member States hit US\$54.9 billion over the last eight months of this year, a year-on-year increase of 12.5 percent. [Read more.](#)



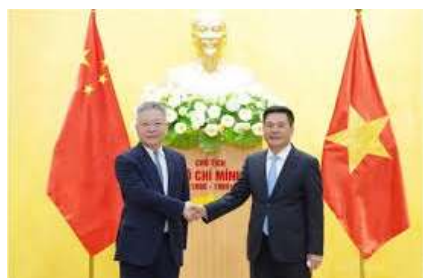
First anniversary of Vietnam-US comprehensive strategic partnership celebrated

At the event, held on September 22, Vietnam's top leader described the Vietnam-US relationship as a rare process and a model for international relations in post-war healing and relations building. [Read more.](#)



Significant shift in Viet Nam's overseas investment

Vietnamese enterprises have expanded their investments beyond Laos and Cambodia to developed nations like the Netherlands, the U.S., and the United Kingdom. This marks a significant shift in recent years. [Read more.](#)



Vietnam, China seek stronger trade, industrial cooperation ties

Minister of Industry and Trade Do Hong Dien had a working session with China's Minister of Industry and Information Technology Jin Zhuanglong in Beijing on September 30 as part of the Vietnamese official's trip to China for the 13th meeting of the Vietnam-China Committee for Economic and Trade Cooperation..

[Read more.](#)



Deepening Vietnam-Australia Comprehensive Strategic Partnership

The official visit of President of the Australian Senate Sue Lines to Vietnam has created new opportunities to deepen the Comprehensive Strategic Partnership and advance the goal of achieving US\$20 billion in trade turnover between the two countries. [Read more.](#)



Vietnam revamps investment incentives to lure tech giants

To stimulate economic growth, the Government is tasking ministries to solicit input from agencies, localities, and experts to find the most effective solutions for attracting hi-tech investment.

[Read more.](#)



BUSINESS REGULATION UPDATES

Tax update

Strengthening tax collection on specific industries

On 10 September 2024, the General Department of Taxation issued Official Letter No. 3966/TCT-TTKT with the aim of strengthening tax management and promptly preventing and handling violations of the law, preventing loss of State budget revenue for a number of specific business activities including:

- Hospital
- Education
- Transportation
- Golf
- Real estate
- Sand, stone and gravel mining and trading activities

The content of the Official Letter requests local tax departments to report the following contents:

- Tax management work being carried out;
- Typical violations that Tax authorities have inspected; and
- Difficulties in tax management and proposed solutions to prevent and combat fraud.

Strengthening tax management on improper invoicing

On 01 August 2024, the General Department of Taxation issued Official Letter No. 3385/TCT-TTKT requesting local tax departments to:

- Exploit electronic invoice data, collect paper invoices (if any) of the 113 companies mentioned in connection with the illegal purchase and sale of invoices to apply tax management measures according to regulations. In case taxpayers are found to have used invoices of these 113 companies to declare taxes, then consider and handle taxes and invoices according to regulations and instructions in Official Letter No. 1798/TCT-TTKT dated 16 May 2023 of the General Department of Taxation.
- Review and have a general summary report on tax and invoice processing results for taxpayers who have used invoices of 637 companies (including 524 companies attached to Official Letter No. 1798/TCT-TTKT and 113 additional companies mentioned) sent to the General Department of Taxation before 31 December 2024.

CIT incentive guidance from the General Department of Taxation

The General Department of Taxation and local Tax authorities issued some Official Letters regarding Corporate Income Tax ("CIT") incentives as follows:

- Official Letter No. 2721/TCT-CS issued by the General Department of Taxation on 26 June 2024 on CIT incentives for investment projects located in industrial zones, export processing zones, or industrial clusters, guides that:
 - For new investment projects: Current CIT regulations do not provide the application of CIT incentives for investment projects located in industrial zones, export processing zones, or industrial clusters in the same manner as those available to areas with difficult socioeconomic conditions.
 - For expansion investment projects: Expansion investment projects in industrial parks, export processing zones, or industrial clusters are not entitled to the same CIT incentives as those applicable to areas with difficult socio-economic conditions.
- Official Letter No. 17370/CTBDU-TTHT issued by the Binh Duong Tax Department on 27 June 2024 on CIT incentives in the case of investment/ enterprise registration certificate (licenses) amendments, guides that:
 - If the amendments do not negatively impact the qualifying conditions for tax incentives, the incentives will continue for the remaining period in accordance with Clause 3, Article 10, Circular No. 96/2015/TT-BTC and Clause 3, Article 20, Decree No. 218/2013/ND-CP.
 - Otherwise, if the license amendments result in the qualifying conditions for tax incentive not being satisfied, the company will no longer be eligible for the CIT incentives.
- Official Letter No. 17718/CTBDU-TTHT issued by the Binh Duong Tax Department on 28 June 2024 on CIT incentives in the case of a corporate merger, guides that:
 - The surviving company after a merger is allowed to inherit the CIT incentives of the merged company for the remaining period of the incentive, provided that it continues to satisfy the prescribed CIT incentive conditions.
 - The company whose investment projects qualifying for CIT incentives must meet the criteria for CIT incentives, adhere to accounting, invoicing, and documentation regulations, and make CIT payments in accordance with the declaration method outlined in Article 18, Circular No. 78/2014/TT-BTC dated 18 June 2014, issued by the Ministry of Finance.

Guide to electronic transactions in taxation

On 09 July 2024, the Ministry of Finance issued Circular No. 46/2024/TT-BTC to guide electronic transactions in the field of taxation. This Circular is effective from 28 August 2024. Here are the key points:

- **Registering electronic tax accounts:** Individuals with a level 2 electronic identification account can use it instead of a personal ID card or passport to register and obtain an electronic tax account. Activation requests will be sent to the registered phone number or email.
- **Initial tax registration:** The General Department of Taxation's online portal will verify tax registration information and notify the taxpayer within 15 minutes after they submit their documents.
- **Handling administrative violations:**
 - If a taxpayer misses tax registration deadlines or fails to update their information, the Tax authority will determine the delay based on when the documents were submitted and issue a penalty accordingly.
 - The decision on penalties will be made after the taxpayer's explanation period. If the explanation is rejected, the Tax authority will notify the taxpayer and issue the official penalty decision.

Tax update (cont.)

Adjustments of minimum salary and monthly regional minimum wage from 01 July 2024 affecting the compulsory insurance contribution

On 30 June 2024, the Government issued two new Decrees, i.e., Decree No. 73/2024/ND-CP regulated the minimum salary for civil servants, public employees and armed forces and Decree No. 74/2024/ND-CP on regional monthly minimum salary and regional hourly minimum wage. Accordingly effective from 01 July 2024 onwards:

- The minimum salary is increased from VND 1,800,000 per month to VND 2,340,000 per month. The increment of minimum salary will result in higher monthly salary for compulsory social insurance and health contributions capped at 20 times the monthly base salary (i.e., from VND 36,000,000 per month to VND 46,800,000 per month).
- The regional monthly minimum salary and regional hourly minimum wage are increased to the range from VND 3,450,000 to VND 4,960,000 depending on the region. Such increment of monthly regional minimum salary will result the higher monthly salary for compulsory unemployment insurance contribution capped at 20 times the regional minimum salary (i.e., from VND 93,600,000 per month to VND 99,200,000 per month).

Customs update

Import management of remanufactured products under EVFTA and UKVFTA

On 17 June 2024, the Government issued Decree No. 66/2024/ND-CP, regulating the management of remanufactured goods imported under the Free Trade Agreement between the Socialist Republic of Vietnam and the European Union ("EVFTA"), and the Free Trade Agreement between the Socialist Republic of Vietnam and the United Kingdom of Great Britain and Northern Ireland ("UKVFTA").

Notable points of the Decree include:

- Seven lists of remanufactured goods that can be imported – issued by the Ministries that being assigned responsibility to manage those goods (refer to Appendix I to Appendix VII).
- Specific conditions that need to be met for the importation of remanufactured goods.
- Outlines the procedures and requirements for granting remanufacture codes.
- Details the Authority and procedures for granting Certificates of Eligibility for remanufactured goods under the EVFTA and UKVFTA.
- Details of the documentation necessary for the importation of remanufactured goods.
- Defines the responsibilities of traders importing remanufactured goods.

Issuance of tariff schedule under AKFTA for 2023 to 2027

On 04 July 2024, the Government issued Decree No. 81/2024/ND-CP, which amends and supplements certain articles of Decree No. 119/2022/ND-CP dated 30 December 2022. This decree regulates Vietnam's special preferential import tariff schedule for the ASEAN-Korea Trade in Goods Agreement ("AKFTA") for the period 2022 to 2027.

Notable points include:

- The new tariff schedule under AKFTA for the period 2023-2027 (is effective from 28 November 2023 to 31 December 2027), and replaces the previous schedule stipulated in Decree No. 119/2022/ND-CP;
- Includes specific tariff schedules for goods under HS headings 04.07, 17.01, 24.01, and 25.01;
- The Decree takes effect from the signing date, 04 July 2024;
- For goods imported and registered with customs declarations from 28 November 2023, to the date prior to the Decree's effective date, Customs authorities will refund overpaid duties if:
 - The imported goods meet all the conditions to enjoy preferential import duty rates under AKFTA as per Decree No. 119/2022/ND-CP.
 - The import duty was paid at the rate stated in the tariff schedule of Decree No. 119/2022/ND-CP.
 - The duty paid is higher than the corresponding duty rate in the new tariff schedule of Decree No. 81/2024/ND-CP.

Draft Decree to amend Decree No. 08/2015/ND-CP relating to customs procedures, inspection, and supervision

On 06 September 2024, the General Department of Customs issued Official Letter No. 4277/TCHQ-GSQL to Vietnam Business Associations, requesting comments on the Draft Decree to amend Decree No. 08/2015/ND-CP ("Decree 08") relating to customs procedures, inspection, and supervision. This Draft Decree provides additional amendments to those stated in Official Letter No. 13743/BTC-TCHQ that was submitted to the Prime Minister on 27 December 2022. Key amendments can be found as follows.

In-land export-import arrangement:

- Article 35, Decree 08 will be revoked in full.
- Moving forward, companies adopting business activities under:
 - Import for export processing (currently regulated under point a, Clause 1, Article 35, Decree 08); or
 - Export processing enterprise (currently regulated under point b, Clause 1, Article 35, Decree 08) can continue to follow the guidance under Article 86 of Circular No. 38/2015/TTBTC as amended by Circular No. 39/2018/TT-BTC, to complete in-land export-import declarations.
- Other in-land export-import declarations (currently regulated under point c, Clause 1, Article 35 of Decree) can be applied up to 01 year - counting from the date of issuance of the new Decree to amend Decree 08

Other amendments

In addition to the in-land export-import arrangements, the Draft Decree also provides:

- Amendments to 63 articles regulated under Decree 08, covering:
 - Customs declarant
 - Customs valuation, and price consultation
 - Customs supervision on the import duty exempted goods (e.g., materials, fixed assets)
 - Customs declaration, and duty calculation
 - Post-clearance customs audit procedure
 - AEO scheme qualification conditions
 - Procedures related to bonded warehouse
 - Notification of export manufacturing/ (outsourced) processing facility
 - Physical goods sample taking, and inspection
 - Procedures relating to temporary import/ export; and transshipment of goods
- Addition of 02 articles regarding to customs procedure of goods to be supplied for international flight, and vessel anchored in Vietnam port.
- Cancellation of 08 articles, covering:
 - Bonded warehouse rental
 - Timeline for submission of customs dossiers
 - National single window scheme

VCCI HIGHLIGHTED EVENTS



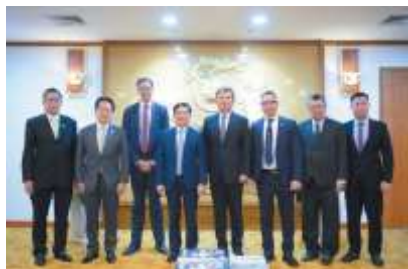
Prime Minister hosts delegation of ASEAN BAC chairmen

Prime Minister Pham Minh Chinh hosted a reception for a delegation of ASEAN Business Advisory Council (ASEAN BAC) chairmen in Ha Noi on September 13. [Read more.](#)



Green Transition for Businesses Path to Net Zero by 2050

The green transition enables businesses to reduce emissions, enhance brand value, and ensure sustainable development, all aligned with the Net Zero 2050 goal. [Read more.](#)



VCCI, FIATA bolster support for green, sustainable logistics businesses

VCCI President Pham Tan Cong recently hosted a meeting with Mr. Turgut Erkeskin - President of the FIATA International Federation of Freight Forwarders Associations (FIATA). The event was also attended by representatives from the Ministry of Industry and Trade, the Vietnam Logistics Business Association and many logistics businesses in the industry.. [Read more.](#)

VCCI HIGHLIGHTED EVENTS



Unlocking Potential to Elevate Vietnam - EU Trade Ties

At the national forum on promoting the Vietnam – EU partnership and sustainable development, recently hosted by the Ho Chi Minh City branch of the Vietnam Chamber of Commerce and Industry (VCCI), VCCI Vice President Vo Tan Thanh, said that while the two-way trade turnover between Europe and Vietnam is positive, there remains considerable potential for further growth. [Read more.](#)



Expanding Business Cooperation between Vietnam and Kobe City, Japan

On the afternoon of July 24, at the VCCI headquarters, Vice Chairman Nguyen Quang Vinh met with a delegation from the Kobe Chamber of Commerce, Japan, led by Mr. Kawasaki Hiroya. [Read more.](#)



Vietnam, Chile Join Efforts to Enhance Trade and Investment Cooperation

On August 27, Mr. Pham Tan Cong, President of the Vietnam Chamber of Commerce and Industry (VCCI), met with Chilean Foreign Minister Alberto Van Klaveren to discuss boosting trade and investment and supporting the business communities of both countries. [Read more.](#)

Upcoming events

NATIONAL CONFERENCE WITH BUSINESS ASSOCIATIONS 2024 AND VIETNAM ENTREPRENEURS' DAY CELEBRATION

To enhance its effectiveness and acknowledge the contributions of business associations and entrepreneurs, the Vietnam Chamber of Commerce and Industry (VCCI) plans to organize a National Conference with Business Associations and celebrate the 20th anniversary of Vietnam Entrepreneurs' Day in early October 2024.

Viet Nam – US BUSINESS SUMMIT 2024

Viet Nam Chamber of Commerce and Industry (VCCI), in partnership with the AmCham Hanoi and the US Chamber of Commerce, is set to host the seventh annual Viet Nam – US Business Summit on November 27 in Hanoi. This significant event brings together high-ranking business leaders and government officials to explore the challenges and opportunities within the Viet Nam – US commercial relationship.

This year's Summit comes shortly after the US presidential election and will focus on the anticipated trade policies and Indo-Pacific priorities of the upcoming US Administration. Regardless of the election results, regional supply chains will remain unsettled, industrial policy will gain prominence, competition for essential minerals will intensify. Therefore, the Viet Nam – US Business Summit will provide a critical platform for discussing the strategies and policies that both governments and the private sector must adopt to foster mutually beneficial trade and investment relations between Viet Nam and the United States.

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