

LEGAL UPDATE (February 15th, 2022)

In this issue, we would like to bring to your attention to the following:

- VAT on some kinds of goods and services is reduced to 8%;
- Temporarily suspending the temporary import and re-export business of medical masks, gloves and protective clothes.

1. **VAT on some kinds of goods and services is reduced to 8%**

Decree 15/2022/ND-CP stipulating tax exemption and reduction policies according to Resolution 43/2022/QH15 of the National Assembly on fiscal and monetary policies to support the program of socio-economic recovery and development takes effect from February 01st, 2022.

Accordingly, business entities that calculate VAT by the deduction method are entitled to the VAT rate of 8% for goods and services currently applying the tax rate of 10%, except for the groups of goods and services as follows:

(i) Telecommunications, financial activities, banking, securities, insurance, real estate, metals and prefabricated products, mining products (non-coal), coke, petroleum refined, chemical products. Details are in the Appendix attached with Decree 15/2022.

(ii) Goods and services subject to excise tax. Details are in Appendix II attached with Decree 15/2022.

(iii) Information technology according to the law on information technology. Details are in Appendix III attached with Decree 15/2022.

The reduction of VAT for each type of goods and services specified in Clause 1, Article 1 of Decree 15/2022/ND-CP is uniformly applied at the stages of import, production, processing, commercial business.

Selling mining coal (including the case of coal mined and then screened, classified and sold by a closed process) is subject to VAT reduction.

Coal products listed in Appendix I attached with Decree 15/2022/ND-CP are not eligible for VAT reduction at stages other than mining and selling.

In case goods and services mentioned in Appendices I, II and III attached with Decree 15/2022/ND-CP are not subject to VAT or subject to 5% VAT in accordance with the Law on VAT shall comply with the provisions of the Law on VAT and shall not be entitled to a reduction in VAT.

The above VAT reduction policy is applied from February 1st, 2022 to December 31st, 2022.

2. Temporarily suspending the temporary import and re-export business of medical masks, gloves and protective garments

Circular 03/2022/TT-BTC issued by the Ministry of Finance on January 28th, 2022 which will take effect from March 15th, 2022 to December 31st, 2022 stipulates the temporary suspension of temporary import, re-export medical masks, medical gloves and protective clothes. Precisely, temporarily suspending the business of temporarily importing, re-exporting medical masks, medical gloves and protective garments in the List of Appendixes issued along with Circular 03/2022/TT-BTC, consists of:

- Chapter 39: Item code 3926.20.90 (Item description: Medical gloves).
- Chapter 40:
 - + Item code 4015.11.00 (Item description: Medical gloves).
 - + Item code 4015.19.10 (Item description: Medical gloves).
- Chapter 62: Item code 6210.10.90 (Item description: Protective garments, including: clothes, glasses, medical masks, protective hats, gloves, shoes).
- Chapter 63:
 - + Item code: 6307.90.40 (Item description: Medical mask).
 - + Item code: 6307.90.90 (Item description: Medical mask).

Shipments of medical masks, medical gloves and protective garments that have gone through customs procedures for temporary import from January 1st, 2022, to before March 15th, 2022, can continue to carry out customs procedures for temporary import, re-exported according to the provisions of Decree 69/2018/ND-CP.

We hope this Weekly Newsletter would bring you useful information.

Best regards.

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