

# NEW STIPULATIONS ON IMPLEMENTATION OF THE LAW ON EXPORT AND IMPORT DUTIES

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In order to satisfy the practical needs arising in corporates' import and export activities, on March 11, 2021, the Government promulgated Decree 18/2021/ND-CP (**Decree 18**) amending and supplementing some articles of Decree 134/2016/ND-CP providing in detail a number of articles and measures to implement the Law on Export and Import Duties (**Decree 134**). Some major amendments and supplements in Decree 18 are as follows:

*Firstly*, Decree 18 amends and supplements the regulations on the application of duty rate to the in-country exports and imports. In addition, it provides clearer bases for exemption of duties on goods imported for further processing and processed exports. Specifically, clause 1, Article 1, Decree 18 is clearer than Article 3, Decree 134 in specifying particular cases to apply duty rate for in-country exports and imports; clause 4, Article 1, Decree 18 explicitly guides the basis to determine duty exemption for goods imported for further processing and processed exports. Accordingly, processed exports are exempt from export duties under this provision if they are entirely processed from imported goods.

*Secondly*, Decree 18 simplifies related tax documents and procedures by clarifying the categories and quotas of duty-free goods to be in line with international treaties to which Viet Nam is a signatory. Under Article 29, Decree 134, if relevant international treaties do not specify the categories and quotas of the exports that are duty-free, the Ministry of Finance shall coordinate with the Ministry of Foreign Affairs to report to the Prime Minister for decision. As a result, the volume of imports which have to "wait" for the Prime Minister's decision is extremely large, which adversely affects enterprises' production and business progress. But clause 12, Article 1, Decree 18 has addressed this

matter by vesting the decision-making power to confirm the categories and quotas to specialized management authorities and the authority that proposes the conclusion of or accession to the treaty in order to speed up the handling of procedures for imports and exports under international treaties.

## COMMENTS AND RECOMMENDATIONS

Decree 18 has overcome the limitations of Decree 134 with clearer and more specific stipulations on in-country exports, imports and bases for exemption of duties on goods imported for further processing and processed exports, which helps reduce the time for handling related procedures, creating favorable conditions for enterprises and related subjects in implementing tax procedures. Besides, the categories and quotas of duty-free goods are confirmed by written document of the authority that proposes the conclusion of or accession to the relevant international treaty, the specialized management authorities. This helps speed up the application of duty-free on imports and exports under international treaties in comparison to the corresponding stipulations in Decree 134, and also reduces the workload for the Ministry of Foreign Affairs, the Ministry of Finance. It is suggested that businesses should update the provisions of Decree 18 to properly implement the procedures related to imports and exports.

