



VIETNAM BUSINESS UPDATE

Special Edition celebrating VCCI 60th Anniversary

April 2023



Foreword

Dear colleagues and friends,

I am honored and privileged to welcome you to this special edition of the Viet Nam Business Update, published in April 2023, when we celebrate the 60th anniversary of the Viet Nam Chamber of Commerce and Industry (VCCI). In this edition, we gladly showcase Viet Nam's remarkable progress over the past and wish to present to you the vast and diversified business opportunities that Viet Nam offers our foreign friends.

VCCI has been a leading advocate for business development, trade promotion, and economic cooperation in Viet Nam for six decades. Since our establishment in 1963, we have worked tirelessly to create a conducive business environment, promote entrepreneurship, and support the growth of Viet Nam's private sector. Today, VCCI proudly owns the membership network of over 200,000 companies and over 200 business associations across all sectors of the economy, and we continue to expand our reach beyond boundaries.

As Viet Nam continues integrating more deeply into the global economy, we recognize the importance of engaging with foreign partners to foster cooperation, share knowledge, and promote mutual understanding. Our partnerships have been instrumental in promoting trade and investment, building networks of contacts, and opening up new opportunities for businesses in Viet Nam and abroad.

By celebrating our 60th anniversary, we reaffirm our commitment to serving as a bridge between Vietnamese businesses and our international partners. We look forward to continuing our collaboration with foreign counterparts and working together to create a more prosperous, sustainable future.

I thank you for your ongoing support and partnership.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Pham Tan Cong', with a long, sweeping horizontal stroke extending to the right.

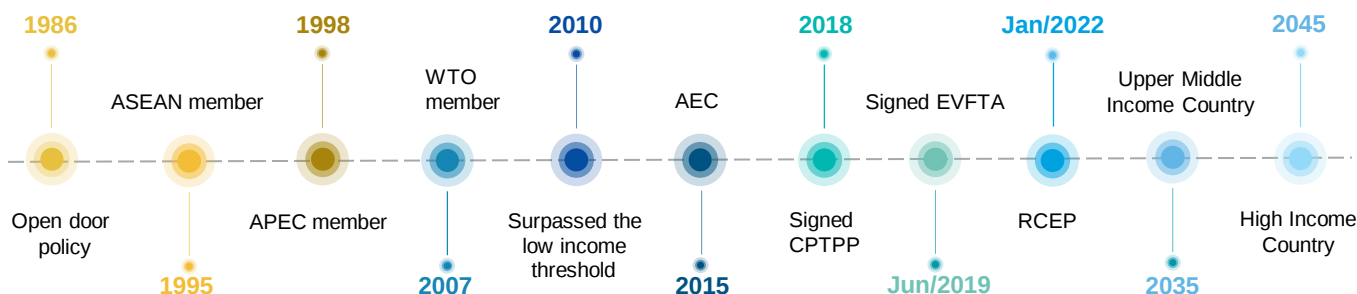
Mr. Pham Tan Cong
Chairman and President
Viet Nam Chamber of Commerce and Industry (VCCI)

SNAPSHOT OF MACRO ECONOMY

Viet Nam one of the most dynamic emerging nations in Southeast East Asia.

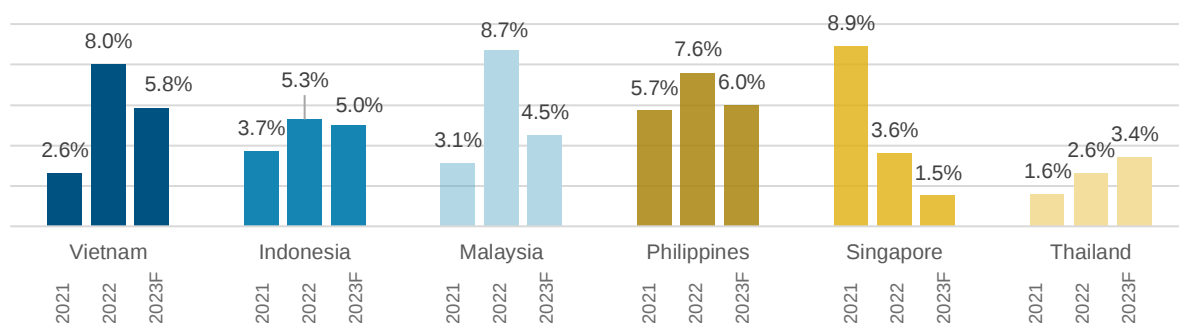
This development is fueled by investments, robust domestic consumption, a burgeoning middle class, and export-focused industry. Viet Nam has progressively integrated its economy with that of other nations as part of its ongoing process of transformation. Up to now, Viet Nam is member of 15 FTAs, including AFTA, ACFTA, AKFTA, AJCEP, VJEPA, AIFTA, AANZFTA, VCFTA, VKFTA, VN – EAEU FTA, CPTPP, AHKFTA, EVFTA, UKVFTA, and RCEP.

Economic milestones



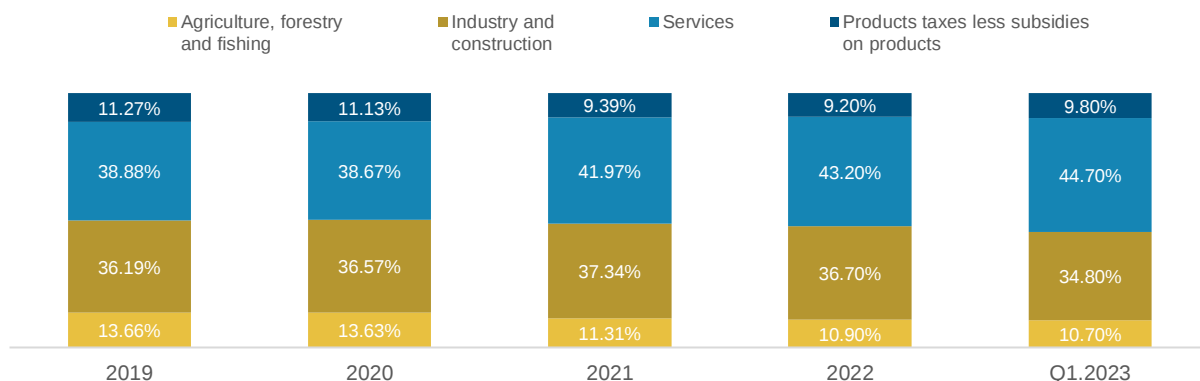
GDP

GDP over the years



Source: IMF

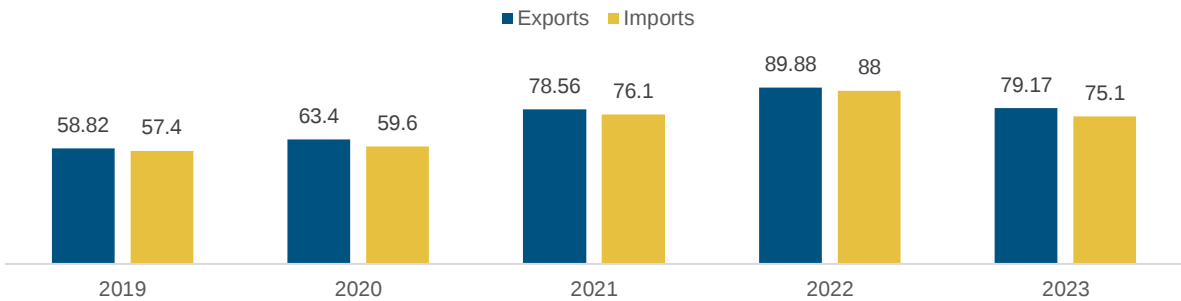
GDP breakdown by sector (at constant 2010 price)



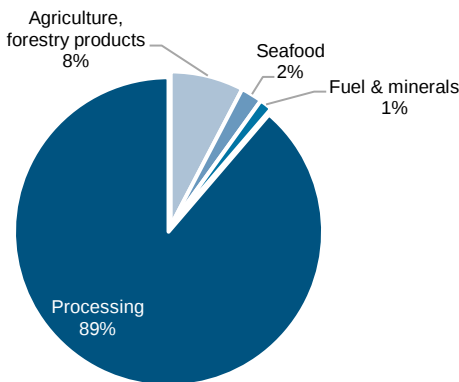
Source: GSO

Exports - Imports

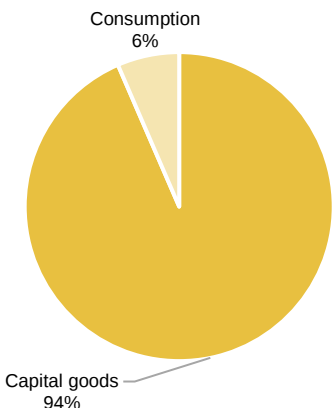
Exports – Imports Turnover in Q1 over the years (USD bn)



Commodity Export Structure



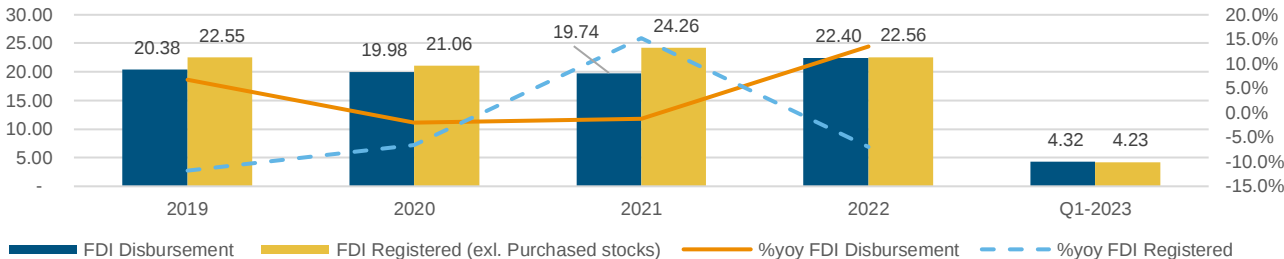
Commodity Import Structure



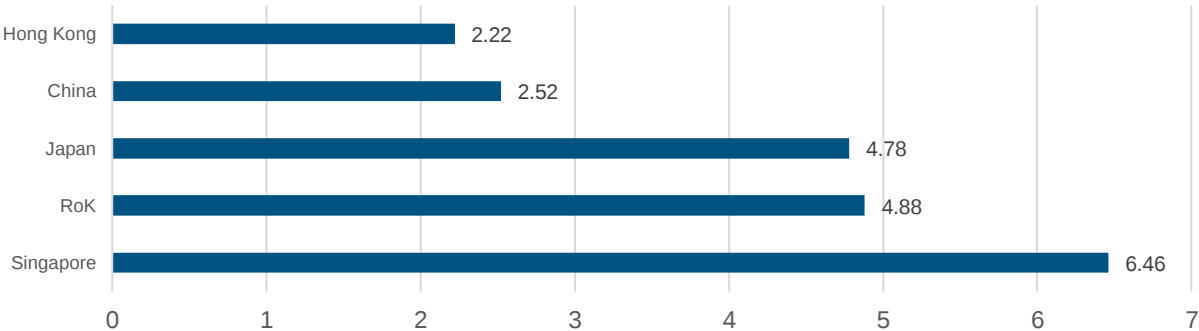
Source: GSO

FDI

Disbursement & Registered FDI (USD bn)



Investment structure by countries/territories (USD bn)*



*: data as of 20 Dec 2022

Source: MPI, Deloitte's analysis



BUSINESS REGULATION UPDATES

VAT

Consultation on the reduction of value added tax (“VAT”) to be applied in 2023

Recently, the Tax Policy Department of the Ministry of Finance has sought consultation from the General Department of Taxation and the General Department of Customs on the reporting and assessment of the 2% VAT reduction policy in 2022, and evaluation of the impacts on State revenue of 2 following options for VAT reduction in 2023:

- Option 1: Reduce the VAT rate by 2% for all goods and services subject to the 10% tax rate (from 10% to 8%).
- Option 2: Reduce the VAT rate by 2% for certain groups of goods and services currently applying 10% VAT rate (from 10% to 8%), except for some specific groups as already applied in 2022.

The expected implementation period is from 01 July 2023 to 31 December 2023. [Read more.](#)

Proposed changes to Law on VAT

The VAT law amendment is proposed to be discussed and approved in the National Assembly meeting in October 2024, with some notable points below:

- Update the scope and conditions for goods and services subject to VAT exempt;
- Amending and supplementing the determination of taxable prices of certain goods and services (e.g. real estate business activities, casino services, prize-winning video games, etc).
- Amending regulations to improve non-cash payment to avoid cheating in tax credit, tax refund and money laundering;
- Amendments or supplementation relating to exported services to conform with international practice.

CIT

Proposed changes to Law on Corporate Income Tax (“CIT”)

In March 2023, the Ministry of Finance released a proposal to revise the CIT law and has sought public comments in this respect. The CIT law amendment is proposed to be discussed and approved in the National Assembly meeting in May 2025.

Some notable changing points include:

- Allowing to offset taxable profit of transfer real estate with loss of other activities;
- Update and expand the deductibility of some expenses;
- Update some conditions for investment projects eligible to CIT incentives;

Tax Administration

Vietnam signs mutual assistance convention

On 22 March 2023, the OECD announced that Vietnam has signed the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (as amended).

The mutual assistance convention provides for the exchange of information on request, spontaneous exchanges, automatic exchanges, tax examinations abroad, simultaneous tax examinations, and assistance in tax collection. A total of 147 jurisdictions now are participating in the convention. [Read more.](#)

Update on Post-clearance Customs Audit (“PCA”) plan of 2023

Due to the complicated and unstable situation of global economy, lots of businesses in key industries of Vietnam have been affected. In order to support the enterprises, the General Department of Customs, on 15 April 2023, provided guidance on changes to PCA activities as follow:

- PCA for enterprises which are under PCA plan of 2023 shall not be carried out without mandatory reason.
- Training and technical capacity strengthening for customs officers that handle PCA activities, research and development of PCA plans by risks and violations topics should be prioritized;
- Development of the updated PCA process should be completed to replace Decision No. 575/QĐ-TCHQ dated 21 March 2019.

Mutual recognition between ASEAN members on Customs Authorized Economic Operators

On 14 February 2023, the General Customs Departments of member countries of the Association of Southeast Asian Nations (“ASEAN”), including Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam signed a Mutual Recognition Agreement (“MRA”) on the Authorized Economic Operator (“AEO”) program via online conference.

Once the parties have established compatibility between their program, each participant will provide members with the following trade facilitation:

- Reduced time for customs clearance by lessening inspection of documents and/or physical inspection of goods based on risk assessment.
- Priority inspection for goods that are imported from or exported to a member of the Program by other parties who have been selected for inspection. In case of disruption, shortened customs clearance will still be granted to the members of the Program.

Regarding information exchange and communication, the participants will establish a mechanism to regularly exchange and update information, including name, address, unique identifier/AEO reference number, accreditation status, and other information. The update shall also include information on administrative procedures, the application or amendments to the program and other useful insights. [Read more.](#)

Application of Most Favored Nation Tariff and Free Trade Agreement tariffs under The ASEAN Harmonized Tariff Nomenclature 2022

From 30 December 2022, Circular No. 31/2022/TT-BTC of the Ministry of Finance promulgating the nomenclature of Vietnam imported and exported goods in accordance with the ASEAN HS Tariff Nomenclature version 2022 (“AHTN 2022”) commenced to take effect (“Circular No. 31”). On the same date, the Government signed and promulgated 17 Decrees on the import and export Tariff Schedules of Vietnam, which are effective on the same date, to implement the Trade/Free Trade Agreements for the 2022-2027 period, to align with the Nomenclature of Vietnam's exports and imports under AHTN 2022 prescribed in Circular No. 31. [Read more.](#)



VCCI HIGHLIGHTED EVENTS

60 NĂM NGÀY TRUYỀN THỐNG OÀN THƯƠNG MẠI VÀ CÔNG NGHIỆP (27/4/1963 - /4/2023)

Hà Nội, 26/4/2023

60 YEARS OF VCCI: Proudly leading the way for the business community (26/4/2023)

The Vietnam Chamber of Commerce and Industry (VCCI) organized an event to honor the 60th anniversary of VCCI's Traditional Day on April 26, 2023. This unique event was attended by Mr. Vo Van Thuong, a member of the Politburo and President of the Socialist Republic of Vietnam, as well as leaders of the Party, National Assembly, Government, central and local departments, and agencies. The ceremony was also attended by ambassadors from 28 nations and foreign guests from 57 countries. [Read more.](#)



Vietnamese, Czech Prime Ministers address business forum in Hanoi (21/4/2023)

Prime Minister Pham Minh Chinh and his Czech counterpart Petr Fiala attended the Czech-Vietnam Business Forum, organized by the Vietnam Chamber of Commerce and Industry (VCCI) in collaboration with its Czech partners held in Hanoi on April 21. The two leaders witnessed the signing of several cooperation agreements between the two countries' businesses at the forum. [Read more.](#)



Vietnam and Austria foster closer ties through partnerships in technology and infrastructure (17/4/2023)

A Vietnam-Austria business forum organized by Vietnam Chamber of Commerce and Industry (VCCI) in cooperation with the Austrian counterparts took place in Hanoi on April 17, focusing on the field of infrastructure and technology, new areas in which Vietnam and Austria have great potential for cooperation, in line with the needs and strengths of each side. [Read more.](#)



PCI: Substantial Improvement in Administration Reform and Governance Quality (11/4/2023)

The Vietnam Chamber of Commerce and Industry (VCCI) and the United States Agency for International Development (USAID) in Vietnam have officially announced the Provincial Competitiveness Index (PCI 2022) in Hanoi. Over 18 years, the PCI has been steadfast and persistent with the mission of "evaluating the quality of economic governance to boost business development and economic development of the country." [Read more.](#)

The newsletter contains general information for reference only. VCCI shall not be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any decision relying on this newsletter.