

International Tax, Domestic Tax and Customs

Tax & Customs Alert

Highlighting recent tax and customs developments in Vietnam

Global Minimum Tax ("GMT") Implementation & Potential Tax Reforms – Update

As an update to the implementation of the GMT policy in Vietnam, we would like to highlight that a tax workshop was recently held to discuss the next steps that Vietnam would take with respect to GMT. At the workshop, which was participated in by Government policy makers and consultants, it was reported that there are six Vietnamese domestic groups with investments in many nations, and 122 foreign multinational groups in Vietnam which are affected by the implementation of GMT. Given this, there is a need to have a set of regulation to implement GMT in Vietnam. It is noteworthy that an implementing regulation of tax in the form of Decree to be granted by the Vietnam Government has been drafted.

The Government focuses on fostering foreign investment connected to domestic enterprises. The upcoming reform on Vietnam tax policies relating to GMT appears to support this by sustaining and improving tax incentives programmes on corporate income tax and customs duty, and providing incentives relating to investment expenses such as (i) reduced land rental, (ii) use of fast depreciation accounting method, and (iv) broadened list of deductible tax expenses to foreign investment in high technology ("**high tech**") sector with a strong connection with domestic enterprises.

Following the issuance of Resolution 107 relating to GMT, Vietnam's National Assembly passed another resolution, Resolution 110/2023/QH15 dated 29 November 2023 ("**Resolution 110**"). Under Resolution 110, Vietnam Government will issue a decree for the establishment of an investment support fund which will be financed from the collection of top-up tax of 15% on multinational groups subject to GMT application. This fund will be used to stabilise investment environment, attract strategic foreign investors and multinational groups, and support to domestic enterprises in high tech business sector. Specifically, the fund will be made available to:

- (a) Enterprises with investment projects to manufacture high tech products;
- (b) High tech enterprises;
- (c) Enterprises with investment projects of high tech application; and
- (d) Enterprises with investment in research and development (R&D).

Please click [here](#) and [here](#) to read our previous Legal Updates on GMT.

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Consolidated Regulation on Certificates of Origin ("COs")

The Ministry of Commerce has issued Circular No. 03/2024/VBHN-BCT dated 2 February 2024 on guidelines on COs ("**Circular 03**"). Circular 03 consolidates updates to circulars relating to COs, as well as the valid provisions and guidelines contained therein, of which the latest amendment came into operation on 3 April 2018. Attached to Circular 03 is Appendix I on Product Specific Rules ("**PSR**") which includes a list of goods subject to PSR.

If you have any queries on the above, please feel free to contact our team members below who will be happy to assist.

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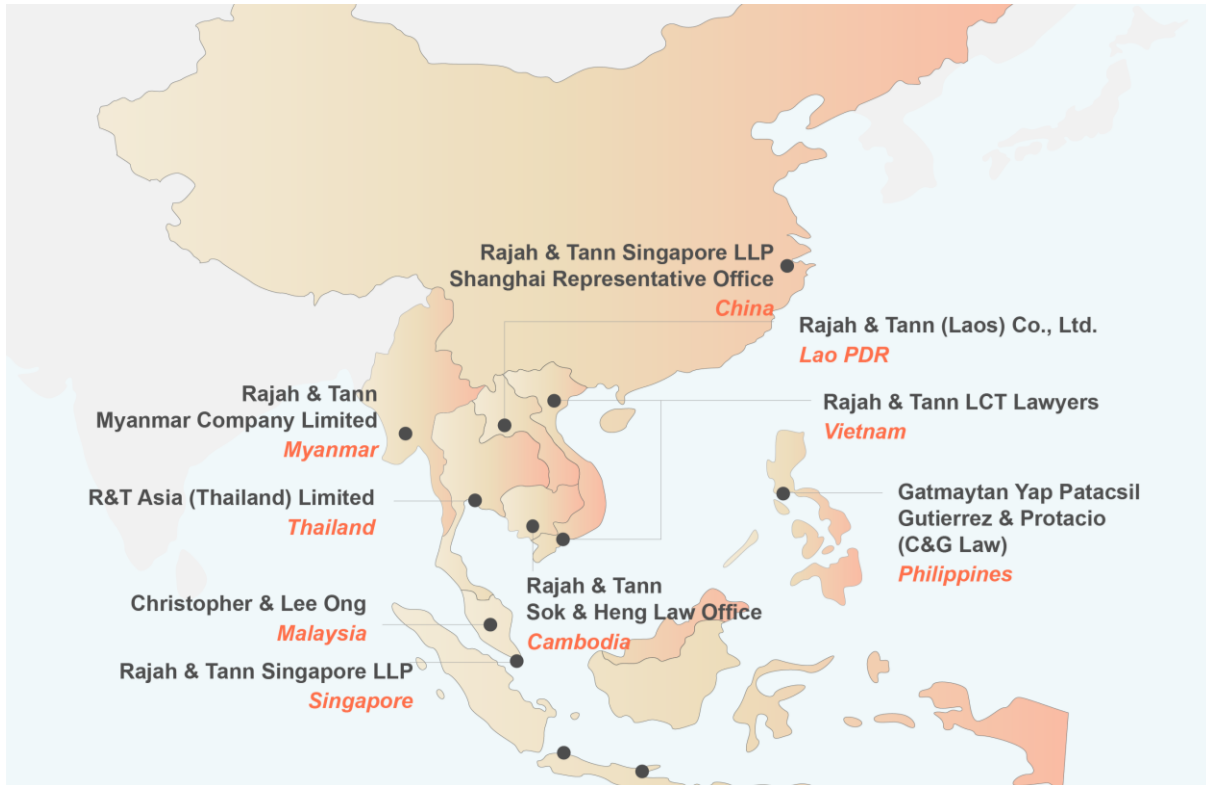
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Client Update: Vietnam

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