

Free Webinar

This webinar will be conducted
in English and using ZOOM

KEY POINTS OF DECREE 18/2021/ND-CP AND OTHER CUSTOMS MATTERS

Tuesday, 14 September 2021

10:00 - 11:00 am (GMT+7)

Deloitte.



Ms. Nguyen Hai Van
Senior Manager
Customs and Global Trade



Mr. Nguyen Minh Nhat
Manager
Customs and Global Trade

Supporters :



Deloitte.



Thank you for your support



Deloitte.



Ms. Nguyen Hai Van

Senior Manager - Customs and Global Trade



Van has over 14 years of experience, in which she spent 10 years with the Ministry of Finance as a trade negotiator and policy maker, mostly in negotiation of free trade agreements (FTA) such as EVFTA, CPTPP, etc. Van has served a number of diversified multinational and Vietnamese companies to support their business from customs perspective, ranging from advisory on different customs angles (i.e. FTA/COO utilization/application, HS code classification, customs valuation, etc.) to compliance support (customs finalization reports review/preparation support), AEO-related support, post-clearance customs audit support, and other petition support.

Mr. Nguyen Minh Nhat

Manager - Customs and Global Trade



Nhat has more than 6 years' experience in tax advisory services, focusing on customs and global trade matters. Nhat specialize in supporting and advising companies in various issues related to Customs Finalization Report, Customs valuation, HS code classification, COO utilization, Special Import controls and Post-clearance customs audit.

Table of Contents



1. Overview of customs environment up to August 2021



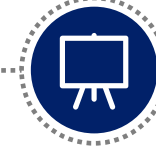
2. Key points of Decree 18/2021/ND-CP



3. Recent Customs audit trend



4. In-development policies



5. Practical cases

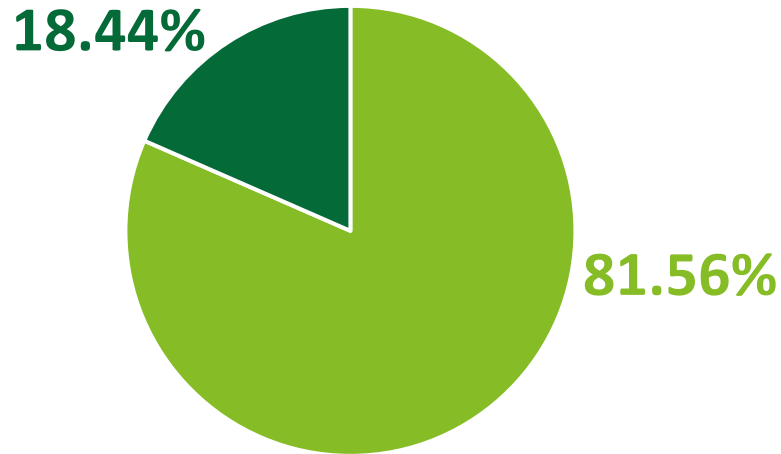


6. Q&A



1. Overview of customs environment up to August 2021

COLLECTED DUTIES OF CUSTOMS DEPARTMENTS
COMPARED TO GDC'S TARGET IN 2021(*)
(VND BILLION)



- Collected amount of all local Customs Department
- The remain amount of GDC target

(*) GDC's target in 2021 is **VND 315,000 Billion**



256.920 Billion

By end of August 2021



29,36%

Increased in comparison to the same period of 2020



1. Overview of customs environment up to August 2021

Impacts of COVID-19 on import/export activities, and supports from Customs

Impacts of COVID-19

- The number of declarations and import-export turnover decreased sharply;
- The delivery/receipt of goods at the port is slow and difficult;
- Cost of storage, loading/unloading of goods increased;
- Lack of human resources;
- Lack of materials, fuel for production due to supply chain disruptions.

Support from Customs Authorities

- Establish a quick response team to quickly handle problems, expedite customs clearance;
- 100% inspection through the container scanner for the actual inspection, only check manually if in doubt;
- Allow enterprises to delay submitting the original in the customs dossier (submit the scanned copy in advance), late submission of C/O;
- Halt the customs inspection, customs audit;
- Enhance Q&A and instructions.



2. Key points of Decree 18/2021/ND-CP

1 Imported goods for export processing:

- Import duty exemption basis for goods imported but outsourced for processing
- Import duty exemption for goods registered under in-land import procedures for export processing

2 Imported goods for export manufacturing:

- Import duty exemption basis for goods imported but outsourced for processing
- Import duty payment for goods registered under in-land import procedures for purposes other than export processing

3 Export Processing Enterprise conditions

Conditions for customs inspection, supervision, and duty treatment to Export Processing Enterprises (“EPEs”)

4 Other points

- Tariff rate applied to in-land import and export goods
- Duty exemption basis for goods that are imported to form fixed assets of those enjoying investment incentives
- The supervision of the Customs authority and the usage of duty-free imported goods according to the Registered List
- Duty refund of imported goods that have to re-exported.





2. Key points of Decree 18/2021/ND-CP and Official Letter 2687/TCHQ-TXNK

1. Guidance on export processing and export manufacturing activities



2. Guidance on the application of conditions for customs inspection and supervision of EPEs



3. Other notable points for in-land import and export activities



2. Key points of Decree 18/2021/ND-CP



Sub-processing
outsourced to
domestic
enterprises



Sub-processing
outsourced to
enterprises in
non-tariff zone



Sub-processing
outsourced to
enterprises in
overseas



Import duty



Scraps and
wastes



Customs
declaration



2. Key points of Decree 18/2021/ND-CP



Newly established EPEs

- The in-charged Customs certifies the eligibility of EPE;
- After completing the initial construction, Customs conducts an onsite inspection on the EPE conditions;
- If the conditions are not fully met, the EPE has **1 year** from the date the Customs first issues the written certification to complete it.

Transition from non-EPEs to EPEs

- The licensing authority seeks for Customs authority's comments on the eligibility for customs inspection and supervision;
- The Customs authority is responsible for onsite inspection and providing a written response to the licensing authority.

Those who are EPEs

- Up to **1 year** from the date of Decree 18, enterprises must complete the conditions of EPE;
- Customs authority is responsible for onsite inspection;
- Overdue 1 year, enterprises that have not met the conditions are not allowed to apply the tax policy from the date beyond 1-year time limit.



2. Key points of Decree 18/2021/ND-CP

Import duty of goods registered in-land import procedures for export manufacturing

Scenario 1:



- VN Company B has to:
- ✓ register in-land import declarations; and
 - ✓ Eligible for duty exemption;

Scenario 2:



- VN Company B has to:
- ✓ register in-land import declarations; and
 - ✓ Eligible for duty exemption.

Scenario 3:



- VN Company B has to:
- ✓ register in-land import declarations;
 - ✓ make payment of import duty; and
 - ✓ apply refund later (where applicable)



3. Recent Customs audit trends

Some focusing points of a Post-clearance Customs Audit (PCA)

EPEs

Non-EPEs

Certificate of Origin (“C/O”)

- C/O for exported goods

- C/O for imported goods
- C/O for exported goods

Customs Clearance

- Declaration of special relationship
- Notification of changes in manufacturing facility
- Additional declaration for deficit/surplus goods

- Declaration of special relationship
- Customs valuation
- Notification of the processing contract & appendices
- HS code classification.

Management of goods that are not subjected to tax/duty exemption

- Imported fixed assets, tools
- Imported raw materials and consumables (*)
- Outsourcing products
- Sample goods

- Imported raw materials and consumables for export processing/export manufacturing
- Outsourcing products
- Temporary import/export goods

Goods policy

- Chemical and precursor substance
- The used machinery or equipment

- Chemical and precursor substance
- The used machinery or equipment
- Conformity required products



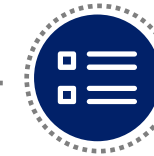
4. In-development policies

Summary of the coming new regulations

**In-development
policies**



Customs development strategy until 2030



Decree to amend, supplement Decree 08/2015/ND-CP, Decree 59/2018/ND-CP



Decree to supervise the e-commerce activities



Decree on the implementation of the Vietnam national single window



Circular to amend Circular 38/2015/TT-BTC and replace Circular 39/2018/TT-BTC on Customs procedure.



5. Practical cases

Case 1 - Challenges on EPE conditions



Background: An Export Processing Enterprise (“EPE”) needs to revise its license to reflect new information (i.e. name of General Director);



Challenges: During verbal discussion with Customs, the Company has been challenged on:

- Fences that had been set up since the Company’s establishment; and
- Qualification of 3 conditions in Decree 18 before Customs can provide comments to the Licensing Authorities.

Our assistance:

- Conduct a factory tour to understand the status of the fences;
- Assist the Company in preparation of explanation to Customs on how the Company’s fences can meet EPE conditions to separate the Company’s areas to others, and prevent goods from getting in-out the Company without customs registration
- Study reasons of revision of the Company’s license, and suggest next action to work with Licensing and Customs Authorities.

Case 1



5. Practical cases

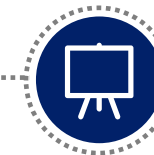
Case 2 - Inventory management of EPE



Background: An Export Processing Enterprise (“EPE”) engaged in manufacturing products for sales;



Challenges: In 2019, the company subject to Post-Clearance Audit for the period of 05 years. Customs audit team identified inventory gap (i.e. both surplus and minus), exposing the company to duty claw-back, the administrative penalty and late payment interest.



Our assistance:

- Based on the company’s information/documents, we assisted the company in preparing the reasonable explanations for the inventory gaps, and supported in preparing the explanation on the discrepancies to the Customs audit team;
- The customs audit team accepted the company’s explanations and consequently, we have successfully assisted the client to reduce the financial exposure by 70%.

Case 2

Mr. Bui Ngoc Tuan

Tax Partner - Customs and Global Trade,
and Chinese Service Group



Tuan has been practicing audit, tax and business advisory in Vietnam for more than 26 years, including 02 years in USA. Tuan is the leader of Customs and Global Trade, and Chinese Service Group of Deloitte Vietnam.

Tuan has held partner roles serving large and prestigious multinational clients in all types on Vietnam taxation. He has been recognized as the leading tax professional of indirect tax. He has contributed significantly to the development of Vietnamese taxation and customs system through his public speeches, articles and interviews.

Mr. Brian Wong

Director - Chinese Services Group



Brian has more than 17 years of experience. He was involved in a wide range of external audit assignments, which include the annual audits of local and multinational clients. Brian also has experience in provide tailored support to Chinese Speaking Clients, from market entry strategy to ongoing support together with his Tax, Advisory and Assurance colleagues.



6. Q&A

Panel discussion:

Speakers:

- **Mr. Bui Ngoc Tuan**, Tax Partner - Customs and Global Trade
- **Ms. Nguyen Hai Van**, Senior Manager, Customs, Deloitte Vietnam
- **Mr. Nguyen Minh Nhat**, Manager, Customs, Deloitte Vietnam

Moderator:

- **Mr. Brian Wong**, Director, Chinese Services Group, Deloitte Vietnam

Deloitte Vietnam's Tax alert and newsletter



Upcoming events



IFRS Adoption Timeline in Vietnam & Tax Impact

September 15

02:00 p.m. – 04:00 p.m.

Webinar



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WEBINAR***





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