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## *Customs Update: Stricter checks on application of special preferential import tariffs*

Recently during some post-clearance audits, there have been a number of cases of Customs rejecting submitted Certificates of Origin (“C/O”) claiming special preferential import tariffs in accordance with Free Trade Agreements between Vietnam and other countries. Customs seem to be more stringent on the verification of the validity of the C/O before such C/O is accepted to allow the importers to apply the rates committed in the FTAs.

The verification and identification procedures for the origin of imported goods is formalized under Circular 38/2018/TT-BTC dated 20<sup>th</sup> April 2018 issued by the Ministry of Finance on the identification of the origin of exported and imported goods.

In addition, the General Department of Customs have also released various official letters guiding the authentication methodology, requesting all provincial customs departments to tighten up the verification process for importer’s claiming special preferential tariffs during the import clearance stage. The customs authorities are encouraged to re-visit all cleared declarations with submitted C/Os and initiate post-clearance audits where there are signs of violation on goods’ origin and / or non-compliance in the form of the C/Os.

Although there are defense arguments, local customs authorities reject C/Os with administrative mistakes, e.g. third-party invoicing C/O lacking the 1<sup>st</sup>-leg invoice number, inconsistent HS codes declared on the C/O and the customs declaration, etc.

Now is therefore the time to review FTA claims of enterprises which import goods from countries such as Australia, Chile, China, India, Japan, Korea, New Zealand, and other ASEAN countries to identify and mitigate the exposures in this regard. PwC Customs team can conduct targeted “health-check” reviews to assist in this regard.

## *Contact us – PwC Customs team*

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