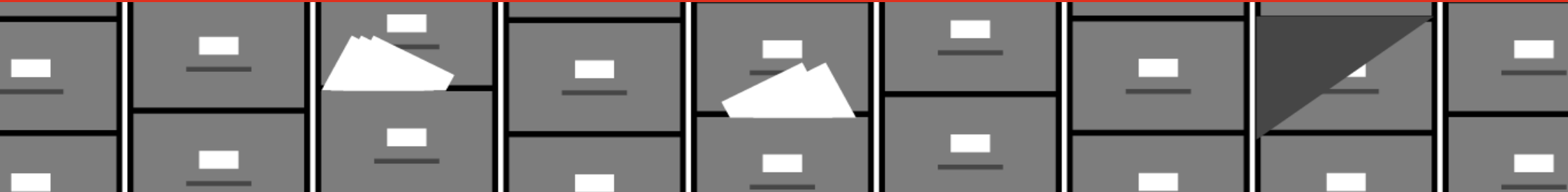


New Circular clarifying conditions to be entitled to 5% VAT rate on medical equipment



5 July 2021

At a glance...

In an effort to remove the uncertainty with respect to the requirement for a confirmation from the Ministry of Health (MoH) in order to apply 5% VAT rate to medical equipment, on 11 June, the Ministry of Finance issued Circular 43/2021/TT-BTC which amends the provisions in the VAT Circular 219/2013/TT-BTC which deal with the VAT rate applicable to medical equipment.

The new Circular 43 will take effect from 1 August 2021.

Below are some notable points:

- Previously, in order to apply the 5% VAT rate, the medical equipment and devices must either be:
 - (i) specifically mentioned in Clause 8, Article 1 of Circular 26 amending Clause 11, Article 10 of Circular 219, or
 - (ii) supported by a confirmation of the Ministry of Health as being specialized medical equipment.

- The new rules provide that the confirmation from the MoH is no longer required for medical equipment and devices in order to be entitled to the 5% VAT. Instead, the following medical equipment and devices are stated to be entitled to 5 % VAT:
 - (i) those which have import license issued by the MoH; or
 - (ii) those which have circulation registration certificate issued by the MoH; or
 - (iii) those supported by documents certifying standards in accordance with medical regulations; or
 - (iv) those which are in the list of medical equipment under supervision of the MoH.

- These new rules are welcome and provide a clearer and more practical approach for taxpayers to assess entitlement to the 5% VAT rate. They also address the issue of the constant changes in the types of medical equipment circulated in the market and question marks as to whether changes in the VAT rates need to be made.

Contact us

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