

Some proposed changes to the SST Law

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At a glance...

In late February, the Ministry of Finance released a proposal to revise the Special Sales Tax (“SST”) law and is seeking public comments in this respect. The deadline for opinion contribution is 21 March 2023.

The SST law amendment is proposed to be discussed and approved in the National Assembly meeting in October 2023.

Key proposed changes...

- Taxable scope shall include the following new items: sugar drinks (đồ uống có đường), barley drinks (thức uống đại mạch) and non- alcoholic beverages (nước giải khát không cồn), new tobacco products and equipment, parts and solutions for new tobacco (sản phẩm thuốc lá mới và thiết bị, bộ phận, dung dịch của thuốc lá mới); online gaming services (kinh doanh dịch vụ trò chơi điện tử trên mạng).
- To align with specialised regulations and reduce confusion during implementation of this tax, the following has been proposed:
 - Modify the description of certain taxable objects (i.e., automobiles, airplanes);
 - Specify certain items which are not subject to SST (i.e., automobiles, airplanes, exported goods which are returned from overseas, trans-shipped goods).
- In terms of tax rates, the following is proposed:
 - SST rates for wine, spirit and beer will be changed;
 - Environmental-friendly automobiles shall be subject to lower SST rates.
- No specific SST rates for these items are proposed in the draft outline i.e., it only states that the SST rates and the taxable price shall be determined appropriately.

Key proposed changes...

- A “hybrid method” presumably to include both ad valorem tax (as currently) and a specific tax element shall be applied to tobacco products, and specific tax shall also be applied to tobacco products.
- Further guidance shall be provided on determination of the tax base for hybrid and specific tax methods.
- Issue further guidance on SST refunds for outstanding creditable SST relating to stock gasoline raw materials used to produce biofuel.
- Revisit the current guidance on SST refunds in case of transfer of ownership, transformation of enterprise type, merger, consolidation, division, separation and, termination of operation to comply with the Enterprise Law.

Contact us

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