
Some proposed changes to the VAT law

6 April 2023



At a glance...

In late February, the Ministry of Finance released a proposal to revise the Value Added Tax (“VAT”) law and has sought public comments in this respect

The VAT law amendment is proposed to be discussed and approved in the National Assembly meeting in October 2024.

In detail...

Some key proposed changes are as follows:

1. Scope of goods and services which are VAT exempt

- Reducing the number of groups of goods and services that are VAT exempt (e.g. including fertilizer, specialized machinery and equipment for agriculture, offshore fishing boats, postal services, etc.)
- Amending or adding several goods and services to remove difficulties for business and administrative procedures (e.g. service fee related to a loan contract between Vietnamese Government and foreign lenders, export products processed from natural resources and minerals, education, software products, goods imported by finance companies, goods/assets of individuals not doing business, transfer investment projects, etc.)
- Amending or adding goods and services to ensure the consistency with other regulations (e.g. goods in transits, securities trading, etc.)

In detail...

Some proposed key changes are as follows:

2. Tax base

- Amending and supplementing the determination of taxable prices of certain goods and services (e.g. real estate business activities, casino services, prize-winning video games, etc).

3. Tax rate

- Reducing the number of groups of goods and services subject to 5% (e.g. manufacturing films, import and distribute films, etc.)
- Amending tax rates of certain goods and services such as goods sold in quarantined areas, duty-free shops, medical equipment, materials using for teaching, etc
- Amendments or supplementation relating to exported services to conform with international practice
- Supplementing the determination of tax rates to ensure transparent in policy
- Amending VAT rates when the economic is stable

In detail...

Some proposed key changes are as follows:

4. Input VAT credit

- Amending regulations to improve non-cash payment to avoid cheating in tax credit, tax refund and money laundering
- Supplementing regulations relating to input VAT credit for certain special cases (e.g. sales in non-tariff zone, duty free, etc)

5. VAT refund

- Amending VAT refund for certain group of goods, services for benefit of taxpayers: those manufacturing or selling goods/services subject to 5% VAT; investment projects in conditional sectors; exported goods/services, etc.
- Amending VAT refund with respect to change of ownership, change of enterprise types, merger, consolidation, separation, de-merger, etc.

Contact us

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Ho Chi Minh City office



Annett Perschmann-Taubert

Partner

+84 (28) 3824 0113

annett.perschmann@pwc.com

Hanoi office



Nguyen Huong Giang

Partner

+84 24 3946 2246 Ext. 1502

n.huong.giang@pwc.com

www.pwc.com/vn



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