

ALERT ON TRADE AND CUSTOMS

Update on Decree
No. 111/2020/ND-CP promulgating
the Export and Import Tariff Schedule
of Vietnam under the EVFTA

21 September 2020



General information

- Following the implementation of the European Union-Vietnam Free Trade Agreement (“EVFTA”) on 01 August 2020, the Government of Vietnam has just issued **Decree No. 111/2020/ND-CP dated and with effect from 18 September 2020**, to confirm the export and import tariff schedules will apply **from 01 August 2020 until 31 December 2022**, and to guide on operational matters.
- In this Alert, we summarize the key contents of Decree No. 111/2020/ND-CP and highlight the practical applications to be considered.
- For further background information on the EVFTA, and how it could impact your business, see Deloitte Vietnam’s previous Alerts titled [EVFTA](#), [Circular No. 11/2020/TT-BCT](#), and [Webinar on the EVFTA](#), available in the attached links.

The main content of Decree No. 111/2020/ND-CP

- **Vietnam's Export and Import Tariff Schedule** for the implementation of tariff reduction under the EVFTA in three (03) consecutive periods: **01 August 2020 – 31 December 2020; 01 January 2021 – 31 December 2021; and 01 January 2022 – 31 December 2022.**
- **Conditions and procedures** for the application of export tariff rates; import tariff rates under the EVFTA.
- **List of the European Union (“EU”) member states and territories** that are/are not covered by the EVFTA.
- **Tariff treatment on shipments declared on or after 01 August 2020 until the effective date of the Decree:** claims for the overpaid import duty shall be handled by the Customs authority as regulated.

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Export tariff schedule applied to goods exported from Vietnam to the EU

The Decree issues EVFTA Export Tariff Schedule – advising:

- Those goods that are eligible to relevant export tariff rate under the EVFTA when exporting to:
 - (i) Territories of Member States of the EU; and
 - (ii) United Kingdom of Great Britain and Northern Ireland (effective up to 31 December 2020).
- Goods that are listed in the Export Tariff Schedule of Decree No. 57/2020/ND-CP but fall out of the Export Tariff Schedule of EVFTA shall be subject to 0% tariff rate under the EVFTA.

Conditions for application of EVFTA export tariff rates:

- A transport document (copy) proving that the destination is one of the countries and territories as prescribed;
- Import customs declaration to evidence the export consignment originating from Vietnam has been received into the EU member territories, and the United Kingdom of Great Britain and Northern Ireland (effective up to 31 December 2020).

Note: At the time of export from Vietnam, the MFN export tariff rates shall be applied. Within one (01) year from the date of export customs declaration, on the provision of the above evidence with the EVFTA tariff rates granted, the exporter can claim a refund of the difference between the MFN export tariff rate and the EVFTA export tariff rate. The refund claims for overpaid export duty shall be handled by the Customs authority as regulated.

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Import tariff schedule applied to goods imported into Vietnam from the EU

Application of tariff quotas covering:

- A number of tariff lines in headings 04.07, 17.01, 24.01, 25.01 subject to quotas;
- The in-quota import tariff rates to be applied;
- The volume of annual quotas; and
- The out-of-quota import tariff rates to be applied.

The Decree confirms:

- It is effective from **18 September 2020**, but
- Preferential duty treatment under EVFTA may be applied to imports from the EU **that have declared to Vietnam Customs on or after 01 August 2020**.

Note: With the imports occur during the period from 01 August 2020 to the effective date of this Decree, the MFN import tariff rates may be applied. The importer can, with the appropriate evidence that the imported goods were eligible for EVFTA treatment, file for a refund of the difference between the MFN import tariff and the EVFTA import tariff rate. The refund claims for overpaid import duty shall be handled by the Customs authority as regulated.

Conditions for application of EVFTA import tariff rates:

- The imported goods are listed in the Import Tariff Schedule specified in this Decree;
- They were exported into Vietnam from member countries of the EU; The Principality of Andorra; Republic of San Marino; United Kingdom of Great Britain and Northern Ireland (effective up to 31 December 2020); and from non-tariff zones in Vietnam to the domestic market; and
- The goods meet the EVFTA “Origin” requirements, and the exporter has provided the required “proof of origin”.

Note: According to the EC’s announcement on Letter No. Ares(2020) 1982973, “proof of origin” of goods imported from the EU means:

- Statements on origin made out by registered exporters in the REX system; or
- Statements on origin made out by any exporter for consignments the total value of which does not exceed EUR 6,000.

Certificates of origin EUR.1 and origin declarations will not be issued or made out in the EU to benefit from the preferential tariff treatment in Vietnam.



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