

Tax & Legal Alert

Reciprocal Tariffs and a U.S. – Vietnam Trade Agreement is on the horizon: What can we expect?

July 2025



Background

The Vietnam Government, and the U.S. Administration, are still in talks over a long-term Bilateral Trade Agreement, and in the application of Reciprocal Tariffs. Whilst there are reports that positive progress has been made on both fronts, it is clear further negotiations are needed before these are finalized.

We can expect further announcements over the upcoming times but summarize in this Alert our understanding of the current position on Reciprocal Tariffs and the Bilateral Trade Agreement.

Reciprocal Tariffs

The U.S. Government has just issued an Executive Order which:

- ✓ Extends the “suspension period” before country-specific Reciprocal Tariffs are imposed on goods, imported into the U.S. from several trading partners (including Vietnam), until **11:01 a.m. VN time on 01 August 2025**;
- ✓ Effectively this means that goods imported into the U.S., from Vietnam, will continue to suffer a 10% base tariff (in addition to Sectoral Tariffs), until the end of this month.

Whilst there have been no official announcements from the U.S. or Vietnam Governments, indications are that with effect from 01 August 2025 (unless otherwise determined by both sides):

- ✓ A 20% Reciprocal Tariff (in addition to Sectoral Tariffs) might be applied to all **Vietnam originating goods** - but we understand that there will be official announcements from the Governments on this in the coming weeks, or later depending on the negotiation progress;
- ✓ For those Vietnam goods that are imported into the U.S. **without** satisfying the agreed rules of origin and/or a certified Certificate of Origin might be considered by the U.S. Administration as “*transhipped goods*” and consequently suffer a higher Reciprocal Tariff of 40% (in addition to Sectoral Tariffs). There is a risk that the Reciprocal Tariff rate might be higher - depending upon U.S. authorities’ determination on the “origin” of the goods.




U.S. – Vietnam Trade Agreement

Both the Vietnam and U.S. Governments are committed to establishing a Bilateral Trade Agreement, to provide a substantive framework to facilitate and grow trade between the two countries. We understand that the key areas still to be concluded are defining the “Rules of Origin”, evidential requirements that need to be satisfied, and origin verification procedures.

Our understanding though is that negotiations are still ongoing and might not be completed by 31 July 2025. It is therefore possible that the Reciprocal Tariffs will continue to be applied until the Trade Agreement is finalized and effective.

With reference to other Trade Agreements that the U.S. is a party to, tariffs imposed on **Vietnam originating goods** might be “sector based” - with potentially different modalities of tariff schedule applied.

Our recommendations

 While awaiting official announcements from the Vietnam and U.S. Governments, we recommend Vietnam Manufacturers and Exporters to consider:

- ✓ Expediting the export shipments from Vietnam to the U.S. before the expiry of the “extended suspension” period;
- ✓ Checking the accuracy of HS classification, of imported materials and exported products, as a basis for determining the Rule of Origin to be applied;
- ✓ Critically reviewing the determination of “Vietnam Origin” for products exported, for purposes of applying for Certificate of Origin, customs declarations and marking products labelling, for past and future shipments;
- ✓ Establishing “comprehensive” Internal Control Program, to monitor the “end-to-end” process - from the purchase/ import of materials, issuance into production, receipt of products readiness for export, determination of Products origin, until exportation out of Vietnam;
- ✓ Enhancing the internal records/ supporting documents to evidence for materials sources, “Vietnam Origin” of products exported, and production stages performed in Vietnam – in preparation for any origin audits and inspections.
- ✓ Performing the origin traceability for materials that has been declared as having “Vietnam origin” and purchased domestically for production of exported Products.



How Deloitte can support

Deloitte Vietnam's Customs & Global Trade Team (including the Origin specialists), can immediately support you through:



Regulatory updates

To provide timely updates on any changes to Origin regulations/requirements; and the development of U.S. Tariff policies that may have impacts on origin for Products exported from Vietnam.



Compliance review (with focus on origin testing and verifications)

To perform an independent review and assessment on whether the products exported by the companies satisfy "Vietnam Origin". Where the Origin Rule is not satisfied, we will provide recommendations on remedial actions that could be taken to manage potential risks and enhance customs compliance.



Internal Control Program support

To establish, or review, the Internal Control Program relating to export manufacturing/ processing activities – in preparation for any Audits/ Inspections performed.



Training and workshop arrangement

To organize the training/workshop with the company's personnel, to enhance their understanding of Origin requirements, and their capabilities in determining/ testing Origin for exported products.

Should you have any inquiries regarding Tax & Legal, please contact our subject matter experts at **Deloitte Vietnam**.





**Vietnam Tax Firm
of the Year
(2021 – 2024)**



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