

Tax Alert

July 2023

Decree 44 on reduction of 2% value added tax in the last 6 months of 2023

As the global and local economy continue to face many difficulties and challenges, the National Assembly has passed the proposal to reduce the Value Added Tax (“VAT”) rate for most of goods and services which are currently subject to the tax rate of 10% under Resolution No. 101/2023/QH15 dated 24 June 2023 in an effort to reduce the price of goods and services, promote production and business, and subsequently stimulate consumer demand.

On 30 June 2023, the Government issued Decree 44/2023/ND-CP (“Decree 44”) on VAT reduction following Resolution No. 101/2023/QH15, specifically:

- Reduce VAT for groups of goods and services which are currently subject to the tax rate of 10% to 8%, except for the following groups:
 - Telecommunications, financial activities, banking, securities, insurance, real estate trading, metals and prefabricated metal products, mining products (excluding coal mining), coke, refined petroleum, chemical products (*Details stipulated under Appendix I issued together with Decree 44*);
 - Goods and services subject to Special Consumption Tax (*Details stipulated under Appendix II issued together with Decree 44*);
 - Information technology in accordance with the regulations on information technology (*Details stipulated under Appendix III issued together with Decree 44*).
- The VAT reduction applies to all stages including import, manufacturing, processing and trading.
- The VAT reduction is applicable to business establishments that adopt VAT credit method and business establishments (including business households and business individuals) that declare and pay VAT at a deemed rate (%) of revenue.

Decree 44 takes effect from 01 July 2023 until 31 December 2023.

Please contact KPMG for further consultation on your ongoing queries.

Contact us

Hanoi

46th Floor, Keangnam Landmark 72,
E6 Pham Hung, Me Tri, Nam Tu Liem
T +84 (24) 3946 1600

Ho Chi Minh City

10th Floor, Sun Wah Tower,
115 Nguyen Hue, Ben Nghe, District 1
T +84 (28) 3821 9266

Da Nang

Unit D3, 5th Floor, Indochina Riverside Towers,
74 Bach Dang, Hai Chau I, Hai Chau
T +84 (236) 351 9051

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2023 KPMG Limited, KPMG Tax and Advisory Limited, KPMG Law Limited, KPMG Services Company Limited, all Vietnamese one member limited liability companies and member firms of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.



Scan to visit our website: kpmg.com.vn

Email: kpmghcmc@kpmg.com.vn