

Tax Alert

January 2024

DECREE 94 ON REDUCTION OF 2% VALUE ADDED TAX (“VAT”) IN THE FIRST 6 MONTHS OF 2024

For the implementation of the Resolution No. 110/2023/QH15 ratified by the National Assembly, on 28 December 2023, the Government issued Decree 94/2023/ND-CP (“Decree 94”) guiding the 2% VAT reduction applicable for the period from 1 January 2024 to 30 June 2024, specifically:

- 2% VAT reduction is applicable to groups of goods and services which are currently subject to the tax rate of 10%, 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 94);
 - Goods and services subject to Special Consumption Tax (Details stipulated under Appendix II issued together with Decree 94);
 - Information technology in accordance with the regulations on information technology (Details stipulated under Appendix III issued together with Decree 94).
- The VAT reduction applies to all stages including importation, 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 94 takes effect from 1 January 2024.

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

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