

# Tax Alert

July 2024



## DECREE 72 ON THE REDUCTION OF 2% VALUE-ADDED TAX IN THE SECOND HALF OF 2024

On 29 June 2024, the National Assembly has passed the proposal to continue the reduction of Value Added Tax (“VAT”) rate for most of goods and services, which are currently subject to the tax rate of 10%, under Resolution No. 142/2024/QH15.

On 30 June 2024, the Government issued Decree 142/2024/ND-CP (“**Decree 142**”) on VAT reduction following Resolution No. 142/2024/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 72*);
  - Goods and services subject to Special Consumption Tax (*Details stipulated under Appendix II issued together with Decree 72*);
  - Information technology in accordance with the regulations on information technology (*Details stipulated under Appendix III issued together with Decree 72*).
- 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 72 takes effect from 01 July 2024 until 31 December 2024.

Please contact KPMG for further consultation on your ongoing queries.

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