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Update on Customs policy/practice in Vietnam

ASIA FORUM 2019

May 2019

RECENT AND PLANNED CHANGES TO CUSTOMS REGULATIONS AND PRACTICE

2018 Regulatory Developments

- Customs Procedures
 - ✓ Manufacturing/processing for export companies
 - Actual BOM
 - Finalization Reports
- Customs Valuation – “price consultation” process
- Self Certificate of Origin

Planned Regulatory Changes

- New Law and Decree on Import/Export duties
 - ✓ Exemptions
 - ✓ Refunds of duties
 - ✓ On the spot import/export
 - ✓ Exported materials and semi-finished goods

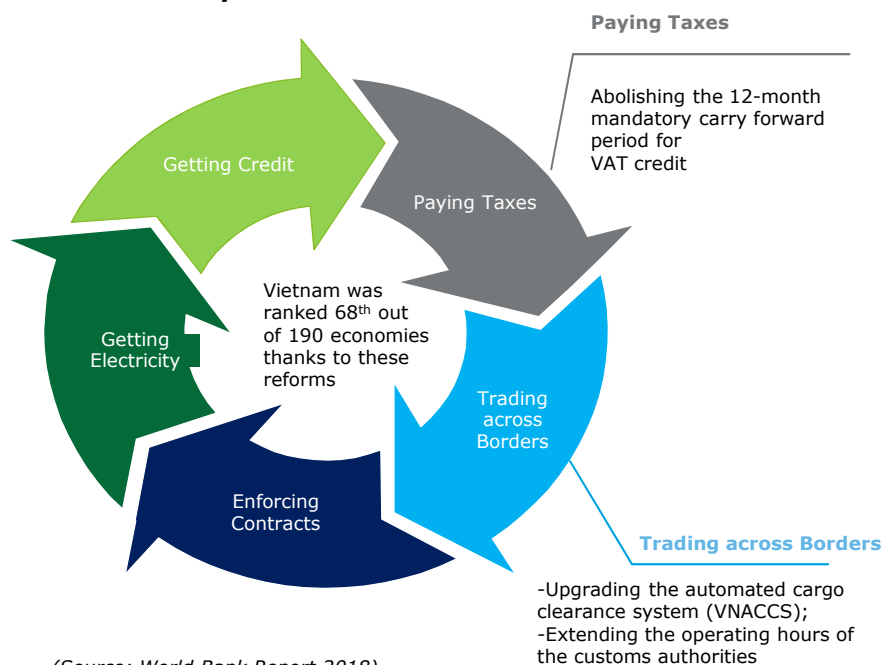
DEVELOPMENTS ON CUSTOMS CLEARANCE

Comparable Customs performance

Economy	LPI Rank	LPI Score	Customs	
			Rank	Score
Vietnam	39	3.27	41	2.95
India	44	3.18	40	2.96
Indonesia	46	3.15	62	2.67
Philippines	60	2.9	85	2.53
Lao PDR	82	2.7	74	2.61

(Source: World Bank Report 2018)

Vietnam's key reforms 2018



(Source: World Bank Report 2018)

Vietnam Customs has adopted application of 5Es



• **E-clearance**



• **E-payment**



• **E-C/O**

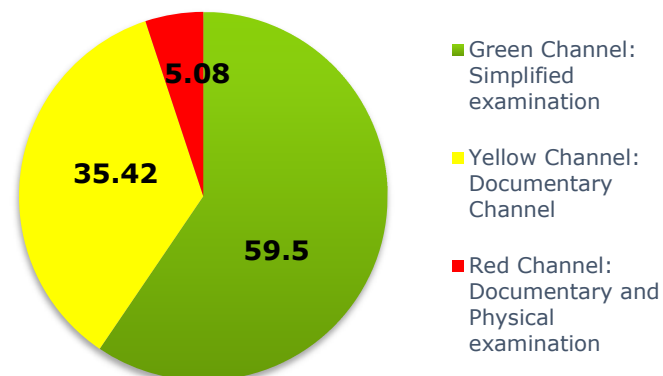


• **E-manifest**



• **E-permit**

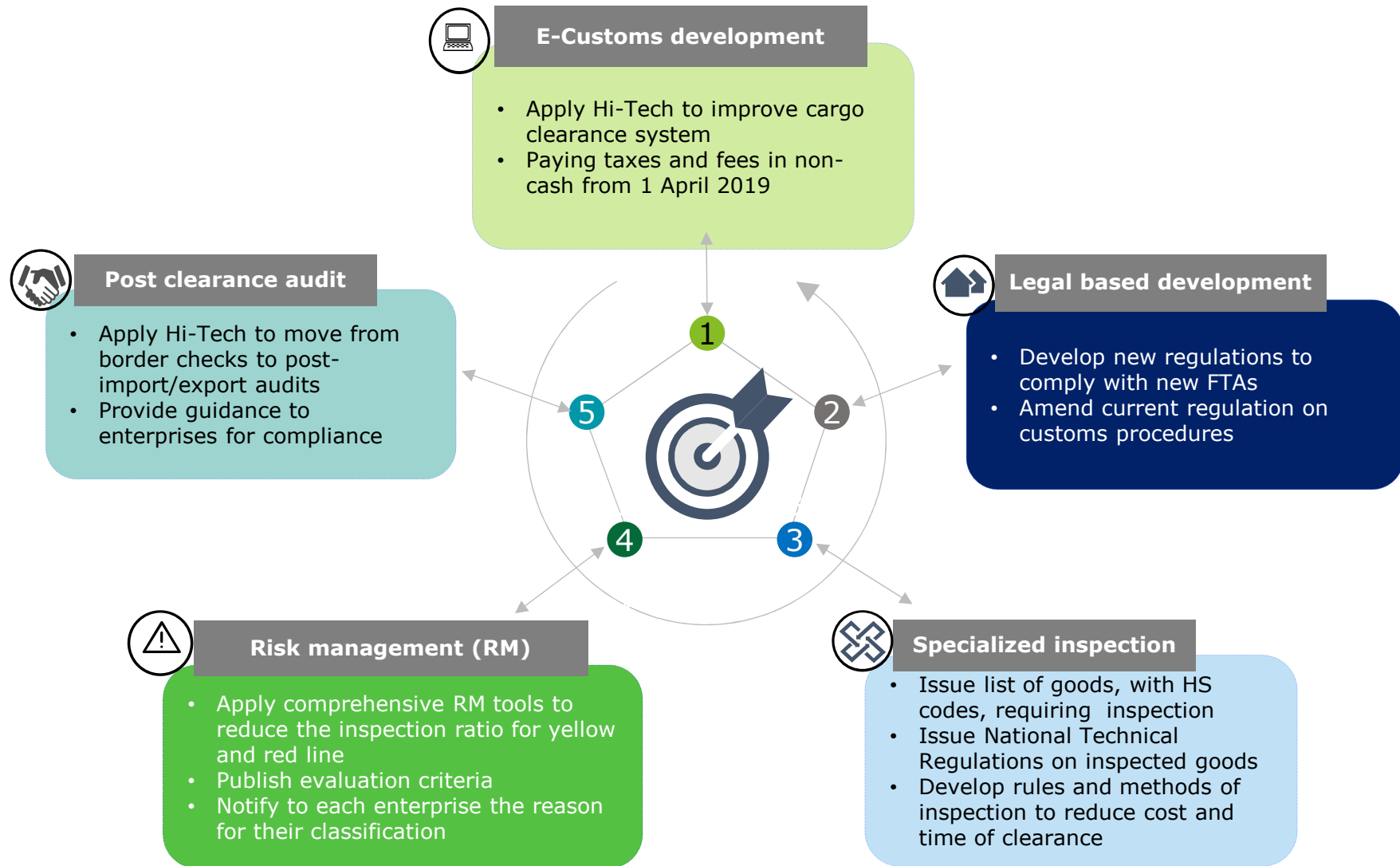
Vietnam Customs clearance in 2018



(Source: General Department of Vietnam Customs 2018)

PLANNED CUSTOMS DEVELOPMENTS

Plans announced in 2019 to further reform and modernize Customs



(Source: General Department of Vietnam Customs 2019)

WTO-TRADE FACILITATION AGREEMENT ("TFA")

Comparison of Notable commitments under TFA

WTO-TFA		VIETNAM		INDONESIA		PHILIPPINES
Provision	Heading/Description	Category	Indicative date for implementation (for category B and C)	Category	Indicative date for implementation (for category B and C)	Category
Article 1 Publication and Availability of Information						
Article 1.2	Information Available through Internet	C	31 Dec 2021	A	-	A
Article 2 Opportunity to Comment, Information before Entry into Force and Consultations						
Article 2.1	Opportunity to Comment on Regulation and Information Before Entry into Force	A	-	A	-	A
Article 3 Advance Rulings						
	Advance Rulings	C	31 Dec 2021	B	22 Feb 2022	A
Article 7 Release and Clearance of Goods						
Article 7.4	Risk Management	C	31 Dec 2023	B	22 Feb 2022	A

Category A commitments made November 2018, June 2018 and January 2018 respectively

(Source: WTO – Committee on Trade Facilitation)

Free Trade Agreement trends

Current FTAs



ATIGA



AKFTA



AANZFTA FTA



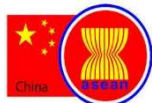
VCFTA



VJEPA



AHKFTA



ACFTA



AJCEP



AIFTA



VKFTA



VN-EAEU FTA



CPTPP

Pending FTAs



Notes

- Under ATIGA: 90% goods subject to 0% duty rate
- Under AHKFTA: Customs duties will be cut on 85 percent of goods listed in tariff schedules - within 10 years – Implementation Mid-2019
- Under EVFTA: Customs duties will, depending on the goods, be removed immediately or in stages up to 17 years from date of entry into force – 1 January 2020 ?

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Relevant Experience

Bob Fletcher is a Director, and leader of our Customs & Global Trade team in HCMC. Prior to joining Deloitte Vietnam, Bob was the leader of Deloitte's Asia Pacific and Southeast Asia Customs practice.

Before moving in to customs consultancy, Bob spent 13 years working for UK Customs, including 4 years specializing in Customs valuation.

With 40 years in customs and global trade consultancy, Bob is one of Deloitte's foremost experts in this specialist area. He has extensive experience in advising many of the world's major US, European, and Asian multinational clients on inter-Asia and intra-Asia trading strategies. Bob has an extensive network of contacts with the Customs Authorities, trade and business federations/ associations in the AP region.

Bob has assisted many MNCs, across all industry sectors, structure their contractual and supply chain arrangements to be customs duty/VAT efficient – Support provided includes tariff classification, FTA planning and operational certification procedures, customs valuation, duty relief optimization and cash-flow planning, trade facilitation (including bonded warehousing).

Bob is a frequent speaker on various trending customs and trade topics, and has provided technical and interpretative guidance to various Customs authorities in the SEA and AP region – including Vietnam.

Bob has been repeatedly recognized by International Tax Review as a Leading Indirect Tax adviser (Customs) SEA.

Role: Practice Leader, Customs & Global Trade Advisory - HCMC

Vice Chairman Eurocham Vietnam – Customs Working Group



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