



Changes in MFN tariff Schedule 2012

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On 14/11/2011, Ministry of Finance issued Circular No. 157/2011/TT-BTC enclosed with MFN tariff Schedule by list of taxable items.

There are many changes compared with tariff Schedule 2011 due to implementation of harmonize Nomenclature and description of goods, 2012 edition of World Customs Organization and the ASEAN countries (referred as AHTN 2012)


Changes of tariff schedule 2012 compared with 2011

2012 Tariff Schedule includes 9,566 tariff lines, increases 1,258 compared to the harmonize Nomenclature and description of goods of ASEAN countries in 2007 and 336 tariff lines increased compared the current MFN import tariffs in Vietnam.

2012 Tariff Schedule has many changes compared to 2011 tariff on list of goods (item names, quantity of tariff lines, item codes) and tax rates. Specifically:

- Changes in item codes: classification of goods under 8-digit number (formerly 10 digits).*
- Changes in item names: Add new subgroups, important new products in international trade; define name of chemicals, plant protection substances, ozone-depleting substances; delete more than 40 subheadings with lower imports;*
- Changes in quantity of tariff lines: tariff lines arisen mainly in Chapter 3 crustaceans, mollusks and other aquatic invertebrates, increase 153 lines), chapter 39 (Rubber and articles thereof, increase 57 lines); chapter 62 (Articles of apparel and clothing accessories, not knitted or crocheted, increase 44 lines); chapter 84 (Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof, increased 104 lines), chapter 85 (Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles, increase 160 lines); Chapter 87 (Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof, increase 137 lines).*
- Changes in tax rates: change export tax rate of 40 lines and import tax rate of over 1000 lines. These changes aim to implement WTO commitments and due to changes in list of preferential import tariff on AHTN 2012.*
- Changes in tariff schedule structure 2012: in addition to 97 Chapters on the list of import export goods, tariff schedule 2012 has been added with Chapter 98 to determine specific tax rates for some special items, item groups.*

The amended contents of tariff schedule 2012





1. For export tariff:

- Changes in tariff categories: export tariff schedule of 2 items “waste and scrap of metal” according to WTO commitments in 2012 includes 81 categories on the list of export tariff in 2011 and updated with new items as coconut products, rubber Accordingly, the export tariff list issued together with Circular No. 157/2011/TT-BTC dated 14/11/2011 includes 87 categories, mainly minerals item like ore, stone, sand; metal, metal scrap such as gold, iron, copper and some items discourage to be exported

- Changes in tax rate: Most of items with export tax rate are unchanged compared with 2011. However, 24 categories “waste and scrap of metal” according to WTO commitments in 2012 have tax rate adjusted and 01 item “processed white limestone” under heading 2517 with size from 1-400 mm is also adjusted from 17% to 14%.

2. For MFN import tariff:

- Changes in tariff categories: there are changes basing on AHTN 2012 - list of import and export goods of Vietnam - together with TT 156/2011/TT-BTC dated 14/11/2011 of the Ministry of Finance.

- Changes in tariff structure:

Section I - 97 chapters in the list of import export items in Vietnam

Section II - Chapter 98: includes 22 items, categories with specified preferential tax rate.

- Changes in tax rate:

+ Reduce tax rate to implement WTO commitments in 2012


Among 9,558 tariff lines of preferential import tariffs in 2012, there are 945 tariff lines subject to tax rate reduction in the route of 2012 WTO commitments.

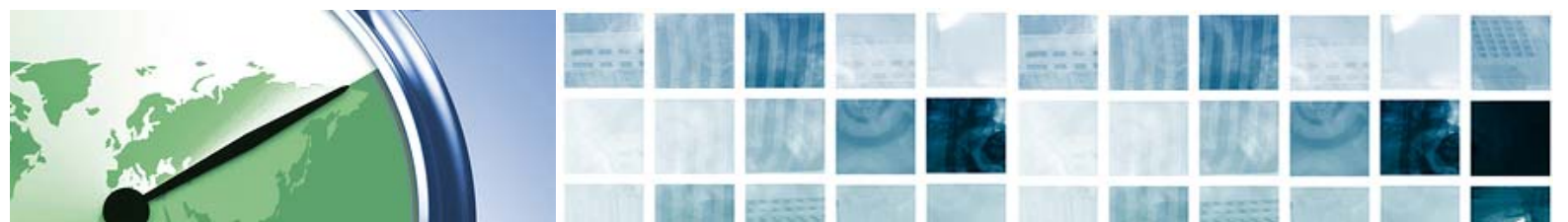
+ Increase tax rate of 157 lines

The items have tax rate increased to protect domestic production, limit deficit under Resolution No.11/NQ-CP of the government for items in list of goods discourage to be imported and out of list of state management to stabilize prices or in the list of equipment, machinery, spare parts, means of transport which can be produced in domestic. However, among 157 tariff lines, there are 108 tariff lines with increased tax rate from 1-2% (current tax rate is lower than the committed ceiling 2012 from 1% - 2%).

+ Reduce tax rate of 87 lines

Some items with tax rate adjusted are raw materials, components which can not be produced in domestic or to remedy inappropriateness and ensure compliance with finished product import tariff (preferential import tax rate of raw materials and components must be less than or equal to preferential import tax rate of finished product) or correlative with





other items in the same group. Among 87 lines, there are 07 tariff lines with tax rate decreased from 1-2%, 80 tariff lines have greater reduction.

+ Increase/Reduce tax rate due to changes under AHTN 2012

As converting list of preferential import upon AHTN 2012, there are many tariff lines being combined (eg 02 lines combined into 01 line or 03-05 tariff lines combined into 01 line) that causing changes in tax rates. There are total 91 groups with changed tax rates compared to current tax rate.

+ Adjust tax rate due to changes in quantity of tax rate levels.

+ Change in the quantity of tax rate levels and average tax rate.

MFN import tariff schedule includes 48 levels of tax rate in 2011, the average tax rate is 11.08%. Tariff Schedule 2012 includes 33 levels, with an average tax rate 10.47%, 15 tax rate levels lower than 2011.

The Circular comes into effect from 01/01/2012.

