



Consolidation of Regulations for Duty Free Business

On 27 December 2016, the Government promulgated Decree 167/2016/ND-CP regarding the duty-free business in Vietnam (“**Decree 167**”).

Decree 167 consolidated and precisely detailed the obligations and regulations for the duty-free business in Vietnam. These obligations and regulations had been loosely promulgated in various prior Circulars and Decisions. Decree 167 consolidates and details the responsibilities regarding the supervision and inspection by custom agents and the obligations of enterprises engaging in the duty free business to manage and report all duty-free trade activities.

Tax scheme and permissible goods sold in duty-free store

Tax Scheme

- i. goods temporarily imported for sale in duty-free stores are exempted from import duty and not subject to special excise tax or value-added tax;
- ii. goods produced in Vietnam and sold in duty-free store shall enjoy tax policies as temporarily exported goods;
- iii. any paid tax amount of imported goods which are sold in duty-free stores shall be handled in accordance with the tax administration laws.

Permissible Goods

Goods sold in duty-free stores shall consist of any of the following:

- i. goods temporary imported into Vietnam;
- ii. goods produced in Vietnam; or
- iii. goods that have completed the import procedures and are permitted to be sold in Vietnam under Vietnamese laws.

Enterprises with multiple duty-free store and bonded warehouses at different locations that are under the management of different customs branches and departments of customs have the following responsibilities

- i. carry out custom procedures for goods that will sold duty-free stores in accordance with the provisions of the custom branch where the enterprises’ head office is located;
- ii. Each bonded warehouse must have management software system that is connected and supervised by the custom branch at the place where the enterprise’s head office is located regarding the inventory of goods at each duty-free store, bonded warehouse;
- iii. Any transported goods that come under the management of a different customs branch, shall have an invoice containing the dispatch note of the location of the new duty-free store or bonded warehouse and custom branch in charge;
- iv. transport goods at its existing conditions to the duty-free store, bonded warehouse specified in the delivery bills;
- v. submit the settlement report of each duty-free store, bonded warehouse to the custom branch in charge within 30 days from the ending date of the fiscal year;
- vi. submit the general settlement report of the duty-free good trading enterprise within 90 days from the ending date of the fiscal year; and
- vii. comply with all required duties and obligations following the inspection of the settlement report.

Decree 167 took effect officially from 15 February 2017.

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