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Vietnam's special preferential import tariff schedule of VIFTA

Customs & Global Trade Alert
November 2024

This alert updates Vietnam's special preferential import tariff schedule to implement the Vietnam-Israel Free Trade Agreement (VIFTA) for the period from 2024 to 2027.

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As you may be aware, the Vietnam-Israel Free Trade Agreement (VIFTA) was officially signed on 25 July 2023. The Agreement aims to promote trade in goods and services, as well as investment, with a target of reaching bilateral trade valued at US\$3 billion and more soon. The Agreement will ultimately remove duties on at least 86% of Vietnamese import tariffs and 93% of Israeli tariffs.

In implementation, the Government recently promulgated Decree No. 131/2024/ND-CP dated 15 October 2024 (Decree 131), which provides Vietnam's special preferential import tariff schedule for the period from 2024 to 2027.

Decree 131 took effect from 15 October 2024.

Conditions of VIFTA's Tariff Application

- Imported goods eligible for the VIFTA's special preferential import tariff rates must meet all of the following conditions:
 - Included in the List of special preferential import tariff schedule issued with Decree 131 (the List)
 - Imported into Vietnam from Israel or from Vietnam's non-tariff zones into the domestic market
 - Comply with the regulations on the origin of goods and have the prescribed certificate of origin of goods

Other Considerations

- The List attached with Decree 131 provides the gradually reducing tariff rates for single years from 2024-2027, except for 2024, which denotes the period from 15 October 2024 to 31 December 2024.
- Certain imported goods into Vietnam are not entitled to the special preferential import tariff rates of VIFTA and are marked with an "*" in the List.
- The VIFTA's special preferential import tariff rates for certain items in groups 04.07, 17.01, 24.01, and 25.01 are only applicable within the in-quota imports as prescribed by the Ministry of Industry and Trade.
- The local legislation on the origin certification procedures and rules of origin has yet to be issued. We will keep you posted on the official issuance.

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