

Hanoi, May 25, 2006

No.: 929/QĐ-TCHQ

DECISION

**On Promulgation of Professional Management Procedures Applicable to Imported Materials
Serving Production of Goods for Export**

DIRECTOR OF THE GENERAL DEPARTMENT OF CUSTOMS

Pursuant to Customs Law No. 29/2001/QH10 dated June 29, 2001 and Law on amendment of and supplement to a number of articles of Customs Law 42/2005/QH11 dated June 14, 2005;

Pursuant to Decree No. 154/2005/ND-CP dated December 15, 2005 of the Prime Minister detailing the implementation of a number of articles of the Customs Law regarding the customs procedures, the custom inspection and supervision regime;

Pursuant to Circular No. 112/2005/TT-BTC dated December 15, 2005 of the Ministry of Finance providing the customs procedures, the customs inspection and supervision regime;
Pursuant to Circular No. 113/2005/TT-BTC dated December 15, 2005 of the Ministry of Finance providing guidelines on implementation of import and export duties.

In consideration of proposal of the head of the Department of Customs Management Supervision and the head of Department of Information Technology and Customs Statistics

DECIDE

Article 1. To promulgate together with this Decision the professional management procedures applicable to imported materials serving production of goods for export and enclosed forms, including:

- General diagram of management procedures applicable to imported materials serving production of goods for export;
- Registration form to be applied to the customs sub-department for export products which are produced from imported materials (Form: DKXKSP/2006);
- Annex of liquidity file (Comprise 10 tables and schedules and documents to be enclosed).
- Form of Note on Receipt of liquidity file (Form: PGNHS/2006).

Article 2. This decision shall take effect as of June 1, 2006.

Article 3. Directors of Customs Departments at cities and provinces; heads of units under the General Department of Customs shall be responsible for implementation of this Decision./.

Recipients:

- As Article 3;
- Ministry of Finance (for report);
- Vietnam Chamber of Commerce and Industry,
Tax departments at cities and provinces (for
coordination);
- Filing, GSQL (10).

On behalf of Director

VICE DIRECTOR

Singed

Dang Thi Binh An

**PROFESSIONAL MANAGEMENT PROCEDURES APPLICABLE TO IMPORTED MATERIALS
SERVING PRODUCTION OF GOODS FOR EXPORT**

*(issued together with Decision No.: 929/QĐ-TCHQ dated May 25, 2006
of the Director of the General Department of Customs)*

PART I. GENERAL PROVISIONS

1- This procedures only regulates works which are required to be performed for managing the import of material serving for production of goods for export (hereinafter referred to as the NSXXK form) associating with the implementation of customs procedures applicable to commercial imported and exported goods which issued by the General Department of Customs and other regulations on customs procedures; taxation policy, tax refund procedures applicable to this type of import which have guided in Circular 112/2005/TT-BTC dated December 15, 2005, Circular 113/2005/TT-BTC dated December 15, 2005 of the Ministry of Finance and other relevant documents. Therefore, when proceeding with customs procedures applicable to NSXXK form, customs officials shall be obliged to combine this procedures with aforementioned documents.

2- To perform an export contract of products which are produced from materials imported under NSXXK form, customs procedures shall be implemented according to the following orders:

- to register the contract for import of materials, list of materials;
- to import materials, to register norm;
- to export products;
- to draw the balance sheet, to return tax, not to receive tax (hereinafter referred to as liquidity) of the imported materials.

The registration of norm and liquidity are depended on quantity of declaration and human resources of each Customs sub-department in order to make a suitable arrangement. Customs sub-departments having large quantity of declarations may arrange separate divisions which shall be in charge with the registration, examination of norm and liquidity. The inspection of liquidity file may be conducted before decision on tax return or non-tax collection is made. Base on actual status and the reliability of the enterprise, director of the provincial department of customs shall direct to classify enterprises for the purpose of application of the inspection of liquidity file before or after the issuance of the decision on tax return or non-tax collection with respect to each enterprise, which will be applied wholly within such customs department.

3- If the imported, exported goods under NSXXK form is border gate transferred (including the cases of registration of declaration with a customs sub-department, but the actual inspection of goods is conducted by other customs sub-department), the procedures for border gate transfer shall be conducted in accordance with border gate transfer procedures.

4- This procedures is used for management and liquidity of the NSXXK form by method of using information and technology application systems as well as the management and liquidity of the NSXXK form by physical method. However, with respect to the customs sub-department where an information and technology application system has already installed for management of the NSXXK form, the management and liquidity of the imported materials serving for production of goods for export must use such system; the customs sub-department where such system has not installed, the management and liquidity will be performed by physical method.

PART II. DETAILED PROVISIONS:

I- Customs procedures for imported materials:

Customs procedures applicable to imported materials in these Procedures shall be performed according to the Procedures for import of commercial goods of the General Department of Customs which is in effect and according to the following additional works:

1- Registration of contract and list of imported materials:

a. Contract for import of materials serving production of goods for export (hereinafter called contract), list of imported materials serving directly the production of goods for export when applying for the first batch of goods under the contract: 02 originals of the list of imported materials; 01 originals and 01 copy of the import contract.

b. List of imported materials registered by the enterprise must contain in full the following criteria:

- Name; HS code of the materials; code of the materials (decided by the enterprise according to guidance of the customs sub-department which proceeds with import procedures of the imported materials);

- Calculation unit under list of statistical units of Vietnam;

- Main materials will be self determined by the enterprise. Main materials are fundamental materials for production of the products or material which is used to manufacture basis parts or details of the products (for example: with respect to goods being garment, cloth used to make the body part, collar, sleeve of a shirt, body of the trousers shall be main material);

The above-stated criteria must be used during the period from the import phase to liquidity phase.

c. The official who receive the contract, list of materials shall sign and seal official code to the contract and the list, deliver to the enterprise a copy, the customs agency shall keep 1 original of the contract and list of materials for following up and check when conducting the import procedures for such materials.

2- Taking specimen of main materials:

a- Regarding goods which have to be actually inspected: Customs officials shall take specimen when conducting the actual inspection. The taking of specimen shall be performed according to the below orders:

- to make a Note on taking specimen according to form No. 10/PLM/2006 attached hereto;

- to take specimen of main materials. If the main materials is gold, precious stone and goods specimen of which cannot be preserved for a long time (for example, fresh leather etc.), the taking of specimen shall not be conducted.

- Customs official shall take the specimen and the representative of the importer shall sign on the Note on taking specimen;

- to seal off the specimen of the material, deliver the same together with the Note on taking specimen to the enterprise for preservation and submission whenever required by the customs agency.

- to record name of the material which is taken specimen on the customs declaration;

b- Regarding goods which are exempted from actual inspection:

b.1- If the procedures for import of materials is proceeded at customs sub-department of import border gate: the taking of specimen shall be performed by the customs sub-department.

b.2- If the procedures for import of materials is not proceeded at customs sub-department of import border gate:

- Customs officials of Customs sub-departments where the import procedures of the materials is conducted shall take the specimen, sign and seal the official code and send to the Customs sub-departments which requests the taking of specimen. The Note on taking of specimen must specifies the materials to be taken specimen, concurrently, a statement of "goods to be taken specimen" must be stated in square 37 (notice of the customs agency); and sign and seal official code.

- Customs sub-departments at border gate shall take the specimen before liberating the goods. Customs officials who conduct the taking of specimen shall be appointed by the leader of the customs sub-department. Orders of taking the specimen is the same of that set out in item a above, except the making of note on taking specimen.

- In case the enterprise request to take specimen at its ware house (which is recognized as inspection place) or concentrate inspection place of the customs agency where the import procedures is performed, the customs sub-department where the import procedures is performed shall record to square 37 of the customs declaration a statement "Request the customs agency at border gate to seal off the means loading goods"; have signature and official code; Customs at border gate shall seal off, record the customs seal off number to the import declaration; Customs agency where the import procedures is performed shall assign its official to arrive enterprise's ware house or concentrate inspection place to take the specimen.

3- Regarding customs sub-departments which apply information and technology to manage the NSXXK form, in addition to the procedures set out in items 1, 2, section I, Part II, the following works shall be done:

a- Customs officials who receive and register the import declaration:

- to input to computer list of imported materials registered by the enterprise (through software, CD, USB or internet) upon the registration of import declaration for the first batch of goods of the contract for import of materials;

- to input data of the customs declaration to computer according to standards set in the computer or check data received from the enterprise against the customs declaration upon registration of declaration for each batch of goods.

b- Certification of customs procedures completion on computer:

- Regarding goods which is exempted from the actual inspection, before certifying the completion of the customs procedures, the customs officials shall input to the computer the date of completion.

- Regarding goods which are required to be actually inspected, after having result of the actual inspection, the relevant officials shall input to the computer details of goods actually imported and the date of completion of customs procedures.

II- Procedures for registration of list of export products (which shall be managed by computer); registration, adjustment of norm and inspection of norm:

1- Place where the registration of norm and adjustment of registered norm to be performed: Customs sub-department where the import of goods is conducted.

2- Time when the registration of norm and adjustment of registered norm to be performed: before the procedures for export of the products.

3- Works to be performed:

a. to receive the table of norm registered by enterprise or the adjustment of the registered norm (form 08/DMNLNK/2006): 01 goods code, 02 copies.

- to sign, seal official code and provide receive number on the 02 copies;

- to return to the enterprise 01 copy for submission to the customs agency when exporting the products (in case of actual inspection of goods); the remainder shall be kept by the customs agency for following up.

- Regarding the customs sub-departments which apply the information and technology for managing NSXXK form, the following additional works must be performed:

- + to receive the registration of the list of export goods (form 07/DKSPXK/2006): the official received the list shall check the name, code, unit, sign and seal official code to 02 copies of the list made by the enterprise, deliver to the enterprise 01 copy, 01 copy is filed at customs agency.

- + to input to computer list of export products.

- + to input to computer the norm.

b. to inspect the norm if there is any doubt on the norm registered by the enterprise or adjustment which may not be the same with actual norm.

Method for inspection of the norm with respect to the NSXXK form shall be conducted as the same with that of processing form.

III- Customs Procedures Applicable to Exported Products:

1- Customs procedures applicable to products exported abroad shall be implemented according to the Procedures for export commercial goods of the General Department of Customs which are in effect and the below additional works:

a- When conducting the actual inspection of goods, the relevant official shall check the specimen of the materials (which is taken upon the import and maintained and submitted by the enterprise) against the materials constituted of the goods to be exported actually; actually check the export goods against the norm of materials registered which is presented by the enterprise.

In case of any doubt on the materials constituted the exported goods which are not consistent with the imported materials or the exported goods are not consistent with the norm presented by the enterprise, the customs official shall take the specimen, make a minute, seal off the specimen in accordance with regulations and submit to the leader of the Customs Sub-department for direction.

b- In case the customs agency conducts the export of the goods is not the same with that conducts the import procedures of the materials, prior to the submission of application file for registration of export declaration:

- Customs sub-department where the import procedures of the materials is conducted shall write down on the document "to register to the customs sub-department for proceeding with export procedures of NSXXK products" of the enterprise under form/DK XKSP/2006 attached hereto and transfer to the customs sub-department where the export procedures of the products is performed; return the enterprise 01 copy for enclosing to the application file to be submitted to the customs sub-department of border gate for proceeding with export procedures of the products; file 01 copy for following up;

- Customs sub-department of border gate shall proceed with the export procedures for the enterprise.

c- Regarding to customs sub-departments which apply information and technology in managing the NSXXK form, the following additional works shall be performed:

c.1- customs officials have duty to register the export declaration:

- to input data of the customs declaration to computer according to standards set on the computer or check data delivered by the enterprise against those on the customs declaration.

c.2- to input date of the actual export:

- Regarding batch of goods which is exempted from the actual inspection: customs official shall certify the actual export and input to the computer date of the actual export before certifying the actual export.

- Regarding the batch of goods which is subject to the actual inspection, after having result of the actual inspection, the relevant official shall input details of the goods exported to computer; customs officials shall certify the actual export and input to the computer the date of the actual export before certifying the actual export.

2- Regarding cases where the goods are exported at site:

Customs procedures applicable to goods imported/exported at site which issued by the General Department of Customs shall be applied.

IV- Procedures for Liquidity of NSXXK Declaration:

1- *Customs sub-department to perform the liquidity:* the customs sub-department where the import procedures of materials is conducted.

2- *Principles of liquidity:*

- All export, import declarations to be liquidated must be in a time order, the earlier submitted, the earlier liquidated. In case the materials imported but has not been used for production or has been used for production but has not yet liquidated, the enterprise must explain with the customs agency when conducting the liquidity procedures.

- the import declaration of materials must be made prior to the export declaration of products;

- one import declaration of materials may be liquidated in many times;

- one export declaration of products shall be used for liquidity for one time only;

- In case one export product which is produced from materials which is imported for business and NSXXK purposes, the part of materials imported in the form of NSXXK shall be liquidated according to provisions applicable to this form; the materials imported in the form of business shall be proceeded with tax refund procedures in accordance with regulations on import of materials for production of goods for domestic consumption but after that the enterprise finds out export market and use the imported materials for production of goods for export and has actually exported the goods;

- During the inspection of liquidity file, in case of discovering of any violation, the customs officials shall make a minute and report the leaders of the customs sub-department for dealing with in accordance with regulations of law;

- Depending on conditions of each customs sub-department, a customs official in charge of doing the liquidity procedures may handle one step or a number of steps of the below liquidity procedures. In case the steps in the liquidity procedures are conducted by a number of customs officials, a note on handover among the customs officials must be made.

- According to provisions in section IV, item 2.1, Part E of Circular No. 113/2005/TT-BTC dated December 15, 2005 referred above, time-limit for liquidity of a file is 15 days from the finish of the receive and inspection which ensure the sufficiency and conformity of the liquidity file (except the cases which have concerns waiting for direction from higher-level competent agency).

3- Liquidity Procedures:

Step 1. Receive of liquidity file:

The liquidity file includes tables and schedules and vouchers set out in annexes attached hereto. When receiving the liquidity file, customs officials who receive the file shall perform the followings:

- to check against the sufficiency and conformity of the liquidity file presented and submitted by the enterprise.

- If the applied file is sufficient, the customs official shall receive the file, record to the recording book, take a number and return to the enterprise 01 copy.

- If the applied file is not sufficient, the customs official shall guide the enterprise to submit or supplement or refuse to receive the file within a day, specifying the reason of refusal on the professional note (with a list of the insufficient documents) and return the file to the enterprise.

Step 2. Inspection of the conformity and validity of the liquidity file.

- to inspect the conformity and validity of the liquidity file submitted and presented by the enterprise;

- If the applied file is conformable and valid, the customs official shall take the detailed inspection.

- If the applied file is not conformable and valid, the customs official shall inform the enterprise and specify reason on the professional note (specify the inconformity and invalidity contents) and return the applied file to the enterprise.

- the lime-limit for this step is 4 working days.

Step 3. Detailed inspection of liquidity file of the enterprise.

The customs official who is assigned job at this step shall conduct the followings:

a. If the payment is made by hand:

- to inspect, check the data on the import, export declaration and norm against the liquidity file of the enterprise. Regarding declaration which is doubted, to check against the declaration filed at the customs sub-department.

- to check calculation result stated on the payment table.

- to check the report on tax calculation.

b. if the liquidity is conducted by computer: to check data on the import, export declaration, norm, liquidity file of the enterprise against data saved in the computer.

c. In case the liquidity figure of the enterprise is not correct, to request the enterprise to explain and report the leader of the customs sub-department for direction.

d. to certify result of the inspection of liquidity file on the payment schedule, to seal official code.

Regarding to circumstances the liquidity file of which are subject to the detailed inspection after issuance of decision on tax refund, non-tax collection, this step 3 shall be performed after the completion of step 4 (except the handover of file to be recorded to the recompilation and archive division).

Step 4. Perform the procedures on tax refund or non-tax collection:

The customs official who is assigned to perform this step shall conduct the followings:

- to propose the dealing with non-tax collection, tax return to the leaders of the customs sub-department;

- upon a written request of the enterprise, to submit to the leaders of the customs sub-department proposal of collection of tax imposed on leftover materials which are not used for production of goods for export in a principle of tax collection strictly according to regulations of law. Regarding materials imported under permission, the enterprise must have permission of the competent authority;

- to prepare documents to submit to the leaders of the customs sub-department, to report to higher-level agency about concerns beyond authority of the sub-department;

- to prepare decisions on non-tax collection, tax refund; to submit for signing of the decisions; seal and circulate the decisions;

- to seal "Liquidated" on the export declaration, payment voucher; to seal "Tax payment completed" or "non-tax collection" on the import declaration of materials (original shall be filed by enterprise). To return the enterprise 01 payment table and schedule; 01 decision on non-tax collection or tax refund and other document submitted by the enterprise.

- to deliver 01 copy of the decision on non-tax collection, tax refund to tax accountant division for implementation.

- to handover the filed record (under form: BB/2006) to recompilation and archive division for collecting and archiving according to Procedures on recompilation and archive of customs dossiers issued by the General Department of Customs.

Regarding liquidity file which is inspected in detail after the issuance of the decision on non-tax collection, tax refund, works in this step 4 shall be performed before those of step 3; the handover of filed record to the recompilation and archive division shall be performed after the completion of the inspection in detail of the liquidity file./.

**FOR AND ON BEHALF OF DIRECTOR
VICE DIRECTOR**

Form: ĐKXKSP/2006

SOCIALIST REPUBLIC OF VIETNAM
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**REGISTRATION WITH CUSTOMS SUB-DEPARTMENT CONDUCTING THE EXPORT
PROCEDURES OF NSXXK PRODUCTS**

To: Sub - department of Customs Department
.....

Name of enterprise.....; address.....; enterprise
code.....

has completed the import procedures of materials at sub-department under
import contract No.....

Pursuant to item IV.2, section 2, part B of Circular 112/2005/TT-BTC dated December 15,
2005 of the Ministry of Finance, for convenience in customs procedures, request to be conducted
with export procedures of SXXK products at sub-department of Customs Department
of.....

- Export goods.....
- Goods code.....; quantity.....

....., Date.....

Director of enterprise
(sign, full name, seal)

**Opinion of the customs sub-department where the import procedures of materials is
conducted:**

Pursuant to provisions of Circular 112/2005/TT-BTC dated December 15, 2005 of the
Ministry of Finance and Professional Management Procedures applicable to imported materials
serving production of goods for export issued together with Decision No. QD-TCHQ dated /
/2006, Customs sub-departmentof Customs Department.....hereby transfer
the Customs sub-departmentof the Customs Department.....to conduct the
export procedures for products referred above of the enterprise.

....., Date

Leader of customs sub-
department
(sing, seal official code)

.....
Note: If the product is manufactured from materials of an import contract and the enterprise conducts the import procedures at a customs sub-department, the enterprise shall be entitled to register for one time at customs sub-department where the import procedures of the materials is conducted all of such export products.