

Decree 94/2023 regulating the 2% VAT reduction

2 January 2024

At a glance...

Following our [Newsbrief](#) on 30 November regarding the 2% VAT reduction applicable for 2024 under Resolution 110/2023, the Government released Decree 94/2023 on 28 December guiding the implementation in this respect, which took effect from 1 January 2024 until 30 June 2024.

In detail...

Below are some notable points:

- The 2% VAT reduction will be applicable to goods and services which are currently subject to 10% VAT (with certain exceptions). Compared with Decree 15/2022 and Decree 44/2023, Decree 94/2023 does not extend the scope of application of the VAT rate reduction.
- Decree 94 also provides the lists of goods and services not entitled to the 2% VAT reduction with details of product codes and HS codes.
- Similar to the previous reduction periods, the 2% VAT reduction for eligible goods/ services will be consistently applied for all stages from importation, manufacturing, processing and trading, except for coal exploitation.
- For companies declaring VAT under the deduction method, on VAT invoices, the VAT rate will be stated as “8%”. Where goods/services sold are subject to different VAT rates, the VAT rate of each goods/services must be clearly indicated on an invoice.
- Where the seller has issued VAT invoices for eligible goods/ services with the normal VAT rate without taking into account this 2% VAT reduction, then the seller and the buyer must handle this according to the invoicing regulations and adjust the output VAT and input VAT accordingly.
- The goods/ services subject to 2% VAT reduction shall be declared on Form 01 promulgated under Decree 94 which has to be submitted together with the VAT returns.

Contact us

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