Connect to possibility

TAXFLASH

ISSUE NO.04/2025

THE UNITED STATES OF AMERICA IMPOSES RECIPROCAL AD VALOREM RATE OF DUTY AT 46% ON IMPORTS FROM VIETNAM

Audit | Tax | Accounting | Consulting | Training

www.uhy.vn

UHY
Connect to possibility

INTRODUCTION

On 2 April 2025, President Trump signed an Executive Order ("the Order") that sent shockwaves through the global trading system.

The Order imposes tariffs on imports from more than 180 countries and territories, citing a national emergency stemming from the persistent and significant annual U.S. goods trade deficits, as outlined in Section 1 of the Order.

Key provisions of the Order

The Order is accompanied by two annexes:

- Annex 1: A list of designated trading partners and the specific reciprocal tariff rates imposed or adjusted by the United States.
- Annex 2: A list of goods exempted from the scope of this Order.

The Order introduces an additional ad valorem duty of 10% on all imports from all trading partners, effective from 12:01 a.m. EDT on 5 April 2025, unless otherwise specified. Shortly thereafter, higher reciprocal tariff rates will apply to imports from certain trading partners listed in Annex 1, beginning at 12:01 a.m. EDT on 9 April 2025.

The implementation timeline allows for a brief transition period between the general 10% rate and the application of higher country-specific tariffs.

These elevated rates will remain in effect until further announcement otherwise leaving room for further negitations.

Details of the Order can be accessed at *https://www.whitehouse.gov/presidential-actions/2025/04/regulating-imports-with-a-reciprocal-tariff-to-rectify-trade-practices-that-contribute-to-large-and-persistent-annual-united-states-goods-trade-deficits/*

Implications for Vietnam businesses

According to Annex 1, Vietnam's articles imported into the United States shall hit 46%, placing Vietnam amongst the countries facing highest tariff rates imposed by the US. Notably, lower rates are given to other ASEAN countries and China such as 17% for Phillipine, 24% for Malaysia, 32% for Indonesia, 36% for Thailand, and 34% for China etc.

Once implemented, the 46% tariff is expected to have a significant impact on Vietnamese businesses, particularly those in export-oriented sectors such as textiles, footwear, and furniture etc. which have long-standing ties to the U.S. market.

In response to the upcoming 9 April 2025 implementation deadline, the Vietnamese Government has acted swiftly to address U.S. concerns. Ahead of the Executive Order, Vietnam had already reduced import tariffs on several U.S. goods—including ethanol, automobiles, and liquefied natural gas (LNG)—as a goodwill gesture aimed at easing trade tensions.

To further pursue a diplomatic resolution, a high-level Vietnamese delegation is scheduled to visit Washington, D.C. from 6 to 14 April 2025 for continued discussions and negotiations with U.S. counterparts.

What's next for Vietnam businesses?

In addition to closely monitoring Government policies and support measures, Vietnamese businesses need to proactively assess how U.S. tariff pressures impact their profit margins, disrupt value chains, and alter cost structures. A clear understanding of these effects would be essential for developing effective mitigation strategies and maintaining long-term competitiveness in the U.S. market.

CONTACT

UHY Auditing and Consulting Company Limited

Thanh Nguyen - Partner
E: thanhnt@uhy.vn

Head office

5th floor, Tower B2, Roman Plaza Building, To Huu Road, Nam Tu Liem District, Ha Noi
ĐT: +84 245 678 3999

Ho Chi Minh City Office

4th Floor, 63B Calmette, Nguyen Thai Binh Ward, District 1, Ho Chi Minh City
ĐT: +84 283 820 4899

Website: www.uhy.vn
Facebook: UHY Tax Centre
UHY Training Centre
UHYVietnam