

Date: 19th March 2025

**To: Mr. Phan Van Mai**  
**Chairman of the National Assembly's Economic and Financial Committee**

**Subject: Recommendations on the Draft Law on Special Consumption Tax (SCT)**

On behalf of the member enterprises of the British Chamber of Commerce in Vietnam (BritCham), we extend our warmest greetings. We sincerely appreciate your continuous support for the business community and the Chamber.

BritCham follows discussions of the National Assembly's closely and our members appreciate the constructive contributions of the delegates regarding draft legislation which is under review. In particular, during the 8th Session of the 15th National Assembly in October and November 2024, it is noted significant concerns regarding the draft Law on Special Consumption Tax (SCT) were raised.

The draft SCT Law, expected to be approved at the upcoming 9th session of the 15th National Assembly, proposes a tax rate increase on alcohol and beer by up to 100% over five consecutive years and introduces a 10% SCT on sugar-sweetened beverages (SSBs) containing more than 5g of sugar per 100ml. These changes have the potential to have a significant impact on both businesses and consumers.

Given the current and challenging economic environment, it is respectfully recommended that tax policy adjustments, particularly those regarding SCT,— are carefully evaluated to ensure a balanced approach. Within this context the business community advocates strongly for tax policies that foster investment, production, and trade, whilst supporting consumer demand and market expansion.

A sudden and significant SCT increase, as outlined in both proposed options of the draft law, may lead to unintended and negative consequences. It is therefore recommended that any revisions seek to balance the interests of the State, consumers, and businesses, avoiding adverse economic outcomes whilst supporting sustainable socio-economic development and public health objectives.

Based on the above considerations, BritCham respectfully recommends the following:

**1. Consider Reducing the Tax Increase and Extending the Implementation Roadmap for Alcohol and Beer Products**

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A sudden and steep increase in tax rates may create adverse economic outcomes, weaken market competitiveness, and hinder business adaptation. As such we recommend that the National Assembly considers the benefits of a more moderate tax increase and extend the implementation timeline to allow businesses adequate time for adjustment.

## **2. Exclude Sugar-Sweetened Beverages (SSBs) from the SCT List**

The proposal to include SSBs in the SCT framework does not fully account for the broader range of high-sugar products such as confectionery, dairy products, ice cream, and street beverages. Furthermore, it is essential to evaluate the policy's potential impact on consumers, particularly low-income workers and foreign-invested enterprises. The imposition of SCT on SSBs could lead to unintended consequences, including a consumer shift towards lower-cost products that may not meet food safety standards. As such it is recommend that a comprehensive assessment is conducted before implementing such a policy.

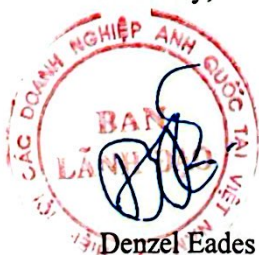
As this draft law will significantly impact multiple industries, including the beverage, alcohol, and tobacco sectors, as well as millions of consumers nationwide, we urge careful consideration before finalizing the amendments.

BritCham and its members remain committed to supporting the government in achieving its public health objectives. We are willing to collaborate with state agencies to implement awareness campaigns and industry-led initiatives aimed at reducing obesity and promoting healthier consumer choices in Vietnam.

We sincerely appreciate your time and consideration of BritCham's recommendations. We look forward to continued engagement and collaboration with the National Assembly to ensure a balanced and effective SCT policy.

Thank you for your attention and support.

Sincerely,



**Denzel Eades**  
Chairman of BritCham Vietnam

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