



Will export tax on wood chips and refined silicon oxide sand be revised?

VCN - In the expected amendments and supplements to the Preferential Export Tariffs, the Ministry of Finance is proposing to raise export tax on wood chips and refined silicon oxide sand.



Ensure materials source

Under the current Preferential Export Tariffs, wood chips (HS code 4401.22.00.90) are subject to export tax of 2%. According to the Export Tax Frame for each group of taxable commodities specified in the Law on Import and Export Taxes, wood chips is in the heading 44.01 and has an export tax rate of 0-25%.

Customs statistics show that 2017 export turnover of this item was **about US\$1 billion**, accounting for 41% of total export turnover of wood and wood products in 2017. The turnover in 2018 accounted for 43%. The main export markets were China, Japan, Taiwan and Singapore.

At the Forum “Wood processing and export industry in 2018 – success, lessons; solutions for breakthroughs in 2019”, it was said that there should be solutions to ensure wood material source, limit export of woodchip products due to harvesting young forest wood to make wood chips.

To ensure the wood materials source for domestic production and not to make a great impact on suppliers who are afforestation households, and limit the price squeeze on forest planters, the Ministry of Finance projects to submit to the Government to raise export tax on wood chips from 2% to 5%.

This will bring an addition of VND897 billion to the State budget in export tax every year.

Preferential tax for high technology products

Another change is export tax on refined silicon oxide sand at near melting point, also known as cristobalite under proposal of A&A Green Phoenix Group Joint Stock Company (Phenikaa) which is the investor of the Project of “Cristobalite Material Factory” in Phong Dien industrial zone, Phong Dien district, Thua Thien Hue province.

Cristobalite products produced by Phenikaa Company are processed from raw sand materials through Germany’s modern processing lines and technology to create products which have value 10-12 times higher than input materials; are used as raw materials for semi-conductor industry; glass optical fiber; photovoltaic batteries, solar batteries; crystal screen; molds for precision engineering industry; household glass and high-class porcelain glaze; and are used as an additive for high-class absorbing paint industry.

Phenikaa’s products have quality similar with some similar products specified in the HS code 2505.10.00.10, enjoying export tax of 5%. Therefore, the Company proposes to **apply** 5% export tax on their products.

According to the Ministry of Finance, Prime Minister's Directive No. 02 / CT-TTg dated January 9, 2012, "Mineral processing must use modern, and environmentally friendly technology, creating products of high economic value".

At the Export Tariffs, the export tax on the HS code 2505.10.00.10 fine and superfine silica oxide powder with a particle size of 96 micrometers or less is 5% and other silica sand is 30%. Commodities entitled to 5% tax are value-added products and high-tech products which have been certified by the Ministry of Industry and Trade and the Ministry of Science and Technology as processed products.

Based on the quality of Phenikaa company's products, the Ministry of Finance found that Phenikaa company's proposal is reasonable.

Therefore, the Ministry of Finance proposed the Government to add cristobalite - PHX CRYSTAL products with particle size ≤ 600 micrometers, SiO₂ content $\geq 99.4\%$, Fe₂O₃ $\leq 0.030\%$; whiteness index L* $\geq 95\%$ to HS code 2505.10.00.10 with a tax rate of 5%.

Source: customsnews.vn