

**FORUM: PROSPECTS OF FOOD AND BEVERAGE
INDUSTRY IN VIETNAM**

AmCham & VCCI

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**Comments on the Ministry of Finance's
Proposed Excise Tax on Carbonated
Beverages**

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Under proposed revisions to the tax law¹:

“non-alcoholic sweetened drinks **with gas” would
be taxed;**

while

non-alcoholic sweetened drinks **without gas
would not be taxed.**

1. Draft Law on Amendments and Supplements of a Number of Articles of the Law on Excise Tax

In other words, this is a

tax on CARBONATED drinks
(CO₂)

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Generally, **carbonated drinks** (such as internationally-recognized soda brands) are manufactured by **foreign-owned** Vietnamese companies

while

Generally, **noncarbonated drinks** (such as generic tea, juice, or coffee) are manufactured by **domestically owned** Vietnamese companies

Supporters of the tax argue that CO₂ is harmful to health. We have looked extensively at published scientific studies, and conclude that

CO₂ is **NOT harmful** to health,

and in several ways

CO₂ is **BENEFICIAL** to health

Supporters of the tax argue that other countries impose similar taxes. We have looked extensively at laws across the globe, and conclude that

**other countries
DO NOT TARGET CO₂
for taxation**

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This tax would impact not only carbonated drinks companies, but also **suppliers** (like sugar cane growers, packaging companies, and countless others in the supply chain), as well as retailers who sell carbonated soft drink products, many of which are SMEs. The tax's negative effect on demand will be **disruptive to many businesses**, and will **hurt Vietnam's economy**.

If, as many in the non-carbonated soft drinks industry expect, the public will abandon taxed carbonated soft drinks in favor of untaxed non-carbonated soft drinks, the result will be

overall lower tax revenues

This is clearly a

**discriminatory tax against
foreign-owned soft drinks manufacturers**

and as such is

**likely to be challenged as it
denies “national treatment”**

Thank You!