

PwC Vietnam NewsBrief

17 December 2020

Import duty exemption for subcontracted materials under contract manufacturing arrangement

On 12 December, the Government issued Resolution 178/NQ-CP regarding their monthly meeting held in November. A notable point in this Resolution is the Government's consent to the proposal of the Ministry of Finance (MoF) that materials imported under contract manufacturing arrangements, which are then sent to subcontractors ("subcontracted materials") for further processing, are eligible for import duty exemption. This is an update to our [newsbrief](#) dated 21 November 2018.

This will be effected by way of an amendment of the existing Decree 134/2016/ND-CP.

In fact, the customs authorities, including local customs authorities and the General Department of Customs (GDC), have denied duty exemptions for subcontracted materials and collected the relevant duty and tax thereon. Therefore, the Government has requested the MoF to instruct customs authorities to refund such duties and tax.

This is a welcome development and creates cost saving opportunities - PwC Vietnam Customs team would be pleased to discuss duty refund possibilities with companies implementing such business arrangements.

Contact us – PwC Customs team

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. For further information or if you require our official advice or assistance, please reach out to us.



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