

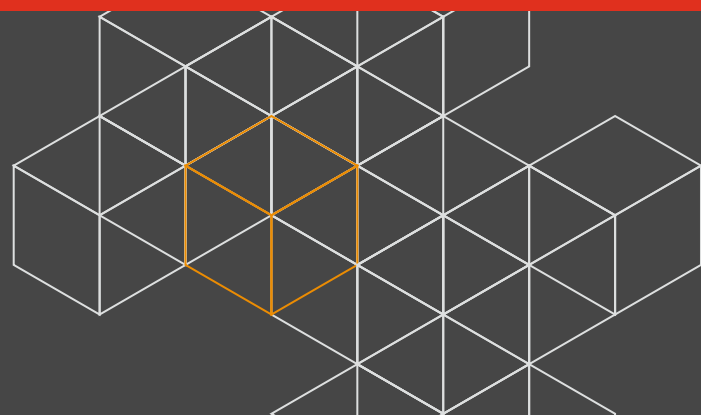


PwC Vietnam NewsBrief

Update on proposals to restrict
in-country export and import
customs procedures in Vietnam



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At a glance..

This is an update on our previous Newsbrief on this matter, issued on 9 June. On 25 Aug, the Ministry of Finance submitted proposals to the Government Office to abolish the in-country export and import procedures stipulated in Article 35 of Decree 08. MoF also proposes alternatives/solutions for where such procedures can no longer be implemented.

Content

Please find some notable points of the proposals below:

(i) Here is the content of the draft Decree which would amend Decree 08 and restrict the implementation of certain in-country export and import procedures:

"2. Abolish Article 35 of Decree no. 08/2015/ND-CP dated 21 Jan 2015 of the Government.

Sales and purchase transactions between Vietnamese enterprises and overseas organizations or individuals that have no presence in Vietnam, where goods are instructed to be directly delivered to/received from another enterprise in Vietnam, will continue to implement in-country export and import customs procedures for a maximum period of 01 year from the effective date of this Decree and must meet the conditions that foreign traders have no presence in Vietnam as prescribed in Clause 5, Article 3 of the Law Foreign trade management."

So according to this draft Decree, during a 1-year transition period from the effective date of the new Decree, tripartite transactions with the involvement of foreign traders that have no presence in Vietnam can continue to apply in-country export and import customs procedures. This is a welcome stay of execution, but note that in-country export and import procedures can still only be applied if the foreign trader has "no presence" in Vietnam (see our Newsbrief dated 17 August on this issue).



Content

(ii) In-country export and import procedures can still be used for toll manufacturing activities and sales/purchase transactions between domestic enterprises and export processing enterprises. MoF will provide guidance on relevant customs procedures in these cases.

(iii) MoF proposes certain alternatives/solutions where in-country export and import procedures are no longer permitted such as utilizing bonded warehouses and conversion from non-EPEs to EPEs. Otherwise these transactions must be implemented as domestic sale-purchase transactions. If the transactions are implemented as sales-purchase transactions between two domestic enterprises, this will result, inter alia, in irrecoverable output VAT leakages and additional import duty cost on raw materials imported to manufacture the goods.

Clearly these “solutions” are far from ideal and may not in reality be commercially feasible in many cases. While waiting for the authorities to consider the MoF’s proposals, affected enterprises should consider the proposed alternatives and determine what might be their most efficient supply chain structure to ensure business continuity.

In the meantime, please get in touch with our customs experts for any assistance.



Contact us

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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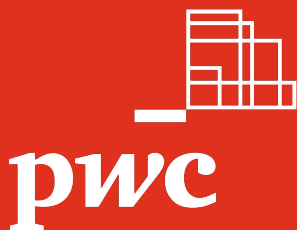


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