

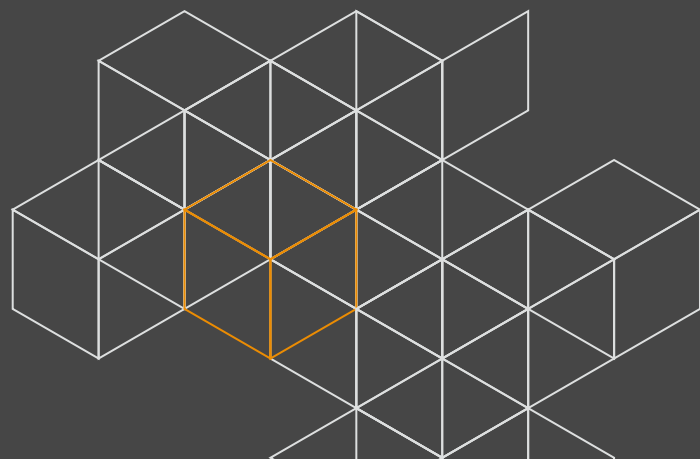


PwC Vietnam NewsBrief

In-country import and export model
in Vietnam would be abolished



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Details

On 29 May 2023, the General Department of Customs (“GDC”) issued official letters no. 2587/TCHQ-GSQL and 2588/TCHQ-GSQL regarding draft amendments to Article 35 Decree 08/2015/ND-CP on in-country export and import transactions.

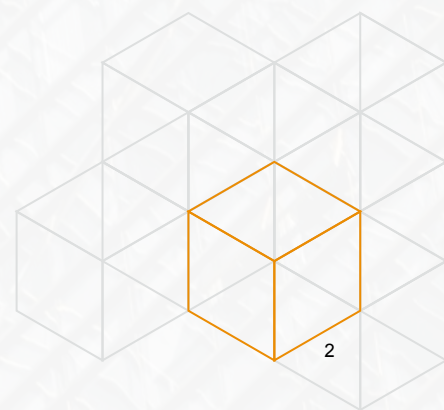
Pursuant to Article 35 Decree 08/2015, in-country import and export transactions are defined to include: *(i) Goods produced in Vietnam under toll manufacturing contracts with a foreign trader and sold to Vietnamese organizations or individuals; (ii) Buy/sell transactions between Vietnamese enterprises and overseas organizations or individuals that have no presence in Vietnam, where goods are delivered or received under the arrangement between foreign traders with other enterprises in Vietnam....etc.*

The GDC proposed to abolish the in-country import and export transactions as regulated in Article 35 above and proposed alternative procedures, whereby the in-country import and export transactions should be treated as domestic transactions; and the involved foreign traders will have to appoint an agent in Vietnam to fulfill its tax obligations.

The above proposal, if approved, is expected to have significant impacts on those companies involved in in-country export/import transactions, particularly those involved in toll manufacturing or contract manufacturing arrangements with foreign parties. In addition to the change in the export/import procedures, there are other major issues such as how to deal with import duty exemption/refund on the imported materials or VAT treatment applicable to goods sold to foreign traders but delivered to another Vietnamese entity? Many issues require careful study and solutions by the Government. PwC will follow up and keep you updated on any major development.

While waiting for the Government to consider this proposal and work on new policies, companies are recommended to review its current business model and analyze the potential impacts on its business.

Please contact PwC 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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