



Customs Alert

July 2023



The General Department of Customs' proposal to abolish on-the-spot export and import customs procedures

Vietnam's on-the-spot export and import customs procedures, regulated by Article 35, Decree No. 08/2015/ND-CP ("**Decree 08**") dated 21 January 2015, have been commonly used and play an important part in the processing trade models and manufacturing ecosystem of many Vietnamese manufacturers and foreign principal traders.

However, the General Department of Customs ("**GDC**"), in its Official Letter No. 2588/TCHQ-GSQL recently issued to the Ministry of Finance and local customs departments, has proposed to abolish all regulations relating to the on-the-spot export and import procedures provided by Article 35 of Decree 08, and suggested that other relevant authorities to study and consider amending relevant regulations to treat such transactions as domestic transactions. The GDC's proposal, if approved, will have significant impacts on those whose processing trade models rely on the on-the-spot export and import procedures of Decree 08, e.g. raw material imported by Vietnamese manufacturers for toll or contract manufacturing arrangements with foreign principals will no longer be eligible for duty exemption or duty refund if the processed/manufactured goods are delivered locally to another Vietnamese entity.

KPMG will closely monitor and keep you updated if there is any development on this matter. In the meantime, if you have on-the-spot export and import activities in Vietnam, we recommend you to review your current business model, understand the potential impacts of the GDC's proposal, and have a proactive and cost-effective plan with minimal supply chain disruptions ready in case the GDC's proposal is approved. Please contact KPMG if you need our assistance.

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