

PwC TAX – SUPPLY CHAIN TRANSFORMATION

Higher costs and tighter regulations – combined with a US China trade war and need for resilience – are calling into question the original business case and risk assessments for manufacturing in China. These factors are combining with the growing opportunities in Asia Pacific to make realigning regional production footprints increasingly attractive. PwC is uniquely positioned to help China organizations seeking competitive advantage transition to an offshore location in Asia.

OFFSHORING



Opportunities

- Manufacturing investment or Free Trade Zone set up.
- Duty free import and export of qualified components and materials
- Access to lower labor rates and access to skilled labor
- Proximity to Asian and China market
- Tax incentives



Market Opportunities

- GSP exports to USA/EU allows for zero or reduced import duties
- FTA's with multiple countries in Asian as well as China, Korea and Japan allows for zero or reduced import duties.
- Access to new markets.



Indirect Tax/ Cash Flow

- Flat rate of VAT/Single stage Sales and Service Tax
- Exemption of VAT/SST on imports for qualified components and materials
- Refund of excess input tax credit



PwC SCT

- Leverage PwC supply chain transformation experts for experience and insights offshoring manufacturing to Asean, e.g., consider using BOI/MIDA or FZ to generate cost and tax savings.

PwC Tax team provides value driven services when considering the tax and regulatory framework in transforming your supply chain to your China +1 strategy.

Combining PwC's extensive global network of experts, and coordinating with host country business, tax and legal experts to provide a one-stop service for project evaluation and implementation.



Site selection and feasibility study
Suitable countries and regions/feasibility and risk of overseas investments

- Analyze cost, suitability, the macro investment and policy environment
- Study infrastructure and logistics connectivity and efficiency
- Research on land and labor costs
- Identify risks in overseas investment projects, assess risk levels, screen risks and develop management strategies.



Indirect Tax
Cash flow opportunities

- VAT/GST advice on place and time of supply rules
- VAT/GST advice on country specific registration and compliance reporting



Customs
Customs assessment and trade control

- Customs advice on original and targeted countries
- Assess targeted country trade control and sanctions risk



Transfer pricing
Sustainable transfer pricing framework

- Assess the impact of supply chain transformation on domestic entities
- Evaluate feedback from governments across the territory on supply chain transformation/optimization programs and support implementation



Foreign exchange
Overseas direct investment

- Clarify the management and reporting requirements for overseas investment projects
- Advice on legal and regulatory compliant investment filing



Structure
Tax efficient investment, financing and operating structure

- Study bilateral tax agreements, local tax laws and regulations to provide legal support for foreign investment restrictions



Benefits
Host country's investment and tax benefits

- Study the compatibility of proposed investment project with the investment promotion policies of the host country
- Analyze investment and tax incentives under different investment scenarios.

Contact us



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