

Industry: *Manufacturing*



Introduction

Asia is the strategic destination for manufacturing, whether for high-value manufacturing in China, Taiwan or India, or low-value manufacturing in Vietnam, Indonesia, or The Philippines. Low costs, a large workforce, proximity to supply chains and government sponsored incentives are among the numerous benefits awaiting businesses here.

'Developing' is a defining characteristic of the region, however. These dynamic countries have different, rapidly evolving systems and circumstances that often catch investors unaware or cause uncertainty in how to proceed.

Dezan Shira & Associates can help you get things done right the first time, and as seamlessly as possible. We assist businesses through all stages of their investment and understand how shortcuts or small mistakes can hurt business further down the road.

Key Business Challenges

Asia can be a land of opportunity for manufacturers. However, whether the company is just establishing an entity or has been in operation for years, the region also presents many challenges. From employee handbook writing, to annual audits or inspections, businesses must ensure systems are in place and proper compliance has been followed. This prioritization can protect the business and avoid issues caused by an earlier, unnoticed mistake or oversight.

A few of the more common and impactful challenges companies face in the region include:

Site Selection

As the first decision many businesses need to make, where the company picks its address has a far-reaching impact in terms of what incentives it can qualify the company for, its costs, and even its business scope.

Manufacturers must consider many variables when it comes to site selection. Could they manufacture their product in the desired region? What is the infrastructure like? What are the environmental requirements? How much are social insurance contributions? Are there tax holidays for greenfield investments or an applicable rebate for exports?

Environmental Compliancy

While SE Asia is comparatively lax about environmental regulations and enforcement, inspections are still a possibility that should not be treated lightly. More stringent regulations being passed, with more rigorous enforcement is a growing reality across Asia. While compliancy infringement can result in minor slaps on the wrist, they can also result in more serious punishments such as hefty fines or even being shut down.

This is especially risky for foreign manufacturers who lease or acquire facilities that are not prepared to meet an environmental impact assessment.

VAT/Tax Management

Many countries in Asia offer special tax rates, rebates or exemptions for qualifying entities, but the application process can be tricky.

We frequently have clients who come to us with problems related to VAT management, in both refunds and exemptions. Documentation requirements are high, and the refunds must be applied for regularly. The success rate of a business' application is affected by many factors such as proper documentation, time of year of application, previous tax contributions of the entity, address of business and even bureau quotas.



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Your Partner for Growth in Asia

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How we can help

Setting up, expanding a business and operating internationally is never an easy feat, but it can be made easier and more manageable by using professional help locally.

Here are just a few of the ways our professional services teams can help:

Site selection

The Business Intelligence (BI) team at DSA can provide reports that help you understand your options in new markets to make informed decisions on where to invest.

They will consider location needs, set metrics and analyze from a macro level to an individual facility. Additionally, they can also provide tariff and supply chain advisory to help you evaluate and manage trade risks.

Environmental Compliance

Our Business Advisory team will analyze existing regulations in your market and advise how to keep your facilities compliant. They can also conduct due diligence on leased facilities or factories you are considering acquiring to ensure the chosen facilities meet all the requirements needed to operate your business and if an inspection happens, you are not surprised.

VAT/Tax Management

Familiar with the reporting and application process, our Corporate Accounting team can increase your chances at successfully obtaining a VAT rebate or exemption on the export of your products. They can provide advice on regulatory and “soft” requirements, advise on and assist in the preparation of export documentation and apply on your behalf in order to increase your odds of a successful application.

Full-Service

As a full-service firm, we also provide a wide range of other services including:

- M&A, from due diligence to implementation
- Pre-investment strategy and incorporation
- Maximize tax incentives available for your business
- Provide ongoing accounting, audit and tax reporting
- Create a human resource strategy around local labor laws
- Supply chain optimization
- Close an office or manufacturing facility

Why Dezan Shira & Associates

For 27 years, Dezan Shira & Associates has helped foreign firms and organizations in Asia face and overcome market entry and expansion challenges with our multi-disciplinary taskforce. Operational throughout China, ASEAN and India we guide foreign companies through Asia’s complex regulatory environment and assist them with all aspects of establishing, maintaining and growing their business in the region.

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> **Business Intelligence**

- > HR and Payroll
- > Due Diligence

> **Corporate Establishment and Structuring**

- > Accounting

> **Tax**

- > Audit and Risk Advisory

> **Technology**

- > Outbound Direct Investment

