

Industry - Manufacturing

Introduction

Asia is the strategic destination for manufacturing, whether for high-value manufacturing in China 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 in Asia.

'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 a company chooses to locate has a far-reaching impact in terms of what incentives it can qualify for, its costs, access to infrastructure and even its business scope.

Hands-off management results in fraud risk

While fraud is a well-known issue for foreign investors doing Manufacturers must consider many variables when it comes to site selection. Can they manufacture their product in the

desired region? What are available utilities and infrastructure like? What are the environmental requirements? Are there tax holidays for greenfield investments or other local incentives? Choosing the right location can be an important first step in managing and reducing a company's exposure to many of these operational issues.

Environmental compliancy

While SE Asia does not yet prioritize environmental regulations and enforcement as much as other regions of the world, companies still need to comply with environmental preapprovals, ongoing inspections, and in certain cases, licensing for goods. More stringent regulations and more rigorous enforcement is a growing reality across Asia and should not be treated lightly. 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.

Incentives

Many countries in Asia offer special subsidies and/or tax incentives/exemptions for qualifying manufacturing operations or companies operating in certain industries. Identifying applicable national and local policies and ensuring requirements and registrations are met is a crucial component to this process.

Tarif and turnover tax management

As supply chains become increasingly complex, managing tariffs and import taxes across countries has become ever more important. Identifying operational and sourcing locations, as well as intelligently utilizing available trade and tariff relief programs can help limit a company's exposure.

ditionally, for supply chains and the overall manufacturing operations, properly managing turnover taxes (i.e. VAT, GST, other schemes) within a country is a vital component to a successful business. Ensuring turnover tax structures are optimized and documentation requirements are met can serve to increase the bottom line of a company. For companies exporting manufactured products, they may be eligible to apply for turnover tax exemptions or refunds on exported products.



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DEZAN SHIRA & ASSOCIATES

Your Partner for Growth in Asia

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 help you understand your options in new markets to make informed decisions on where to invest. Through our site selection services we can help companies to compare site requirements and potential local incentives across countries, regions within a country, or within a specific city/region.

Environmental compliancy

Our BI team can assist with environmental pre-approvals when establishing operations and analyze existing regulations in your market to advise on 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, so that if an inspection happens, you are not surprised.

Incentives

With our on-the-ground presence and frequent communication with tax and local/development zone officials, our Tax Advisory team can help companies identify both national and local level tax incentive policies and subsidy programs applicable for their operations.

Tariff and turnover tax management

Through our pan-Asia presence, our Tax Advisory team can further assist companies with reducing tariff and import tax burdens through cross-border tax analysis, comparing import tax rates, free trade agreement (FTA) benefits, and local duty relief programs.

Familiar with reporting and application procedures, 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 3 decades, 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.

Read how our BI team assisted a Fortune 500 manufacturer relocate production to Vietnam.

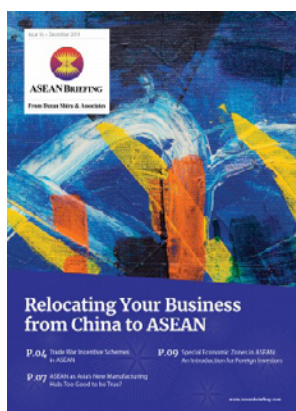


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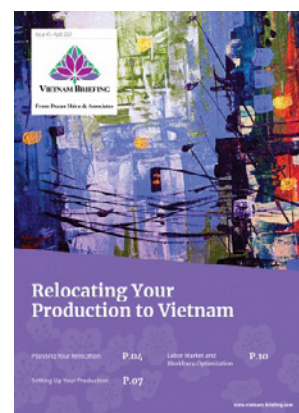
Selected reading for manufacturers considering relocation:



Relocating a portion of your production to Vietnam?
Read about how to plan a supply chain shift.



Relocating a portion of your production to India?
Read up on Special Economic Zones in India.



Remaining in China but looking to reduce costs?
Try relocating to a lower-cost jurisdiction farther inland.

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ASEAN

> Business Intelligence
> Corporate Establishment and Structuring

> Due Diligence
> HR and Payroll
> Outbound Direct Investment

> Tax
> Accounting
> Intellectual Property

> Mergers and Acquisitions
> Audit and Risk Advisory
> Technology

