



BE VIETNAM WISE · DOING BUSINESS IN VIETNAM

The guide for foreign and Vietnamese investors

Chapter 3 of 11

Tax & Compliance

Vietnam rebuilt almost its entire tax code between 2024 and 2026. A new VAT Law applied from 1 July 2025, a new Corporate Income Tax Law from the 2025 tax period, and a new Personal Income Tax Law and Law on Tax Administration from 1 July 2026, each with fresh decrees and circulars. This chapter sets out the rules as they stand at 10 October 2026 for a foreign-invested company, its foreign suppliers and shareholders, and its expatriate staff.

Reviewed 10 October 2026. Prepared by a foreign investment lawyer (now retired) with 20 years' experience advising on Vietnamese investment law.

Legal and tax information, not legal advice. Rates, thresholds and procedures change: confirm anything important with the relevant authority or a lawyer licensed to provide legal services in Vietnam before you act. Only the Vietnamese text of a law is authoritative.

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Tax & Compliance

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AT A GLANCE

Governing law

- [Law No. 67/2025/QH15 on Corporate Income Tax \(from the 2025 tax period\), with Decree No. 320/2025/ND-CP and Circular No. 20/2026/TT-BTC](#)
- [Law No. 48/2024/QH15 on Value Added Tax \(from 1 July 2025\), with Decree No. 181/2025/ND-CP and Circular No. 69/2025/TT-BTC](#)
- [Law No. 109/2025/QH15 on Personal Income Tax \(from 1 July 2026; salary rules from the 2026 tax year\), with Decree No. 253/2026/ND-CP](#)
- [Law No. 108/2025/QH15 on Tax Administration \(from 1 July 2026\), with Decree No. 252/2026/ND-CP](#)
- [Decree No. 255/2026/ND-CP on related-party transactions; Resolution No. 107/2023/QH15 and Decree No. 236/2025/ND-CP on the global minimum tax](#)
- [Law No. 107/2016/QH13 on Export and Import Duties, as amended by Law No. 90/2025/QH15, with Decree No. 134/2016/ND-CP as amended](#)

Key figures

Standard CIT rate	20% (15% or 17% for smaller enterprises)
Standard VAT rate	10%, reduced to 8% for most goods until 31 December 2026
Withholding tax on dividends to foreign companies	None
Foreign contractor CIT: interest / royalties / services	5% / 10% / 5%

Who you will deal with

- Ministry of Finance (MOF): tax policy, decrees and circulars, treaty negotiation and the global minimum tax
- Tax Department (Cục Thuế) under the MOF, which replaced the General Department of Taxation on 1 March 2025, and its provincial tax offices: registration, returns, refunds, audits, transfer pricing and advance pricing agreements
- Customs Department (Cục Hải quan) under the MOF and its 20 regional customs branches: import and export duties, import VAT and special consumption tax, duty exemptions, valuation and post-clearance audit
- State Bank of Vietnam and the commercial banks: the investment capital account through which profits and sale proceeds leave Vietnam once tax is settled

What changed in 2025–26

- Law No. 67/2025/QH15 on Corporate Income Tax applies from the 2025 tax period, with lower SME rates, a 2% tax on gross proceeds for foreign sellers of capital from 15 December 2025, and an exemption for enterprises with revenue up to VND 1 billion from 2026 (Law No. 09/2026/QH16).
- Law No. 109/2025/QH15 cut the PIT salary scale to five brackets from 5% to 35% for 2026, with deductions of VND 15.5 million a month for the taxpayer and VND 6.2 million per dependant.

Tax on a foreign company's sale of capital	2% of gross proceeds
Top PIT rate (residents)	35% above VND 100 million a month
Net interest deduction cap	30% of EBITDA
Late-payment interest	0.03% a day

- Law No. 108/2025/QH15 on Tax Administration took effect on 1 July 2026, with Decree No. 252/2026/ND-CP on profit remittance conditions and exit suspension, and shorter tax audits.
- Decree No. 255/2026/ND-CP replaced Decree No. 132/2020/ND-CP on transfer pricing for the 2026 tax year, and Circular No. 95/2026/TT-BTC replaced Circular No. 205/2013/TT-BTC on tax treaties from 1 July 2026.
- The 15% global minimum tax applies to groups with consolidated revenue of at least EUR 750 million from the 2024 financial year under Resolution No. 107/2023/QH15 and Decree No. 236/2025/ND-CP.

Who this applies to. The tax laws apply equally to domestic and foreign-invested companies: the same CIT, VAT and PIT rates, the same returns and the same penalties. What differs for a foreign investor is the tax on its cross-border flows: foreign contractor tax on fees, interest and royalties paid to it, the 2% tax on gross proceeds when it sells its stake, treaty relief, transfer pricing on intra-group dealings, and the tax conditions that must be met before profits leave Vietnam.

How Vietnam taxes a foreign-invested business

A Vietnamese company owned by foreign investors is taxed exactly as a Vietnamese-owned company is. It pays corporate income tax (CIT) on its worldwide profit, charges and recovers value added tax (VAT), withholds personal income tax (PIT) from its employees, pays import duties at the border, and files the same monthly, quarterly and annual returns with the same provincial tax office. There is no separate regime for foreign-invested enterprises and no tax on the remittance of profits. The rules that a foreign investor feels most are those on the money that crosses the border: the tax withheld when the Vietnamese company pays its foreign parent or suppliers, the tax on selling the investment, and the conditions the company must satisfy before its profits can be paid out.

Administration sits with the Ministry of Finance. The General Department of Taxation became the **Tax Department** (Cục Thuế) on 1 March 2025, and its local network was reorganised in 2025 into provincial tax offices; the General Department of Customs became the **Customs Department** (Cục Hải quan), working through 20 regional customs branches. Almost every filing is electronic and signed with the company's digital signature. The recurring deadlines are gathered in one calendar in Compliance calendar after licensing; this chapter explains the substance behind them.

Profits and turnover: CIT and VAT

The standard CIT rate is 20% under Law No. 67/2025/QH15, which applies from the 2025 tax period with Decree No. 320/2025/ND-CP and Circular No. 20/2026/TT-BTC. Enterprises with annual revenue up to VND 3 billion pay 15% and those up to VND 50 billion pay 17%, and from 2026 those with revenue of VND 1 billion or less are exempt. Expenses are deductible only if they relate to the business, are supported by lawful invoices and, from VND 5 million, are paid other than in cash; losses carry forward for five years. Residence, permanent establishment, the expense rules, depreciation and the separate accounting that incentivised projects must keep are in [Corporate income tax](#). Preferential rates and tax holidays are in [Investment incentives](#) and are not repeated here.

VAT is charged at 10%, 5% or 0% under Law No. 48/2024/QH15, in force since 1 July 2025, and most goods and services taxed at 10% are taxed at 8% until 31 December 2026. A company using the credit method recovers the VAT it pays on inputs, and exporters and companies building a new project can claim refunds once unrecovered input VAT reaches VND 300 million. Every invoice is an electronic invoice registered with the tax authority, under Decree No. 123/2020/ND-CP as amended by Decree No. 70/2025/ND-CP. Rates, exemptions, credit, refunds, invoicing and the rules for foreign suppliers of digital services are in [VAT and e-invoicing](#).

Money leaving Vietnam: contractor tax, treaties, transfer pricing and exit

When a Vietnamese company pays a foreign organisation that has no permanent establishment in Vietnam, for services, interest, royalties or equipment hire, it normally withholds **foreign contractor tax**: a VAT element and a deemed CIT element calculated on the payment, for example 5% for services and interest and 10% for royalties under Article 12 of Decree No. 320/2025/ND-CP, declared within ten days of payment. Dividends paid to foreign corporate shareholders bear no withholding tax at all. Vietnam has double taxation agreements with around 80 jurisdictions, though none in force with the United States, and relief is claimed by dossier under Circular No. 95/2026/TT-BTC. See [Foreign contractor tax and tax treaties](#).

Dealings between related parties must be priced at arm's length and documented under Decree No. 255/2026/ND-CP, which applies from the 2026 tax year; net interest expense of a company with related-party transactions is deductible only up to 30% of EBITDA; and large groups face the 15% global minimum tax under Resolution No. 107/2023/QH15 and Decree No. 236/2025/ND-CP. These are in [Transfer pricing, interest and the global minimum tax](#). When a foreign company sells capital in a Vietnamese company, it pays CIT at 2% of the gross proceeds, gain or loss, and the Vietnamese target company must usually declare it within ten days; securities are taxed at 0.1%. Exit taxes, dividends and the tax conditions on paying profits abroad are in [Tax on share transfers and dividends](#).

People and goods: PIT and customs

Employees resident in Vietnam, which includes anyone present for 183 days in a calendar year or in the twelve months from arrival, or who has a home in Vietnam, are taxed on their worldwide income at progressive rates from 5% to 35% under Law No. 109/2025/QH15; non-residents pay a flat 20% on

Vietnamese employment income. Employer-paid housing, allowances and tax equalisation all enter the computation, and expatriates must finalise their tax before they leave. See [Personal income tax and expatriates](#), and [Chapter 4](#) for payroll, insurance and work permits.

Goods crossing the border bear import duty under Law No. 107/2016/QH13, as amended, at most-favoured-nation rates or, with proof of origin, at the lower rates of Vietnam's free trade agreements such as CPTPP, EVFTA, UKVFTA and RCEP, together with import VAT and, for some goods, special consumption tax and environmental protection tax. Machinery for an incentivised project and inputs for export production can be imported duty-free, and export processing enterprises sit outside the customs territory. The rules, the valuation regime and the post-clearance audit that follows are in [Customs and import duties](#).

Compliance, audits and disputes

Law No. 108/2025/QH15 on Tax Administration took effect on 1 July 2026. It keeps the familiar deadlines, including provisional CIT each quarter that must reach 80% of the year's liability and the annual finalisation by the last day of the third month after year end, and the late-payment interest of 0.03% a day. It shortens tax audits, moves tax inspection to the general inspection law, gives the tax authority new powers to suspend business and business registration changes, and allows the tax authority to collect underpaid tax for up to ten years back. Penalties run from fines of up to VND 25 million for late returns, through 20% of tax understated, to one to three times the tax evaded under Decree No. 125/2020/ND-CP as amended by Decree No. 310/2025/ND-CP. Legal representatives and beneficial owners of a company with a large overdue tax debt can be stopped from leaving Vietnam. Audits, penalties, complaints and court challenges are in [Tax administration, audits and disputes](#).

How to use this chapter

A new investor should read the CIT and VAT sections first, then the section on foreign contractor tax before agreeing any fee, loan or licence with its parent, and the transfer pricing section before the first intra-group invoice is issued. Exit planning starts on entry: the 2% tax on gross proceeds and the profit remittance conditions affect the choice of holding company and the way capital is contributed, which is why the share transfer section should be read alongside [Profit remittance and repatriation of capital](#) and [Chapter 8](#). Each section ends with the related FAQs, the official sources and a question you can put to Lawbot about your own facts. The figures are stated at 10 October 2026; the temporary 8% VAT rate and several transitional rules end on 31 December 2026, so check the position again for 2027 transactions.

OFFICIAL SOURCES

- National Legal Database (vbpl.vn): Law No. 67/2025/QH15 on Corporate Income Tax; Law No. 09/2026/QH16; Decree No. 320/2025/ND-CP; Decree No. 141/2026/ND-CP — <https://vbpl.vn>
- Ministry of Finance: Circular No. 20/2026/TT-BTC and Circular No. 21/2026/TT-BTC — <https://mof.gov.vn>
- Tax Department (CIT returns, e-tax filing and guidance) — <https://gdt.gov.vn>
- Government portal (chinhphu.vn): legal documents — <https://chinhphu.vn>
- Immigration Department (exit and residence) — <https://xuatnhapcanh.gov.vn>
- National Business Registration Portal (change of members and shareholders) — <https://dangkykinhdoanh.gov.vn>
- Customs Department (Cục Hải quan) — <https://customs.gov.vn>
- Ministry of Industry and Trade: Circular No. 14/2026/TT-BCT of 25 March 2026 on rules of origin under the EVFTA (form EUR.1 and origin declarations) — <https://moit.gov.vn/tin-tuc/ban-hanh-quy-tac-xuat-xu-evfta-mo-rong-uu-dai-cho-hang-viet.html>

Corporate income tax: the 2025 CIT Law, rates, taxable income, deductible and non-deductible expenses, depreciation, losses, residence and permanent establishment

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WHAT YOU NEED TO KNOW

- Law No. 67/2025/QH15 on Corporate Income Tax took effect on 1 October 2025 and applies from the 2025 tax period, detailed by Decree No. 320/2025/ND-CP of 15 December 2025 and Circular No. 20/2026/TT-BTC of 12 March 2026.
- The standard rate is 20%; enterprises with annual revenue up to VND 3 billion pay 15% and up to VND 50 billion pay 17%, and from the 2026 tax period Law No. 09/2026/QH16 and Decree No. 141/2026/ND-CP exempt enterprises with revenue of VND 1 billion or less, subject to conditions.
- Oil and gas activities are taxed at 25% to 50%, and the extraction of precious and rare minerals at 50% (40% in especially disadvantaged areas); domestic and foreign-invested companies pay the same rates.
- An expense is deductible only if it relates to the business, is supported by lawful invoices and documents and, for purchases of VND 5 million or more, is paid by non-cash means (Decree No. 320/2025/ND-CP, from 15 December 2025).
- Tax losses carry forward for up to five years and cannot be carried back; income from incentivised activities must be accounted for separately, and incentives themselves are covered in section 1.6.

The law in force and when it applies

Corporate income tax (thuế thu nhập doanh nghiệp, CIT) is governed by Law No. 67/2025/QH15 on Corporate Income Tax, which took effect on 1 October 2025 and applies from the 2025 tax period, replacing Law No. 14/2008/QH12 and its many amendments. The law is detailed by Decree No. 320/2025/ND-CP, issued and effective on 15 December 2025, and by Circular No. 20/2026/TT-BTC, issued and effective on 12 March 2026 and applying from the 2025 tax period, which replaced the long-standing guidance in Circular No. 78/2014/TT-BTC and Circular No. 96/2015/TT-BTC. A second circular, No. 21/2026/TT-BTC, supplies forms, including the per-transaction return used by foreign sellers of capital. Two further instruments matter from 2026: Law No. 09/2026/QH16 and Decree No. 141/2026/ND-CP, which exempt the smallest enterprises.

Because the new law arrived part-way through 2025, Decree No. 320/2025/ND-CP lets a taxpayer elect to apply its revenue, expense, incentive and loss rules from the start of the 2025 tax period, from 1 October 2025 or from 15 December 2025; the non-cash payment rule and the 2% tax on foreign sellers

of capital apply only from 15 December 2025. Expenses incurred before 12 March 2026 that the old circulars specifically covered remain governed by them. A company finalising its 2025 return should record which election it made.

Who pays: residence, permanent establishment and Vietnam-source income

A company established under Vietnamese law, including a wholly foreign-owned LLC or joint stock company, is taxed in Vietnam on its income from all sources, inside and outside Vietnam. Income earned abroad is taxed when it is earned, not when it is remitted, at the standard 20% rate even if the Vietnamese company enjoys a preferential rate at home, with credit for foreign tax paid up to the Vietnamese tax on that income (Article 12(2) of Decree No. 320/2025/ND-CP). Profits and losses of an overseas project cannot be offset against domestic results.

A foreign enterprise is taxed in Vietnam in one of two ways. If it has a **permanent establishment** (cơ sở thường trú) in Vietnam, it is a CIT taxpayer on the income of that establishment and on Vietnamese income effectively connected with it, and must register, keep Vietnamese accounts and file returns like a Vietnamese company. A permanent establishment includes a branch, office, factory, mine, construction or installation site, a place through which services are supplied by employees, and a dependent agent; the 2025 law also reaches business carried on through a digital platform. If the foreign enterprise has no permanent establishment, its Vietnam-source income, such as service fees, interest, royalties and equipment rentals, is taxed through foreign contractor tax, usually withheld by the Vietnamese payer, and its sales of Vietnamese capital through the 2% tax on gross proceeds. Those regimes are in [Foreign contractor tax and tax treaties](#) and [Tax on share transfers and dividends](#).

Where the foreign enterprise is resident in a state with which Vietnam has a double taxation agreement, the treaty definition of permanent establishment prevails and is usually narrower: a construction site, for example, typically becomes a permanent establishment only after it has lasted for the period the treaty specifies, and services create one only after the treaty's day-count is exceeded. Circular No. 95/2026/TT-BTC, which governs the application of treaties from 1 July 2026, adds that a digital platform through which a foreign enterprise supplies goods or services in Vietnam can meet the permanent establishment conditions, and that a representative office which negotiates or concludes contracts may constitute one. Seconded staff and sales agents are the usual sources of an unplanned permanent establishment ([FAQ 59](#)).

The rates

The standard rate is **20%** of assessable income. Law No. 67/2025/QH15 introduced two reduced rates for smaller enterprises: **15%** where total annual revenue does not exceed VND 3 billion and **17%** where it does not exceed VND 50 billion. From the 2026 tax period Law No. 09/2026/QH16 and Decree No. 141/2026/ND-CP go further and exempt enterprises whose revenue is VND 1 billion or less, subject to conditions that exclude some related-party situations, so that a group cannot break a business into small companies to take the exemption. A foreign-invested start-up in its first year may fall within these bands; an established subsidiary of a multinational usually will not.

Higher rates apply to natural resources. Petroleum activities are taxed at 25% to 50% per contract, the Prime Minister fixing the rate for each, with 32% for incentivised blocks and 25% for specially incentivised blocks; the extraction of precious and rare minerals, including gold, silver, tin, tungsten, antimony, gemstones and rare earths, is taxed at 50%, or 40% where most of the licensed area lies in especially disadvantaged areas. These are explained with the rest of the State's take in [Chapter 10](#).

Preferential rates of 10% and 17% and tax holidays depend on the sector or location of the project and are covered in [Investment incentives](#); since 1 July 2026 Law No. 133/2025/QH15 on High Technology has amended the CIT Law to give Group 1 high-tech enterprises and strategic technology enterprises 10% for 25 years, Group 2 high-tech enterprises 10% for 15 years and manufacturers of high-tech products 17% for 10 years. Groups with consolidated revenue of at least EUR 750 million should read them together with the global minimum tax in [Transfer pricing, interest and the global minimum tax](#), because a low rate in Vietnam may simply be topped up to 15%.

Taxable income and exempt income

Taxable income for a period is revenue from the sale of goods and services, less deductible expenses, plus other income. Other income includes gains on the transfer of capital, securities, real estate and investment projects, interest, foreign exchange gains, debts written back and compensation received. Assessable income is taxable income less exempt income and losses carried forward. Revenue is recognised when ownership of goods passes or when a service is completed or partly completed; Circular No. 20/2026/TT-BTC sets specific timing rules for exports (the date ownership passes under the export contract), construction, utilities and, for foreign enterprises, transfers of capital and securities.

Exempt income includes income from cultivation, livestock, aquaculture and salt production in qualifying cases, income from qualifying technology transfer, profits received from the Investment Support Fund, income from the first transfer of carbon credits and emission reduction results by the enterprise to which they were granted, interest on green bonds and gains on their first transfer, and, as before, dividends and profit shares received from another Vietnamese enterprise out of its after-tax profit. A Vietnamese holding company therefore receives dividends from its Vietnamese subsidiaries without further CIT.

Deductible expenses: the conditions every expense must meet

An expense is deductible if it is actually incurred and relates to the enterprise's production and business, is supported by lawful invoices and documents, and, for purchases of goods and services of VND 5 million or more per payment, inclusive of VAT, is supported by a non-cash payment voucher. The VND 5 million threshold, aligned with the VAT rule, replaced the former VND 20 million threshold and applies from 15 December 2025. Where the purchase is from an individual or a household business without an invoice and is recorded on the prescribed listing (Form 02/TNDN), payments of VND 5 million or more per person per day must likewise be made by non-cash means. An expense recorded before payment remains deductible if there is a contract and handover record, provided that the non-cash voucher is obtained when payment is made; if it is never paid by non-cash means, the deduction is reversed.

Decree No. 320/2025/ND-CP also requires that an expense comply with the specialised law that governs it. Overtime paid beyond the Labour Code limits, and advertising of products that are prohibited or that required a registration or approval which was not obtained, are given as examples of expenses that fail this test. On the other side of the line, the decree expressly allows expenses incurred without corresponding revenue in the period, such as unsuccessful tender costs and market research for a new product, with the documents Circular No. 20/2026/TT-BTC specifies; the costs of expatriate staff seconded by a group company under a labour assignment or transfer arrangement; contributions to supplementary pension, voluntary pension and employee life insurance up to VND 5 million per employee per year; qualifying sponsorship; and research and development, for which a deduction of up to 200% of actual qualifying costs is available provided that the additional deduction does not create a loss.

Non-deductible expenses

The law lists expenses that are never deductible and expenses that are deductible only within limits. In practice the items that a tax audit most often disallows in a foreign-invested company are these: expenses without a lawful invoice or without a non-cash payment voucher where one is required; administrative fines, late-payment interest and penalties of any kind; interest paid to lenders that are not credit institutions to the extent that the rate exceeds the ceiling in the Civil Code; net interest above 30% of EBITDA for a company with related-party transactions, under Decree No. 255/2026/ND-CP; depreciation of assets not used in the business, or above the limits the Ministry of Finance prescribes, for example for passenger cars; provisions not made in accordance with the Ministry of Finance's rules; charitable donations and sponsorship outside the qualifying categories; expenses funded by other sources, such as the cost of a project financed by a grant; input VAT that has been credited or refunded; and CIT itself.

Two further categories cause disputes with groups. Management fees, royalties and service charges paid to related parties are deductible only if the service was received, benefits the Vietnamese company and is priced at arm's length; the tax authority asks for the agreement, evidence of the services and the basis of the charge, and transfer pricing adjustments are made where these are missing (Transfer pricing, interest and the global minimum tax). Payments to foreign suppliers should also carry the foreign contractor tax declared on them, which the tax authority cross-checks at audit.

Depreciation

Fixed assets are depreciated under the Ministry of Finance's fixed-asset regime, generally straight-line over the useful lives it prescribes for each class of asset; depreciation faster than those lives allow is added back. Depreciation is deductible only for an asset that the enterprise owns, uses in the business and holds lawful acquisition documents for; Circular No. 20/2026/TT-BTC confirms that depreciation of a leased-out asset during a period without tenants remains deductible where ownership is documented. Accelerated depreciation is an incentive form available to qualifying projects under the Law on Investment. Land use rights with a definite term are amortised; those with an indefinite term are not. Assets contributed in kind are depreciated on the value recorded in the contribution documents (Charter capital and capital contribution).

Losses

A tax loss may be carried forward and offset against assessable income for up to five consecutive years after the year in which it arose; there is no carry-back and no group relief between Vietnamese companies. Under Decree No. 320/2025/ND-CP, losses from ordinary business and losses from real estate transfers, investment project transfers and transfers of the right to participate in a project may now be offset against one another, which the previous rules restricted. Losses cannot, however, be set off against profits that are themselves enjoying a CIT incentive where the law requires those profits to be computed separately. Losses incurred before the decree took effect may be used under the new rule if they are still within the five-year period.

Separate accounting of incentivised income

An enterprise that enjoys an incentive for one project or activity and not for another must account separately for the income of each, so that the preferential rate or exemption is applied only to the qualifying income. Common costs that cannot be traced to one activity are allocated on a reasonable basis, normally the ratio of revenue. Under the new rules, location-based incentives for a manufacturing project extend to products sold outside the incentivised location, but for trading and services the incentive is limited to income earned in that location. An expansion project claiming its own incentive must notify the registered investment capital to the tax authority by the deadline for the CIT finalisation of the first year in which the project is implemented, and must notify any later change to that capital (Circular No. 20/2026/TT-BTC). A mixed business without separate accounts risks losing the incentive on all of its income; the qualifying conditions are in [Investment incentives](#).

How CIT is declared and paid over a year

1 Fix the tax period and method

The tax period is the calendar year unless the company has registered a financial year ending on the last day of another quarter. CIT is self-assessed: the company computes its own liability and its own incentives, and the tax authority checks them later.

2 Pay provisional CIT each quarter

Provisional CIT is paid, without a return, by the 30th day of the month after each quarter. The four instalments together must reach at least 80% of the final liability for the year; any shortfall bears late-payment interest of 0.03% a day from the due date of the fourth instalment.

3 Close the books and have them audited

A foreign-invested company must have its annual financial statements audited by an independent firm licensed in Vietnam. The tax computation starts from the audited profit.

4 Prepare the tax computation

Add back non-deductible expenses, deduct exempt income, apply losses brought forward in date order, separate incentivised and non-incentivised income, and apply the rate. Groups add the related-party disclosures required by Decree No. 255/2026/ND-CP and test net interest against the 30% cap.

5 File the annual finalisation

File the CIT finalisation return, with the audited financial statements and appendices, by the last day of the third month after year end (31 March for a calendar-year company), electronically through the tax authority's portal, and pay the balance by the same date.

6 Keep the file for audit

Retain invoices, non-cash vouchers, contracts, depreciation schedules, loss computations and incentive evidence. The tax authority can reassess and collect underpaid tax for up to ten years back from the date a violation is detected (Article 44, Law No. 108/2025/QH15); see [Tax administration, audits and disputes](#).

CIT rates and the numbers that govern the computation (October 2026)

Item	Rule	Source
Standard rate	20%	Law No. 67/2025/QH15
Small enterprises	15% (revenue up to VND 3 billion); 17% (revenue up to VND 50 billion)	Law No. 67/2025/QH15; Decree No. 320/2025/ND-CP
Exemption for the smallest enterprises	Revenue of VND 1 billion or less, from the 2026 tax period, subject to conditions	Law No. 09/2026/QH16; Decree No. 141/2026/ND-CP
Petroleum	25% to 50% per contract; 32% incentivised blocks; 25% specially incentivised blocks	Law No. 67/2025/QH15
Precious and rare minerals	50%; 40% where most of the area is in especially disadvantaged areas	Law No. 67/2025/QH15
Non-cash payment threshold for deduction	VND 5 million per payment, inclusive of VAT, from 15 December 2025	Decree No. 320/2025/ND-CP; Circular No. 20/2026/TT-BTC
Research and development	Deduction of up to 200% of qualifying costs, without creating a loss	Decree No. 320/2025/ND-CP
Loss carry-forward	Up to 5 years; no carry-back	Law No. 67/2025/QH15
Provisional payments	Quarterly by the 30th of the following month; at least 80% of the final liability	Law No. 108/2025/QH15 and its implementing decree
Annual finalisation	Last day of the third month after year end	Law No. 108/2025/QH15

WORKED EXAMPLE

A CIT computation for a foreign-owned manufacturer with no incentive

A Japanese-owned LLC in Dong Nai makes packaging for export and domestic customers. Calendar financial year 2026; revenue VND 180 billion, so the 20% rate applies; no CIT incentive; no related-party loans. The figures are illustrative and simplified, and are not a computation for any real company.

Audited accounting profit before tax	VND 14,000 million.
Add back: non-deductible items	Administrative fine for a late environmental report VND 150 million; purchases of VND 5 million or more paid in cash VND 220 million; interest on a loan from a non-credit institution above the Civil Code ceiling VND 80 million; a provision for slow-moving stock not made under the Ministry of Finance's rules VND 300 million; hospitality costs without lawful invoices VND 250 million. Total VND 1,000 million.
Deduct: exempt income	Dividend received from a Vietnamese associate out of its after-tax profit VND 500 million.
Taxable income	$14,000 + 1,000 - 500 = \text{VND } 14,500 \text{ million.}$
Loss brought forward	VND 2,000 million from 2023, within the five-year period. Assessable income VND 12,500 million.
CIT at 20%	VND 2,500 million.
Provisional payments	Q1 to Q3: VND 450 million each (VND 1,350 million) by 30 April, 30 July and 30 October 2026; Q4: VND 650 million by 30 January 2027. Total VND 2,000 million, exactly 80% of the final liability, so no late-payment interest arises on the instalments.
Finalisation	Return and audited accounts filed and the balance of VND 500 million paid by 31 March 2027.
If the instalments had fallen short	Had the four instalments totalled VND 1,800 million, the VND 200 million shortfall below the 80% floor would bear interest at 0.03% a day from 30 January 2027 until paid: about VND 3.6 million to 31 March.

Most of the add-backs are avoidable: the cash purchases and the undocumented hospitality would have been deductible with non-cash payment and lawful e-invoices.

Had the company held a 17% incentive for one product line, the income of that line would have been computed separately and the 2023 loss could not have been set against it where the law requires separate computation.

Questions investors ask about corporate income tax

What corporate income tax rate does a foreign-invested company pay in Vietnam?

The same as a domestic company: 20% of assessable income under Law No. 67/2025/QH15, or 15% where annual revenue is up to VND 3 billion and 17% where it is up to VND 50 billion. From 2026 enterprises with revenue of VND 1 billion or less are exempt, subject to conditions. Incentivised projects may qualify for 10% or 17%.

Can tax losses be carried back or transferred within a group?

No. A tax loss is carried forward for up to five consecutive years and set against later assessable income; there is no carry-back and no group relief between Vietnamese companies. Since Decree No. 320/2025/ND-CP, ordinary business losses and losses on real estate or project transfers can be offset against each other, but not against separately computed incentivised profits.

Are expenses paid in cash deductible?

Only below VND 5 million per payment, inclusive of VAT, and only with a lawful invoice. From 15 December 2025 a purchase of VND 5 million or more must be paid by bank transfer or another non-cash method to be deductible, under Decree No. 320/2025/ND-CP. The same threshold applies to input VAT credit.

Does the VND 1 billion exemption help a small subsidiary of a foreign group?

Possibly, but check the conditions first. Law No. 09/2026/QH16 and Decree No. 141/2026/ND-CP exempt enterprises with revenue of VND 1 billion or less from the 2026 tax period, but the conditions exclude some related-party situations, so a group company that exists mainly to serve affiliates may not qualify.

When does a foreign company have a permanent establishment in Vietnam?

When it carries on business through a fixed place such as a branch, office, factory or site, supplies services through staff present in Vietnam, or acts through an agent who habitually concludes contracts for it. A treaty usually narrows the test with day-counts and duration limits; Circular No. 95/2026/TT-BTC also addresses digital platforms and representative offices.

THE 2027 HORIZON

- The 2026 finalisation, due by 31 March 2027 for calendar-year companies, is the first full-year return under Decree No. 320/2025/ND-CP, Circular No. 20/2026/TT-BTC and the VND 1 billion exemption; expect the tax authority to test non-cash payment evidence and the related-party conditions of the exemption closely.
- The temporary 8% VAT rate ends on 31 December 2026 unless extended, which changes the VAT cost of non-recoverable purchases and therefore the deductible cost base of businesses that cannot recover input VAT; see [VAT](#) and [e-invoicing](#).
- OECD guidance on the global minimum tax continues to evolve and Decree No. 236/2025/ND-CP may be amended to follow it, which would change how far Vietnamese incentives survive for large groups; see [Transfer pricing, interest and the global minimum tax](#).

Terms you will meet in the documents

English	Vietnamese	Meaning
Corporate income tax (CIT)	<i>Thuế thu nhập doanh nghiệp (TNDN)</i>	The tax on enterprise profits under Law No. 67/2025/QH15.
Taxable income	<i>Thu nhập chịu thuế</i>	Revenue less deductible expenses plus other income.
Assessable income	<i>Thu nhập tính thuế</i>	Taxable income less exempt income and losses carried forward; the base to which the rate applies.
Deductible expense	<i>Chi phí được trừ</i>	An expense that meets the business-purpose, invoice and non-cash payment conditions.
Non-cash payment voucher	<i>Chứng từ thanh toán không dùng tiền mặt</i>	Bank evidence required for purchases of VND 5 million or more.
Permanent establishment	<i>Cơ sở thường trú</i>	A fixed place, site, service presence or dependent agent through which a foreign enterprise does business in Vietnam.
Loss carry-forward	<i>Chuyển lỗ</i>	Offsetting a tax loss against assessable income of the next five years.
Provisional CIT	<i>Tạm nộp thuế TNDN</i>	Quarterly payments on account, which must reach 80% of the year's liability.
CIT finalisation	<i>Quyết toán thuế TNDN</i>	The annual return, due by the last day of the third month after year end.

FOREIGN V VIETNAMESE INVESTOR

The CIT rates, the expense rules, the loss rules and the incentives are identical for domestic and foreign-invested companies; Article 5 of the Law on Investment and the CIT Law draw no distinction by ownership. The differences lie elsewhere: a foreign-invested company must have its accounts audited every year, and its foreign shareholders are taxed on their exit at 2% of gross proceeds rather than on the gain. A foreign enterprise without a Vietnamese company is taxed through its permanent establishment or through foreign contractor tax.

WATCH OUT FOR

- Purchases of VND 5 million or more paid in cash, or invoices accepted from suppliers that later turn out to be non-compliant; both lose the deduction.
- Management fees and royalties to the parent without a written agreement, evidence of services and a pricing basis; they are the first item a tax audit examines.
- Provisional CIT below 80% of the final liability, which the tax authority detects automatically and charges interest on from the fourth-quarter due date.
- Treating an incentivised and a non-incentivised activity as one, which can forfeit the incentive and restricts the use of losses.
- Seconded staff, agents or a representative office creating a permanent establishment of the foreign parent, with Vietnamese tax on the parent's profits.

OFFICIAL SOURCES

- National Legal Database (vbpl.vn): Law No. 67/2025/QH15 on Corporate Income Tax; Law No. 09/2026/QH16; Decree No. 320/2025/ND-CP; Decree No. 141/2026/ND-CP — <https://vbpl.vn>
- Ministry of Finance: Circular No. 20/2026/TT-BTC and Circular No. 21/2026/TT-BTC — <https://mof.gov.vn>
- Tax Department (CIT returns, e-tax filing and guidance) — <https://gdt.gov.vn>
- Government portal (chinhphu.vn): legal documents — <https://chinhphu.vn>

VAT and e-invoicing: the 2024 VAT Law, rates and exemptions, the 8% reduction, credit and direct methods, input VAT recovery and refunds, e-invoices and foreign digital suppliers

Reviewed 10 October 2026 · Prepared by a foreign investment lawyer (now retired) with 20 years' experience advising on Vietnamese investment law · Legal and tax information, not legal advice · [How we check](#) · [Open in the app](#)

WHAT YOU NEED TO KNOW

- Law No. 48/2024/QH15 on Value Added Tax has applied since 1 July 2025, detailed by Decree No. 181/2025/ND-CP and Circular No. 69/2025/TT-BTC, and was amended from 1 January 2026 by Law No. 149/2025/QH15; the rates are 10%, 5% and 0%, with a list of exempt supplies.
- Resolution No. 204/2025/QH15 and Decree No. 174/2025/ND-CP reduce the 10% rate to 8% until 31 December 2026, except for telecommunications, finance, banking, securities, insurance, real estate, metals, most mining products and goods subject to special consumption tax.
- The credit method is compulsory once annual revenue reaches VND 1 billion; input VAT is creditable only with a lawful invoice and, for purchases of VND 5 million or more inclusive of VAT, non-cash payment.
- Exporters, investment projects and businesses supplying only 5%-rated goods may claim refunds where unrecovered input VAT reaches VND 300 million; since 1 January 2026 the refund no longer depends on the seller having declared and paid the VAT on the invoices claimed (Law No. 149/2025/QH15).
- Every invoice is an e-invoice under Decree No. 123/2020/ND-CP as amended by Decree No. 70/2025/ND-CP, in force from 1 June 2025, which added cash-register e-invoices, export invoice timing and voluntary e-invoicing by foreign suppliers.

The law and the authorities

Value added tax (thuế giá trị gia tăng, VAT) is charged on goods and services supplied and consumed in Vietnam and on imports. Law No. 48/2024/QH15 on Value Added Tax replaced the 2008 law on 1 July 2025, and was detailed on the same day by Decree No. 181/2025/ND-CP and Circular No. 69/2025/TT-BTC, which also replaced the VAT provisions of the earlier circulars, including those for foreign contractors in Circular No. 103/2014/TT-BTC. Law No. 90/2025/QH15, also in force from 1 July 2025, added on-the-spot exports to the goods eligible for the 0% rate. Law No. 149/2025/QH15, passed on 11 December 2025 and in force from 1 January 2026, amended the 2024 law: an enterprise or cooperative that buys unprocessed or only preliminarily processed crop, forestry, livestock, aquaculture and fishery products and sells them to another enterprise or cooperative need not declare or pay VAT on that sale but may still credit its input VAT (sales of such products to households, individual businesses and consumers bear 5%); the annual revenue below which household and individual businesses are outside

VAT rose from VND 200 million to VND 500 million; and the refund condition on the seller's own compliance was removed. Decree No. 359/2025/ND-CP of 31 December 2025 amended Decree No. 181/2025/ND-CP to match. VAT on domestic supplies is administered by the Tax Department and its provincial offices; VAT on imports is collected by the Customs Department at the border, alongside import duty ([Customs and import duties](#)).

A company is registered for tax automatically when it receives its Enterprise Registration Certificate, because the enterprise code is also the tax code; there is no separate VAT registration threshold for companies ([FAQ 22](#)). Before issuing its first invoice it must register to use e-invoices, as explained below and in [Setting up a company step by step](#).

Rates and exempt supplies

The standard rate is **10%**. A **5%** rate applies to the essential goods and services listed in the law, including clean water, fertiliser (moved from exempt to 5% by the 2024 law), teaching aids, medical equipment and medicines, certain agricultural products and services, and social housing. A **0%** rate applies to exported goods and services, including goods sold into export processing enterprises and non-tariff zones, international transport, and services consumed outside Vietnam; Decree No. 181/2025/ND-CP requires a contract, non-cash payment and, for goods, the customs declaration, and confirms that transport and handling services supplied to export processing enterprises for export production qualify.

Supplies outside the scope of VAT, often called exempt supplies, cannot carry output VAT and their related input VAT is not creditable. They include credit, most financial and securities services and derivatives, life and health insurance, medical services, education and vocational training, the transfer of land use rights, the transfer of technology and intellectual property rights as defined by the specialised laws, unprocessed agricultural products at the producer stage, and goods imported for humanitarian or defence purposes. A business making both taxable and exempt supplies apportion its input VAT, normally by the ratio of revenue.

The rate is fixed by the nature of the supply, not by the supplier. A mixed contract in which the elements can be separated is taxed element by element; where they cannot, the guidance applies the higher rate. Disputes about rates are common for bundled services, software with implementation, and goods with installation.

The 8% rate until 31 December 2026

Resolution No. 204/2025/QH15 of the National Assembly and Decree No. 174/2025/ND-CP reduce the 10% rate to **8%** from 1 July 2025 until 31 December 2026. The reduction does not apply to telecommunications, finance, banking, securities, insurance, real estate business, metals and fabricated metal products, most mining products, and goods and services subject to special consumption tax; for those, 10% continues. Businesses on the direct method enjoy a corresponding 20% reduction in the percentage applied to revenue. The reduced rate is shown on a separate e-invoice line and must be applied at every stage of the chain where the goods qualify.

The practical difficulty is classification. Annex I to the decree lists the excluded goods by HS code, and a supplier of mixed goods may have to apply both rates on one invoice. Contracts priced for delivery in 2027 should state whether the price is exclusive of VAT, because unless the reduction is extended the rate returns to 10% on supplies made from 1 January 2027.

Credit method and direct method

Under the **credit method** (phương pháp khấu trừ) the company charges output VAT on its invoices and deducts the VAT it paid on purchases and imports, paying the difference or carrying forward a credit. The credit method is compulsory for a business whose annual revenue reaches VND 1 billion, and a new foreign-invested company registers for it from the start in practice, because its customers expect a VAT invoice and because it wants to recover the VAT on its set-up costs. Under the **direct method** (phương pháp trực tiếp), used by smaller businesses, household businesses and for trading in gold, silver and precious stones, VAT is a percentage of revenue (1% for distribution of goods, 5% for services, 3% for production, transport and construction with materials, 2% for other activities) and no input VAT is deducted.

VAT returns are filed monthly by the 20th of the following month, or quarterly by the last day of the month after the quarter where prior-year revenue was VND 50 billion or less; a new company chooses quarterly filing in its first year. The filing calendar is in [Compliance calendar after licensing](#).

Recovering input VAT

Input VAT is creditable if four conditions are met. The purchase must be used for VAT-taxable business. The company must hold a lawful e-invoice, or the import VAT payment document, showing the VAT. For purchases of **VND 5 million or more, inclusive of VAT**, it must hold a non-cash payment voucher; payment in shares or bonds is accepted where the contract provides for it. And the invoice must be declared in the period in which it is received, or later by supplementary declaration before the tax authority opens an audit. Where payment is deferred, the credit is allowed when the invoice is received but reversed if payment is later made in cash.

The 2024 law added a refund condition that troubled buyers: the seller must have declared and paid the VAT on the invoices claimed (Article 15(9)(c)). Law No. 149/2025/QH15 repealed it from 1 January 2026, and Decree No. 359/2025/ND-CP also applies the change to refund claims received before that date that had not yet been decided. Supplier due diligence still matters, because an invoice from a supplier that does not exist or is not operating can still be rejected at audit, so payment against a valid invoice and contractual indemnities for invalid invoices remain part of ordinary procurement. Input VAT on assets and costs used for exempt supplies, on purchases paid in cash above the threshold, and on invoices from suppliers that have ceased operating at their registered address is not creditable.

VAT refunds

Excess input VAT is normally carried forward. A refund may be claimed in defined cases under Article 15 of Law No. 48/2024/QH15 and Section 3 of Chapter III of Decree No. 181/2025/ND-CP. An **exporter** may claim where unrecovered input VAT attributable to exports reaches VND 300 million in a month or quarter. A **new investment project**, or an expansion project, in its investment phase may claim where

accumulated input VAT reaches VND 300 million; projects that began before 1 July 2025 and are still in the investment phase may use the new rules. A business supplying only **5%-rated goods or services** may claim where unrecovered input VAT reaches VND 300 million after 12 consecutive months or four consecutive quarters. Refunds are also available on dissolution, bankruptcy and in certain treaty and aid cases.

The claimant must use the credit method, keep proper accounts, hold a bank account registered with its tax code and meet the credit conditions above; since 1 January 2026 it no longer has to show that the seller declared and paid the VAT on the invoices claimed. Refunds are refused in the cases the law excludes, which in practice include project investment where a conditional business line has not been licensed, and the tax authority classifies each claim as refund-first, check-later or check-first, refund-later according to risk. Law No. 108/2025/QH15 on Tax Administration provides for refunds to be processed automatically on electronic data where the risk criteria allow.

How to claim a VAT refund for a new investment project

1 Separate the project's input VAT

Account for the project's input VAT separately from any other business of the company, and keep the e-invoices and non-cash payment vouchers for each purchase of VND 5 million or more.

2 Check the threshold and the conditions

Confirm that accumulated unrecovered input VAT of the project has reached VND 300 million, that the project is still in its investment phase, and that any sector licence required for a conditional business line has been obtained.

3 Check your suppliers' compliance

Before filing, confirm through the tax authority's lookup tools that the main suppliers are active at their registered addresses and that their invoices are valid; since 1 January 2026 a supplier's own failure to declare or pay no longer bars the refund, but invoices from suppliers that have ceased operating can still be challenged.

4 File the refund dossier

File the request on the prescribed form with the list of invoices electronically through the tax portal, one dossier per refund case, after declaring the input VAT in the VAT return for the period.

5 Respond to the tax authority's classification

If the claim is classified for checking before refund, expect a request for contracts, payment records and investment documents and, for higher-risk claims, a visit; answer within the time given.

6 Receive the refund and reconcile

The refund is paid to the registered bank account. Reconcile it in the next VAT return; any amount later found to be excessive is recovered with late-payment interest of 0.03% a day.

E-invoices and cash-register invoices

Every invoice in Vietnam is electronic. Decree No. 123/2020/ND-CP, as amended by Decree No. 70/2025/ND-CP from 1 June 2025, requires a seller to register its e-invoice use with the tax authority, issue invoices through an approved service provider's system and, for invoices with a tax authority code, obtain that code before sending the invoice. Invoices without a code are transmitted to the tax authority. The decree fixes the time of issue: for goods, when ownership or the right to use passes; for services, when the service is completed, whether or not payment has been received, a rule that now expressly covers services to foreign customers; for exports, no later than the working day after customs clearance; and for construction, on acceptance. Exporters may now issue electronic commercial invoices where their data meet the tax authority's format.

Decree No. 70/2025/ND-CP also introduced **e-invoices generated from cash registers** connected to the tax authority. They are compulsory for household and individual businesses with annual revenue of VND 1 billion or more, and are used by enterprises selling directly to consumers, such as retailers, restaurants, hotels, passenger transport and entertainment businesses; they need no digital signature but carry a tax authority code or QR code. Errors are now corrected by an adjusting or replacement invoice rather than cancellation, several erroneous invoices to one buyer in a month can be corrected together with a listing, and for returns either the seller issues an adjustment or the buyer issues an invoice for the returned goods by written agreement. Sellers declare tax by reference to the date of issue and buyers by reference to the date they receive a correct invoice.

Foreign suppliers of digital services

A foreign supplier without a permanent establishment that sells digital services, online advertising, cloud services, apps, games or goods through a platform to customers in Vietnam is liable to VAT and to CIT on a deemed basis. Since 1 July 2025 the VAT Law has placed the collection obligation, where it can, on Vietnamese parties: an organisation that operates a digital platform on which foreign suppliers sell must deduct and pay the tax on their behalf, and a Vietnamese business on the credit method that buys services from a foreign supplier must withhold the VAT and the CIT element as foreign contractor tax (Foreign contractor tax and tax treaties). Where neither applies, typically for sales to consumers, the foreign supplier registers, declares and pays through the tax authority's electronic portal for foreign suppliers. Decree No. 70/2025/ND-CP lets such a supplier register voluntarily to issue e-invoices through the same portal, which business customers value because it supports their deductions.

VAT at a glance (October 2026)

Item	Rule	Source
Standard rate	10%; 8% for qualifying goods and services from 1 July 2025 to 31 December 2026	Law No. 48/2024/QH15; Resolution No. 204/2025/QH15; Decree No. 174/2025/ND-CP
Reduced rate	5% for listed essential goods and services	Law No. 48/2024/QH15
Zero rate	Exports of goods and services, sales to export processing enterprises, international transport, on-the-spot exports	Law No. 48/2024/QH15; Law No. 90/2025/QH15; Decree No. 181/2025/ND-CP

Item	Rule	Source
Credit method compulsory	Annual revenue of VND 1 billion or more	Law No. 48/2024/QH15
Non-cash payment for input credit	Purchases of VND 5 million or more, inclusive of VAT	Law No. 48/2024/QH15; Decree No. 181/2025/ND-CP
Refund threshold	VND 300 million unrecovered input VAT (exports; investment projects; 5%-only suppliers after 12 months)	Law No. 48/2024/QH15, Article 15; Decree No. 181/2025/ND-CP
Returns	Monthly by the 20th; quarterly where prior-year revenue up to VND 50 billion	Tax administration law
E-invoices	Compulsory; cash-register e-invoices for households with revenue of VND 1 billion or more	Decree No. 123/2020/ND-CP as amended by Decree No. 70/2025/ND-CP
Export invoice timing	No later than the working day after customs clearance	Decree No. 70/2025/ND-CP

WORKED EXAMPLE

An exporter's VAT position and refund over one quarter

A Korean-owned garment exporter in Hai Phong exports 90% of its output and sells 10% domestically. Quarterly filer, credit method, Q2 2026. All figures are illustrative and simplified.

Output VAT on domestic sales	Domestic sales VND 6,000 million at 8% (garments qualify for the reduction): VND 480 million.
Output VAT on exports	Export sales VND 54,000 million at 0%: nil.
Input VAT	Fabric, accessories, electricity and services with lawful e-invoices, paid by bank transfer: VND 2,100 million. One supplier of packing materials (VND 40 million of VAT) has left its registered address; the company excludes that amount from the refund claim until it has confirmed that the invoices are valid.
Allocation	Input VAT attributable to exports by the revenue ratio: 90% of VND 2,060 million = VND 1,854 million; to domestic sales: VND 206 million.
Net position	Domestic output VAT VND 480 million less domestic input VAT VND 206 million = VND 274 million payable; export input VAT VND 1,854 million available.
Refund claim	Export input VAT exceeds VND 300 million. After offsetting the VND 274 million payable, the company claims a refund of VND 1,580 million, filed with the Q2 return by 31 July 2026.
Processing	The company has a clean history and the claim is classified refund-first, check-later; the refund is paid into its registered account. The tax authority may examine the claim later, within the limitation period.

Had the company paid one large fabric invoice in cash, the VAT on it would have been neither creditable nor refundable.

From 1 January 2027 the domestic rate on garments returns to 10% unless the reduction is extended; the company's customer contracts state prices exclusive of VAT.

Questions investors ask about VAT

What is the VAT rate in Vietnam in 2026?

The standard rate is 10%, reduced to 8% for most goods and services until 31 December 2026 under Resolution No. 204/2025/QH15 and Decree No. 174/2025/ND-CP. Telecommunications, finance, banking, securities, insurance, real estate, metals, most mining products and goods subject to special consumption tax stay at 10%. Essential goods are 5% and exports 0%.

Does a new foreign-invested company need to register for VAT?

Not separately. The company is registered for tax on incorporation because its enterprise code is its tax code. It should elect the credit method so that it can recover input VAT, and must register to use e-invoices with the tax authority before issuing its first invoice, under Decree No. 123/2020/ND-CP as amended.

When can a company claim a VAT refund?

Mainly as an exporter, as a new or expanding investment project in its investment phase, or as a supplier of only 5%-rated goods, in each case once unrecovered input VAT reaches VND 300 million under Law No. 48/2024/QH15 and Decree No. 181/2025/ND-CP. Since 1 January 2026, Law No. 149/2025/QH15 no longer requires the seller to have declared and paid the VAT on the invoices claimed.

Is input VAT recoverable if we pay a supplier in cash?

Only for purchases below VND 5 million, inclusive of VAT. For purchases of VND 5 million or more, Law No. 48/2024/QH15 requires a non-cash payment voucher, such as a bank transfer record, for the VAT to be creditable or refundable. The same threshold now applies for CIT deductibility.

How is VAT collected from foreign suppliers of digital services?

A Vietnamese business buyer on the credit method withholds the VAT as part of foreign contractor tax, and a digital platform operator must deduct and pay tax for foreign suppliers selling through it. Otherwise the foreign supplier registers and pays directly through the tax authority's portal for foreign suppliers, and may also issue e-invoices there.

THE 2027 HORIZON

- The 8% rate under Resolution No. 204/2025/QH15 expires on 31 December 2026. The National Assembly has extended earlier reductions several times, but no extension had been adopted at the review date; price 2027 supplies on a VAT-exclusive basis.
- Automatic refunds under Law No. 108/2025/QH15 depend on Ministry of Finance risk criteria and procedures; further guidance on how claims are classified is expected and may shorten processing for compliant taxpayers.
- Special consumption tax on sugary drinks begins on 1 January 2027 under Law No. 66/2025/QH15, which also raises the VAT base on those goods; see [Customs and import duties](#).

Terms you will meet in the documents

English	Vietnamese	Meaning
Value added tax (VAT)	<i>Thuế giá trị gia tăng (GTGT)</i>	The tax on supplies and imports under Law No. 48/2024/QH15.
Credit method	<i>Phương pháp khấu trừ thuế</i>	Output VAT less creditable input VAT; compulsory from VND 1 billion revenue.
Direct method	<i>Phương pháp tính trực tiếp</i>	VAT as a percentage of revenue, without input credit.
Input VAT	<i>Thuế GTGT đầu vào</i>	VAT paid on purchases and imports.
Output VAT	<i>Thuế GTGT đầu ra</i>	VAT charged on the company's own supplies.
Supplies not subject to VAT	<i>Đối tượng không chịu thuế GTGT</i>	Exempt supplies, on which no VAT is charged and input VAT is not creditable.
VAT refund	<i>Hoàn thuế GTGT</i>	Repayment of unrecovered input VAT in the cases the law allows.
E-invoice	<i>Hóa đơn điện tử</i>	The only lawful invoice, registered with the tax authority.
Cash-register e-invoice	<i>Hóa đơn điện tử khởi tạo từ máy tính tiền</i>	An e-invoice generated by a point-of-sale system connected to the tax authority.

FOREIGN V VIETNAMESE INVESTOR

VAT applies identically to domestic and foreign-invested companies. The differences are on the edges: a foreign-invested company typically imports more and exports more, so the refund rules and the 0% conditions matter more to it, and its purchases of services from its foreign parent bear VAT through foreign contractor tax rather than on an invoice. A Vietnamese household business may still use the direct method and cash-register invoices, which a foreign investor cannot.

WATCH OUT FOR

- Paying any purchase of VND 5 million or more in cash; the VAT is lost and so is the CIT deduction.
- Suppliers that leave their registered address or stop operating; their invoices can be challenged at audit and excluded from refunds.
- Applying 8% to excluded goods such as metals or goods subject to special consumption tax, or 10% to qualifying goods; both create disputes with customers and the tax authority.
- Issuing a service invoice only when payment arrives; the invoice is due when the service is completed.
- Claiming a project refund for a conditional business line before the sector licence is in hand, or after the project has started generating revenue.

OFFICIAL SOURCES

- National Legal Database (vbpl.vn): Law No. 48/2024/QH15 on VAT; Law No. 149/2025/QH15 amending it (Article 15(9) (c) repealed); Decree No. 181/2025/ND-CP as amended by Decree No. 359/2025/ND-CP; Decree No. 174/2025/ND-CP; Decree No. 70/2025/ND-CP — <https://vbpl.vn>
- Ministry of Finance: Circular No. 69/2025/TT-BTC — <https://mof.gov.vn>
- Tax Department: e-invoice portal and portal for foreign suppliers — <https://gdt.gov.vn>
- Government portal (chinhphu.vn): Resolution No. 204/2025/QH15 — <https://chinhphu.vn>

Foreign contractor tax and tax treaties: what is taxed, the deemed VAT and CIT rates, who withholds and when, dividends, interest and royalties, double taxation agreements and Circular 95/2026

Reviewed 10 October 2026 · Prepared by a foreign investment lawyer (now retired) with 20 years' experience advising on Vietnamese investment law · Legal and tax information, not legal advice · [How we check](#) · [Open in the app](#)

WHAT YOU NEED TO KNOW

- Foreign contractor tax (FCT) applies to Vietnam-source income of foreign organisations without a permanent establishment, under Circular No. 103/2014/TT-BTC as amended by Circular No. 20/2026/TT-BTC from 12 March 2026, with the CIT percentages in Article 12 of Decree No. 320/2025/ND-CP and the VAT percentages in Article 9 of Circular No. 69/2025/TT-BTC.
- The deemed CIT element is 5% for services, interest and machinery leasing, 10% for royalties and hotel or casino management, 2% for construction, transport and capital transfers, 1% for goods and 0.1% for securities; the VAT element is 5%, 3%, 2% or 1% of revenue, or nil for exempt supplies such as interest.
- Circular No. 20/2026/TT-BTC abolished the deduction method for the CIT element and now computes it on revenue including VAT; the Vietnamese payer withholds and declares within ten days of payment.
- Dividends paid to foreign corporate shareholders out of after-tax profit bear no withholding tax.
- Vietnam has double taxation agreements with around 80 jurisdictions, none in force with the United States; from 1 July 2026 relief is claimed by dossier under Circular No. 95/2026/TT-BTC and Circular No. 89/2026/TT-BTC, within three years, and only by the beneficial owner.

What foreign contractor tax is

Foreign contractor tax (thuế nhà thầu nước ngoài, FCT) is not a separate tax. It is the collection mechanism for the VAT and CIT due on income that a foreign organisation or individual without a permanent establishment in Vietnam earns from a contract with a Vietnamese party, or from goods and services supplied and consumed in Vietnam. It applies whether the payment is made in Vietnam or abroad, and whether the contract is called a service agreement, a licence, a loan, a lease or a cost-sharing arrangement. A Vietnamese company that pays its foreign parent a management fee, interest on a shareholder loan or a royalty, or pays a foreign software vendor, consultant, freight forwarder or equipment lessor, is dealing with FCT.

The framework is Circular No. 103/2014/TT-BTC, as amended. Circular No. 20/2026/TT-BTC, issued and effective on 12 March 2026 under Law No. 67/2025/QH15, annulled and replaced its CIT provisions, and the CIT percentages are now in Article 12(3) of Decree No. 320/2025/ND-CP. Circular No. 69/2025/TT-

BTC, effective 1 July 2025 under the new VAT Law, replaced its VAT provisions, with the VAT percentages in its Article 9. Declaration and payment follow Law No. 108/2025/QH15 on Tax Administration, Decree No. 252/2026/ND-CP and Circular No. 89/2026/TT-BTC. A foreign organisation that does have a permanent establishment in Vietnam pays CIT on the profits of that establishment instead (Corporate income tax).

What falls outside FCT

Not every payment abroad bears FCT. The guidance excludes the pure supply of goods delivered at a point outside Vietnam, where the foreign seller bears no risk in Vietnam and supplies no services with the goods; where the seller does bear risk in Vietnam or supplies installation, training or warranty services, the goods element bears CIT at 1% and the service element at the service rate. It also excludes services performed and consumed outside Vietnam, such as repair of aircraft, ships and equipment abroad, advertising and marketing abroad, training delivered abroad and certain international telecommunications and transport services, and supplies of raw materials to export processing and bonded enterprises in the cases Decree No. 320/2025/ND-CP describes. The line between a service consumed abroad and one consumed in Vietnam is a frequent dispute: a market study prepared abroad but used to make decisions in Vietnam is generally treated as consumed in Vietnam.

Dividends are also outside FCT. A Vietnamese company pays dividends to a foreign corporate shareholder out of profit that has already borne CIT, and Vietnam levies no withholding tax on them, a position that has been stable for many years and remains so in 2026 ([FAQ 23](#)). Dividends paid to individual shareholders are taxed under PIT (Tax on share transfers and dividends).

The methods: deemed withholding is now the rule

Under the **deemed method** (often called the direct or withholding method), the Vietnamese party withholds from each payment a VAT element and a CIT element, each a fixed percentage of the taxable revenue, and declares and pays them on the contractor's behalf. The contractor files nothing and keeps no Vietnamese accounts. Circular No. 20/2026/TT-BTC abolished the **deduction method** for the CIT element that Circular No. 103/2014/TT-BTC had allowed to contractors that registered in Vietnam, kept Vietnamese accounts and were present for more than 183 days, so a foreign contractor without a permanent establishment now pays CIT on the deemed basis whatever the length of its contract. Contracts signed before 12 March 2026 and already registered under the hybrid method, VAT by deduction and CIT on a deemed basis, continue under the rules that applied when they were signed until they end.

The circular also changed the base: under the deemed method, taxable revenue for the CIT element now **includes VAT**, which slightly increases the CIT element compared with the former rules. A foreign contractor carrying out a long construction or engineering contract should consider whether its activity creates a permanent establishment, in which case it registers and pays CIT on actual profits, and how the VAT element is to be accounted for under Circular No. 69/2025/TT-BTC.

Deemed FCT rates by activity (contracts from 12 March 2026)

Activity	VAT element (% of revenue)	CIT element (% of revenue)
Services, including management, consulting and technical services	5%	5%
Management of restaurants, hotels and casinos	5%	10%
Royalties for the use or transfer of intellectual property and technology	Generally not subject to VAT where the transfer is exempt under the specialised law	10%
Interest on loans	Not subject to VAT (credit service)	5%
Leasing of machinery, equipment, vehicles and drilling rigs	5%	5%
Leasing of aircraft, helicopters, gliders and ships, including engines and parts	5% (some leases exempt)	2%
Construction and installation without materials	5%	2%
Construction and installation with materials; transport; services tied to goods	3%	2%
Supply of goods with risk in Vietnam or with services (goods element)	Import VAT at the border; 1% for distribution in Vietnam	1%
Derivative financial services	Not subject to VAT	2%
Transfer of securities and certificates of deposit; reinsurance abroad	Not subject to VAT	0.1%
Transfer of capital in a Vietnamese company	Not subject to VAT	2% of gross proceeds (section 3.6)
Other production, business and transport activities	2%	2%

Computing the tax: gross and net contracts

Taxable revenue is the whole amount the contractor receives, before any deduction of tax, including expenses reimbursed by the Vietnamese party, such as travel and accommodation of the contractor's staff, unless the guidance excludes them. Where the contract price is **inclusive of Vietnamese taxes** (a gross contract), the VAT element is the stated percentage of the contract value and, since Circular No. 20/2026/TT-BTC, the CIT element is the CIT percentage of the same value including VAT; the contractor receives the contract value less both. Where the contract states a price **net of Vietnamese taxes** (a net contract), the Vietnamese party bears the tax and must gross up the net amount using the formula in the guidance before applying the percentages; the grossed-up tax is a cost of the Vietnamese company, and the Vietnamese company may credit the VAT element it pays as input VAT if it uses the credit method.

Where a contract covers several activities whose values can be separated, each is taxed at its own rates; where they cannot, the highest rates apply to the whole value. Contracts with foreign group companies should therefore separate goods, services, licences and reimbursements in the price schedule, state whether prices are gross or net of Vietnamese tax, and allocate responsibility for the tax and for claiming treaty relief.

Who withholds, and when

The withholding party is the Vietnamese organisation that contracts with or pays the foreign contractor: a company, a branch, a project management board or a State body. It declares the FCT for each payment, on the form prescribed under Circular No. 89/2026/TT-BTC, and pays it within ten days of the payment; a payer making several payments to foreign contractors in a month may register to declare monthly instead. Where the contract ends and the tax already declared needs to change, a finalisation is filed no later than the 45th day after the termination of the contract (Article 10(5)(b), Decree No. 252/2026/ND-CP). The withheld tax is a cost of the contractor, not the payer, unless the contract is net.

Banks commonly ask for evidence that FCT has been declared before they process a service, royalty or interest payment abroad, and the tax authority cross-checks foreign payments in the company's accounts against its FCT returns at audit; an expense paid abroad without the FCT declared on it invites both an FCT assessment and challenge to the CIT deduction. Interest on a registered offshore loan bears FCT at 5% on each payment, and the loan itself must be registered with the State Bank ([Offshore loans and State Bank registration](#)); payments to group companies generally are covered in [Paying foreign suppliers and group companies](#).

Double taxation agreements: what they can and cannot do

Vietnam has signed double taxation agreements with around 80 jurisdictions, including the United Kingdom, Singapore, Japan, South Korea, China, Hong Kong, France, Germany, the Netherlands, Luxembourg, Switzerland, Australia, Canada, India, Thailand and the United Arab Emirates. The agreement signed with the United States in 2015 is not in force, so American companies receive no treaty relief from FCT and should consider whether a group company in a treaty jurisdiction, with real

substance, is the better contracting party. The OECD Multilateral Instrument entered into force for Vietnam on 1 September 2023 and modifies most of its treaties, adding the anti-abuse preamble and, for treaties covered by it, a principal purpose test ([FAQ 24](#)).

A treaty can reduce or remove the **CIT element** of FCT. Business profits, including fees for services, are taxable in Vietnam only if the contractor has a permanent establishment in Vietnam under the treaty definition, so a treaty-resident service provider that stays within the treaty's day-count pays no Vietnamese CIT on its fees. Interest and royalties remain taxable in Vietnam, but not above the treaty maximum; because Vietnam's domestic CIT element on interest is already 5%, below most treaty rates, the practical benefit is usually on royalties and on technical service fees that some treaties treat as royalties. A treaty cannot reduce the **VAT element**, which is a tax on consumption in Vietnam, and the Vietnamese customer bears it in economic terms where it uses the credit method. Treaties also allocate the right to tax gains on shares, which is relevant to the 2% tax on gross proceeds ([Tax on share transfers and dividends](#)), and the treaty network sits alongside the investment treaties described in [Investment guarantees and treaties](#).

Circular 95/2026: claiming relief from 1 July 2026

Circular No. 95/2026/TT-BTC, issued and effective on 1 July 2026, replaced Circular No. 205/2013/TT-BTC on the application of tax treaties and Circular No. 45/2021/TT-BTC on advance pricing agreements. It covers treaty application, the mutual agreement procedure, advance pricing agreements, exchange of information and assistance in collection. Relief is not automatic: it is claimed by filing a complete dossier, and under Article 10(1) the date of application is the date on which the complete dossier is submitted under Circular No. 89/2026/TT-BTC and Decree No. 252/2026/ND-CP. A claim must be made within three years.

Three provisions deserve attention. First, Article 10(3) states that a treaty is not intended to create opportunities for non-taxation in both states, and lists, in points (a) to (g), circumstances in which the applicant is not regarded as the **beneficial owner** of the income; in substance they are directed at conduit companies that must pass the income on, that have little business activity, assets or staff of their own, or that do not control the income they receive. A holding or financing company with no substance in its treaty state should expect relief to be refused. Second, Article 14(2)(a) treats an e-commerce or digital platform through which a foreign enterprise supplies goods or services in Vietnam as capable of constituting a permanent establishment, and a representative office that negotiates or concludes contracts may also be one. Third, Article 30 addresses gains on direct and indirect share transfers, and the immovable-property ratio test is applied using the average of the ratio at specified times, on financial statements that need not be audited. Individual residence for treaty purposes is determined under Article 4 of Decree No. 253/2026/ND-CP.

How to claim treaty relief on payments to a foreign contractor

1 Identify the treaty and the article

Confirm the contractor's state of residence, that a treaty with that state is in force, and which article governs the payment: business profits for services, interest, royalties or another article. Check whether the Multilateral Instrument modifies the treaty.

2 Test permanent establishment and beneficial ownership

For services, count the contractor's staff days in Vietnam against the treaty threshold. For interest and royalties, confirm that the recipient is the beneficial owner and not a conduit, against the circumstances in Article 10(3) of Circular No. 95/2026/TT-BTC.

3 Obtain the residence certificate and contract

Obtain a certificate of tax residence issued by the treaty state's tax authority for the relevant year, legalised or apostilled as required, together with the contract and evidence of payment.

4 File the dossier

The Vietnamese payer, or the contractor, files the treaty relief dossier with the tax authority in the form required by Circular No. 89/2026/TT-BTC, ideally before the first payment so that the reduced rate is applied at source.

5 Withhold at the treaty rate and keep the file

Declare the FCT at the reduced rate within ten days of each payment and keep the dossier for audit. Where tax was withheld in full, a refund claim may be filed within the three-year period.

WORKED EXAMPLE

A management fee paid to a Singapore parent, before and after Circular 20/2026

A Vietnamese LLC pays its Singapore parent an annual management fee of VND 2,000 million under a gross contract (the parent bears Vietnamese tax). The parent has no permanent establishment in Vietnam. Illustrative only; the figures ignore the transfer pricing questions the fee itself raises.

VAT element	$5\% \times \text{VND } 2,000 \text{ million} = \text{VND } 100 \text{ million}$, withheld and paid by the LLC, which credits it as input VAT in its own return.
CIT element under the former rules	$5\% \times (\text{VND } 2,000 \text{ million} - \text{VND } 100 \text{ million}) = \text{VND } 95 \text{ million}$.
CIT element from 12 March 2026	$5\% \times \text{VND } 2,000 \text{ million}$, the base now including VAT = VND 100 million.
Treaty position	The fee is a business profit of a Singapore resident without a Vietnamese permanent establishment, so under the Vietnam-Singapore agreement it is not taxable in Vietnam. The LLC files a treaty dossier with the parent's Singapore residence certificate and the agreement before payment; the CIT element is reduced to nil. The VAT element of VND 100 million remains.
Timing	Fee paid on 15 December 2026; FCT return and payment by 25 December 2026.
Amount received by the parent	VND 1,900 million with treaty relief; VND 1,800 million without it.

CIT deduction for the LLC

The fee is deductible only if the services were received, benefit the LLC and are priced at arm's length; the FCT declaration supports, but does not establish, deductibility.

Had the parent been a US company, there would be no treaty relief and the full VND 200 million would be withheld.

Had the contract been net of tax, the LLC would have grossed up the fee and borne both elements as its own cost.

Questions investors ask about foreign contractor tax

Is there withholding tax on dividends paid to a foreign parent?

No. Vietnam levies no withholding tax on dividends paid to foreign corporate shareholders out of after-tax profit, and dividends are outside foreign contractor tax. The company must still meet the tax conditions for remitting profits, including having no outstanding tax debt, before the bank will transfer the dividend abroad.

How much tax is withheld on interest and royalties paid abroad?

Interest bears a CIT element of 5% and no VAT, because lending is outside VAT. Royalties bear a CIT element of 10%, generally with no VAT where the transfer of intellectual property or technology is exempt. Both rates come from Article 12 of Decree No. 320/2025/ND-CP and may be reduced by a treaty.

Can a foreign contractor still use the deduction method?

Not for CIT on new contracts. Circular No. 20/2026/TT-BTC abolished the deduction method for the CIT element from 12 March 2026, so a contractor without a permanent establishment pays CIT on a deemed percentage of revenue. Hybrid arrangements registered for contracts signed earlier continue until those contracts end.

Does Vietnam have a tax treaty with the United States?

An agreement was signed in 2015 but is not in force, so payments to US companies bear foreign contractor tax at the full domestic rates with no treaty relief. Some groups contract through an affiliate resident in a treaty state, but relief will be refused if that affiliate lacks substance or is not the beneficial owner.

How is treaty relief claimed in Vietnam?

By filing a dossier with the tax authority, including a certificate of tax residence, the contract and evidence of beneficial ownership, under Circular No. 95/2026/TT-BTC and Circular No. 89/2026/TT-BTC. The relief applies from the date a complete dossier is filed, and claims must be made within three years.

THE 2027 HORIZON

- The tax authority's practice under Circular No. 95/2026/TT-BTC on beneficial ownership and digital-platform permanent establishments is still forming; the first refusals and rulings in 2027 will show how strictly the substance tests are applied.
- The agreement with the United States signed in 2015 still awaits ratification; until both sides complete their procedures it gives no relief.
- Transitional hybrid-method contracts signed before 12 March 2026 will gradually expire; renewals and amendments that amount to new contracts move to the deemed method.

Terms you will meet in the documents

English	Vietnamese	Meaning
Foreign contractor tax (FCT)	<i>Thuế nhà thầu nước ngoài</i>	The VAT and CIT collected on Vietnam-source income of foreign organisations without a permanent establishment.
Foreign contractor	<i>Nhà thầu nước ngoài</i>	The foreign organisation or individual earning the income.
Deemed (direct) method	<i>Phương pháp trực tiếp (tỷ lệ % trên doanh thu)</i>	Tax as a fixed percentage of revenue, withheld by the Vietnamese party.
Withholding and payment on behalf	<i>Khấu trừ, nộp thay</i>	The Vietnamese party's duty to deduct the tax and pay it for the contractor.
Double taxation agreement (DTA)	<i>Hiệp định tránh đánh thuế hai lần</i>	A tax treaty allocating taxing rights between Vietnam and another state.
Beneficial owner	<i>Đối tượng thụ hưởng (chủ sở hữu thụ hưởng)</i>	The person entitled to treaty relief on income, as opposed to a conduit.
Certificate of tax residence	<i>Giấy chứng nhận cư trú</i>	Evidence from the treaty state that the recipient is resident there.
Mutual agreement procedure (MAP)	<i>Thủ tục thỏa thuận song phương</i>	Resolution of treaty disputes between tax authorities.

FOREIGN V VIETNAMESE INVESTOR

FCT is a tax on foreign recipients, so it falls on the foreign investor's group whenever the Vietnamese company pays it a fee, interest or a royalty, while a Vietnamese parent receiving the same payments simply includes them in its taxable income. A Vietnamese company that pays foreign suppliers withholds FCT in the same way whoever owns it. Dividends are the exception that favours the foreign corporate investor: no withholding tax, whereas an individual shareholder, Vietnamese or foreign, pays PIT at 5%.

WATCH OUT FOR

- Paying a foreign invoice without declaring FCT within ten days; the tax becomes the payer's liability with interest and penalties, and the CIT deduction is at risk.
- Contracts silent on whether prices are gross or net of Vietnamese tax, which leave the payer bearing a grossed-up tax it did not budget.
- Claiming treaty relief through a holding or financing company with no staff or real activity in its treaty state.
- Assuming a service performed abroad is outside FCT when its results are used in Vietnam.
- Bundling goods, services and licences at one price, which lets the highest rates apply to the whole contract value.

OFFICIAL SOURCES

- National Legal Database (vbpl.vn): Decree No. 320/2025/ND-CP, Article 12; Decree No. 252/2026/ND-CP — <https://vbpl.vn>
- Ministry of Finance: Circular No. 20/2026/TT-BTC; Circular No. 69/2025/TT-BTC; Circular No. 89/2026/TT-BTC; Circular No. 95/2026/TT-BTC — <https://mof.gov.vn>
- Tax Department: list of double taxation agreements and treaty relief procedures — <https://gdt.gov.vn>
- Government portal (chinhphu.vn): legal documents — <https://chinhphu.vn>

Personal income tax and expatriates: the 2025 PIT Law, residence, the 2026 rates and deductions, taxable benefits, employer withholding and finalisation, arrival and departure, treaty relief and tax on investment income

Reviewed 10 October 2026 · Prepared by a foreign investment lawyer (now retired) with 20 years' experience advising on Vietnamese investment law · Legal and tax information, not legal advice · [How we check](#) · [Open in the app](#)

WHAT YOU NEED TO KNOW

- Law No. 109/2025/QH15 on Personal Income Tax took effect on 1 July 2026, its rules for resident employment income applying from the 2026 tax year, detailed by Decree No. 253/2026/ND-CP of 30 June 2026.
- An individual is resident if present in Vietnam for 183 days or more in a calendar year or in 12 consecutive months from arrival, or if he or she has a registered or leased home in Vietnam; residents are taxed on worldwide income, non-residents at a flat 20% on Vietnam-source employment income.
- Resident employment income is taxed at 5%, 10%, 20%, 30% and 35% on monthly taxable income bands to VND 10, 30, 60 and 100 million and above, after deductions of VND 15.5 million a month for the taxpayer and VND 6.2 million per dependant (Resolution No. 110/2025/UBTVQH15).
- Employer-paid rent is taxable only up to 15% of the employee's other taxable income, cash allowances are taxable in full, and employers withhold monthly and finalise by the last day of the third month after year end.
- Individuals pay 5% on dividends, 0.1% of the price on transfers of shares in joint stock companies, 2% on real estate transfers and, on transfers of capital in other companies, 20% of the gain or 2% of the price where cost cannot be established.

The law in force

Personal income tax (thuế thu nhập cá nhân, PIT) is governed by Law No. 109/2025/QH15 on Personal Income Tax, passed in December 2025 and in force from 1 July 2026, which replaced Law No. 04/2007/QH12 and its amendments. Its provisions on employment income of residents and on business income apply from the 2026 tax year, so the new scale governs the whole of 2026 for employees. Decree No. 253/2026/ND-CP of 30 June 2026 details the law, covering residence, taxable and exempt income, deductions, withholding and finalisation. The family deductions were raised separately, from the 2026 tax period, by Resolution No. 110/2025/UBTVQH15 of the National Assembly Standing Committee. Declaration, payment and the departure rules follow Law No. 108/2025/QH15 on Tax Administration and Decree No. 252/2026/ND-CP.

For a foreign-invested company the practical questions are threefold: which of its foreign staff are resident and therefore taxed on their worldwide income, how their packages, often including housing, schooling and tax equalisation, are taxed, and what the company must withhold, declare and finalise as employer. Payroll, compulsory insurance and work permits are covered in [Wages, minimum wage and payroll](#), [Social, health and unemployment insurance](#) and [Work permits for foreign staff](#).

Residence: the 183-day and home tests

An individual is **resident** in Vietnam for a tax year if he or she is present in Vietnam for 183 days or more in the calendar year or in the 12 consecutive months from the first day of arrival, the days of arrival and departure together counting as one day, or has a habitual residence in Vietnam: a registered permanent residence, or a residence card or temporary residence registration together with a home in Vietnam, including a rented home under a lease, as defined in Article 4 of Decree No. 253/2026/ND-CP. Anyone else is **non-resident**. Where an individual is also resident in another state under that state's law, a double taxation agreement's tie-breaker, which looks to the permanent home and the centre of vital interests, decides which state may tax as the state of residence ([FAQ 27](#)).

Residence decides the base and the rate. A resident is taxed on worldwide income, wherever paid, at the progressive rates on employment income; a non-resident is taxed only on Vietnam-source income, at a flat 20% on employment income with no deductions. Employment income is Vietnam-source if it relates to work performed in Vietnam, whoever pays it and wherever it is paid, so a salary paid offshore by the parent for work done in Vietnam is taxable and must be declared, by the individual if the Vietnamese company does not include it in its own withholding.

DECISION GUIDE

Is the expatriate tax resident in Vietnam?

Work through the questions for the tax year concerned. Residence is tested afresh each year, and a treaty may override the domestic result.

Q1 Has the individual been present in Vietnam for 183 days or more in the calendar year, or in the 12 consecutive months from first arrival?

Yes Resident. Worldwide income is taxable at the progressive rates; the employer withholds monthly and the year is finalised.

No Continue to Q2.

Q2 Does the individual have a registered permanent residence in Vietnam, or a residence card or temporary residence registration with a home in Vietnam, including a rented home, under Article 4 of Decree No. 253/2026/ND-CP?

Yes Resident under the habitual residence test, unless he or she proves residence in another state with a certificate of residence, in which case the treaty tie-breaker applies.

No Continue to Q3.

Q3 Is the individual resident in another state under a double taxation agreement with Vietnam, and is the Vietnamese work short-term, paid by a non-Vietnamese employer and not charged to a Vietnamese permanent establishment?

Yes Non-resident, and the employment income may be exempt in Vietnam under the treaty's dependent services article if the treaty day-count is not exceeded; claim relief by dossier.

No Non-resident: 20% on Vietnam-source employment income, without deductions, withheld by the payer in Vietnam or declared by the individual.

The 2026 rates and deductions

Law No. 109/2025/QH15 reduced the progressive scale from seven bands to five. Monthly taxable employment income of a resident, after deductions, is taxed at **5%** up to VND 10 million, **10%** from VND 10 million to VND 30 million, **20%** from VND 30 million to VND 60 million, **30%** from VND 60 million to VND 100 million and **35%** above VND 100 million. The top rate is unchanged but now starts at VND 100 million instead of VND 80 million, and the lower bands are wider, so most employees pay less than under the old scale.

From the taxable income are deducted the family deduction of **VND 15.5 million a month** for the taxpayer and **VND 6.2 million a month** for each registered dependant, under Resolution No. 110/2025/UBTVQH15 from the 2026 tax period; the employee's compulsory social, health and unemployment insurance contributions; contributions to supplementary and voluntary pension schemes and life insurance within the prescribed limits; and qualifying charitable donations. The new law adds deductions for medical expenses at domestic providers of up to VND 23 million a year and for education and training at domestic institutions of up to VND 24 million a year, for the taxpayer and dependants, with invoices; an employee who claims them must finalise his or her own tax rather than through the employer (Decree No. 253/2026/ND-CP). Dependants, which may include children, a spouse and parents meeting the income conditions, must be registered with the tax authority, and foreign dependants need documents establishing the relationship.

What counts as employment income: benefits and allowances

Taxable employment income includes salary, wages, bonuses, allowances and benefits in cash or in kind, whether paid in Vietnam or abroad. For expatriates the significant items are these. **Housing** paid by the employer, including rent, electricity and water, is taxable at the amount paid but not more than 15% of the employee's total taxable income from that employer excluding the housing itself (Article 8(2)(h) of Decree No. 253/2026/ND-CP); a cash housing allowance paid to the employee is taxable in full, so packages should pay rent directly to the landlord under a lease in the company's or employee's name.

School fees for expatriates' children paid by the employer were, under the guidance in force before July 2026, not taxable for kindergarten to upper secondary level; employers should confirm that treatment under Decree No. 253/2026/ND-CP before relying on it for 2026. **Home leave** airfare, relocation costs, club memberships, cars for private use, and life insurance with a savings element are treated according to the decree's list of taxable and non-taxable benefits, which should be checked item by item.

Some payments are expressly exempt. Overtime and night-work premiums and pay for untaken annual leave are exempt where they comply with the Labour Code; a cash meal allowance is exempt up to VND 1.2 million a month; severance and job-loss payments are exempt, including amounts above the statutory minimum where paid under a formal company policy; and the new law gives a five-year exemption on employment income to qualifying personnel in high technology and digital technology. Shares awarded to employees under share plans are taxed when the shares are distributed, the securities company or custodian withholding 10% and the employee including the income in the annual finalisation.

Tax equalisation and net salaries

Many expatriates are employed on a net basis, the employer guaranteeing a salary after Vietnamese tax. The tax paid by the employer on the employee's behalf is itself taxable income, so the net salary must be grossed up to the equivalent gross salary under the net-to-gross conversion table prescribed by the Ministry of Finance, and the PIT computed on the gross figure. Under a group tax equalisation policy, a hypothetical home-country tax is deducted from salary and the employer bears the actual Vietnamese tax; the hypothetical deduction does not reduce Vietnamese taxable income, and the Vietnamese tax borne by the employer is grossed up in the same way. The costs of an expatriate seconded by a group company and recharged to the Vietnamese company are deductible for CIT where the secondment arrangement meets the conditions in Decree No. 320/2025/ND-CP, and the recharge must not be treated as a service fee subject to foreign contractor tax if the documents show it to be a reimbursement of employment cost ([Corporate income tax](#)).

Withholding, declaration and finalisation

The employer withholds PIT monthly from employees with labour contracts of three months or more, applying the progressive scale to residents, and withholds 10% from payments of VND 5 million or more to individuals without a contract or with a contract under three months (the threshold was raised from VND 2 million by Decree No. 253/2026/ND-CP), and 20% from employment income of non-residents. Withheld PIT is declared and paid monthly by the 20th, or quarterly by the last day of the month after

the quarter for quarterly filers. Income paid abroad by the parent for work in Vietnam must be declared by the employee directly, quarterly, unless the Vietnamese company includes it in its own withholding, as many do by agreement with the parent.

After year end the employer files its PIT finalisation, covering all employees, by the last day of the third month, and can finalise on behalf of resident employees who authorise it and have no other income to declare beyond the limits the decree allows. Employees who claim the new medical or education deductions, have income from more than one source, or have foreign income, finalise themselves by the last day of the fourth month (30 April for a calendar year). Overpaid tax is refunded or carried forward. The finalisation deadlines appear in [Compliance calendar after licensing](#).

Arrival and departure

On arrival the employer registers the expatriate for a personal tax code, or the expatriate's identification number is used where the tax authority allows, and registers dependants. A newcomer who becomes resident in the first year is taxed on worldwide income from the time residence begins; the treatment of the first and last years, including whether the tax year is the calendar year or the 12 months from arrival, should be agreed with the tax office at the outset, because it affects the declaration of income earned abroad before arrival.

On departure, a foreign national whose assignment in Vietnam ends must finalise his or her PIT with the tax authority before leaving, either personally or through the employer under authorisation, and settle any tax due. Under Decree No. 252/2026/ND-CP a foreign national with outstanding tax obligations before departure can be subject to temporary exit suspension, the tax authority notifying the immigration authority immediately ([Tax administration, audits and disputes](#)). Plan the departure finalisation weeks before the flight, and obtain the tax office's confirmation before the work permit is returned and the residence card cancelled ([Visas and temporary residence](#)).

Treaty relief for short-term assignees

A double taxation agreement can exempt employment income of a short-term assignee from Vietnamese tax under its dependent personal services article if three conditions are met together: the individual is present in Vietnam for not more than 183 days in the period the treaty specifies (a calendar year, a fiscal year or any 12-month period, depending on the treaty); the remuneration is paid by, or on behalf of, an employer that is not resident in Vietnam; and the remuneration is not borne by a permanent establishment that the employer has in Vietnam. If the Vietnamese company bears the cost through a recharge, the third condition usually fails. Relief is claimed by dossier with a certificate of residence under Circular No. 95/2026/TT-BTC and Circular No. 89/2026/TT-BTC ([Foreign contractor tax and tax treaties](#)). The individual's presence can also create a permanent establishment of the foreign employer, which is a separate question.

Dividends, share sales and other investment income

Individuals, resident or not, pay PIT at **5%** on dividends and other income from capital investment, withheld by the paying company ([FAQ 62](#)). On the transfer of shares in a joint stock company, public or not, the tax is **0.1%** of the transfer price on each transaction; the draft proposal to tax gains on unlisted

shares at 20% was not adopted. On the transfer of capital in a limited liability company or other non-share interest, a resident pays **20% of the gain**, the price less the cost of acquisition and reasonable expenses, or **2% of the price** where the cost cannot be established; the transfer of a whole company whose value lies in real estate is treated as a real estate transfer. Non-resident individuals are also taxed on transfers of capital in Vietnamese companies, and the method should be confirmed against Decree No. 253/2026/ND-CP before a sale. Real estate transfers are taxed at **2%** of the price, royalties and franchise income at 5% above VND 20 million, and transfers of digital assets and gold bullion at 0.1%. The obligations of the target company and the buyer are in [Tax on share transfers and dividends](#).

PIT at a glance (2026 tax year)

Item	Rule	Source
Residence	183 days in the calendar year or 12 months from arrival; or habitual residence (registered or leased home)	Law No. 109/2025/QH15; Decree No. 253/2026/ND-CP, Article 4
Resident employment income	5% to VND 10m; 10% to 30m; 20% to 60m; 30% to 100m; 35% above (monthly)	Law No. 109/2025/QH15
Family deductions	VND 15.5 million a month (taxpayer); VND 6.2 million a month (each dependant)	Resolution No. 110/2025/UBTVQH15
Medical and education deductions	Up to VND 23 million and VND 24 million a year; self-finalisation required	Decree No. 253/2026/ND-CP
Non-resident employment income	20% flat, no deductions	Law No. 109/2025/QH15
Employer-paid housing	Taxable up to 15% of other taxable income from the employer	Decree No. 253/2026/ND-CP, Article 8(2)(h)
Withholding without a 3-month contract	10% on payments of VND 5 million or more	Decree No. 253/2026/ND-CP
Dividends	5%	Law No. 109/2025/QH15
Shares in joint stock companies	0.1% of the transfer price	Law No. 109/2025/QH15; Decree No. 253/2026/ND-CP
Capital in other companies (residents)	20% of the gain; 2% of the price if cost cannot be established	Law No. 109/2025/QH15
Real estate	2% of the transfer price	Law No. 109/2025/QH15
Finalisation	Employer: last day of the third month; individual: last day of the fourth month	Tax administration law

WORKED EXAMPLE

Monthly PIT for an expatriate finance director in Ho Chi Minh City

A British finance director arrives on 1 March 2026 on a two-year assignment with a Vietnamese labour contract and is resident for 2026. Gross salary VND 150 million a month; rent of VND 40 million a month paid by the company to the landlord; one dependent child registered. The insurance figure is a placeholder and all figures are illustrative.

Salary	VND 150.0 million.
Housing	Rent paid VND 40.0 million; taxable amount capped at $15\% \times \text{VND } 150.0 \text{ million} = \text{VND } 22.5 \text{ million}$.
Total taxable income	VND 172.5 million.
Deductions	Taxpayer VND 15.5 million; dependant VND 6.2 million; employee's compulsory insurance contributions, illustratively VND 4.4 million. Total VND 26.1 million.
Monthly assessable income	VND 146.4 million.
Tax by band	$10 \times 5\% = 0.5$; $20 \times 10\% = 2.0$; $30 \times 20\% = 6.0$; $40 \times 30\% = 12.0$; $46.4 \times 35\% = 16.24$. Total VND 36.74 million, withheld by the company and declared by the 20th of the following month.
Year end	The company finalises for the director by 31 March 2027 if she has no other income. If she has rental income at home, or wishes to claim the education deduction for her child's school fees, she finalises herself by 30 April 2027, declaring worldwide income.
Departure in February 2028	Finalisation for January and February 2028 filed before departure; any tax due paid before she leaves, to avoid an exit suspension.

Had the company paid a cash housing allowance of VND 40 million instead of paying the landlord, the whole VND 40 million would have been taxable and the monthly tax would rise by about VND 6.1 million.

On a net salary contract the company would gross up the net amount using the Ministry of Finance's conversion table and bear the tax.

Questions investors ask about personal income tax

When does an expatriate become tax resident in Vietnam?

When present for 183 days or more in a calendar year or in 12 consecutive months from arrival, or when he or she has a habitual residence in Vietnam, such as a registered residence or a leased home, under Law No. 109/2025/QH15 and Article 4 of Decree No. 253/2026/ND-CP. Residents are taxed on worldwide income; a treaty tie-breaker may override.

What are the PIT rates in Vietnam for 2026?

Residents pay 5% on monthly taxable employment income up to VND 10 million, 10% to VND 30 million, 20% to VND 60 million, 30% to VND 100 million and 35% above, after deductions of VND 15.5 million for themselves and VND 6.2 million per dependant. Non-residents pay a flat 20% on Vietnam-source employment income.

Is housing provided by the employer taxable?

Partly. Rent and utilities paid by the employer are taxable only up to 15% of the employee's other taxable income from that employer, under Article 8(2)(h) of Decree No. 253/2026/ND-CP. A cash housing allowance paid to the employee is taxable in full, so rent should be paid directly to the landlord.

Must an expatriate settle tax before leaving Vietnam?

Yes. A foreign national whose assignment ends should finalise PIT before departure, personally or through the employer, and pay any tax due. Under Decree No. 252/2026/ND-CP a foreign national with outstanding tax obligations can be subject to temporary exit suspension, notified to the immigration authority immediately.

How are individuals taxed on dividends and share sales?

Dividends bear 5% PIT withheld by the company. Transfers of shares in joint stock companies bear 0.1% of the price on each transaction. Transfers of capital in limited liability companies bear 20% of the gain, or 2% of the price where cost cannot be established, under Law No. 109/2025/QH15. Real estate transfers bear 2%.

THE 2027 HORIZON

- The 2026 finalisations, due by 31 March 2027 for employers and 30 April 2027 for individuals, are the first under Law No. 109/2025/QH15 and Decree No. 253/2026/ND-CP; expect guidance on the new medical and education deductions and the self-finalisation they require.
- Electronic identification is being extended to foreign nationals, and the tax authority is moving towards using identification numbers as tax codes; expatriates may be asked for VNeID accounts for tax filings during 2027.
- The family deductions set by Resolution No. 110/2025/UBTVQH15 can be adjusted under the mechanism in the PIT Law as prices rise; no further change had been announced at the review date.

Terms you will meet in the documents

English	Vietnamese	Meaning
Personal income tax (PIT)	<i>Thuế thu nhập cá nhân (TNCN)</i>	The tax on individuals' income under Law No. 109/2025/QH15.

English	Vietnamese	Meaning
Resident individual	<i>Cá nhân cư trú</i>	An individual meeting the 183-day or habitual residence test.
Non-resident individual	<i>Cá nhân không cư trú</i>	Taxed at 20% on Vietnam-source employment income.
Family deduction	<i>Giảm trừ gia cảnh</i>	VND 15.5 million a month for the taxpayer and VND 6.2 million per dependant.
Dependant	<i>Người phụ thuộc</i>	A registered child, spouse or parent meeting the conditions.
Employment income	<i>Thu nhập từ tiền lương, tiền công</i>	Salary, bonuses, allowances and benefits in cash or kind.
PIT finalisation	<i>Quyết toán thuế TNCN</i>	The annual reconciliation by the employer or the individual.
Temporary exit suspension	<i>Tạm hoãn xuất cảnh</i>	A bar on leaving Vietnam while tax obligations are outstanding.

FOREIGN V VIETNAMESE INVESTOR

PIT applies to Vietnamese and foreign individuals on the same rules: residence, not nationality, decides how they are taxed. The differences in practice are that expatriates more often have offshore income, net salary and equalisation arrangements, housing and schooling benefits, and the departure finalisation, and that foreign nationals face immediate exit suspension where tax is outstanding before departure. Vietnamese and foreign individual shareholders pay the same 5% on dividends and the same tax on share sales.

WATCH OUT FOR

- Offshore salary or bonuses paid by the parent for work in Vietnam that nobody declares; they are taxable and the tax authority obtains the information through audits and bank data.
- Cash housing allowances, which are taxable in full, instead of rent paid to the landlord.
- Assuming a short-term assignee is exempt under a treaty when the Vietnamese company bears the cost through a recharge.
- Leaving the departure finalisation to the last week, with the risk of an exit suspension at the airport.
- Dependants not registered with the tax authority, so the VND 6.2 million monthly deduction is lost.

OFFICIAL SOURCES

- National Legal Database (vbpl.vn): Law No. 109/2025/QH15 on Personal Income Tax; Decree No. 253/2026/ND-CP; Resolution No. 110/2025/UBTVQH15 — <https://vbpl.vn>
- Tax Department: PIT registration, withholding returns and finalisation — <https://gdt.gov.vn>
- Ministry of Finance — <https://mof.gov.vn>
- Immigration Department (exit and residence) — <https://xuatnhapcanh.gov.vn>

Transfer pricing, interest and the global minimum tax: Decree 255/2026, related parties, arm's length methods, documentation and country-by-country reporting, the 30% EBITDA cap, advance pricing agreements, audits and Pillar Two

Reviewed 10 October 2026 · Prepared by a foreign investment lawyer (now retired) with 20 years' experience advising on Vietnamese investment law · Legal and tax information, not legal advice · [How we check](#) · [Open in the app](#)

WHAT YOU NEED TO KNOW

- Decree No. 255/2026/ND-CP of 30 June 2026 replaced Decree No. 132/2020/ND-CP and Decree No. 20/2025/ND-CP from 1 July 2026, applying from the 2026 CIT year; related-party transactions must be priced at arm's length, declared with the annual CIT return and documented.
- Parties are generally related through 25% ownership, significant financing or guarantees, or common control; the documentation exemption threshold rose from VND 200 billion to VND 500 billion of revenue for taxpayers without intangibles meeting minimum margins of 5%, 10% or 15%.
- A Vietnamese ultimate parent with consolidated group revenue of EUR 750 million or more files a country-by-country report, and constituent entities of foreign groups notify the filing entity.
- Net interest expense of a taxpayer with related-party transactions is deductible only up to 30% of EBITDA, with the excess carried forward for five years; there is no separate debt-to-equity ratio.
- Under Resolution No. 107/2023/QH15 and Decree No. 236/2025/ND-CP, groups with consolidated revenue of at least EUR 750 million in two of the four preceding years pay a 15% qualified domestic minimum top-up tax in Vietnam from the 2024 financial year, which can neutralise CIT incentives.

The framework from the 2026 tax year

Transfer pricing in Vietnam is governed by Decree No. 255/2026/ND-CP on tax administration for enterprises with related-party transactions, dated 30 June 2026 and effective on 1 July 2026, which applies from the 2026 CIT period and replaced Decree No. 132/2020/ND-CP and its amending Decree No. 20/2025/ND-CP. The decree retains the architecture of its predecessor, built on the OECD Transfer Pricing Guidelines, with targeted changes: a higher documentation exemption threshold, a prescribed hierarchy of data sources, more detailed country-by-country reporting rules and the power for the tax authority to publish industry profit indicators. Audits are conducted under Law No. 108/2025/QH15 on Tax Administration, and advance pricing agreements under Circular No. 95/2026/TT-BTC ([FAQ 28](#)).

Transfer pricing matters to nearly every foreign-invested company, because its largest transactions are usually with its own group: purchases of materials and components, sales of finished goods to a group distributor, toll manufacturing fees, management and technical service fees, royalties for brands and technology, and shareholder loans. A price set too high or too low shifts profit out of Vietnam, and the tax authority treats recurrent losses or thin margins in a group company as the first indicator that it has.

Who is a related party

Decree No. 255/2026/ND-CP treats parties as related where one participates directly or indirectly in the management, control, capital or investment of the other, or both are under the common management, control or capital participation of a third party. In practice the principal tests are: one party holds, directly or indirectly, at least 25% of the owner's equity of the other; both are at least 25% held by a third party; one party lends to or guarantees the debts of the other in amounts reaching the thresholds in the decree, a rule carried forward from Decree No. 20/2025/ND-CP with exclusions for certain lending and guarantees by credit institutions and, now, for certain wholly State-owned debt trading and resolution entities; one party appoints a majority of the other's executive board or controlling members; the parties are managed by members of the same family; or the parties are in substance under common control through contractual arrangements. Each test is applied to the facts of the tax year, and a single connection is enough.

The consequence is that most foreign-invested companies are related to their shareholders and to every group company, and that a minority joint venture partner holding 25% or more is a related party too. Transactions with them must be declared in Appendix I to the annual CIT return; under the new decree, where Appendix I is declared incorrectly, the tax authority may itself determine the price, margin, profit allocation or taxable income.

The arm's length principle, methods and data

A related-party transaction must be priced as independent parties in comparable circumstances would price it, and the taxpayer must analyse comparability by reference to the characteristics of the goods or services, the functions performed, assets used and risks assumed, the contractual terms and the economic circumstances. The decree recognises the familiar methods: the comparable uncontrolled price method, the resale price method, the cost plus method, the comparable profits method (the Vietnamese equivalent of the transactional net margin method, which is the most commonly applied) and the profit split method. The taxpayer selects the most appropriate method for each transaction or group of transactions and tests the result against an arm's length range of comparables; where the result falls outside the range, the tax authority adjusts to the median.

Decree No. 255/2026/ND-CP for the first time prescribes the order in which data sources are used: public and official information, including securities markets, commodity and service exchanges and the National Database, first; commercial databases second; and the tax authority's own database third. For comparables, internal comparables come before domestic ones, and domestic ones before regional ones. Many groups have relied on regional Asia-Pacific benchmarks from commercial databases; they should now explain why no internal or domestic comparables are available before using them.

Declaration, documentation and exemptions

Every taxpayer with related-party transactions files the related-party information form, Appendix I, with its annual CIT finalisation by the last day of the third month after year end. Unless exempt, it must also prepare transfer pricing documentation: a **local file** describing the Vietnamese company, its related-party transactions and the comparability analysis, and a **master file** describing the group, its business, intangibles, financing and transfer pricing policies. The documentation is prepared before the annual return is filed, kept in Vietnam and provided to the tax authority on request within the period the decree sets, which is short; it should therefore exist before the request arrives.

The decree retains exemptions for taxpayers whose related-party transactions are all with domestic parties taxed at the same rate without incentives, and for taxpayers with an advance pricing agreement who file the annual report under it, and it raised the principal size-based exemption. A taxpayer whose revenue is below **VND 500 billion** (previously VND 200 billion) and which earns no revenue or expense from the exploitation or use of intangible assets is exempt from preparing documentation if its operating margin is at least **5%** for distribution, **10%** for manufacturing or **15%** for processing; the former requirement that it perform only simple functions has been removed. Other exemptions for smaller taxpayers continue on the terms the decree sets. An exemption from documentation is not an exemption from the arm's length principle or from Appendix I.

Country-by-country reporting

A Vietnamese ultimate parent entity whose group had consolidated revenue of **EUR 750 million** or more in the preceding fiscal year must prepare and file a country-by-country report with the Vietnamese tax authority; Decree No. 255/2026/ND-CP replaced the former VND 18 trillion threshold with the euro figure used internationally. A Vietnamese subsidiary of a foreign group need not file locally where its ultimate parent files in its own jurisdiction and the report is exchanged automatically with Vietnam under the multilateral competent authority agreement. Where the report is filed abroad by an ultimate or surrogate parent, the Vietnamese entity files a notification on Form 01/TB-BCLN by the end of the ultimate parent's fiscal year, generally once at the start of the obligation, and updates it within 90 days of any change. Groups whose parent jurisdiction does not exchange reports with Vietnam should expect a request for local filing.

The 30% EBITDA interest cap

For a taxpayer with related-party transactions, total net interest expense, interest paid less interest received, is deductible only up to **30% of EBITDA** for the period, as EBITDA is defined in the decree, broadly net profit from business activities plus net interest expense plus depreciation. The excess is carried forward and may be deducted in the following five years, in order, to the extent that the cap leaves room. The cap applies to all of the taxpayer's interest, including interest on loans from banks and unrelated lenders, once the taxpayer has any related-party transaction; it is not limited to related-party loans. Exclusions cover credit institutions and insurers, loans financed by ODA and government concessional loans, and certain other categories listed in the decree. There is no separate debt-to-equity ratio, but the total investment capital in the IRC still caps the foreign loans that may be registered with the State Bank (Offshore loans and State Bank registration).

The cap bites hardest on a leveraged project company in its early years, when EBITDA is small and interest is large, and on companies with large depreciation charges paid for with debt. A shareholder loan priced at an interest rate above market is exposed twice: the excess interest is a transfer pricing adjustment, and the remainder counts towards the cap. Interest paid abroad also bears foreign contractor tax at 5% on each payment ([Foreign contractor tax and tax treaties](#)), whether or not it is deductible.

Advance pricing agreements

An advance pricing agreement (APA) fixes the method and the pricing basis for future related-party transactions for an agreed period, unilaterally with the Vietnamese tax authority or bilaterally or multilaterally with treaty partners. Circular No. 95/2026/TT-BTC, effective 1 July 2026, now governs the procedure in place of Circular No. 45/2021/TT-BTC. An optional pre-filing consultation is followed by an application on Form 01/APA-DN, covering a requested period of up to five tax years; the Tax Department leads the process and must report multi-jurisdiction cases to the Ministry of Finance before formal negotiations. Processing may be discontinued at any stage for inaccurate or incomplete information, the taxpayer files annual compliance reports and notifies changes in critical assumptions, and an APA can be revoked for deliberately false information. Law No. 108/2025/QH15 no longer requires verified commercial databases for an APA to be valid. APAs are slow and resource-intensive, and have been used mainly by very large manufacturers; for most companies robust annual documentation is the practical protection.

Transfer pricing audits and their focus

Under Law No. 108/2025/QH15 transfer pricing audits are tax examinations, limited to 40 days, extendable once by up to 40 days, or up to two years where information must be obtained from foreign tax authorities. Selection is risk-based, and experience shows the same features attract attention: losses for three years or more in a company that is growing or that sells mainly to its group; operating margins below the industry profit indicators the tax authority may now publish; management fees, service charges and royalties paid to related parties, examined under the benefit test and for duplication; toll manufacturers and contract manufacturers with low cost-plus margins; purchases through related trading companies in low-tax jurisdictions; intra-group loans at above-market rates; and restructurings that move functions, risks or intangibles out of Vietnam. An adjustment increases taxable income, and the resulting tax bears the 20% understatement penalty and late-payment interest of 0.03% a day ([Tax administration, audits and disputes](#)). Relief from double taxation caused by an adjustment can be sought under the mutual agreement procedure of a treaty.

The global minimum tax

Resolution No. 107/2023/QH15 and Decree No. 236/2025/ND-CP, issued on 29 August 2025 and effective on 15 October 2025 with effect from the 2024 financial year, implement the OECD Pillar Two rules in Vietnam. They apply to multinational groups with consolidated revenue of at least **EUR 750 million** in at least two of the four fiscal years before the tested year. A **qualified domestic minimum top-up tax** (QDMTT) tops up to 15% the effective tax rate of the group's constituent entities, joint ventures and permanent establishments in Vietnam; an **income inclusion rule** (IIR) applies to

Vietnamese-parented groups on the low-taxed income of their foreign entities. The OECD has listed both Vietnamese rules as transitionally qualified, and Vietnam's QDMTT meets the safe harbour conditions, so a foreign parent's own IIR should not tax its Vietnamese subsidiaries again. A de minimis rule sets the QDMTT at zero where average GloBE revenue in Vietnam is below EUR 10 million and average GloBE income below EUR 1 million, and an initial-phase exclusion applies to groups in their first five years with constituent entities in no more than six jurisdictions and limited tangible assets abroad.

The compliance timetable is demanding. The group notifies the designated filing entity and the list of its Vietnamese constituent entities on Form 01/TB-DVHT within 30 days after the end of the fiscal year; the filing entity registers for a separate tax code within 90 days after year end; QDMTT returns are filed and the tax paid within 12 months after year end, and IIR returns within 15 months, with a longer period for the first year. The returns include the GloBE information return, the Vietnamese information and supplementary CIT returns, reporting packages and an explanation of accounting differences. Secondary sources report that global minimum tax liabilities are not a precondition for remitting profits ([FAQ 62](#)).

For in-scope groups the global minimum tax changes the value of Vietnamese incentives. A 10% preferential rate or a tax holiday lowers the effective rate below 15%, and the QDMTT collects the difference in Vietnam. The incentives that survive best are those treated favourably under the GloBE rules, such as qualified refundable tax credits and cash support, which is why Vietnam created the Investment Support Fund under Decree No. 182/2024/ND-CP; the Fund and the interaction with incentives are explained in [Investment incentives](#).

Transfer pricing file for the 2026 tax year

What a foreign-invested company with related-party transactions should have ready before its 2026 CIT finalisation is filed.

- ☐ **Related-party map**
Every party related under the 25%, financing, management and control tests at any time in 2026, with the basis of the relationship.
- ☐ **Intercompany agreements**
Signed agreements for goods, services, royalties, cost sharing and loans, with pricing clauses consistent with the documentation.
- ☐ **Appendix I**
Related-party information form reconciled to the audited accounts; errors now allow the tax authority to set the price itself.
- ☐ **Local file**
Company, functional analysis, transactions, method selection, comparables following the decree's data hierarchy, and results against the range.
- ☐ **Master file**
Group structure, business, intangibles, financing and policies, obtained from the parent in time.

- ☐ **Exemption analysis**
If relying on the VND 500 billion exemption, evidence of no intangible-related revenue or expense and of the minimum margin.
- ☐ **Benefit evidence for services**
Reports, emails, time records and invoices showing what services were received and why they benefit the company.
- ☐ **Interest cap computation**
EBITDA, net interest, the 30% cap, the disallowed amount and the carry-forward schedule by year of origin.
- ☐ **CbCR notification and Pillar Two data**
Form 01/TB-BCLN filed or updated within 90 days of a change; global minimum tax notifications and the data the parent needs for the GloBE information return.

Transfer pricing and global minimum tax: the numbers (October 2026)

Item	Rule	Source
Related party ownership test	25% direct or indirect	Decree No. 255/2026/ND-CP
Documentation exemption	Revenue below VND 500 billion, no intangible-related transactions, margins of at least 5% (distribution), 10% (manufacturing), 15% (processing)	Decree No. 255/2026/ND-CP
Country-by-country report	Vietnamese ultimate parent with group revenue of EUR 750 million or more; notification Form 01/TB-BCLN by the end of the parent's fiscal year	Decree No. 255/2026/ND-CP
Interest cap	Net interest up to 30% of EBITDA; excess carried forward 5 years	Decree No. 255/2026/ND-CP
APA period	Up to 5 tax years; Form 01/APA-DN	Circular No. 95/2026/TT-BTC
Transfer pricing audit	40 days, extendable by 40; up to 2 years with foreign information exchange	Law No. 108/2025/QH15
Global minimum tax scope	EUR 750 million consolidated revenue in 2 of the 4 preceding years; 15% QDMTT and IIR from FY2024	Resolution No. 107/2023/QH15; Decree No. 236/2025/ND-CP
GMT notification and registration	Form 01/TB-DVHT within 30 days after year end; tax code within 90 days	Decree No. 236/2025/ND-CP
GMT returns and payment	QDMTT within 12 months after year end; IIR within 15 months (longer in the first year)	Decree No. 236/2025/ND-CP

WORKED EXAMPLE

The interest cap in a leveraged project company

A foreign-owned solar component manufacturer in Bac Giang is in its second year of production in 2026. It is funded by a USD 40 million shareholder loan registered with the State Bank and a local bank loan, and buys materials from its parent, so it has related-party transactions. Figures in VND, illustrative only.

Net profit from business before interest	VND 18,000 million (after depreciation).
Depreciation	VND 22,000 million.
Net interest expense	Interest on the shareholder loan VND 9,000 million and on the bank loan VND 6,500 million, less deposit interest VND 500 million: VND 15,000 million.
EBITDA	Net profit before interest 18,000 + depreciation 22,000 = VND 40,000 million (net profit after interest of 3,000 + net interest 15,000 + depreciation 22,000).
Cap	$30\% \times 40,000 = \text{VND } 12,000$ million deductible; VND 3,000 million disallowed for 2026.
Tax effect	Taxable income rises by VND 3,000 million: VND 600 million of additional CIT at 20% for 2026, unless the company is in a tax holiday.
Carry-forward	The VND 3,000 million may be deducted in 2027 to 2031 in any year in which net interest falls below 30% of EBITDA, earliest amounts first.
Transfer pricing check	The shareholder loan bears interest of 6.5% a year; the local file benchmarks it against comparable loans to show that the rate is within the range; otherwise the excess interest would be disallowed before the cap is applied.
Contractor tax	FCT at 5% on each interest payment to the parent, declared within ten days of payment, whether or not the interest is deductible.

Had the company been in a four-year CIT exemption, the disallowance would have had no immediate cost, but the carried-forward amount would still expire after five years.

If the group is within the global minimum tax, the effective tax rate computation for Vietnam uses GloBE income, not taxable income, so the interest disallowance does not by itself change the top-up.

Questions investors ask about transfer pricing and the global minimum tax

Which transfer pricing rules apply to the 2026 tax year?

Decree No. 255/2026/ND-CP, effective 1 July 2026, applies from the 2026 CIT year and replaces Decree No. 132/2020/ND-CP and Decree No. 20/2025/ND-CP. It keeps the arm's length framework but raises the documentation exemption threshold, prescribes a hierarchy of data sources and details country-by-country reporting. Related-party information is filed with the CIT return.

Does my company need a local file and a master file?

Yes, if it has related-party transactions and no exemption applies. The main exemption under Decree No. 255/2026/ND-CP covers taxpayers with revenue below VND 500 billion, no intangible-related transactions and operating margins of at least 5% for distribution, 10% for manufacturing or 15% for processing. Documentation must exist before the annual return is filed.

Is interest on a shareholder loan fully deductible?

Not necessarily. The rate must be at arm's length, and a taxpayer with related-party transactions may deduct net interest, on all its loans, only up to 30% of EBITDA, carrying the excess forward for five years. Interest paid abroad also bears foreign contractor tax at 5% on each payment.

Does the global minimum tax apply to my Vietnamese subsidiary?

It does if your group's consolidated revenue was at least EUR 750 million in two of the four preceding years. Decree No. 236/2025/ND-CP then imposes a qualified domestic minimum top-up tax in Vietnam where the effective rate there is below 15%, from the 2024 financial year, with notification, registration and filing deadlines.

How long does a transfer pricing audit take?

Under Law No. 108/2025/QH15 a transfer pricing examination is limited to 40 days, extendable once by 40 days, or up to two years where information must be exchanged with foreign tax authorities. Adjustments bear the 20% understatement penalty and late-payment interest of 0.03% a day, and treaty relief can be sought through the mutual agreement procedure.

THE 2027 HORIZON

- The 2026 tax year is the first under Decree No. 255/2026/ND-CP; local files prepared for the 2026 return, due by 31 March 2027 for calendar-year companies, must follow the new data hierarchy, and the tax authority may begin publishing industry profit indicators.
- OECD administrative guidance on Pillar Two continues to evolve, including on the treatment of incentives and the side-by-side arrangements for groups parented in non-implementing jurisdictions; Decree No. 236/2025/ND-CP may be amended to follow it.
- Guidance on how the Investment Support Fund will pay support for the 2025 and 2026 financial years, and how it interacts with the QDMTT, remains under development; see [Investment incentives](#).

Terms you will meet in the documents

English	Vietnamese	Meaning
Related-party transaction	<i>Giao dịch liên kết</i>	A transaction between parties linked by capital, financing, management or control.
Related parties	<i>Các bên có quan hệ liên kết</i>	Parties meeting any of the tests in Decree No. 255/2026/ND-CP, principally 25% ownership.

English	Vietnamese	Meaning
Arm's length principle	<i>Nguyên tắc giao dịch độc lập</i>	Pricing as independent parties would in comparable circumstances.
Transfer pricing documentation	<i>Hồ sơ xác định giá giao dịch liên kết</i>	The local file and master file.
Country-by-country report	<i>Báo cáo lợi nhuận liên quốc gia</i>	Group-wide data by jurisdiction for groups of EUR 750 million or more.
Advance pricing agreement (APA)	<i>Thỏa thuận trước về phương pháp xác định giá tính thuế (APA)</i>	An agreement fixing the pricing method for future years.
Global minimum tax	<i>Thuế tối thiểu toàn cầu</i>	The 15% minimum effective rate under Resolution No. 107/2023/QH15.
Qualified domestic minimum top-up tax (QDMTT)	<i>Thuế bổ sung tối thiểu nội địa đạt chuẩn</i>	The top-up tax collected in Vietnam on low-taxed Vietnamese entities.

FOREIGN V VIETNAMESE INVESTOR

The transfer pricing rules apply to related-party transactions of domestic groups as well as foreign ones, but most domestic-only transactions between parties taxed at the same rate without incentives are exempt from documentation, so in practice the burden falls on foreign-invested companies with cross-border group dealings. The interest cap applies to any taxpayer with related-party transactions. The global minimum tax applies to Vietnamese-parented groups through the IIR as well as to foreign groups through the QDMTT, but very few Vietnamese groups reach EUR 750 million.

WATCH OUT FOR

- Recurring losses or thin margins in a Vietnamese manufacturer or distributor that sells mainly to its group; they are the usual trigger for a transfer pricing audit.
- Management fees and royalties without evidence of benefit, or duplicating functions the Vietnamese company performs itself.
- Treating the 30% cap as limited to related-party loans; once the company has any related-party transaction it applies to all its net interest.
- Regional benchmarks used without explaining why no internal or domestic comparables exist, contrary to the new data hierarchy.
- Assuming a 10% rate or tax holiday reduces the group's tax when the global minimum tax will collect the difference in Vietnam.

OFFICIAL SOURCES

- National Legal Database (vbpl.vn): Decree No. 255/2026/ND-CP; Decree No. 236/2025/ND-CP; Resolution No. 107/2023/QH15 — <https://vbpl.vn>
- Ministry of Finance: Circular No. 95/2026/TT-BTC (APAs and treaties) — <https://mof.gov.vn>
- Tax Department: related-party transaction and global minimum tax filings — <https://gdt.gov.vn>
- Government portal (chinhphu.vn): legal documents — <https://chinhphu.vn>

Tax on share transfers and dividends: the 2% tax on gross proceeds for foreign sellers, securities, indirect transfers, intra-group restructurings, Vietnamese and individual sellers, who declares, dividends and the conditions for paying profits abroad

Reviewed 10 October 2026 · Prepared by a foreign investment lawyer (now retired) with 20 years' experience advising on Vietnamese investment law · Legal and tax information, not legal advice · [How we check](#) · [Open in the app](#)

WHAT YOU NEED TO KNOW

- Since 15 December 2025 a foreign corporate seller of capital in a Vietnamese company pays CIT at 2% of the gross sale proceeds, gain or loss, replacing the former 20% tax on net gains (Article 12(3), Decree No. 320/2025/ND-CP); sales of securities remain taxed at 0.1% of proceeds.
- Indirect transfers through offshore holding companies are taxable, and Law No. 108/2025/QH15 requires the Vietnamese entity in which the indirect investment arises to withhold, declare and pay the tax.
- Intra-group restructurings are exempt only if the ultimate parent and beneficial owner do not change, no gain arises and four conditions in Article 7(2)(m) of Circular No. 20/2026/TT-BTC are met together.
- The tax is declared per transfer on Form 05/TNDN under Circular No. 21/2026/TT-BTC, usually by the Vietnamese target company, no later than the tenth day after the tax obligation arises; Vietnamese corporate sellers are taxed on the net gain at 20% and individuals under the PIT rules.
- Dividends paid to foreign corporate shareholders bear no withholding tax; individual shareholders pay 5% PIT; profits may be remitted only when all tax due has been paid under Decree No. 252/2026/ND-CP.

The 2025 reform

Until December 2025 a foreign company that sold capital in a Vietnamese limited liability company, or unlisted shares in a joint stock company, paid CIT at 20% on its net gain, the sale price less the cost of the investment and transfer expenses. The computation was a source of constant dispute: the cost base had to be proved with capital contribution records, foreign currency gains and losses were contested, and indirect transfers were taxed in principle but rarely collected. Law No. 67/2025/QH15 and Decree No. 320/2025/ND-CP replaced that system. From **15 December 2025** a foreign enterprise, with or without a permanent establishment in Vietnam, that transfers capital in a Vietnamese company pays CIT at **2% of the gross proceeds**, whether the sale produces a gain or a loss (Article 12(3), Decree No. 320/2025/ND-CP) ([FAQ 25](#)).

Circular No. 20/2026/TT-BTC, issued on 12 March 2026, guides the rule, and Circular No. 21/2026/TT-BTC, issued on 17 March 2026, introduced Form 05/TNDN for declaring each transfer. The new rule is simpler and more certain, but it is a tax on turnover, not profit: a seller exiting at a loss still pays 2% of what it receives, and a seller with a small gain may pay more than under the old system. The comparison should be made before every exit, and ideally before the investment is made, because the holding structure and the way capital is contributed affect the outcome.

What is taxed: capital, securities and project rights

The 2% rate applies to income from the transfer of capital, which covers a member's capital in a limited liability company, shares in a joint stock company that are not securities traded under the securities law, rights to participate in an investment project and contribution rights in a business cooperation contract. The place where the transfer contract is signed or performed is irrelevant; a sale between two foreign companies, signed and paid abroad, of an interest in a Vietnamese company is taxable in Vietnam. Taxable revenue is the whole consideration, in money or in kind, and it arises when the initial transfer agreement takes effect, not when the change of owner is registered (Circular No. 20/2026/TT-BTC); the Civil Code generally makes a contract effective on conclusion unless the parties agree otherwise, so the date of signing usually fixes the tax point.

The transfer of **securities**, including listed and registered shares of public companies, fund certificates and bonds, by a foreign organisation remains taxed at **0.1%** of the transfer price, withheld by the securities company or custodian. A sale of a stake in a listed company is therefore taxed at 0.1%, while a sale of a stake of the same value in an unlisted company is taxed at 2%. Where a foreign company sells capital that it acquired by in-kind contribution, or receives payment in shares of the buyer, the value of the consideration must be established, and the tax authority may reassess a price it considers below market under the tax administration law.

Indirect transfers

An indirect transfer is the sale of a foreign holding company, at any level of the chain, that directly or indirectly owns capital in a Vietnamese company. Decree No. 320/2025/ND-CP brings indirect transfers within the 2% tax, and Law No. 108/2025/QH15, in force from 1 July 2026, closes the collection gap by requiring the Vietnamese entity in which the indirect investment arises to withhold, declare and pay the tax. A global sale of a group that includes a Vietnamese subsidiary can therefore create a Vietnamese tax liability, and an obligation on the Vietnamese subsidiary, even though neither the seller nor the buyer is in Vietnam and the subsidiary is not a party to the contract.

Two questions follow in every such transaction: how much of the price is attributable to the Vietnamese company, and whether a treaty between Vietnam and the seller's state prevents Vietnam from taxing. Article 30 of Circular No. 95/2026/TT-BTC deals with gains from direct and indirect share transfers under the treaties, including how the immovable-property ratio is measured, averaged at specified times using financial statements that need not be audited, and its heading has been read as signalling that Vietnam will seek to tax indirect transfers even where a treaty refers only to shares of a Vietnamese resident company. A seller relying on a treaty must claim relief by dossier within three years (Foreign contractor tax and tax treaties).

Intra-group restructurings

A restructuring within a group does not trigger the 2% tax if it does not change the ultimate parent entity of the holding entities and no income arises. Article 7(2)(m) of Circular No. 20/2026/TT-BTC lists the transactions covered, including division, separation, consolidation, merger, share swaps, contributions of capital in shares, distributions of shares as profit within the group, and other transfers that change direct or indirect ownership while keeping the ultimate ownership ratio, and requires four conditions to be met together: there is no change in the ultimate beneficial owner; the transfer value is not recorded above book value or the original contributed capital; the value in the restructuring plan approved by the authorities is not higher than the value recorded at transfer; and the transferee inherits the whole capital value, obligations and rights of the transferor's investment.

The exemption is narrower than it looks. The circular does not define the ultimate beneficial owner for this purpose, does not say whose book value is used, and does not say whether the third condition applies only where a Vietnamese authority approves the restructuring. A group planning to insert a regional holding company above its Vietnamese subsidiaries, or to merge two holding companies, should document each condition, transfer at book value, and consider whether to seek written guidance from the tax authority before completing.

Vietnamese and individual sellers

A **Vietnamese company** that sells capital or shares is taxed on the net gain, the price less the cost of acquisition and transfer expenses, as part of its ordinary taxable income at 20%, and under Decree No. 320/2025/ND-CP the loss on such a transfer may now be offset against ordinary business profits and vice versa (Corporate income tax). A Vietnamese company that is itself foreign-owned is a Vietnamese seller for this purpose, so a sale by a Vietnamese holding company is taxed on the gain while a sale by its foreign parent is taxed at 2% of proceeds; that difference can be decisive in structuring an exit.

An **individual** is taxed under Law No. 109/2025/QH15 on Personal Income Tax: 0.1% of the price for shares in joint stock companies, public or not; for capital in a limited liability company, 20% of the gain or 2% of the price where the cost cannot be established; and the sale of a whole company whose value lies in real estate is treated as a real estate transfer taxed at 2%. Non-resident individuals are also taxed on transfers of Vietnamese capital, and the method should be confirmed against Decree No. 253/2026/ND-CP before signing (Personal income tax and expatriates).

Who declares and pays, and when

The tax on a transfer by a foreign corporate seller is declared per transfer on Form 05/TNDN, no later than the tenth day after the day on which the tax obligation arises. The Vietnamese company whose capital is transferred is the party the tax authority looks to: it declares, withholds where it handles the payment, and pays on the seller's behalf, and it does so whether the buyer is Vietnamese or foreign. Where the buyer is a Vietnamese organisation that pays the price, it withholds the tax from the payment. For indirect transfers, Law No. 108/2025/QH15 places the obligation expressly on the Vietnamese entity in which the indirect investment arises.

The target company's obligation is practical as well as legal: buyers, banks handling the price through the investment capital accounts and, increasingly, the authorities ask for evidence that the tax has been declared before the transaction is completed and recorded. The sale and purchase agreement should therefore require the seller to provide the information the target needs, require the tax to be declared and paid before or at completion, and give the buyer and the target an indemnity, with a retention or escrow from the price, for the tax and any interest and penalties. Where an Article 21 registration of the acquisition is needed because foreign ownership rises in a conditional line or crosses 50%, it is made before the change of owner is recorded ([Forms of investment](#)).

How the 2% tax is handled on a direct sale by a foreign seller

- 1 Model the exit tax before signing**

Compare 2% of gross proceeds with the seller's gain, consider whether a treaty gives relief, and consider whether a sale by a Vietnamese holding company or of a listed stake would be taxed differently.

- 2 Agree the tax mechanics in the contract**

State who declares and pays, the information the seller must supply, the treatment of price adjustments and deferred consideration, and an indemnity with a retention or escrow.

- 3 Complete any investment registration**

If Article 21 of the Law on Investment applies, register the acquisition with the investment registration authority before the change of owner.

- 4 Declare on Form 05/TNDN within ten days**

The target company, or the Vietnamese buyer that pays, files Form 05/TNDN under Circular No. 21/2026/TT-BTC no later than the tenth day after the transfer agreement takes effect, with the contract and payment details, and pays the 2% tax.

- 5 Claim treaty relief where available**

If the seller's treaty prevents Vietnam from taxing the gain, file the treaty dossier under Circular No. 95/2026/TT-BTC with a certificate of residence; otherwise the 2% is final.

- 6 Register the change and pay the price**

Notify the change of members or shareholders and beneficial owners within ten days, and pay the price through the buyer's and seller's investment capital accounts as the foreign exchange rules require.

Dividends

A Vietnamese company may distribute profits only out of after-tax profit, after offsetting accumulated losses and setting aside the funds required by its charter, and only if it can still pay its debts as they fall due. Dividends paid to **foreign corporate shareholders** bear **no Vietnamese withholding tax**, and there

is no branch profits tax on remittances by a branch. Dividends paid to **individual shareholders**, resident or not, bear PIT at **5%**, withheld by the company under Law No. 109/2025/QH15. Dividends received by a **Vietnamese company** from another Vietnamese company out of after-tax profit are exempt from CIT.

Profits leave Vietnam only once tax is settled. Under Decree No. 252/2026/ND-CP, implementing Law No. 108/2025/QH15 from 1 July 2026, a company may remit profits to its foreign investors only after it has paid all taxes, other State charges, late-payment interest and penalties that have fallen due, and must have no outstanding tax debt at the time of remittance; on termination of the investment, every obligation must be settled, including amounts not yet due ([FAQ 62](#)). In practice the company files its audited financial statements and CIT finalisation first, notifies the tax authority before the remittance and remits through the investment capital account. The banking procedure is in [Profit remittance and repatriation of capital](#).

Tax due diligence on a Vietnamese target

The tax items a buyer should examine before acquiring capital in a Vietnamese company, and protect in the agreement. The wider due diligence and the transaction process are in Chapter 8.

☐ **Tax registration and filings**

All returns filed for at least the last five years; tax account statement showing no overdue amounts; any exit suspension or enforcement notices.

☐ **Audit history**

Tax audit and examination records, assessments, penalties and how they were settled; open years within the ten-year collection period.

☐ **CIT incentives**

The basis for each incentive, compliance with its conditions, separate accounting, and whether the change of owner affects it.

☐ **VAT and invoices**

Input VAT on invoices from non-compliant suppliers, cash payments of VND 5 million or more, refunds received and the risk of claw-back.

☐ **Foreign contractor tax**

FCT declared on every payment abroad, including fees, interest and royalties to the seller's group.

☐ **Transfer pricing**

Appendix I, local and master files, the 30% interest cap computation, and margins against industry indicators.

☐ **Payroll taxes and insurance**

PIT withholding on all employees, offshore pay of expatriates, and compulsory insurance contributions.

☐ **Exit tax on this transaction**

Who declares the 2% tax, whether indirect transfers in the chain have been declared, and the indemnity and escrow for the seller's tax.

How transfers and dividends are taxed (October 2026)

Transaction	Tax	Source
Foreign company sells capital in a Vietnamese company (direct)	CIT 2% of gross proceeds, gain or loss	Decree No. 320/2025/ND-CP, Article 12(3)
Foreign company sells a foreign holding company (indirect)	CIT 2%, on a base to be established under the guidance; Vietnamese entity withholds and declares	Decree No. 320/2025/ND-CP; Law No. 108/2025/QH15
Foreign company sells securities	0.1% of the transfer price	Decree No. 320/2025/ND-CP, Article 12(3)
Intra-group restructuring meeting all four conditions	Not taxable	Circular No. 20/2026/TT-BTC, Article 7(2)(m)
Vietnamese company sells capital or shares	CIT 20% on the net gain, within ordinary income	Law No. 67/2025/QH15
Individual sells shares in a joint stock company	PIT 0.1% of the price	Law No. 109/2025/QH15; Decree No. 253/2026/ND-CP
Resident individual sells capital in an LLC	PIT 20% of the gain, or 2% of the price if cost cannot be established	Law No. 109/2025/QH15
Declaration by or for foreign seller	Form 05/TNDN, by the 10th day after the obligation arises	Circular No. 21/2026/TT-BTC
Dividend to foreign corporate shareholder	No withholding tax	No withholding provision in the CIT or foreign contractor tax rules
Dividend to individual shareholder	PIT 5%, withheld by the company	Law No. 109/2025/QH15

WORKED EXAMPLE

Selling a 40% stake in an unlisted joint venture, before and after the reform

A Hong Kong company sells its 40% stake in an unlisted Vietnamese LLC to a Thai company for USD 12 million. Its cost, fully documented through the investment capital account, was USD 9 million, and transfer costs are USD 300,000. The figures use USD for simplicity and are illustrative; the tax is declared and paid in VND.

Under the former rules (to 14 December 2025)	Gain USD 12,000,000 – 9,000,000 – 300,000 = USD 2,700,000; CIT at 20% = USD 540,000.
Under Decree No. 320/2025/ND-CP	2% × USD 12,000,000 = USD 240,000, with no deduction for cost or expenses.

If the sale were at a loss	Price USD 8,000,000: no tax under the former rules; USD 160,000 under the new rules.
Timetable	Transfer agreement signed and effective 6 October 2026. Article 21 registration not needed (foreign ownership stays below 50% and the line is unconditional). Form 05/TNDN filed and tax paid by the LLC by 16 October 2026, funded from the escrow agreed in the contract.
Change of members	Registered with the business registration office within ten days of completion, with the tax payment evidence attached to the file the company keeps.
Treaty check	The Vietnam-Hong Kong arrangement was reviewed for the share-gains article; the seller concluded that it did not exclude Vietnamese tax on the facts and did not file a relief dossier.
Payment of the price	Paid by the buyer to the seller offshore; had either party used a Vietnamese account, the payment would have run through the investment capital accounts.

Had the seller been a Vietnamese holding company, it would have paid 20% of its gain as part of its ordinary income, and could have offset any capital loss against its business profits.

Had the stake been in a listed company, the tax would have been 0.1% of proceeds, USD 12,000.

Questions investors ask about exit taxes and dividends

Is there capital gains tax when a foreign company sells a Vietnamese stake?

Yes. Since 15 December 2025 a foreign corporate seller of capital in a Vietnamese company pays CIT at 2% of the gross proceeds, whether it makes a gain or a loss, under Article 12(3) of Decree No. 320/2025/ND-CP. Sales of securities, including listed shares, are taxed at 0.1% of proceeds.

Is the sale of an offshore holding company taxed in Vietnam?

It can be. Decree No. 320/2025/ND-CP taxes indirect transfers of Vietnamese capital at 2%, and Law No. 108/2025/QH15 requires the Vietnamese entity in which the indirect investment arises to withhold, declare and pay the tax. Whether a treaty prevents Vietnam from taxing depends on the treaty and Article 30 of Circular No. 95/2026/TT-BTC.

Who files the tax return on a sale between two foreign companies?

The Vietnamese company whose capital is sold. It declares the tax per transfer on Form 05/TNDN under Circular No. 21/2026/TT-BTC, no later than the tenth day after the tax obligation arises, and pays on the seller's behalf. The sale agreement should fund this with an escrow or retention.

Are dividends paid to a foreign parent taxed in Vietnam?

No withholding tax applies to dividends paid to foreign corporate shareholders out of after-tax profit. Individual shareholders pay 5% PIT. Before remitting, the company must have paid all tax due and have no outstanding tax debt under Decree No. 252/2026/ND-CP, normally after the audit and CIT finalisation.

Can a group restructuring avoid the 2% tax?

Only if it does not change the ultimate parent, produces no income and meets all four conditions in Article 7(2)(m) of Circular No. 20/2026/TT-BTC: unchanged ultimate beneficial owner, transfer at no more than book value or original capital, consistent valuation, and full succession by the transferee to the transferor's investment.

THE 2027 HORIZON

- Several points in the restructuring exemption, including the definition of ultimate beneficial owner and whose book value applies, await clarification; tax authority rulings issued during 2026 and 2027 should be checked before a group reorganisation.
- The collection of tax on indirect transfers through the Vietnamese entity under Law No. 108/2025/QH15 is new from 1 July 2026; expect guidance on how the Vietnamese entity is to learn of, value and declare an offshore transaction.
- Law No. 24/2026/QH16 revises the conditional business lines from 1 March 2027, which may change whether an acquisition needs Article 21 registration before the change of owner.

Terms you will meet in the documents

English	Vietnamese	Meaning
Capital transfer	<i>Chuyển nhượng vốn</i>	The sale of capital or shares in a company, or of project rights.
Indirect transfer	<i>Chuyển nhượng vốn gián tiếp</i>	The sale of an offshore company that owns a Vietnamese company.
Gross proceeds	<i>Doanh thu tính thuế (giá chuyển nhượng)</i>	The whole consideration, the base for the 2% tax.
Securities transfer	<i>Chuyển nhượng chứng khoán</i>	Taxed at 0.1% of the transfer price.
Intra-group restructuring	<i>Tái cấu trúc nội bộ tập đoàn</i>	A reorganisation that keeps the ultimate parent and owner, exempt if four conditions are met.
Dividend	<i>Cổ tức</i>	A distribution of after-tax profit.
Profit remittance	<i>Chuyển lợi nhuận ra nước ngoài</i>	Payment of profits to a foreign investor, permitted once tax is settled.

English	Vietnamese	Meaning
Per-transaction declaration	<i>Khai thuế theo từng lần phát sinh</i>	A return filed for each taxable event, such as Form 05/TNDN.

FOREIGN V VIETNAMESE INVESTOR

The difference is stark. A foreign corporate seller pays 2% of its gross proceeds, gain or loss; a Vietnamese corporate seller, including a foreign-owned Vietnamese holding company, pays 20% of its net gain within its ordinary income and can use losses. Individuals of any nationality pay 0.1% on shares in joint stock companies and, if resident, 20% of the gain on LLC capital. Foreign corporate shareholders receive dividends free of withholding tax; individual shareholders, Vietnamese or foreign, pay 5%.

WATCH OUT FOR

- An exit at a loss or a small gain, where 2% of gross proceeds can exceed the old 20% tax on the gain.
- A global group sale that includes a Vietnamese subsidiary; the subsidiary must declare and pay the tax on the indirect transfer.
- Missing the ten-day deadline for Form 05/TNDN, which runs from the date the transfer agreement takes effect, not completion.
- Restructurings at above book value, or without full succession to the transferor's investment, which lose the exemption.
- Declaring a dividend before the CIT finalisation is filed and all tax due is paid, which stops the remittance at the bank.

OFFICIAL SOURCES

- National Legal Database (vbpl.vn): Decree No. 320/2025/ND-CP; Law No. 108/2025/QH15; Decree No. 252/2026/ND-CP; Law No. 109/2025/QH15 — <https://vbpl.vn>
- Ministry of Finance: Circular No. 20/2026/TT-BTC; Circular No. 21/2026/TT-BTC (Form 05/TNDN); Circular No. 95/2026/TT-BTC — <https://mof.gov.vn>
- Tax Department (per-transaction declarations and e-tax) — <https://gdt.gov.vn>
- National Business Registration Portal (change of members and shareholders) — <https://dangkykinhdoanh.gov.vn>

Customs and import duties: the customs authority, tariff rates and free trade agreements, rules of origin, duty exemptions for projects, export processing enterprises and bonded warehouses, excise and environmental taxes, valuation and post-clearance audit

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WHAT YOU NEED TO KNOW

- Import and export duties are levied under Law No. 107/2016/QH13 on Export and Import Duties, as amended by Law No. 90/2025/QH15 from 1 July 2025, with Decree No. 134/2016/ND-CP as amended by Decree No. 18/2021/ND-CP and Decree No. 182/2025/ND-CP.
- Since 1 March 2025 the Customs Department (Cục Hải quan) under the Ministry of Finance, which replaced the General Department of Customs under Decision No. 382/QĐ-BTC, administers customs through 20 regional customs branches.
- Goods bear most-favoured-nation rates, or lower preferential rates under free trade agreements such as CPTPP, EVFTA, UKVFTA and RCEP where valid proof of origin is presented; ordinary rates of 150% of the MFN rate apply to goods from countries without MFN treatment.
- Goods imported to create the fixed assets of an incentivised project are exempt from import duty under Article 16 of Law No. 107/2016/QH13, administered through an exempt-goods list notified to customs before import.
- Customs may audit declarations after clearance for five years, and special consumption tax (Law No. 66/2025/QH15, from 1 January 2026) and environmental protection tax are collected at import alongside duty and VAT.

The law and the customs authority

Customs procedures are governed by Law No. 54/2014/QH13 on Customs and its decrees, and duties by Law No. 107/2016/QH13 on Export and Import Duties, both amended by Law No. 90/2025/QH15, which took effect on 1 July 2025 and also introduced a statutory definition of on-the-spot exports and imports. The detailed duty rules are in Decree No. 134/2016/ND-CP, as amended by Decree No. 18/2021/ND-CP and by Decree No. 182/2025/ND-CP of 1 July 2025, which added exemptions for goods imported for science, technology, innovation and digital technology. The tariff schedules are issued by Government decree (the main schedule is Decree No. 26/2023/ND-CP, as amended), with a separate decree for each free trade agreement's preferential schedule.

The authority changed its name and shape in 2025. Under Decision No. 382/QĐ-BTC of 26 February 2025, effective 1 March 2025, the General Department of Customs became the **Customs Department** (Cục Hải quan), a department of the Ministry of Finance with twelve central units, and the former provincial customs departments were consolidated into **20 regional customs branches** (Chi cục Hải quan khu vực), under which the border gates and inland clearance points operate. Older documents, forms and websites still refer to the General Department of Customs and to provincial customs departments. Declarations are filed electronically through the VNACCS/VCIS system and the National Single Window, and duties are paid electronically before goods are released, unless a guarantee or a priority status allows later payment.

Duties and taxes collected at import

An importer pays, at the border, **import duty** on the customs value at the rate for the goods' HS code and origin; **VAT** on the customs value plus import duty and any special consumption and environmental protection tax, at 10%, 8%, 5% or exempt as for domestic supplies (VAT and e-invoicing); **special consumption tax** on goods within that tax; and **environmental protection tax** on goods within that tax. Import VAT paid is creditable as input VAT by a credit-method importer, so for most businesses the real cost is the import duty and any excise. Export duty applies only to a limited list of goods, mainly natural resources and minerals, and a protective duty, anti-dumping duty, countervailing duty or safeguard duty may be added on goods subject to a trade remedy decision of the Ministry of Industry and Trade.

The applicable import rate is one of three. The **preferential (MFN) rate** applies to goods originating in a country that gives Vietnam most-favoured-nation treatment, which in practice means all WTO members. The **special preferential rate** applies to goods originating in a country with which Vietnam has a free trade agreement, provided that valid proof of origin is presented and the goods meet the agreement's transport rules. The **ordinary rate**, 150% of the MFN rate, applies to goods from the few countries that do not give MFN treatment. Classification under the ASEAN harmonised nomenclature decides the rate and is the most common source of customs disputes, together with valuation and origin.

Free trade agreements and rules of origin

Vietnam has a wide network of free trade agreements in force, of which the most significant for foreign investors are the **CPTPP** (with partners including Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and the United Kingdom), the **EU-Vietnam FTA (EVFTA)**, the **UK-Vietnam FTA (UKVFTA)**, which replicates the EVFTA for the United Kingdom, and the **RCEP** (ASEAN with Australia, China, Japan, South Korea and New Zealand), together with the ASEAN Trade in Goods Agreement and the ASEAN agreements with China, Korea, Japan, India and Australia-New Zealand. Each agreement has its own tariff elimination schedule, implemented by a Government decree, and its own rules of origin.

A preference is available only if the goods **originate** under the agreement's rules: wholly obtained, or sufficiently transformed through a change of tariff classification, a regional value content threshold or a specific process, and transported in accordance with the agreement. Proof of origin is either a certificate of origin issued by the exporting country's authority or, where the agreement allows, an origin declaration by the exporter, importer or producer: self-certification under the CPTPP, and, under the EVFTA, statements on origin by exporters registered in the EU's REX system for goods shipped from

the EU to Vietnam. REX is the EU exporters' system: a Vietnamese exporter shipping to the EU uses a certificate of origin form EUR.1 issued by the Ministry of Industry and Trade or, where it qualifies, an origin declaration under Circular No. 14/2026/TT-BCT of 25 March 2026 on the EVFTA rules of origin. A foreign-invested manufacturer exporting from Vietnam needs the same analysis in reverse: its products qualify for preference in the destination market only if enough value or transformation is added in Vietnam, and it obtains Vietnamese certificates of origin from the Ministry of Industry and Trade's issuing bodies. Customs verifies origin after clearance and can deny the preference retrospectively, so the bill of materials, cost data and supplier declarations behind each origin claim should be kept for the audit period.

Duty exemptions for investment projects

Under Article 16 of Law No. 107/2016/QH13, goods imported to create the **fixed assets** of a project in an incentivised sector or location, or of a project financed by ODA, are exempt from import duty: machinery, equipment, specialised means of transport, components, parts and accessories, and building materials that cannot yet be produced domestically. The exemption applies to new projects and to expansion projects and replacements, and can be claimed by the contractor importing for the project. Raw materials, supplies and components that cannot be produced domestically are exempt for five years from the start of production for projects in specially incentivised sectors or especially disadvantaged areas, except mining; under Decree No. 182/2025/ND-CP a similar five-year exemption applies to qualifying science, technology, innovation and digital technology enterprises, with unused exempt inputs to be declared and duty paid when the period ends. The investment law conditions for these incentives are in [Investment incentives \(FAQ 37\)](#).

The exemption is administered by customs on the basis of an **exempt-goods list** notified to customs before the first import, under Article 30 of Decree No. 134/2016/ND-CP as amended by Decree No. 182/2025/ND-CP, through the electronic system; the importer then declares each shipment against the list. The goods must be used for the stated purpose: selling, leasing or transferring them, or using them for another purpose, requires a declaration and payment of the duty exempted, calculated on the residual value. Import VAT is separate from the duty exemption: unless the goods fall within a VAT exemption, the project pays import VAT at the border and recovers it through the credit method or, in its investment phase, the VAT refund procedure ([VAT and e-invoicing](#)).

How to import equipment duty-free for an incentivised project

1 Confirm the project's eligibility

Check that the project is in an incentivised sector or location under the Law on Investment and Decree No. 96/2026/ND-CP, and that the IRC records the incentive where the project has one.

2 Check the goods against domestic production

Confirm that each item is a fixed asset of the project and is not on the Ministry of Finance's list of goods that can be produced domestically; domestically produced goods do not qualify.

3 Prepare the exempt-goods list

List each item by name, HS code, quantity and value, consistent with the project's investment documents and the equipment contracts.

4 Notify the list to customs

Notify the list electronically to the customs branch before the first import, under Article 30 of Decree No. 134/2016/ND-CP as amended, with the supporting documents the decree requires.

5 Declare each shipment against the list

Declare imports under the exemption code, deducting the quantities from the notified list; customs tracks the balance.

6 Use the goods as stated and report

Keep the goods in the project, report their use as required, and declare and pay the duty if any item is sold, leased or used for another purpose.

Export processing enterprises, bonded warehouses and inward processing

An **export processing enterprise (EPE)** is a company, inside or outside an export processing zone, that is treated as being outside Vietnam's customs territory, under the regime in Decree No. 35/2022/ND-CP on industrial parks and economic zones and the customs rules. Goods brought into an EPE from abroad bear no import duty or import VAT; sales from the domestic market to an EPE are exports, zero-rated for VAT; and goods sold from an EPE into the domestic market are imports on which the buyer pays duty and VAT. An EPE must meet customs supervision conditions, including a fence separating it from the outside and camera surveillance connected to customs, and must register its status in its IRC. The regime suits manufacturers that export almost all their output; a manufacturer that sells a significant part domestically often finds an ordinary company with inward processing more flexible.

An ordinary company may import **raw materials for export production** free of import duty, provided that it declares them under the export production regime, notifies its production facilities to customs, and exports the finished products, reporting the use of materials annually; materials not exported within the period become dutiable. Goods imported to process for a foreign party are similarly exempt. A **bonded warehouse**, licensed by customs under Decree No. 68/2016/ND-CP as amended by Decree No. 67/2020/ND-CP, allows foreign goods to be stored in Vietnam without duty and VAT until they are imported into the domestic market or re-exported. On-the-spot exports and imports, where goods are delivered in Vietnam on the instructions of a foreign buyer, are now defined in the Customs Law by Law No. 90/2025/QH15 and zero-rated for VAT.

Special consumption tax and environmental protection tax

Special consumption tax (excise) is governed by Law No. 66/2025/QH15, passed on 14 June 2025 and in force from 1 January 2026, and applies at import and on domestic production of tobacco, alcohol, beer, cars with fewer than 24 seats, motorcycles over 125 cm³, aircraft and yachts, petrol, air

conditioners above 24,000 BTU up to 90,000 BTU, playing cards and votive goods, and to services such as casinos, betting, karaoke, massage, golf and lotteries. The 2025 law raises the rates on beer and on spirits of 20% alcohol or more to 65% in 2026, rising five points a year to 90% in 2031; changes tobacco to an additional fixed amount per pack from 2027; and adds beverages with more than 5 g of sugar per 100 ml from 1 January 2027, at 8% rising to 10% in 2028. A manufacturer or importer of these goods should model the rate path in its pricing.

Environmental protection tax is levied under Law No. 57/2010/QH12 at fixed amounts per unit on petrol, diesel and other fuels, coal, HCFCs, plastic bags and certain restricted chemicals, at rates set by the National Assembly Standing Committee within the law's frames. Fuel rates have been reduced temporarily several times; Resolution No. 19/2026/QH16 set a zero rate on petrol, diesel, kerosene, mazut and aviation fuel from 16 April to 30 June 2026 and allowed the Government to extend or shorten the period, so the current rate should be checked at the time of import. Mining activities also bear natural resources tax and environmental protection fees, covered in [Chapter 10](#).

Customs valuation and post-clearance audit

The customs value of imports is determined under the WTO Valuation Agreement as implemented by Circular No. 39/2015/TT-BTC as amended by Circular No. 60/2019/TT-BTC: primarily the transaction value, the price actually paid or payable, adjusted by adding costs such as royalties and licence fees that are a condition of sale of the goods, buying commissions excluded, assists supplied free by the buyer, and freight and insurance to the first port of import. Where the buyer and seller are related, customs examines whether the relationship influenced the price and may reject the transaction value. Royalties paid to a parent for technology embodied in imported components are the classic adjustment: they may be dutiable at the border as well as subject to foreign contractor tax and transfer pricing scrutiny, and the three analyses should be consistent.

Customs may conduct a **post-clearance audit** at the customs office or at the importer's premises within **five years** from the registration of the declaration, under Law No. 54/2014/QH13, examining classification, value, origin, the use of exempt goods and the reconciliation of materials for export production. Audits are selected on risk; companies with exemptions, export production regimes, related-party pricing or FTA preferences are the usual subjects. Underpaid duty and import VAT are collected with late-payment interest, and penalties are imposed under Decree No. 128/2020/ND-CP on customs penalties, as amended. An importer uncertain about classification, origin or valuation may apply for an advance ruling from customs before importing, which binds customs while the facts remain the same.

Customs at a glance (October 2026)

Item	Rule	Source
Customs authority	Customs Department (Cục Hải quan) under the MOF; 20 regional customs branches, from 1 March 2025	Decision No. 382/QĐ-BTC
Duty rates	MFN; special preferential under FTAs with proof of origin; ordinary rate 150% of MFN	Law No. 107/2016/QH13; tariff decrees

Item	Rule	Source
Major FTAs	CPTPP, EVFTA, UKVFTA, RCEP, ASEAN and ASEAN+ agreements	Tariff decree for each agreement
Fixed assets of incentivised projects	Exempt from import duty if not domestically produced; exempt-goods list notified before import	Law No. 107/2016/QH13, Article 16; Decree No. 134/2016/ND-CP, Article 30 as amended
Production inputs (special incentives)	Exempt for 5 years from the start of production; not for mining	Law No. 107/2016/QH13, Article 16; Decree No. 182/2025/ND-CP
Export processing enterprises	Outside the customs territory; no duty or import VAT on imports from abroad	Decree No. 35/2022/ND-CP; customs law
Bonded warehouses	Storage without duty or VAT pending import or re-export	Decree No. 68/2016/ND-CP as amended by Decree No. 67/2020/ND-CP
Special consumption tax	Beer and spirits of 20% or more: 65% in 2026 rising to 90% in 2031; sugary drinks 8% from 2027, 10% from 2028	Law No. 66/2025/QH15
Environmental protection tax on fuel	Zero rate 16 April to 30 June 2026, extendable by the Government	Resolution No. 19/2026/QH16
Post-clearance audit	Within 5 years of the declaration	Law No. 54/2014/QH13

WORKED EXAMPLE

Equipping and supplying a high-technology factory

A Taiwanese-owned printed circuit board assembler builds a factory in an industrial park in Bac Ninh, a project in a specially incentivised sector. It imports production lines from Japan and components from China and Korea, and exports 85% of output to the EU. Illustrative only.

Months 1 to 2	IRC records the sector incentive. Exempt-goods list for 42 items of machinery, worth USD 18 million, prepared against the equipment contracts and notified to the Bac Ninh regional customs branch before the first shipment.
Months 3 to 8	Production lines imported duty-free under the list. Import VAT paid at the border and recovered through the investment-phase VAT refund once unrecovered input VAT passed VND 300 million.
Production inputs	Components not produced domestically imported duty-free for five years from the start of production under the special-incentive exemption; a stock and usage report kept for customs.
Origin for exports	Bill of materials analysed against the EVFTA product-specific rule for printed circuit assemblies; the change of tariff heading test is met, so the factory obtains statements on origin for EU customers, who import at the EVFTA preferential rate.

Related-party pricing	Chinese components bought from a group company; the price and a technology royalty paid to the parent reviewed for customs value, transfer pricing and foreign contractor tax together.
Year 3	Post-clearance audit at the premises: customs reconciles exempt machinery, verifies that two machines moved to a sister company were declared and the duty paid on residual value, and tests the origin file. No adjustment.

Had the factory been registered as an export processing enterprise, no exempt-goods list would have been needed for imports, but every domestic sale would have been an import by the buyer.

Had the origin file not supported the EVFTA claim, EU customs could have reassessed the importers for the full duty after verification with Vietnam.

Questions investors ask about customs

Who is the customs authority in Vietnam now?

The Customs Department (Cục Hải quan) of the Ministry of Finance, which replaced the General Department of Customs on 1 March 2025 under Decision No. 382/QĐ-BTC. Local customs work is organised in 20 regional customs branches, under which the border gates and inland clearance points operate. Declarations are electronic through VNACCS/VCIS.

Can machinery for a new factory be imported duty-free?

Yes, where the project is in an incentivised sector or location and the machinery is a fixed asset of the project that cannot be produced domestically, under Article 16 of Law No. 107/2016/QH13. The importer notifies an exempt-goods list to customs before the first import and must use the goods for the project.

How do I benefit from EVFTA or CPTPP rates?

The goods must originate in a partner country under the agreement's rules of origin and be supported by valid proof of origin: a certificate, or an origin declaration where the agreement allows, such as REX statements by EU exporters under the EVFTA or self-certification under the CPTPP; Vietnamese exports to the EU use form EUR.1 or a qualifying exporter's origin declaration. Customs can verify origin after clearance and deny the preference.

What is an export processing enterprise?

A company treated as outside Vietnam's customs territory, under Decree No. 35/2022/ND-CP and the customs rules. It imports from abroad without import duty or import VAT, purchases from the domestic market are zero-rated exports, and its domestic sales are imports by the buyer. It must meet customs supervision conditions, including a fence and camera surveillance.

How long can customs reopen an import declaration?

Customs may conduct a post-clearance audit within five years from the registration of the declaration under Law No. 54/2014/QH13, examining classification, value, origin and the use of exempt goods. Underpaid duty and VAT are collected with late-payment interest, and penalties apply under Decree No. 128/2020/ND-CP as amended.

THE 2027 HORIZON

- Special consumption tax on beverages with more than 5 g of sugar per 100 ml begins on 1 January 2027 at 8%, and the fixed per-pack element for cigarettes starts the same day, under Law No. 66/2025/QH15.
- Further tariff reductions under the EVFTA, UKVFTA, CPTPP and RCEP schedules take effect on 1 January 2027; check the applicable decree for each HS code in contracts priced for 2027.
- The Government decides whether to continue the temporary reductions of environmental protection tax on fuel; the position after the period current at the review date should be checked before 2027 contracts are priced.

Terms you will meet in the documents

English	Vietnamese	Meaning
Import duty	<i>Thuế nhập khẩu</i>	The duty on imported goods under Law No. 107/2016/QH13.
Customs Department	<i>Cục Hải quan</i>	The MOF department that replaced the General Department of Customs in 2025.
Regional customs branch	<i>Chi cục Hải quan khu vực</i>	One of the 20 regional units that replaced provincial customs departments.
Certificate of origin	<i>Giấy chứng nhận xuất xứ hàng hóa (C/O)</i>	Proof of origin for a preferential tariff.
Exempt-goods list	<i>Danh mục hàng hóa miễn thuế</i>	The list notified to customs before importing duty-free project goods.
Export processing enterprise (EPE)	<i>Doanh nghiệp chế xuất</i>	A company treated as outside the customs territory.
Bonded warehouse	<i>Kho ngoại quan</i>	A customs-licensed warehouse for goods not yet imported.
Special consumption tax	<i>Thuế tiêu thụ đặc biệt</i>	Excise on listed goods and services under Law No. 66/2025/QH15.
Post-clearance audit	<i>Kiểm tra sau thông quan</i>	Customs' examination of declarations within five years.

FOREIGN V VIETNAMESE INVESTOR

Customs duties and procedures apply to all importers equally, and the duty exemptions for incentivised projects are available to domestic and foreign investors alike. A foreign investor's project usually records its incentive in the IRC, which simplifies the evidence for the exempt-goods list; a domestic investor without an IRC self-assesses eligibility and supports the list with its own investment documents. The export processing enterprise regime is most used by foreign-invested manufacturers, and a foreign-invested trader also needs a trading business licence to import for distribution.

WATCH OUT FOR

- Importing project machinery before the exempt-goods list has been notified; the first shipments may bear duty.
- Moving exempt machinery to another company or another use without declaring it and paying duty on the residual value.
- Origin claims unsupported by bill-of-materials and supplier evidence, which customs or the destination country can deny years later.
- Royalties or assists linked to imported goods left out of the customs value.
- Using pre-2025 authority names and forms; filings must go to the right regional customs branch.

OFFICIAL SOURCES

- Customs Department (Cục Hải quan) — <https://customs.gov.vn>
- National Legal Database (vbpl.vn): Law No. 107/2016/QH13; Law No. 90/2025/QH15; Decree No. 134/2016/ND-CP as amended; Decree No. 182/2025/ND-CP; Law No. 66/2025/QH15 — <https://vbpl.vn>
- Ministry of Finance: Decision No. 382/QĐ-BTC on the Customs Department — <https://mof.gov.vn>
- Government portal (chinhphu.vn): Resolution No. 19/2026/QH16 and tariff decrees — <https://chinhphu.vn>
- Ministry of Industry and Trade: Circular No. 14/2026/TT-BCT of 25 March 2026 on rules of origin under the EVFTA (form EUR.1 and origin declarations) — <https://moit.gov.vn/tin-tuc/ban-hanh-quy-tac-xuat-xu-evfta-mo-rong-uu-dai-cho-hang-viet.html>

Tax administration, audits and disputes: the 2025 Law on Tax Administration, registration and filing, e-tax, penalties and interest, limitation periods, examinations and inspections, enforcement and exit suspension, complaints and court challenges

Reviewed 10 October 2026 · Prepared by a foreign investment lawyer (now retired) with 20 years' experience advising on Vietnamese investment law · Legal and tax information, not legal advice · [How we check](#) · [Open in the app](#)

WHAT YOU NEED TO KNOW

- Law No. 108/2025/QH15 on Tax Administration replaced Law No. 38/2019/QH14 on 1 July 2026, detailed by Decree No. 252/2026/ND-CP and Circular No. 89/2026/TT-BTC; the Tax Department (Cục Thuế) of the Ministry of Finance and its provincial tax offices administer it.
- Monthly returns are due by the 20th, quarterly returns and provisional CIT by the end of the following month, the four provisional CIT payments must reach 80% of the year's liability, and the annual finalisation is due by the last day of the third month.
- Late filing is fined up to VND 25 million, understatement attracts 20% of the shortfall and evasion one to three times the tax, under Decree No. 125/2020/ND-CP as amended by Decree No. 310/2025/ND-CP; late payment bears interest of 0.03% a day.
- Article 44 of Law No. 108/2025/QH15 sets penalty limitation periods of two years for procedural violations and five years for understatement and evasion, and allows underpaid tax to be collected for ten years back from detection.
- Decisions can be challenged by complaint, generally within 90 days, or in the administrative court; legal representatives and beneficial owners of enterprises owing VND 500 million or more for 120 days or more can be subject to temporary exit suspension under Decree No. 252/2026/ND-CP.

The law and the tax authority

Law No. 108/2025/QH15 on Tax Administration was passed on 10 December 2025 and took effect on 1 July 2026, replacing Law No. 38/2019/QH14; some provisions on business households and individuals applied from January 2026. It is detailed by Decree No. 252/2026/ND-CP, which also sets the tax conditions for profit remittance and the exit suspension rules, and by Circular No. 89/2026/TT-BTC on declarations and procedures. Penalties remain in Decree No. 125/2020/ND-CP as amended by Decree No. 310/2025/ND-CP. The law keeps the familiar deadlines and the 0.03% daily late-payment interest, but shortens tax examinations, removes tax inspection to the general Law on Inspection, shortens the period for supplementary declarations to five years and strengthens collection and third-party reporting ([FAQ 30](#)).

Administration was restructured in 2025. Under Decision No. 381/QĐ-BTC, from 1 March 2025 the General Department of Taxation became the **Tax Department** (Cục Thuế) of the Ministry of Finance, and its local network, briefly organised in 20 regional sub-departments, was reorganised from 1 July 2025 into 34 provincial-level tax offices matching the merged provinces, with grassroots tax offices below them. A company deals with the provincial tax office where its head office is registered, or with the large-taxpayer unit if it is designated as a large taxpayer. Customs duties are administered separately by the Customs Department ([Customs and import duties](#)).

Registration, filing and payment

A company receives its tax code with its Enterprise Registration Certificate, the enterprise code doubling as the tax code, and its branches and dependent units receive codes derived from it. Changes to registered information are made through the business registration system and flow to the tax authority; changes that affect tax only, such as the accounting method or the financial year, are notified to the tax office. Foreign contractors, foreign suppliers of digital services and individuals register separately where they must file themselves.

The filing cycle is summarised in the table below and set out month by month in [Compliance calendar after licensing](#). Monthly VAT and PIT returns are due by the 20th of the following month, or quarterly by the last day of the month after the quarter where prior-year revenue is up to VND 50 billion. Provisional CIT is paid quarterly, without a return, by the 30th day of the month after each quarter, and the four instalments must together reach at least **80%** of the final liability; any shortfall bears late-payment interest from the due date of the fourth instalment. The annual CIT finalisation and the employer's PIT finalisation are due by the last day of the third month after year end, individuals' own PIT finalisation by the last day of the fourth month. Foreign contractor tax and other per-transaction taxes are declared within ten days. Payment is due on the filing deadline.

Filing and payment are electronic through the Tax Department's e-tax portal, signed with the company's digital signature, and payment is made from a bank account linked to the tax code. The law provides for an electronic tax account for each taxpayer, automatic processing of refunds, exemptions and reductions on electronic data and risk criteria, and a compliance profile that rates each taxpayer's risk, with detail to follow in a Ministry of Finance circular. Credit institutions must now report the payment accounts linked to each tax code and share transaction information with the tax authority, and income payers must report the payments and withholdings they make.

Deadlines, penalties and time limits (October 2026)

Item	Rule	Source
Monthly VAT and PIT returns	20th of the following month	Law No. 108/2025/QH15; Decree No. 252/2026/ND-CP
Quarterly returns	Last day of the month after the quarter (prior-year revenue up to VND 50 billion)	Law No. 108/2025/QH15; Decree No. 252/2026/ND-CP
Provisional CIT	30th of the month after each quarter; four instalments at least 80% of the final liability	Law No. 108/2025/QH15 and its implementing decree

Item	Rule	Source
Annual CIT and employer PIT finalisation	Last day of the third month after year end	Law No. 108/2025/QH15
Per-transaction taxes (FCT, capital transfers)	10th day after the obligation arises	Law No. 108/2025/QH15; Circular No. 89/2026/TT-BTC
Late filing	Fine according to the delay, up to VND 25 million per return	Decree No. 125/2020/ND-CP as amended by Decree No. 310/2025/ND-CP
Understatement	20% of the tax understated	Decree No. 125/2020/ND-CP as amended
Tax evasion (non-criminal)	1 to 3 times the tax evaded	Decree No. 125/2020/ND-CP as amended
Late-payment interest	0.03% a day	Law No. 108/2025/QH15
Supplementary declaration	Within 5 years of the original filing deadline (previously 10)	Law No. 108/2025/QH15
Penalty limitation	2 years (procedural); 5 years (understatement, evasion)	Law No. 108/2025/QH15, Article 44(7)
Collection of underpaid tax	10 years back from detection; whole period if never registered	Law No. 108/2025/QH15, Article 44(8)
Complaint	Generally within 90 days of receiving the decision	Law No. 108/2025/QH15; Law No. 02/2011/QH13 on Complaints
Exit suspension (enterprises)	Tax debt of VND 500 million or more overdue 120 days or more, after 30 days' notice	Decree No. 252/2026/ND-CP

Penalties and late-payment interest

Decree No. 125/2020/ND-CP on penalties for tax and invoice violations, as amended by Decree No. 310/2025/ND-CP, grades fines for **late filing** according to the length of the delay, from a warning for a short delay with mitigating circumstances to fines of up to **VND 25 million** for returns filed very late or not at all where tax is payable. Where a return or a finalisation **understates** the tax payable, or overstates a refund, exemption or reduction, and the case is not evasion, the penalty is **20%** of the tax understated. **Tax evasion** not prosecuted as a crime, such as failing to declare revenue, using unlawful invoices or wrongly claiming an exemption knowingly, is fined at **one to three times** the tax evaded. Companies themselves can be criminally liable for tax evasion under the Penal Code above the statutory thresholds, as can their managers. Invoice violations are fined separately under the same decree.

In every case the tax itself is collected, with **late-payment interest of 0.03% a day** from the day after the due date to the day of payment, a rate the 2025 law kept. The law abolished the former exemption from interest where an overpayment is offset against a liability, and allows penalties and interest to be waived where technical failures of the tax authority's system prevented timely compliance. A supplementary declaration made voluntarily, before the tax authority announces an examination, attracts interest but avoids the understatement penalty; a supplementary declaration for a period already examined that increases the tax requires the tax authority's approval and is penalised as if the authority had found the error.

How far back the tax authority can go

Article 44 of Law No. 108/2025/QH15 fixes the limitation periods. The time limit for **imposing penalties** is two years for violations of tax procedures, such as late registration or late filing, and five years for understatement leading to a shortfall, overstatement of refunds, exemptions or reductions, and tax evasion not prosecuted as a crime (Article 44(7)). Separately, a taxpayer must pay any tax shortfall or evaded tax, with late-payment interest, for up to **ten years back** from the date the violation is detected, and for the whole period where it never registered for tax (Article 44(8)). Once the penalty period has run, no fine can be imposed, but the tax and interest remain collectible within the ten-year window.

The taxpayer's own window for correcting returns has been shortened: supplementary declarations may be filed within **five years** of the original filing deadline, down from ten. Records should therefore be kept for at least ten years, which also matches the accounting law's retention period for key records, and an acquirer's tax due diligence should look back over the same period (Tax on share transfers and dividends).

Examinations, audits and inspections

The tax authority reviews every return electronically and may ask for explanations at its own office (a desk examination). A **tax examination at the taxpayer's premises** under Law No. 108/2025/QH15 is now limited to higher-risk cases, including reorganisations, changes of business location and dossiers for tax exemption, reduction or non-collection, with periodic and reorganisation examinations at the premises no more than once a year. An examination at the premises is limited to 20 days, extendable once; a transfer pricing examination to 40 days, extendable once by up to 40 days; and up to two years where information must be exchanged with foreign tax authorities. A higher authority may re-examine within two years of the original conclusion or penalty decision. **Tax inspection**, the more formal procedure used for serious cases, is no longer regulated by the tax administration law and is conducted under the Law on Inspection.

Selection is risk-based, using the taxpayer's compliance profile and data from invoices, customs, banks and third parties. In foreign-invested companies the items most often examined are: input VAT and expenses on invoices from non-compliant suppliers and cash payments above VND 5 million; foreign contractor tax on payments abroad; management fees, royalties and interest to related parties and the 30% EBITDA cap (Transfer pricing, interest and the global minimum tax); the conditions of CIT incentives and separate accounting; PIT on expatriates' offshore pay and benefits; and refunds. At the

end of an examination the team issues minutes and a conclusion, followed by a decision on any tax, interest and penalties; the taxpayer should comment in writing on the draft minutes, because points not raised then are harder to argue later.

Enforcement and exit suspension

Where tax remains unpaid after its due date, the tax authority may enforce by deducting money from the taxpayer's bank accounts and freezing them, deducting part of an individual's salary, invalidating the taxpayer's invoices, seizing and selling assets, collecting money held by third parties, and, under the 2025 law, asking the taxpayer to suspend business and asking the business registration authority to suspend changes to its registration. Tax debts are published, and an enterprise with overdue tax cannot remit profits abroad (Profit remittance and repatriation of capital).

Temporary exit suspension is the measure that most concerns foreign managers. Under Decree No. 252/2026/ND-CP, which replaced the rules in Decree No. 49/2025/ND-CP, the tax authority may ask the immigration authority to stop a person leaving Vietnam where: an enterprise is subject to enforcement of a tax administration decision and owes tax of VND 500 million or more overdue for 120 days or more, in which case the measure may reach its legal representative and its beneficial owner; a business individual or household owner owes VND 50 million or more overdue for 120 days or more; an enterprise has ceased to operate at its registered address and has not reactivated or terminated its tax code within 120 days of the notice; or a foreign national, an emigrating Vietnamese citizen or an overseas Vietnamese has tax obligations outstanding before departure. In the standard cases the tax authority gives at least 30 days' notice through the tax system and on its website before notifying the immigration authority; for foreign nationals the notice goes to the immigration authority immediately, and may be extended. The measure is lifted when the debt falls below the threshold or is written off, without full payment, and the immigration authority must lift it immediately on notice.

Complaints and court challenges

A taxpayer that disagrees with a tax decision, such as an assessment, a penalty decision, a refusal of a refund or an enforcement decision, may **complain** to the authority that issued it, generally within **90 days** of receiving the decision, under the tax administration law and Law No. 02/2011/QH13 on Complaints. A first complaint is ordinarily decided within 30 days of acceptance, or 45 days for complex cases. If the taxpayer disagrees with the first decision, or no decision is made in time, it may make a second complaint to the next higher authority or bring an administrative lawsuit. A lawsuit may also be brought directly, without complaining first, within one year of receiving the decision under Law No. 93/2015/QH13 on Administrative Procedures; since 1 July 2025 first-instance cases are usually heard by a regional people's court. The tax decision generally remains enforceable while the complaint or lawsuit proceeds, so the tax is usually paid under protest and recovered if the challenge succeeds.

Where a dispute arises from the application of a double taxation agreement, including double taxation caused by a transfer pricing adjustment, the taxpayer may also request the mutual agreement procedure under Circular No. 95/2026/TT-BTC, which is not considered while the same matter is before a court. An investor whose dispute is with the State more broadly, rather than over a tax decision, should consider the investment treaty routes in Chapter 9.

How to handle a tax examination and challenge its result

1 Prepare when the notice arrives

Check the scope, the periods and the team named in the examination decision; assemble returns, ledgers, invoices, contracts, transfer pricing files and prior correspondence; appoint one coordinator and an adviser.

2 Consider a voluntary supplementary declaration

Before the examination is announced, a supplementary declaration avoids the 20% penalty; once it is announced, corrections for the period require approval and are penalised.

3 Manage the fieldwork

Provide documents promptly within the 20-day or 40-day examination period, record every request and answer in writing, and explain positions with legal references.

4 Comment on the draft minutes

State every disagreement in writing before signing the minutes, attaching evidence; the conclusion and decision usually follow the minutes.

5 Pay or secure the amount assessed

The decision is generally enforceable despite a challenge; pay to stop interest running and to avoid enforcement and exit suspension, reserving the right to recover.

6 Complain within 90 days or sue within one year

File a reasoned complaint with the issuing authority, then a second complaint or an administrative lawsuit; for treaty issues consider the mutual agreement procedure.

WORKED EXAMPLE

An examination of a foreign-owned distributor in 2026

A Dutch-owned consumer goods distributor in Hanoi receives notice in October 2026 of an examination at its premises covering 2022 to 2025. Calendar financial year. The figures are illustrative.

Scope and timing	Examination at the premises because the company has notified a change of business location; 20 days, extended once. The team requests ledgers, invoices, intercompany agreements and transfer pricing files.
Finding 1: late FCT returns in 2022	Three FCT returns on payments to the parent were filed late in 2022. These are procedural violations more than two years old, so no fine can be imposed (Article 44(7)); the tax had been paid.
Finding 2: management fee disallowed for 2023	VND 4,000 million of the parent's management fee lacked evidence of services; CIT understated by VND 800 million. Penalty 20% = VND 160 million, within the five-year period.

Late-payment interest	On VND 800 million from 1 April 2024, the day after the 2023 finalisation deadline, to payment on 30 November 2026: $974 \text{ days} \times 0.03\% \times \text{VND } 800 \text{ million} = \text{about VND } 234 \text{ million}$.
Finding 3: input VAT	VND 95 million of input VAT on invoices from a supplier that had ceased operating is reversed, with interest and a 20% penalty.
Response	The company comments on the draft minutes, accepts finding 3, pays all amounts assessed on 30 November 2026 to stop interest, and files a complaint within 90 days on finding 2 with service evidence obtained from the parent.
Exit risk	Because the tax was paid, no overdue debt arose, and the legal representative's travel was not at risk.

Had the management fee been supported by service reports, time records and a benefit analysis prepared at the time, finding 2 would probably not have arisen.

Had the company left the assessed tax unpaid for 120 days and the debt exceeded VND 500 million, its legal representative and beneficial owner could have been subject to exit suspension after 30 days' notice.

Questions investors ask about tax administration and disputes

What are the penalties for late filing and late payment of tax in Vietnam?

Late filing is fined according to the delay, up to VND 25 million per return, under Decree No. 125/2020/ND-CP as amended by Decree No. 310/2025/ND-CP. Late payment bears interest of 0.03% a day, kept by Law No. 108/2025/QH15. Understatement attracts 20% of the shortfall and evasion one to three times the tax.

How many years back can the tax authority reassess?

Under Article 44 of Law No. 108/2025/QH15, underpaid or evaded tax and interest can be collected for ten years back from detection, or for the whole period if the taxpayer never registered. Penalties can be imposed within two years for procedural violations and five years for understatement and evasion.

How long does a tax audit last under the 2026 law?

An examination at the taxpayer's premises is limited to 20 days, extendable once, and a transfer pricing examination to 40 days, extendable once by up to 40 days, or up to two years where foreign information is needed. On-site examinations are now limited to higher-risk cases, and periodic ones to once a year.

Can a foreign director be stopped from leaving Vietnam for company tax debts?

Yes. Under Decree No. 252/2026/ND-CP the legal representative and beneficial owner of an enterprise under enforcement with tax debts of VND 500 million or more overdue for 120 days or more can be subject to temporary exit suspension, after 30 days' notice. It is lifted once the debt falls below the threshold.

How do I challenge a tax assessment?

Complain to the authority that issued the decision, generally within 90 days of receiving it; if the first decision is unsatisfactory, make a second complaint or sue in the administrative court. A lawsuit can also be brought directly within one year. The decision generally remains enforceable meanwhile, so the tax is usually paid under protest.

THE 2027 HORIZON

- Law No. 15/2026/QH16, passed on 23 August 2026, amends Articles 37 and 38 of Law No. 108/2025/QH15 from 1 March 2027 to give taxpayers an express right to compensation, and to oblige tax authorities to pay it, for damage caused by unlawful acts in tax administration under the State compensation liability law.
- The Ministry of Finance is expected to issue the circular on taxpayer compliance profiles and risk criteria that drives automatic refunds and examination selection under the 2025 law; until then the tax authority applies its existing risk systems.
- The first examinations and complaints under the new law will show how the shortened examination periods and the limits on on-site examinations work in practice; expect more desk reviews driven by bank and invoice data.

Terms you will meet in the documents

English	Vietnamese	Meaning
Tax administration	<i>Quản lý thuế</i>	Registration, filing, collection, examination and enforcement under Law No. 108/2025/QH15.
Tax Department	<i>Cục Thuế</i>	The MOF department that replaced the General Department of Taxation in 2025.
Tax examination	<i>Kiểm tra thuế</i>	A review at the tax office or the taxpayer's premises.
Tax inspection	<i>Thanh tra thuế</i>	A formal inspection, now governed by the Law on Inspection.
Late-payment interest	<i>Tiền chậm nộp</i>	0.03% a day on tax paid after its due date.
Supplementary declaration	<i>Khai bổ sung</i>	A correction of an earlier return, within five years.

English	Vietnamese	Meaning
Enforcement of tax administration decisions	<i>Cưỡng chế thi hành quyết định hành chính về quản lý thuế</i>	Account deductions, invoice invalidation, asset seizure and other measures.
Temporary exit suspension	<i>Tạm hoãn xuất cảnh</i>	A bar on leaving Vietnam for tax debts, under Decree No. 252/2026/ND-CP.
Complaint	<i>Khiếu nại</i>	An administrative challenge to a tax decision, generally within 90 days.

FOREIGN V VIETNAMESE INVESTOR

Tax administration, penalties and dispute procedures apply equally to domestic and foreign-invested companies. Foreign investors feel two rules more sharply: exit suspension can reach a foreign legal representative or beneficial owner, and a foreign national with tax outstanding before departure is notified to the immigration authority immediately; and overdue tax blocks the remittance of profits through the investment capital account. Foreign investors may also have treaty remedies, such as the mutual agreement procedure, that a purely domestic group does not.

WATCH OUT FOR

- Provisional CIT below 80% of the final liability, which the tax system detects automatically.
- Signing examination minutes without recording disagreements in writing.
- Leaving assessed tax unpaid during a complaint; interest continues and enforcement and exit suspension can follow.
- Assuming old years are closed: underpaid tax can be collected for ten years back from detection.
- A company that moves premises without updating its registered address, which can trigger the non-operating procedure and exit suspension for its beneficial owner.

OFFICIAL SOURCES

- National Legal Database (vbpl.vn): Law No. 108/2025/QH15 on Tax Administration; Decree No. 252/2026/ND-CP; Decree No. 125/2020/ND-CP as amended by Decree No. 310/2025/ND-CP — <https://vbpl.vn>
- Tax Department: e-tax portal, tax debts and procedures — <https://gdt.gov.vn>
- Ministry of Finance: Circular No. 89/2026/TT-BTC; Decision No. 381/QĐ-BTC on the Tax Department — <https://mof.gov.vn>
- Immigration Department (exit suspension) — <https://xuatnhapcanh.gov.vn>