

VIETNAM TAX BOOKLET

2025

- All key tax rates
- Methods of tax calculation and payment
- Investment incentives
- Global minimum tax
- Transfer pricing
- Profit repatriation
- VAT refunds
- Employment of expatriates and personal income tax



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Quick Reference – Key Tax Rates

Corporate Income Tax

Type of business or project	Rate
Standard rate	20%
Companies operating in the oil and gas industry	32% - 50%
Companies engaged in the prospecting, exploration, and exploitation of mineral resources (e.g. silver, gold, gemstones)	40% - 50%
Rate for incentivized projects	10% or 15%

Note that Vietnam tax system is undergoing revisions as part of the implementation of the global minimum tax. Please refer to the “**Global Minimum Tax**” section in below.



Personal Income Tax

Resident taxpayers are subject to the following progressive tax rates on income from business, salaries, or wages:

Tax Level	Portion of assessable income per year (million VND)	Portion of assessable income per month (million VND)	Rate
1	Up to 60	Up to 5	5%
2	Over 60 up to 120	Over 5 up to 10	10%
3	Over 120 up to 216	Over 10 up to 18	15%
4	Over 216 up to 384	Over 18 up to 32	20%
5	Over 384 up to 624	Over 32 up to 52	25%
6	Over 624 up to 960	Over 52 up to 80	30%
7	Over 960	Over 80	35%

Non-resident taxpayers are subject to tax at the following rates:

Type of income	Rate
Profits from business operation:	
• Trading of goods	1% of revenue
• Performance of services	5% of revenue
• Production, construction, transportation and other business operations	2% of revenue
Employment income	20%
Interest and dividends	5%
Sales of shareholdings and securities	0.1% of sale proceeds
Sales of real estate	2% of sale proceeds
Royalties and franchising earnings exceeding VND 10 million	5%
Winnings, inheritance, and gifts exceeding VND 10 million	10%

Foreign Contractor Tax (FCT)

Value added tax (“VAT”) withholding rates under the FCT regime

No.	Business lines	VAT withholding rates
1.	Services; machinery and equipment leasing business; insurance; and construction, assembly, and installation where the tender did not include the supply of materials, machinery, and equipment in the construction work	5%
2.	Production; transportation; services associated with supplies; and construction, assembly, and installation where the tender included the supply of materials, machinery, and equipment in the construction work	3%
3.	Other business	2%

Corporate income tax (“CIT”) withholding rates under the FCT regime

No.	Business lines	CIT rate as a percentage of taxable turnover
1.	Trading: distribution and supply of goods, raw materials, supplies, machinery, and equipment associated with services in Vietnam (including the provision of goods under on spot import export, and the provision of goods under DDP, DAT, DAP of incoterms)	1%
2.	Services, leasing of machinery and equipment, and drilling platforms, insurance	5%
3.	Management services of hotels, restaurants, casinos	10%

No.	Business lines	CIT rate as a percentage of taxable turnover
4.	Leasing of aircraft, aircraft engines, aircraft spare parts, and sea- going vessels	2%
5.	Construction, installation	2%
6.	Other production or business activities, and transportation (including sea and air transportation)	2%
7.	Assignments [transfers] of securities, reinsurance to overseas, commission on transfers of reinsurance	0.1%
8.	Derivative financial services	2%
9.	Loan interest	5%
10.	Income from royalties	10%

Value Added Tax

No.	Business lines	VAT rates
1.	Exported goods/services, including goods/services sold to overseas/non-tariff areas and consumed outside Vietnam/in the non-tariff areas; goods processed for export or in-country export (subject to conditions); goods sold to duty-free shops; certain exported services; construction and installation carried out for export processing entities; and aviation, marine and international transportation services	0%
2.	Areas of the economy concerned with the provision of essential goods and services. These include: clean water; teaching aids; books; unprocessed foodstuffs; medicine and medical equipment; animal feed; various agricultural products and services; technical/scientific services; rubber latex; and certain cultural, artistic, and social housing.	5%

No.	Business lines	VAT rates
3.	Activities not specified as exempt from VAT, or not subject to VAT, or subject to 0% or 5%, including services provided by foreign providers without permanent establishments (“ PEs ”) in Vietnam for entities and individuals in Vietnam via electronic commerce channels and digital platforms.	10%

Natural Resources Tax

Item	Rate
Payable by industries exploiting Vietnam’s natural resources, including petroleum, minerals, natural gas, forest products, natural seafood, natural birds’ nests, and natural water.	1%- 35%

Special Sales tax

Products / services	Rate
Cigar/cigarettes	75%
Spirit/Wine	
a) Spirit/Wine with ABV $\geq 20^\circ$	65%
b) Spirit/Wine with ABV $< 20^\circ$	35%
Beer	65%
Gas automobiles having fewer than 24 seats	10 – 150%
Electric automobiles having fewer than 24 seats	1 – 15%
Motorcycles with cylinder capacity over 125cm ³	20%
Airplanes	30%
Boats	30%
Petrol	7 – 10%
Air conditioners (not more than 90,000 BTU)	10%
Playing cards	40%
Votive papers	70%
Discotheques	40%

Products / services	Rate
Massage, karaoke	30%
Casinos, jackpot games	35%
Entertainment with betting	30%
Golf	20%
Lotteries	15%

Non-Agriculture Land Use Tax

Item	Rate
The tax is charged on the specific land area used based on the prescribed price per square meter at progressive tax rates.	0.03% – 0.15%

Environment Protection Tax

No.	Goods	Unit	Tax rate (VND)
1.	Petrol, diesel, grease, etc.	liter/kg	600 - 2,000
2.	Coal	ton	10,000 - 50,000
3.	HCFCs	kg	1,000 - 5,000
4.	Plastic bags (*)	kg	30,000 - 50,000
5.	Restricted use chemicals	kg	500 - 3,000

(*) Excluding plastic bags used for packaging or those that are environmentally friendly.

Social, Health, and Unemployment Insurance Contributions

The current applicable rates of social insurance (“**SI**”), health insurance (“**HI**”) and unemployment insurance (“**UI**”) on an employee’s base salary are as follows:

	SI	HI	UI	Total
Employee	8%	1.5%	1%	10.5%
Employer	17.5%	3%	1%	21.5%

Abbreviations

Term	Definition
CIT	Corporate Income Tax
DT	Department of Taxation
DTA	Double Taxation Agreement
EPT	Environment Protection Tax
FC	Foreign Contractor
FCT	Foreign Contractor Tax
GMT	Global Minimum Tax
HI	Health Insurance
IIR	Income Inclusion Rule
LOT	Law on Taxation Management
LUT	Land Use Tax
NRT	Natural Resources Tax
ODA	Official Development Aid
PE	Permanent Establishment
PIT	Personal Income Tax
QDMTT	Qualified Domestic Minimum Top-up Tax
SI	Social Insurance
SST	Special Sales Tax
TP	Transfer Pricing
UI	Unemployment Insurance
VAS	Vietnam Accounting System
VAT	Value Added Tax
VND	Vietnamese Dong
WTO	World Trade Organization

Overview

The Vietnam tax system has been continuously reformed and updated during the past several years to achieve better transparency and ease of use for both taxpayers and the tax authorities.

Most of business activities and investments in Vietnam will be subject to the following taxes:

- Corporate income tax (“**CIT**”)
- Value added tax (“**VAT**”)
- Personal income tax (“**PIT**”) for individuals (including expatriates and Vietnamese citizens)
- Foreign contractor tax (“**FCT**”) (applicable for non-resident entities sourcing income from Vietnam)
- Import tax

Certain other special business activities are subject to the taxes below:

- Special sales tax (“**SST**”)
- Natural resources tax (“**NRT**”)
- Environmental protection tax (“**EPT**”)
- Land use tax (“**LUT**”) (non-agricultural land use tax)
- Export tax

All of these taxes are imposed at the national level. There are generally no local or provincial taxes.

Taxes are paid in Vietnamese dong (“**VND**”) except for certain activities in oil and gas.

Generally, the tax payable is calculated using the “**tax base**” and the relevant “**tax rate.**” The tax rate can be both flat and progressive. Absolute tax is applied in relation to import tax (e.g. secondhand goods) or as part of the EPT.

Tax agents

Taxpayers can carry out their tax procedures on their own directly with the tax authorities. They can also outsource the service to a non-tax agent, but they will still be the one who signs their tax returns and is liable for tax compliance.

Where the taxpayer signs a tax service contract with a tax agent, the legal representative of the tax agent will add their signature and seal on the tax document. The tax declaration must contain the full name and license number of the tax agent's employee. Only the delegated tasks in the tax service contract will be performed.

At least five business days before the contractual tasks are performed for the first time, the taxpayer must send a written notification to the tax authority of the purposes of the tax services together with a copy of the tax service contract, which is certified by the taxpayer.



Tax Declaration and Tax Settlement

Currently, most taxpayers can declare tax online with an e-signature for common taxes, such as CIT, VAT, and PIT. Taxpayers must engage an e-signature service provider to obtain a token for access to the tax declaration application.

Tax settlement can be done onshore in VND by bank transfer or cash deposit directly to the State Treasury. Payment instructions must clearly indicate the taxpayer's name, tax code, tax budget index so that the tax amount can be recorded correctly to the budget. If a tax amount is incorrectly recorded under a different tax, it could lead to the situation where a taxpayer is in an underpaid tax position for VAT, but an overpaid position for CIT in the tax system and those taxes cannot be automatically offset against each other.

Taxes can also be paid from offshore in foreign currency. However, particular attention should be given to the payment instructions and ensuring no payment gaps from intermediary bank charges and exchange rate differences. Payment cannot be remitted directly to the State Treasury, but rather via a local commercial bank first, who then credits the amount to the relevant State Treasury account.



Tax audit and penalties

Taxpayers may be subject to tax audits as per the annual audit plan issued by the local tax authorities. An audit may be conducted up to 10 years after the initial filing of taxes. Prior to an audit, the tax authorities send the taxpayer a written notice specifying the timing and scope of the audit inspection.

There are normally three types of tax audits:

1. **Desk audit:** This level of control is designed to verify the accuracy of declared information by cross-checking it with the tax return themselves, counter's vendors, suppliers records or other information requested by the tax administration.
2. **Limited audit:** This audit is more extensive but still limited to one or two types of taxes. Tax auditors will use all available resources, including visits to the taxpayer's place of business, to verify the accuracy of the taxpayer's returns. This typically is carried out for a tax audit for a VAT refund or of PIT for expatriates.
3. **Comprehensive tax audit:** This is more extensive and thorough than a limited audit and covers all types of taxes applicable to a taxpayer. One important distinction between a comprehensive audit and a limited audit is that once the audit is completed, and any resulting tax reassessments paid, all tax years covered by the audit will be closed. The exception to this is if the tax administration has reason to believe that a taxpayer has committed tax evasion or fraud, it may reopen the case.

There are detailed regulations setting out penalties for various tax offenses. These range from relatively minor administrative penalties to tax penalties amounting to various multiples of the additional tax assessed. For discrepancies identified by the tax authorities (e.g. upon audit), a 20% penalty will be imposed on the amount of underdeclared tax. Late payment of tax is subject to interest of 0.03% of the tax liability per day.

If a tax shortage is found to be tax evasion, a penalty of one to three times the tax shortage amount will be imposed. Serious tax evasion violations may be referred for criminal investigation.

The general statute of limitations for imposing tax and late payment interest is 10 years (effective July 1, 2013), and for penalties is up to five years. Where the taxpayer did not register for tax, there is no statute of limitation for imposing tax and late payment interest.

Corporate Income Tax

Method of tax calculation

The CIT payable amount in a tax period equals to the taxed income multiplied by the tax rate. The CIT payable is determined by the following formula:

$$\text{Payable CIT} = \{\text{Taxed income} - \text{deduction for setting up the science and technology fund (if any)}\} \times \text{CIT rate}$$

$$\text{Taxed income} = \text{Taxable income} - \{\text{Tax-exempt income} + \text{losses carried forward under regulations}\}$$

$$\text{Taxable income} = \{\text{Turnover} - \text{deductible expenses}\} + \text{other income}$$

An entity that has paid CIT or a tax similar to CIT outside Vietnam may deduct an amount of the CIT paid up to the CIT payable amount in the period under the applicable Law on Corporate Income Tax.

The tax period is usually the calendar year. For entities that follow a fiscal year different from the calendar year, the tax period will be the fiscal year. The first tax period for a newly established entity and the last tax period for an entity that is changing its type or form of ownership, or that is merging, separating, splitting, dissolving, or going bankrupt is determined in accordance with the accounting period prescribed by the accounting law in force.

If the tax period of the first or last year is less than three months, it may be added to the tax period of the subsequent year (for a newly established entity) or the previous year to form a CIT period. The CIT

period of the first year or the last year must not exceed 15 months.

Entities that have turnover, expenses, and other income in foreign currency must convert these amounts into VND at the average interbank exchange rate announced by the State Bank of Vietnam at the time of the transaction, unless otherwise provided under the law. For foreign currencies that do not have an applicable VND exchange rate, a two-step conversion is required: the foreign currency must first be exchanged into a foreign currency that does have a VND exchange rate, and then converted into VND.

Tax returns

Entities are not required to prepare quarterly tax returns but they must self-calculate their quarterly taxable profit and provisionally pay CIT on it to the State budget. Payments must be made at the latest by the last day of the first month of the subsequent quarter.

Entities must submit their annual tax returns at the latest by the last day of the third month after the tax year together with the audited financial statements.

The provisional quarterly CIT payments for the tax year should equal at least 80% of the final CIT liability. Any shortfall is subject to late payment interest, applied from the deadline for payment of the Quarter 4 CIT liability.

Where a taxpayer has a dependent accounting unit (e.g. a branch) in a different province, a single CIT return is required. However, manufacturing companies are required to allocate tax payments to the various provincial tax authorities in the locations where they have dependent manufacturing establishments. The basis for allocation is the proportion of expenditure incurred by each manufacturing establishment to the company's total expenditure.

Non-deductible expenses

Expenses are tax deductible if they relate to the generation of revenue, are properly supported by suitable documentation (including bank transfer vouchers where the invoice value is VND 20 million or above, although this threshold amount is expected

to be reduced to VND 5 million), and are not specifically identified as being non-deductible. Examples of non-deductible expenses include (not an exhaustive list):

- Depreciation of fixed assets that is not in accordance with the prevailing regulations;
- Employee remuneration expenses that are not actually paid, or are not stated in a labor contract, collective labor agreement, or the company policies;
- Staff welfare (including certain benefits provided to family members of staff) exceeding a cap of one month's average salary. Non-compulsory medical and accident insurance is considered a form of staff welfare;
- Contributions to voluntary pension funds exceeding VND 1 million per month per person;
- Reserves for research and development not made in accordance with the prevailing regulations;
- Provisions for severance allowance and payments of severance allowance in excess of the prescribed amount per the Labor Code;
- Overhead expenses allocated to a PE in Vietnam by the foreign company's head office exceeding the amount;
- Interest on loans corresponding to the portion of charter capital not yet contributed;
- Interest on loans from non-economic and non-credit organizations exceeding 1.5 times the interest rate set by the State Bank of Vietnam;
- Provisions for stock devaluation, bad debts, financial investment losses, product warranties, or construction work that are not made in accordance with the prevailing regulations;
- Unrealized foreign exchange losses due to the year-end revaluation of foreign currency items other than account payables;
- Donations, except certain donations for education, health care, natural disaster or building charitable homes for the poor; and



- Administrative penalties, fines, late payment interest.

For certain businesses, such as insurance companies, securities trading, and lotteries, the Ministry of Finance provides specific guidance on deductible expenses for CIT purposes.

Entities in Vietnam are allowed to set up a tax-deductible research and development fund to which they can appropriate up to 10% of annual profits before tax. Various conditions apply.

Losses

Taxpayers may carry forward tax losses fully and consecutively for a maximum of five years.

Losses arising from incentivized activities can be offset against profits from non-incentivized activities, and vice versa. Losses from the transfer of real estate and the transfer of investment projects can be offset against profits from other business activities but not vice versa. There is no provision for consolidated filing or group loss relief.

Repatriation of profits/dividends

Foreign investors are permitted to remit their profits annually at the end of the financial year or upon termination of the investment in Vietnam. However, they are not permitted to remit profits if the investee company has accumulated losses on its financial statements.

The foreign investor or the investee company is required to notify the tax authorities of the plan to remit profits at least seven working days prior to the scheduled remittance.

There is no withholding tax imposed on dividends/profit distributed to corporate shareholders. A shareholder that is an individual will be subject to PIT on investment income (currently a flat rate of 5%).

Income from capital transfer

Income from capital transfers does not qualify for any tax incentives. Gains derived from the sale of a Vietnamese company are generally subject to 20% CIT.

This is generally referred to as capital gains tax, although it is not a separate tax as such. The taxable gain is the excess of the sales proceeds less the cost (or the initial value of the contributed charter capital for the first transfer less transfer expenses).

Where the seller is a non-resident, a Vietnamese purchaser is required to withhold the tax due from the payment to the seller and account for this to the tax authorities. Where the purchaser is also a non-resident, the Vietnamese entity in which the shares are transferred is responsible for the capital gains tax compliance. The capital gains tax declaration and payment are required within 10 days from the date of official approval of the sale by a competent body or, where approval is not required, 10 days from the date the parties reach agreement on the sale in the contract.

The tax authorities have the right to adjust the transfer price for capital gains tax purposes where the price is not consistent with the market price or where the price is not stipulated in the agreement.

Transfers of securities (bonds, shares of public joint stock companies, etc.) by a non-resident are subject to CIT on a deemed basis at 0.1% of the total sales proceeds. However, gains derived by a resident entity from the transfer of securities are taxed at 20%.

Income from transfers of real estate

Income from real estate transfers includes: income from the transfer of land-use rights or land lease rights (including the transfer of projects associated with the transfer of land-use rights or land lease rights in accordance with the law); income from the sublease of land of real estate entities in accordance with the land law regardless of whether there is any infrastructure facility or architectural work attached to the land; income from the transfer of houses or structures attached to land, including their appurtenances if the value of such appurtenances is inseparable upon the transfer, regardless of whether the land-use rights or land lease rights are transferred; and income from the transfer of house ownership or use rights.

The taxable income from real estate transfers is the turnover from the real estate transfer minus the cost of the real estate and deductible expenses related to the real estate transfer.

The time for determining the taxed turnover amount is the time when the seller hands over the real estate to the purchaser, regardless of whether the purchaser has registered the property ownership or land-use rights or has its land-use rights established at a competent state agency.

If the tax payer collecting money from customers can determine expenses corresponding to the recorded turnover (including pre-deducted expenses in the estimated costs of uncompleted work items corresponding to the recorded turnover), it must declare and temporarily pay CIT in an amount based on the turnover minus these expenses.

If the tax payer collecting money from customers cannot determine expenses corresponding to the turnover, it must declare and provisionally pay CIT in an amount equal to 1% of the collected sum of



money that is not required to be included in the turnover used for calculating CIT in the year. When handing over real estate, the entity must finalize the CIT and re-finalize the CIT payable amount. If the temporarily paid CIT amount is less than the CIT payable amount, the entity must fully remit the deficit to the State budget. If the temporarily paid CIT amount is higher than the CIT payable amount, the entity may either have the overpaid tax amount cleared against the subsequent period's CIT payable or have it refunded.

Income from real estate generally does not qualify for tax incentives.

Tax incentives

CIT incentives are applicable only to entities that comply with the accounting, invoice, and documentation regulations and register and pay CIT on a net gain basis.

Tax incentives are granted to new investment projects based on regulated encouraged sectors, encouraged locations, and the size of the project. Business expansion projects that meet certain conditions are also entitled to CIT incentives.

New investment projects and business expansion projects do not include projects established as a result of certain acquisitions or reorganizations.

A preferential tax rate of 10% for 15 years is applicable to:

- Income from the implementation of new investment projects in geographical areas with particularly difficult socioeconomic conditions specified in the Appendix to Decree No. 218/2013/ND-CP, economic zones and hi-tech zones, including information technology parks established under the Prime Minister's decisions.
- Income from the implementation of new investment projects in the fields of scientific research and technological development; application of high technologies that are on the list of high technologies prioritized for development investment in accordance with the Law on High Technologies; incubators of high technologies and hi-tech entities; venture investment in the development of high technologies that are on the list of high technologies prioritized for development in accordance with the Law on High Technologies; construction investment and commercial operation of establishments to incubate high technologies and hi-tech entities; investment in the development of water plants, power plants, water supply and drainage systems; bridges, roads, railways; airports, seaports, river ports; airfields, stations, and other particularly important infrastructure facilities decided by the Prime Minister; production of software products; manufacture of composite materials, light building materials, rare and precious materials; generation of renewable energy, clean energy, and energy from waste disposal; development of biotechnology.
- Income from the implementation of new investment projects in the field of environmental protection, covering the manufacturing of equipment for treating environmental pollution or for environmental observation and analysis; environmental pollution treatment and protection; collection and treatment of wastewater, exhaust, and solid waste; recycling and reuse of waste.
- Income of hi-tech entities and agricultural entities using high technologies defined in the Law on High Technologies.
- Income from the implementation of new investment projects in

the fields of production (except projects producing goods liable to excise tax and mineral mining projects) that satisfy either of the following conditions:

- The project has an initial registered investment capital of at least VND 6 trillion, fully disburses the capital within three years after being granted an investment license, and has a total turnover of at least VND 10 trillion/year from the 4th year after the year when turnover is first generated.
- The project has an initial registered investment capital of at least VND 6 trillion, fully disburses the capital within three years after being granted an investment license, and regularly employs an average of over 3,000 laborers/year from the 4th year after the year when turnover is first generated.

A preferential tax rate of 10% is applicable throughout the entire period of operation on:

- Income of entities involved in socialized education and training, job training, health care, culture, sports, and environmental protection activities (referred to below as “socialized fields”). The list of the types, sizes, and standards of entities engaged in socialized fields is promulgated by the Prime Minister.
- Income from forest planting, tending, and protection; agricultural cultivation, planting of forest trees, and aquaculture in geographical areas with difficult socioeconomic conditions; production, propagation, and hybridization of plant varieties and animal breeds; salt production, exploitation, and refinery; investment in the preservation of post-harvest farm produce, aquatic products, and foodstuffs.
- Income from the implementation of projects on investment and trading in social houses for sale or lease to or hire-purchase by the subjects specified in Article 53 of the Housing Law.

A tax rate of 15% is applicable on the income of entities engaged in cultivation, animal husbandry, and processing in the agricultural and aquatic sectors not located in areas with difficult socioeconomic conditions or areas with especially difficult socioeconomic conditions.

A tax rate of 17% is applicable throughout the entire period of operation to the income of People's Credit Funds and microfinance institutions.

A tax rate of 17% is applicable for 10 years on:

- Income from implementing new investment projects in areas with difficult socioeconomic conditions.
- Income from implementing new investment projects, including: production of high-grade steel; production of energy-saving products; production of machinery and equipment for agricultural, forestry, fisheries, and salt production; production of irrigation equipment; production and refining of animal feed, poultry, and aquatic products; development of traditional industries.



The period for applying the preferential tax rates as specified above is counted consecutively from the first year when an entity generates turnover from the new investment project eligible for tax incentives.

Taxpayers may be eligible for tax holidays and reductions. The holidays take the form of an exemption from CIT for a certain period beginning immediately after the entity first makes a profit from the incentivized activities, followed by a period where tax is charged at 50% of the applicable rate. However, where an entity has not derived taxable profits within three years of commencement of generating revenue from the incentivized activities, the tax holiday/tax reduction will start from the fourth year of operation. Criteria for eligibility for these holidays and reductions are set out in the CIT regulations.

Global Minimum Tax

The Global Minimum Tax (“**GMT**”) Resolution was approved by the Vietnamese National Assembly on November 29, 2023 and entered into force on January 1, 2024.

The GMT is one of the two main pillars of the Action Program to combat Base Erosion and Profit Shifting (“**BEPS**”) initiated by the Organisation for Economic Co-operation and Development (“**OECD**”) in June 2013.

The concept of a GMT relates to the CIT payable by multinational companies that meet the threshold defined by the OECD. The GMT Resolution implements an Additional CIT in accordance with regulations to prevent global tax base erosion (“**GloBE**”). Under the plan, CIT at a rate of at least 15% will apply to multinational companies with total global consolidated revenue of EUR 750 million (approx. US\$800 million).

The GMT Resolution defines the “**Additional CIT**” as:

The Additional Tax Rate * Excess Profit.

The Additional Tax Rate is the gap between the GMT rate and the effective tax rate that the company bears in Vietnam. The GMT rate is 15% while the effective tax rate of a multinational company in Vietnam is the total of the applicable tax attributed to the Vietnam entity member in a financial year over the net income in accordance with the GloBE.

The GMT Resolution further refers to two new concepts: the income inclusion rule (“**IIR**”) and the qualified domestic minimum top-up tax (“**QDMTT**”).

The IIR

This applies to:

- Ultimate parent companies,
- Partially-owned parent companies, or
- Intermediate parent companies,

that are based in Vietnam and have direct or indirect ownership of a low-tax foreign constituent entity under GMT regulations at any time during the fiscal year.

The Additional CIT is exempted (zero tax) for a member entity in a jurisdiction if such member entity meets all of the conditions below:

- Has average revenue as per the GloBE in that jurisdiction of less than EURO 10 million; and
- Has average income as per the GloBE in that jurisdiction of less than EURO 1 million or is in a loss position.

The QDMTT

This applies to multinational company constituent units or groups of constituent units that have production or business activities in Vietnam throughout the financial year. The Additional CIT is exempted (zero tax) for a member entity (or group of members) in Vietnam, if such member entities meet all of the conditions below:

- Has average revenue as per the GloBE in Vietnam of less than EURO 10 million; and
- Has average income as per the GloBE in Vietnam of less than EURO 1 million or is in a loss position.

The GMT Resolution provides that a report on qualification under the QDMTT or IIR must be filed within the timeline below:

- 9 months after the end of the fiscal year for taxpayers who qualify for the QDMTT regulations.
- 15 months after the end of the fiscal year for taxpayers who qualify for the IIR regulations.

A draft Law on Amendment of the Law on CIT covering various proposed amendments and the top-up tax under GMT is in process.

A draft decree guiding the implementation of the GMT Resolution is under final review and together with the draft Law on Amendment of the Law on CIT are expected to be passed in mid-2025. As per the draft decree, an appointed constituent entity is obligated to register for a tax code under the GMT within 30 days from the year-end.

Transfer pricing

Vietnam's transfer pricing ("TP") regulations are currently governed by Decree 132/2020/ND-CP dated 5 November 2020 as amended by Decree 20/2025/ND-CP dated 10 February 2025 (referred to herein as "**Decree 132**").

Decree 132 extends the interpretation of existing provisions and introduces additional concepts and principles from the OECD's TP guidelines and BEPS Action Plan.

Definition of related party

The ownership threshold required to be a “**related party**” under Decree 132 is 25%.

Vietnam’s TP rules also apply to domestic related party transactions.

TP Methodologies

The acceptable methodologies for determining arm’s length pricing are analogous to those introduced by the OECD in the Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations, i.e. comparable uncontrolled price, resale price, cost plus, profit split, and comparable profits methods.

TP Documentation

Compliance requirements include an annual declaration of related party transactions and the TP methodologies used, and a taxpayer confirmation of the arm’s length value of their transactions (or



otherwise the making of voluntary adjustments), which is required to be filed together with the annual CIT return.

Decree 132 requires that the TP method applied must ensure that there is no loss of tax revenue to the State budget, which implies that no downward adjustments are allowed. Decree 132 also introduced a TP declaration form that requires disclosure of more detailed information, including segmentation of profit and loss by related party and third party transactions.

Decree 132 gives the tax authorities the power to use internal databases for TP assessment purposes in cases where a taxpayer is deemed noncompliant with the requirements of the decree.

Taxpayers engaged in related party transactions solely with domestic related parties could be exempt from the requirement to disclose information on such transactions in the TP declaration form if both parties have the same tax rate and neither party enjoys tax incentives.

Companies that have related party transactions must also prepare and maintain contemporaneous TP documentation.

Under Decree 132, there is a three-tiered TP documentation approach to collect more tax-related information on multinational companies' business operations, specifically, a master file, a local file and country- by-country reporting.

The three-tiered TP documentation has to be prepared before the submission date of the annual CIT return, which gives taxpayers just 90 days (from the fiscal year-end date) to complete the year's TP documentation.

A taxpayer is exempt from preparing TP documentation (but not all other aspects of Decree 132) if one of the following conditions is met:

- Has revenue of less than VND 50 billion and the total value of related party transactions is less than VND 30 billion in the tax period.

- Concludes an Advanced Pricing Agreement (APA) and submits annual APA report(s).
- Has revenue of less than VND 200 billion, performs simple functions, and achieves at least the following ratio of earnings before interest and taxes to revenue for its business type: distribution (5%), manufacturing (10%), processing (15%).

Value Added Tax

Scope of Application

VAT applies to goods and services used for production, trading, and consumption in Vietnam (including goods and services purchased from non-residents). A domestic business must charge VAT on the value of goods or services supplied.



In addition, VAT applies on the dutiable value of imported goods. The importer must pay VAT to the customs authorities at the same time it pays import duties. For imported services, VAT is levied via the FCT mechanism (see the discussion below on the FCT).

VAT payable is calculated as the output VAT charged to customers less the input VAT incurred on purchases of goods and services. For input VAT to be creditable, the taxpayer must obtain a proper VAT invoice from the supplier. For VAT paid on imports, the supporting document is the tax payment voucher, and for VAT collected via the FCT mechanism, the supporting document is the FCT payment voucher.

Goods or services where VAT declaration and payment are not required

For certain supplies, no output VAT has to be charged, but input VAT paid on related purchases may be credited. These supplies include (not an exhaustive list):

- Compensation, bonuses, and subsidies, except those provided in exchange for certain services
- Transfers of emission rights and various financial revenues
- Certain services rendered by a foreign organization that does not have a PE in Vietnam where the services are rendered outside of Vietnam, including repairs to means of transport, machinery or equipment, advertising, marketing, promotion of investment and trade to overseas brokerage activities for the sale of goods and services overseas, training, certain international telecommunication services
- Sales of assets by non-business organizations or individuals not registered for VAT;
- Transfers of investment projects
- Sales of agricultural products that have not been processed into other products or that have only been through preliminary processing;
- Capital contributions in kind

- Certain asset transfers between a parent company and its subsidiaries or between subsidiaries of the same parent company
- Collections of compensation/indemnities by insurance companies from third parties
- Collections on behalf of other parties that are not involved in the provision of goods/services
- Commissions earned by: (i) agents selling services, including postal, telecommunications, lottery, airlines/bus/ship/train tickets, at prices determined by principals; (ii) international transportation agents, airlines, and shipping services entitled to 0% VAT; and (iii) insurance agents
- Commissions from the sale of exempt goods/services;
- Lending or return of machinery, equipment, goods
- Goods exported and then re-imported back to Vietnam due to sales returns by overseas customers

VAT- exempt goods and services

The following goods/services be entitled to a VAT exemption:

- Certain agricultural products
- Goods/services provided by individuals having annual revenue of VND 200 million or less
- Imported or leased drilling rigs, airplanes and ships of a type that cannot be produced in Vietnam
- Transfer of land-use rights (subject to limitations)
- Financial derivatives and credit services (including credit card issuance, financial leasing, and factoring);
- Sales of VATable mortgaged assets by the borrower under the lender's authorization in order to settle a guaranteed loan and provision of credit information
- Various securities activities, including fund management
- Capital assignment
- Foreign currency trading
- Debt factoring

- Certain insurance services (including life insurance, health insurance, agricultural insurance, and reinsurance)
- Medical services
- Care services for the elderly/disabled
- Teaching and training
- Printing and publishing of newspapers, magazines, and certain types of books
- Passenger transport by public buses
- Transfers of technology, software, and software services, except exported software, which is entitled to the 0% rate
- Gold imported in pieces that have not been processed into jewelry
- Imports of machinery, equipment, and materials that cannot be produced in Vietnam for direct use in scientific research and technology development activities
- Equipment, machinery, spare parts, specialized means of transport, and necessary materials that cannot be produced in Vietnam for prospecting, exploration, and development of oil and gas fields
- Goods imported in the following cases: international non-refundable aid, including from official development aid (“ODA”), foreign donations to government bodies and to individuals (subject to limitations)
- Feed for livestock, poultry, seafood, and other animals.

VAT Rates

There are three VAT rates, as follows:

- **0%:** Applicable to exported goods/services including goods/services sold to overseas/non-tariff areas and consumed outside Vietnam/in the non-tariff areas; goods processed for export or in-country export (subject to conditions); goods sold to duty-free shops’ certain exported services; construction and installation carried out for export processing entities; and aviation, marine and international transportation services.

- **5%:** Generally applicable to areas of the economy concerned with the provision of essential goods and services. These include: clean water; teaching aids; books; unprocessed foodstuffs; fertilizer; medicine and medical equipment; animal feed; various agricultural products and services; technical/scientific services; rubber latex; ocean fishing vessels; and certain cultural, artistic, and social housing.
- **10%:** Applicable to all activities not specified as VAT exempt, or not-subject to VAT, or subject to 0% or 5%, including services provided by foreign providers without PEs in Vietnam for organizations and individuals in Vietnam via electronic commerce channels and digital platforms.

Currently, for most goods and services normally subject to the 10% rate, there is a 2% rate reduction valid until June 30, 2025.

Exported Goods and Services

Services directly rendered and goods sold to foreign companies, including companies in non-tariff areas, are subject to 0% VAT if they are consumed outside Vietnam or in non-tariff areas.



Various supporting documents are required in order to apply 0% VAT to exported goods and services (except for international transportation services), e.g. contracts, evidence of non-cash payment, and customs declarations (for exported goods).

There are a number of services specified in the VAT regulations that do not qualify for 0% VAT, in particular advertising, hotel services, training, entertainment, and tourism provided in Vietnam to foreign customers; various services provided to non-tariff areas (including leasing of houses, transport services for employees to and from their workplace, certain catering services); and services in relation to the trading or distribution of goods in Vietnam.

VAT Calculation Methods

There are two VAT calculation methods:

Deduction method

This method applies to business establishments maintaining full books of accounts, invoices, and documents in accordance with the relevant regulations, including:

- Business establishments with annual revenue subject to VAT of VND 1 billion or more.
- Certain cases voluntarily registering for VAT declaration under the deduction method.

VAT payable:

VAT payable = Output VAT - Input VAT

Output VAT:

The output VAT to be charged is calculated by multiplying the taxable price (net of tax) by the applicable VAT rate. With respect to imported goods, VAT is calculated on the import dutiable value plus import duty, SST (if applicable), and the EPT (if applicable). For goods sold on an installment basis (except for real estate), VAT is calculated on the total price without interest, rather than the installments actually received.

Input VAT:

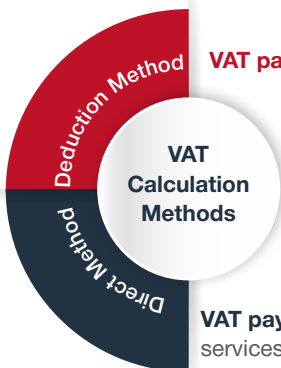
For domestic purchases, input VAT is based on VAT invoices. For imports, as there are no VAT invoices, input VAT credits are based on the tax payment voucher. VAT invoices can be declared and claimed any time before a company receives notice of a tax audit by the tax authorities. Input VAT credits on payments of VND 20 million or more can only be claimed where evidence of payment by a bank is available. Input VAT withheld from payments to overseas suppliers under the FCT system can also be claimed where the taxpayer makes VATable supplies.

If a business sells VAT exempt goods or services, it cannot recover any input VAT paid on its purchases. This is different with supplies entitled to 0% VAT or with no VAT required, where the input VAT can be recovered. Where a business generates both VATable and VAT-exempt sales, it can only claim an input VAT credit for the portion of inputs used in the VATable activity.

Direct Method

This method applies to:

- Business establishments with annual revenue subject to VAT of less than VND 1 billion.



VAT payable = Output VAT - Input VAT

VAT payable = Value added of goods or services sold x VAT rate

- Individuals and business households.
- Business establishments that do not maintain proper books of account and foreign organizations or individuals carrying out business activities in forms not regulated in the Law on Investment.
- Business establishments engaged in trading in gold, silver, and precious gems.

VAT payable:

VAT payable = The value added of goods or services sold x VAT rate

Where there is a negative value added from the trading in gold, silver, or precious gems in a period, it can be offset against any positive value added of those activities in the same period. Any remaining negative balance can be carried forward to a subsequent period in the same calendar year but cannot be carried over to the next year.

Once selected, the VAT declaration method must be maintained for two consecutive years.

VAT filing compliance

All organizations and individuals producing or trading VATable goods and services in Vietnam must register for VAT.

In certain cases, branches of an entity must register separately and declare VAT on their own activities.

Taxpayers must file VAT returns on a monthly basis by the 20th day of the subsequent month, or on a quarterly basis by the last day of the first month of the subsequent quarter (for companies with prior year annual revenue of VND 50 billion or less).

VAT Refunds

VAT refunds are only granted in the following cases:

- Exporters having excess input VAT credits over VND 300 million. The refunds are provided on a monthly or quarterly basis, in line with the VAT declaration period of the taxpayer. The amount of input VAT relating to export sales (meeting the criteria for VAT

refunds) that can be refunded to a taxpayer must not exceed 10% of its export revenue. VAT refunds are not available to companies that import goods and then export them without further processing.

- New projects of companies adopting the VAT deduction method that are in the pre-operation investment phase and have accumulated VAT credits of over VND 300 million. Exceptions include conditional investment projects that do not satisfy the regulated investment conditions, or investment projects of companies whose charter capital has not yet been contributed as regulated. The entity must submit its VAT refund claim at the latest one year from the completion date of the investment project, stage, or item, otherwise the incurred VAT can only be used as a deductible expense for CIT purposes.
- Liquidation, bankruptcy.
- Certain ODA projects, diplomatic exemption, foreigners buying goods in Vietnam for consumption overseas.
- For business establishments that only produce goods or provide services subject to the 5% VAT rate if they have uncredited input VAT of VND 300 million or more after 12 months or four quarters.

In other cases where a taxpayer's input VAT for a period exceeds its output VAT, it will have to carry the excess forward to offset future output VAT.

Proper Invoices

Entities in Vietnam are now required to use e-invoices. The proper invoice template must contain the stipulated items and be registered with or notified to the local tax authorities. For exported goods, commercial invoices under international practice are used instead of the domestic invoice template.

Personal Income Tax

General

PIT is applicable to individual taxpayers, including any resident individual with taxable income arising either within or outside the territory of Vietnam, and any non-resident individual with taxable income arising within the territory of Vietnam.

A “**resident individual**” means any person satisfying one of the following conditions: (i) being present in Vietnam for a period of 183 days or more (calculated within one western calendar year or within 12 consecutive months from the date of entry into Vietnam); or (ii) having a regular accommodation in Vietnam, including a registered permanent address and/or a contracted rental house, for an accumulated period of more than 183 days.

Taxable income

Salaries and wages (which an employee receives from an employer in cash or in kind) are taxable under Circular 111. Such income also includes additional benefits and bonuses.

The taxable income from salaries or wages is determined to be equal to the total of salaries, wages, other remuneration, and other income in the nature of salary or wages received by the PIT payer during the tax period in accordance with Circular 111.

The time for determination of taxable income is the date on which the employer pays the salary or wages to the taxpayer or the date the taxpayer receives such income. Note that certain personal deductions are taken into account when determining PIT liability.

In addition to salaries and wages, individuals are also subject to PIT on income relating to interest, dividends, royalties, winnings, and sales of shareholdings, securities, and real estate.

Determination of personal tax deductions

The PIT Law permits a resident taxpayer to deduct an allowance amount from taxable income for family considerations (i.e. dependents).

The rate of deduction for family considerations is as follows: (i) for each individual PIT payer, the rate is VND 9 million per month (or VND 108 million per year); and (ii) for each dependent person who relies on the PIT payer for financial support, the rate is VND 3.6 million per month from the month such financial support obligation arises.

In addition to family considerations, deductions are permitted for contributions to charity, humanitarian, and education encouragement funds. Such contributions require valid receipts as documentary evidence of the contributions.



Tax rates

Resident taxpayers are subject to the following progressive tax rates on income from business, salaries, or wages:

Tax Level	Portion of assessable income per year (million VND)	Portion of assessable income per month (million VND)	Rate
1	Up to 60	Up to 5	5%
2	Over 60 up to 120	Over 5 up to 10	10%
3	Over 120 up to 216	Over 10 up to 18	15%
4	Over 216 up to 384	Over 18 up to 32	20%
5	Over 384 up to 624	Over 32 up to 52	25%
6	Over 624 up to 960	Over 52 up to 80	30%
7	Over 960	Over 80	35%

Non-resident taxpayers are subject to tax at the following rates:

Type of income	Rate
Profits from business operation: <ul style="list-style-type: none">• Trading goods• Performance of services• Production, construction, transportation and other business operations	1% of revenue 5% of revenue 2% of revenue
Employment income	20%
Interest and dividends	5%
Sales of shareholdings and securities	0.1% of sale proceeds
Sales of real estate	2% of sale proceeds
Royalties and franchising earnings exceeding VND 10 million	5%
Winnings, inheritance, and gifts exceeding VND 10 million	10%

Note that PIT with respect to a taxpayer will need to be considered

in light of the provisions of any double taxation agreement (“DTA”) to which Vietnam is a signatory.

Taxable and non-taxable benefits

Under the PIT regulations, certain types of an expatriate’s income are exempt from PIT or calculated on a limited basis (such as housing allowance, home leave air ticket, tuition fees for children, one-off relocation allowance).

- **Housing allowance:** Generally, if an employer offers an employee a housing allowance, and the employer pays directly to the landlord and receives an invoice from the landlord, then such housing allowance will be subject to PIT (for the employee) on 15% of the gross income (not including the housing allowance itself) or actual housing allowance, whichever is lower (note that if the housing allowance is paid to the employee in cash, then the entire amount may be subject to PIT). The housing allowance also includes utilities, such as telephone, electricity, or accommodation insurance (if any).
- **Airfare allowance:** Circular 111 provides that round trip airfare tickets once per year for an expatriate’s home leave are not taxable. Note that the route must be between Vietnam and the country where they hold nationality or where their family lives. The supporting documents required include the labor contract and a copy of the ticket showing the price and the route.
- **Other benefits:** Under Circular 111, certain benefits provided to a specific employee will be taxable to such individual (i.e. golf membership, gym membership, car allowance). However, if the benefits are provided to all employees of the company, then such benefits are exempt from PIT.
- **Tuition fees:** Circular 111 states that tuition fees paid for the education of an expatriate’s children (kindergarten to high school) in Vietnam are exempt from PIT. Supporting documents are required, including labor contracts and the receipt of payment of the school fees.



Tax compliance

Tax codes

Individuals who have taxable income are required to obtain a tax code. Those who have taxable employment income must submit the tax registration file to their employer who will subsequently submit this to the local tax office. Those who have other items of taxable income are required to submit their tax registration file to the district tax office of the locality where they reside.

Tax declarations and payment

For employment income, tax has to be declared and paid provisionally on a monthly or quarterly basis by the 20th day of the following month or by the last day of the month following the reporting quarter, respectively. The amounts paid are reconciled to the total tax liability at the calendar year-end. For corporate entities, an annual final tax return must be submitted and any additional tax must be paid at the latest by the last day of the third month following the reporting calendar year. For individuals directly filing an annual tax return, the deadline for filing and payment is by the last day of the fourth month following the calendar year-end. Expatriate employees are also required to carry out a PIT finalization within 45 days of termination of their Vietnam assignment and exit from Vietnam. Tax refunds are only available to those who have a tax code.

For non-employment income, individuals are required to declare and pay PIT in relation to each type of taxable non-employment income. The PIT regulations require income to be declared and the tax paid on a receipt basis.

Foreign Contractor Tax

Under Vietnamese tax laws, foreign business organizations (with or without a PE in Vietnam) and foreign business individuals (whether they are residents or non-residents of Vietnam) must pay the FCT if they have business activities in Vietnam or income derived from Vietnam as defined under Circular 103/2014/TT-BTC dated 6 August 2014.

Income derived from Vietnam is defined as the income, in any form, of a foreign contractor or foreign subcontractor (both referred to herein as “**FC**”) that is paid by a Vietnamese party irrespective of the location of the business establishment through which the FC conducts its business activities. Generally, foreign companies and individuals without a legal presence in Vietnam are subject to FCT: (i) if the services are performed in Vietnam; or (ii) the income is derived from Vietnam.

The following table sets forth the FCT rates based on the FC’s line of business. Note that the FCT contains a CIT portion and a VAT portion.

VAT withholding rates under the FCT regime

No.	Business lines	VAT withholding rates
1.	Services; machinery and equipment leasing business; insurance; and construction, assembly, and installation where the tender did not include the supply of materials, machinery, and equipment in the construction work	5%

No.	Business lines	VAT withholding rates
2.	Production; transportation; services associated with supplies; and construction, assembly, and installation where the tender included the supply of materials, machinery, and equipment in the construction work	3%
3.	Other business	2%

CIT withholding rates under the FCT regime

No.	Business lines	CIT rate as a percentage of taxable turnover
1.	Trading: distribution and supply of goods, raw materials, supplies, machinery, and equipment associated with services in Vietnam (including the provision of goods under on spot import export, and the provision of goods under DDP, DAT, DAP of incoterms)	1%
2.	Services, leasing of machinery and equipment, and drilling platforms, insurance	5%
3.	Management services of hotels, restaurants, casinos	10%
4.	Leasing of aircraft, aircraft engines, aircraft spare parts, and sea- going vessels	2%
5.	Construction, installation	2%
6.	Other production or business activities, and transportation (including sea and air transportation)	2%

No.	Business lines	CIT rate as a percentage of taxable turnover
7.	Assignments [transfers] of securities, reinsurance to overseas, commission on transfers of reinsurance	0.1%
8.	Derivative financial services	2%
9.	Loan interest	5%
10.	Income from royalties	10%

Not subject to FCT

As a principle, no FCT applies with respect to: (i) services performed outside the territory of Vietnam where the product or outcome is consumed outside of Vietnam, such as: repairing of means of transportation, machinery, or equipment; advertising (except internet-based advertising); sales promotion; investment and trade promotion overseas; broker commissions for sales overseas; and training overseas (except for online training) (per Circular 103, Article 2); and (ii) the supply of goods (including equipment and raw materials) at a foreign or Vietnamese border gate (when the Vietnamese party would bear all the responsibility, cost, and risk



relating to the receipt and transportation of the goods from that point) and without any services being performed or used in Vietnam.

Note furthermore that the tax imposts of the FCT (the CIT component) may be exempt under a DTA to which Vietnam is a signatory.

Methods to pay FCT liability

FCs declare and pay FCT by one of the following three methods:

- **The withholding method:** The Vietnamese contracting party withholds the FCT when paying the FC.
- **The Vietnamese accounting system (“VAS”) method:** The FC registers under the VAS for the direct payment of taxes to the tax office.
- **The hybrid method:** The FC registers only for VAT. It is a hybrid method, with elements of both the VAS method and the withholding method.



The most commonly used is the withholding method. Under this method, the FC is not required to register under VAS or to pay FCT directly to the tax office. The Vietnamese contracting party is responsible for withholding the FCT—both the VAT and CIT portions—from payments made to the FC, and paying it to the tax office on the FC's behalf. The added value used for VAT calculations and the CIT rate are fixed rates based on the nature of the service.

Applying the VAS method is similar to paying tax as an entity with a taxable presence in most respects. The taxpayer is expected to comply with relatively strict provisions on the deduction of head office expenses and the non-deductibility of invoices that do not comply with all formal requirements.

Under the hybrid method, the tax authorities grant a VAT number to the FC. The FC is then allowed to offset input VAT (charged by local suppliers, such as subcontractors), but still has to pay CIT by means of withholding.

Non-Residents Providing Cross-Border E-Commerce and Digital- Based Business Activities in Vietnam

Non-residents deriving income from Vietnam through e-commerce and digital platform-based activities in Vietnam are now required to register, declare, and pay tax through the portal at [Etaxvn.gdt.gov.vn](https://etaxvn.gdt.gov.vn).

Taxpayers make quarterly tax declarations, using form No. 02/ NCCNN (issued with Circular No. 80/2021/TT-BTC). The taxpayer declares and pays tax in a freely convertible foreign currency into the State budget revenue account.

Revenue subject to VAT and CIT is calculated as a percentage of the business revenue generated from Vietnam. Overseas suppliers may be eligible for tax exemption or reduction under an applicable DTA.

Special Sales Tax

SST is a form of excise tax that applies to the production or import of certain goods and the provision of certain services.

Taxable Price

The taxable price of domestically produced goods sold by a manufacturer/imported goods sold by an importer is the selling price exclusive of SST and the EPT. Where the selling price is not considered to be in line with the normal market price, the tax authorities may seek to deem higher tax.

The taxable price of imported goods upon importation is the dutiable price plus import duty.

Where manufactured or imported goods are subsequently sold by a trading entity that has the following relationship with the manufacturer or importer: (i) parent – subsidiary; (ii) same parent; or (iii) related party (one owns directly or indirectly at least 20% of the other), the SST taxable price must not be less than 93% of the average selling price charged by the dependent/related trading entity selling to independent/non-related trading entities or customers. This is applicable to both single-level and multi-level dependent/related trading entities.

Tax Credits

Taxpayers producing SST liable goods from SST liable raw materials are entitled to claim a credit for the SST amount paid on the raw materials imported or purchased from domestic manufacturers.

Where taxpayers pay SST at both the import and selling stages, the SST paid at importation will be creditable against the SST paid at the selling stage.

Tax Rates

The Law on SST classifies objects subject to SST into two groups:

1. **Commodities** - cigarettes, liquor, beer, automobiles having less than 24 seats, motorcycles, airplanes, boats, petrol, air-

conditioners up to 90,000 BTU, playing cards, votive papers; and

2. **Service activities** - discotheques, massage, karaoke, casinos, gambling, lotteries, golf clubs, and entertainment with betting.

The SST rates are as follows:

Products / services	Rate
Cigar/cigarettes	75%
Spirit/Wine	
a) Spirit/Wine with ABV $\geq 20^\circ$	65%
b) Spirit/Wine with ABV $< 20^\circ$	35%
Beer	65%
Gas automobiles having fewer than 24 seats	10 – 150%
Electric automobiles having fewer than 24 seats	1 – 15%
Motorcycles with cylinder capacity over 125cm ³	20%
Airplanes	30%



Products / services	Rate
Boats	30%
Petrol	7 – 10%
Air conditioners (not more than 90,000 BTU)	10%
Playing cards	40%
Votive papers	70%
Discotheques	40%
Massage, karaoke	30%
Casinos, jackpot games	35%
Entertainment with betting	30%
Golf	20%
Lotteries	15%

Natural Resources Tax

NRT is payable by industries exploiting Vietnam's natural resources including petroleum, minerals, natural gas, forest products, natural seafood, natural bird's nests, and natural water. Natural water used for agriculture, forestry, fisheries, and salt industries, and sea water for cooling purposes may be exempt from NRT provided that certain conditions are satisfied.

The tax rates vary depending on the natural resource being exploited, ranging from 1% to 35%, and are applied to the production output at a specified taxable value per unit. Various methods are available for the calculation of the taxable value of the resources, including cases where the commercial value of the resources cannot be determined.

Crude oil, natural gas, and coal gas are taxed at progressive tax rates depending on the daily average production output.

Non-agriculture Land Use Tax

Foreign-owned companies are generally only allowed to lease land-use rights in Vietnam to conduct an investment project.

Hence, they generally pay rental fees for land-use rights. There are a wide range of rates depending on the location, infrastructure, and the industrial sector in which the business is operating.

In addition, owners of land-use rights or the ones who are using the land-use rights have to pay land use tax under the Law on Non-Agricultural Land Use Tax.

The tax is charged on the specific land area used based on the prescribed price per square meter and progressive tax rates ranging from 0.03% to 0.15%.

Environmental Protection Tax

EPT is applicable to the production and importation of certain goods deemed detrimental to the environment, the most significant of which are petroleum and coal. The rates are as follows:

No.	Goods	Unit	Tax rate (VND)
1.	Petrol, diesel, grease, etc.	liter/kg	600 - 2,000
2.	Coal	ton	10,000 - 30,000
3.	HCFCs	kg	1,000 -5,000
4.	Plastic bags (*)	kg	30,000 - 50,000
5.	Restricted use chemicals	kg	500 - 3,000

() Excluding plastic bags used for packaging or those that are environmentally friendly.*

Import and Export Tax

Rates

Import and export duty rates are subject to frequent changes and it is always important to check the latest regulations at the time.

Import duty rates are classified into three categories:

- Ordinary rates
- Preferential rates
- Special preferential rates

Preferential rates are applicable to imported goods from countries that have most-favored nation status with Vietnam at rates that are in accordance with Vietnam's World Trade Organization (“**WTO**”) commitments and are applicable to goods imported from other member countries of the WTO.

Special preferential rates are applicable to imported goods from countries that have a special preferential trade agreement with Vietnam. Currently, effective free trade agreements to which Vietnam is a party include those between ASEAN member states, between ASEAN members and Japan, ASEAN and China, ASEAN and India, ASEAN and Korea, ASEAN and Australia-New Zealand, Vietnam and Japan, Vietnam and Chile, Vietnam and Korea, Vietnam and the Eurasian Economic Union, and Vietnam and the Customs Union of Russia, Belarus, Kazakhstan.

To be eligible for preferential rates or special preferential rates, the imported goods must be accompanied by an appropriate certificate of origin. When goods are sourced from non-preferential treatment/non-favored countries, the ordinary rate (which is the most-favored nation rate with a 50% surcharge) is imposed.

Calculations

In principle, Vietnam follows the WTO Valuation Agreement with certain variations. The dutiable value of imported goods is typically based on the transaction value (i.e. the price paid or payable for the imported goods, and where appropriate, adjusted for certain dutiable or non-dutiable elements). Where the transaction value is not applied, alternative methodologies for the calculation of the dutiable value will be used.

SST applies to some products in addition to import duties. VAT will also apply on imported goods (unless exempt under the VAT regulations).

Exemptions

Import duty exemptions are provided for projects that are classified as encouraged sectors and other goods imported in certain circumstances. Categories of import duty exemption include:

- Machinery and equipment; specialized means of transportation and construction materials (which cannot be produced in Vietnam) comprising the fixed assets of encouraged investment projects; machinery, equipment, specialized means of transportation, materials (which cannot be produced in Vietnam); office equipment imported for use in oil and gas activities.
- Materials, supplies, and components imported for the production of exported goods.
- Raw materials, supplies, components imported for the processing of exports.
- Goods manufactured, processed, recycled, assembled in a free trade zone without using imported raw materials or components when they are imported into the domestic market.



- Materials, supplies, and components that cannot be domestically produced and that are imported for the production of certain encouraged projects.
- Goods temporarily imported or exported for the purpose of warranty, repair, and replacement.

Refunds

There are various cases where a refund of import duties is possible, including for:

- Goods for which import duties have been paid but which are not actually physically imported.
- Imported raw materials that are not used and that must be re-exported.
- Imported raw materials that were imported for the production of products for the domestic market but are later used for the processing of goods for export under processing contracts with foreign parties.

Export Duties

Export duties are charged only on a few items, basically natural resources such as sand, chalk, marble, granite, ore, crude oil, forest products, and scrap metal. Rates range from 0% to 40%. The tax base for computation of export duties is the FOB price, i.e. the selling price at the port of departure as stated in the contract, excluding freight and insurance costs.

Customs audit

The customs officials may perform post-customs audits either at their offices or at the taxpayers' premises. These inspections normally focus on issues including HS code classification, valuation, compliance with export/toll manufacturing duty deferral/exemption schemes and certificate of origin.

Accounting and Auditing Requirements

Accounting records are generally required to be maintained in VND. Entities that receive and pay mainly in foreign currency can select a foreign currency to be used for their accounting records and financial statements provided that they meet all stipulated requirements.

Accounting records are required to be maintained in the Vietnamese language, but this can be combined with a commonly-used foreign language. Accounting vouchers and accounting books that are stored on electronic equipment are not required to be printed out unless requested by the authorities. At the end of a financial year, the entity must perform a physical count of its fixed assets, cash, and inventories.

Companies operating in Vietnam are required to comply with the VAS, which applies the historical cost convention. The tax authorities treat VAS non-compliance as a basis for tax reassessment and imposition of penalties, including withdrawal of CIT incentives, disallowance of expenses for CIT purposes, and denial of input VAT credits/refunds.

The annual financial statements of all foreign-invested business entities, financial institutions, insurance companies, and public-interest entities must be audited by an independent auditing company operating in Vietnam. Audited annual financial statements must be completed within 90 days from the end of the financial year. These financial statements should be filed with the applicable licensing body, the Ministry of Finance, the local tax authority, the Department of Statistics, and certain other authorities.

Double Taxation Agreements

Vietnam has concluded 80 tax treaties which are most in effective

No	Recipient	Effective
1	Algeria	Not yet at the time of publication
2	Australia	-
3	Austria	
4	Azerbaijan	
5	Bangladesh	
6	Belarus	
7	Belgium	
8	Brunei Darussalam	
9	Bulgaria	
10	Cambodia	
11	Canada	
12	China	
13	Cuba	
14	Czech Republic	
15	Croatia	Not yet at the time of publication
16	Denmark	
17	Eastern Uruguay	
18	Egypt	Not yet at the time of publication
19	Estonia	
20	Finland	
21	France	
22	Germany	
23	Hong Kong	
24	Hungary	
25	Iceland	
26	India	

No	Recipient	Effective
27	Indonesia	
28	Iran	
29	Ireland	
30	Israel	
31	Italy	
32	Japan	
33	Kazakhstan	
34	Korea (South)	
35	Korea (North)	
36	Kuwait	
37	Laos	
38	Latvia	
39	Luxembourg	
40	Macedonia	Not yet at the time of publication
41	Malaysia	
42	Manta	
43	Mongolia	
44	Macao	
45	Morocco	
46	Mozambique	
47	Myanmar	
48	Netherlands	
49	New Zealand	
50	Norway	
51	Oman	
52	Pakistan	
53	Panama	
54	Palestine	
55	Philippines	

No	Recipient	Effective
56	Poland	
57	Portugal	
58	Qatar	
59	Romania	
60	Russia	
61	San Marino	
62	Saudi Arabia	
63	Serbia	
64	Seychelles	
65	Singapore	
66	Slovakia	
67	Spain	
68	Sri Lanka	
69	Sweden	
70	Switzerland	
71	Taiwan	
72	Thailand	
73	Tunisia	
74	Turkey	
75	UAE	
76	Ukraine	
77	United Kingdom	
78	United States	Not yet at the time of publication
79	Uzbekistan	
80	Venezuela	

Social, Health, and Unemployment Insurance Contributions

SI, HI, and UI are applicable to both Vietnamese and foreign individuals who are employed under a labor contract.

Under the compulsory SI, compulsory HI, and UI regimes, both the employer and the employee are required to contribute to the insurance fund. Their contributions are based on the entire contracted salary that an employee receives. The government also contributes and provides additional funds. The details of contribution rates are as follows:

	SI	HI	UI	Total
Employee	8%	1.5%	1%	10.5%
Employer	17.5%	3%	1%	21.5%

Nevertheless, the Law on Social Insurance sets a ceiling for the salary on which contributions will be calculated, and no contribution need be made beyond this ceiling.

For SI contributions, the ceiling is 20 times the government's basic wage. Therefore, the maximum SI contribution will depend on the minimum wage fixed by the government from time to time. The maximum salary for the purpose of UI contributions is 20 times that of the regional minimum wage.

Basic wage

Basic wage applies to employees who work for non-foreign-invested entities such as state agencies, state-owned enterprises, and other domestic enterprises. The current basic monthly wage is VND 2,340,000 per month (applicable from July 1, 2024).

Minimum wage

The minimum wage is the lowest monthly wage that may be paid to an employee hired to perform a basic job that does not require training. The minimum wage is fixed from time to time by the government.

There are three types of minimum wage. The minimum wage is computed on a monthly, daily, and hourly basis, and it is defined in accordance with regional areas and industries.

“**Regional minimum wage**” applies to employees who work for entities with foreign-invested capital and other foreign organizations and is dependent on the classification of the entity. The regional minimum wage system is divided into four levels (applicable from July 1, 2024):

- **Level 1:** VND 4,960,000 per month for employees who work for entities in urban districts of Hanoi, urban and rural districts of Hai Phong, urban and rural districts of Ho Chi Minh City, and some designated cities and districts of Dong Nai, Binh Duong, and Ba Ria-Vung Tau provinces.
- **Level 2:** VND 4,410,000 per month for employees who work for entities in various designated cities and districts of provinces and in centrally-run cities.
- **Level 3:** VND 3,860,000 per month for employees who work for entities in cities and districts of other provinces.
- **Level 4:** VND 3,450,000 per month for employees who work for entities in other locations.

Statutory employer contributions do not constitute a taxable benefit to the employee. The employee contributions are deductible for PIT purposes.

Employees and employers are also encouraged to participate in voluntary pension schemes. Tax deductions for the contributions are allowed for employees (for PIT purposes) and employers (for CIT purposes), subject to a cap.

Labor Compliance for Expatriates Working in Vietnam

General

Under the law, an expatriate can enter and work in Vietnam in one of the following ways:

- Working under a labor contract: The Vietnam company/ FC will hire and sign a labor contract directly with the employee.
- Being reassigned within a group (internal movement): This is the assignment of expatriate employees who are managers, executive officers, experts, and technicians of a foreign entity that has established a commercial presence in Vietnam. These are temporary assignments done within the same entity group that has a commercial presence in Vietnam, and the employee must have been employed by the foreign entity for at least 12 months.
- Being employed as managers, executive officers, experts, technicians.
- Participating in the execution of contracts and projects in Vietnam.

Employment registration for the Vietnamese company

At least 30 days prior to the time when the Vietnamese company estimates its required recruitment of expatriate employees, it must prepare a report explaining the reasons for needing to use expatriate employees. The report must include: job titles, number needed, professional qualifications and experience needed, salary rate, and working time. The report must be submitted directly to the provincial labor authorities where the head office is located.

Within 15 working days after receiving the report, the provincial labor authorities will notify the Vietnamese company of whether it will allow the use of expatriate employees. The approval letter is one of the supporting documents that will be needed when applying for a work permit for the expatriate employees.

Employment notification requirement for the FC on a project basis

Before hiring foreign workers, the FC must declare the number, qualifications, professional competence, and experience of foreign workers to be mobilized to implement a contract in Vietnam.

Additionally, the FC must send a request to the chairperson of the provincial People's Committee where the FC implements the contract to first attempt to recruit Vietnamese workers for the job positions for which the FC is contemplating recruiting foreign workers. (Note that the project owner's confirmation of the recruitment request must be included.)

If the FC needs to adjust and/or supplement the declared number of employees, the project owner must confirm the FC's adjustment plan and additional labor demand.

The chairperson of the provincial People's Committee will then direct local agencies and organizations to introduce and supply Vietnamese workers for the FC. Within two months from the date of receipt of a request to recruit at least 500 Vietnamese employees, or one month from the date of receipt of a request to recruit from

100 Vietnamese employees to less than 500 employees, or 15 days from the date of receipt of a request to recruit less than 100 Vietnamese employees, if it is impossible to introduce or supply Vietnamese workers to the FC, the chairperson of the provincial People's Committee will consider and decide whether to allow the FC to recruit foreign workers for those positions for which it could not recruit Vietnamese employees.

Work permits for expatriates working in Vietnam

Once approval to hire expatriate employees is obtained from the local authorities, the employer should execute employment agreements and apply for work permits or work permit exemption certificates.

Under the law, the general conditions for expatriate employees working in Vietnam to be able to obtain a work permit include:

- Having full capacity for civil acts;
- Having the qualifications, skills, and health to meet the job requirements; and
- Never having been convicted of a crime under the laws of Vietnam or another country.



Cases for obtaining a work permit exemption certificate

Under the law, an expatriate employee working in Vietnam will be exempt from having to obtain a work permit in the following situations:

- As a capital contributing member or owner of a limited liability company. As a member of the board of management of a joint stock company.
- Coming to Vietnam to provide services for a period of less than three months.
- Coming to Vietnam for a period of less than three months to handle a problem, technical situation, or complex technological issue that could affect or threaten to affect the production and business, that the experts currently in Vietnam cannot handle.
- Coming to Vietnam to work as an expert, manager, executive director, or technical employee for a period of less than 30 days, and for a cumulative total of no more than 90 days in one year.
- Workers that are reassigned within entities engaged in the 11 service industries in the commitment on services between Vietnam and the WTO: business, communications, construction, distribution, education, environment, finance, health, tourism, entertainment, and transportation.
- Workers who enter Vietnam to provide technical advisory services or perform other tasks serving the research, development, appraisal, assessment, management, and execution of programs and projects funded by ODA according to international agreements on ODA between the competent authorities of Vietnam and other countries.

Although a work permit is not needed, such employees must nevertheless obtain an exemption certificate from the local labor authorities.

Work permit exemption applicable for the Vietnamese company

A work permit is not required when an employee is internally moved within group of entities that are engaged in the 11 service industries in the commitment on services between Vietnam and the WTO.

The law classifies two categories of internal movement: (i) internal movement of expatriate employees as managers, executives, experts; and (ii) internal movement of expatriate employees as technicians.

Managers and executives are those who primarily direct the management of the foreign entities that have established a commercial presence in Vietnam, receiving only general supervision or direction from the board of directors or stockholders of the business or their equivalent, and include those who direct the establishment or a department or subdivision of the establishment, supervise and control the work of other supervisory, professional, or managerial employees, have the authority personally to hire and fire or recommend hiring, firing, or other personnel actions, and who do not directly perform tasks concerning the actual supply of the services of the establishment.

Work permit exemption applicable for the FC

Expatriate employees working for an FC under a project can only be exempted from requiring a work permit under the scenario of coming to Vietnam for a period of less than three months to handle a problem, technical situation, or complex technological issue that could affect or threaten to affect the production and business that the experts currently in Vietnam cannot handle. The exemption under the WTO commitment does not apply, as one of the conditions of this exemption type is that the foreign entity has established a commercial presence in the territory of Vietnam. A commercial presence is defined as including:

- A business cooperation contract
- A joint-venture entity or 100% foreign-capital entity
- A representative office

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A white graphic element consisting of a curved, wing-like shape that tapers to a point on the right, positioned above the word "ANDERSEN".

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