

VIETNAM TAX ALERT:

TAX DEPARTMENT INCREASES SCRUTINY OVER LOSS-MAKING AND LOW-PROFIT ENTITIES

Particular focus of review will be to intragroup and related-party transactions

On March 31, 2026, the Vietnamese Department of Taxation issued Official Letter **No. 1927/CT-KTr** requiring subordinate departments to tighten enforcement and increase specialized inspection activities in 2026 for entities reporting consecutive losses or low profit margins.

The letter includes in its appendices a list of 19 entities that are prioritized for specialized tax inspections (Appendix I), and another 302 that are subject to review and possible tax inspection in 2026 (Appendix II).

TARGETED ENTITIES (LINK TO FULL LIST [HERE](#))

The letter lays out the general criteria used to determine which entities are prioritized for review:

- Entities that incur losses for numerous consecutive years or report persistently low profit margins.
- Entities that do not pay corporate income tax but still:
 - Expand their business operations; or
 - Increase their investment or registered capital.
- Entities with annual revenue of VND1 trillion (approx. USD38 million) or more, but their financial performance (losses or thin margins) is inconsistent with their business scale or expansion.

DIRECTIONS AND GUIDANCE

The letter provides specific guidance for provincial tax departments and the Large Enterprise Tax Department on review and tax inspection.

Handling of entities identified in the letter's appendices

- For **prioritized entities** (as listed in Appendix I), they must:
 - Develop specialized inspection programs; and
 - Conduct on site tax inspections at taxpayers' premises in accordance with the tax regulations.
- For entities with **annual revenue of VND1 trillion (approx. USD38 million) or more that reported losses for 2023-2024** (as listed in Appendix II), they must:
 - Review and update the results of the 2025 tax finalization in order to compile a list for their 2026 tax inspection plans.

Tax inspection focus points

- **Examine the reasonableness of revenue, expenses, and profits:** Compare and analyze fluctuations in revenue relative to corresponding fluctuations in input costs; review and reconcile with the accounting books and relevant documents.

- **Review input and output VAT declarations:** Inspect invoices and supporting documents to ensure their validity and legality as declared.
- **Inspect and review accounting records and documentation related to operating costs and expenses:** Ensure that these expenses serve the entity's production and business activities.
- **Pay special attention to intragroup expense items:** Ensure that items such as shared service fees, technical service fees, management support fees, royalty fees, franchise or commercial licensing fees are consistent with the arm's length principle and contribute to generating revenue and income for the taxpayer's production and business activities.
- **Inspect and review goods purchase and sale contracts with related parties:** Ensure compliance with the independence principle in determining the selling prices of goods.

POINTS TO CONSIDER

Entities identified in Appendices I and II, may consider, among others, the following actions:

- Prepare clear explanations for entity's positions, and ensure they are supported by financial analysis and business rationale that demonstrate economic consistency with the business's substance, strategy, market conditions, and investment phase.
- Perform reconciliations between accounting revenue, VAT declarations, issued invoices, and related records to identify and remediate inconsistencies.
- Assess the sufficiency and adequacy of transfer pricing documentation, benefit analyses, and supporting service evidence (e.g. emails, reports, deliverables) for all related party charges.
- Evaluate voluntary disclosure options for prior periods, where appropriate, before any tax inspection notice is issued.
- Consider undertaking tax and transfer pricing "**health check**" by an independent advisor to ensure your company may be better prepared, identify areas of concern and develop risk mitigation options.

This document does not represent legal or tax advice; it is not intended to summarize all applicable rules, regulations, rates, exemptions or other regulatory and investment parameters. Applicability of any rule or requirement may depend on specific circumstances of the case, parties or other conditions of a transaction. This document may not address all relevant legal, tax or other considerations or recent developments that could impact its applicability. No representations or warranties are made regarding the accuracy, completeness, or currency of the information provided.



CONTACTS



Jean Loi
Managing Partner
jean.loi@vn.Andersen.com



Edwin Vanderbruggen
Senior Partner
edwin.vanderbruggen@vn.Andersen.com



Maxim Kobzev
Foreign Advisor
maxim.kobzev@vn.Andersen.com



Nguyen Quoc Tuan
Partner
tuan.nguyen@vn.Andersen.com



Giang Pham
Partner
pham.giang@vn.Andersen.com



My Le
Partner
my.le@vn.Andersen.com



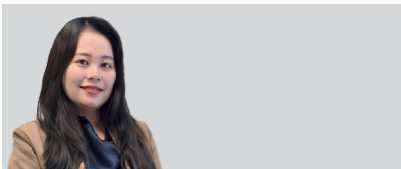
Thuan Pham
Director
thuan.pham@vn.Andersen.com



Le Thi Thanh Thuy
Senior Consultant
thuy.le@vn.Andersen.com



Le Thi Thanh Hang
Transfer Pricing Manager
hang.le@vn.Andersen.com



Ho Huynh Thanh Thuy Nga
Legal Associate
nga.ho@vn.Andersen.com



Satoshi Mitsukuri
Japanese Desk Manager
satoshi.mitsukuri@vn.Andersen.com

ANDERSEN IN VIETNAM

Unit 1402 Level 14 Cobi Tower 1, No. 5 Hoang Van Thai Street
Tan My Ward, Ho Chi Minh City, Vietnam 700000
T: +84 708 283 668
<https://vn.Andersen.com>



Andersen in Vietnam is comprised of Loi and Partners Law Company Limited and VDB Loi Company Limited. Andersen in Vietnam (Loi and Partners Law Company Limited and VDB Loi Company Limited) is the Vietnam member firm of Andersen Global, a Swiss verein comprised of legally separate, independent member firms located throughout the world providing services under their own name or the brand "Andersen," "Andersen Tax," or "Andersen Legal." Andersen Global does not provide any services and has no responsibility for any actions of the member firms, and the member firms have no responsibility for any actions of Andersen Global.