

Vietnam Taxation in 2025: Changes for Businesses

Alitium
Level 5, L'Mak Signature Building
147 Hai Ba Trung, District 3
Ho Chi Minh City
Vietnam

P: +84 (28) 3535 6460
E: vietnam@alitium.com

Contact
Phuong Vo
Managing Partner
phuong.vo@alitium.com

Matthew Lourey
Chairman & Advisor
mlourey@alitium.com

[17 February 2025]

Taxes can be complicated, and rules often change. Make sure you're ready by understanding major changes for 2025 in Vietnam, learning which direction that the tax landscape is moving, especially for e-commerce businesses.

What's new?

Major changes include:

- Vietnam's new VAT Law takes effect from 1 July 2025, implementing major changes for businesses to adapt to and plan for.
- Circular 86/2024/TT-BTC on Tax Registration came into effect from 6 February 2025, with certain provisions applicable from 1 July 2025.
- Law on Tax Administration was amended with effect from the 1 January 2025.

Breaking Down the Changes

1. Key Changes in the new VAT Law 2024

The upcoming VAT Law marks one of the most significant changes to Vietnam's tax system in recent years. Businesses must be prepared for:

- **Expanded tax base:** Digital platform operators and Vietnamese businesses using the VAT deduction method must withhold and remit taxes on behalf of non-permanent establishment foreign suppliers (Non-PE Suppliers) where the Non-PE Suppliers engage in business in Vietnam or provide services to Vietnam-based business. It means more transactions and business activities may fall under VAT obligations from 1st July.
- **More obligations for "e-commerce floors" (website/platform operators):** Organizations managing e-commerce marketplaces or digital platforms which provide payment processing services are responsible for withholding and remitting taxes on behalf of business households and individuals selling goods on their platform, and reporting the taxes withheld.

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- **Tightened Conditions for VAT Deductions:** Commencing 1 July 2025, cashless payment documentation for purchased goods and services will be mandatory for businesses. Prior to this, payments for goods and services from VND 20m required evidence of non-cash payment, representing a significant compliance shift for businesses. There will be exceptions for certain special needs cases, and these will be regulated by the Government, subject to further guidance to be released in coming months.
- **VAT Refund Conditions and Procedures:** The new VAT Law maintains the minimum threshold for VAT refunds at VND 300 million. However, rather than relying on general provisions in the law followed by decrees and guiding circulars, the new VAT Law has centralized and made the regulations far more detailed and clearer than previous provisions. It also directly addresses the practical issues of the old law and resolves them in the new regulations, thereby creating a more streamlined and clearer legal framework for VAT refunds and removing many practical hurdles from the old regulations.

For instance businesses involved in investment projects (whether new, expanded, or multi-stage projects) can claim refunds on input VAT incurred during the investment phase, as long as the refundable VAT exceeds 300 million VND. If the VAT refund has not been claimed during the investment phase, businesses are allowed to submit a refund application within one year from the date completion date of the project or project phase.

2. Important Changes for Tax Registrations Under Circular 86/2024/TT-BTC (Effective 6 February 2025, with some provisions from 1 July 1 2025)

Circular 86 introduces more than 50 changes in tax registration procedures compared to the previous regulation (Circular 105/2020/TT-BTC). These changes range from adding new tax registration objectives (e.g foreign non-resident individuals engaging in business in Vietnam through e-commerce platforms), to procedures for initial registration and amendments to tax registration for entities in Vietnam.

One of the more significant updates is the specific reference for the reactivation of tax codes for companies that were previously closed due to non-operation at the registered address. The new guidelines offer detailed procedures for reactivating tax codes, addressing a major gap in the previous regulation.

3. Insights into the Law on Tax Administration Amendments (Effective from 1 January 2025)

- **Tax Debts on Exit Permission:** The new regulations effective from January 1, 2025, provide a more reasonable approach for directors, legal representatives, and entrepreneurs. The most notable change is that, unlike before, businesses will not automatically be restricted from leaving the country simply because of a minor tax debt (theoretically, even as small as 1,000 VND). This is a big improvement! The new law requires the government to specify cases, including the threshold for tax debts and late payments where individuals, such as Vietnamese citizens planning to emigrate or foreign nationals departing Vietnam, must settle their tax obligations before departure. If these overdue tax debts and fall within the threshold set by the government, departure can be temporarily delayed. What is more encouraging is that tax authorities must inform taxpayers in advance about any potential travel restrictions. While we are still waiting for further guidance and details from the government, it's a positive signal that they are addressing real-world business issues, and there's hope that the process will be smoother for everyone moving forward.
- **Obligations for withholding and payment of taxes in relation to e-commerce activities:** The new regulations make the situation clearer for businesses operating on e-commerce and digital platforms. Under these updated rules, platform managing entities are now responsible for withholding and paying taxes on behalf of business households/individuals engaging business through their platforms (associated with payment functions). Otherwise, the business households/individuals will still need to manage their own tax registration, filings, and payments.

Tax laws constantly change in Vietnam, and if you're running a business, you'll want to stay ahead of the curve. These 2025 updates bring new rules that could affect your operations, tax liabilities, and overall financial planning.


For any questions you may have, please reach out to us at vietnam@alitim.com


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This article is intended to provide an overview of recent updates to tax regulations. While it aims to present useful insights, it is important to note that the content shared here should not be considered as formal legal or financial advice. For specific guidance on tax obligations or legal matters related to your business, we strongly recommend consulting with a qualified professional, such as a tax advisor or legal expert or directly reach out to us.


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