

# Gifts vs. Promotional Goods: When Do Zero VAT Taxable Prices Apply, and When Is VAT Payable in Vietnam?

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Giving goods to customers, whether as samples, gifts or promotional items, is common in business. However, not every free-of-charge giveaway qualifies for a zero VAT taxable price.

Providing goods to customers for no cost is a routine part of business, but a free supply can still create a VAT liability. Goods provided under a qualifying promotion may have a zero VAT taxable price, whereas a similar ad-hoc gift may require the seller to account for output VAT. The distinction depends on how the giveaway is structured and supported, and it can also affect whether the recipient may claim any input VAT. This article explains the treatment of promotions and gifts, the invoicing implications, and the records businesses should keep.

Under current VAT rules (effective from 1 July 2025), the key distinction is whether the goods are provided:

- As part of a promotion conducted in accordance with applicable trade-promotion regulations, or
- As a gift outside a qualifying promotion.

In practice, two issues are commonly overlooked:

- Sellers apply a zero VAT taxable price without first confirming that the giveaway qualifies as a promotion under the relevant trade-promotion rules, and
- Recipients treat VAT shown on invoices for free-of-charge goods as creditable input VAT.

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## 1. VAT treatment - at a glance

| Scenario                                                                                                                                   | VAT taxable price                                                                      | Invoice treatment                                                                                                        | VAT treatment                                                             |
|--------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|
| Promotional goods provided under a promotion conducted in accordance with applicable trade-promotion regulations                           | Zero (0)                                                                               | E-invoice required. The invoice and supporting records should appropriately reflect the promotional nature of the goods. | No output VAT arises on the promotional goods.                            |
| Promotion in the form of a price discount                                                                                                  | The discounted selling price                                                           | E-invoice issued based on the discounted price applied during the promotion period.                                      | VAT applies to the discounted selling price.                              |
| Gifts outside a qualifying promotion, e.g. ad-hoc gifts or free goods that do not qualify as a promotion under trade-promotion regulations | The VAT taxable price of the same or equivalent goods/services at the time of the gift | E-invoice required, with the nature of the free-of-charge transaction appropriately reflected.                           | The seller accounts for output VAT based on the applicable taxable price. |

*\* Based principally on Law No. 48/2024/QH15 on Value Added Tax; Article 6 of Decree No. 181/2025/ND-CP; Decree No. 254/2026/ND-CP on electronic invoices and electronic records; and Decree No. 81/2018/ND-CP on trade promotion, as amended by Decree No. 128/2024/ND-CP.*

### No payment collected does not mean no invoice.

An e-invoice is generally required for goods used for promotion, samples, gifts and other free-of-charge supplies under the electronic invoice rules.

Equally important, simply describing goods as “promotional” does not make the VAT taxable price zero. Where the transaction does not qualify as a promotion conducted in accordance with the applicable trade-promotion regulations, the VAT treatment generally follows the rules applicable to gifts.

### Important: notification or registration is not required for every promotion

The requirement to notify or register a promotion with the Department of Industry and Trade depends on the specific form of promotion and the applicable statutory conditions.

Under the current trade-promotion regulations, certain forms of promotion, including those prescribed under Decree No. 81/2018/ND-CP, are not subject to the prior notification procedure. These include, among others, the provision of samples and the giving of goods or services free of charge under the relevant promotional forms.

Accordingly, notification or registration with the Department of Industry and Trade should not be regarded as a general prerequisite for applying the zero VAT taxable price.

Businesses should instead assess whether the transaction qualifies as a promotion under the applicable trade-promotion regulations and, where applicable, whether the relevant form of promotion is subject to any notification, registration or other procedural requirement.

## 2. Supporting the promotional treatment - Seller’s documentation

Where a zero VAT taxable price is applied, the seller should be able to demonstrate that the giveaway forms part of a promotion conducted in accordance with the applicable trade-promotion regulations.

Depending on the nature of the promotion, supporting documentation may include:

- An internal decision, promotion plan and/or program rules setting out the form of promotion, eligible goods, beneficiaries, duration and applicable conditions;
- Evidence of notification or registration with the competent authority where such procedure is required;
- Supporting records showing that the promotion was implemented within the relevant period and in accordance with its stated terms; and
- Relevant invoices, goods issue records and other supporting documentation.

The important point is not simply whether a notification or registration exists. The overall documentation should support the substance and implementation of the promotion.

For the seller, input VAT incurred on goods purchased, or on inputs used to produce goods, for gifting, promotion or advertising may be deductible, subject to the applicable input VAT deduction conditions.

### 3. The recipient's side - Input VAT considerations

An invoice issued by the seller for free-of-charge goods does not, by itself, establish that the recipient has deductible input VAT.

The VAT deduction rules generally apply to input VAT on goods and services purchased for VAT-liable business activities, subject to the applicable invoice, payment and other deduction conditions.

Accordingly:

- Gift invoice showing a value and VAT: the VAT shown on the invoice is generally the seller's output VAT arising from the gift. The recipient should not automatically treat that amount as its creditable input VAT merely because VAT appears on the invoice.
- Promotional goods with a zero VAT taxable price: no VAT arises on the promotional goods, so there is no VAT amount for the recipient to credit.
- Purchase-based promotions, such as "buy 10, get 1 free": the arrangement should be considered based on its substance as a promotional program rather than automatically treating the additional item as a standalone gift.

The recipient should also separately determine the appropriate accounting treatment for the goods received under the applicable accounting regulations.

### 4. Practical takeaways

**For planned promotional campaigns:** First determine whether the giveaway qualifies as a promotion under Vietnam's trade-promotion regulations. Do not assume that every promotion requires notification or registration with the Department of Industry and Trade.

**For ad-hoc gifts:** If the transaction does not qualify as a promotion, the seller should generally issue the required invoice and account for output VAT based on the VAT taxable price of the same or equivalent goods/services.

**For sellers:** Maintain sufficient documentation to support the nature, terms and actual implementation of the promotion, including evidence of notification or registration where legally required.

**For recipients:** Do not assume that VAT shown on an invoice for goods received free of charge is automatically creditable. The VAT treatment should be assessed based on the nature of the transaction and the applicable input VAT deduction conditions.

Ultimately, the VAT treatment must follow the legal character of the supply, supported by the promotion's terms and the way it was carried out. Determining that position before distribution allows the seller to invoice correctly and the recipient to assess any input VAT claim on its own facts. A free-of-charge label on the invoice cannot resolve either issue.

## VAT on Gifts & Promotional Goods

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*For any further questions or assistance, please reach out to us at [vietnam@alitim.com](mailto:vietnam@alitim.com)*

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