

Personal Income Tax Deduction Increase in Vietnam from 1 January 2026 :

Resolution 110/2025/UBTVQH15E

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[11 November 2025]

Vietnam Raises Personal Income Tax Deductions from 2026

On 17 October 2025, the Standing Committee of the National Assembly issued Resolution 110/2025/UBTVQH15, approving an increase in the personal income tax (PIT) family circumstance deductions ("mức giảm trừ gia cảnh") that will apply from 1 January 2026. The decision represents a welcome adjustment to the cost-of-living pressures faced by Vietnamese taxpayers, aligning the PIT thresholds more closely with current income and expense realities.

Under the new regulation, the monthly deduction for individual taxpayers will rise to VND 15.5 million, equivalent to VND 186 million per year. The deduction for each dependent will increase to VND 6.2 million per month, or about VND 74.4 million per year. These updated amounts will apply to income earned from 1 January 2026 onwards and form the basis for calculating PIT obligations for the 2026 tax year.

Deduction Type	Current Rate (2020–2025)	New Rate (from 1 January 2026)	Increase
Personal (taxpayer)	VND 11 million/month (VND 132 million/year)	VND 15.5 million/month (VND 186 million/year)	+VND 4.5 million/month
Each dependent	VND 4.4 million/month (VND 52.8 million/year)	VND 6.2 million/month (VND 74.4 million/year)	+VND 1.8 million/month

Definition of Dependents

Dependents qualifying under the new rules include children under 18 years old or those over 18 who are studying full-time or are unable to work due to disability; spouses who are not of working age or are incapable of earning income; and parents, grandparents, or other direct family members who rely on the taxpayer for financial support. In general, dependents must have either no income or a monthly income not exceeding VND 1 million to qualify.

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Increases to Personal Deductions in 2026

Taxpayers are required to register their dependents with the tax authority, supported by documentation verifying eligibility.

Impact of Increase in Deduction Thresholds

The increase in deduction thresholds will directly reduce the taxable income base for individuals, resulting in lower PIT liabilities and higher take-home pay. For many households, particularly those supporting multiple dependents, the change provides meaningful financial relief. It also forms part of Vietnam's broader fiscal policy objective to strengthen household consumption and maintain living standards amid rising prices and economic adjustment.

For employers, the change necessitates updates to payroll systems and tax-withholding calculations from the start of 2026. Human resources and payroll departments should ensure that software, internal policies, and compliance processes are adjusted in time to apply the new deduction levels. Clear communication with employees will also be essential, especially regarding the re-registration or confirmation of dependents, which can affect the accuracy of PIT withholdings and finalisation.

Opportunities Arising

From an opportunity and compliance perspective, the new deduction framework provides an opportunity for proactive tax planning. Employers and individuals should review their current dependent declarations and ensure that all documentation is complete and consistent with the updated criteria. It is also opportune to engage consultants or payroll service providers to assist their clients with these updates, undertake system reviews, or undertake employee briefings. The key is to ensure a smooth implementation for what is a significant financial benefit for employees.

Actions & Benefits

The issuance of Resolution 110/2025/UBTVQH15 signals continued attention by the Vietnamese Government to maintaining fairness and responsiveness within the personal income tax system, following a number of years since personal deductions were last updated. By adjusting the deduction levels, Vietnam not only relieves pressure on individual taxpayers and keeps them closer to actual cost of living increases, but it also reinforces confidence in the country's evolving fiscal framework.

As the new rates take effect in 2026, both individuals and organisations should take early steps to prepare. Alitium remains ready to support clients with advisory, payroll and compliance solutions to ensure a seamless transition to the updated tax environment.

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


This article is intended to provide an overview of recent updates and announcement. While it aims to present useful insights, it is important to note that the content shared here should not be considered as formal legal, tax 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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