Key Transfer Pricing Changes in Vietnam: Decree 255/2026/ND-CP, effective 1 July 2026

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Understanding and Implementing 1 July 2026 Changes to Transfer Pricing in Vietnam following Decree 255/2026/ND-CP

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The Vietnamese Government issued Decree No. 255/2026/ND-CP, effective 1 July 2026, introducing significant updates to Vietnam's transfer pricing regulations. This Decree replaces and updates several provisions under the previous transfer pricing framework, while aligning Vietnam's regulations with the 2025 Law on Tax Administration and international standards under the OECD BEPS framework.

The amendments affect various aspects of transfer pricing compliance, including the definition of related-party relationships, transfer pricing documentation, Country-by-Country Reporting (CbCR), and the tax authority's compliance approach.

Below are key changes that businesses should be aware of.

1. Expanded scope of related-party relationships

Before
The transfer pricing rules primarily determine related-party relationships based on ownership, management and control relationships.

Now
Decree 255 expands the scope by including where:
- Capital contribution transfer transactions represent at least 25% of an enterprise's owner's equity during the tax period; and
- Lending, borrowing or similar financing arrangements represent at least 10% of the owner's equity between an enterprise and individuals who manage or control the enterprise, or people connected with them.

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Business implication
The expanded definition may bring additional transactions within the transfer pricing regime, particularly financing and capital-related arrangements that were previously outside the scope. Businesses should reassess their related-party relationships to determine whether new transfer pricing documentation or reporting obligations may arise.

2. Clearer hierarchy of data sources for transfer pricing analysis

Before
The regulations referred to commercial databases and tax authority information but did not clearly establish the order of priority.

Now
The Decree introduces a hierarchy of reference data sources for transfer pricing analysis, including:
- Publicly available information;
- Commercial databases; and
- Tax authority databases.

It also formally recognizes the use of national databases in transfer pricing administration.

Business implication
The revised hierarchy provides greater transparency regarding the data sources that may be relied upon by both taxpayers and the tax authority. Businesses should ensure that benchmarking studies are supported by robust, reliable and well-documented comparable data, particularly where transfer pricing positions may be subject to review.

3. Significant updates to Country-by-Country Reporting (CbCR)

Before
- The CbCR filing threshold was VND 18 trillion in consolidated group revenue.
- The regulations did not comprehensively address all filing scenarios, exemptions and notification obligations.

Now
Decree 255 introduces several significant changes to the CbCR framework, including:

- ***Higher filing threshold***
  - The consolidated group revenue threshold has been increased from VND 18 trillion to the OECD-aligned threshold of EUR 750 million.
  - The threshold is determined based on the preceding fiscal year's consolidated revenue, rather than the reporting year's revenue.
  - New rules clarify how the EUR threshold should be converted into VND using the exchange rate announced by the State Bank of Vietnam.

- ***Clearer filing obligations***
  The Decree clarifies circumstances in which a Vietnamese entity must submit a CbCR in Vietnam, including where:
  - The Ultimate Parent Entity (UPE) is not required to file a CbCR in its jurisdiction;
  - No qualifying exchange mechanism exists between Vietnam and the jurisdiction where the UPE files the CbCR; or
  - The tax authority notifies the taxpayer that there has been a systemic failure in the automatic exchange of CbCR information.

- ***Additional exemption cases***
  The Decree also expands the circumstances in which a Vietnamese entity is not required to submit a local CbCR, including where:
  - The CbCR has already been exchanged automatically with the Vietnamese tax authority under an applicable international agreement;
  - Another group entity has been appointed as a surrogate parent entity and satisfies the prescribed conditions; or
  - Specific differences in revenue thresholds, currencies or revenue determination rules apply under the relevant jurisdiction.

- ***New filing requirements***
  The Decree also introduces several procedural changes, including:
  - CbCR must be submitted within 12 months from the end of the Ultimate Parent Entity's fiscal year.
  - CbCR must be filed electronically in XML format via the tax authority's information system.

- A CbCR Notification is required to identify the reporting entity using Form No. 01/TB-BCLN issued together with the Decree.
- The CbCR Notification is submitted only once, when the reporting obligation first arises after the Decree takes effect.
- If there is any subsequent change to the reported information, including where the reporting obligation ceases, an updated notification must be submitted within 90 days from the date of the change.

Business implication
The amendments further align Vietnam's CbCR framework with OECD standards while strengthening international tax information exchange and digital reporting requirements. Multinational groups should review their reporting obligations, confirm whether local filing is required in Vietnam, and ensure that internal reporting processes can support the new electronic filing and notification requirements.

4. Higher threshold for transfer pricing documentation exemption

Before
Taxpayers were exempt from preparing transfer pricing documentation in the following cases:

- Domestic related-party transactions meeting the prescribed conditions;
- Taxpayers that have entered into an Advance Pricing Agreement (APA) and submit the required annual APA report;
- Small-scale related party transactions (annual revenue of less than VND 50 billion and total related-party transactions of less than VND 30 billion during the tax period); and
- Safe harbour exemption where the taxpayer:
  - Operated a business with simple functions;
  - Did not generate revenue or expenses from the operation or use of intangible assets;
  - Had annual revenue of less than VND 200 billion; and
  - Achieved the prescribed minimum profitability ratio.

Now
The exemptions for Domestic related party transactions, Taxpayers that have entered into an APA and Small-scale related party transactions remain unchanged.

For the safe harbour exemption, Decree 255 introduces two key changes:

- The requirement that the taxpayer operates a business with "simple functions" has been removed.
- The annual revenue threshold has increased from less than VND 200 billion to less than VND 500 billion.
- The prescribed minimum profitability ratios remain unchanged (5% for distribution, 10% for manufacturing and 15% for processing).

Business implication
The higher revenue threshold may reduce the transfer pricing compliance burden for many medium-sized businesses. The removal of the "simple business functions" criterion also simplifies the assessment of eligibility for the exemption, although businesses should continue to ensure that the remaining qualifying conditions are satisfied.

5. Greater emphasis on voluntary tax compliance

Before
Transfer pricing administration largely focused on tax audits and post-audit adjustments.

Now
The Decree introduces a stronger compliance-support approach, under which the tax authority may:

- Implement voluntary compliance programs;
- Publish industry profitability indicators;
- Assist taxpayers in determining arm's length pricing; and
- Strengthen taxpayer guidance while maintaining risk-based administration.

Business implication
The amendments signal a gradual shift towards a more proactive and compliance-oriented tax administration model. While transfer pricing remains an area of increasing scrutiny, businesses that maintain transparent transfer pricing policies and contemporaneous documentation are likely to be better positioned in future tax reviews and audits.

6. Transitional provision for interest expense limitation

Following the issuance of Decree 255/2026/ND-CP, Decree 132/2020/ND-CP and Decree 20/2025/ND-CP have been repealed with effect from 1 July 2026. Therefore, clarification is required regarding the transitional application of these regulations, particularly with respect to the interest deductibility limitation rules, that is, the 30% EBITDA limitation, prescribed under the different decrees.

Before
Enterprises eligible for the transitional relief under Decree 20/2025/ND-CP continued to carry forward disallowed interest expenses under the special transitional rules.

Now
Decree 255 confirms that enterprises already covered by the transitional rules under Article 3 of Decree 20/2025/ND-CP will continue to apply those rules for the remaining carry-forward period.

Business implication
Although the 30% EBITDA limitation remains unchanged, businesses with carried-forward disallowed interest expenses should review the transitional provisions carefully. The revised allocation mechanism may affect the timing of future tax deductions and should be considered in tax planning and forecasting.

Overall observations

Decree 255 introduces a number of targeted amendments to Vietnam's transfer pricing regulations rather than a complete overhaul of the existing framework. While several changes are intended to simplify compliance, such as the revised exemption criteria, others introduce clearer guidance on related-party relationships, Country-by-Country Reporting (CbCR) and transfer pricing administration. Together, these amendments provide greater clarity on compliance requirements and reinforce the importance of maintaining appropriate transfer pricing documentation and governance.

How should businesses prepare?

Transfer pricing documentation should no longer be viewed as a year-end compliance exercise. As Vietnam continues to strengthen its transfer pricing framework and adopt more sophisticated risk-based tax administration, related-party transactions are expected to remain an area of increasing focus for the tax authority.

Businesses should therefore take a proactive approach by:

- Reassessing related-party relationships under the expanded rules;
- Reviewing financing arrangements and transfer pricing policies;
- Evaluating eligibility for documentation exemptions;
- Confirming Country-by-Country Reporting (CbCR) obligations and reporting processes; and
- Ensuring that transfer pricing documentation is prepared on a contemporaneous basis and supported by appropriate benchmarking analyses.

Early preparation will help businesses maintain compliance, reduce transfer pricing risks and respond more effectively to future tax reviews or audits.

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

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