

Vietnam Tax Administration Updates:

Circular 89/2026/TT-BTC and changes in Vietnam for 2026

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What businesses need to know about revised tax filing, refund procedures and compliance requirements in Vietnam resulting from Circular 89.2026/TT-BTC

The Ministry of Finance issued Circular 89/2026/TT-BTC ("Circular 89"), which introduced significant changes to tax administration procedures in Vietnam, effective from 1 July 2026. Circular 89 provides detailed guidance on the Law on Tax Administration and Decree 252/2026/ND-CP and introduces changes affecting various aspects of tax compliance, including taxpayer compliance and risk management, VAT, CIT, PIT, tax refunds and foreign contractor tax compliance.

The new regulations continue the Government's digital transformation agenda by streamlining administrative procedures, enhancing risk-based tax management, reducing paperwork and increasing the use of available data and electronic tax administration. Businesses should review their existing tax compliance processes and internal controls to ensure readiness for these changes and mitigate potential compliance risks.

1. Taxpayer compliance and risk classification framework

Circular 89 tightens the risk-based approach to tax administration by assessing taxpayers based on both their level of tax compliance and tax risk.

Taxpayers are to be classified into four compliance categories:

Good compliance: Taxpayers with a strong compliance record may be subject to tax administration measures appropriate to their compliance and risk profile in accordance with applicable regulations.

Average compliance: Tax authorities may focus on taxpayer support through guidance, communication and compliance assistance to encourage improved compliance.

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Low compliance: Taxpayers may be subject to warnings, monitoring and enhanced tax administration measures. Where a taxpayer is assessed as both low-compliance and high-risk, enhanced measures may include tax inspection, supervision and enforcement measures in accordance with applicable regulations.

Non-compliant: Taxpayers may be subject to focused tax supervision and other tax administration measures prescribed under the applicable regulations.

Businesses should therefore maintain accurate tax filings, timely tax payments and appropriate tax governance processes, as their compliance history and risk profile may influence the tax administration measures applied by the tax authorities.

2. VAT updates

Changes to VAT filing frequency for newly established businesses

The VAT filing frequency for newly established businesses has been revised, so that where a taxpayer's revenue in the first calendar year in which it commences operations exceeds VND 50 billion, including where the taxpayer has operated for less than 12 months, monthly VAT filing will apply from the following calendar year. Where first-year revenue does not exceed VND 50 billion, the applicable filing frequency continues to be determined in accordance with the relevant rules after the initial period of operation.

Previously, newly established businesses were generally permitted to file VAT returns quarterly during the initial period, with the filing frequency subsequently determined based on revenue.

Companies approaching the VND 50 billion threshold should therefore monitor their revenue and prepare for any resulting change in filing frequency.

VAT filing location for investment projects eligible for VAT refunds

Circular 89 revises the filing rules applicable to investment projects eligible for VAT refunds.

Where a project management board, branch or newly established economic organization is assigned to directly manage an investment project, the relevant VAT return is filed with the tax authority directly managing that entity. In other cases, the taxpayer generally files the investment project's VAT return with the tax authority directly managing the taxpayer, subject to specific rules applicable to certain centrally managed taxpayers and investment projects.

Businesses with investment projects, particularly those implemented outside the province of their head office, should review the competent tax authority for their VAT filings and refund applications.

VAT refund filing updates

Circular 89 revises the filing dossiers and procedures applicable to various VAT refund cases, including exports, investment projects and businesses supplying goods or services subject to the 5% VAT rate.

For example, the VAT refund dossier for export activities has been simplified. Instead of submitting several separate refund documents previously required, taxpayers may request the refund through the relevant VAT return together with the prescribed appendix providing VAT refund information.

The Circular also updates the documentation and procedures applicable to other categories of VAT refunds. Businesses should therefore review the specific filing and supporting-document requirements applicable to their type of VAT refund claim rather than continuing to use the previous refund dossier.

3. Corporate income tax (CIT) updates

Simplified CIT finalisation for corporate restructuring

Circular 89 revises the CIT finalisation requirements applicable to certain corporate restructuring transaction, including removing the requirement to perform CIT finalisation at the time of a corporate demerger.

The Circular also streamlines the provisions relating to conversion of enterprise type, reflecting the principle under the Enterprise Law that the converted enterprise succeeds to the rights and obligations of its predecessor.

Accordingly, businesses undergoing corporate restructuring should review whether a separate CIT finalisation is required at the restructuring date rather than automatically applying the previous requirements.

4. Personal income tax (PIT) updates

Monthly PIT filing abolished for salary and wage income

Circular 89 removes the requirement for monthly PIT filing for salary and wage income under Forms 05/KK-TNCN and 02/KK-TNCN. PIT declarations for these forms are now to be made on a quarterly basis.

This change reduces the frequency of PIT compliance procedures for employers and individuals who directly declare PIT on salary and wage income.

Personal Income Tax allocation

Circular 89 provides greater flexibility for organizations and individuals paying employment income where employees or relevant operations are associated with business locations or dependent units in different provinces.

Income-paying organizations may choose either to:

- file centrally at the head office and determine the PIT payable for the relevant business locations or dependent units; or
- file separately for each relevant business location or dependent unit in accordance with the applicable rules.

This replaces the previous approach under which PIT allocation was mandatory in specified cross-province situations. Therefore, businesses with employees working across multiple locations should review whether centralized or separate filing is more appropriate for their operating structure.

Capital transfer tax reporting

The new rules simplify PIT compliance for organizations declaring and paying tax on behalf of individuals in relation to capital transfers, with supporting documents relating to the transfer price, acquisition cost and relevant expenses no longer being required to be submitted together with the tax return in the relevant cases. However, taxpayers should retain the necessary documentation to support the tax calculation and provide it to the tax authorities when required.

In addition, where the entity whose capital is transferred is located overseas, the PIT return is generally submitted to the tax authority managing the individual's place of residence. These changes simplify the filing process while maintaining the taxpayer's responsibility to retain adequate supporting documentation.

Expanded PIT filing guidance

Circular 89 provides tax declaration procedures and forms for additional categories of income recognized under the applicable tax legislation, including certain income associated with .vn domain name transfers, carbon credits, digital assets and auctioned vehicle registration plates.

Businesses and individuals involved in these transactions should review the relevant declaration procedures and applicable tax forms.

New tax guidance for bonus shares and ESOPs

Circular 89 also introduces more specific PIT declaration requirements for bonus shares and shares acquired under employee stock ownership plans (ESOPs). The applicable filing period, declaration procedure and tax forms may differ depending on the arrangement and whether the issuing or income-paying organization declares and pays tax on behalf of the individual.

Companies operating share incentive schemes should therefore revisit their payroll, equity compensation and tax reporting procedures to ensure that the relevant PIT obligations are properly identified and reported.

5. Foreign contractor tax (FCT)

Circular 89 simplifies foreign contractor tax compliance in certain cases, including where foreign contractors and foreign subcontractors are subject to the relevant direct tax calculation method, contract-end tax finalisation is required only where there is a change in the amount of tax previously declared and paid.

The Circular also simplifies the associated filing dossier by removing certain supporting documents previously required as part of the contract finalisation process.

These changes can reduce administrative burdens for businesses engaging foreign contractors. Companies should review their existing FCT procedures to determine whether contract-end finalisation remains required and update their internal compliance processes accordingly.

Conclusion

Circular 89/2026/TT-BTC represents another significant development in Vietnam's ongoing modernization of tax administration. The new framework places greater emphasis on digital administration, use of available taxpayer data, streamlined filing procedures and risk-based tax management. At the same time, several long-standing filing and documentation requirements have been simplified or revised.

While many of these changes reduce administrative burdens, businesses should not underestimate their operational impact. Companies should review their tax filing processes, tax forms, internal controls and supporting documentation to ensure that their procedures are aligned with the new requirements from 1 July 2026. Early assessment and timely implementation will help businesses maintain compliance while taking advantage of the administrative efficiencies introduced under the new regulations.

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

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