

Vietnam Tax Guide 2026: A Comprehensive Overview Of The Vietnam Tax Landscape

Provides an overview of
the **key taxes and compliance**
obligations applicable in Vietnam

Alitium

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About Alitium

At Alitium, we specialize in simplifying the complexities of market entry and business operations across Asia. With a presence in three countries: Vietnam, Singapore, and Malaysia and four offices in the region, including two in Hanoi and Ho Chi Minh City, we provide a multi-market platform of support for international investors.

Within this regional network, Vietnam plays a central role in Alitium's operations. Our presence in Singapore and Malaysia supports regional investment structures and expansion strategies for clients. This combination of regional capability and deep local focus enables Alitium to effectively accompany businesses in their growth journey in Vietnam while connecting them to the broader Asian market.

Our core objective is to empower foreign investors with the clarity, confidence, and tools necessary to build and grow successful businesses in a dynamic and ever-evolving market. With a comprehensive portfolio of services including legal, corporate advisory, accounting, HR, compliance, and tax, we deliver practical and precise solutions tailored to each client's specific needs. Alitium's experienced team of professionals is committed to service excellence, combining deep local insight with a global perspective to help clients achieve lasting success.

Our core mission is to facilitate smooth market entry and sustainable operations for foreign investors. Our legal and licensing services cover company establishment, investment structuring, transactions, and commercial agreements ensuring businesses are set up on a strong foundation from the outset. In addition, Alitium provides specialized corporate advisory services, including market entry strategy, due diligence, project planning, valuation, and risk review equipping investors with comprehensive insights to make informed decisions.

Accounting, HR, and compliance are core strengths of Alitium. We provide ongoing support to ensure clients fully meet their statutory obligations, including bookkeeping, financial reporting, risk management, and payroll services all aimed at maintaining compliance and minimizing risk. Alitium's tax and tax advisory services are particularly distinguished, offering both technical and administrative support to manage tax risks and optimize tax obligations. This long-term strategic approach enables clients to navigate the complexities of Vietnam's tax system while maintaining compliance and maximizing financial efficiency.

What differentiates Alitium is our commitment to understanding the specific needs of foreign investors. We recognize that the legal and operational environment in Asia can present challenges, and we therefore deliver clear, practical advice that balances commercial objectives with compliance requirements. This client-centric approach is built on a deep understanding of the region's legal, economic, and cultural landscape.

Alitium places particular emphasis on governance and compliance-key pillars of long-term success. We support clients in building robust governance frameworks to manage risk, ensure adherence to local regulations, and strengthen their market credibility. Through this approach, businesses not only meet legal requirements but also build lasting trust in Vietnam and across the broader Asian region.

Reach out to Alitium to discuss how we can further support your specific strategy and needs via vietnam@alitium.com

Introduction

Vietnam has firmly established itself as one of Asia's most attractive investment destinations, supported by robust economic growth, increasing foreign direct investment (FDI), and deep integration into global supply chains. Recognised as one of the fastest-growing economies in ASEAN, Vietnam continues to strengthen its position as a preferred destination for manufacturers, technology companies, and international investors seeking long-term opportunities in Southeast Asia.

In 2026, the Vietnamese Government has set an ambitious GDP growth target of at least 10%. This positive outlook is supported by strong investment momentum. During the first five months of 2026, Vietnam attracted US\$24.81 billion in registered FDI, representing year-on-year growth of 34.9%, while disbursed FDI reached approximately US\$9.75 billion, an increase of 9.6%. Manufacturing and processing continue to lead investment activity, reinforcing Vietnam's role as a regional production and export hub.

Alongside its strong economic performance, the Government continues to streamline investment procedures, simplify licensing requirements, digitalise public administration, and accelerate approval processes to improve the ease of doing business. As part of this broader reform agenda, Vietnam's tax system is also evolving rapidly through legislative amendments, updated regulations, official guidance, and increasingly modern tax administration.

For businesses investing or operating in Vietnam, understanding the country's business and regulatory environment extends far beyond identifying market opportunities. Investors must also navigate investment regulations, available incentives, corporate governance requirements, and an evolving tax framework. Drawing on extensive experience advising multinational corporations, foreign investors, and high-growth businesses entering and expanding in Vietnam, Alitium understands both the commercial opportunities and regulatory challenges of doing business in this dynamic market.

This Vietnam Tax Guide 2026 has been prepared by Alitium's Vietnam advisory team as a practical reference for businesses and investors navigating Vietnam's tax landscape in 2026. It covers the principal taxes and compliance obligations relevant to doing business in Vietnam, including Corporate Income Tax, Value Added Tax, Personal Income Tax, Transfer Pricing, and available Tax Incentives, with a focus on what these mean in practice, not just what the rules say.

Whether you are entering Vietnam for the first time, restructuring existing operations, or managing cross-border transactions, our aim is to give you a clearer, more confident starting point.

Should you require assistance with tax compliance, transaction structuring, transfer pricing, tax due diligence, or ongoing tax advisory matters, Alitium's tax professionals are available to provide practical, commercially focused solutions tailored to your business objectives.

This guide is intended for general informational purposes only and does not constitute legal, tax, accounting, or professional advice. Specific advice should be obtained based on your particular circumstances before making any business, investment, or tax-related decisions.

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Key Vietnam Tax Updates in 2026

Corporate Income Tax (CIT)

Preferential tax rates for small and medium-sized enterprises:

A reduced CIT rate of 15% applies to enterprises with annual revenue not exceeding VND 3 billion, while a 17% rate applies to enterprises with annual revenue exceeding VND 3 billion but not exceeding VND 50 billion.

Expanded Permanent Establishment ("PE") concept:

The definition of PE has been broadened to capture certain digital business and e-commerce activities conducted in Vietnam by foreign enterprises, as well as representatives authorised to conclude contracts or regularly deliver goods and services in Vietnam.

Stricter loss offset rules:

Losses from real estate transfers and investment project transfers may not be offset against income currently enjoying CIT incentives, requiring clearer segregation of incentivised and non-incentivised income streams.

New taxable income categories:

The revised regulations introduce taxable treatment for certain emerging income streams, including transfers of carbon credits, emission reduction certificates, and green bonds.

Foreign enterprise tax obligations have been clarified:

Foreign enterprises without a Permanent Establishment ("PE") in Vietnam are subject to tax on Vietnam-sourced income, including e-commerce income, royalties, and interest; while

Foreign enterprises with a PE in Vietnam are taxed on income attributable to that PE, including certain offshore income connected to Vietnam operations.

The revised CIT Law takes effect from 1 October 2025 and applies from the 2025 tax year.

Increased Transfer Pricing Audits

Tax authorities are increasingly using benchmarking databases and focusing on related party transactions, service fees, and loss-making companies.

Expansion of E-Invoice and Digital Tax Administration

The tax authorities continue strengthening digital tax administration and cross-checking data between tax, customs, and banking systems.

Special Consumption Tax (SCT) Reform

Law No. 66/2025/QH15 introduces an expanded SCT regime from 2026:

- Includes more sugary drinks, e-cigarettes, and other unhealthy consumption categories.
- Higher SCT rates to discourage harmful consumption behaviors and protect public health.

Businesses in SCT-related sectors (beverages, tobacco, etc.) should prepare compliance mechanisms and pricing strategies in advance.

Global Minimum Tax (Pillar 2)

Vietnam officially implemented the Global Minimum Tax regime, including QDMTT and IIR mechanisms applicable to multinational enterprise groups.

Value Added Tax (VAT)

Higher Tax-Exempt Threshold:

Raised the annual revenue threshold for VAT-exempt household businesses to 1 billion VND or less.

Relaxed VAT Refund Conditions:

Buyers can claim input VAT refunds even if the seller hasn't yet declared or paid their tax, accelerating corporate cash flow.

Agricultural Supply Chain Incentives:

For unprocessed or basic-processed farm, forest, and fisheries products traded between businesses/cooperatives:

- No VAT needs to be declared or paid on sales, but full input VAT can still be deducted/refunded.

Strict Cashless Payment Mandate:

Failure to provide non-cash payment documentation for invoices valued at 5 million VND or higher will result in the disqualification of the corresponding input VAT deduction.

Stricter 0% Export Service Rules:

To qualify for 0% VAT, services must be consumed entirely outside Vietnam. Domestic services for foreign entities (e.g., local advertising, training) no longer qualify.

Personal Income Tax (PIT)

Employment income has some significant affecting on the PIT payable

Higher family relief deductions:

Personal deduction increased to VND 15.5 million/month, while dependent deduction increased to VND 6.2 million/month.

Simplified progressive tax rates:

The progressive tax schedule has been reduced from 7 tax brackets to 5 tax brackets, with rates ranging from 5% to 35%.

Additional deductible expenses:

Certain actual education and medical expenses supported by valid invoices/documents may be deductible, subject to conditions and limits prescribed by the Government.

Environmental Protection - Extended Producer Responsibility (EPR)

New obligations relating to recycling and environmental contribution mechanisms continue to expand for producers and importers.

It provides detailed F_s coefficients (recycling norms) for calculating the recycling responsibility of producers and importers. Companies must submit annual recycling declarations and implement or contract certified recycling schemes.

Certain actual education and medical expenses supported by valid invoices/documents may be deductible, subject to conditions and limits prescribed by the Government.

“Vietnamese taxation compliance represents one of the largest controllable risks for foreign investors”



Corporate Income Tax Rates

Type of Company / Income Source	Tax Rate	Key Footnotes / Conditions
Corporates in Vietnam		
Standard Corporate Rate	20%	The default rate for most enterprises unless a specific preference applies.
Micro Enterprises (Annual revenue ≤ VND 3 billion)	15%	Determined based on the previous year's total revenue.
Small Enterprises (Annual revenue > VND 3 billion to 50 billion)	17%	Determined based on the previous year's total revenue.
Tax Incentives		
Incentivised Sectors (High-tech, software, renewable energy, social housing)	10%	Applied for 15 years or the entire duration of the activity depending on the project type.
Incentivised Locations (Areas with difficult socio-economic conditions)	17%	Applied for 10 years for new investment projects.
Small and Medium Enterprises (SMEs)	0%	For the first 3 years of operation (Subject to eligibility criteria, including SME classification, method of establishment, and ownership history.)
Special sectors		
Real Estate Transfer	20%	Generally excluded from the 15% and 17% small business rates.
Oil, Gas, and Precious Natural Resources	25% - 50%	The specific rate is decided by the Prime Minister based on the project's characteristics.
Foreign Enterprises		
Foreign Enterprises (calculated on revenue basis)*	Various %	Applies to entities without a Permanent Establishment (PE) or income unrelated to a PE.
Services	5%	Management fees for restaurants/hotels/casinos are taxed at 10%.
Supply of Goods	1%	Includes distribution and "in-place" export-import.
Royalties	10%	Income from intellectual property or technology transfer.
Loan Interest	5%	Interest paid to foreign lenders.
Capital Transfer	2%	Transferring capital in a Vietnamese entity.

Important Footnotes & Exclusions

Exclusions from Small Business Rates (15% & 17%):

These preferential rates do not apply to income from real estate transfers (except social housing), capital/securities transfers, oil and gas exploration, or income earned from activities outside Vietnam. Additionally, they do not apply to subsidiaries where the parent company or a related party does not meet the small business criteria.

Socialisation Sectors:

Activities in education, vocational training, healthcare, culture, sports, and the environment (socialization) are eligible for the 10% rate for their entire operational duration.

Foreign Entities - Special Rates:

For foreign entities without a PE, a rate of 0.1% applies to securities transfers and re-insurance provided to overseas parties. Construction and transportation services are taxed at 2% of revenue.

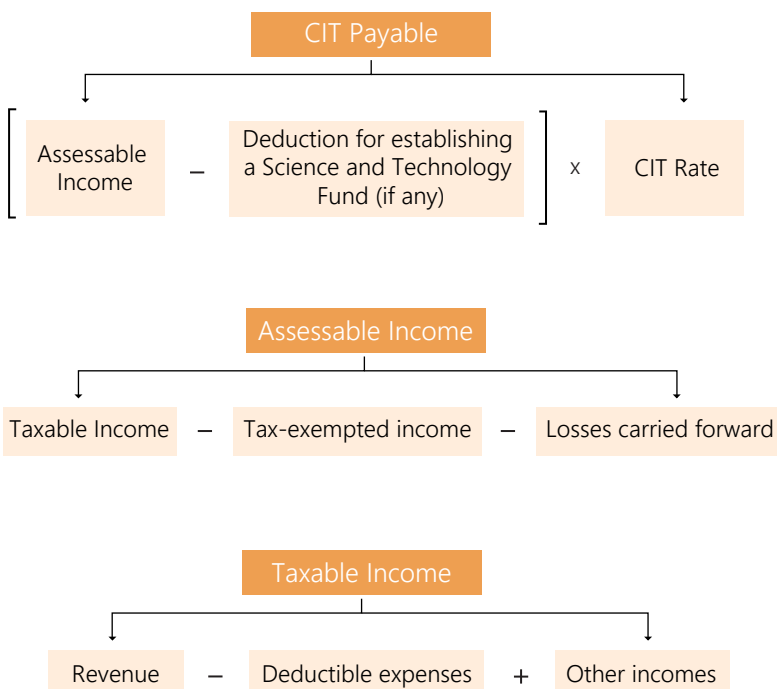
Natural Resources:

Specifically for precious resources like gold, silver, or gemstones, the rate is 50% (reduced to 40% in areas with especially difficult socio-economic conditions).

PE Related Income:

Foreign enterprises with a PE in Vietnam must file based on actual profits (Declaration Method) for income related to that PE, applying the standard 20% rate unless other incentives apply.

CIT Calculation



Tax-exempt Income



Agriculture & fisheries

Fishing; cultivation, livestock, aquaculture, and processing of agricultural and aquatic products.



Cooperatives in disadvantaged areas

Agricultural, forestry, and fishery cooperatives operating in difficult or extremely difficult socio-economic areas.



Agriculture-support services

Technical services directly serving agriculture.



R&D and innovation

R&D, technology development, innovation, digital transformation; income from new technologies first applied in Vietnam (tax-exempt for 3 years).



Social policy employment

Enterprises with $\geq 30\%$ average annual employees being persons with disabilities, rehabilitated drug users, or persons living with HIV/AIDS.



Vocational training

Training provided exclusively for ethnic minorities, persons with disabilities, disadvantaged children, and social policy beneficiaries.



Domestic investment income

Dividends or profit shares from capital contribution, share acquisition, joint ventures, or business cooperation with domestic enterprises.



Grants and donations

Funding used for education, culture, arts, charity, humanitarian and other social activities in Vietnam.



State enterprise restructuring

Gains from asset revaluation for equitisation or restructuring of wholly state-owned enterprises.



Green & carbon instruments

Emission reduction certificates, carbon credits, interest from green bonds, and first-time green bond certification income.



State-mandated activities

Income (including interest) from tasks assigned to policy banks, VAMC, social security, deposit insurance, and health insurance funds.



Socialised entities

Undistributed income of socialised service providers.



Priority technology transfer

Income from transferring priority technologies to entities in extremely difficult areas.



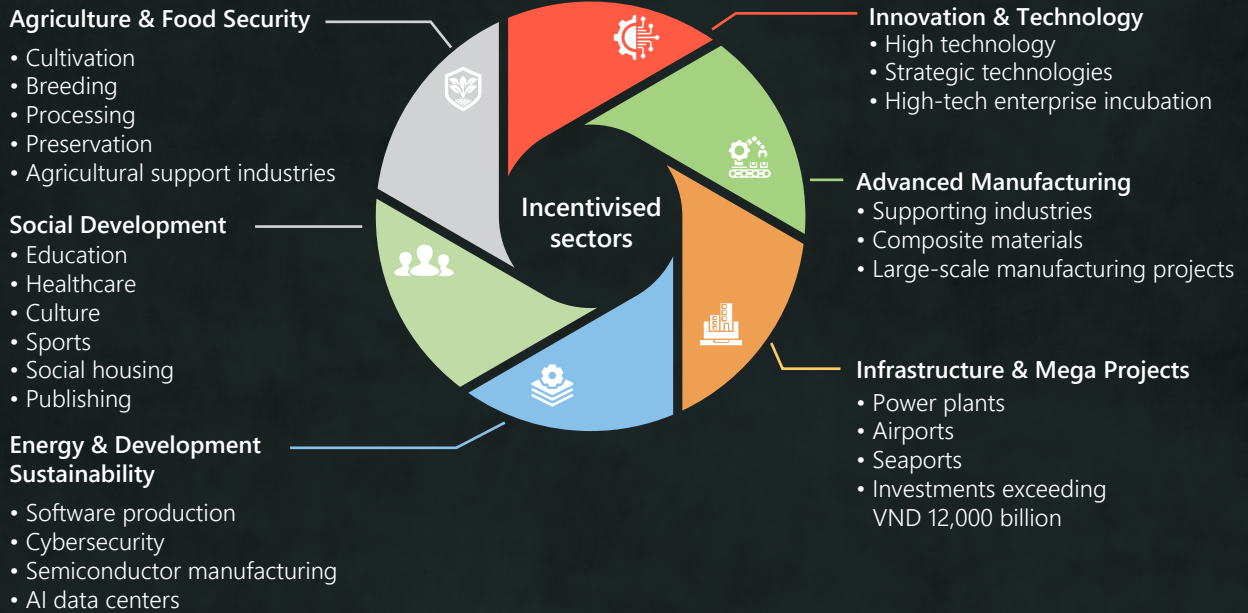
Public service units

Income of public non-business units from providing public services.

CIT Incentives

Enterprises are entitled to Corporate Income Tax (CIT) incentives based on two main criteria:

1. Incentivised sectors



2. Incentivised locations

Certain locations may qualify for preferential Corporate Income Tax treatment to encourage regional development and investment.



Location matters.

Tax incentives are often determined not only by what a business does, but also by **where it invests**.

New Incentive – CIT Exemption for Newly Established SMEs

Newly established small and medium sized enterprises are entitled to a full CIT exemption for the first three years (for private economic sector)



Particularly Difficult Socio-Economic Areas

Areas with difficult socio-economic conditions that may qualify for enhanced tax incentives.

- 10% CIT for 15 years
- 4-year tax exemption
- 50% tax reduction for the following 9 years

Difficult Socio-Economic Areas

- High-Tech Parks
- Software Parks
- Digital Technology Zones
- Innovation Ecosystems

- 17% CIT for 10 years
- 2-year tax exemption
- 50% tax reduction for the following 4 years

Economic Zones

- High-tech Zones
- High-tech Agricultural Areas, and
- Concentrated Digital Technology Zones

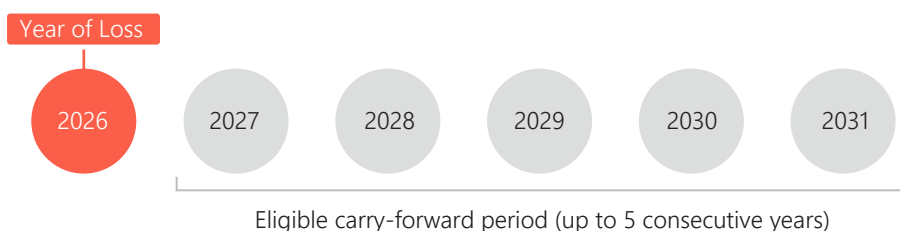
Tax losses

Loss incurred in a tax period means a negative difference in assessable income, excluding loss carried forward from previous years.

If an enterprise incurs a loss after settling tax, such loss shall be fully and continuously carried forward and offset against the succeeding years' taxable income. A loss may be carried forward for up to 5 consecutive years following the year in which it is incurred.

5 Years

Losses may be carried forward and offset against future taxable income.



Deductible expenses and non-deductible expenses

Deductible expenses must:

Business Purpose

Be actually incurred and related to business operations.

Proper Documentation

Be supported by proper invoices and documents.

Non-Cash Payment

Comply with non-cash payment requirements where applicable (non-cash payment from VND 5 million).

Common non-deductible expenses include:

Regulatory Non-Compliance

- Expenses not meeting deductibility conditions, including administrative penalties.
- Provisions not made in accordance with tax regulations or exceeding allowable limits.

Financing & Related-Party Costs

- Expenses not meeting deductibility conditions, including administrative penalties.
- Provisions not made in accordance with tax regulations or exceeding allowable limits.

Employee Benefits Outside Limits

Employee-related expenses not paid or paid in excess of prescribed limits (e.g. meal allowances, bonuses, travel and phone expenses exceeding internal regulations or paid in cash).

Tax & Accounting Adjustments

- Depreciation of fixed assets not meeting prescribed conditions.
- Prepaid or accrued expenses not in compliance with tax regulations.
- Recoverable costs exceeding the permitted ratio under petroleum contracts.
- Expenses not corresponding to taxable income.

Taxes & Donations

- Taxes not constituting the company's tax obligations (e.g. PIT borne by the employer under gross salary contracts, FCT not contractually borne by the buyer, refundable VAT).
- Donations and sponsorships not eligible for tax deduction (except for deductible contributions prescribed by law, such as education or disaster relief).

Value Added Tax (VAT)

Overview

Value Added Tax (VAT) is an indirect tax imposed on the value added to goods and services at each stage of the supply chain.

In Vietnam, VAT applies to:

- Goods and services consumed in Vietnam
- Goods imported from overseas
- Certain cross-border services

Businesses act as tax collectors on behalf of the tax authorities, charging VAT on sales and offsetting it against VAT incurred on purchases.

VAT Calculation Methods

There are two methods for VAT declaration in Vietnam:

a. Deduction Method (Credit Method)

This is the standard method applied by most enterprises.

VAT payable

Output VAT

-

Input VAT

- Output VAT: VAT charged on sales
- Input VAT: VAT paid on purchases (subject to eligibility)

Eligibility conditions include:

- Maintaining proper accounting records under Vietnamese Accounting Standards
- Holding valid VAT invoices and supporting documents

b. Direct Method

This method is generally applied to:

- Small businesses and household businesses
- Entities not eligible for the deduction method
- Foreign organizations without permanent establishments in Vietnam, overseas non-resident individuals that have revenue in Vietnam

VAT payable = Turnover × Deemed rate

Deemed VAT rate	Business Activity
1%	Trading / distribution of goods
5%	Services (excluding materials)
3%	Manufacturing / construction (incl. materials)
2%	Others
10%	Cross-border digital services.

VAT Rates

The applicable VAT rates in Vietnam are as follows:

VAT rate	Description
0%	Exported goods and services, international transportation
5%	Essential goods and services (e.g., healthcare, education, agriculture)
10%	Standard rate applicable to most goods and services
Not subject to VAT	Certain sectors (e.g., financial services, capital transfers, land use rights)

Key distinction:

- 0% VAT: Input VAT is recoverable
- Not subject to VAT: Input VAT is not recoverable

Exported Goods and Services (0% VAT)

To apply the 0% VAT rate, businesses must meet specific conditions, including:

- Contract with a foreign customer
- Non-cash payment, supported by bank documents (e.g., bank transfer, offset/clearing arrangements supported by agreements and reconciliation documents)
- Supporting documents evidencing that goods/services are consumed outside Vietnam, including customs declarations for exported goods (where applicable)



Failure to meet these conditions may result in VAT being applied at domestic rates.

VAT Declaration and Payment

The frequency of VAT filing depends on prior-year turnover:

Annual turnover	Filing frequency
Above VND 50 billion	Monthly
VND 50 billion or below	Quarterly

Deadlines:

- Monthly filing: by the 20th of the following month
- Quarterly filing: by the last day of the first month of the following quarter
- The tax payment deadline is aligned with the tax filing deadline

VAT Refunds

VAT refunds may be available where input VAT exceeds output VAT, subject to statutory conditions and proper documentation.

Common Refund Cases

Export activities

Businesses engaged in exporting goods or services applying the 0% VAT rate may claim a refund where:

- Input VAT is not fully offset against output VAT
- The remaining input VAT is VND 300 million or more

Investment projects

Businesses applying the deduction method in the pre-operational (investment) phase may claim a VAT refund:

- Input VAT incurred during the investment phase
- After offsetting against any VAT payable from existing business activities (if any), the remaining VAT input is VND 300 million or more

Refunds may be claimed during the investment period. If not claimed earlier, the refund dossier must be submitted within

Typically applies to:

- New projects
- Expansion projects

Other specific cases

Certain cases may qualify under specific regulations, including:

- ODA-funded projects
- Diplomatic or international agreements

Key Conditions

To be eligible for VAT refunds, businesses must generally:

- Applying the deduction method
- Maintain proper accounting records and supporting documents
- Have a bank account under the enterprise's tax code
- Submit a complete refund dossier to the tax authorities

Practical Notes

- VAT refund claims are subject to review or audit before approval
- Export refunds are closely scrutinized, particularly documentation
- Any excess VAT input not refunded can be carried forward

Highlight

VAT refunds are primarily driven by excess input VAT (input > output), most commonly arising from export activities and investment phases.

Electronic Invoices (E-invoices)

E-invoices are mandatory for all enterprises in Vietnam.

Two main types:

- Authenticated e-invoices (with tax authority verification code)
- Unauthenticated e-invoices (allowed for certain sectors)

Businesses must register with the tax authority prior to issuance.

Practical Considerations

From a practical perspective, businesses should note:

- VAT in general is not an expense, as long as input VAT is fully reimbursed.
- Proper invoice management is critical to ensure deductibility.
- Misclassification between 0% and non-taxable can significantly impact cash flow.
- Documentation requirements are particularly strict for export transactions.



Personal Income Tax

Individuals earning income in Vietnam are subject to Personal Income Tax (PIT) in Vietnam, based upon their tax residency status. Employment income is taxed on a progressive rates basis while other income subject to fixed tax rates

Tax Resident

The law distinguishes between two types of taxpayers:

- **Tax Resident:** Taxed on global income. They are defined as being present in Vietnam for 183 days or more in a year or having a regular residence through rental contract over 6 month or holding temporary resident card (TRC).
- **Non-tax Resident:** Taxed only on income earned within the territory of Vietnam.

If they do not meet the conditions to be tax resident in Vietnam, they will be treated as non-tax resident.

Note: In case they can not prove they are resident of any country, they will be considered as tax resident in Vietnam.

PIT Rates

Tax bracket	Tax income per year (VND million)	Tax income per month (VND million)	Tax resident PIT rates	Non-tax resident PIT rate
1	Up to 120	Up to 10	5%	
2	Over 120 to 360	Over 10 to 30	10%	
3	Over 360 to 720	Over 30 to 60	20%	20
4	Over 720 to 1,200	Over 60 to 100	30%	
5	Over 1,200	Over 100	35%	

Deductions from taxable income

- **Personal Deduction:** VND 15.5 million/month (VND 186 million/year)
- **Dependent Deduction:** VND 6.2 million/month/dependent

▪ Actual Cost Deductions

- Medical care, education, and vocational training for themselves and their dependents, provided they have valid invoices and the costs have not been reimbursed by other sources.
- Charitable and humanitarian contributions to organisations authorised or recognised by authorities, operating on a non-profit basis.

Timelines for Declaration and Finalisation

For employment income, employers must withhold, declare, and pay PIT on a monthly or quarterly basis, and perform annual PIT finalisation for income they have paid in year and for employees who authorise them to do so by 31 March following the tax year.

Employees with income from only one employer (or limited additional income) may authorise the employer to finalise PIT on their behalf. Otherwise, they must finalise PIT by themselves by 30 April following the tax year.

Individuals with additional tax payable below VND 50,000 are not required to finalise PIT, although annual finalisation is generally recommended.

PIT-Exempt Income from Salaries and Wages

Overtime & Night Shifts

The portion of pay that is higher than the standard daytime/regular working hour wage.

Unused Annual Leave

Wages paid for statutory leave days that were not taken.

Pensions

Paid by the Social Insurance Fund or voluntary/supplementary pension funds.

Scientific & Innovation Tasks

Income derived from performing specific R&D or innovation duties.

5-Year Exemption for Strategic Talents

A full 5-year tax holiday for high-quality digital personnel (working in AI, semiconductors, chip design) and high-tech R&D personnel.

“In Vietnam, cross-border transactions often create tax exposures long before businesses realise they exist.”



Transfer Pricing (TP)

Overview

Transfer pricing (TP) rules in Vietnam require transactions between related parties to be conducted in accordance with the arm's length principle.

This means that prices applied in related party transactions should be consistent with those that would have been agreed between independent parties under similar conditions.

Related Party Transactions

A related party relationship exists where one party has control, influence, or significant economic interest in another.

Common cases include:

- Parent - subsidiary relationships.
- Entities under common control.
- Transactions involving significant loans, guarantees, or dependence.

Related party transactions may include:

- Sale and purchase of goods
- Provision of services
- Loans and other financial arrangements
- Royalties, licensing and use of intangible assets
- Intercompany service charges and management fees
- Cost sharing or cost allocation arrangements within the group
- Employee-related charges (e.g., secondment arrangements, recharged payroll costs)

Transfer Pricing Methods

Taxpayers are required to apply appropriate methods to demonstrate arm's length pricing.

Common methods include:

- Comparable Uncontrolled Price (CUP)
- Resale Price Method (RPM)
- Cost Plus Method (CPM)
- Transactional Net Margin Method (TNMM)
- Profit Split Method (PSM)

The selection of method depends on the nature of the transaction and availability of comparable data.

Transfer Pricing Documentation (TPD)

Taxpayers engaging in related party transactions are required to prepare transfer pricing documentation to demonstrate compliance with the arm's length principle.

The documentation typically includes:

- Local File
- Master File
- Country-by-Country Report (CbCR) (where applicable)

Timing and submission

While TPD is not required to be submitted together with the annual corporate income tax (CIT) return, it should be:

- Prepared on a contemporaneous basis, i.e. available at the time of CIT finalisation.
- Used to support the amounts reported in the CIT return and assess whether any transfer pricing adjustments are required. TPD must be maintained and provided upon request by the tax authorities, typically within 15 working days.

Relief from Transfer Pricing Documentation Requirements

Taxpayers may be exempt from preparing TPD (Local File, Master File and CbCR), subject to specific conditions, including:

- The taxpayer performs simple functions, does not own or create valuable intangibles, and achieves minimum profitability thresholds on earnings before interest and tax (EBIT), for example:
 - Distribution: $\geq 5\%$
 - Manufacturing: $\geq 10\%$
 - Processing: $\geq 15\%$
- Total revenue $< \text{VND } 50$ billion and total related party transactions $< \text{VND } 30$ billion
- The taxpayer has entered into an Advance Pricing Agreement (APA) and complies with annual reporting requirements

Compliance Requirements

Taxpayers are required to:

- Declare related party transactions annually (TP disclosure forms)
- Maintain contemporaneous documentation
- Submit documentation upon request by tax authorities

Interest Deductibility

When having a related transaction, net interest expense is deductible up to 30% of EBITDA. Any non-deductible interest may be carried forward in next 5 years in accordance with tax regulations.

For this purpose:

Net interest expense = Total interest expense (including related and third-party loans) - Interest income (including deposits and loans).

Practical Considerations

From a practical perspective, businesses should note:

- TP is a high-risk area and frequently subject to tax audits
- Inadequate documentation may lead to tax adjustments and penalties
- Benchmarking analysis is critical to support pricing positions
- Intercompany agreements should align with actual transactions

Highlight

Transfer pricing compliance focuses on demonstrating that related party transactions are conducted at arm's length and supported by robust documentation.

Minimum Global Tax

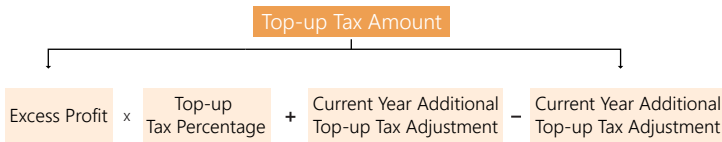
The Global Minimum Tax policy in Vietnam which takes effect from fiscal year 2024 is designed to ensure that large multinational groups pay a minimum effective tax rate of 15% in every country where they operate. This policy is implemented under the OECD's Global Anti-Base Erosion ("GloBE" or Pillar 2) rules, provides for two main tax collection mechanisms in Vietnam:

- the Qualified Domestic Minimum Top-up Tax ("QDMTT"); and
- the Income Inclusion Rule ("IIR").

The QDMTT applies to foreign-invested groups in Vietnam. Under this rule, if a multinational group has a global revenue of at least EUR 750 million in at least two years in four latest years and its effective tax rate in Vietnam is below 15%, the Vietnamese entity may be required to pay additional top-up tax in Vietnam. The IIR applies to overseas investments made by Vietnamese groups. Under this rule, if a Vietnamese parent company directly or indirectly owns a subsidiary in another country where the effective tax rate is below 15%, the Vietnamese parent company may need to pay its share of the top-up tax relating to that foreign subsidiary.

Tax Calculation

The tax calculation is based on the principle that the effective tax rate ("**ETR**") on the group's profits in each jurisdiction must be at least 15%. Key formulas include:



- Excess Profit is determined after deducting the Substance-based Income Exclusion, which includes eligible tangible assets and payroll costs.

$$\text{Top-up Tax Percentage} = 15\% - \text{Effective Tax Rate in that jurisdiction}$$

- Effective Tax Rate = Adjusted Covered Taxes / Net Income
- Adjusted Covered Taxes refer to CIT recorded in the financial statements of a constituent entity in relation to its income, profits, or share of profits from other constituent entities. These taxes are adjusted for certain items, including deferred tax assets/liabilities and other adjustments required under the Global Minimum Tax rules.

Tax Filing Forms

The Decree introduces a detailed set of tax forms (Appendix III) for administration purposes, including:

Form	Description
01/TB-DVHT	Notification of the constituent entity responsible for tax filing
01-DKTD-DVHT	Tax registration or tax registration amendment form
01/TNDN-QDMTT	Supplementary CIT return for Qualified Domestic Minimum Top-up Tax
01/TNDN-IIR	Supplementary CIT return for Income Inclusion Rule
01/TKTT-QDMTT	Global Minimum Tax information return
01/TKTT-IIR	Global Minimum Tax information return
01/TM	Explanatory note on differences arising from accounting standard differences

Compliance Timeline

Compliance Requirement	Description
Tax Registration Deadline	Constituent entities must submit tax registration documents no later than 90 days from the end of the first applicable fiscal year.
Deadline for notification of filing entity	No later than 30 days from the end of the reporting fiscal year.
Tax Filing & Payment (First Year)	No later than 18 months after the end of the reporting fiscal year.
Tax Filing & Payment (Subsequent Years)	No later than 15 months after the end of the reporting fiscal year.

Double Taxation Agreements (DTAs)

Vietnam has entered into numerous Double Taxation Agreements (DTAs) with other countries to avoid double taxation and prevent tax evasion.

DTAs allocate taxing rights between Vietnam and the foreign country, helping to ensure that income is not taxed twice.

Key Benefits

Under DTAs, taxpayers may benefit from:

- Reduced withholding tax (WHT) rates on cross-border payments (e.g., dividends, interest and royalties)
- Exemption from taxation in certain cases, depending on the allocation of taxing rights
- Foreign tax credit relief, whereby tax paid in one jurisdiction may be credited against tax payable in another jurisdiction

Application of DTAs

To apply DTA benefits, taxpayers must:

- Be a tax resident of a country that has a DTA with Vietnam
- Obtain a Certificate of Tax Residence (CoR)
- Submit relevant supporting documents to the Vietnamese tax authorities

DTA benefits are typically applied through a notification or approval process with the tax authorities.

Methods of Relief

DTAs generally provide relief through:

- **Exemption method:** Certain income earned in a foreign jurisdiction may be exempt from tax in the taxpayer's country of residence, in accordance with the relevant DTA.
- **Foreign tax credit method:** Tax paid in a foreign jurisdiction may be credited against tax payable in the taxpayer's country of residence, subject to applicable limitations. The applicable method depends on the specific provisions of the relevant DTA.

Practical Considerations

From a practical perspective, businesses should note:

- DTA applications are subject to review by tax authorities
- Supporting documentation must be consistent and complete
- Incorrect application may lead to tax reassessment and penalties
- Timing and administrative procedures can impact cash flow

Highlight

DTAs can significantly reduce withholding tax exposure, but require proper documentation and approval to apply.



DOUBLE TAXATION AVOIDANCE AGREEMENTS BETWEEN VIETNAM AND OTHER COUNTRIES

Below are the Double Taxation Avoidance Agreements that Vietnam has signed,
along with a summary of the withholding tax rates (contractor tax)
under these Agreements:

Country	Interest (%)	Royalties (%)	Note
Algeria	15%	15%	
Australia	10%	10%	
Austria	10%	10% / 7.5%	1
Azerbaijan	10%	10%	
Bangladesh	15%	15%	
Belarus	10%	15%	
Belgium	10%	5% / 10% / 15%	2
Brunei	10%	10%	
Bulgaria	10%	15%	
Canada	10%	10% / 7.5%	1
China	10%	10%	
Croatia	10%	10%	
Cuba	10%	10%	
Czech Republic	10%	10%	
Cambodia	10%	10%	
Denmark	10%	15% / 5%	3
Eastern Uruguay	15%	15%	
Egypt	15%	15%	
Estonia	10%	10% / 7.5%	1
France	N/A	10%	
Finland	10%	10%	
Hungary	10%	10%	
Hong Kong	10%	7% / 10%	4
India	10%	10%	
Indonesia	15%	15%	
Iceland	10%	10%	
Iran	10%	10%	
Italy	N/A	10% / 7.5%	1

Country	Interest (%)	Royalties (%)	Note
Ireland	10%	5% / 10% / 15%	
Israel	10%	7.5% / 5% / 15%	5
Japan	10%	10%	
Korea	10%	5%, 15%	
Kazakhstan	10%	10%	
Kuwait	15%	10%, 15%	
Laos	10%	10%	
Luxembourg	10%	10%	
Latvia	10%	10% / 7.5%	1
Malaysia	10%	10%	
Mongolia	10%	10%	
Myanmar	10%	10%	
Mozambique	10%	10%	
Macedonia	10%	10%	
Macau	10%	10%	
Morocco	10%	10%	
Malta	10%	5% / 10% / 15%	2
Norway	10%	10%	
North Korea	10%	10%	
New Zealand	10%	10%	
Netherlands	10%	5% / 10% / 15%	2
Oman	10%	10%	
Philippines	15%	15%	
Palestine	10%	10%	
Panama	10%	10%	
Pakistan	15%	15%	
Poland	10%	10% / 15%	6
Portugal	10%	10% / 7.5%	1
Qatar	10%	5% / 10%	7
Russia	10%	15%	
Romania	10%	15%	
Sweden	10%	15%	
Serbia	10%	10%	

Country	Interest (%)	Royalties (%)	Note
Spain	10%	10%	
Seychelles	10%	10%	
Sri Lanka	10%	15%	
Switzerland	10%	10%	
Saudi Arabia	15%	15%	
Singapore	10%	5% / 10%	8
Slovakia	10%	5% / 10% / 15%	2
San Marino	10% / 15%	10% / 15%	9,10
Turkiye	10%	10%	
Tunisia	10%	10%	
Taipei	10%	15%	
Thailand	10% / 15%	10%	11
United Kingdom	10%	10%	
Uzbekistan	10%	15%	
Ukraine	10%	10%	
USA	10%	5%, 10%	
United Arab Emirates	10%	10%	
Venezuela	10%	10%	

Notes:

- 10% (Total royalty amount)
7.5% (Total technical service fee)
- 5% (Patents, Designs & Technical Know-how)
10% (Trademarks & Commercial Know-how)
15% (Other Royalties)
- 15% (General Royalties)
5% (Patents, Know-how & Equipment Rights)
- 7% (Patents, Designs & Secret Processes)
10% (Others)
- 7.5% (Total technical service fee)
5% (Payment in any form of the right of using)
15% (Others)
- 10% (Patents, Designs, Know-how, etc.)
15% (Others)
- 5% (Patent & IP Rights)
10% (Others)
- 5% (Patent, Know-how & IP Rights)
10% (Others)
- 10% ($\geq 10\%$ Shareholding for 12+ Months)
15% (Others)
- 10% ($\geq 10\%$ Direct Shareholding for 12+ Months)
15% (Others)
- 10% (Financial Institution)
15% (Others)

“The future of doing business in Vietnam is not only profitable, but sustainable”



Special Consumption Tax

Tax Rates

Applicable SCT rates for specified products and services are listed in the table opposite. These rates apply to the selling price (exclusive of SCT, Environment Protection Fee (if any) and VAT). The taxable price of imported goods at the time of importation is the sum of the deductible price and the import duties. If a trading entity sells manufactured or imported goods to entities that are not independent, a minimum taxable price may apply in some cases to prevent tax avoidance.

Tax Credits

SCT on raw materials (imported or domestic) is deductible against SCT payable based on actual usage in sold goods. Non-deductible or unused SCT (due to zero sales) is eligible for deduction as a corporate income tax expense.

TAXATION TABLES

SPECIAL CONSUMPTION TAX

Special Consumption Tax (SCT) Rates for Goods

Goods	Tax Rate (%)	Flat Tax Amount (per unit)
Tobacco		
Cigarettes	75%	From 2027: VND 2,000/pack. Increments of VND 2,000/year up to VND 10,000 in 2031
Cigars	75%	From 2027: VND 2,000/pack. Increments of VND 2,000/year up to VND 10,000 in 2031
Shredded tobacco, pipe tobacco, etc.	75%	
Spirits / Liquor		
≥20° ABV	65% (2026) → 90% (2031)	N/A
<20° ABV	35% (2026) → 60% (2031)	N/A
Beer	65% (2026) → 90% (2031)	N/A
Motor Vehicles (< 24 seats)		
Passenger cars (≤9 seats)	35% – 150%	Based on cylinder capacity
Passenger cars (10 to < 16 seats)	15%	N/A
Passenger cars (16 to < 24 seats)	10%	N/A
Pick-up trucks & VANs (dual cabin)	15% (2026) → 34% (2029)	Based on cylinder capacity & year
Hybrid/Bio-fuel/Natural Gas cars	70% of standard rate	Based on items 4a-4d
Bio-fuel only cars	50% of standard rate	Based on items 4a-4d
Electric Vehicles (EVs)		
- Battery EVs	1% – 3% (2026) 4% – 11% (2027)	Rate varies by seat capacity
- Other EVs	5% – 15%	Rate varies by seat capacity
Motorhomes (RV)	75%	N/A
Motorcycles (> 125 cm ³)	20%	N/A
Aircraft, Helicopters, Gliders	30%	N/A
Yachts	30%	N/A
Gasoline (Petrol)	7% – 10%	10% for fossil, 8% for E5, 7% for E10
Air Conditioners (24k - 90k BTU)	10%	N/A
Playing Cards	40%	N/A
Votive Offerings / Joss Paper	70%	N/A
Sugar-sweetened Beverages (> 5g/100ml)	8% (2027) → 10% (2028)	N/A

Special Consumption Tax (SCT) Rates for Services

Services	Tax Rate(s)
Discotheques / Nightclubs	40%
Massage & Karaoke	30%
Casinos & Prize-winning Electronic Games	35%
Betting	30%
Golf	20%
Lotteries	15%

Note:

Cigarettes: Flat tax applies to packs of 20, cigars: Flat tax applies to cigars weighing 20g each. The government provides conversion guidance for different quantities/weights.

Financial Responsibility for Environment Fund

Regulations now require manufacturing and importing businesses to comply with the Environmental Protection Law regarding packaging recycling and waste treatment

Financial Contribution for Product and Packaging Recycling

Producers and importers are required to declare and make financial contributions to the Vietnam Environmental Protection Fund to support recycling activities if they do not directly organize recycling themselves.

Contribution calculation:

The contribution amount for the current year (Year N) is provisionally calculated based on the actual volume of products and packaging released to the market in the previous year (Year N-1), multiplied by the mandatory recycling rate and the recycling cost norm (Fs).

Compliance procedures:

- Register annual recycling plans (Form No. 01); and
- Submit annual recycling reports (Form No. 02)
- Declare financial contributions for recycling support (Form No. 03).

Adjustment mechanism:

Any discrepancy between declared and actual volumes of the previous year will be carried forward and adjusted in the contribution amount of the following year.

Financial Contribution for Waste Treatment

This obligation applies to products and packaging containing hazardous substances, products that are difficult to recycle, or those causing challenges in waste collection and treatment.

Applicable products:

Including pesticide packaging; single-use batteries; diapers, sanitary pads, wet wipes; chewing gum; cigarettes; and products containing synthetic plastic components.

Contribution basis:

- For pesticide packaging, cigarettes, and synthetic plastic products: based on the actual quantity/volume of products in the previous year multiplied by the prescribed contribution rate.
- For batteries, diapers, and chewing gum: based on the previous year's net revenue (for producers) or total import value (for importers), multiplied by the prescribed contribution rate.

Declaration form:

Producers and importers must use Form No. 04 to declare these contributions to the Vietnam Environmental Protection Fund.

Compliance Process

For self-organised recycling, the manufacturers and importers must register their annual recycling plan and report the previous year's recycling results to the Ministry of Natural Resources and Environment. The deadline for registering the recycling plan is March 31 annually.

For financial contribution: The submission form is required before March 31 of each year, while the payment is settled a little later with 50% of payment is before 20 April and 50% remaining is before 20 October of the same year

Entities Exempt from Packaging Recycling Responsibilities and Waste Treatment Responsibilities:

Apply to small-scale entities (product sales revenue below VND 30 billion per year), those not for commercial purposes, or those who have self-recovered for reuse at a certain rate.

Contact

As investors plan their market entry journey, we trust that this Vietnam Market Entry Handbook serves as a useful tool in understanding the opportunities and requirements ahead. Embarking on a venture in Vietnam involves navigating a complex, yet dynamic landscape. Alitium provides expertise in legal, licensing, accounting, HR, compliance, and taxation services to give investors the clarity and confidence needed to operate successfully.

The decisions you make today will shape your long-term success in Vietnam. With significant experience and strong local knowledge, we help you develop the right strategy, mitigate risks, and seize opportunities. Contact Alitium to begin your market entry journey in an effective and sustainable way.

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Phuong is a Vietnamese-qualified lawyer, who spent 12 years leading the licensing and legal services division at an international market entry specialist, before founding Alitium.

Phuong has extensive experience supporting international organisations, including representing numerous foreign governments, listed companies from dozens of markets, and multi-national organisations from across the globe.

She has broad exposure to all facets of market entry, governance and compliance for foreign companies, and understands the needs to develop compliant yet commercially practical solutions for client needs.

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With over 20 years of experience in accounting, tax, and business advisory, Ms. Phung has supported numerous businesses in effectively addressing complex issues. Holding CPA and CA certifications, along with dual Bachelor's degrees in Accounting & Auditing and Enterprise Law, she seamlessly combines financial expertise with legal insight in her advisory solutions.

Her approach focuses on listening carefully to and understanding each client's unique needs, from which she develops tailored solutions that ensure legal compliance and optimise efficiency.

**Matthew Lourey**

Chairman


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Matthew has more than 30 years professional services experience, with 20 of this in Vietnam. He previously established and lead a services firm in Vietnam supporting foreign investors that grew to 150 staff, and which was rolled into a regional group.


Matthew is an Australian Chartered Accountant, and is renowned for his understanding and application of Vietnamese structures, compliance and strategies for foreign investors. His practical advice and experience in market brings value to any client wishing to operate in Vietnam.



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