



Forvis Mazars in Vietnam Alert

Tax updates

Update on notable points in Circular No. 20/2026/TT-BTC
("Circular 20")

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Circular No. 20/2026/TT-BTC

Introduction

On 12 March 2026, the Ministry of Finance issued Circular No. 20/2026/TT-BTC, which applies retrospectively to the 2025 finalisation period. For CFOs, tax directors and finance teams in Vietnam, the Circular signals a clear shift toward tighter documentation, stricter enforcement and greater taxpayer accountability.

Circular No. 20/2026/TT-BTC

Key updates



1. Effective date

- Circular 20 takes effect from 12 March 2026 and applies from the tax period of 2025.
- Transitional provisions regarding supporting documents for deductible expenses for the financial year of 2025:
 - For expenses incurred before the effective date of Circular 20 and guided in Circular No. 96/2015/TT-BTC, Circular No. 78/2014/TT-BTC and its amendments and supplementary regulations, the provisions issued in these regulations shall continue to apply.
 - For depreciation expenses of leased assets during the period without tenants, it is required to have documents proving the enterprise's legal ownership and right to use the assets.
 - For other deductible expenses incurred before the effective date of Circular 20 that have not been guided in the old regulations, the necessary dossiers include invoices and documents as prescribed by law, and are not strictly required to meet the specific documentation requirements outlined in Circular 20.

2. Supporting documents for deductible expenses

- Circular 20 provides guidance on the supporting documents for expenses to be accepted as deductible expenses when determining taxable income subject to CIT, including certain expenses that have been incurred but have not generated corresponding revenue in the tax period.
- These supporting documents may be stored in the form of originals, certified copies, copies bearing the enterprise's seal, or valid electronic documents in accordance with legal regulations.
- In addition, Circular 20 specifically stipulates the documentation sets applicable to certain groups of expenses such as unsuccessful bidding expenses, market/product research expenses for new products and services, or land lease and infrastructure maintenance expenses for projects that have not yet commenced operations. Accordingly, apart from ordinary accounting records, enterprises may need to supplement additional documents proving actual activities.

Circular No. 20/2026/TT-BTC

Key updates

3. CIT incentives

- Circular 20 continues to emphasize the taxpayer's self-determination mechanism for tax incentives; however, during an inspection, if the tax authority detects errors, they will handle tax arrears collection, late payment interest, and administrative penalties for tax violations.
- For expansion investment projects:
 - The company must submit a registration of the investment capital amount for the expansion investment project to the managing tax authority at the same time as submitting the CIT finalization return, at the latest in the year the project is implemented, to notify the registered capital of the expansion investment project.
 - Where there is a change in the registered capital scale of the expansion investment project, it must be re-notified to the tax authority.

4. Time for revenue recognition for calculating CIT

Circular 20 clarifies the timing for revenue recognition for certain business activities, including:

- **For Vietnamese enterprises:** export of goods; air transport services; construction and installation activities (including shipbuilding); and provision of electricity and water.
- **For foreign enterprises:** capital transfers; transfer of securities and certificates of deposit; and transfer of derivative securities (futures contracts). Notably, with respect to capital transfers, the timing for determining revenue is the effective date of the initial capital transfer agreement, rather than the time of transferring capital ownership as stipulated in Circular No. 78/2014/TT-BTC.

5. CIT on capital transfers during restructuring

Circular 20 provides clearer guidelines on capital transfer activities during internal corporate restructuring. Accordingly, certain capital transfer transactions arising during internal ownership restructuring may be deemed as not generating taxable income, provided that they do not result in a change of the ultimate parent company and fully satisfy the conditions prescribed in the Circular.

6. CIT of foreign contractors

Circular 20 officially annuls and replaces the provisions on CIT applicable to foreign contractors as stipulated in Circular No. 103/2014/TT-BTC. Contracts signed prior to 12 March 2026 and registered to apply the foreign contractor tax under the hybrid methods in accordance with the former regulations, shall continue to apply such former regulations until the contracts expire.



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