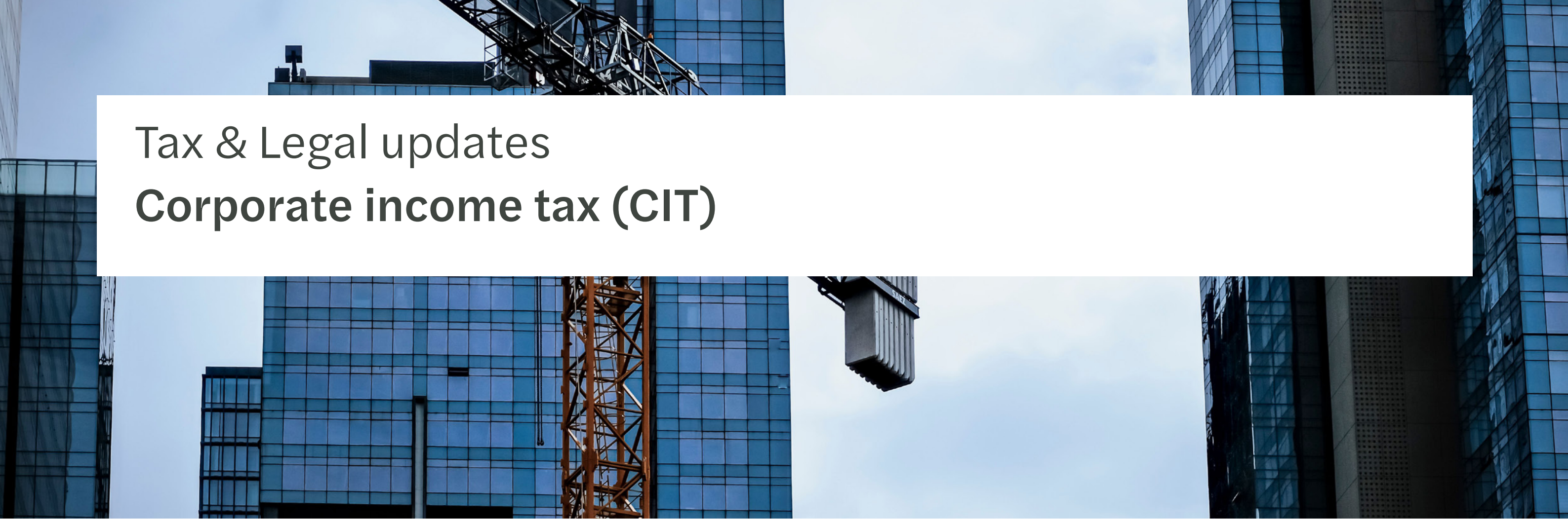
Forvis Mazars in Vietnam Alert

Tax & Legal updates

June 2026



Tax & Legal updates
Corporate income tax (CIT)

1. Official Letter No. 3705/CT-CS issued by the Tax Department

According to the Official Letters, the tax authority refer to the provisions of the 2019 Labor Code and Decree No. 145/2020/ND-CP on labor sub-leasing (labor outsourcing) activities. Accordingly, labor sub-leasing is a conditional business line that may only be conducted by enterprises holding a valid labour subleasing licence and only applies to job positions included in the permitted list of labour subleasing jobs.

Official Letter No. 3705/CT-CS takes the view that expenses incurred in violation of specialised laws are not deductible when determining taxable income for CIT purposes. For VAT purposes, the Tax Department does not directly conclude on the creditability of input VAT.

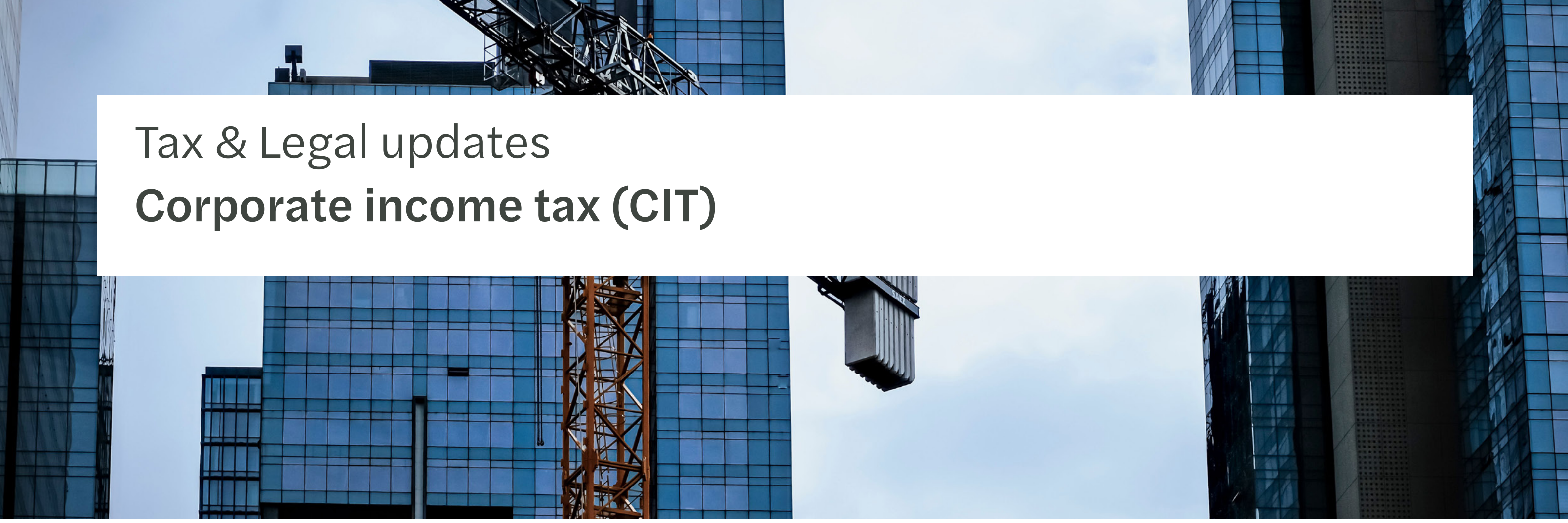
2. Official Letter No. 2758/CT-CS issued by the Tax Department providing guidance on CIT incentives in the case of an extension of an investment project

According to the guidance in the Official Letter, CIT law provides tax incentives for investment projects (including new investment projects and expansion investment projects) that meet the conditions on incentivized sectors or geographical areas. However, CIT regulations do not provide any CIT incentive for the period of an operating-term extension; CIT incentives apply only during the period of implementing component projects in each phase.

3. Official Letter No. 2959/CT-CS issued by the Tax Department providing guidance on funding for the construction of infrastructure works

The Official Letter provides guidance on determining deductible expenses for cash funding used to implement an investment project to build a clean-water supply system for a locality. Under the provisions cited by the Tax Department, certain funding for education, healthcare, culture, prevention and remediation of consequences of natural disasters and epidemics, great-solidarity houses, houses of gratitude, houses for policy beneficiaries, and funding under programs of the Government or the Prime Minister for localities in areas with especially difficult socio-economic conditions, as well as certain expenditures supporting the construction of public works that simultaneously serve the enterprise's production and business activities, may be considered for inclusion in deductible expenses if the conditions on documentation, supporting records, and payment are fully met.

For the specific case in the Official Letter, Thanh An commune is not located in an area with especially difficult socio-economic conditions. At the same time, if the clean-water supply system project does not serve the enterprise's production and business activities, the cash funding for this project is not deductible when determining taxable income for CIT purposes.



Tax & Legal updates
Corporate income tax (CIT)

4. Official Letter No. 3006/CT-CS issued by the Tax Department providing guidance on CIT incentives for expansion investment projects

Where an enterprise with an existing investment project subsequently expands its production scale, increases capacity or renovates production technology, and the project is located in an eligible sector or encouraged location for CIT incentives and satisfies one of the three prescribed criteria, the enterprise may choose either to enjoy CIT incentives applicable to the existing project for the remaining incentive period or to enjoy tax exemption or reduction on the additional income generated from the expansion investment. The criteria for an expansion investment project include:

- The increase in the historical cost of fixed assets upon completion and commencement of operation of the project reaches at least the prescribed level;
- The proportion of the increase in the historical cost of fixed assets reaches at least 20% of the total historical cost of fixed assets before the investment; or
- The additional design capacity increases by at least 20% compared with the designed capacity before the investment.

For the case referred to in the Official Letter, where an enterprise invests in upgrading, replacing, or renovating the technology for an existing project in an eligible sector or encouraged location under Decree No. 218/2013/ND-CP but does not satisfy any of the prescribed criteria for an expansion investment project, CIT incentives will continue to apply to the existing project for the remaining incentive period (if any).

Tax & Legal updates

Value Added Tax, Invoices, and Tax administration

Official Letter No. 3337/CT-CS issued by the Tax Department providing guidance on VAT and the timing of invoice issuance for purchase cards

According to the Official Letter, where a business establishment sells shopping cards to customers and the customers use such shopping cards as a payment instrument to purchase goods or services from a partner company, the invoice issuance timing is the time when the customers use the shopping cards to purchase goods or services, in accordance with Decree No. 70/2025/ND-CP.

Tax & Legal updates

Personal Income Tax and Transactions with individuals and business households

1. Official Letter No. 4021/CT-NVT issued by the Tax Department providing guidance on the change from monthly to quarterly PIT declaration from the tax period of April 2026

Pursuant to Resolution No. 66.16/2026/NQ-CP on the reduction and simplification of administrative procedures, taxpayers will transition from monthly to quarterly declaration for PIT returns on salaries and wages under Forms No. 02/KK-TNCN and 05/KK-TNCN from the April 2026 tax period onwards. The Tax Department upgraded the e-tax system to accept the relevant tax returns from 19 May 2026.

For taxpayers whose April 2026 return has been received by the tax authority and for whom an acceptance notice has been returned, when preparing the Q2 2026 return, the taxpayer shall only consolidate the declared figures corresponding to the obligations arising in May and June 2026 and shall not consolidate the obligations already declared in the April 2026 return into the Q2 2026 return, in order to avoid double counting the tax obligation.

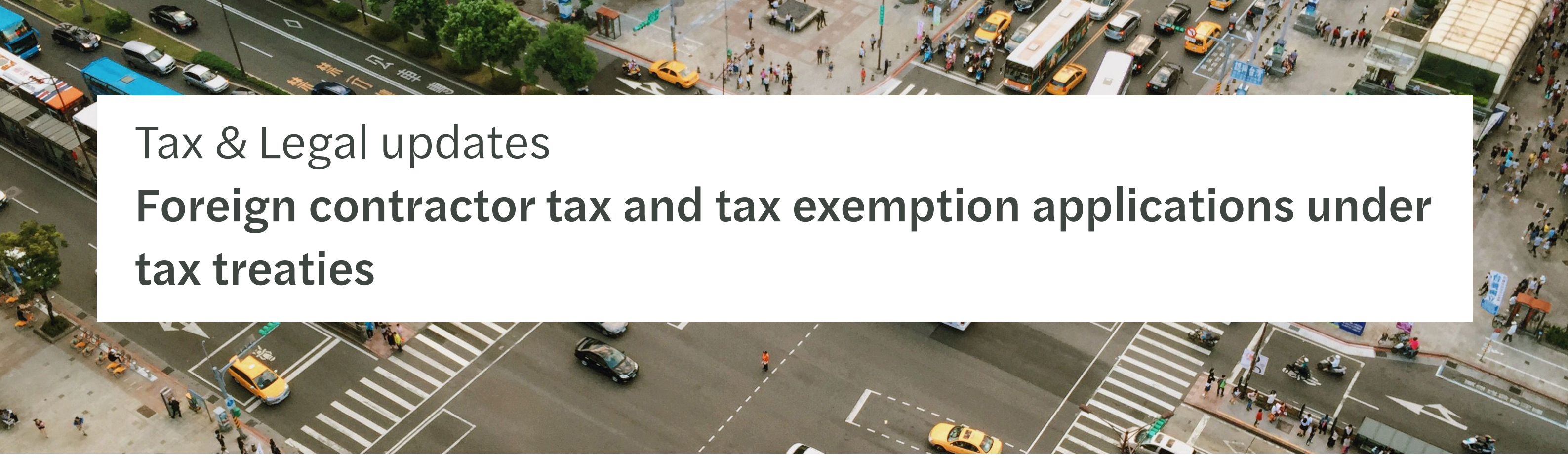
If taxpayers identify errors in the April 2026 tax return, they should file an amended return for April 2026 in accordance with the regulations. Any PIT payable arising from the April 2026 return, if any, is due by the filing deadline of the Q2 2026 quarterly return, i.e., 31 July 2026. The centralized tax administration system will automatically align the payment deadline for the April 2026 return with that of the Q2 2026 quarterly return, and the e-tax system will send a notification to the taxpayer.

2. Official Letter No. 3152/CTH-QLDN3 issued by the Can Tho City Tax Office providing guidance on the purchase of goods and services from individuals or business households and PIT declaration for expenditures paid to individuals and business households

For the purchase of goods and services from individuals or business households with revenue below the VAT threshold, the enterprise may include the amount in deductible expenses when determining taxable income for CIT purposes if it maintains full supporting documents in accordance with Circular No. 20/2026/TT-BTC. The required documents include: (i) payment vouchers to the seller in accordance with accounting regulations, (ii) payment evidence where the value of goods or services purchased in a day from each household or individual is VND 5 million or more and must be paid via non-cash payment, and (iii) a statement of purchases of goods and services using Form No. 02/TNDN signed and certified by the legal representative or authorized representative of the enterprise.

Regarding the 2025 PIT finalization, for payments made before the individual registers a business household, the payment is treated as income from wages and remuneration of the individual. The paying enterprise is responsible for withholding PIT in accordance with Circular No. 111/2013/TT-BTC and declaring this amount in Appendix Form No. 05-2/BK-QTT-TNCN when preparing the 2025 PIT finalization.

For payments made from the time the individual has registered a business household, the payment is treated as income from the business activities of the business household. In this case, the paying enterprise does not withhold PIT and does not declare this amount in the organization's PIT finalization file; the individual or business household is responsible for fulfilling its tax obligations in accordance with the tax administration laws applicable to business households and business individuals.



Tax & Legal updates

Foreign contractor tax and tax exemption applications under tax treaties

1. Official Letter No. 5466/HYE-QLDN2 issued by the Hung Yen Province Tax Office providing guidance on PIT and FCT on costs for foreign experts coming to Vietnam to support the enterprise's operations

According to the Official Letter, where a Vietnamese enterprise incurs airfare and hotel costs for foreign individuals travelling to Vietnam to support the enterprise's production and business activities, such costs constitute PIT-taxable income of the foreign individuals. The enterprise is responsible for withholding PIT in accordance with the regulations.

For foreign contractor tax, where a Vietnamese enterprise pays certain costs such as airfare and hotel costs for foreign individuals and such costs are determined to be expenses paid by the Vietnamese party on behalf of a foreign contractor, the FCT taxable revenue includes such expenses paid on behalf, in accordance with Circular No. 69/2025/TT-BTC for VAT and Circular No. 20/2026/TT-BTC for CIT.

2. Official Letter No. 3326/CT-CS issued by the Tax Department providing guidance on the application dossier for tax treaty relief in respect of royalties

In handling foreign contractor tax exemption or reduction dossiers under double taxation agreements (tax treaties), the Tax Department emphasises the following:

- Regarding tax residency for tax treaty purposes, the Tax Department requests local tax authorities to review the Certificate of Residence of each foreign contractor to ensure that the foreign contractor is a tax resident of the treaty partner jurisdiction. The dossier must also satisfy all legal requirements, including consular legalisation, translation and notarisation/certification as required.
- In addition to the residency requirement, the tax authority will only consider applying the preferential tax rate under the relevant tax treaty if the foreign contractor can prove that it is the beneficial owner of the income for which tax relief is claimed. For example, for payments relating to the right to use patents, technology, designs or intellectual property involving multiple parties within the same group, the tax authority may request documents evidencing the economic substance of the transaction, including ownership or licensing rights, cash flow and retained economic benefits, control and discretion over exploitation or sublicensing, functional-asset-risk analysis, and the relevant related-party transaction structure.
- Where the foreign contractor satisfies the above conditions, the Tax Department requires a review to determine the nature of the income. For example, if a patent licence agreement is in substance a bundled arrangement involving trademarks, technical services or operational support, or merely permits exploitation of the right to use without transferring core know-how, the income may need to be reclassified into another category depending on the substance of the patent licensing arrangement.
- Regarding permanent establishment risk, where a foreign contractor provides services in Vietnam for more than six months in connection with agreements for licensing the use of patents or technology, such activities may create a permanent establishment in Vietnam under the relevant tax treaty.

Although tax treaties do not prescribe a deadline for submitting a tax treaty application dossier, under OECD guidance and international practice, treaty partner jurisdictions are responsible for adopting and maintaining domestic rules to prevent treaty abuse. Accordingly, the tax authority's refusal to consider a tax treaty application dossier for tax arising beyond the deadline prescribed under Clause 1, Article 6 of Circular No. 205/2013/TT-BTC is consistent with Vietnam's tax regulations and is not contrary to the tax treaty.

Tax & Legal updates

New legal documents

1. Decree No. 239/2026/ND-CP issued by the Government amending and supplementing several articles of Decree No. 81/2018/ND-CP on trade promotion activities

Decree No. 239/2026/ND-CP took effect from the date of signing, i.e., 26 June 2026, and amends and supplements certain provisions of Decree No. 81/2018/ND-CP on trade promotion activities. Key contents include:

01

Amending and supplementing certain provisions of Decree No. 81/2018/ND-CP guiding the Law on Commerce on trade promotion activities.

02

Adjusting administrative procedures, implementation conditions and the scope of application of certain forms of promotion.

03

Facilitating business operations and aligning the regulatory framework with commercial practice, particularly in the context of rapid development of e-commerce.

Some notable changes include:

- The provision limiting the total duration of price-reduction promotions for a type of goods or service brand to no more than 120 days per year under Clause 5, Article 10 of Decree No. 81/2018/ND-CP is no longer in place. However, the practical application of price-reduction promotions still needs to be monitored further under the implementation of guided documents.
- Supplementing a provision that, where goods are sold or services are provided together with purchase vouchers or service vouchers, the merchant or organization issuing them and the merchant using the purchase vouchers or service vouchers must bear responsibility and comply with the law on anti-money laundering.
- Adding an online method for notification of promotion activities via the National Public Service Portal.

2. Decree No. 245/2026/ND-CP issued by the Government on the extension of payment deadlines for VAT, CIT, PIT, and land rent in 2026

Decree No. 245/2026/ND-CP provides for the extension of payment deadlines for VAT, CIT, PIT, and land rent arising in 2026. Specifically:

For VAT, the maximum extension is 05 months for the VAT amount arising in the tax periods from May to September 2026 and the tax periods of Q2 and Q3/2026. This extension does not apply to VAT at the import stage. Taxpayers must still file VAT returns in accordance with current regulations; the Decree only extends the deadline for paying the tax due.

For PIT of business households and business individuals, the maximum extension is 05 months for the PIT amount arising in the tax periods from May to September 2026 and the tax periods of Q2 and Q3/2026.

For provisional CIT, the extension is 03 months for the provisional CIT amount of Q2/2026 and 02 months for the provisional CIT amount of Q3/2026.

For land rent, the extension is 05 months for 50% of the land rent payable in 2026, i.e. the land rent payable for the first period of 2026, in the case of taxpayers that are directly leased land by the State under a decision or contract of a competent State authority in the form of annual land rent payment. The extension period is counted from 31 May 2026.

The taxpayer shall submit a single written request for extension covering the entire amount of tax and land rent arising in the tax periods eligible for extension, sent to its directly managing tax authority. The deadline for submitting the written request for extension is no later than 02 November 2026. If the written request for extension is not submitted within this time limit, the taxpayer is not entitled to the extension of tax and land rent payment deadlines under the Decree.

During the extension period, taxpayers are not subject to late payment interest on the tax and land rental amounts eligible for extension. However, if a competent authority determines that the taxpayer is not eligible for the extension, the taxpayer must pay the full amount of tax, land rental and corresponding late payment interest in accordance with the regulations.

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