Newsletter

On Taxation, Accounting and Business

August 2026

UPDATING ON TAX LAW

- Decree No. 291/2026/ND-CP dated 21/7/2026 amending and supplementing certain articles of Decree No. 125/2020/ND-CP dated 19/10/2020 of the Government on administrative penalties for tax and invoice violations
- Official Letter No. 4637/CT-CS dated 08/7/2026 of the Tax Department regarding seasonal labor hiring expenses
- Official Letter No. 4782/CT-CS dated 13/7/2026 of the Tax Department regarding the lease of assets from individuals
- Official Letter No. 3867/QNI-QLDN2 dated 04/8/2026 of Quang Ninh Provincial Tax Department guiding VAT declaration during the investment phase
- Official Letter No. 10310/NBI-QLDN2 dated 07/8/2026 of Ninh Binh Provincial Tax Department regarding 10% PIT withholding for cases where labor contracts have been terminated
- Official Letter No. 10311/NBI-QLDN2 dated 07/8/2026 of Ninh Binh Provincial Tax Department guiding personal income tax policy
- Official Letter No. 13665/HYE-QLDN1 dated 11/8/2026 of Hung Yen Provincial Tax Department guiding foreign contractor tax policy for transportation and forwarding services for exported goods
- Official Letter No. 13592/HYE-QLDN2 dated 07/8/2026 of Hung Yen Provincial Tax Department guiding the deductibility of scrap and defective-product destruction costs for CIT purposes
- Official Letter No. 2703/VLO-QLDN3 dated 12/8/2026 of Vinh Long Provincial Tax Department guiding VAT policy on declaration of input VAT invoices arising in the period and VAT refunds
- Official Letter No. 10775/BNI-QLDN1 dated 06/8/2026 of Bac Ninh Provincial Tax Department guiding the application of exchange rates by exporting enterprises
- Official Letter No. 6101/BHXH-QLT dated 31/7/2026 of Ho Chi Minh City Social Security guiding allowances

UPDATING ON TAX LAW

Decree No. 291/2026/ND-CP dated 21/7/2026 amending and supplementing certain articles of Decree No. 125/2020/ND-CP dated 19/10/2020 of the Government on administrative penalties for tax and invoice violations

Additional penalties for administrative violations involving the provision of information for tax and invoice information exchange, specifically:

(1) A fine of VND 10,000,000 to VND 30,000,000 for providing information requested by the tax authority for information exchange under Vietnamese law, tax treaties or international tax agreements to which Vietnam is a member or signatory at least 05 days after the prescribed deadline.

(2) A fine of VND 30,000,000 to VND 50,000,000 for providing inaccurate or incomplete information requested by the tax authority for information exchange under Vietnamese law, tax treaties or international tax agreements to which Vietnam is a member or signatory.

(3) A fine of VND 50,000,000 to VND 100,000,000 for any of the following acts:

3.1. Failure to provide information within 15 days after the information-provision deadline or extended deadline requested by the tax authority for information exchange under Vietnamese law, tax treaties or international tax agreements to which Vietnam is a member or signatory.

3.2. Colluding with or shielding taxpayers to obstruct the tax authority from collecting or verifying information for information exchange under Vietnamese law, tax treaties or international tax agreements to which Vietnam is a member or signatory. The remedial measure is mandatory provision of complete and accurate information for the violations specified in item (2) and item 3.1.

Official Letter No. 4637/CT-CS dated 08/7/2026 of the Tax Department regarding seasonal labor hiring expenses

Where an enterprise incurs expenses for hiring seasonal workers from labor subleasing enterprises, but the working conditions and employment relationship do not fall within the list of 20 jobs permitted for labor subleasing under Appendix II of Decree No. 145/2020/ND-CP, such labor hiring expenses are not deductible for CIT purposes.

Official Letter No. 4782/CT-CS dated 13/7/2026 of the Tax Department regarding the lease of assets from individuals

Where San Ha Co., Ltd. leases assets from Ms. Vo Thi Anh Tuyet, the supporting documents for deductible expenses are the asset lease agreement

UPDATING ON TAX LAW

and rental payment documents. Where an organization leases real estate from an individual and the lease agreement states that the lessee will declare and pay tax on behalf of the lessor, the organization shall declare and pay tax on the individual’s behalf. The tax filing deadline is determined based on the rental payment period.

Official Letter No. 3867/QNI-QLDN2 dated 04/8/2026 of Quang Ninh Provincial Tax Department guiding VAT declaration during the investment phase

Where Mutek Vietnam Technology Co., Ltd. applies the credit method for VAT and has an investment project eligible for a VAT refund, and is not exempt from filing VAT returns under Clauses 1, 3 and 9, Article 11 of Decree No. 252/2026/ND-CP dated 30/6/2026, the Company must submit VAT returns Form 01/GTGT and Form 02/GTGT in accordance with Clause 1, Article 17 and Clause 5, Article 19 of Circular No. 89/2026/TT-BTC dated 30/6/2026 of the Ministry of Finance and Clause 1, Article 30 of Decree No. 181/2025/ND-CP dated 01/7/2025.

Official Letter No. 10310/NBI-QLDN2 dated 07/8/2026 of Ninh Binh Provincial Tax Department regarding 10% PIT withholding for cases where labor contracts have been terminated

- Where the Company pays employees their June and July salaries in July 2026, withholding shall be made in accordance with Clause 2, Article 50 of Decree No. 253/2026/ND-CP.
- The Company shall withhold 10% from taxable salary and wage income before payment to the individual.

Official Letter No. 10311/NBI-QLDN2 dated 07/8/2026 of Ninh Binh Provincial Tax Department guiding personal income tax policy

- Overtime salary and wages
    - If an employee works more than 40 overtime hours in a month, the salary and wages corresponding to overtime hours exceeding 40 hours in that month are not PIT-exempt and must be included in taxable income for that month.
    - If an employee has not exceeded 40 overtime hours in a month but cumulative overtime in the year has reached the 300-hour annual limit permitted under Clause 3, Article 107 of the Labor Code, the salary and wages corresponding to overtime beyond that limit are not PIT-exempt.
    - If an employee works more than 40 overtime hours in a month while total annual overtime has not exceeded 300 hours, the salary and wages corresponding to hours exceeding 40 hours in the month are still not PIT-exempt.
    - If an employee simultaneously exceeds both the 40-hour monthly limit and the 300-hour annual limit, taxable income is determined based on actual overtime from the time either statutory labor limit is no longer met.
- Night-work salary and wages

  Night-work salary and wages paid in compliance with labor law are PIT-exempt; any amount paid above the statutory level must be included in taxable income. Accordingly, where the Company pays employees a night-work allowance equal to 35% of the prescribed salary base, the portion corresponding to 30%,

UPDATING ON TAX LAW

determined under Article 56 of Decree No. 145/2020/ND-CP dated 14/12/2020, is PIT-exempt; the excess above the statutory level is subject to PIT.

- Deduction for medical and education-training expenses

Where an employee incurs medical or education-training expenses that fully satisfy the conditions in Article 49 and requests the deduction, the Company shall rely on the records, invoices and documents provided by the employee to determine the deduction when calculating taxable income for PIT withholding under Clause 1, Article 50 of Decree No. 253/2026/ND-CP (the deduction limit is determined annually and is not averaged by month). Employees requesting deductions under Article 49 must personally finalize PIT under Clause 3, Article 51 and may not authorize the Company to finalize PIT on their behalf for the year in which the deduction is claimed.

Official Letter No. 13665/HYE-QLDN1 dated 11/8/2026 of Hung Yen Provincial Tax Department guiding foreign contractor tax policy for transportation and forwarding services for exported goods

Income received by a foreign contractor from international transportation services from Vietnam to overseas destinations is subject to foreign contractor tax. Income received by foreign organizations or individuals from services provided and consumed outside Vietnam is not subject to foreign contractor tax.

Transportation charges qualifying as international transportation and satisfying the conditions under Article 9 of VAT Law No. 48/2024/QH15 dated 26/11/2024 and Article 18 of Decree No. 181/2025/ND-CP are subject to the 0% VAT rate.

Official Letter No. 13592/HYE-QLDN2 dated 07/8/2026 of Hung Yen Provincial Tax Department guiding the deductibility of scrap and defective-product destruction costs for CIT purposes

The Company may treat costs of destroying scrap and defective products arising during processing and manufacturing as deductible expenses for CIT purposes if the conditions at Points b and c, Clause 1, Article 9 of Decree No. 320/2025/ND-CP dated 15/12/2025 are fully satisfied.

Regarding supporting documents for scrap and defective-product destruction costs incurred during processing and manufacturing that are deductible for CIT purposes, the Company must have sufficient invoices and documents as prescribed, together with the dossier components specified at Point i, Clause 9, Article 3 of Circular No. 20/2026/TT-BTC dated 12/3/2026 of the Ministry of Finance.

Official Letter No. 2703/VLO-QLDN3 dated 12/8/2026 of Vinh Long Provincial Tax Department guiding VAT policy on declaration of input VAT invoices arising in the period and VAT refunds

UPDATING ON TAX LAW

On 01/07/2026, C.P. VIETNAM LIVESTOCK CORPORATION - BEN TRE FROZEN FOOD BRANCH discovered that input VAT on an e-invoice had been incorrectly or omittedly declared and deducted in the July 2025 tax period. The Company shall declare the adjustment in item [37] or [38] of the month or quarter in which the error is discovered if the original incorrect or omitted input VAT declaration reduced tax payable or only increased or decreased input VAT credit carried forward (no supplementary tax return is required), in accordance with Article 12 of Decree No. 252/2026/ND-CP and Circular No. 89/2026/TT-BTC dated 30/6/2026 of the Minister of Finance.

Where C.P. VIETNAM LIVESTOCK CORPORATION - BEN TRE FROZEN FOOD BRANCH has declared VAT on goods or services purchased on deferred or installment payment terms with a value of VND 5 million or more but, upon expiry of the contractual payment deadline, does not yet have non-cash payment evidence, the Company must declare an adjustment reducing deductible input VAT for the portion without non-cash payment evidence in item [37] of the tax period in which the payment obligation arises under the contract or appendix. If, after the adjustment, the Company obtains non-cash payment evidence, it may declare and deduct the related input VAT in item [38] of the tax period in which such evidence is obtained, in accordance with Article 4 of Decree No. 144/2026/ND-CP and the detailed guidance in Form 01/GTGT issued with Circular No. 89/2026/TT-BTC dated 30/06/2026 of the Minister of Finance.

Official Letter No. 10775/BNI-QLDN1 dated 06/8/2026 of Bac Ninh Provincial Tax Department guiding the application of exchange rates by exporting enterprises

- Tax declaration currency and basis for reporting items on VAT return Form 01/GTGT:

  Items on VAT return Form 01/GTGT must be declared in Vietnamese dong. The values reported in items 23 and 23a of Form 01/GTGT shall be determined based on the customs dossier.

- Exchange rate stated on VAT invoices for exported goods: Where the Company exports goods or services and earns export revenue in foreign currency, invoices shall be issued in accordance with Section 8 of the Appendix on invoice contents issued with Decree No. 254/2026/ND-CP dated 30/6/2026. The foreign exchange rate stated on export invoices shall comply with customs regulations (Clause 9, Article 1 of Decree No. 167/2025/ND-CP dated 30/06/2025).

- Recognition of export revenue in the accounting records: For export revenue denominated in foreign currency, the accounting exchange rate applied by the Company shall comply with the regulations of the prevailing accounting regime.

Official Letter No. 6101/BHXH-QLT dated 31/7/2026 of Ho Chi Minh City Social Security guiding allowances

UPDATING ON TAX LAW

Telephone, travel and housing allowances that are separately stated in the labor contract in accordance with Clause 5, Article 3 of Circular No. 10/2020/TTBLDTBXH dated 12/11/2020 of the Minister of Labor, Invalids and Social Affairs (now the Ministry of Home Affairs) and are not salary are not included in the basis for compulsory social insurance contributions, even if fixed and paid regularly each month. The salary used as the basis for compulsory social insurance contributions is determined by the terms agreed in the labor contract in accordance with law.

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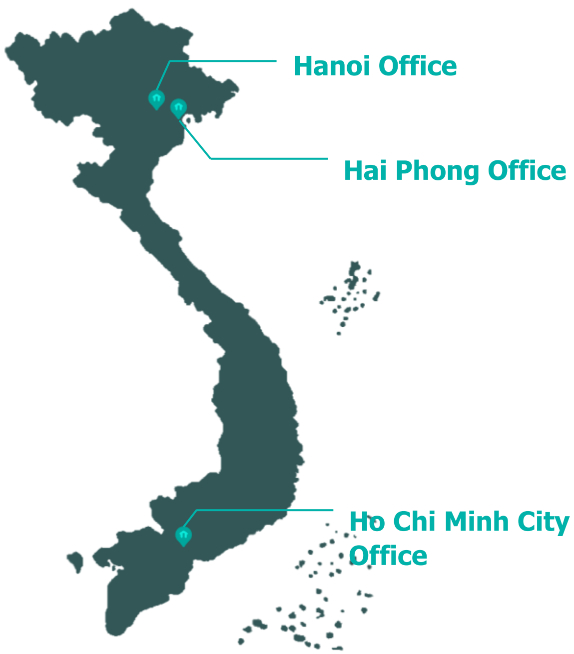
Accounting & Corporate Finance Advisory
Domestic & International Tax Advisory
Transfer Pricing
Business Advisory



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