Newsletter

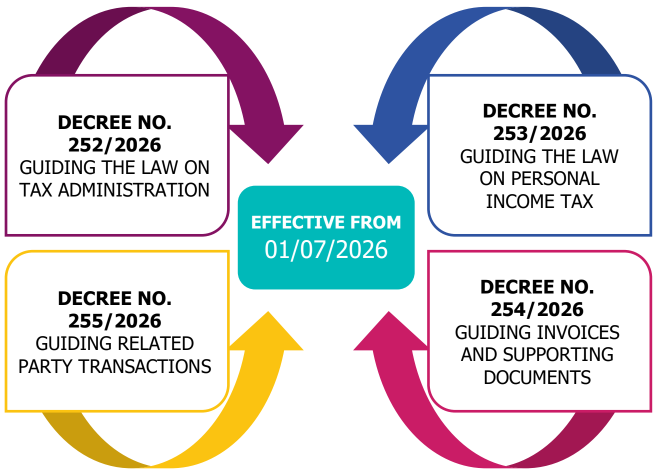
On Taxation, Accounting and Business

July 2026

TAX UPDATE

- Decree No. 252/2026/ND-CP Providing Detailed Regulations and Measures for the Implementation of Certain Provisions of the Law on Tax Administration (Effective from 1 July 2026)
- Decree No. 253/2026/ND-CP and Circular No. 87/2026/TT-BTC (Effective from 1 July 2026)
- Decree No. 254/2026/ND-CP on Electronic Invoices and Supporting Documents
- Decree No. 255/2026/ND-CP on Tax Administration for Enterprises Engaging in Related Party Transactions (Effective from 1 July 2026)

UPDATING ON TAX LAW



Decree No. 252/2026/ND-CP Providing Detailed Regulations and Measures for the Implementation of Certain Provisions of the Law on Tax Administration (Effective from 1 July 2026)

Clarification of Certain Definitions

- Decree No. 252 clarifies several key definitions, including "other force majeure events" and "e-commerce platforms and digital platforms with online ordering and payment functions."
- The "tax finalization period", except for Personal Income Tax ("PIT") finalization, is determined based on the annual accounting period in accordance with the accounting regulations.

Amendments to Tax Filing Deadlines

- The deadline for quarterly provisional tax payments, including provisional Corporate Income Tax ("CIT"), is the last day of the first month of the quarter following the quarter in which the tax liability arises.
- Individuals who directly finalize their employment income tax must submit the PIT finalization dossier no later than the last day of the fourth month following either: (i) the end of the calendar year; or (ii) the last day of the month completing a consecutive 12-month period.

Amendments to Supplementary Tax Return Filing

- Where a competent authority concludes, issues a judgment or decision that a seller has used illegal invoices or unlawfully used invoices, the purchaser is required to submit a supplementary tax return to adjust the tax obligations relating to the relevant invoices, including tax periods that have already been subject to tax inspection or audit, and shall be subject to penalties in accordance with the regulations.
- Where a taxpayer ("Taxpayer") submits a supplementary tax return or implements the conclusions or decisions issued following a tax inspection or audit relating to a supplementary CIT return under the Global Anti-Base Erosion (GloBE) rules, the exchange rate applied shall be: the exchange rate used in the original tax return; or where no tax return has yet been filed, the exchange rate prevailing on the last day of the statutory tax filing deadline.

Fulfilment of Tax Obligations Prior to Departure from Vietnam

- Where an enterprise ceases operations at its registered address and fails to complete procedures for restoring or terminating the validity of its tax identification number ("TIN") within 120 days from the date of notification, business individuals, household business owners, beneficial owners and legal representatives of the enterprise may be subject to an exit suspension.
- The tax authority will revoke the exit suspension where the taxpayer has partially settled the outstanding tax debt and the remaining balance falls below: VND 50 million for individuals and household businesses; and VND 500 million for enterprises, cooperatives and unions of cooperatives.

Tax Registration and Filing for Foreign Organizations and Non-resident Individuals Conducting Business through E-commerce Platforms and Other Digital Services

- Introduces tax registration exemptions for foreign suppliers ("FSs") in certain cases.
- Revises the tax filing frequency for foreign suppliers to monthly filing or filing on a transaction-by-transaction basis, as applicable.
- Clarifies the entitlement of foreign suppliers to claim treaty benefits under a Double Taxation Agreement ("DTA"), subject to satisfying the relevant conditions.
- Adds the scope of taxpayers and the tax registration and tax filing mechanism applicable

UPDATING ON TAX LAW

to non-resident individuals conducting business through e-commerce platforms without online ordering and online payment functions.

- Adds entities responsible for withholding and remitting taxes on behalf of taxpayers in respect of business activities conducted through e-commerce platforms, including direct platform owners, organizations or individuals authorized to manage the platforms, or Vietnamese organizations engaged in other digital economic activities acting on behalf of overseas e-commerce platform operators to make income payments to household businesses and business individuals deriving income from digital content products and services.
- Adds a mechanism allowing operators of e-commerce platforms with online ordering and payment functions (both domestic and overseas) to withhold and remit Value Added Tax ("VAT") and CIT on behalf of FSs conducting business through e-commerce platforms.
- Where an organization doing business in Vietnam applying the VAT credit method has withheld and remitted VAT and CIT on behalf of an FS, or VAT and PIT on behalf of a non-resident individual, such organization must notify the e-commerce platform operator so that tax is not withheld again in respect of the same transaction.
- The time of tax withholding is the time of payment or the time when the transaction is successfully confirmed and payment is accepted.
- TINs for tax withholding obligations:
  - Domestic e-commerce platform operators and Vietnamese organizations must register a separate TIN for declaring and remitting the taxes withheld on behalf of taxpayers.
  - Overseas e-commerce platform operators shall use the TIN registered and issued in accordance with Decree No. 252.

International Tax Cooperation and Preferential Regime for Taxpayers

- Adds a mechanism for simultaneous tax examinations under the Multilateral Convention on Mutual Administrative Assistance in Tax Matters to which Vietnam is a party.
- Adds a mechanism on the "preferential regime for taxpayers", providing detailed regulations on the forms of preferential treatment, scope of application, eligibility conditions and implementation mechanism.

Obligations to Provide, Collect and Verify Information under International Tax Treaties, International Tax Agreements and the Standards of the Global Forum on Transparency and Exchange of Information for Tax Purposes

- Taxpayers and relevant organizations and individuals are required to provide the tax authority with information and data relating to legal owners, beneficial owners, banking information, accounting information and other information of taxpayers and relevant organizations and individuals for tax purposes; Country-by-Country Reports ("CbCRs"), Common Reporting Standard ("CRS") financial account information relating to persons who are not tax residents of Vietnam, crypto-asset reports and other reports required under international tax treaties to which Vietnam is a party or international tax agreements signed by Vietnam.
- Branches and representative offices of foreign companies operating in Vietnam are required to declare information on the legal owners and beneficial owners of their overseas parent companies upon initial tax registration and upon changes to tax registration information in accordance with the tax registration regulations, and must retain the relevant records and supporting documents for at least five years.

Supplementary Tax Returns Permitted within Five Years

- Taxpayers continue to be permitted to submit supplementary tax returns where errors are identified within five years from the statutory filing deadline of the tax period in which the errors arise.

UPDATING ON TAX LAW

Exchange Rate for Tax Calculation on Exported and Imported Goods

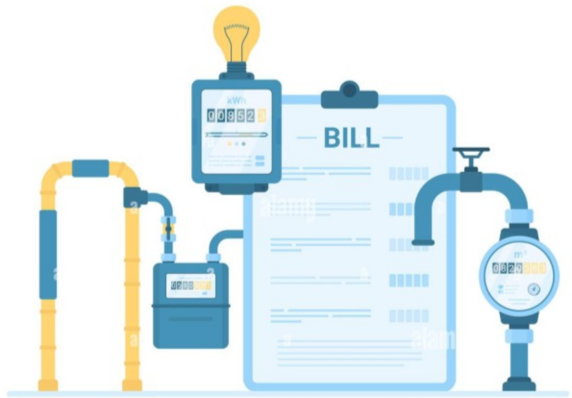
- For exported and imported goods, the exchange rate for tax calculation shall be determined in accordance with the customs regulations.

Effective Date and Transitional Provisions

- Decree No. 252 takes effect from 1 July 2026.
- The provisions on the allocation of payable VAT under certain provisions of Article 15 of Decree No. 252 shall remain applicable until 31 December 2026.
- Decree No. 125/2020/ND-CP dated 19 October 2020 on administrative penalties and its corresponding amending and supplementing decrees shall continue to remain effective until replaced by another legal instrument.

Decree No. 253/2026/ND-CP and Circular No. 87/2026/TT-BTC (Effective from 1 July 2026)

- Business Income (Article 7, Decree No. 253/2026/ND-CP): Income derived from the independent professional practice of individuals holding a licence or practising certificate and having business registration in accordance with the law.
- Employment Income (Article 8, Decree No. 253/2026/ND-CP): Remuneration received from the provision of services by individuals who are not registered for business and have not registered for tax purposes in respect of their business activities, regardless of whether they hold a licence or practising certificate.
- Housing, Electricity and Water Benefits for Employees (Clause 1, Article 8, Decree No. 253/2026/ND-CP):
  - Where an employee enjoys benefits from accommodation constructed by the employer for employees working at the enterprise, such benefits, including electricity, water and related services (if any), shall not be included in the employee's taxable income for Personal Income Tax ("PIT") purposes.
  - Where the employer pays on behalf of the employee for housing rent, electricity, water and related services (if any), such payments shall be included in the employee's taxable income based on the actual amount paid on behalf of the employee, but shall not exceed 15% of the employee's total taxable income arising at the enterprise, excluding housing rent, electricity, water and related services (if any).



- Severance Allowance (Clause 1, Article 8, Decree No. 253/2026/ND-CP);

  Emergency hardship allowance, unemployment allowance, severance allowance and job-loss allowance paid in accordance with the law.

  Where an organization or enterprise specifies in its financial regulations, internal regulations, labour contract or collective labour agreement a severance allowance or job-loss allowance higher than the level prescribed by law, the portion exceeding the statutory level shall also not be included in the employee's taxable income.
- Meal Allowance (Clause 2, Article 8, Decree No. 253/2026/ND-CP) - Applicable from 1 July 2026: Mid-shift meal and lunch allowances paid by an enterprise are exempt from PIT up to

UPDATING ON TAX LAW

VND 1.2 million per employee per month. Any amount exceeding this limit shall be included in the employee's taxable income for PIT purposes in accordance with the regulations.

- Conversion of Taxable Income (Article 17, Decree No. 253/2026/ND-CP)
    - Taxable income for PIT purposes received in foreign currency must be converted into Vietnam Dong at the buying exchange rate of the commercial bank where the individual maintains the transaction account or where the income-paying organization or individual maintains the account used for making the payment, at the time the income arises. Where neither the organization nor the individual maintains an account in Vietnam, the central exchange rate between Vietnam Dong and the US Dollar or the cross exchange rate between Vietnam Dong and other foreign currencies announced on the website of the State Bank of Vietnam at the time the income arises shall apply.
    - Taxable income for PIT purposes received in kind must be converted into cash and determined in Vietnam Dong based on the prevailing market value of such goods or services, or similar or equivalent goods or services, at the time the income arises.
- Overtime Pay (Article 26, Decree No. 253/2026/ND-CP)
    - PIT exemption applies to salaries and wages paid for night work and overtime work performed at the workplace in accordance with the conditions and working hours prescribed by labour laws.
    - PIT exemption applies to salaries and wages paid for unused annual leave in accordance with the conditions and payment levels prescribed in Clause 3, Article 113 of the Labour Code, the Law on Cadres and Civil Servants, and the Law on Public Employees.
    - Where salaries and wages paid for night work, overtime work or unused annual leave exceed the level prescribed by law, the excess amount shall be included in the individual's taxable income.

- Voluntary Pension Insurance and Life Insurance (Clause 2, Article 46, Decree No. 253/2026/ND-CP): Contributions to supplementary pension insurance under the Law on Social Insurance, voluntary pension insurance and life insurance are deductible from income when determining taxable income under this provision, subject to an aggregate maximum of VND 3 million per month for all such insurance schemes, including contributions made by the employer on behalf of the employee and contributions made by the employee (if any).
- Education and Medical Expenses (Clause 2, Article 49, Decree No. 253/2026/ND-CP) Resident taxpayers are entitled to deductions from taxable income before tax is calculated in respect of employment income for education, training and medical expenses incurred by the taxpayer and the taxpayer's dependants, including:
    - Medical examination and treatment expenses incurred at domestic medical establishments within the scope covered by health insurance, up to a total of VND 23 million per year;
    - Education and training expenses incurred at domestic educational institutions, up to a total of VND 24 million per year, including tuition fees for preschool education, general education, vocational education and higher education in accordance with the education laws, and other professional skills training provided by educational institutions.

UPDATING ON TAX LAW

The deduction of expenditures on medical examination and treatment and expenditures on education and training only apply to resident individuals who meet the following conditions:

- Have invoices/documents as prescribed by law; for medical expenses, an additional Statement of Medical Examination/Treatment Costs used at medical examination and treatment facilities as prescribed by the Minister of Health is also required;
- The invoices/documents used for the deduction must show the information of the taxpayer or the taxpayer's dependent;
- The expenses must not have been paid from other sources, including funding, support, or payment on behalf of organizations/individuals, the state budget, social insurance funds, health insurance, or any form of insurance payout.

In cases during the tax period, an individual requests a tax reduction arising from the deductions of expenditures on medical examination and treatment and expenditures on education and training, if the taxpayer requests that these deductions be applied to income before tax calculation, the taxpayer must self-finalize their tax;

- 10% Tax Withholding (Article 50, Decree No. 253/2026/ND-CP)

  Organizations and individuals paying salaries, wages, remuneration or other payments to resident individuals who do not enter into labour contracts or enter into labour contracts with a term of less than three (03) months (including payments of salaries or other income to employees after termination of their labour contracts), where the payment is VND 5 million or more per payment, must withhold PIT at the rate of 10% of the income before making the payment.

  Where the payment is less than VND 5 million per payment, the income payer may withhold PIT at the rate of 10% upon the individual's request.

  Cases Not Required to Conduct PIT Finalization (Clause 1, Article 51, Decree No. 253/2026/ND-CP)

  - Individuals whose PIT payable is less than the PIT already paid during the tax period and who do not request a tax refund or carry-forward of the tax credit to the following tax period.
  - Individuals who earn additional income from other sources where the average monthly income during the year does not exceed VND 15 million, and such income has already been subject to PIT withholding at the rate of 10% in accordance with Clause 2, Article 50 of this Decree, are not required to conduct PIT finalization in respect of such income.

- Transitional Provision (Article 70, Decree No. 253/2026/ND-CP)

  Where PIT declarations and payments in respect of employment income for the 2026 tax year have been made during the period from 1 January 2026 to 30 June 2026 in accordance with the PIT regulations applicable before 1 July 2026, taxpayers are not required to re-submit the monthly or quarterly tax returns but shall make any necessary adjustments in the 2026 annual PIT finalization return.

- Transfer of Digital Assets (Clause 4, Article 16, Decree No. 253/2026/ND-CP)

  Income from the transfer of digital assets includes virtual assets, crypto-assets and other digital assets in accordance with the law on the digital technology industry.

  PIT on other income of resident individuals as prescribed in Clause 4, Article 16 of this Decree shall be determined by applying a tax rate of 0.1% to the transfer value.

- Income Threshold for Determining Dependants (Article 3, Circular No. 87/2026/TT-BTC)

  The dependant's average monthly income during the year from all sources must not exceed VND 3 million.

  Taxpayers are responsible for determining

UPDATING ON TAX LAW

whether their dependants have no income or have average monthly income during the year from all sources not exceeding the prescribed threshold, and are responsible for declaring their dependants' income accurately and truthfully. Where the tax authority detects any incorrect declaration during implementation, the taxpayer shall be subject to penalties in accordance with the law.

Decree No. 254/2026/ND-CP on Electronic Invoices and Supporting Documents

Entities eligible to use electronic invoices

- Additional entities eligible to use electronic invoices without tax authority authentication: Enterprises operating in the securities, crypto-asset, and carbon exchange support service sectors are eligible to use electronic invoices without tax authority authentication
- Additional guidance on registration for electronic invoices generated from cash registers: Economic organizations, business households and individual businesses selling goods or providing services directly to consumers that have already registered to use e-invoices (with or without tax authority authentication) are not required to separately register for the use of e invoices generated from cash registers.
- Additional guidance on registration for the use of electronic invoices: Business households and individual businesses that are not subject to the mandatory use of electronic invoices may still voluntarily register to use electronic invoices with the tax authority.
- Narrowing of cases eligible for tax authority-authenticated electronic invoices issued on a transaction-by-transaction basis: The Decree removes the provision allowing the tax authority to issue authenticated e-invoices on a transaction-by-transaction basis in the following cases:
    - Business households and individual businesses that do not satisfy the conditions for using tax authority-authenticated electronic invoices but require invoices for issuance to customers.
    - Enterprises that have been dissolved, declared bankrupt or whose tax identification numbers have 7 been deactivated but subsequently dispose of assets and require invoices for issuance to buyers.
    - For non-business organizations, the tax authority will issue authenticated e-invoices on a transaction by-transaction basis only where they sell goods or provide services subject to VAT. Previously, this treatment applied to all transactions involving the sale of goods or provision of services.
- Additional guidance on invoice issuance is provided for finance leasing companies leasing assets subject to VAT, parties to business cooperation contracts, and co-insurance arrangements.

Cases not required to use e-invoices

The Decree introduces several additional cases in which e-invoices are not required, including:

- Business households and individuals selling goods and services for which a purchase list of goods or services is prepared in accordance with the corporate income tax regulations, unless they have registered to use e-invoices.
- Business households and individuals earning incomes from real estate leasing activities; incomes from the provision of products and services of digital information content on entertainment, electronic games, digital films, digital photos, digital music and digital advertisements to overseas organizations and individuals.
- Business households and individuals acting as lottery agents, insurance agents, multi-level marketing agents for which lottery, insurance and multi-level marketing enterprises withheld tax in accordance with the tax administration regulations.
- Fees and other revenues arising from reinsurance activities (including reinsurance assignment, reinsurance assignment commissions and other revenues from reinsurance assignment), receipt of deposits, financial activities (issuance of certificates of deposit, issuance of primary securities, etc issuance of valuable papers), debt sales, foreign currency transactions and derivative products.

  For foreign exchange transactions, based on the entity's data management system, the

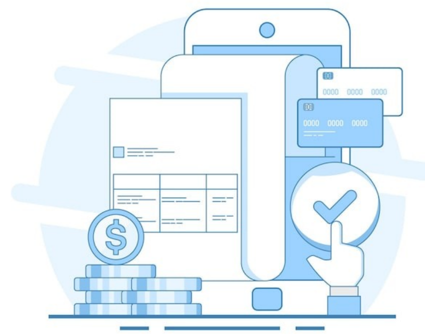
UPDATING ON TAX LAW

entity must prepare a detailed monthly summary of all foreign exchange sale transactions at the end of each month, take responsibility for the accuracy of the information relating to each transaction, and provide such summary to the tax authority or other competent state authorities upon request.

Time of Invoice Issuance (Article 9, Decree No. 254/2026/ND-CP)

- Adds a provision that where a deposit is collected in accordance with the Civil Code to secure the performance of a service contract, an invoice is not required;
- Adds the time of invoice issuance for a number of specific cases (Clause 4):
    - For certain services that arise on a recurring basis and require time for data reconciliation as prescribed at Point a, invoices may be issued within 07 days after the relevant time of invoice issuance, including: maritime pilotage services; advertising services on electronic newspapers; digital technology services; digital platform services; information technology services (including payment intermediary services provided via telecommunications and information technology platforms, except for the cases prescribed at Point b of this Clause); crypto-asset services; carbon trading support services; insurance services; security services; and passenger transport services (by taxi, contract vehicles and two-wheeled motorcycles using transport connection software in accordance with the road transport regulations) provided to enterprise and organizational customers.
    - At Point b, Clause 4: for data products and data services requiring data reconciliation, the invoice must be issued no later than 02 months from the month in which the transaction arises.
    - Adds Point o, Clause 4: For co-insurance contracts, upon collection of the insurance premium, each co-insurer shall issue an invoice to the customer corresponding to the insurance premium received.
    - Adds Point r regarding the preparation of a Detailed Transaction Statement for certain services provided to individual consumers.
- Adds a provision that where the seller does not have automatic invoicing software and transactions for the sale of goods or provision of services arise during night working hours in accordance with the Labour Code, the invoice must be issued no later than the next working day.
- Supplementing the time of invoice issuance of the airline's commission selling agent: the invoice shall be made after completing the data reconciliation between the parties but no later than the 10th of the following month.

Invoice Contents (Article 10, Decree No. 254/2026/ND-CP and the Appendix attached thereto)



- Adds the information "Name, address and tax identification number of the seller"

    Household businesses and individual businesses required to use electronic invoices and using one Tax Identification Number ("TIN") for all business locations must clearly state on the invoice the name, code and address of the business location; Where the seller is a petroleum trading enterprise, the invoice must clearly state the code and address of each business location assigned by the competent authority.
- Adds the information "Name, address, tax identification number, budget-related unit code or personal identification number of the buyer"

UPDATING ON TAX LAW

Where the buyer is an individual consumer providing his/her name, address and personal identification number, the invoice must show the buyer's name, address and personal identification number. (For foreign buyers providing information for invoice issuance, the address and personal identification number may be replaced by the passport number or other immigration document and the buyer's nationality.); Where the buyer does not provide the name, address and personal identification number, the invoice must clearly state "Sold to an individual consumer."

Invoices without buyer information or invoices issued to individual consumers shall not be valid for use by enterprises, organizations, other entities, household businesses or individual businesses for expense recognition or tax finalization purposes in accordance with the tax regulations.

- Adds the information "Description, unit of measure, quantity and unit price of goods and services"
    - Description of goods and services: The invoice must state the description of the goods and services in Vietnamese in accordance with the applicable regulations.
    - Where the law provides for standardized identification of goods and services, the seller must state the description of the goods and services on the invoice in accordance with the regulations on the identification of goods and services.
- Amends the requirement for displaying vehicle registration numbers on invoices:

  For enterprises providing transport services or vehicle rental services under contracts with customers on fixed routes, the invoice is not required to include the vehicle registration number or the transport route (point of departure and destination).

Handling of System Failures (Article 14, Decree No. 254/2026/ND-CP)

- Amends the provisions relating to failures of the tax authority's invoice authentication system. The Tax Department is responsible for: activating the backup system to ensure uninterrupted invoice authentication; and publicly announcing the failure on the Tax Department's official website.
- Adds provisions applicable in cases of force majeure as prescribed in Clause 21, Article 4 of the Law on Tax Administration or risks not arising from the seller's fault or responsibility, where the seller or the tax authority is unable to issue, authenticate or transmit electronic invoice data within the prescribed time limit:
    - Within 03 working days from the date the failure is resolved, the seller may issue and submit the electronic invoice to the tax authority.
    - The seller is responsible for recording the sale and purchase transactions in the accounting books and retaining supporting documents evidencing the force majeure event in accordance with the regulations.
    - The issuance, submission of invoices or transmission of invoice data after the prescribed deadline due to the above circumstances shall be regarded as a force majeure event in accordance with the tax administration regulations.

Rewards for Consumers Reporting Sellers' Failure to Issue and Deliver Electronic Invoices (Article 41, Decree No. 254/2026/ND-CP)

The reward paid to a consumer providing information on a seller's failure to issue and deliver an electronic invoice shall not exceed 10% of the administrative penalty imposed, subject to a maximum of VND 10 million per case.

Types of electronic documents in the field of tax, fee and charge management

Removal of the tax withholding certificate for e-commerce and digital platform business activities: Under the new regulations, the electronic documents used by the tax authority for tax, fee and charge administration comprise only personal income tax withholding certificates and tax, fee and charge collection receipts.

Changes to document codes: The specimen codes and document codes for electronic documents set out in Appendix II to Circular No. 91/2026/TT-BTC have been subject to several minor changes. In particular, two additional alphabetical characters have been added at the end of the electronic document code to meet enterprises' management needs.

Additional cases where PIT withholding certificates are not required

Income-paying organizations or withholding agents

UPDATING ON TAX LAW

are not required to issue PIT withholding certificates in respect of income received by individual investors from securities transfers, capital investment, transfers of crypto-assets, transfers of gold bars, royalties, franchising, prize winnings, inheritances and gifts, provided that PIT has been withheld and paid at source.

Enforcement effect

This Decree takes effect from 1 July 2026.

From 1 July 2026, pre-printed invoices issued by the tax authority will no longer be valid for use. Any unused invoices must be destroyed in accordance with the regulations.

From 1 January 2027, all unused paper receipts must be destroyed in accordance with the regulations.

Decree No. 255/2026/ND-CP on Tax Administration for Related Party Transactions of Enterprises Having Related Party Relationships (Effective from 1 July 2026)

Replacing Decree No. 132/2020/ND-CP and Decree No. 20/2025/ND-CP

Related Party Relationships (Article 5)

Adds a related party relationship through borrowing and lending of assets, similar to the related party relationship through loans prescribed at Point 1, Clause 2, Article 5 of the Decree, as follows: *"An enterprise having transactions involving the transfer or acquisition of capital contributions representing at least 25% of the owner's equity of the enterprise during the tax period; borrowing, lending, borrowing of assets or lending of assets equal to at least 10% of the owner's equity at the time the transaction arises during the tax period with an individual managing or controlling the enterprise or with an individual having one of the relationships prescribed at Point g of this Clause."*

Adds a case where a related party relationship shall not apply as prescribed at Point d.3, Clause 2, Article 5 of the Decree, as follows: *"The creditor or guarantor is an organization wholly owned by the State with the function of purchasing, selling or handling debts, which does not directly or indirectly participate in the management, control, capital contribution or investment in the debtor enterprise or the guaranteed enterprise as prescribed at Points a and c of this Clause."*

Databases Used for the Declaration, Determination and Administration of Transfer Prices (Article 17)

Amends and supplements the commercial databases by reference to Clause 15, Article 4 of the Law on Tax Administration No. 108/2025/QH15 and the legal documents on tax administration.

Adds the National Database to be used for the declaration, determination and administration of transfer prices.

Amends and supplements the tax authority's database by reference to Clause 2, Article 35 of the Law on Tax Administration No. 108/2025/QH15 and the legal documents on tax administration.

Adds provisions on the priority order for the use of databases as follows: (i) publicly available databases; (ii) commercial databases; and (iii) tax authority databases. The application of the above priority order must ensure compliance with the principle of analysing and comparing related party transactions in accordance with the regulations.

Country-by-Country Report (CbCR) (Article 19)

UPDATING ON TAX LAW

Amends the basis for determining the global consolidated revenue threshold for determining the obligation to prepare a CbCR, based on the consolidated revenue of the fiscal year immediately preceding the reporting year.

Amends the CbCR preparation threshold to the equivalent of EUR 750 million.

Adds provisions on the exchange rate for converting the global consolidated revenue threshold, using either the central exchange rate or the average cross exchange rate for December announced by the State Bank of Vietnam.

Adds and amends cases where taxpayers are required to submit a CbCR in Vietnam

- Clarifies that taxpayers are not required to submit a CbCR in Vietnam where the CbCR has been automatically exchanged with the Vietnamese tax authority under a Competent Authority Agreement.
- Amends and clarifies the case where a surrogate entity submits the CbCR, under which this is recognised as one of the cases where taxpayers in Vietnam are not required to submit a CbCR, while also amending and clarifying the conditions for applying this mechanism.
- Adds a case where taxpayers are not required to submit a CbCR in Vietnam due to differences in revenue thresholds, currency conversion or revenue determination principles among jurisdictions.

Adds and amends cases where taxpayers are required to submit a CbCR in Vietnam

- Adds the case where taxpayers in Vietnam are required to submit a CbCR where the Ultimate Parent Entity is not required to prepare and submit the CbCR in its jurisdiction of residence.
- Adds provisions that where the conditions for applying the surrogate filing mechanism are not satisfied, taxpayers in Vietnam are required to submit the CbCR to the tax authority.
- Amends the provisions relating to the obligation to submit a CbCR in Vietnam where there is a systemic failure in the exchange of information, and adds the condition that the filing obligation only arises after the taxpayer has been notified of such systemic failure.
- Adds the principle that taxpayers are only required to submit a CbCR in Vietnam where Vietnam satisfies the requirements on confidentiality, consistency and appropriate use of information, and provides that the Tax Authority is responsible for publicly announcing the satisfaction of these conditions on the Tax Authority's website.

Adds provisions on the format and submission method of the CbCR, requiring submission in encrypted XML format through the Tax Administration Information System.

Adds and supplements provisions on the CbCR filing deadline and the Notification of the CbCR Filing Entity

- The deadline for submitting the CbCR is no later than 12 months from the end of the fiscal year of the Ultimate Parent Entity for the reporting year.
- Adds provisions on the responsibilities of taxpayers in Vietnam where they are designated by the Ultimate Parent Entity as the surrogate filing entity, including the responsibility to prepare and submit the CbCR and to submit the Notification of the CbCR Filing Entity, together with the designation letter, to the tax authority.
- Adds Form No. 01/TB-BCLN issued together with the Decree for submitting the Notification of the CbCR Filing Entity to the tax authority.
- The Notification of the CbCR Filing Entity is required to be submitted only once upon the first occurrence of an obligation relating to the CbCR (from the effective date of the Decree). The deadline for submitting the Notification is no later than the end of the fiscal year of the Ultimate Parent Entity for the reporting year. Where there is any change to the information in the most recently submitted Notification, including the termination of the CbCR filing obligation, the taxpayer is responsible for submitting an updated Notification to the tax authority within 90 days from the date the change arises.

Cases Exempt from Preparing Transfer Pricing Documentation (Point c, Clause 2, Article 20)

Increases the taxpayer's revenue threshold to below VND 500 billion, and at the same time removes the criterion of "conducting business with simple functions" when determining taxpayers eligible for exemption from preparing Transfer Pricing Documentation.

Previously, taxpayers were required to satisfy all four of the following criteria in order to qualify for

UPDATING ON TAX LAW

the exemption: (i) conducting business with simple functions; (ii) not generating revenue, expenses or using intangible assets; (iii) having revenue below VND 200 billion; and (iv) achieving the prescribed net profit margin applicable to each business sector. The increase of the revenue threshold and the removal of the criterion of "conducting business with simple functions" broaden the scope of taxpayers eligible for the exemption.

Responsibilities and Powers of the Tax Authority in the Administration of Transfer Prices (Article 21)

Adds a provision that the taxpayer's CbCR shall not be used to make transfer pricing adjustments (Point c, Clause 1, Article 21).

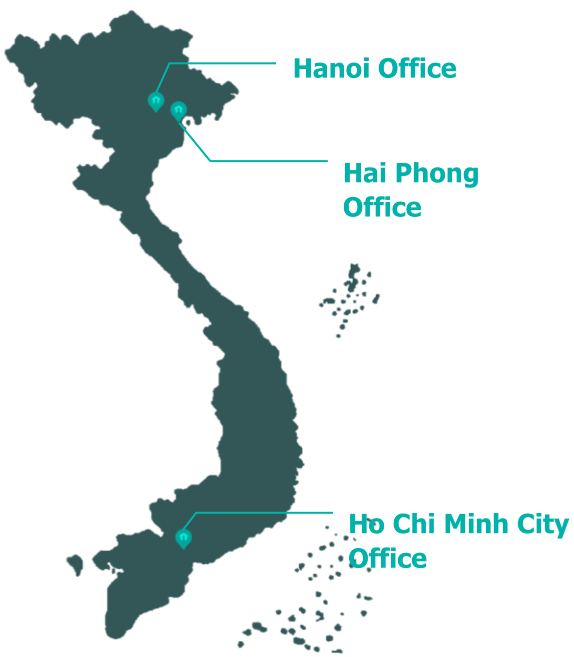
Adds provisions on the responsibilities of the tax authority in managing compliance and supporting taxpayers having related party transactions (Clause 10, Article 21)

- The tax authority shall develop and implement a voluntary compliance support programme for enterprises having related party transactions based on risk management, consistent with the capacity of the tax administration database system and the tax administration regulations.
- Based on taxpayers' declared data, the tax authority shall publish industry profit margins by business sector, geographical area or taxpayer group to support taxpayers in declaring and determining transfer prices in accordance with the arm's length principle.
- The tax authority shall support taxpayers in improving compliance and reducing risks in the declaration and determination of transfer prices where taxpayers participate in the voluntary compliance support programme.
- The tax authority is responsible for maintaining the confidentiality of information and data provided by taxpayers participating in the voluntary compliance support programme in accordance with the law.

CONTACT

OUR SERVICES

Audit and Assurance
Accounting and Business Process Outsourcing
International and Local Taxation
Transfer Pricing
Business Advisory



OUR CONTACTS

Hanoi Office
10th Floor, Geleximco Tower, 36 Hoang Cau Str.,
O Cho Dua Ward, Hanoi
Email: nexiastt@nexia.vn
Phone: +84 24 3935 0990

Hai Phong Office
No.245 Bach Dang Str., Hong Bang Ward,
Hai Phong City, Vietnam
Email: ktanphat@nexia.vn
Phone: +84 225 3539969/666/555

Ho Chi Minh City Office
No. 22 Ly Tu Trong, Sai Gon Ward,
Ho Chi Minh City, Vietnam
Email: nexiastt@nexia.vn
Phone: +84 28 7 304 3599