Newsletter

On Taxation, Accounting and Business

June 2026

ACCOUNTING LEGAL UPDATE

- Circular No. 58/2026/TT-BTC dated 25 May 2026 issued by the Ministry of Finance providing guidance on the accounting regime applicable to micro enterprises.

TAX LEGAL UPDATE

- Official Letter No. 3251/CT-CS dated 21 May 2026 issued by the Tax Department regarding VAT policy.
- Official Letter No. 3336/CT-CS dated 22 May 2026 issued by the Tax Department regarding tax exemption and reduction for contractors under Double Taxation Avoidance Agreements (DTAAs).
- Official Letter No. 3337/CT-CS dated 25 May 2026 issued by the Tax Department regarding VAT policy.
- Official Letter No. 3514/CT-CS dated 29 May 2026 issued by the Tax Department regarding invoices and supporting documents.
- Official Letter No. 3705/CT-CS dated 05 June 2026 issued by the Tax Department regarding tax policy applicable to labor outsourcing expenses.
- Official Letter No. 3838/CT-CS dated 10 June 2026 issued by the Tax Department regarding the offsetting of taxable income within a tax period.
- Official Letter No. 3870/CT-CS dated 10 June 2026 issued by the Tax Department regarding compliance obligations relating to Country-by-Country Reporting (CbCR).
- Official Letter No. 3896/CT-CS dated 11 June 2026 issued by the Tax Department regarding Corporate Income Tax (CIT) policy.
- Official Letter No. 3470/CT-CS dated 28 May 2026 issued by the Tax Department regarding VAT policy.
- Official Letter No. 8970/HYE/QLDN1 dated 12 June 2026 issued by Hung Yen Tax Department regarding VAT declaration by dependent branches located in other provinces.
- Official Letter No. 7563/NBI-QLDN3 dated 08 June 2026 issued by Ninh Binh Tax Department regarding the determination of deductible expenses for leased factory premises during periods in which no tenants are present.
- Official Letter No. 7682/NBI-QLDN2 dated 11 June 2026 issued by Ninh Binh Tax Department regarding invoice issuance of payments on behalf.

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Circular No. 58/2026/TT-BTC dated 25 May 2026 guiding the accounting regime for micro-enterprises

1. Flexible and expanded scope of application

- Micro-enterprises: The Circular applies mandatorily to all micro-enterprises determined in accordance with the criteria prescribed by the laws on support for small and medium-sized enterprises. Under the current criteria for identifying micro-enterprises (Article 5 of Decree No. 80/2021/ND-CP):
  - Micro-enterprises operating in agriculture, forestry and fishery; industry and construction sectors: having an average annual number of employees participating in social insurance not exceeding 10 persons; and annual revenue not exceeding VND 3 billion or total capital not exceeding VND 3 billion.
  - Micro-enterprises operating in trade and service sectors: having an average annual number of employees participating in social insurance not exceeding 10 persons; and annual revenue not exceeding VND 10 billion or total capital not exceeding VND 3 billion.
- Household businesses and individual business owners: Where there is a demand, they may voluntarily choose to apply Circular No. 58/2026/TT-BTC for accounting purposes in their business operations.

2. Flexible and streamlined accounting organization

To address difficulties relating to accounting personnel in family-owned business models, the Circular provides that:

- Appointment of a Chief Accountant is not mandatory: Enterprises may appoint a person in charge of accounting instead. Such person is authorized to sign accounting documents, accounting books and financial statements on behalf of the Chief Accountant.
- Relaxed requirements for accounting personnel: Micro-enterprises may appoint relatives (parents, spouses, children, siblings, etc.) of the legal representative or head of the enterprise to perform accounting work; or assign accounting duties to managers, warehouse keepers, cashiers, persons responsible for purchasing and selling assets; or engage outsourced accounting service providers.

3. Principles for applying the simplified accounting regime

Based on tax declaration methods: Enterprises shall maintain accounting records in accordance with their applicable VAT and Corporate Income Tax ("CIT") declaration methods.

- Consistency principle: The selected accounting regime and any change thereof must be applied consistently throughout a financial year. Any change may only be implemented from the beginning of the following annual accounting period.
- Autonomy in accounting forms: Enterprises are allowed to design, amend or supplement accounting documents and accounting books to suit their business characteristics, provided that they ensure accuracy, transparency and compliance with the Accounting Law.
- Maximum support from technology: Where an enterprise uses e-invoices and receives support from the tax authority's system in determining tax liabilities, it is only required to use the accounting books prescribed under this Circular for monitoring and reconciliation purposes.

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4. Accounting books under each tax payment method

Circular No. 58/2026/TT-BTC significantly simplifies the accounting book system. Traditional accounting accounts based on debit and credit entries are no longer required; taxpayers only need to record cash movements, revenue and expenses directly.

5. Financial statements

- Enterprises paying CIT based on taxable income are required to prepare financial statements in accordance with Circular No. 58/2026/TT-BTC, unless otherwise provided by law. The financial statements include:
    - Statement of Financial Position (Form B01-DNSN)
    - Statement of Business Results (Form B02-DNSN)
- Enterprises paying CIT based on a percentage of revenue from the sale of goods and services are not required to prepare financial statements for submission to competent state authorities, unless otherwise required by law.

6. Transfer of balances in accounting books

- Enterprises shall transfer balances to the relevant accounting books upon adoption of Circular No. 58/2026/TT-BTC based on the balances of accounting accounts maintained under Circular No. 132/2018/TT-BTC.
- Where there is a change in the applicable accounting regime (due to changes in VAT or CIT declaration methods under tax regulations, or due to the election or discontinuation of the accounting regime for small and medium-sized enterprises), ending balances under the previous accounting books shall be transferred to the corresponding opening balances under the new accounting books for the subsequent accounting period.

Official Letter No. 3251/CT-CS dated 21 May 2026 issued by the Tax Department regarding VAT policy

Payment via bank means the transfer of funds from the importer's bank account to the exporter's bank account opened with a bank, using payment methods consistent with the agreement stipulated in the contract and the regulations of the relevant banks. The payment document is a bank credit notification from the exporter confirming receipt of funds from the importer's bank account. If the foreign party makes direct payment to the export consignor, the consignor must provide bank payment documentation, and such payment must be stipulated in the contract.

Where the exporter does not receive payment directly from the importer but instead receives payment from an enterprise in Vietnam (which is not the exporting entity but receives the export proceeds), the condition of payment via bank transfer shall not be satisfied for purposes of input VAT deduction and VAT refund relating to exported goods and services.

Official Letter No. 3336/CT-CS dated 22 May 2026 issued by the Tax Department regarding tax exemption and reduction for foreign contractors under Double Taxation Avoidance Agreements

Determination of tax residency status for the application of a Tax Treaty

- Pursuant to Clause 1, Article 62 of Circular No. 80/2021/TT-BTC dated 29 September 2021 issued by the Ministry of Finance guiding procedures and dossiers for tax exemption and reduction under Tax Treaties, the Certificate of Residence of each foreign contractor ("FC") must satisfy the following requirements: it must correspond to the year/period in which the income subject to treaty benefits arises and must possess full legal validity (consular legalization, translation in accordance with regulations, and proper certification).

Determination of the beneficial owner

- The tax authority will only consider granting treaty-based tax reductions where the FC has provided a valid Certificate of Residence and

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demonstrated that it is the beneficial owner of the income for which treaty benefits are claimed.

- Pursuant to Clause 3, Article 6 of Circular No. 205/2013/TT-BTC dated 24 December 2013 issued by the Ministry of Finance, the beneficial owner must be the person who has ownership and control over the income, assets, or rights generating such income.
- Documents proving beneficial ownership of royalty income derived from patents under a licensing agreement must be assessed based on economic substance. Key considerations include: (i) legal documentation evidencing ownership and licensing rights over the patents; (ii) cash flow analysis to determine the extent to which economic benefits are retained; (iii) the right to control and dispose of the exploitation and sublicensing of the patents; (iv) functional, asset and risk analysis; and (v) group structure and related-party transactions.

Determination of the nature of income

- Pursuant to Clauses 1, 2 and 3, Article 12 of the Tax Treaty between Vietnam and Belgium, the reduced withholding tax rate of 5% only applies to royalties relating to the use of, or the right to use, patents, secret processes, or the transfer of substantive technical know-how. It does not apply to all cases where only the right to use a published patent is granted. Where a patent licensing agreement is, in substance, a mixed package (including trademarks, technical services, operational support, etc.), or merely grants the right to use a patent without transferring core know-how, royalty payments arising from such patent licensing arrangements do not fall within the category eligible for the 5% treaty rate. Where the right to use a patent is granted for manufacturing purposes but no substantive technology transfer can be demonstrated, royalty payments arising from such patent licensing arrangements shall be subject to a 15% tax rate rather than the lower preferential rate of 5%.

Determination of a permanent establishment

- Pursuant to Clause 3(b), Article 5 of the Tax Treaty between Vietnam and Belgium regarding service permanent establishments, foreign contractors provide services relating to the implementation of patent licensing agreements for manufacturing activities, with services being performed both within and outside the territory of Vietnam. In addition, as the contracts entered into with the foreign contractors have a duration exceeding six months, the implementation of such patent licensing agreements constitutes a permanent establishment of the foreign contractors in Vietnam.
- Accordingly, the foreign contractors are subject to Corporate Income Tax ("CIT") in Vietnam on income derived from the implementation of the patent licensing agreements in accordance with Clause 1, Article 7 of the Tax Treaty.

Administrative penalties

- A dossier requesting tax exemption or reduction under a Double Taxation Avoidance Agreement is not considered a tax declaration dossier under Article 43 of the Law on Tax Administration No. 38/2019/QH14. Accordingly, the late submission of a dossier requesting tax exemption or reduction under a Double Taxation Avoidance Agreement does not constitute a violation relating to the statutory deadline for submission of tax declaration dossiers.

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Official Letter No. 3337/CT-CS dated 25 May 2026 issued by the Tax Department regarding VAT policy

Where a business entity sells gift cards or shopping cards to customers, and customers use such cards as a payment instrument to purchase goods or services from a partner company, the invoice issuance date shall be the date on which the customer uses the shopping card to purchase goods or services, in accordance with Clause 6, Article 1 of Decree No. 70/2025/ND-CP dated 20 March 2025 issued by the Government.

Official Letter No. 3514/CT-CS dated 29 May 2026 issued by the Tax Department regarding invoices and supporting documents

Where a company implements an end-of-period trade discount program based on the quantity or revenue of goods sold to customers, the discount amount relating to goods already sold may be adjusted on the sales invoice of the final purchase transaction or the subsequent period, provided that the discount amount does not exceed the value of goods stated on the invoice of the final purchase transaction or the subsequent period. Alternatively, the company may issue an adjustment invoice together with a schedule specifying the invoice numbers subject to adjustment, the adjustment amount and the corresponding VAT amount. The schedule must be retained by the company and presented upon request by the tax authority or other competent state authorities. Based on the adjustment invoice, both the seller and the purchaser shall declare adjustments to sales revenue, purchase value, output VAT and input VAT in the tax period in which the adjustment invoice is issued.

Official Letter No. 3705/CT-CS dated 05 June 2026 issued by the Tax Department regarding tax policy on labor outsourcing expenses

Decree No. 145/2020/ND-CP dated 14 December 2020 issued by the Government provides detailed guidance on a number of articles of the Labor Code relating to working conditions and labor relations, including regulations governing labor outsourcing enterprises, labor outsourcing users and license revocation.

Appendix II issued together with Decree No. 145/2020/ND-CP prescribes a list of 20 jobs that are permitted to be performed through labor outsourcing arrangements.

Where an enterprise incurs expenses that violate sector-specific regulations, such expenses shall not be deductible for Corporate Income Tax ("CIT") purposes pursuant to Clause 23, Article 10 of Decree No. 320/2025/ND-CP, and shall not qualify for VAT deduction pursuant to Article 23 of Decree No. 181/2025/ND-CP and Article 14 of the Law on Value Added Tax No. 48/2024/QH15.

Official Letter No. 3838/CT-CS dated 10 June 2026 issued by the Tax Department regarding the offsetting of taxable income within a tax period

Pursuant to Article 6 of Decree No. 320/2025/ND-CP, the amended regulations allow enterprises to offset income derived from real estate transfers, transfers of investment projects, and transfers of rights to participate in investment projects against losses arising from production and business activities. However, where losses arise from real estate transfers, transfers of investment projects, or transfers of rights to participate in investment projects, such losses may not be offset against

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taxable income derived from production and business activities that are currently enjoying tax incentives.

Official Letter No. 3870/CT-CS dated 10 June 2026 issued by the Tax Department regarding the implementation of obligations relating to Country-by-Country Reporting (CbCR)

For the purpose of uniformly implementing the Country-by-Country Reporting ("CbCR") exchange mechanism in accordance with Vietnam's international commitments, the Tax Department hereby announces and provides guidance as follows:

- The Tax Department announces the effectiveness of the Multilateral Competent Authority Agreement on the Exchange of Country-by-Country Reports (CbC MCAA) with respect to Vietnam and the list of jurisdictions that have established an effective exchange relationship with Vietnam for Country-by-Country Reports, including: Australia, Austria, Belgium, Bulgaria, China, Croatia, the Czech Republic, Denmark, Estonia, France, Germany, Greece, Hong Kong, Iceland, India, Ireland, Italy, Japan, South Korea, Latvia, Luxembourg, Malaysia, Malta, the Netherlands, Norway, Peru, Poland, Portugal, the Russian Federation, Singapore, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Thailand, and the United Kingdom.
- In cases where a taxpayer in Vietnam has an Ultimate Parent Entity located overseas that is required to file a Country-by-Country Report under the laws of its jurisdiction of residence and such report falls within the scope of exchange under the CbC MCAA with the jurisdictions specified above, the Vietnamese tax authority shall receive the Country-by-Country Report through the automatic exchange of information mechanism under the international tax agreements to which Vietnam is a party. The tax authority shall not accept paper copies of Country-by-Country Reports or reports submitted by taxpayers through any other means.

Official Letter No. 3896/CT-CS dated 11 June 2026 issued by the Tax Department regarding Corporate Income Tax (CIT) policy

Where a foreign-invested enterprise is established and operates in accordance with Vietnamese law, has been granted its initial Enterprise Registration Certificate, satisfies the criteria for small and medium-sized enterprises as prescribed under the Law on Support for Small and Medium-sized Enterprises and Decree No. 80/2021/ND-CP, and does not fall within the cases excluded from incentives under Point b, Clause 3, Article 7 of Decree No. 20/2026/ND-CP, such enterprise shall be entitled to a Corporate Income Tax exemption for a period of three (03) years from the date of issuance of its initial Enterprise Registration Certificate. The Corporate Income Tax exemption does not apply to the categories of income specified in Clause 3, Article 18 of the Law on Corporate Income Tax No. 67/2025/QH15.

Official Letter No. 3470/CT-CS dated 28 May 2026 issued by the Tax Department regarding VAT policy

Where a business establishment only manufactures goods or provides services subject to the 5% VAT rate and has uncredited input VAT arising from 01 July 2025 onwards of VND 300 million or more, but such amount has not accumulated for a continuous period of twelve (12) months or four (04) consecutive quarters, the business establishment shall not be eligible for a VAT refund.

The Tax Department is studying and submitting to the Ministry of Finance guidelines on tax refund procedures for goods and services purchased for the production of goods and provision of services subject to a 5% value-added tax rate, as stipulated

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in the draft Circular detailing some provisions of the Law on Tax Administration and the Government Decree detailing some provisions and measures for organizing and guiding the implementation of the Law on Tax Administration.

Where a business establishment has an investment expansion project that is eligible for a VAT refund, the VAT refund dossier shall be prepared in accordance with Clause 1 and Point a, Clause 2, Article 28 of Circular No. 80/2021/TT-BTC.

Official Letter No. 8970/HYE/QLDN1 dated 12 June 2026 issued by Hung Yen Tax Department regarding VAT declaration by out-of-province dependent branches

Where the head office establishes a dependent branch located in another province, the branch shall fulfill its tax obligations as follows:

- Where the dependent unit (branch) conducts business activities but does not separately and fully account for output VAT and input VAT, the head office shall submit the VAT declaration dossier for both the Company and the out-of-province branch to the tax authority directly managing the head office in accordance with Clause 1, Article 11 of Decree No. 126/2020/ND-CP of the Government.
- Where the dependent unit (branch) directly sells goods, uses invoices registered by the branch itself or by the taxpayer with the tax authority directly managing the branch, and separately and fully accounts for output VAT and input VAT, the branch shall declare and pay VAT directly to the tax authority managing the branch in accordance with Clause 4, Article 13 of Circular No. 80/2021/TT-BTC of the Ministry of Finance.
- Where a Company has an investment project eligible for VAT refund in a province or city different from the location of its head office and assigns the branch to directly implement and manage such investment project, the branch shall prepare a separate VAT declaration dossier for each investment project at the location where the project is situated.

Official Letter No. 7563/NBI-QLDN3 dated 08 June 2026 issued by Ninh Binh Tax Department regarding deductible expenses relating to factory premises available for lease during periods without tenants

Where a Company has surplus factory premises available for lease but has not yet secured tenants, and such assets are under the lawful ownership or lawful right of use of the enterprise, the Company may treat expenses relating to such assets as deductible expenses during the period in which no tenants are present (from the time the Company is permitted to conduct leasing activities for surplus factory premises and such premises are identified as surplus and designated for leasing purposes), provided that the conditions prescribed in Article 9 are satisfied and the expenses do not fall within the non-deductible cases specified in Article 10 of Decree No. 320/2025/ND-CP.

Official Letter 7682/NBI-QLDN2 dated 11 June 2026, from Ninh Binh Provincial Tax Department regarding the issuance of invoices for payments on behalf

For the sale of goods and provision of services, the seller is responsible for issuing invoices to the buyer in accordance with the provisions of Point a, Clause 3, Article 1 and Point a, Clause 6, Article 1 of Government Decree No. 70/2025/NĐ-CP dated 20 March 2025.

For transactions not arising from the sale of goods or provision of services, the collection and disbursement as payments on behalf are carried out on the basis of agreements and commitments between the parties as stipulated in Clause 2, Article 3 of the Civil Code No. 91/2015/QH13 dated 24 November 2015, the Company is not required to issue invoices, declare, or pay taxes on these funds in accordance with regulations.

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