Nexia

Newsletter

On Taxation, Accounting and Business

May 2026

UPDATING ON TAX LAW

- Official Letter No. 2995/CT-CS dated May 13, 2026 issued by the Tax Department regarding corporate income tax policies on capital transfer activities of foreign enterprises.
- Official Letter No. 2959/CT-CS dated May 11, 2026 issued by the Tax Department regarding corporate income tax policies applicable to cash sponsorships for the implementation of investment projects on local clean water systems.
- Official Letter No. 2728/CT-CS dated April 29, 2026 issued by the Tax Department regarding value-added tax (VAT) policies.
- Official Letter No. 2697/CT-CS dated April 28, 2026 issued by the Tax Department providing guidance on the determination of Qualified Domestic Minimum Top-up Tax (QDMTT).
- Official Letter No. 2646/CT-CS dated April 24, 2026 issued by the Tax Department regarding tax policies
- Official Letter No. 1832/CT-CS dated March 26, 2026 and Official Letter No. 2398/CT-CS dated April 15, 2026 issued by the Tax Department regarding VAT policies.
- Official Letter No. 2334/CT-CS dated April 14, 2026 issued by the Tax Department providing guidance on the treatment of support received from Fair Trade USA.
- Official Letter No. 2193/CT-CS dated April 8, 2026 issued by the Tax Department regarding VAT and invoicing policies.
- Official Letter No. 5466/HYE-QLDN2 dated April 22, 2026 issued by the Hung Yen Provincial Tax Department providing guidance on tax policies relating to airfare and hotel expenses for foreign individuals traveling to Vietnam.
- Resolution No. 66.16/2026/NQ-CP dated April 7, 2026 issued by the Government regarding the reduction of administrative procedures and regulations related to production and business activities.

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Official Letter No. 2995/CT-CS dated May 13, 2026 issued by the Tax Department regarding corporate income tax policies on capital transfer activities of foreign enterprises.

Capital transfer activities of foreign enterprises conducted before December 15, 2025 shall comply with the provisions of the Law on Corporate Income Tax No. 14/2008/QH12, the Law on Corporate Income Tax No. 32/2013/QH13, and the guiding implementing regulations.

Capital transfer activities subject to CIT declaration under Article 12 of Decree No. 320/2025/ND-CP and Article 7 of Circular No. 20/2026/TT-BTC shall apply from December 15, 2025, the effective date of Decree No. 320/2025/ND-CP. CIT on capital transfers shall be calculated at 2% of taxable revenue generated in Vietnam.

Where the Company's capital transfer activities satisfy the conditions under Clause 2, Article 7 of Circular No. 20/2026/TT-BTC, such activities shall not be subject to CIT applicable to foreign enterprises doing business in Vietnam.

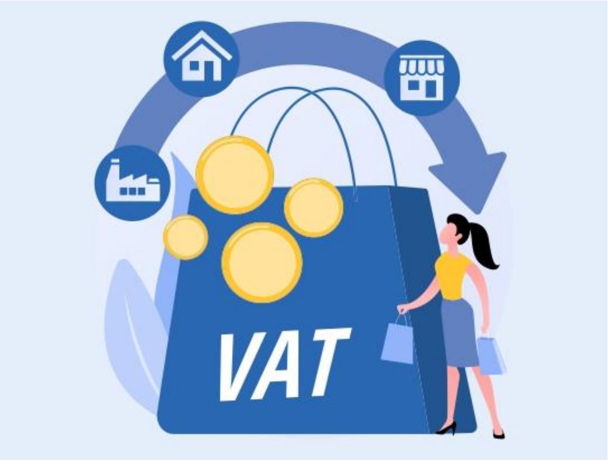
Official Letter No. 2959/CT-CS dated May 11, 2026 issued by the Tax Department regarding corporate income tax policies applicable to cash sponsorships for the implementation of investment projects on local clean water systems.

As Thanh An Commune is not located in an area with exceptionally difficult socio-economic conditions, cash sponsorship expenses for investment projects on clean water systems for Thanh An Commune, Ho Chi Minh City, or projects not serving the enterprise's business operations, shall not be deductible for CIT purposes.

Official Letter No. 2728/CT-CS dated April 29, 2026 issued by the Tax Department regarding value-added tax (VAT) policies.

Where the services provided by the Company are directly supplied to organizations in non-tariff zones, consumed within non-tariff zones, and serve export manufacturing activities rather than other activities, and are not services specified in Clause 4, Article 17 of Decree No. 181/2025/ND-CP, a 0% VAT rate shall apply.

Where, upon completion of construction, the export processing enterprise is not certified as meeting the customs inspection and supervision conditions under Decree No. 18/2021/ND-CP, it shall not be entitled to tax policies applicable to non-tariff zones. The Company shall adjust or replace the previously issued e-invoices in accordance with Decree No. 70/2025/ND-CP.



Official Letter No. 2697/CT-CS dated April 28, 2026 issued by the Tax

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Department providing guidance on the determination of Qualified Domestic Minimum Top-up Tax (QDMTT).

Where rewards in kind for employees and allowances or welfare benefits for employees' children, families, and relatives satisfy the conditions under Point 6.2, Section II, Appendix II of Decree No. 236/2025/ND-CP, such expenses shall be treated as eligible salary expenses and included in deductible payroll costs for the calculation of top-up CIT under the global minimum tax regulations.

Official Letter No. 2646/CT-CS dated April 24, 2026 issued by the Tax Department regarding tax policies

Where the buyer is an enterprise purchasing scrap materials from individuals directly collecting scrap without input invoices, the enterprise may prepare a List of Purchased Goods and Services in accordance with Form No. 01/TNDN issued together with Circular No. 78/2014/TT-BTC (applicable before March 12, 2026), or Form No. 02/TNDN issued together with Circular No. 20/2026/TT-BTC (applicable from March 12, 2026), whereby:

- Direct collectors are individuals personally collecting scrap materials who are neither business entities nor household businesses and do not use invoices.
- Persons purchasing scrap from multiple sources for resale must register their business and tax obligations and pay taxes in accordance with regulations.

Official Letter No. 1832/CT-CS dated March 26, 2026 and Official Letter No. 2398/CT-CS dated April 15, 2026 issued by the Tax Department regarding VAT policies.

For deferred or installment payments for goods and services valued at VND 5 million or more, where by the payment due date under the contract or contract appendix the business does not have non-cash payment supporting documents, it must declare and adjust down the deductible input VAT corresponding to the value without non-cash payment documents in the tax period when the payment obligation arises, under Item [37] – "Decrease Adjustment". If the enterprise subsequently obtains valid non-cash payment documents after making such adjustment, it may declare and claim the deductible input VAT for the corresponding value under Item [38] – "Increase Adjustment" in accordance with regulations.

Official Letter No. 2334/CT-CS dated April 14, 2026 issued by the Tax Department providing guidance on the treatment of support received from Fair Trade USA.

- Regarding VAT: Where Kanaan Bao Loc Co., Ltd. provides welfare benefits in kind to employees with sufficient supporting invoices and documents, and the VAT deduction conditions are satisfied, the Company may claim input VAT credits. At the same time, the Company must issue output invoices to employees and declare and pay VAT in accordance with regulations.
- Regarding CIT: Cash support received by Kanaan Bao Loc Co., Ltd. from Fair Trade USA shall be treated as other income, and the Company must declare and pay CIT in accordance with regulations.

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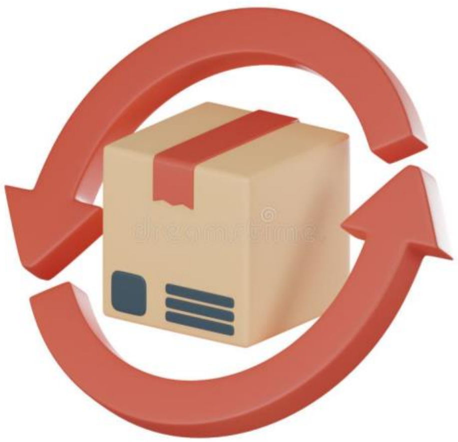
- Regarding PIT: Welfare benefits received by employees from activities funded by the Fair Trade USA fund shall be treated as employment income, and the Company is responsible for withholding, declaring, and paying PIT in accordance with regulations.

Official Letter No. 2193/CT-CS dated April 8, 2026 issued by the Tax Department regarding VAT and invoicing policies.



Regarding tax policies on sales discounts and returned goods: Where a taxpayer has received a VAT refund for exported goods but such goods are subsequently returned by the buyer, the taxpayer must submit a supplementary tax declaration in accordance with Article 47 of the Law on Tax Administration and Article 7 of Decree No. 126/2020/ND-CP. The taxpayer must also repay the refunded amount corresponding to the returned exported goods and pay late payment interest in accordance with Article 59 of the Law on Tax Administration and Article 21 of Circular No. 80/2021/TT-BTC, calculated from the date the State Treasury disbursed the refund or offset the tax refund against state budget revenues.

Regarding declaration of omitted input invoices: Where a business discovers errors or omissions in declared and credited input VAT, it may submit an amended tax declaration before the tax authority or competent authority announces a tax inspection or audit decision. The taxpayer shall declare as follows:

- An amended declaration must be submitted for the month/quarter in which the error or omission arose if such adjustment increases VAT payable or decreases the refundable VAT amount for that period;
- The adjustment may be declared in the month/quarter when the error or omission is discovered if declaring in the original period would reduce VAT payable or only increase/decrease the remaining deductible VAT carried forward to subsequent periods.

Official Letter No. 5466/HYE-QLDN2 dated April 22, 2026 issued by the Hung Yen Provincial Tax Department providing guidance on tax policies relating to airfare and hotel expenses for foreign individuals traveling to Vietnam.

- Regarding PIT: Where the Company incurs airfare and hotel expenses for foreign individuals traveling to Vietnam to support the Company's business operations, such expenses shall be treated as taxable income for PIT purposes. The Company is responsible for withholding PIT in accordance with regulations.
- Regarding foreign contractor tax: Where the Company pays certain expenses (such as airfare and hotel costs) for foreign individuals, if such expenses are considered payments made on behalf of a foreign contractor, they must be included in the taxable revenue for foreign contractor tax purposes.

Resolution No. 66.16/2026/NQ-CP dated April 7, 2026 issued by the Government regarding the reduction of administrative procedures and regulations related to production and business activities.

Contents of reduction and simplification

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- Business conditions: Reduction and simplification of business conditions under the management of 14 Ministries and ministerial-level agencies.
- Tax and administration: Amendments to tax declaration regulations, notably the removal of the requirement for monthly personal income tax (PIT) declarations and the reduction of documentation requirements.
- Handling difficulties: Relevant authorities are required to promptly receive and resolve difficulties and recommendations from enterprises and local authorities.

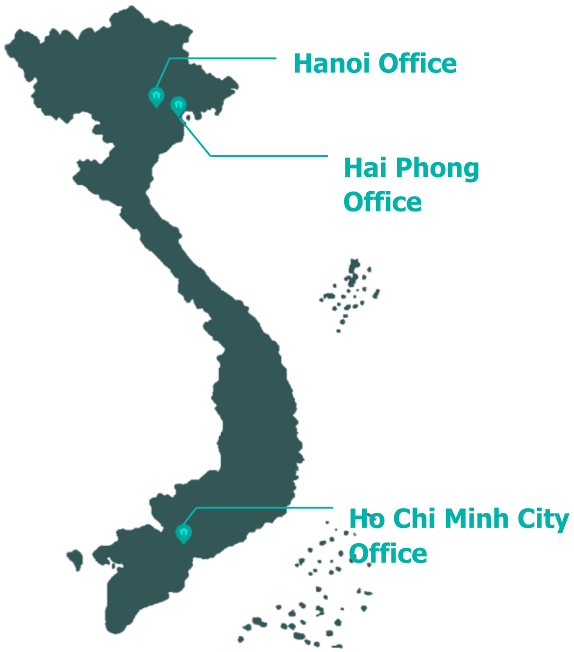
Cases previously subject to monthly PIT declarations for April 2026 shall be converted to quarterly declaration for Q2/2026. Where taxpayers have already submitted the April 2026 monthly declaration on the system, they shall replace it with the Q2/2026 quarterly declaration (deadline: July 30, 2026) and are not required to submit declarations for May and June.

The Resolution officially takes effect and the implementation of measures to reduce business conditions shall apply from April 15, 2026 to February 28, 2027.

CONTACT

OUR SERVICES

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



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