

Vietnam: Tax Administration, PIT and VAT Laws

In brief

On 10 and 11 December 2025, the National Assembly passed Law No. 108/2025/QH15 on Tax Administration ("**New Tax Administration Law**"), Law No. 109/2025/QH15 on Personal Income Tax ("**New PIT Law**") and Law No. 149/2025/QH15 amending and supplementing several articles of the Law on Value Added Tax ("**Amended VAT Law**"). These laws introduce significant changes to tax administration, personal income tax (PIT) and value-added tax (VAT) obligations, including new compliance requirements for e-commerce platforms, increased revenue threshold triggering tax liabilities for business households and individuals, and new PIT calculation methods for resident individuals' business income.

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Recommended actions

The New Tax Administration Law, the New PIT Law and the Amended VAT Law take effect in 2026 (with certain provisions effective from 1 January and others from 1 July). They introduce significant changes that impact businesses and individuals, especially those in the e-commerce and digital sectors. Taxpayers should review their tax compliance processes to ensure readiness for new reporting and tax withholding obligations, as well as changes in PIT treatments for individuals relevant to the operations and business activities of both local and foreign corporate taxpayers.

For any inquiries, please contact us.

In more detail

Below is a summary of key updates introduced by the New Tax Administration Law, the New PIT Law and the Amended VAT Law.

1. **New Tax Administration Law**

The new law officially takes effect on 1 July 2026, with the following critical exceptions effective earlier, on 1 January 2026:

- Tax declaration, withholding and payment of business households and individuals under Article 13.
- Use of e-invoices by business households and individuals under Article 26.

a. **Expanded definition of taxpayers**

The New Tax Administration Law provides a more detailed definition of taxpayers, covering a broader range of cases, including entities that are taxpayers under other tax laws and entities that have the tax-withholding obligation under other tax laws and regulations on tax administration. Specifically, taxpayers provided under the New Tax Administration Law include the following foreign entities, among others:

- Foreign organizations and individuals that conduct business activities in Vietnam or derive income in Vietnam and are taxpayers as provided under tax regulations.
- Foreign organizations and individuals that conduct business activities on e-commerce or other digital platforms and are taxpayers as provided under tax regulations.

- Organizations and individuals that withhold and pay the withheld taxes according to tax regulations, tax administration regulations and other regulations.

b. New regulation on taxpayer classification

The new rule empowers tax authorities to categorize taxpayers into specific groups based on a set of comprehensive criteria to streamline tax administration and resource allocation. Specifically, taxpayers will be grouped based on their industry, legal form, ownership structure, operational scale, revenue and, most crucially, their tax compliance history and risk level. High-compliance taxpayers will be eligible for “priority status,” potentially benefiting from expedited administrative procedures and reduced tax audits. More details will be provided in a Minister of Finance circular.

c. Refined provisions on tax declaration and payment for the digital economy

The new law streamlines existing regulations and introduces specific adjustments to tax compliance for the digital economy:

- Foreign entities operating on digital platforms directly or via authorization declare and pay taxes or state collections in Vietnam unless taxes are withheld as required by other tax laws.
- For platforms with integrated ordering and payment functions, operators (both foreign and local) will be responsible for withholding and paying taxes on behalf of business households and individuals.
- Business households and individuals selling on platforms without these features remain responsible for their own tax compliance.

d. Enhanced information reporting obligations

The new law introduces enhanced information reporting obligations:

- Broadened scope: A wide range of service providers must now provide information periodically or upon the tax authorities' request, including e-commerce platforms, digital asset service providers, logistics service providers, international card organizations, foreign organizations providing payment services, intermediary payment services and e-transaction processing services.
- International tax cooperation: Information must also be provided to tax authorities to facilitate information exchange with foreign tax authorities, in line with international tax treaties and agreements to which Vietnam is a member or signatory.

The government will issue implementing decrees to provide specific guidance on the frequency and format of these information-sharing requirements.

e. Miscellaneous

- **Extended timelines for tax examination:** The new law significantly extend the statutory timelines for tax examinations conducted at the taxpayer's premises:
 - Standard examinations: The duration is increased to 20 days (previously 10 days), with a possible one-time extension of up to 20 days.
 - Related-party transactions: For enterprises involved in transfer pricing (related-party transactions), the inspection timeline is extended to 40 days, with an additional one-time extension of up to 40 days.
 - Cross-border information exchange: In cases requiring information exchange or cooperation with foreign tax authorities, the examination period can now be extended for up to two years.
- **Shortened statute of limitations for amended tax returns:** A critical administrative change is the reduction of the time limit for taxpayers to submit amended tax returns — shortening the window from 10 years to five years.
- **Liability shift for payment failures:** If late tax payments are caused by errors made by payment service providers (banks or intermediary payment service providers), those providers, not taxpayers, are required to reimburse taxpayers for any late-payment interest incurred due to their fault.

2. New PIT Law

The New PIT Law takes effect on 1 July 2026, except for regulations related to business income and income from salaries and wages of resident individuals, which apply from the 2026 tax period.

a. **New PIT rules for capital and securities transfers by residents and non-residents**

- Capital gains from a transfer of capital where costs of the transferred capital and transfer-related expenses can be identified: 20% PIT.
- Sale proceeds from a transfer of capital where costs of the transferred capital and transfer-related expenses cannot be identified: 2% PIT.
- Sale proceeds from a transfer of securities: 0.1% PIT.

b. **New PIT implications for business income**

- Expanded list of taxable business income:** Alongside the taxable business income provided by the current PIT Law, taxable business income now includes: income from agency, brokerage and business cooperation with organizations; and income from e-commerce activities and business conducted on digital platforms.
- Threshold subject to PIT on business income:** The annual revenue threshold triggering PIT liabilities of business households and individuals is increased from VND 200 million to VND 500 million. This increase does not affect the tax-withholding obligation of platforms under Decree No. 117/2025/ND-CP (platforms with ordering and payment features must withhold taxes for individual sellers regardless of the annual revenue).
- Calculation methods for PIT on residents' business income**
 - The PIT rates on resident individuals' business income are as follows:

Assessable income	Tax rate (%)
Business income for individuals whose PIT is calculated by multiplying the applicable tax rate by assessable income, where assessable income is defined as the revenue from goods and services sold minus expenses related to production and business activities during the tax period.	15, 17 or 20 depending on annual assessable income
Business income for individuals whose PIT is calculated by multiplying the applicable tax rate by assessable gross turnover from: (i) goods trading; (ii) provision of services; (iii) provision of certain digital content products and services; and (iv) production, construction, transportation, and other business activities. The assessable gross turnover is determined based on the portion of revenue exceeding VND 500 million per year.	0.5-5
Business income from real estate leasing, excluding accommodation business activities. The assessable income is determined based on the portion of revenue exceeding VND 500 million per year.	5

c. **PIT on residents' salary and wage income**

- Residents' salary and wage income is subject to PIT under a progressive tax schedule with five brackets (reduced from seven brackets under previous regulations), specifically as follows:

Level	Assessable income per year (VND million)	Assessable income per month (VND million)	Tax rate (%)
1	Up to 120	Up to 10	5
2	Over 120 to 360	Over 10 to 30	10
3	Over 360 to 720	Over 30 to 60	20
4	Over 720 to 1,200	Over 60 to 100	30
5	Over 1,200	Over 100	35

- From the 2026 tax period, the deduction levels for PIT are as follows:
 - Personal deduction of VND 15.5 million per month for a taxpayer (VND 186 million per year).
 - Deduction of VND 6.2 million per month for each eligible dependent.

d. **PIT exemption for high-tech personnel:** There is a five-year PIT exemption on income from salaries and wages of individuals who are high-tech personnel engaged in Research and Development (R&D) activities in high technology or

strategic technology in the list of high technologies prioritized for investment and development, or the list of strategic technologies and strategic technology products as prescribed by the law on high technology.

3. Amended VAT Law

The Amended VAT Law takes effect from 1 January 2026.

- a. The annual revenue threshold triggering VAT liabilities of households and individuals is increased from VND 100 million to VND 500 million. This increase does not affect the tax-withholding obligation of platforms under Decree No. 117/2025/ND-CP (platforms with ordering and payment features must withhold taxes for individual sellers regardless of the annual revenue).
- b. The presumptive tax method for households and individuals engaged in production or business (previously under Article 12.3 of VAT Law No. 48/2024/QH15) is abolished.
- c. One VAT refund condition is removed: the requirement that sellers must have declared and paid VAT on the invoices issued to a VAT refund applicant.

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