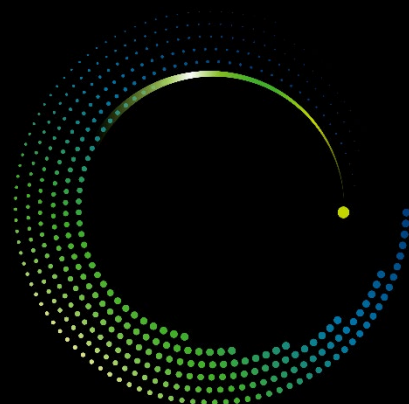


International Tax Vietnam Highlights 2025

Updated January 2025



Recent developments

For the latest tax developments relating to Vietnam, see [Deloitte tax@hand](#).

Investment basics

Currency: Vietnam Dong (VND)

Foreign exchange control: VND must be used in transactions between Vietnamese entities and individuals, unless specifically allowed otherwise under the foreign exchange control regulations. A foreign currency can be used as the functional currency for accounting and reporting purposes, subject to certain conditions. Both residents and nonresidents can hold bank accounts in any currency. Foreign currency may be remitted overseas, although registration and/or tax requirements may need to be met.

Accounting principles/financial statements: Vietnamese Accounting Standards and the Vietnamese accounting system apply. Statutory financial statements must be prepared, audited, and submitted annually, except for listed companies whose financial statements are required to be audited and submitted on a semi-annual basis. IFRS adoption is encouraged and, as from 2025, is mandatory for certain enterprises. Vietnamese Financial Reporting Standards also are being developed based on internationally accepted standards.

Principal business entities: These are the joint stock company, limited liability company, and private enterprise. Branches of foreign corporations are limited to certain industries.

Corporate taxation

Rates	
Corporate income tax rate	20%
Branch tax rate	20%
Capital gains tax rate	20%

Residence: Residence is not defined, but a company generally is considered to be resident if it is incorporated in Vietnam.

Basis: Residents are taxed on worldwide income; nonresidents are taxed only on Vietnamese-source income. Foreign-source income derived by residents is subject to corporate income tax in the same way as Vietnamese-source income. Branches are taxed in the same way as subsidiaries.

Taxable income: Tax is imposed on a company's profits, which include the profits of affiliates and branches (dependent units). Taxable profits include income from the sale of goods; the provision of services; the leasing or sale of assets; the transfer of property, shares, or a business; joint venture operations with other economic entities; and financial operations.

Rate

General

The standard corporate income tax rate is 20%. The rate for enterprises operating in the oil and gas and natural resource sectors ranges from 25% to 50%, depending on the project.

Surtax

There is no surtax.

Alternative minimum tax

There is no alternative minimum tax.

Global minimum tax (Pillar Two)

Vietnam has implemented rules that generally are in line with the global anti-base erosion (GloBE) or "Pillar Two" model rules published by the OECD/G20 Inclusive Framework on BEPS that are designed to ensure a global minimum level of taxation of 15% for multinational enterprise (MNE) groups with annual consolidated revenue of at least EUR 750 million. The IIR (income inclusion rule) and the qualified domestic minimum top-up tax (sometimes referred to as a QDMTT) apply from 2024 fiscal years beginning on or after 1 January 2024. The UTPR (sometimes referred to as the undertaxed profit(s) rule or the undertaxed payments rule) is under consideration.

Entities within the scope of Vietnam's GloBE rules include constituent entities (companies, organizations, permanent establishments, etc.) of MNEs that have annual revenue of EUR 750 million or more in the consolidated financial statements in at least two of the four immediately preceding years. A MNE is defined as a group that includes at least one constituent entity or permanent establishment that is not located in the ultimate parent entity's jurisdiction.

Taxation of dividends: Dividends received by one Vietnamese company from another are not subject to tax, provided the dividends are paid out of profits on which the payer company has paid corporate income tax.

Capital gains: There is no separate capital gains tax; gains are taxed at the standard corporate income tax rate of 20%. The transfer value is based on the actual contract price, although a deemed fair market value will be used if no contract price is available or if the price stated in the contract is deemed not to be on arm's length terms.

Losses: Losses may be carried forward to offset taxable income for up to five consecutive years after the year in which the losses are incurred. The carryback of losses is not permitted. Losses from transfers of real property and investment projects may be offset against profits from normal business operations in the same tax period. Group loss relief is not allowed.

Foreign tax relief: Foreign tax paid may be credited against Vietnamese tax but must be determined based on pretax income. The credit is limited to the amount of Vietnamese tax payable on the foreign-source income.

Participation exemption: See "Taxation of dividends," above.

Holding company regime: There is no holding company regime.

Incentives: Preferential tax rates of 10% (for 15 years, with a possible extension for up to a further 15 years with prior approval) and 17% (for 10 years) are available for taxpayers engaged in incentivized sectors or locations as stipulated by the government. A preferential rate of 15% applies for the entire life of a project in regard to certain activities (e.g., cultivation, animal husbandry, processing in the field of agriculture and fisheries). A preferential rate of 10% applies for the entire life of a project in certain socialized sectors (e.g., education, health, culture, sports, environment). A tax holiday from two to four years of full tax exemption followed by a 50% tax reduction for a further four to nine years also is available in addition to the preferential tax rates.

Special tax incentives also are available for qualified research and development and special large-scale investment projects, which include a preferential tax rate of 5% to 9% for a period from 30 to 37 years, together with a tax holiday from five to six years of full tax exemption followed by a 50% tax reduction for a further 10 to 13 years.

The preferential tax rates apply as from the first year that revenue is generated from incentivized activities. The tax holidays apply as from the first year that taxable income is generated or the fourth year that revenue is generated, whichever is earlier.

Existing taxpayers with new investment projects (or expansion investment projects) also are entitled to certain tax incentives, subject to conditions.

Compliance for corporations

Tax year: The tax year is the same as a company's financial year, which generally is the calendar year. A company must notify the tax authorities if its financial year differs from the calendar year, but only a quarter-end financial year is allowed.

Consolidated returns: Consolidated returns are not permitted; each company with independent legal status is required to file a separate return.

Filing and payment: Provisional quarterly corporate income tax returns are not required, but a company is required to make quarterly provisional corporate income tax payments based on estimates. The total of the provisional corporate income tax payments made in four quarters of the tax year must be at least 80% of the annual corporate income tax liability. Any shortfall is subject to a late payment penalty. The deadline for the annual filing is the last day of the third month after the tax year end.

Penalties: Penalties apply for failure to file, late filing, or the filing of a fraudulent return. Taxpayers are subject to an extra 0.03% penalty per day of late payment, 20% on underreported amounts, and more stringent penalties for evasion (up to 300%).

Rulings: A taxpayer can request a tax ruling from the local or national tax authorities to clarify specific tax concerns.

Individual taxation

Rates		
Individual income tax rate	Monthly net taxable income (VND)	Rate
Employment income: resident	Up to 5 million	5%
	Over 5 million and up to 10 million	10%
	Over 10 million and up to 18 million	15%
	Over 18 million and up to 32 million	20%

	Over 32 million and up to 52 million	25%
	Over 52 million and up to 80 million	30%
	Over 80 million	35%
Employment income: nonresident		20%
Capital gains tax rate		20%/0.1%

Residence: An individual is resident if the individual: (i) spends 183 days or more in aggregate in a 12-month period in Vietnam, starting from the date the individual arrives in Vietnam; (ii) maintains a residence in Vietnam; or (iii) has leased a residence for 183 days or more in a tax year, unless the individual is present in Vietnam for less than 183 days and can prove residence in another jurisdiction.

Basis: Residents are taxed on their worldwide income; nonresidents are taxed only on Vietnamese-source income.

Taxable income: Employment income, including most employment benefits (whether in cash or in kind), is fully taxable. Dividends; interest (except for interest on bank deposits, life insurance, and government bonds); capital gains derived from securities trading; private business income with annual revenue exceeding VND 100 million; and other income from franchising, inheritance, the transfer of land use rights, and gifts, winnings, or prizes (excluding casino winnings) also are taxable. Profits derived from the carrying on of a trade or profession generally are taxed in the same way as profits derived by companies.

Rates: For employment income, progressive rates ranging from 5% to 35% apply to residents. However, employment income without a labor contract or with a labor contract lasting less than three months is subject to a flat rate of 10% on payments of VND 2 million and above.

Employment income of nonresidents is subject to a flat rate of 20%.

Income from sources other than employment is taxed at rates ranging from 0.1% to 20%, which apply to both residents and nonresidents.

Capital gains: Residents are subject to a tax rate of 20% on gains from the transfer of shares in limited companies, partnerships, and joint ventures, and 0.1% on sale proceeds from the transfer of securities (e.g., shares, call options on shares, bonds, treasury bills, fund certificates, and other securities according to the Law on Securities) in joint stock companies (whether public or private). Nonresidents are subject to a tax rate of 0.1% on sale proceeds from the transfer of all shares and securities.

Deductions and allowances: Subject to certain restrictions, tax deductions are granted for compulsory social security contributions made by employees, including social insurance (SI), health insurance (HI), and unemployment insurance (UI). Severance allowances, redundancy compensation, and “non-accumulative” insurance premiums are not taxable. Other tax deductions include a personal deduction and a dependent deduction. Voluntary retirement fund contributions and charitable contributions also are deductible.

Foreign tax relief: Foreign tax paid may be credited against Vietnamese tax but must be determined based on pretax income. The credit is limited to the amount of Vietnamese tax payable on the foreign-source income.

Compliance for individuals

Tax year: The normal tax year is the calendar year. For foreign individuals arriving in Vietnam in the middle of the calendar year and who stay in Vietnam for less than 183 days in such calendar year but more than 183 days in a period of

12 consecutive months, the tax year is the 12-month period from the date of first arrival. For tax resident foreign individuals leaving Vietnam in the middle of the year, the tax year is from January to the month of departure.

Filing status: Individuals must file separate returns; joint filing is not permitted.

Filing and payment: Tax on employment income is withheld by the employer and remitted to the tax authorities on a monthly or quarterly basis. The employer must submit an annual finalization return by the last day of the third month following the calendar year end.

For individuals who file tax returns directly with the tax authorities, the normal deadline for tax return submission and tax payment is the last day of the fourth month following the calendar year end. In special cases, the deadlines may vary depending on the individual's circumstances, such as dates of arrival in and departure from Vietnam.

Penalties: Penalties apply for failure to file, late filing, or the filing of a fraudulent return. Taxpayers are subject to an extra 0.03% penalty per day of late payment, 20% on underreported amounts, and more stringent penalties for evasion (up to 300%).

Rulings: A taxpayer can request a tax ruling from the local or national tax authorities to clarify specific tax concerns.

Withholding tax

Rates				
Type of payment	Residents		Nonresidents	
	Company	Individual	Company	Individual
Dividends	0%	5%	0%	5%
Interest	0%	5%	5%	5%
Royalties	0%	5%	10%	5%

Dividends: No withholding tax is imposed on dividends paid to resident or nonresident companies. Dividends paid to resident and nonresident individuals are subject to a 5% withholding tax rate unless, in the case of nonresidents, the rate is reduced under an applicable tax treaty.

Interest: No withholding tax is imposed on interest paid to resident companies. A 5% withholding tax rate applies to interest paid to resident individuals, as well as nonresident companies and individuals. The rate for nonresidents may be reduced under an applicable tax treaty.

Royalties: No withholding tax is imposed on royalties paid to resident companies. A 5% withholding tax rate applies to royalties paid to resident and nonresident individuals, while a 10% rate applies to royalties paid to nonresident companies. The rates for nonresidents may be reduced under an applicable tax treaty. Income derived by a nonresident from the transfer of a right to use a trademark also is subject to VAT at a rate of 5%.

Fees for technical services: No withholding tax is imposed on technical service fees paid to resident companies. The rate is 5% for technical service fees paid to nonresident companies unless the rate is reduced under an applicable tax treaty. For business individuals, technical service fees are subject to withholding tax at rates ranging from 1% to 2% for residents and 1% to 5% for nonresidents, depending on the specific service provided. For non-business individuals, the withholding tax rates applied for technical service fees are similar to the tax rates applied to employment income, which are progressive tax rates ranging from 5% to 35% for resident individuals and 20% for nonresident individuals (see "Rates" under "Individual taxation," above). The rate for nonresident individuals may be reduced under an applicable tax treaty. Income derived by a nonresident from technical service fees also is subject to VAT at a rate of 5%.

Branch remittance tax: There is no branch remittance tax.

Anti-avoidance rules

Transfer pricing: Vietnam has transfer pricing rules that generally follow the OECD guidelines. The following methodologies are permitted: comparable uncontrolled price (CUP), resale price, cost plus, comparable profit, and profit split. The taxpayer is required to prioritize the CUP method; other methods should be applied only after rejection of the CUP. The taxpayer must establish that it is using the “best” method appropriate under the circumstances. Contemporaneous documentation is required under rules that generally follow the OECD BEPS action 13 recommendations. The tax authorities can adjust profits if the pricing strategy is found not to be at arm’s length. The Vietnamese transfer pricing rules also incorporate the “substance over form” principle, leading to certain types of related party expenses being regulated as nondeductible for corporate income tax purposes. Advance pricing agreements are possible.

Interest deduction limitations: For entities with related party transactions, the deductibility of total net interest expense (i.e., interest expenses less interest income from bank deposits and lending) from related and unrelated transactions is capped at 30% of EBITDA (i.e., earnings before interest, taxes, depreciation, and amortization). Nondeductible interest can be carried forward for five years and offset where the net interest expense/EBITDA ratio is below 30%.

Controlled foreign companies: There are no controlled foreign company rules.

Anti-hybrid rules: There are no anti-hybrid rules.

Economic substance requirements: Corporate income tax may be deemed payable where transactions do not have economic substance.

Disclosure requirements: Certain multinational enterprises are required to disclose detailed information on related party transactions by submitting an annual declaration form (along with the corporate income tax return) and prepare transfer pricing documentation composed of a local file, a master file, and a country-by-country report (as necessary).

Exit tax: There is no exit tax.

General anti-avoidance rule: The tax authorities may deny tax treaty benefits by disregarding transactions that were not entered into for commercial purposes but only to obtain tax benefits.

Value added tax

Rates	
Standard rate	10%
Reduced rate	0%/5%

Taxable transactions: VAT is imposed on most common goods and services, while special sales tax (SST) is imposed only on certain types of goods and services.

Rates: The standard rate of VAT is 10%, with reduced rates of 0% and 5%. A temporary reduced VAT rate of 8% applies until 30 June 2025, other than for supplies in certain sectors (e.g., communication, IT, banking, finance, securities, insurance, real estate, goods and services subject to SST) which remain subject to the standard rate. SST rates range from 5% to 150%. For the period from March 2022 through February 2027, SST for certain models of battery electric vehicles is reduced to 2% from 3%.

Registration: All organizations and individuals carrying on the production or trading of taxable goods and services in Vietnam must register for VAT purposes. Each branch or outlet of an enterprise must register separately and declare tax on its own activities. Transfers of goods between branches may be subject to VAT. Registration for VAT is required within 10 days of the date the business establishment license was issued. Business households or individuals without a business license can register for VAT at the same time as their first VAT declaration.

Overseas suppliers engaging in e-commerce, digital platform-based activities, or the provision of other services to organizations or individuals in Vietnam are obliged to register, declare, and pay taxes in Vietnam directly or through an authorized representative.

Filing and payment: Monthly filing and payment of outstanding VAT must be made by the 20th day of the following month. Quarterly VAT filing and payment are allowed for certain taxpayers, which are due by the 30th day of the following quarter. Electronic invoicing is mandatory.

Other taxes on corporations and individuals

Unless otherwise stated, the taxes in this section apply both to companies and individuals and are imposed at the national level.

Social security contributions: For Vietnamese employees, the employer is required to make SI, HI, UI, and labor accident and occupational disease insurance contributions of 17.5%, 3%, 1%, and 0.5% (0.3% for special cases with official approval), respectively. Vietnamese employees are required to make SI, HI, and UI contributions at rates of 8%, 1.5%, and 1% of the employee's salary, allowances, and other additional income, respectively.

For foreign employees, in certain circumstances, the employer is required to contribute to HI at a rate of 3% and to SI at a rate of 17.5% (including the retirement, sickness, maternity, occupational diseases, and accident funds) (17.3% for special cases with official approval). Foreign employees are required to make HI contributions at a rate of 1.5% in certain circumstances and retirement and death fund contributions for SI at a rate of 8%.

Payroll tax: There is no payroll tax.

Capital duty: There is no capital duty.

Real property tax: The municipal authorities impose tax (e.g., land rental tax, land use fees) on the use of real property.

Transfer tax: There is no transfer tax.

Stamp duty: A stamp duty of 0.5% to 15% is imposed on certain types of assets, including real property.

Net wealth/worth tax: There is no net wealth tax or net worth tax.

Inheritance/estate tax: Inheritances and gifts above VND 10 million are subject to income tax at 10% (see "Taxable income" under "Individual taxation," above).

Other: Foreign contractor withholding tax is imposed on income from the provision of goods and services by nonresident entities (except on income from pure trading transactions with a delivery point to the border of Vietnam), which comprises corporate income tax and VAT at a total combined rate ranging from 0.1% to 15%.

Tax treaties: Vietnam has concluded approximately 80 tax treaties. The Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (BEPS MLI) entered into force for Vietnam on 1 September 2023.

For information on Vietnam's tax treaty network, visit [Deloitte International Tax Source](#).

Tax authorities: Provincial tax departments; General Department of Taxation; Ministry of Finance

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