

## APA—Vietnam's new path to tax certainty

**Tat Hong Quan**, Transfer Pricing Leader, Deloitte Vietnam

**Dinh Mai Hanh**, Transfer Pricing Partner, Deloitte Vietnam

**Nguyen Trung Ngan**, Transfer Pricing Director, Deloitte Vietnam

**Ngan:** Welcome to Deloitte TP Lens, your go-to source for everything related to transfer pricing. Each month, we unpack fundamental concepts, policy change, real-world challenges to help you make sense of the evolving global tax landscape. Whether you are a tax professional, business leader, or navigating the global tax landscape, we have got you covered, and we will break it all down. I'm Ngan Nguyen Trung, Tax Director of Deloitte Vietnam, and I will be your host for this episode.

In this section, we explore one of the most promising tools in modern transfer pricing—Advanced Pricing Agreement, or APA. With recent regulatory changes in Vietnam, the APA landscape is evolving rapidly, offering both challenges and opportunities for multinational companies.

To help us navigate this topic, I'm joined by our two leading experts from Deloitte Vietnam, Ms Dinh Mai Hanh, Tax Partner and Transfer Pricing National Leader at Deloitte Vietnam, and Mr Tat Hong Quan, Tax Partner at Deloitte Vietnam. Ms Dinh Mai Hanh and Mr Tat Hong Quan, can you briefly introduce about yourself?

**Hanh:** Thanks Ngan, hello everyone. I'm Dinh Mai Hanh, Tax Partner and Transfer Pricing National Leader at Deloitte Vietnam, and I bring over 28 years of hands-on experience in tax and transfer pricing in Vietnam, with a strong focus on transfer pricing strategy, APA, audit defense, and compliance across a wide range of industries. Under my leadership, we are honoured to have won the Vietnam Transfer Pricing Firm of the Year by International Tax Review in both 2020 and 2023. It is special to be here with you today, so now I pass to Quan.

**Quan:** Hello everyone, thank you for tuning in. My name is Quan. I'm a Tax Partner at Deloitte Vietnam, based in our Ho Chi Minh City office. I specialise in transfer pricing advisory, and over the past 15 years, I have had the privilege of working with both multinational companies and local conglomerates on navigating complex transfer pricing matters. It's truly a pleasure to be part of this session today. I'm looking forward to sharing insights and hopefully making this topic a little more accessible for everyone.

**Ngan:** Thank you so much for your introduction. Let's start with the fundamentals. For listeners who may be new to this topic, Ms Hanh, can you please explain what an APA is and why it is becoming an increasingly relevant option for multinational companies?



**Hanh:** Thanks for the great question. I think this is the perfect place to start. An APA is essentially a proactive mechanism where a taxpayer and the tax authority agree in advance on how transfer pricing will be applied to specific related-party transactions. In other words, rather than waiting for an audit to question your pricing, the taxpayer works with the tax authority upfront to agree on a fair method, and that brings a lot of benefits.

One simple example: let's say a taxpayer is a subsidiary of a multinational group operating in Vietnam. Through the APA process, the taxpayer and the tax authority agree that a 5% profit margin is appropriate for its business model based on the company's functions, assets, and risks. For the next three years, as long as the taxpayer maintains that 5% margin and there are no major changes in operations, the company's transfer pricing risk is minimised. This gives the taxpayer certainty, avoids the risk of audit or adjustments, and helps the taxpayer plan tax obligations and cash flows in advance. This is why APA is becoming more relevant for multinational companies, especially in today's environment where tax authorities are becoming more assertive and transparency is a global expectation.

**Ngan:** Thank you. That's very clear. Maybe you could also walk us through what the current

APA regulatory framework looks like here in Vietnam, how it has evolved over time, and where we stand today.

**Hanh:** In terms of where we are in Vietnam, the APA framework has actually been around since 2013, but for a long time, we didn't really see any cases concluded so far. The good news is that this is starting to change. In June this year, Vietnam issued Decree 122, which is quite a milestone. First, the final approval authority is now handled by the Minister of Finance. This is a huge milestone in simplifying and speeding up the process. Second, the roles of the taxation department, previously called the General Department of Taxation, are now much clearer. They are responsible for handling discussions, developing negotiation plans, and working closely with taxpayers throughout the process. Overall, the structure is not only simplified but also more transparent and efficient. Overall, I would say that Vietnam is now in a much better position to make APA a practical and effective tool. And we are already seeing more interest from both government authorities and taxpayers to make that happen.

**Ngan:** Thank you Ms Hanh for your sharing. So with these reforms in place, Mr Quan, what does this actually mean for businesses, especially multinationals operating in Vietnam? Perhaps you can share how these



changes are being received from the perspective of companies navigating cross-border transfer pricing issues.

**Quan:** I think these reforms are real game changers for businesses, especially multinationals. To start with, the reduced approval layers and clearer responsibilities are cutting down a lot of time, effort, and uncertainty surrounding the APA procedures. For companies that have complex cross-border transactions, they can now plan their transfer pricing strategies with greater confidence and predictability. At this stage, frankly speaking, we are seeing growing interest in bilateral APA applications, particularly from clients in sectors like

manufacturing, consumer, and technology, where cross-border pricing issues are complex and tax risks are high. Having a proactive, pre-agreed approach gives these companies a huge advantage in managing those risks.

Additionally, and obviously, these reforms are boosting confidence. With this new APA procedure and approval structure, I believe taxpayers would feel more secure about investing in Vietnam and managing their global tax profile in a proactive way, rather than always reacting to disputes or audits. Last but not least, certainly from the tax authorities' perspective, I think the new structure is equally beneficial to them. It allows better coordination, deeper technical focus, and frankly, it brings Vietnam closer to how more developed countries handle APA applications. We have already seen some APA discussions moving more smoothly since the new framework was announced, which is a very encouraging sign for both taxpayers and authorities.



**Ngan:** That's very good to hear, Mr Quan. Even with positive reform, I think no process is without its hurdles. Can you please share what practical challenges still remain for companies looking to enter into an APA, particularly from the procedural and technical standpoints?

**Quan:** Yes, while the recent reforms are definitely a big step forward, there are still certain practical challenges that businesses need to be aware of when entering APA applications in Vietnam. Firstly, there is currently no fixed statutory timeline for the APA process. So while things are moving faster under the new approval structure, the overall timeline is still somewhat uncertain, which can make it challenging for companies to align internal expectations.

Secondly, APAs in Vietnam currently only apply prospectively. So if a taxpayer is already in the middle of a dispute or audit, unfortunately, the company is not able to use APA to resolve issues retroactively. This really highlights the need for early engagement.

Finally, I think the documentation requirements are rather complex. The tax authorities would expect very detailed functional analysis, robust benchmarking studies, and pretty deep technical arguments. That level of detail requires time, resources, and sometimes external expertise, especially

for companies operating across multiple jurisdictions.

**Ngan:** Thank you so much. As we round up today's discussion, I would like to shift from what's changing to what's possible. Ms Hanh and Mr Quan, with the new APA framework in place, what practical advice would you give to businesses that are considering pursuing an APA under the updated regime?

**Hanh:** My first piece of advice would be to start early. The APA process takes time—from identifying the right transactions, gathering internal data, to preparing thorough technical analyses. The earlier you begin, the smoother the journey will be.

Following that, make sure the taxpayer's documentation is strong, especially functional and risk analysis, and benchmarking studies. These are not just formalities; they are core components that the tax authority will scrutinise closely. Well-prepared documentation sets the tone for constructive negotiation.

Furthermore, ensure internal alignment, especially for multinationals. An APA affects broad local operations and group-level tax planning, so it is critical that taxpayers in Vietnam and their global tax leaders are on the same page before starting negotiations. Quan, do you want to add anything?

**Quan:** I would also strongly recommend that taxpayers work closely with experienced advisors, people who understand both the technical side and the practical expectations of the Vietnamese tax authority. Having the right support can help you navigate the process more efficiently, anticipate potential roadblocks, and ultimately increase your chances of success. So yes, the APA framework opens up a lot of opportunities and possibilities, but to fully benefit, companies need to be proactive, well-prepared, and well-advised. If done right, an APA can bring real certainty and stability to your long-term tax planning in Vietnam.

**Ngan:** Thank you so much, Ms Hanh and Mr Quan. Well, that brings us to the end of today's episode on APA. We unpacked major developments from Vietnam's updated APA framework under Decree 122 to the real-world benefits and challenges that businesses might face when entering into an APA. Clearly, while the process has become more streamlined and transparent, success still requires early planning, strong documentation, and proactive engagement with the authorities.

Thank you so much to our experts, Ms Hanh and Mr Quan, for sharing their valuable insights, and to our guests for tuning in. And of course, thank you to all our listeners for joining us on Deloitte TP Lens. If you found this episode helpful, be sure to subscribe, comment and share. Stay tuned for more discussions on other transfer pricing topics. This is Ngan Nguyen Trung, signing off from Deloitte TP Lens.



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which is a separate and independent legal entity, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Bengaluru, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Mumbai, New Delhi, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

This communication contains general information only, and none of DTTL, its global network of member firms or their related entities is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication.