

A painting of a market scene with several women wearing traditional conical hats. They are carrying large baskets filled with various colorful produce, including red and yellow flowers, green leafy vegetables, and other goods. The scene is set outdoors with a blurred background of more market activity.

NEW LAW ON CORPORATE INCOME TAX (CIT)

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Overview

- Original date of issuance: 2008
- Amendments: 2013, 2014, 2020 and 2024
- The New Law was adopted on June 14, 2025
- The New Law became effective on **October 1, 2025**

Overview

- The New Law contains 20 new Articles to deal with the following matters: taxpayers, taxable income, non-taxable income, methods to compute CIT, and tax incentives.
- Several provisions previously governed by subordinate legislation have been incorporated into the New Law. A few provisions have been introduced or revised.
- A number of Articles, as specified in the New Law, will be elaborated upon in implementing regulations:
 - Article 2 (*Taxpayers*);
 - Article 3 (*Taxable income*);
 - Article 4 (*Non-taxable income*);
 - Article 8 (*Revenue*);
 - Article 11 (*Methods to compute CIT*);
 - Article 11 (*Tax reduction, tax exemption*); and
 - Article 16 (*Loss carry forward*).

Taxpayers

- The concept of “taxpayers” has been broadened.
- Offshore enterprises without permanent establishments (“**PEs**”) in Vietnam are now subject to CIT if they engage in cross-border e-transactions or if they offer goods and services in Vietnam through digital platforms.
- This amendment aligns with amendments under the Law on Tax Administration adopted in March 2025.

PE Concept

- The concept of PE has been expanded.
- An offshore enterprise is deemed to have a PE in Vietnam if it conducts sales or provides services in Vietnam through an e-commerce or digital platform.
- This expansion aims to boost tax revenues from cross-border digital transactions.

Taxable income

Legalization of tax regulations on taxable income. The New Law consolidates several types of taxable income previously found in subordinate legislation.

Expansion of taxable income. Taxable income for offshore enterprises includes all Vietnam-sourced incomes, **regardless of place of business operation.**

Introduction of new tax rules. The Government is responsible to issue guidance on computation of CIT derived from Vietnam-sourced income, including tax rates based on **revenues rather than profits.**

Tax implication of indirect M&A transactions. **Proceeds** (not capital gains) received from indirect merger and acquisition transactions by offshore entities will be taxed in Vietnam.

Foreign Tax Credits

Vietnamese enterprises with overseas income that has been taxed abroad are allowed to credit the tax paid against their CIT liabilities in Vietnam, regardless of whether these foreign countries have signed tax treaties with Vietnam, and regardless of whether these incomes have been remitted to Vietnam.

Non-taxable income

- As part of Vietnam's net zero commitments under COP 26, the following incomes are non-taxable:
 - the disposal of carbon credits
 - capital gains received from the transfer of green bonds, and
 - proceeds received from the issuance of primary green bonds.

Deductible expenses

- The New Law imposes stricter rules. It provides that deductible expenses must have invoices and receipts, **and** payment must be made in accordance with non-cash transaction rules:
 - Decree 123 requires sellers/service providers to issue invoices for **all** transactions, regardless of transaction value.
 - Decree 181 requires taxpayers to pay for expenses that exceed VND5,000,000 via a mode of bank transfer or via permitted modes of payments set out in Decree 181 and in Decree 52 (e.g. checks, payment cards, digital wallets, etc.)

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CIT rates

- The standard CIT rate remains **20%**.
- The New Law introduces several favorable rates that apply to small businesses.
 - A small enterprise with annual income below VND 3,000,000,000 is taxed at a rate of **15%**, and
 - A small enterprise with annual income between VND 3,000,000,000 up to VND50,000,000,000 is taxed at a rate of **17%**.
- Mining companies are taxed at a higher rate in comparison with the common rates which apply to other industries:
 - the applicable rates for oil operations range from **25% to 50%**, and
 - the applicable rate for the exploitation of precious minerals is **50%**.

Tax incentives

- Subject to the nature of the business and the place of operation, a taxpayer may be eligible to: (i) tax preferential rates (10%, 15% or 17%); (ii) tax holiday; and/or (ii) tax reduction (50%).
- Tax incentives for particular projects/sectors or locations can be found in the New Law (See the attached Appendix 1).

Appendix 1

Tax Incentives. The New Law offers a range of tax incentives to qualifying taxpayers based on their business sectors and geographic location. The incentives are comprised of preferential tax rates, tax deductions and tax holidays. Below is a summary of tax incentives under the New Law:

CIT rate	Application Period	Taxpayers/Projects	Exemption Period	50% Reduction Period
17%	Unlimited	Peoples' credit funds, micro-finance institutions and cooperative banking.	Not Applicable ("N/A")	N/A
	10 years	<p>A. An enterprise which operates in one of the following sectors:</p> <ul style="list-style-type: none"> ▪ Production of high-grade steel; production of energy-saving products; production of machinery and equipment for agricultural, forestry, fishery, and salt production; production of irrigation equipment; production of animal, poultry, and aquatic feed; ▪ Production and assembly of automobiles; production of digital technology products; ▪ Investment in and operation of technical facilities supporting small and medium-sized enterprises (SMEs); SME incubators; investment in and operation of co-working spaces supporting innovative start-up SMEs as defined in the Law on Support for Small and Medium-sized Enterprises. <p>B. New investment projects located in a socio-economic disadvantaged area.</p> <p>C. New investment projects in an economic zone which is not a socio-economically disadvantaged or an especially disadvantaged area.</p>	Max 2 years	Max 4 years
11	Unlimited	Enterprises that engage in cultivation, husbandry and processing in aquacultural sectors, and which are <u>not located</u> in geographical areas with difficult or especially difficult socio-economic	N/A	N/A

CIT rate	Application Period	Taxpayers/Projects	Exemption Period	50% Reduction Period
		conditions or economic zones, hi-tech zones, hi-tech agricultural zones, or in concentrated digital zones.		
10%	Unlimited	<p>A. An enterprise that operates in a socio-economically disadvantaged area, and which operates in one of the following sectors:</p> <ul style="list-style-type: none"> ▪ Cultivation of forest products; ▪ Cultivation of crops, planted forests, animal husbandry, aquaculture, processing of agricultural and aquatic products. <p>B. An enterprise that operates in any of the following sectors:</p> <ul style="list-style-type: none"> ▪ Planting, tending, and protecting forests; production, breeding, and hybridization of plant and animal varieties; investment in post-harvest preservation of agricultural products, preservation of agricultural products, aquatic products, and food; production, exploitation, and refining of salt; ▪ Socialized investment in education and training judicial expertise, vocational education, healthcare, culture, sports, environment that conforms with types, criteria, and standards set by the Prime Minister; ▪ Investment in construction of social housing for sale, lease, or lease-purchase for eligible beneficiaries under the Law on Housing. <p>C. Publishing houses that operate under the Law on Publishing.</p> <p>D. Cooperatives and cooperative unions operating in agriculture, forestry, fish processing, and salt production.</p> <p>E. Media firms that operate under the Media Law.</p>	N/A	N/A

CIT rate	Application Period	Taxpayers/Projects	Exemption Period	50% Reduction Period
	15 years	<p>A. An enterprise that has a new investment project in one of the following sectors:</p> <ul style="list-style-type: none"> ▪ Application of high technology and venture capital investment for the development of high technologies listed on the priority list for development under the Law on High Technologies; application of strategic technologies as prescribed by law; incubation of high technologies and incubation of high-tech enterprises; investment in construction and operation of high-tech incubators and high-tech business incubators; ▪ Production of software products; production of cybersecurity products and provision of cybersecurity services; production of key digital technology products and provision of digital technology services, production of electronic devices as regulated by the law on digital technology industries; research and development, design, manufacturing, packaging, and testing of semiconductor chips; establishment of artificial intelligence data centers; ▪ Production of supporting industry products listed on the Government’s list of prioritized supporting industry products that meet one of the following criteria: <ul style="list-style-type: none"> ○ Supporting industry products (eg manufacture of materials, spare parts, devices, etc.) for high technologies under the Law on High Technologies; ○ Supporting industry products for the production of products in the textile-garment, leather-footwear, electronics-information technology (including semiconductor design and manufacturing), automobile manufacturing and the assembly and mechanical engineering sectors that, as of the effective date of the New Law, are not yet produced domestically or are produced but must meet European Union technical standards or equivalent (if applicable), as prescribed by the Minister of Industry and Trade. 	Max 9 years	Max 4 years

CIT rate	Application Period	Taxpayers/Projects	Exemption Period	50% Reduction Period
		<ul style="list-style-type: none"> ▪ Production of renewable energy, clean energy, energy from waste destruction; environmental protection; production of composite materials, lightweight building materials, rare materials; production for national defense and security, and production of mobilization products as prescribed by laws on national defense, security, and industrial mobilization; production of key chemical industry products and key mechanical products as regulated by law; ▪ Investment in the development of water plants, power plants, water supply and drainage systems, roads, railways, airports, seaports, river ports, terminals, and other infrastructure works of particular importance as decided by the Prime Minister. <p>B. Investment projects in the manufacturing sector that meet the following conditions:</p> <ul style="list-style-type: none"> (i) Have a minimum registered investment capital of VND 12,000 billion and disburse the total registered investment capital within no more than 5 years from the date of investment approval as prescribed by the Investment Laws; (ii) Use technology that meets the requirements set by the Minister of Science and Technology. <p>C. Investment projects entitled to special investment incentives and support as prescribed in the Investment Law (Subclause 20.2).</p> <p>D. Enterprises which have new investment projects located in an especially disadvantaged area.</p> <p>E. Enterprises which have new investment projects in hi-tech zones, hi-tech agricultural zones; concentrated digital zones; or new investment projects in especially disadvantaged areas.</p>		

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In addition, enterprises engaged in socialized sectors (such as education and training, vocational education, healthcare, culture, sports, environment, judicial expertise) located in socio-economically disadvantaged or especially disadvantaged areas, are eligible for a maximum 4-year exemption, followed by a 50% tax reduction for up to 5 years.