TAX BULLETIN November 2025

1. **Increase in Personal and dependent relief for PIT purposes**
   (Resolution No. 110/2025/UBTVQH15 approved by the Standing Committee of the National on 17th October 2025).

The Standing Committee of the National Assembly issued Resolution No. 110/2025/UBTVQH15, amending Clause 1, Article 19 of the 2007 Personal Income Tax Law regarding personal and dependend relief. Effective from 1 January 2026, applicable to the 2026 tax year:

- Deduction for taxpayers: 15.5 million VND/month (equivalent to 186 million VND/year).
- Deduction for each dependent: 6.2 million VND/month.

Compared to the current Resolution 954/2020/UBTVQH14, the deduction has been raised from 11 million VND/month to 15.5 million VND/month for taxpayers, and from 4.4 million VND/month to 6.2 million VND/month for each dependent.

2. **Guidance on dependent documentation PIT purposes**
   (Official Letter No. 6728/BNI-QLDN1 dated 31st October 2025 of Bac Ninh Tax Office)

According to current Bac Ninh Tax Office's instruction, taxpayers registering dependents (as defined in Point d, Clause 1, Article 9 of Circular 111/2013/TT-BTC) must prepare documentation in accordance with Article 1 of Circular 79/2022/TT-BTC. PIT regulations do not require confirmation from local People's Committees (commune/ward authorities) regarding whether dependents have no income or income below 1 million VND/month, for any type of dependent.

3. **Customs procedures and VAT for processing activities between Export Processing Enterprises (EPEs) and domestic companies**
   (Official Letter No. 29639/CHQ-NVTHQ dated 15th October 2025 of the Department of Customs)

   - ***Customs Procedures***
     - EPEs are not required to carry out customs procedures when receiving goods from domestic companies for processing and returning the finished products back to the domestic market according to Clause 2, Article 76 of Circular No. 38/2015/TT-BTC dated 25th March 2015, amended and supplemented at Clause 52, Article 1 of Circular No. 39/2018/TT-BTC dated 20th April 2018 of the Ministry of Finance.
     - Domestic companies hiring EPEs for processing must follow customs procedures applicable to processing goods for foreign traders, and may choose to complete them at the Region Customs Sub-Department managing the EPE.

- When declaring, domestic companies must specify the "enterprise internal management code" as instructed: #&GCPTQ
- To determine whether an activity is considered export processing or other business activity, companies should refer to Clause 6, Article 26, Decree No. 35/2022/ND-CP dated 28th May 2022.

➢ ***Value-Added Tax (VAT)***
- Processed goods imported from EPEs into the domestic market are subject to VAT under Article 3 of the VAT Law No. 48/2024/QH15.

4. Guidance on VAT refund for investment project of an Enterprise converted into EPE

(Official Letter No. 2804/HYE-QLDN3 On September 30, 2025, the Hung Yen Tax Office)

In principle, EPEs only engage in export activities and are not subject to VAT. In cases where a company has been converted into an EPE, its investment project is not eligible for VAT refund. Therefore, <u>the VAT on goods and services purchased to serve the investment stage arising before the company's conversion into an EPE shall not be refunded for the investment project</u>, in accordance with Clause 1, Article 30; Clause 1, Article 37; and Clause 1, Article 39 of Government Decree No. 181/2025/ND-CP.

5. VAT guidance on machinery and equipment repair services by EPEs

(Official Letter No. 2834/NBI-QLDN3 dated 26th September 2025 of Ninh Binh Tax Office)

When an EPE provides repair services for machinery and equipment to another EPE but outsources the repair to a domestic enterprise and the work is carried out in the domestic market, the service is considered performed and consumed domestically (outside the non-tariff area). <u>Accordingly, the repair service is subject to the 10% VAT rate</u>. If the company declares VAT under the credit method, from 1st July 2025 to 31st December 2026, this service is eligible for VAT reduction under Government Decree No. 174/2025/ND-CP.

6. Expenses incurred before legal entity establishment

(Official Letter No. 1797/HYE-QLDN3 dated 29th August 2025 of Hung Yen Tax Office)

In cases where, prior to the establishment of the Company, the founders authorize an organization or individual to make payments for certain expenses related to the establishment of the company, as well as the purchase of goods and materials, the tax policy applicable to these expenses is as follows:

➢ ***VAT***: The company may declare and deduct input VAT based on invoices issued to authorized organizations, individuals, provided that conditions under Clause 3, Article 24, Article 25 and Article 26, Decree 181/2025/ND-CP date 1st July 2025 and Article 14 and Article 15, Circular 219/2013/TT-BTC dated 31st December 2013 are met. <u>However, input VAT credit does not apply in case of VAT payment voucher showing VAT paid on behalf of foreign contractors</u>.

- ***CIT***: Deductible and non-deductible expenses for CIT purposes shall be implemented in accordance with Article 6, Circular No. 78/2014/TT-BTC dated 18th June 2014 of the Ministry of Finance (as amended and supplemented by Circular No. 119/2014/TT-BTC, Circular No. 151/2014/TT-BTC, and Circular No. 96/2015/TT-BTC).