

# TAX BULLETIN - December 2025

## UPDATES ON NEW TAX LAWS 2025

This bulletin summarizes key changes in the Personal Income Tax (PIT) Law, the amended Value-Added Tax (VAT) Law, and the Tax Administration Law passed by the National Assembly in December 2025.

### Personal Income Tax Law (Law No. 109/2025/QH15)

- ❖ **New Taxable Incomes:** The law now includes income from the transfer of digital assets, gold bullion, carbon credits, and results of greenhouse gas emission reductions, etc.
- ❖ **Add tax exemption and reduction cases:**
  - PIT exemption for 5 years on employment income of individuals who are high-quality digital technology industry personnel.
  - PIT exemption for 5 years on employment income of individuals engaging in R&D activities in high-tech or strategic technologies listed under the prioritized investment development list or strategic technology list as prescribed by high-tech laws.
- ❖ **PIT on employment income:**
  - Personal and Dependent deductions: VND 15.5 million/month for taxpayer; VND 6.2 million/month for each dependent.
  - Progressive tax rates: Reduced from 7 to 5 brackets (removing tax rate of 15% and 25%). The lowest rate is 5% for income up to VND 10 million/month; the highest is 35% for income over VND 100 million/month (previously VND 80 million).

Bracket	Income Range (per year) (VND million)	Income Range (per month) (VND million)	Tax Rate (%)
1	Up to 120	Up to 10	5
2	Over 120 – 360	Over 10 – 30	10
3	Over 360 – 720	Over 30 – 50	20
4	Over 720 – 1,200	Over 50 – 100	30
5	Over 1,200	Over 100	35

- Add deductions: Healthcare and education/training costs for taxpayers and their dependents.

❖ **PIT on business income:**

- Increase tax-free revenue threshold: Individuals with annual revenue up to VND 500 million are exempt from PIT.
- Tax rates:
  - o Rates range from 15%–20% based on taxable income (revenue minus related expenses).
  - o Individuals with annual revenue above VND 500 million up to VND 3 billion may opt for industry-specific rates applied to taxable revenue (portion exceeding VND 500 million/year).

❖ **Raise taxable threshold for income from royalties, inheritance, gifts, winnings, franchise:** From over VND 10 million per occurrence to over VND 20 million per occurrence.

❖ **Effective date:** PIT Law will take effect as of July 1, 2026. Provisions regarding PIT on employment income and business income will apply from the 2026 tax year.

## Amended VAT Law (Law No. 149/2025/QH15)

- ❖ **Raise VAT exemption threshold**: Annual revenue up to VND 500 million for households and individuals.
- ❖ **Agricultural products**: Unprocessed Agricultural, livestock, and aquatic products produced or caught by organizations/individuals remain VAT-exempt.
- ❖ **Recovered scraps, by-products, and waste**: Apply the tax rate of the respective item.
- ❖ **Effective date**: January 1, 2026.

## Tax Administration Law (Law No. 108/2025/QH15)

❖ **Basis and Purpose of Enacting the New Law on Tax Administration:**

- Institutionalize the Resolutions of the Party and the National Assembly on streamlining the apparatus, digital transformation, administrative procedure reform, development of the digital economy, and preventing tax losses.
- Meet the requirements of international integration and fulfill commitments on combating global tax base erosion.
- Improve the legal framework for new economic models (e-commerce, digital assets, fintech).

- Eliminate the lump-sum tax regime for household businesses starting from 2026 in accordance with Resolution 68-NQ/TW.

❖ **Key changes:**

- Structure of the Tax Administration Law reduced from 17 Chapters, 152 Articles to 9 Chapters, 53 Articles. The Law has been reorganized and streamlined in terms of Chapters, Articles, and their contents to delegate authority to the Government and the Ministry of Finance, while still ensuring that all tax administration provisions are fully stipulated within the Law as a framework regulation.
- New provisions include:

**1. General Provisions**

- ✓ *Taxpayers*: Add entities such as foreign organizations/individuals conducting business on digital platforms and in e-commerce.
- ✓ *Principles of Tax Administration*: Manage taxes by categorizing taxpayers based on risk level and compliance.
- ✓ *Prohibited Acts*: Include fraudulent tax refunds, exploiting the state budget, and using software to generate fake invoices.

**2. Tax Administration Functions**

- ✓ *Tax Registration*: Link personal tax identification numbers with citizen identification numbers.
- ✓ *Tax Declaration, Calculation, and Payment*:
  - Allow supplementary declarations within 5 years from the deadline for submitting tax returns for the tax period with errors, provided it is before the announcement of an inspection or audit decision.
  - From January 1, 2026, household businesses must self-declare, self-pay, and apply electronic invoices.
- ✓ *Tax Refunds*: Introduce an automatic refund mechanism aligned with practical conditions, infrastructure, and IT application in the Tax Administration.
- ✓ *Tax Exemption and Reduction*: Tax authorities are responsible for implementing automatic tax exemption and reduction in phases, consistent with practical conditions, infrastructure, and IT application.
- ✓ *Tax Debt Handling*: Expand tax authorities' powers to enforce collection through new measures (e.g., requesting initiation of bankruptcy procedures).
- ✓ *Tax Examination*: Add principles and regulations:
  - Prioritize online examination based on electronic data.
  - Include provisions for re-examination by tax authorities.
  - Define the authority of tax authority heads and the duties and powers of examination team leaders.
  - Provide rules for suspension or postponement of tax examinations.

- Establish principles for inspecting enterprises with related-party transactions.
- Clarify examination types: at the tax author (desk check) and at the taxpayer's premises (on-site check).
- Revise examination time limits: maximum 20 days (extendable once by 20 days); for enterprises with related-party transactions, no more than 40 days (extendable once by up to 40 days). If information exchange with foreign tax authorities is required, the examination period may be extended but not exceed 2 years.

### **3. Electronic Invoices**

- ✓ Mandatory use of electronic invoices for all transactions.
- ✓ Implement mechanisms to encourage consumers to request invoices.

### **4. International Tax Administration**

- ✓ Manage taxes on cross-border transactions and enterprises with related-party relationships.
- ✓ Introduce new principles for implementing Mutual Agreement Procedures (MAP) and Advance Pricing Agreements (APA).

### **5. Risk Management and Digital Transformation**

The new Law on Tax Administration adds a separate Chapter on risk management, compliance, and digital transformation:

- ✓ Apply big data analytics and AI to assess risks and automate processes.
- ✓ Establish a centralized tax management information system interconnected with banks, customs, and e-commerce platforms.
- ✓ Ensure information security and exempt penalties for errors caused by system technical failures.

### **6. Rights and Obligations**

- ✓ *Taxpayers:* Entitled to access tax obligations, receive electronic notifications, and request electronic withholding certificates.
- ✓ *Tax Authorities:* Granted additional powers to request suspension of business operations and require business registration authorities to temporarily halt changes to enterprise registration details during tax violation handling.

❖ **Effective Date:** The Law on Tax Administration will take effect on July 1, 2026, while provisions on household business tax declaration will apply from January 1, 2026.