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Company Incorporation | Accounting | Tax | Payroll | Advisory

NEWSLETTER IN JULY 2025

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Guidance on the implementation of certain articles of the Law on Social Insurance

Decree No. 158/2025/NĐ-CP dated June 25, 2025 , issued by the Government

Some notable highlights of Decree No. 158/2025/NĐ-CP (“Decree 158”) include:

- (i) Household business owners who pay tax under the declaration method are required to participate in compulsory social insurance starting from July 1, 2025. Meanwhile, the roadmap specifies that other household business owners with registered businesses will be subject to compulsory participation from July 1, 2029 (Clause 2, Article 3 of Decree 158).
- (ii) Decree 158 also specifies individuals who are not required to participate in compulsory social insurance, including: **employees working on a non-full-time basis with a salary lower than the minimum level** required for compulsory social insurance contributions, and employees **during their probationary period** (Clause 5, Article 3 of Decree 158).
- (iii) **Reference wage:** Decree 158 clarifies that the reference wage will replace the “base salary” as the basis for calculating compulsory social insurance contributions and benefits from July 1, 2025 (Article 5 of Decree 158).

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Guidance on the implementation of certain articles of the Law on Social Insurance

Decree No. 158/2025/NĐ-CP dated June 25, 2025 , issued by the Government

(iv) The Decree also details and provides guidance on the implementation of other provisions of the Law on Social Insurance relating to compulsory social insurance.

This Decree **takes effect on July 1, 2025.**

Decree 158 replaces Decree No. 115/2015/NĐ-CP dated November 11, 2015; Decree No. 143/2018/NĐ-CP dated October 15, 2018; Clause 2, Article 3; Clauses 1 and 3 of Article 7; and Clause 2, Article 8, Appendix III of Decree No. 135/2020/NĐ-CP dated November 18, 2020; and Clauses 7, 8, and 9 of Article 38 of Decree No. 33/2023/NĐ-CP dated June 10, 2023.

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02

Guidance on the implementation of using personal identification numbers in place of tax codes and using organizational electronic identification accounts in electronic tax transactions

Official Letter No. 2065/CT-NVT dated June 26, 2025 of the Tax Department

1. Regarding the use of the personal identification number in place of the tax code

From July 1, 2025, the personal identification number issued under the Law on Identity shall be used in place of the tax code for Vietnamese individuals. Additionally, the personal identification number of the head of a household, head of a household business, or individual businessperson will also be used instead of the tax identification number for those household businesses or individuals.

(Detailed implementation guidelines are provided in Annex 1 attached.)

2. Regarding the use of electronic identification accounts for organizations in electronic tax transactions

Accounts generated by the National Public Service Portal or by the administrative procedure settlement information systems at ministerial or provincial levels shall be used until June 30, 2025. Accordingly:

a) From July 1, 2025, individuals, organizations, and enterprises shall use electronic identification accounts issued by the Ministry of Public Security when carrying out electronic tax procedures.

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02

Guidance on the implementation of using personal identification numbers in place of tax codes and using organizational electronic identification accounts in electronic tax transactions

Official Letter No. 2065/CT-NVT dated June 26, 2025 of the Tax Department

2. Regarding the use of electronic identification accounts for organizations in electronic tax transactions

b) If by July 1, 2025, a taxpayer is still in the process of obtaining an electronic identification account and has not yet been granted one by the Ministry of Public Security, or if the taxpayer is a foreign individual or an organization with a legal representative who is a foreigner and has not been issued such an account due to implementation progress by the Ministry of Public Security, they may continue to fulfill their obligations to the state budget using their current electronic tax account, provided that it complies with the Law on Tax Administration and the Law on Electronic Transactions, until the new account is issued in accordance with the implementation schedule.

c) Taxpayers not eligible for electronic identification accounts under Decree No. 69/2024/NĐ-CP shall continue to conduct electronic tax transactions in accordance with the Law on Tax Administration, the Law on Electronic Transactions, Circular No. 19/2021/TT-BTC, and Circular No. 46/2024/TT-BTC issued by the Ministry of Finance.

(Detailed guidance is provided in Annex 1 and the review results of Tax Sub-departments in Annex 2 attached.)

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Guidance on the VAT reduction policy under Resolution No. 204/2025/QH15

Decree No. 174/2025/NĐ-CP dated June 30, 2025 of the Government

(i) VAT Reduction: A reduction of the VAT rate from 10% to 8% is applied for certain groups of goods and services. The reduction does not apply to:

Appendix I: Telecommunications, financial activities, banking, securities, insurance, real estate business, metal products, and mineral products (except coal).

Appendix II: Goods and services subject to special consumption tax (except gasoline).

Scope of application: The VAT reduction is applied uniformly across importation, manufacturing, processing, and commercial stages. The 2% VAT reduction is not applicable to goods and services listed in Appendices I and II that are **not subject to VAT** or are **already subject to the 5% VAT rate** under the VAT Law.

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Guidance on the VAT reduction policy under Resolution No. 204/2025/QH15

Decree No. 174/2025/NĐ-CP dated June 30, 2025 of the Government

(ii) VAT Reduction Rates:

Taxpayers using the credit method: Apply the 8% VAT rate to eligible goods and services.

Taxpayers using the direct method (percentage on revenue): A 20% reduction in the percentage used to calculate VAT.

(iii) Implementation Guidelines:

- If selling multiple goods/services with different VAT rates: clearly state each VAT rate on the invoice.
- If an invoice has already been issued with the 10% VAT rate or full percentage: it may be adjusted and re-declared accordingly.
- Declaration: Businesses shall declare goods and services subject to the VAT reduction using Form No. 01 in Appendix III issued with this Decree, together with the VAT return.

Effective date: **From July 1, 2025 to December 31, 2026.**

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04

Draft on the adjustment of family circumstance deductions under PIT

Draft Resolution dated July 17, 2025 of the Standing Committee of the National Assembly

The current family circumstance deductions under PIT are as follows:

- Deduction for the taxpayer: VND 11 million/month (equivalent to VND 132 million/year);
- Deduction for each dependent: VND 4.4 million/month.

According to the Draft Resolution proposes the following adjustments to the family circumstance deduction levels under PIT:

Option 1:

- Deduction for the taxpayer: VND 13.3 million/month (equivalent to VND 159.6 million/year);
- Deduction for each dependent: VND 5.3 million/month.

Option 2:

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

The Draft is proposed to take effect from **the 2026 tax year**.

Please note: This draft is for reference purposes only and has no legal effect. We will promptly update you once the official Resolution is finally issued.

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05

Guidance on taxable income for PIT purposes related to mid-shift meal allowances

Official Letter No. 915/BNI-QLDN1 dated July 22, 2025 issued by Bac Ninh Tax Department

In case the Company incurs expenses for mid-shift meals for employees working at the Company, and such allowances are clearly stipulated in terms of eligibility conditions and benefit levels in the labor contract, collective labor agreement, or the Company's internal regulations or policies, the determination of taxable income for PIT purposes for such allowances (effective from June 15, 2025) shall be as follows:

- (i) If the Company organizes meals (or purchases meal portions) for employees, the mid-shift meal allowance shall **not be treated as taxable income**.
- (ii) If the Company does not organize meals (or purchase meal portions) but instead provides cash to employees, and the cash amount is in accordance with the labor contract, collective labor agreement, or the Company's internal policies, the amount shall **not be treated as taxable income**. However, **any amount exceeding the allowable limit** will be considered taxable.

ABBREVIATION

CIT	Corporate Income Tax	JVC	Joint Venture Company
PIT	Personal Income Tax	Ltd.	Limited
VAT	Value Added Tax	PC	People's Committee
FCT	Foreign Contractor Tax	MOF	Ministry of Finance
FA	Fixed Asset	MOIT	Ministry of Industry and Trade
GDT	General Department of Taxation	MOLISA	Ministry of Labor, Invalid and Social affairs
EPE	Export Processing Exporting Company	DPI	Department of Planning and Investment
EPZ	Export Processing Zone	OD	Official Dispatch
UAL	Usage of Agricultural Land	SBV	The State Bank of Vietnam
IZ	Industrial Zone	FC	Foreign Contractor





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