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Company Incorporation | Accounting | Tax | Payroll | Advisory

NEWSLETTER IN DECEMBER 2025

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01

Guidance for personal income tax deduction when paying multiple-month salaries in the same payment period

Official Letter No. 817/HUE-QLDN dated October 20th, 2025 of the Hue City Tax Department

According to this Official Letter, the Hue City Tax Department provides guidance on the time to declare personal income tax in the case of salary payment for multiple-month at the same period.

The content of the guide is as follows:

- In case in July 2025, the organization makes payments to employees including June and July 2025 at the same time, then the entire salary paid in July 2025 is determined as taxable income of the July 2025 payment period, therefore the organization is responsible for calculating and deducting personal income tax according to the partially progressive tax schedule on the total income paid (after deducting deductions according to regulations).
- After the end of the calendar year, at the time of tax finalization, in case the taxpayer has a deducted tax amount greater than the payable amount, the taxpayer will receive a tax refund or offset in the following period according to the provisions of Article 28 of Circular No. 111/2013/TT-BTC.

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02

Amending and supplementing several articles of Decree No. 125/2020/NĐ-CP on administrative sanctions for tax and invoice violations

Decree No. 310/2025/NĐ-CP dated December 02nd, 2025 of the Government

One of the notable changes introduced under this Decree concerns the penalty framework for issuing invoices not in accordance with the prescribed timing, specifically:

(i) Issuing invoices at an incorrect time for invoices related to the sale of goods and provision of services

Number of invoices issued at an incorrect time	Penalty amount
01 invoice	VND 500,000 – 1,500,000
02 – fewer than 10 invoices	VND 2,000,000 – 5,000,000
10 – fewer than 20 invoices	VND 5,000,000 – 15,000,000
20 – fewer than 50 invoices	VND 15,000,000 – 30,000,000
50 – fewer than 100 invoices	VND 30,000,000 – 50,000,000
From 100 invoices and above	VND 50,000,000 – 70,000,000

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Amending and supplementing several articles of Decree No. 125/2020/NĐ-CP on administrative sanctions for tax and invoice violations

Decree No. 310/2025/NĐ-CP dated December 02nd, 2025 of the Government

(ii) Issuing invoices at an incorrect time for promotional, gifting, or sample invoices

Number of invoices issued at an incorrect time	Penalty amount
01 invoice	Warning
02 – fewer than 10 invoices	VND 500,000 – 1,500,000
10 – fewer than 50 invoices	VND 2,000,000 – 5,000,000
50 – fewer than 100 invoices	VND 5,000,000 – 15,000,000
From 100 invoices and above	VND 15,000,000 – 30,000,000

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Amending and supplementing several articles of Decree No. 125/2020/NĐ-CP on administrative sanctions for tax and invoice violations

Decree No. 310/2025/NĐ-CP dated December 02nd, 2025 of the Government

In addition, the Decree also revises and supplements regulations relating to:

- Late submission of tax declaration dossiers
- Late notification of business suspension / temporary suspension of business operations
- Failure to carry out procedures for tax code deregistration upon cessation of business operations
- Failure to provide information as requested by tax authorities
- Incorrect tax declaration, tax evasion, and tax fraud
- Penalty amounts significantly adjusted based on the number of violations and the severity of consequences, etc.

The Decree takes effect from **January 16th, 2026**.

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03

The National Assembly passed the amended Law on Personal Income Tax dated December 10th, 2025

On December 10th, 2025, the National Assembly officially adopted the amended Law on Personal Income Tax, comprising 4 Chapters and 30 Articles. Key changes introduced under the revised personal income tax legislation include the following:

(i) Adjustment to the revenue threshold exempt from tax for business households and individuals:

The taxable revenue threshold for business households and individual businesses is increased from VND 200 million/year to **VND 500 million/year**. Taxpayers are entitled to deduct this amount before applying the tax rate on revenue. Accordingly, the revenue threshold exempt from value-added tax is also raised to VND 500 million/year.

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The National Assembly passed the amended Law on Personal Income Tax dated December 10th, 2025

(ii) Personal income tax on employment income (wages and salaries)

The progressive tax tariff has been adjusted to reduce tax rates for certain brackets to ensure a more reasonable tax burden, avoid sudden rate increases, and further incentivize the workforce. Details:

Tax Bracket	<u>Annual</u> Taxable Income (million VND)	<u>Monthly</u> Taxable Income (million VND)	Tax Rate (%)
1	Up to 120	Up to 10	5
2	Over 120 to 360	Over 10 to 30	10
3	Over 360 to 720	Over 30 to 60	20
4	Over 720 to 1,200	Over 60 to 100	30
5	Over 1,200	Over 100	35

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04

Guidelines on Salary Payment to Foreign Employees working under “intra-company transfer”

Official Letter No. 10861/BNV-CLV dated November 19th, 2025 of the Ministry of Home Affairs

On November 19th, 2025, the Ministry of Home Affairs issued Official Letter No. 10861/BNV-CVL in response to the Advisory Council for Administrative Procedure Reform under the Prime Minister and the Japan Chamber of Commerce and Industry in Vietnam (JCCI) regarding issues related to domestic salary payment for foreign employees (“FE”) working under “intra-company transfer” (“ICT”). The main contents are as follows:

1. Opinion of the Ministry of Home Affairs

According to the Official Letter, the Ministry affirms that “**foreign employees paid salaries in Vietnam**” and “**intra-company transfer**” are two distinct cases under the Labor Code No. 45/2019/QH14 and its implementing regulations. Specifically:

(i) Case where foreign employees are paid salaries in Vietnam:

- Enterprises must apply for a work permit under the form “working under labor contract”;
- Enter into a labor contract in accordance with Vietnamese law;
- Participate in compulsory social insurance as prescribed;

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Guidelines on Salary Payment to Foreign Employees working under “intra-company transfer”

Official Letter No. 10861/BNV-CLV dated November 19th, 2025 of the Ministry of Home Affairs

(ii) Case where foreign employees work under the form of “intra-company transfer”:

- Enterprises must apply for a Certificate of exemption from work permit issuance under Article 8 of Decree No. 219/2025/NĐ-CP.

From the above guidance, it can be understood:

- If foreign employees receive salaries in Vietnam, the relationship between the enterprise and the employee is determined as a labor relationship, and the enterprise must fully comply with obligations regarding work permits, labor contracts, and insurance.
- If foreign employees work under the ICT scheme, the enterprise must apply for a certificate of exemption from work permit issuance or a work permit under the ICT category, and must not pay salaries from the enterprise in Vietnam.

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Guidelines on Salary Payment to Foreign Employees working under “intra-company transfer”

Official Letter No. 10861/BNV-CLV dated November 19th, 2025 of the Ministry of Home Affairs

2. Recommendations: Based on the guidance of the Ministry of Home Affairs, VBK recommends clients to:

- Review and select the correct form of employment for foreign employees before applying for a work permit
- If choosing the ICT form, enterprises should not sign labor contracts and should not pay salaries to foreign employees in Vietnam;
- Conversely, if salary payment arises, enterprises must:
 - Sign a labor contract;
 - Apply for a work permit under “working according to the labor contract” form;
 - Participate in compulsory insurance schemes as required.

Corporate Income Tax (CIT) Consideration:

From a CIT standpoint, if the Company pays remuneration to foreign employees working under the intra-company transfer (ICT) arrangement, such payments may be deemed non-compliant with labor regulations. Consequently, there is a risk that these expenses — including salaries, bonuses, and other salary-related payments may not be treated as deductible expenses for CIT purposes.

VBK will continue to monitor updates from state authorities and promptly inform clients when further guidance is issued.

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Guidance on tax policy when the company borrows at free interest rate from shareholders

Official letter 1539/VLO-QLDN3 dated December 02nd, 2025 of Vinh Long Tax Department

According to this Official Letter dated December 02nd, 2025, Vinh Long Tax Department guided in case the Company borrows money from shareholders without interest to mortgage assets at the bank, then:

1/ If a company borrows money from a shareholder who is an individual managing or controlling the enterprise, or an individual falling within one of the relationships stipulated at Point g, Clause 2, Article 5 of Decree No. 132/2020/NĐ-CP dated November 5th, 2020 of the Government, with a loan amount of **at least 10% of the owner's contributed capital** at the time the transaction arises in the tax period, **then such transaction is determined to be a related-party relationship**. In that case, a loan transaction **with an interest rate of 0% between the company and the shareholder is considered a related-party transaction** under Clause 2, Article 1 of Decree No. 132/2020/NĐ-CP dated November 5th, 2020 of the Government. The total deductible interest expense when determining taxable corporate income for a company with related-party transactions is regulated under Clause 3, Article 16 of Decree No. 132/2020/NĐ-CP dated November 5th, 2020 of the Government

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Guidance on tax policy when the company borrows at free interest rate from shareholders

Official letter 1539/VLO-QLDN3 dated December 02nd, 2025 of Vinh Long Tax Department

2/ If a company **borrow**s money from an individual shareholder at an interest rate of 0%, such **lending activity** is not in accordance with the arm's-length transaction value in the market and **therefore falls under the scope of tax imposition** as stipulated at Point đ, Clause 1, Article 50 of the Law on Tax Administration No. 38/2019/QH14 dated June 13rd, 2019 of the National Assembly. The individual shareholder derives income from capital investment as provided in Article 10 of Circular No. 111/2013/TT-BTC dated August 15th, 2013 of the Ministry of Finance. **The tax rate applicable to income from capital investment is subject to the flat rate of 5%.**

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06

Detailing a number of articles and organizational measures, and providing guidance on the implementation of the Law on Corporate Income Tax.

Decree No. 320/2025/ND-CP dated December 15, 2025 of the Government

Compared with the current regulations on Corporate Income Tax (CIT), **Decree No. 320/2025/ND-CP** introduces many notable new guidance contents, typically as follows:

(i) Corporate Income Tax rates:

- The standard Corporate Income Tax rate is 20%, except for special cases and cases eligible for the tax rates below;
- A 15% tax rate applies to enterprises whose total revenue of the immediately preceding year does not exceed VND 3 billion
- A 17% tax rate applies to enterprises whose total revenue of the immediately preceding year exceeds VND 3 billion but does not exceed VND 50 billion.

Total revenue used as the basis for determining eligibility for the above-mentioned 15% and 17% tax rates includes: total revenue from sales of goods and provision of services (excluding revenue deductions), revenue from financial activities, and other income according to the enterprise's Statement of Business Results.

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06

Detailing a number of articles and organizational measures, and providing guidance on the implementation of the Law on Corporate Income Tax.

Decree No. 320/2025/ND-CP dated December 15th, 2025 of the Government

(ii) Deductible expenses in determining taxable income for Corporate Income Tax:

- Expenses for the purchase of goods, services, and other payments of VND 5 million or more per transaction must be supported by non-cash payment documents;
- Expenses are recognized as deductible expenses for costs of destruction of raw materials, supplies, and components that are no longer needed for use; costs of destruction of assets that are no longer needed for use; costs of destruction of scrap and defective products arising during the production process. Destruction costs include the remaining value recorded in the enterprise's accounting books and costs related to the destruction activities;
- Expenses are recognized as deductible expenses for market research costs; research costs for products and services serving the development of new products and services; investment costs for projects developing new products and services that are unsuccessful or must be discontinued; costs incurred by bidders participating in bidding activities but failing to win the bid;
- Deductible expenses are recognized for output VAT on goods given as gifts to customers free of charge, etc.

Decree No. 320/2025/ND-CP takes effect from December 15th, 2025 and is **applicable to the Corporate Income Tax finalization period for the 2025 tax year.**

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07

Amended VAT Law 2025: Abolition of the condition linking VAT refunds to the seller's declaration and tax payment; increase of the VAT exemption revenue threshold for household businesses to VND 500 million per year

Law No. 149/2025/QH15 dated December 11st, 2025 officially passed by the National Assembly

On 11 December 2025, at the 10th Session of the 15th National Assembly, the National Assembly officially passed Law No. 149/2025/QH15 amending and supplementing a number of articles of the 2024 Law on Value-Added Tax (hereinafter referred to as the “Amended VAT Law 2025”)

The Amended VAT Law 2025 contains several notable provisions, including:

- Abolishing the condition that a buyer is only entitled to a VAT refund if the seller has declared and paid VAT on the relevant invoices used for the VAT refund claim.
- Increasing the VAT exemption revenue threshold for household and individual businesses to VND 500 million per year (previously VND 200 million per year).
- Enterprises, cooperatives, and cooperative unions that purchase agricultural, forestry, livestock, and aquaculture products—whether farmed or harvested—that have not been processed into other products or have only undergone simple preliminary processing, and subsequently sell them to other enterprises, cooperatives, or cooperative unions, are not required to declare, calculate, or pay VAT, while still being entitled to deduct input VAT in accordance with regulations.

The Amended VAT Law 2025 shall take effect from **January 1st, 2026**.

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Regarding tax policies applicable to enterprises' foreign currency selling activities

Official Letter No. 2759/CST-GTGT dated December 26th, 2025 issued by the Department for Tax, Fee and Charge Policy Management and Supervision

In the case of **manufacturing, trading, or service enterprises in the ordinary course of business** (i.e. entities that are **not** credit institutions or licensed foreign-exchange trading agents) which earn foreign-currency revenue from overseas sources (such as export of goods, provision of services, or receipt of payments in foreign currency) and subsequently sell (convert) such foreign currency into Vietnamese Dong through commercial banks:

- Any foreign exchange gain or loss arising from exchange rate differences is **not** subject to value-added tax (VAT) and **no invoice is required**, as such activity does not constitute the sale of goods or the provision of services; and
- Income derived from foreign currency selling activities shall be determined and treated in accordance with the Corporate Income Tax (CIT) regulations in force at the time the income arises.

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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