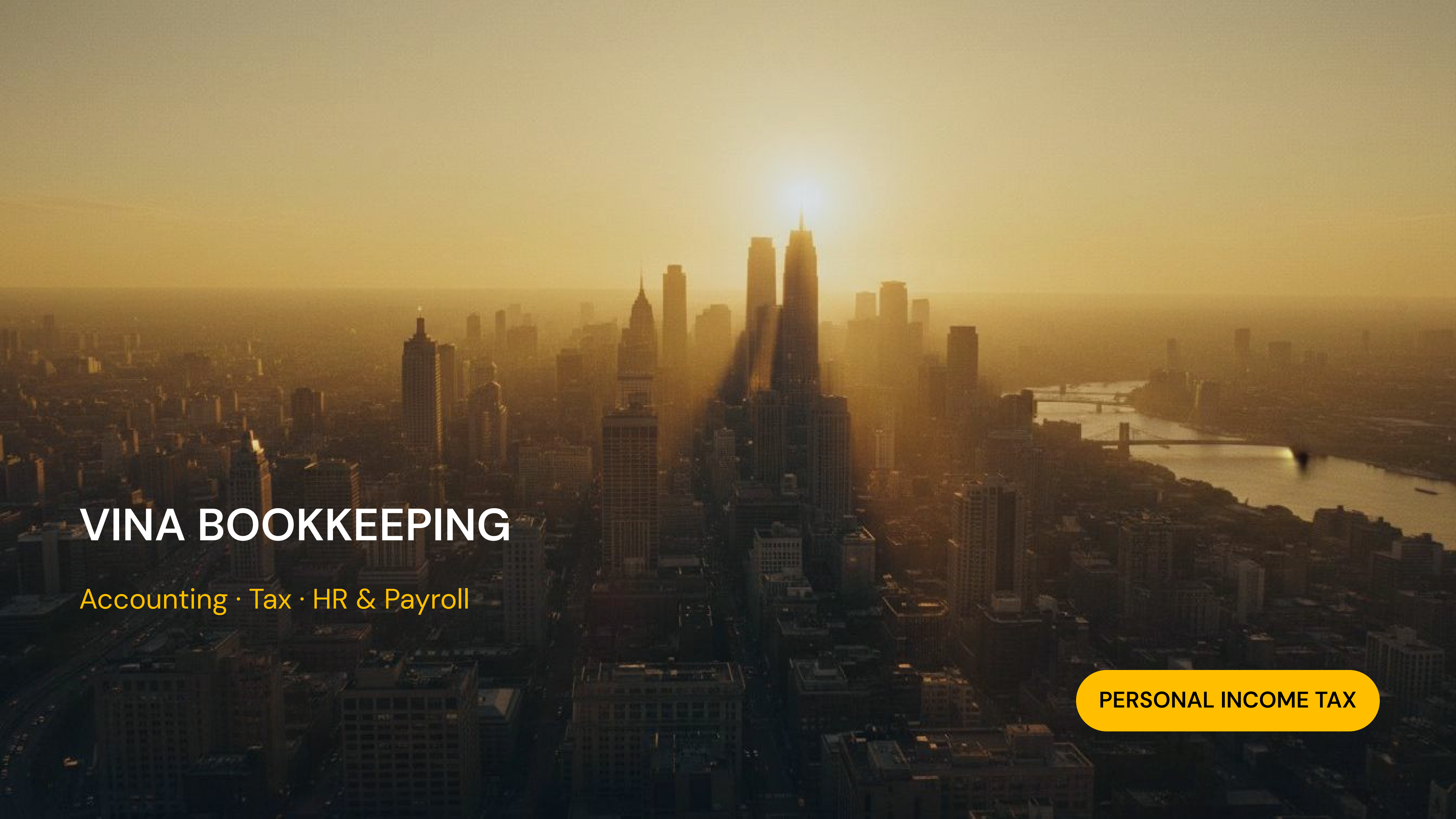
VINA BOOKKEEPING
Accounting · Tax · HR & Payroll
PERSONAL INCOME TAX

Personal Income Tax on Salaries & Wages — From 2026

Decree 253/2026/NĐ-CP — Complete Professional Reference Guide

Taxpayer Identification

Articles 3, 4, 5 — Resident vs. Non-Resident individuals and their tax obligations.

Taxable Income & Deductions

Articles 8, 46, 47, 48, 49 — What counts as income, how to calculate, and what to deduct.

Withholding, Finalization & Refunds

Articles 50, 51, 64, 66, 67, 68, 69 — Obligations for employers and employees.

ARTICLES 3 · 4 · 5

Identifying the Taxpayer

Article 3 — Tax Liability

Resident individuals: Taxed on worldwide income — both inside and outside Vietnam.
Non-resident individuals: Taxed only on income arising within Vietnam.

Article 4 — Resident Criteria (any ONE applies)

Criterion 1 — Presence: ≥ 183 days in a calendar year or 12 consecutive months from first arrival date. Entry + exit on the same day = 1 resident day.
Criterion 2a — Permanent residence: Registered permanent address (Vietnamese citizen) or Permanent/Temporary Residence Card (foreigner).
Criterion 2b — Rental accommodation: Total rental days (hotel, boarding, workplace) ≥ 183 days in the tax year — multiple locations combined.
Special case: Has a regular residence but is present fewer than 183 days and cannot prove residency elsewhere → still treated as a Vietnam tax resident.

Article 5 — Non-Resident Individual

Any individual who does **not** satisfy any of the conditions in Article 4. Taxed at a flat rate of 20% on Vietnam-sourced income only.

ARTICLE 8

Taxable Income from Salaries & Wages

✅ Included in Taxable Income

- Salaries and wages in all forms — cash or benefits in kind
- Remuneration: research projects, royalties, teaching, performing, Board/Supervisory Board fees
- Membership fees, personal services (health, sports, beauty) — unless shared without individual name
- Excess lump-sum allowances: stationery, travel, phone, uniform — the portion exceeding the regulated limit
- Meal allowance exceeding **VND 1.2 million/person/month** (cash payment). Direct meal provision (canteen, catering, meal vouchers) → NOT taxable
- Employer-paid housing: included in income but **capped at 15%** of total taxable income (excluding housing)
- Life insurance / voluntary pension premiums paid by employer on behalf of employee
- Cash or stock bonuses from employer

❌ NOT Included in Taxable Income

- Housing built by employer for employees working on-site
- Non-mandatory insurance with no premium accumulation (health insurance, term life with no refund)
- Job-relevant training and skill development costs
- Annual round-trip airfare for foreign workers / Vietnamese working abroad
- Tuition for children of foreign employees (kindergarten to high school) studying in Vietnam
- Funeral and wedding allowances per internal policy — within corporate tax regulations
- Severance/job-loss allowances per labor law (including amounts above statutory minimum if covered by internal policy)

ARTICLES 26 · 27

Tax Exemptions — Night Shifts, Overtime & Pensions

Article 26 — Night Work & Overtime Pay

Exempt: Wages for night shifts and overtime that comply with the conditions and hours prescribed by labor law.

Exempt: Pay for unused annual leave per Labor Code Article 113 and the Law on Officials and Civil Servants.

Taxable: Any portion exceeding the statutory threshold → included in taxable income.

Documentation required: The income-paying organization must prepare a schedule showing night/overtime hours and corresponding amounts — retained on file and produced upon tax authority request.

Article 27 — Pension Income

Fully exempt: Pension paid by the Social Insurance Fund under the Law on Social Insurance — including pensions paid from abroad to individuals living in Vietnam.

Fully exempt: Income paid by supplementary pension funds or voluntary pension funds — regardless of whether paid periodically, as a lump sum, before or after retirement age.

ARTICLE 46

Tax Calculation Basis — Resident Individuals

Formula

PIT = Taxable Income × Progressive Tax Rates (Article 9, PIT Law)

Taxable Income = Assessable Income – Allowable Deductions

01

Mandatory Insurance

Deduct: Social Insurance (BHXH), Health Insurance (BHYT), Unemployment Insurance (BHTN), mandatory professional liability insurance — including mandatory insurance paid abroad.

02

🆕 Pension / Life Insurance Premium

Deduct supplementary pension, voluntary pension, and life insurance premiums: **Max VND 3 million/month combined** (including both employer and employee contributions) — Key new rule.

03

Family Circumstance Deduction

Per Article 47 — deduction for taxpayer and qualifying dependents.

04

Charitable & Other Deductions

Per Article 49 — charitable contributions, humanitarian donations, and new medical/education deductions.

ARTICLE 9 — PIT LAW

🆕 Progressive Tax Rate Schedule (Effective 2026)

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

Gross-Up (Net to Gross Conversion)

Gross-Up Base = Net income received + Employer-paid costs - Allowable deductions. Housing included in employer-paid costs: actual amount paid but capped at 15% of assessable income at that organization. "Notional tax" and "notional housing" arrangements: NOT included in the gross-up base. Income recognition point: when the employer pays wages or the employee receives the benefit (cash or in kind).

ARTICLE 47

🆕 Family Circumstance Deductions

Taxpayer (Self)

VND 15.5 million/month
(VND 186 million/year)

Each Dependent

VND 6.2 million/month
per qualifying dependent

Government Adjustment

Rates may be adjusted by the Government and submitted to the Standing Committee of the National Assembly based on price and income fluctuations.

Qualifying Dependents

- Children under 18 (biological, adopted, stepchildren of spouse)
- Children 18+ who are: civilly incapacitated; disabled; unable to work (≥81% impairment)
- Children in university, college, vocational, or secondary school — no income or monthly income within Ministry of Finance limit (including Jun–Sep gap after Grade 12 exams)
- Spouse; biological/adoptive/in-law parents; step-parents of the taxpayer
- Other dependents with no one to rely on whom the taxpayer must support: siblings, grandparents, aunts, uncles, nephews, nieces — must be living together with legal obligation to support per Marriage and Family Law

Key rule: Each dependent may only be claimed once, by one taxpayer.

ARTICLE 48

Family Deduction — Operating Principles

1. Self Deduction Rules

- Multiple income sources → choose only ONE place to claim the self-deduction at any given time (full month basis)
- If fewer than 12 months claimed during the year → full 12 months allowed at annual finalization
- Foreign residents: counted from January or from the month of first arrival in Vietnam (whichever applies) up to the month the contract ends and they leave Vietnam

2. Dependent Deduction Rules

- Must register tax ID and dependents before December 31 of the tax year; remains valid in subsequent years unless changed
- If not yet claimed in the year → may claim from the month the support obligation arose
- Multiple taxpayers sharing one dependent → self-agree and register under one person; changes apply from the next tax period
- Multiple income sources → may choose where to register; each dependent counted only once per taxpayer per year

ARTICLE 49 🆕

Charitable, Humanitarian & New Medical/Education Deductions

1. Charitable & Humanitarian Contributions (Full Deduction)

Contributions to: organizations caring for disadvantaged children, people with disabilities, or unsupported elderly; charitable funds, humanitarian funds, scholarship funds; state-recognized non-profit fundraising organizations.
Documentation: Valid receipt or non-cash payment voucher.

2. 🆕 Medical Expense Deduction (Completely New)

Medical examination and treatment at domestic healthcare facilities within the scope covered by health insurance: **Max VND 23 million/year.**
Applies to both the taxpayer and their dependents.
Conditions: Valid invoice/receipt showing the taxpayer's or dependent's name; additional medical expense schedule per Ministry of Health; not reimbursed from any other source (grants, BHXH, BHYT, state budget); claimed in the year incurred only — no carry-forward; cannot be combined with relief under Article 40 or employer reimbursement.

3. 🆕 Education & Training Deduction (Completely New)

Tuition and training fees at domestic educational institutions (kindergarten through university, professional skills): **Max VND 24 million/year.**
Applies to both the taxpayer and their dependents.
Same conditions apply as medical deduction above.

ARTICLE 50

Withholding Tax at Source

Case 1: Contract ≥ 3 Months

Withhold using the **progressive tax rate schedule** based on monthly taxable income. Applies even if the individual holds multiple contracts of ≥ 3 months at different employers.

Case 2: No Contract / Contract < 3 Months

Income ≥ **VND 5 million/payment:** Withhold **10%** before disbursement. Income < **VND 5 million/payment:** Withhold 10% if the individual requests. Individual estimates income below taxable threshold → submit commitment letter to payer; payer still compiles year-end list for the tax authority.

Foreign Workers in Vietnam

Based on contract/assignment letter duration: ≥ **183 days** → withhold by progressive schedule. < **183 days** → withhold at flat **20%** rate.

ARTICLE 50 🆕

Special Withholding Cases: ESOP & Life Insurance

🆕 Stock Bonuses & ESOP

- **When received:** No PIT obligation at the time shares are granted
- **When sold/transferred:** PIT on salary income applies — **10% on assessable income** from the shares — PLUS securities transfer tax
- The securities company or custodian bank is responsible for tracking and withholding the 10%

🆕 Employer-Paid Accumulating Life Insurance

- **When purchased:** Employee does not pay PIT at time of purchase
- **At policy maturity:** The insurance company withholds **10%** on the accumulated premium portion exceeding **VND 3 million/month** — effective from 01/01/2026
- The employee does NOT need to finalize tax on this income separately

ARTICLE 51

Annual Tax Finalization

Obligation

Both income-paying organizations and resident individuals with salary/wage income must finalize PIT annually.

❌ NOT Required to Finalize

- Tax payable < tax already withheld AND no refund request or offset
- 🆕 Additional income from other sources with average monthly income ≤ **VND 15 million** AND already withheld at 10% → this portion exempt from finalization

✅ May Authorize Employer to Finalize

- Only 1 salary source (labor contract ≥ 3 months) and still employed there at finalization time — including cases of transfer due to merger, consolidation, or division within the same system
- 1 primary income source + other income already withheld at 10% per Article 50 clause 2

⚠️ Must Self-Finalize

- Applying for tax relief due to natural disaster, epidemic, fire, accident, or serious illness (Article 40)
- Claiming medical, education, or charitable deductions under Article 49 to reduce taxable income

System support: Individuals filing directly with the tax authority — the tax information system automatically consolidates all income sources and withheld amounts for the year.

ARTICLE 64

PIT for Non-Resident Individuals

Tax Formula

PIT = Total salary/wage income × 20% (flat rate)

Income is determined the same way as for resident individuals (per Article 8).

Working Simultaneously in Vietnam and Abroad (Income Not Separable)

Not Present in Vietnam

Vietnam income = (Working days for Vietnam work / Total working days in year) × Global income + Other Vietnam-sourced assessable income

Present in Vietnam

Vietnam income = (Days present in Vietnam / 365 days) × Global income + Other Vietnam-sourced assessable income

Working Days Reference

Total annual working days calculated per Vietnam Labor Code working schedule.

ARTICLES 66 · 67

Tax Period & Withholding Responsibilities

Article 66 — Tax Period

Resident Individuals — Calendar Year: Applies to salary/wage income and business income.

Special case — 12 consecutive months: If present fewer than 183 days in a calendar year but reaches 183 days over 12 consecutive months from first arrival → first tax period is those 12 months; subsequent years use the calendar year.

Tax due in year 2 = Tax for year 2 – Overlapping tax already calculated (= Year 1 tax / 12 × overlapping months).

Non-Resident Individuals: Tax period is per each income occurrence.

Article 67 — Withholding Obligations

Who must withhold:

- Organizations and individuals paying income — including e-commerce platform owners and digital platforms with ordering and online payment functions
- Organizations with insurance agency, lottery, multi-level marketing, or brokerage contracts
- Organizations/individuals paying income to non-residents
- Vietnamese entities reimbursing salary costs to foreign entities

If not withheld during the year: Individual self-declares and pays annually at year-end.

Filing on behalf / paying on behalf: Applies to organizations doing joint business with individuals — per Articles 55, 56, 57 of the Decree.

ARTICLES 68 · 69

Finalization, Refunds & Effective Date

Article 68 — Tax Refunds

Tax refund is applicable when:
• Tax already paid exceeds tax actually owed
• Tax was paid but taxable income was below the taxable threshold
• Other cases per competent state authority decisions
Documentation and procedures follow the tax administration law.

🆕 Article 69 — Effective Date

Effective from 01/07/2026
• Salary/wage income of resident individuals: Applied from the 2026 tax year
• Meal allowance provisions (Article 8, Clause 2, Point g): Applied from 01/07/2026
• Replaces Decree 65/2013/NĐ-CP dated 27/06/2013
• Repeals Article 3 of Decree 91/2014/NĐ-CP and Article 2 of Decree 12/2015/NĐ-CP

Transitional Provisions

• Dependent registration for 2025 and prior tax years: Follows the old regulations
• Already declared and paid from 01/01/2026 to before 01/07/2026: No need to re-file monthly/quarterly — adjustments made in the 2026 annual tax finalization

DECREE 253/2026/NĐ-CP

🆕 Key Highlights — What's New from 2026

Higher Personal Deductions

Self: **VND 15.5M/month** (VND 186M/year)
Each dependent: **VND 6.2M/month**

Pension/Life Insurance Cap

Max **VND 3M/month** combined (all forms, including employer contributions) — deductible from taxable income

New: Medical Deduction

Up to **VND 23M/year** for medical expenses (taxpayer + dependents) at domestic facilities under BHYT coverage

New: Education Deduction

Up to **VND 24M/year** for tuition and training fees at domestic institutions (taxpayer + dependents)

Meal Allowance Threshold

VND 1.2M/person/month exempt — amounts above taxable (effective 01/07/2026)

ESOP / Stock Bonus

No tax when received. Tax due when sold: **10%** on salary income + securities transfer tax

Accumulating Life Insurance

Insurance company withholds **10%** at maturity on accumulated premiums exceeding VND 3M/month threshold

Simplified Finalization

No finalization needed if other income ≤ **VND 15M/month** avg AND already withheld at 10%. Foreign pension paid to Vietnam residents: **fully exempt**.

VINA BOOKKEEPING

Accounting · Tax · HR & Payroll

Professional expertise in Vietnamese tax law — PIT on Salaries & Wages from 2026.

Accounting

Accurate books, financial statements, and compliance reporting for businesses of all sizes.

Tax

PIT, CIT, VAT advisory and filing — staying current with Vietnam's evolving tax regulations.

HR & Payroll

End-to-end payroll processing, labor contracts, social insurance, and employee compliance management.