



LEGAL UPDATE VIETNAM

December 2025
No. 13

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LAW ON CORPORATE INCOME TAX 2025

NO. 67/2025/QH15

On June 14, 2024, the 15th National Assembly passed the Law on Corporate Income Tax No. 67/2025/QH15 ("**Law on CIT 2025**"). The Law on CIT 2025 took effect on October 1, 2025, and will apply to the 2025 tax period. The Law on CIT 2025 introduces several significant changes to the corporate income tax regime applicable to foreign enterprises, amending various provisions relating to the determination of taxable income. These include changes to what constitutes tax-exempt income, to offsetting profits and losses from business activities, to deductible expenses, and to tax rates. It also provides guidelines for determining corporate income tax incentives for new investment projects, expansion investment projects, and enterprises converted from household businesses.

1. Corporate Income Tax ("CIT") policies applicable to foreign enterprises

Under the Law on CIT 2025, foreign enterprises subject to corporate income tax ("CIT") in Vietnam include:

- (a) Enterprises having a permanent establishment in Vietnam, which are liable to CIT on:
 - Taxable income arising in Vietnam; and
 - Taxable income arising outside Vietnam that is related to the operations of such permanent establishment;
- (b) Enterprises without a permanent establishment in Vietnam, including enterprises engaging in e-commerce or platform-based business activities, are liable to CIT on taxable income arising in Vietnam.

Accordingly, from October 1, 2025, foreign enterprises operating in e-commerce or technology-based platform business models that generate income from the Vietnamese market will officially fall within the scope of category (b) above. The Law on CIT 2025 also adds "e-commerce platforms and digital platforms" to the definition of a permanent establishment. In particular, if a foreign enterprise operates an e-commerce platform or digital platform in Vietnam to provide goods or services, such a platform is considered the enterprise's permanent establishment in Vietnam. In this case, the enterprise must fulfill its CIT obligations in accordance with the regulations applicable to enterprises having a permanent establishment.

2. Tax-exempt income

The Law on CIT 2025 introduces several additional categories of tax-exempt income, including:

- Income from innovation activities and digital transformation which is exempt from CIT for up to 3 years.
- Sponsorships/funding received for scientific research, technology development, innovation, and digital transformation activities.
- Direct financial support from the State budget and from the Investment Support Fund established by the Government.
- Income from the first transfer of carbon credits, interest from green bonds, and income from the first transfer of green bonds.

3. Offsetting profits and losses in business activities

Under the Law on CIT 2025, enterprises have the right to determine the offset of profits and losses arising from their business and production activities. Accordingly, enterprises engaged in real estate transfers or investment project transfers may offset losses from these activities against taxable income from other business activities that generate income, as selected by the enterprise (except where such business activities are enjoying tax incentives), instead of being limited to offsetting against profit from production and business activities as previously required.

However, for activities involving the transfer of investment projects in the exploration, mining, and processing of minerals; the transfer of rights to participate in investment projects in the exploration, mining, and processing of minerals; and the transfer of exploration, mining, and processing rights of minerals, the tax declaration and payment must be conducted separately and offsetting profits and losses with other business and production activities is not permitted.

4. Determination of deductible expenses for CIT purposes

The Law on CIT 2025 provides more explicit rules on costs that are deductible for the purpose of determining taxable income, specifically:

- Expenditures for scientific research, technology development, innovation, and digital transformation.
- Business-related expenses, even when they do not directly correspond to revenue generated in the same period. This provision relaxes the previous requirement that expenses must strictly match revenue
- Expenses for supporting the construction of public facilities that also serve the enterprise's business and production activities.

- Expenses related to reducing greenhouse gas emissions for carbon neutrality and achieving net zero, reducing environmental pollution, and related to business and production activities.
- Contributions to funds established under decisions of the Prime Minister and Government regulations.

5. **Tax rates**

The standard CIT rate is 20%. In addition, small-scale enterprises are entitled to preferential rates as follows:

- 15% for enterprises with total annual revenue not exceeding VND 3 billion;
- 17% for enterprises with annual revenue above VND 3 billion and up to VND 50 billion.

These preferential tax rates do not apply to enterprises that are subsidiaries or have related-party relationships with another enterprise whose related party does not meet the eligibility requirements for these preferential tax rates.

6. **Tax incentives for new investment projects**

The Law on CIT 2025 introduces several significant changes to tax incentive policies, including:

- Expansion of sectors eligible for CIT incentives, such as:
 - Sectors related to *strategic technologies and digital technologies*, including the application of strategic technologies; production of products and provision of cybersecurity services; production of key digital technology products and services; production of electronic devices under the laws on the digital technology industry; production of new-technology products; production of products serving the development, design, manufacturing, packaging, and testing of semiconductor chips; and the construction of data centers and artificial intelligence facilities.
 - Production for national defense and security, and production of industrial mobilization products, as prescribed by law.
 - Production of key chemical industry products and key mechanical products under the law.
 - Production of crop products, plantation forests, livestock, farmed aquatic products, and processing of agricultural and marine products.

- Automobile manufacturing and assembly.
- Technology products, cultivation, livestock, farmed aquatic products, and processing of agricultural and marine products.
- Investment in and operation of technical infrastructure supporting small and medium-sized enterprises ("SMEs"), SME incubators, and shared working spaces supporting start-up SMEs.

Projects with a minimum investment capital of VND 6 trillion are no longer categorized as investment-incentivized sectors under the Law on CIT 2025.

- Incentive locations applicable from October 1, 2025, include:
 - Areas with "exceptionally difficult" socio-economic conditions.
 - Areas with "difficult" socio-economic conditions.
 - Economic zones, high-tech zones, agricultural high-tech zones, and concentrated digital technology zones.

Industrial zones are not listed as incentive locations under the Law on CIT 2025, meaning that new and expansion projects located in industrial zones will no longer enjoy tax exemptions and reductions as provided under current regulations, unless the industrial zone is situated in an incentive area.

7. Tax incentives for expansion investment projects

Additional income generated from expanding scale, increasing capacity, upgrading technology, reducing pollution, or improving the environment for an ongoing investment project operating in an incentivized sector or location will continue to enjoy the same tax incentives applicable to the existing project for the remaining incentive period. Taxpayers are not required to separately account for the additional income from the expansion investment and the income from the existing project.

If the existing project has already exhausted its tax incentive period, the additional income from the expansion investment will still be eligible for tax exemption or reduction, provided that it meets the criteria for original cost, the percentage of increased fixed assets, or the percentage of increased design capacity, as prescribed. However, it should be noted that this income will not be eligible for preferential tax rates, and exemptions/reductions will apply from the year in which the expansion investment is completed, based on the registered capital.

8. Tax incentives for enterprises converted from household businesses

Micro-enterprises and small enterprises converted from household businesses are exempt from corporate income tax for two consecutive years from the time they generate taxable income.

DRAFT LAW ON PERSONAL INCOME TAX

On July 17, 2025, the Ministry of Finance released the Draft Personal Income Tax Law ("**Draft PIT Law**"), which is intended to replace the current Personal Income Tax Law. The Draft PIT Law is expected to take effect in 2026. It creates additional taxable income, tax-exempt, and special tax categories. It reduces the progressive tax schedule from seven brackets to five.

1. Addition of taxable income categories

The Draft PIT Law proposes increasing the revenue threshold for taxable *business* income from VND 100 million/year to VND 200 million/year, and expanding the types of taxable income to include:

- Income from agency, brokerage, business cooperation, and organizational activities.
- Income from e-commerce and digital platform-based business activities.

For income from salaries and wages, the Draft PIT Law proposes adding the following to taxable income:

- Remuneration payments and benefits in cash or in kind, in any form.
- Other income, including: income from transferring the Vietnamese national domain name ".vn"; income from transferring emission reduction certificates, carbon credits, and green bonds; income from transferring auctioned automobile license plates (together with the vehicles bearing such auctioned plates); income from transferring digital assets (virtual assets, tokenized assets); and income from the use, ownership, or transfer of other assets as prescribed by the Government.

2. Additional tax-exempt and special tax categories

The Draft PIT Law introduces new tax-exempt and special tax categories for several special groups, specifically:

- Individuals and experts performing scientific, technological, and innovation tasks, or working on innovative start-up projects.
- Foreign experts working on non-refundable ODA-funded projects or foreign non-governmental programs/projects in Vietnam; Vietnamese nationals working at representative offices of international organizations under the United Nations system in Vietnam; and individuals participating in United Nations peacekeeping forces.
- Individuals who are high-quality digital technology personnel working for enterprises or projects in the digital technology industry located in concentrated digital technology zones; projects relating to R&D, production of key digital technology products, semiconductor chips, and artificial intelligence systems; and activities related to the training of digital technology personnel.
- Individuals who are high-tech personnel working for enterprises or projects in high-tech sectors, high-tech applications, information technology, science and technology, innovation, digital transformation, and other priority sectors as prescribed by the Government.
- Individuals who are owners of private enterprises or single-member limited liability companies who have already fulfilled their corporate income tax obligations.

3. Reduction of the progressive tax schedule from seven brackets to five, with the highest tax rate maintained at 35%

The Draft PIT Law proposes two options for revising the progressive personal income tax schedule, reducing it from seven brackets to five, as follows:

Option 1		Option 2	
Taxable Income (million VND/month)	Tax Rate (%)	Taxable Income (million VND/month)	Tax Rate (%)
up to 10	5	up to 10	5
> 10-30	15	> 10-30	15
> 30-50	25	> 30-60	25
> 50-80	30	> 60-100	30
above 80	35	above 100	35

Both proposed options retain the highest tax bracket of 35% and the lowest tax bracket of 5%, and both reduce the amount of personal income tax payable. Between the two, Option 2 results in a greater reduction in personal income tax than Option 1.

DECREE NO. 293/2025/ND-CP PRESCRIBING STATUTORY MINIMUM WAGES FOR EMPLOYEES WORKING UNDER EMPLOYMENT CONTRACTS

On November 10, 2025, the Government issued Decree No. 293/2025/ND-CP prescribing minimum wage levels for employees working under labor contracts ("**Decree 293**"). Decree 293 takes effect on January 1, 2026.

Decree 293 stipulates the monthly minimum wage and hourly minimum wage applicable to employees working for employers under labor contracts, classified by region, as follows:

Region	Monthly Minimum Wage (VND/month)	Hourly Minimum Wage (VND/hour)
Region I	5,310,000	25,500
Region II	4,730,000	22,700
Region III	4,140,000	20,000
Region IV	3,700,000	17,800

LAW ON EMPLOYMENT NO. 74/2025/QH15

On June 16, 2025, the National Assembly officially passed the Employment Law 2025 No. 74/2025/QH15 ("**Employment Law 2025**"), replacing the Employment Law 2013. The Employment Law 2025 takes effect on January 1, 2026. It revises regulations on unemployment insurance contributions and expands and provides more detailed rules on unemployment insurance benefits.

1. The expansion of persons required to participate in the unemployment insurance regime ("UI")

The Employment Law 2025 significantly expands the scope of Vietnamese employees who must participate in UI, including:

- Employees working under a labor contract or a similar contract with wages and under the management and supervision of one party, with a definite term of at least 01 month.
- Part-time employees working under a labor contract or similar contract with wages and under the management and supervision of one party, with an indefinite term contract or a definite term contract of at least 01 month, whose monthly salary is not lower than the minimum salary used as the basis for compulsory social insurance contributions.
- Enterprise managers, controllers, representatives of the owner's capital, members of the Board of Directors, General Director, Director, members of the Supervisory Board, or controllers who receive salaries.

In addition, the Employment Law 2025 adds several groups not required to participate in unemployment insurance, including:

- Employees who meet the conditions for pension entitlement (not only those who are already receiving a pension, as previously defined under the Employment Law 2013).
- Employees receiving social insurance benefits or monthly allowances as prescribed by the Government.
- Employees working under a probationary contract.

2. Unemployment insurance contribution rates

Under the Employment Law 2025, the UI contribution rate is capped at 1% of the employee's monthly salary, rather than the fixed 1% rate under the Employment Law 2013, allowing the Government greater flexibility to lower the contribution rate below the 1% ceiling when necessary, depending on actual economic and social conditions.

3. Unemployment insurance benefits

The Employment Law 2025 continues to provide four UI benefit regimes similar to those in the Employment Law 2013; however, the regimes are clarified and expanded to enhance benefits for both employees and employers, as follows:

- Vocational Training Support

This regime is expanded into "Support for employees participating in training and upskilling programs." Accordingly, employees are not only supported with vocational training and skill development but are also eligible for meal allowances during the training period, helping reduce financial difficulties for unemployed individuals.

- Unemployment Allowance

Adds a provision that employees who leave work upon becoming eligible for pension benefits are not entitled to the unemployment allowance, and reduces the waiting period for eligibility from 15 days to 10 working days.

- Support for Employers to Train and Upskill Employees to Maintain Employment

This regime streamlines the list of eligible beneficiaries and is renamed "Support for employers to train, retrain, and upgrade employees' skills to maintain employment."

Key changes include:

- Clarifying force majeure reasons, which include: (i) Natural disasters, fires, epidemics, or dangerous diseases; or (ii) Implementation of decisions by competent State authorities requiring relocation or downsizing of business premises.
- Revising unemployment insurance contribution conditions: UI contributions must have been paid for at least 12 months within the 24 months preceding the request for support (compared to the previous requirement of 9 months within 24 months under the Employment Law 2013).
- Adding a requirement: "A training or upskilling plan to maintain employment must be in place."
- Removing the condition that employers must prove they lack sufficient financial resources to organize training or upskilling programs.

RESOLUTION NO. 110/2025/UBTVQH15 ADJUSTMENT OF PERSONAL INCOME TAX EXEMPTIONS

On October 17, 2025, the Standing Committee of the National Assembly issued Resolution 110/2025/UBTVQH15 ("**Resolution 110**") on adjusting the personal deductions for personal income tax, as follows:

- Personal deduction for taxpayers: VND 15.5 million/month
- Deduction for each dependent: VND 6.2 million/month

Resolution 110 takes effect on January 1, 2026, and applies from the 2026 tax period onward.



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