

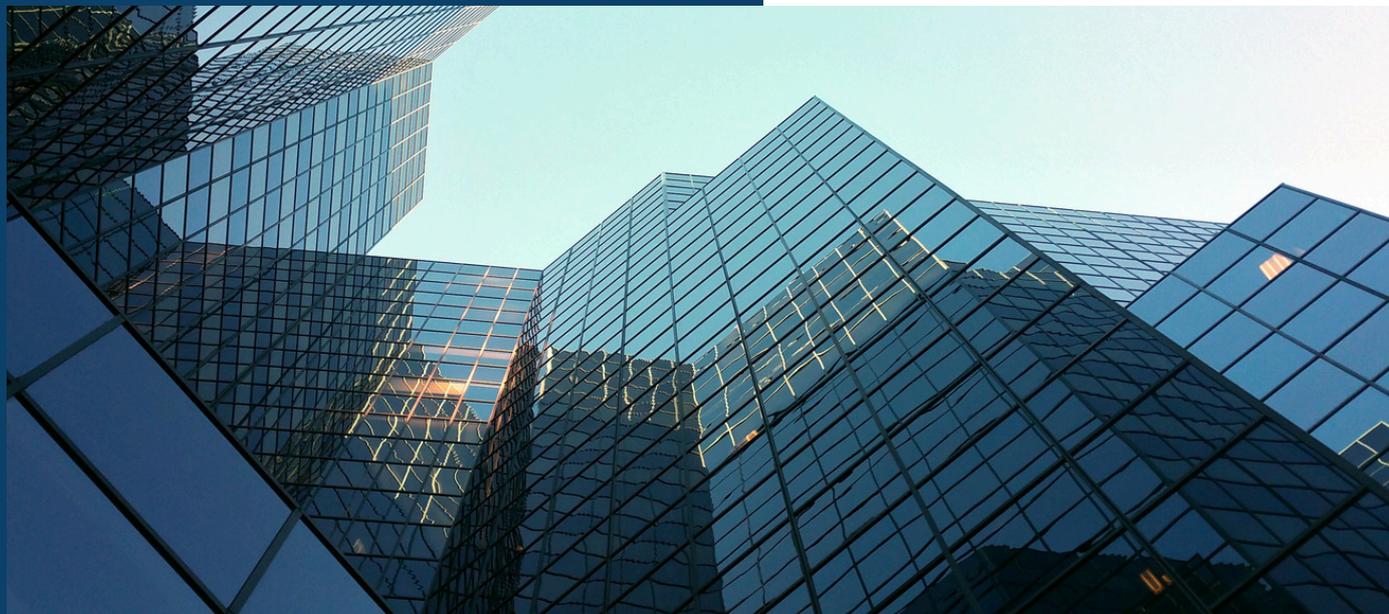
TAX NEWSLETTER

March 2026



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Latest news

Circular 20/2026/TT-BTC

Detailed provisions of several aspects of the Corporate Income Tax Law, along with guidance on the implementation of Decree No. 320/2025/ND-CP, aimed at clarifying regulatory requirements and establishing practical measures for the effective enforcement of the Corporate Income Tax Law in practice.



1. Deductible Expenses and Supporting Documentation

Circular 20 sets out the documentation and supporting requirements for expenses to be recognized as deductible when determining taxable corporate income. This includes expenses that have already been incurred but have not yet generated corresponding revenue within the same tax period.

Supporting documents may be retained in various formats, including originals, certified copies, company-stamped copies, or valid electronic records in accordance with applicable regulations.



Documentation for Contributions Supporting Party and Socio-Political Organizations within Enterprises includes:

- The establishment decision or operating regulations of the Party organization or socio-political organization within the enterprise;
- A written request for support from the Party or socio-political organization within the enterprise, or an approved plan for the use of funds to support their activities (if any).

The supporting documentation for actual expenses incurred for workplace HIV/AIDS prevention and control activities, as stipulated in Point b4, Clause 1, Article 9 of the Corporate Income Tax Law, is the enterprise's internal policy, which includes provisions on such expenditures.





Documentation for expenses related to national defense and security education; training and activities of the militia and self-defense forces; and other national defense and security tasks includes:

- A decision issued by the authorized person within the enterprise approving the implementation of the above-mentioned activities;
- Written confirmation from the relevant competent authority, in accordance with specialized regulations, verifying that the enterprise has carried out these activities.

Documentation for expenses not yet matched with revenue in the same period includes:

- Unsuccessful bidding expenses: bidding documents, bid submissions, and results (if any).
- Unsuccessful R&D expenses: research reports on market development or the development of new products/services, in accordance with Point 12, Clause 2, Article 9 of Decree No. 320/2025/ND-CP.
- Land and infrastructure leasing costs not yet in operation: investment decision/certificate or equivalent legal documents (if any), and contracts or agreements for leasing land or infrastructure, clearly stating the costs to be managed and maintained.
- Depreciation of leased assets without tenants: documentation proving the enterprise's legal ownership or usage rights over the assets, along with asset management and accounting records in accordance with regulations.
- Establishment, restoration, and reinstatement costs: enterprise registration certificate, notification, and handover minutes.
- Pre-sales marketing expenses: report on the investment policy for producing goods or services, in accordance with Point 16, Clause 2, Article 9 of Decree No. 320/2025/ND-CP.
- Inventory and raw material write-offs: disposal decision, inventory minutes, and documentation from the handling committee.
- Asset write-offs: disposal decision, inventory minutes, and documentation from the handling committee.
- Scrap and defective goods disposal: minutes documenting the disposal, prepared by the enterprise and signed/confirmed by its legal representative, who bears responsibility before the law.



Documentation for certain expenses under Point c, Clause 1, Article 9 of the Corporate Income Tax Law

- Purchases from individuals (e.g. agricultural, forestry, fishery products directly sold by producers; handicrafts; scrap; personal assets; or cases below the VAT threshold): require payment documentation, non-cash payment if the value is \geq VND 5 million per day, and a declaration form (Form 02/TNDN).
- Authorized purchases by employees: require invoices, internal financial regulations or company policies (or a formal decision) governing such authorization, along with non-cash payment documents and reimbursement records.
- Single purchases of goods/services \geq VND 5 million: may still be treated as deductible expenses if supported by a contract and handover minutes; payments must be made via non-cash methods.
- Leasing assets from individuals: requires a contract and payment documentation. Where the enterprise agrees to pay taxes on behalf of the individual, such tax payments are also deductible, provided that valid tax payment receipts are available.

Expenses are only considered deductible when they are supported by complete and valid documentation and, for amounts of VND 5 million or more, are settled through non-cash payment methods in accordance with regulations.

2. Documentation for Tax Incentives



- Procedures and documentation for claiming tax incentives are carried out in accordance with the laws on tax administration.
- Enterprises are responsible for self-assessing their eligibility for incentives and determining deductible losses when filing and finalizing tax returns.
- If, based on inspection or audit conclusions, the enterprise is found not to meet the required conditions, it will be subject to tax reassessment, late payment interest, and penalties in accordance with regulations.

3. Time of determining taxable revenue for CIT:

For businesses in Vietnam:

- Exports: based on the date of transfer of ownership; if not specified, according to customs law.
- Air transport: upon completion of the transport service.
- Construction and installation: at the time of acceptance, regardless of whether payment has been received.
- Electricity and water: based on the meter reading date on the invoice.

For foreign enterprises:

- Capital transfers: at the time the capital transfer agreement becomes effective in accordance with regulations.
- Securities and certificates of deposit: at the time of transfer.
- Futures contracts: at the time the buy/sell order is matched on the Stock Exchange trading system, or at maturity.



4. Corporate Income Tax for Foreign Enterprises in Vietnam

1. Applicable when:

- The enterprise has a permanent establishment or not in Vietnam, conducts business or generates income in Vietnam based on contracts or agreements with Vietnamese organizations/individuals (including e-commerce and digital platforms).
- Provides services, goods, or distributes in Vietnam (including cases where it authorizes or hires Vietnamese organizations or individuals to perform part of the distribution service or other services related to the sale of goods in Vietnam).
- Delivers goods in Vietnam or provides accompanying services performed in Vietnam (advertising, installation, warranty, etc.).
- Negotiates and signs contracts through a Vietnamese party.
- Exercises import, export, distribution, or sales rights for goods in Vietnam.

2. Not applicable when:

- Only goods are supplied, without accompanying services in Vietnam (delivery at foreign/Vietnamese border gates).
- Services are provided to Vietnam but performed abroad (repair, advertising, brokerage, training, etc.).
- International telecommunications and postal services are performed outside Vietnam.
- Only bonded warehouses and ICDs are used for international transport, storage, and processing.
- Services are performed and consumed outside Vietnam.
- Internal restructuring of the corporation does not generate income.
- Selling raw materials at bonded warehouses/free zones for export production.



- Air freight: revenue from ticket sales and bills of lading (excluding collection fees).
- Sea freight: total freight and surcharges (excluding taxes or payments to Vietnamese businesses).
- International forwarding: revenue net of international shipping fees paid to carriers.
- International express delivery: total revenue received.



TAXABLE REVENUE FOR CIT – SOME SPECIFIC CASES

- If revenue excludes corporate income tax: convert according to the formula.
- Subcontracting: the portion performed by the subcontractor is not included; internal expenses are not deductible.
- Foreign subcontractors: the Vietnamese party declares and pays taxes on their behalf.
- Leasing of machinery and equipment: revenue is the rental fee; expenses with supporting documents are excluded.

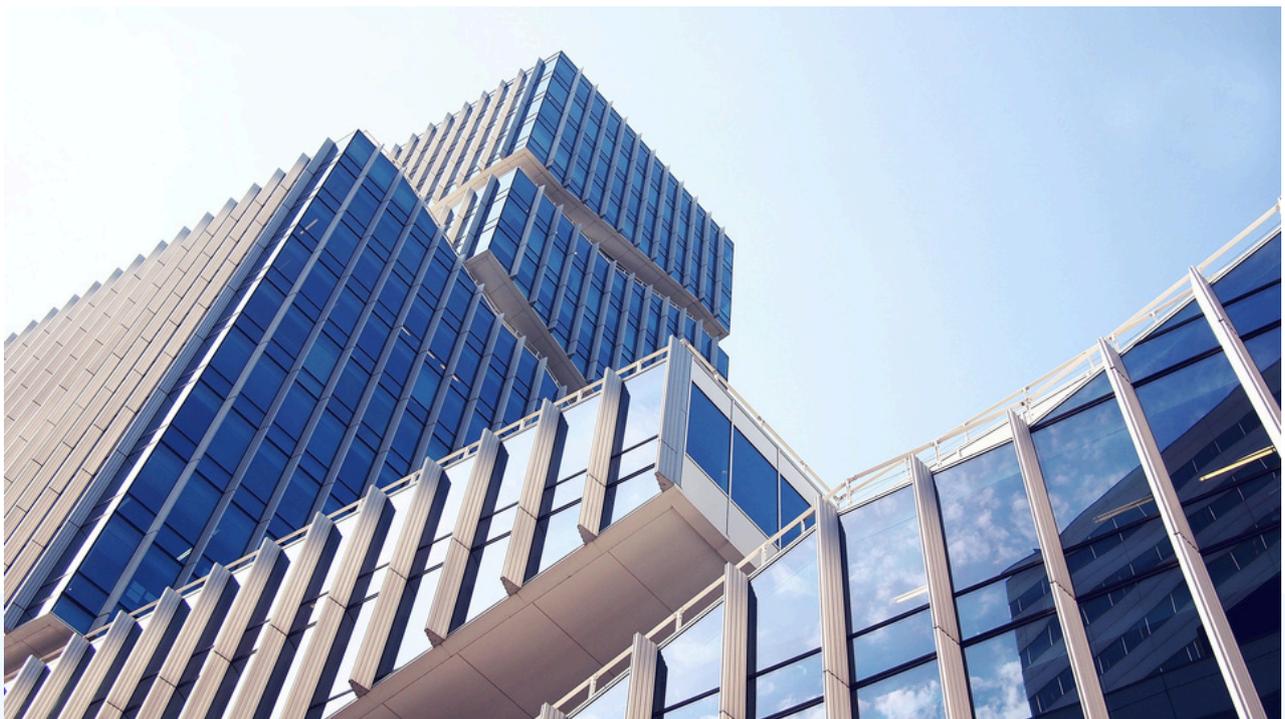


- Reinsurance: premiums, commissions, and related revenues.
- Securities: revenue is the selling price; futures contracts are based on the price at which the transaction is made.
- Interest on loans: all interest and related revenues.

5. EFFECTIVE DATE

This Circular takes effect on March 12, 2026, and applies from the 2025 tax period onward.

- Deductible expenses incurred before this Circular takes effect, if already governed by Circular No. 96/2015/TT-BTC (in terms of conditions and documentation), will continue to follow Circular 96 for the 2025 tax period.
- For expenses not covered under Circular 96, this Circular will apply. Supporting documents should include valid invoices and relevant documentation (for leased assets without tenants, proof of ownership or usage rights is required).
- Rules on non-cash payments and capital transfers will apply from the effective date of Decree No. 320/2025/ND-CP.
- Contractor and subcontractor agreements using the hybrid method under Circular No. 103/2014/TT-BTC, signed before this Circular takes effect, will continue to follow the tax rules applicable at the time the contract was signed.
- This Circular replaces Circulars No. 78/2014/TT-BTC and No. 96/2015/TT-BTC.
- It also removes certain related provisions from earlier Circulars (such as Circulars No. 103/2014/TT-BTC, 119/2014/TT-BTC, 151/2014/TT-BTC, 130/2016/TT-BTC, etc.).





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