



# August 2025 Newsletter

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## **1** CIT incentives

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*OL No. 2819/CT-CS dated 30 July 2025 regarding difficulties in applying corporate income tax (CIT) incentives is as follows:*

In principle, a new investment project is eligible for CIT incentives when meets the conditions for tax-incentivised sectors or investment-incentivised locations, and is granted an Investment License or Investment Registration Certificate by a competent State authority, or is otherwise permitted to invest in accordance with the provisions of the Law on Investment. The implementation of the investment project, the issuance of the investment registration certificate, and the determination of conditional business and industry sectors shall comply with the Law on Investment and relevant specialised legal documents.

## **2** CIT incentives

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*OL No. 3165/CT-CS dated 14 August 2025 issued by the Tax Department regarding CIT is as follows:*

A new investment project is eligible for CIT incentives if it meets the conditions of tax-incentive sectors and locations and is granted an Investment License or Investment Certificate by the competent State authority, or is approved for investment under the provisions of the Law on Investment. The implementation of the investment project, the issuance of the investment registration certificate, and the determination of conditional business and industry lines shall comply with the Law on Investment and relevant specialised legal documents.

## **3 CIT for activities of transferring the use rights of leased land**

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*OL No. 3332/CT-CS dated 21 August 2025 of the Tax Department regarding tax declaration for activities of transferring leased land use rights is as follows:*

According to the provisions of Articles 13 and Articles 14 of Decree No. 218/2013/NĐ-CP dated 26 December 2013 of the Government, and Articles 16 and Articles 17 of Circular No. 78/2014/TT-BTC (as amended and supplemented by Circular No. 96/2015/TT-BTC), in cases where an enterprise carries out activities of transferring the use right of leased land (land with one lump sum rental payment for the entire lease term), the income from the activities shall be determined as income from real estate transfer activities. The income must be separately accounted for and is not entitled to CIT incentives. In case the land transfer price stated in the real estate transfer or sales contract is lower than the price in the land price list issued by the People's Committee of the provincial or central city at the time of signing, the land price prescribed in the price list shall be applied.

## 4 CIT policy

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*OL No. 3363/CT-CS dated 22 August 2025 of the Tax Department regarding CIT policy is as follows:*

In the case where a company is entitled to CIT incentives based on preferential location conditions and receives funding from the Global Environment Centre (GEC) Fund of the Government of Japan through the JCM mechanism, the funding shall be recognised as “other income”, rather than income arising from the investment project currently enjoying preferential treatment under the same preferential geographical conditions. Therefore, the income shall not be eligible for CIT incentives under the provisions of relevant tax laws and regulations.



## 5 VAT policy

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*OL No. 2781/CT-CS dated 30 July 2025 regarding VAT policy is as follows:*

For the replacement invoices issued by KPMG to the IESC Office in Vietnam for the procurement of goods and services to implement the non-refundable ODA project “Promoting Reform and Enhancing Connectivity Capacity of Small and Medium Enterprises” funded by USAID, if the services provided by KPMG are performed in Vietnam and comply with the SME connectivity project as stipulated under Contract No. 185018 dated 5 September 2018 between IESC (USA) and KPMG, then input VAT shall be deductible and refundable by regulations.

## **6 VAT for activities of transferring leased land use rights**

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*OL No. 3332/CT-CS dated 21 August 2025 of the Tax Department regarding tax declaration for activities of transfer of leased land use rights is as follows:*

According to Clause 1, Article 1 of Decree No. 49/2022/NĐ-CP dated 29 July 2022 of the Government (amending and supplementing Decree No. 209/2013/NĐ-CP), the VAT taxable price for real estate transfer activities is the real estate transfer price minus (-) the VAT deductible land price.

## **7 Procedures for electronic transactions in the field of taxation on exported, imported, and transited goods**

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*OL No. 988/HQKV18-NV dated 29 July 2025 issued by the Regional XVIII Sub-Department of Customs regarding procedures for electronic transactions in the field of taxation on exported, imported, and transited goods, as well as for vehicles entering, exiting, and transiting the country, includes the following main contents:*

1. From 7 August 2025, the Customs sector will implement procedures for electronic tax transactions concerning exported, imported, and transited goods, as well as vehicles entering, exiting, and transiting.
2. The principles of electronic transactions in the field of taxation for exported, imported, and transited goods and vehicles are as follows:
  - Taxpayers must be able to access and use the internet, have an email address and a digital signature.

## **7 Procedures for electronic transactions in the field of taxation on exported, imported, and transited goods**

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- Taxpayers may choose one of the following methods to make electronic tax remittances:
  - Via the Customs Electronic Payment Portal/software or supporting tools provided by the Customs authority via the Customs Electronic Payment Portal;
  - Via electronic payment services of banks or intermediary payment service providers.
- Taxpayers may choose one of the following methods to prepare State Budget payment documents:
  - Access the Customs Electronic Payment Portal or use software or supporting tools provided by the Customs authority;
  - Access the electronic payment application of a bank or intermediary payment service provider.



## **7** Procedures for electronic transactions in the field of taxation on exported, imported, and transited goods

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- • If taxpayers opt for electronic tax guarantees through a bank, they shall comply with the guidance provided by the bank.
- 3. Procedures for payment of customs taxes, fees, and charges by electronic means:
  - Payment can be made via the Customs Electronic Payment Portal.
  - Payment can also be made via banks or intermediary payment service providers in coordination with the Customs authority.

## **8 The registration of dependents when changing companies**

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*OL No. 2821/CT-CS dated 29 July 2025 regarding the registration of dependents when changing companies is as follows:*

Pursuant to the above regulations, individuals may register their dependents to claim family circumstance PIT deductions. When a taxpayer registers a dependent for family circumstance deductions, the tax authority will issue a tax identification number (TIN) for the dependent if not have one, and the tax system will establish the taxpayer-dependent relationship for the deduction period as declared on registration dossier by the income-paying organisation.

The taxpayer is only required to register and submit proof of dependency for each dependent once during the entire deduction period. However, when changing workplaces, there is no information-sharing mechanism between income-paying entities, so the new employer will have no basis to apply family circumstance deductions for the taxpayer's dependents. Therefore, the taxpayer must re-register their dependents to be eligible for family circumstance deductions in the tax declaration period at the new workplace

## **9 The recommendation on temporarily exiting suspension measures for foreign individuals**

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*OL No. 2915/CT-CS dated 4 August 2025 regarding the recommendation on temporarily exiting suspension measures for foreign individuals is as follows:*

In cases where Vietnamese citizens exit the country for permanent residence abroad, overseas residents, or foreigners about to depart from Vietnam, and they have overdue tax debts beyond the statutory deadline and have not fulfilled their tax obligations, they are subject to temporary exit suspension. The aforementioned regulations do not stipulate a specific threshold for the amount or duration of the tax debt, to ensure full recovery of tax revenue to the State Budget, as these individuals may not return to Vietnam after departure.

Periodically, the tax authority continues to apply debt collection measures via phone calls, text messages, emails, or sending notices of outstanding tax amounts to taxpayers based on the contact information registered with the tax authority. In cases where there is an error in the tax arrears, the taxpayer should respond to the tax authority to conduct a review, reconciliation, and adjustment accordingly.

## **The recommendation on temporarily exiting suspension measures for foreign individuals**

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For cases subject to temporary exit suspension, the tax authority has conducted a thorough review and reconciliation to accurately determine the taxpayer's outstanding tax obligation before issuing the Notification of Temporary Exit Suspension to the Immigration Management Authority.

Regarding the recommendation to add foreign language content to the Tax Department's electronic information portal, the suggestion has been acknowledged and is being considered for future enhancement of the system.



## 10 Tax policy

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*OL No. 3138/CT-CS dated 13 August 2025 from the Tax Department regarding tax policy as follows:*

In cases where the tax authority directly determines and assesses import duty and all conditions stipulated in Article 9 of the Law on Corporate Income Tax No. 14/2008/QH12 dated 3 June 2008 of the National Assembly (as amended and supplemented under Law No. 32/2013/QH13 and Law No. 71/2014/QH13) are met, the business establishment may include such tax in deductible expenses when calculating CIT;

In cases where the input VAT on imported goods meets the conditions for input VAT deduction for imported goods as prescribed in Article 12 of the VAT Law No. 13/2008/QH12 dated 3 June 2008 of the National Assembly (as amended and supplemented under Clause 6, Article 1 of Law No. 31/2013/QH13 dated 9 June 2013 of the National Assembly), the business establishment is entitled to deduct the input VAT;

## **10** Tax policy

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Regarding tax declaration: In the “Notes” section of the VAT declaration form No. 01/GTGT issued together with Circular No. 80/2021/TT-BTC dated 29 September 2021 of the Ministry of Finance, it is prescribed: “Items [37] and [38]: Report according to the amount of tax credit adjusted upward/downward in Item II of the supplementary declaration. In cases where the tax authority or competent authority has issued a conclusion or decision on tax handling with corresponding adjustments for previous tax periods, the business should declare the adjustment on the tax dossier of the period in which the conclusion or decision is received (no need to submit a supplementary tax dossier).”

## **11 Tax administration for household**

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*OL No. 3153/CT-NVT 2025 dated 13 August 2025 of the Tax Department regarding tax administration is as follows:*

Household businesses paying tax under the declaration method must comply with the accounting regime and use invoices and vouchers.

Household businesses paying tax under the presumptive method, that use single invoices or operate in border, border-gate markets, or markets within border-gate economic zones in the territory of Vietnam, must retain invoices, vouchers, contracts, and documents proving the legality of goods and services when requesting issuance retail sale invoices on a case-by-case basis or present them upon request by competent state management authorities.

The tax authority recommends that household businesses keep input invoices and vouchers to provide to competent authorities when requested, thereby ensuring the legitimate origin, source, and lawful ownership of goods and services in accordance with legal regulations.

## **12 Tax policy in the case where both the branch and the business location are dependent accounting units of the same parent Company**

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*OL No. 3145/CT-CS dated 13 August 2025 of the Tax Department issued regarding tax policy is as follows:*

In the case where both the branch and the business location are dependent accounting units of the same Parent Company. When the branch terminates the operation to be converted into a business entity and transfers goods and materials to the business location without constituting the trading or disposal of goods or materials, the branch should issue a goods/materials transfer order accompanied by a complete set of original asset documents and is not required to issue an invoice.



## **13** Financial obligations upon extension of land use term

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*OL No. 3422/CT-CS dated 26 August 2025 of the Tax Department regarding financial obligations upon extension of land use term is as follows:*

In cases where the land is not put into use or the land use progress is behind schedule compared to the timeline stated in the investment project, the investor may be granted an extension of land use for a maximum of 24 months and must pay an additional amount to the State corresponding to the land use levy or rental for the obigable land area

## 14 Regulation of administrative sanctions in the field of independent auditing

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*Decree No. 228/2025/NĐ-CP dated 18 August 2025 of the Government on administrative sanctions in the field of independent auditing contains notable provisions as follows:*

Violations in hiring audit firms – maximum fine up to VND 400 million

- **Article 27 – Selection of practising enterprises and auditors:**

- Fine from VND 20–30 million: Hiring an audit firm that is not permitted to perform audits under regulations.
- Fine from VND 30–40 million: Hiring an audit firm that does not meet the conditions for practising.
- Fine from VND 40–50 million: Failure to conduct mandatory audits of financial statements, finalization reports of completed projects, consolidated financial statements, combined financial statements, or other audit assignments as required by Law.

## **14** Regulation of administrative sanctions in the field of independent auditing

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- **Article 28 – Entering into annual financial statement audit contracts:**
  - Fine from VND 5–10 million: Audit contract does not include all mandatory contents.
  - Fine from VND 10–20 million: Entering into an audit contract later than the prescribed deadline.
  - Fine from VND 30–40 million: Entering into an audit contract after the audit has already been performed.
  - Fine from VND 40–60 million: Failure to sign an audit contract when performing an audit.

Remedial measure: Mandatory execution of a fully compliant audit contract.

## **14** Regulation of administrative sanctions in the field of independent auditing

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### **- Article 29 – Violations relating to audit engagements:**

- Fine from VND 20–30 million: Incomplete or late explanations regarding qualifications in the audit report.
- Fine from VND 40–60 million: Failure to provide explanations as requested by a competent authority.
- Fine from VND 60–80 million: Hiring organisations/individuals that do not meet the conditions for practising auditing.
- Fine from VND 80–100 million: Refusal to provide necessary information or documents for auditing.
- Fine from VND 100–200 million: Serious acts such as bribery, collusion, threats, concealment of violations, obstruction of audits, or provision of false information.
- Fine from VND 200–400 million: Repeat violations or multiple occurrences of the above serious acts.

**Double penalty level:** When the violating entity is a public-interest entity.



## **15** The issuance of invoices on a case-by-case basis

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*OL No. 3012/CT-CS dated 7 August 2025, issued by the Tax Department regarding the issuance of invoices on a case-by-case basis is as follows:*

In cases where the enforcement measure of suspending the use of invoices is being applied but the taxpayer submits a written request to use invoices to have funds to pay salaries and cover expenses to ensure continuous business operations, the tax authority shall allow the taxpayer to continue using invoices on a case by case basis, provided that the taxpayer immediately pays at least 18% of the revenue on the invoice into the State Budget following Point đ, Clause 4, Article 34 of Decree No. 126/2020/NĐ-CP, to ensure compliance with the order of payment for taxes, late payment interest, and fines as prescribed. The tax declaration for real estate transfer activities shall be carried out in accordance with Clause 10, Article 1 of Decree No. 70/2025/NĐ-CP and Point b, Clause 1, Article 11 of the Government's Decree No. 126/2020/NĐ-CP.

## **16** The timing of invoice issuance for the road freight transportation business

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*OL No. 4405/TCS3-QLDN2 dated 26 August 2025 of Dong Nai Province – Tax Sub-Department No. 3 regarding the timing of invoice issuance for the road freight transportation business is as follows:*

If the Company's provision of road freight transportation services meets the conditions for logistics business as prescribed in Decree No. 163/2017/NĐ-CP and the services are provided in large quantities, frequently basis, requiring time for data reconciliation with customers, then the time of invoice issuance shall be the time when data reconciliation between the parties is completed, but no later than the 7th day of the subsequently month of the services arise, or no later than 07 days from the end of the agreed period under Point b, Clause 6, Article 1 of Decree No. 70/2025/NĐ-CP.

If the Company does not meet the conditions for logistics service business as prescribed above, the time of invoice issuance should be when the provision of services is completed in accordance with Point a, Clause 6, Article 1 of Decree No. 70/2025/NĐ-CP.

## **17** The timing of issuance of PIT withholding certificates

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*OL No. 2807/DON-QLDN1 dated 28 August 2025 of Dong Nai Provincial Tax Department regarding guidance on the timing of issuing PIT withholding certificates under Decree No. 70/2025/NĐ-CP is as follows:*

In cases an individual authorises the Company to conduct the annual tax finalisation on their behalf, no PIT withholding certificate should be issued. For individuals who enter into labour contracts with a term of 03 months or more (but not in case of authorising tax finalisation), the Company should issue only one PIT withholding certificate to the individual for the entire tax year in accordance with Clause 3, Article 1 of Decree No. 70/2025/NĐ-CP dated 20 March 2025 of the Government.

# Abbreviations

<b>VAT</b>	Value Added Tax	<b>MOF</b>	Ministry of Finance
<b>PIT</b>	Personal Income Tax	<b>GDT</b>	General Department of Taxation
<b>CIT</b>	Corporate Income Tax	<b>MOIT</b>	Ministry of Industry and Trade
<b>FCT</b>	Foreign Contractor Tax	<b>MOLISA</b>	Ministry of Labor, War Invalids and Social Affair
<b>SCT</b>	Special Consumption Tax	<b>DPI</b>	Department of Planning and Investment
<b>IET</b>	Import and Export Tax	<b>SBV</b>	The State Bank of Vietnam
<b>OTH</b>	Other	<b>EPE</b>	Export processing enterprises
<b>OL</b>	Official Letter	<b>EPZ</b>	Export Processing Zone
<b>INV</b>	Invoice	<b>IZ</b>	Industrial Zone
<b>LAB</b>	Labor		





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KMC's Newsletter aims to update and summarize the general provisions related to Taxation, Accounting, Investment and Labor in Vietnam. You should seek professional advice before making a decision.







# Connect with us.

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