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TAXFLASH

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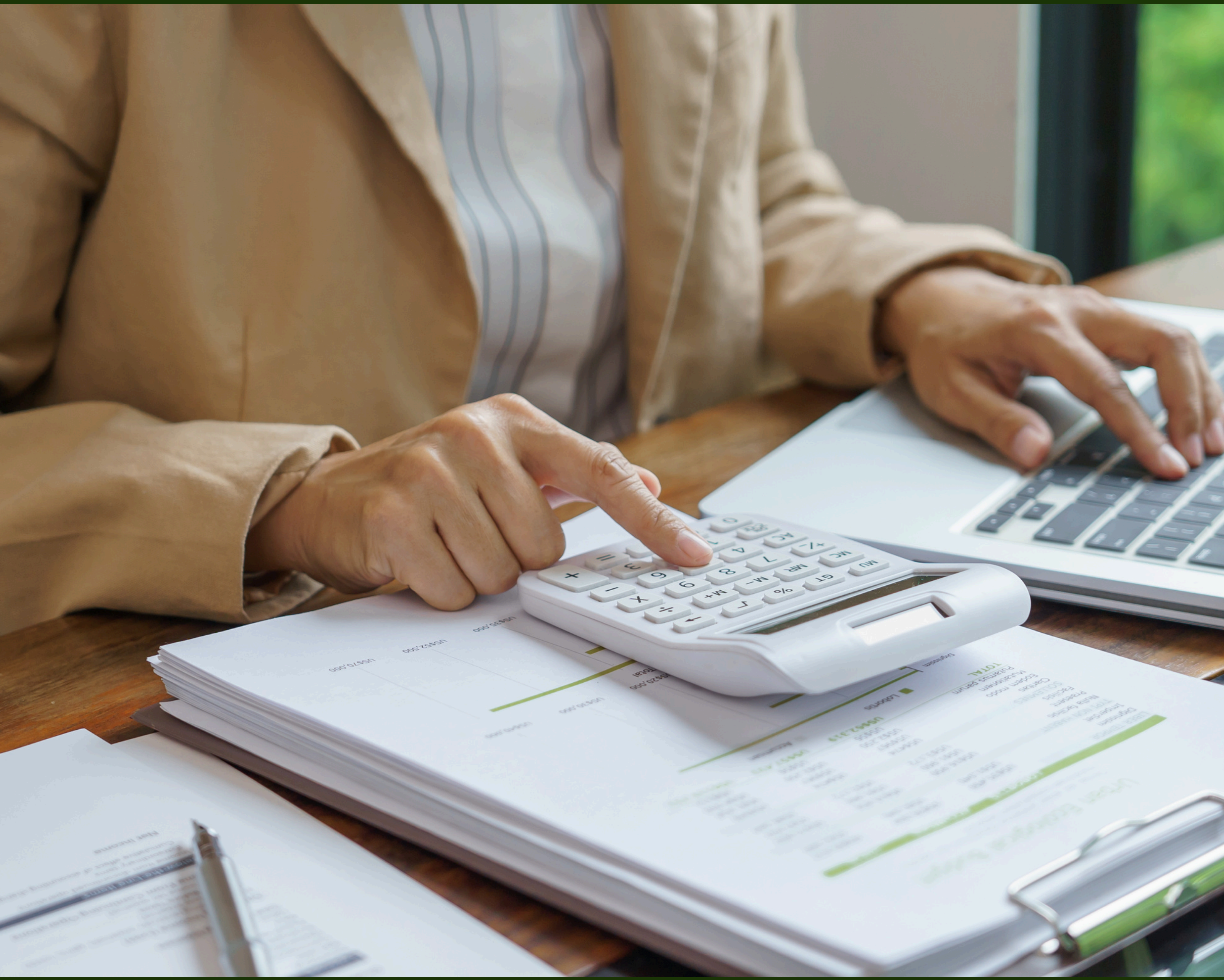
NEW LAW ON PIT NO 109/2025/QH15



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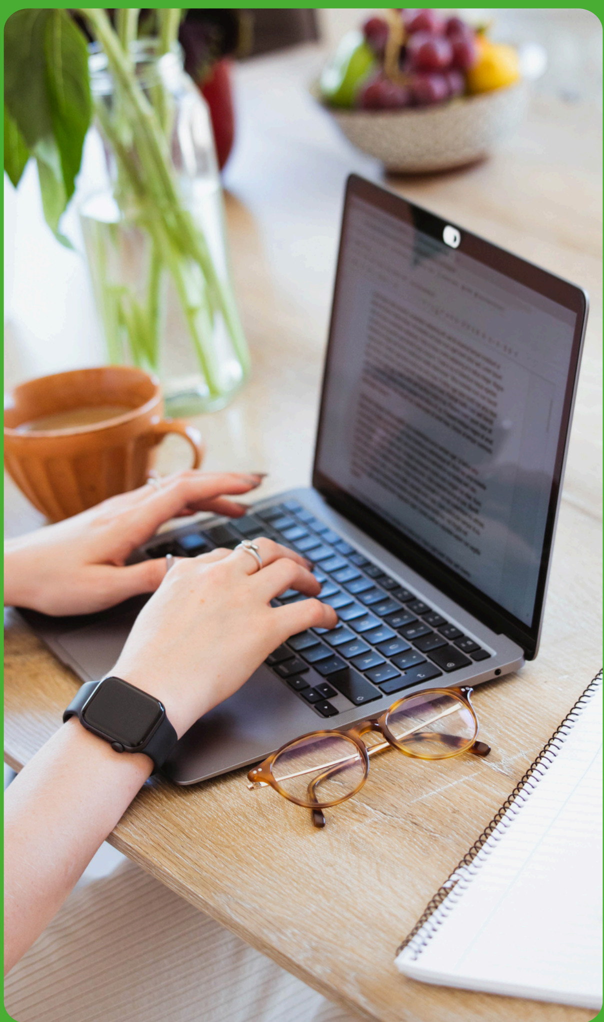
INTRODUCTION

On 10 December 2025, the National Assembly approved a new Personal Income Tax Law No 109/2025/QH15 (PIT Law No 109) introducing significant changes to the current Vietnam PIT regime with effect from 1 July 2026, except for the regulations related to inome from business, salary and wages by the resident individuals that would apply from the 2026 tax period.

Should Readers require further information or assistance regarding the implementation of PIT Law No 109/2025/QH15, please feel free to contact us for a more detailed discussion.

More simplified progressive tax brackets

- Reducing the number of brackets of the progressive tax structure from seven to five.
- The threshold for highest bracket at 35% is up from VND80,000,000 to VND100,000,000.



Changes in family and tax reliefs

- Self relief increases to VND15,500,000 per month.
- Dependent relief is up to VND6,200,000 per dependent per month.
- Other tax relief for healthcare, education, and training expenses for taxpayers and their dependents, however these reliefs will be subject to various limits to be specified by the Government.

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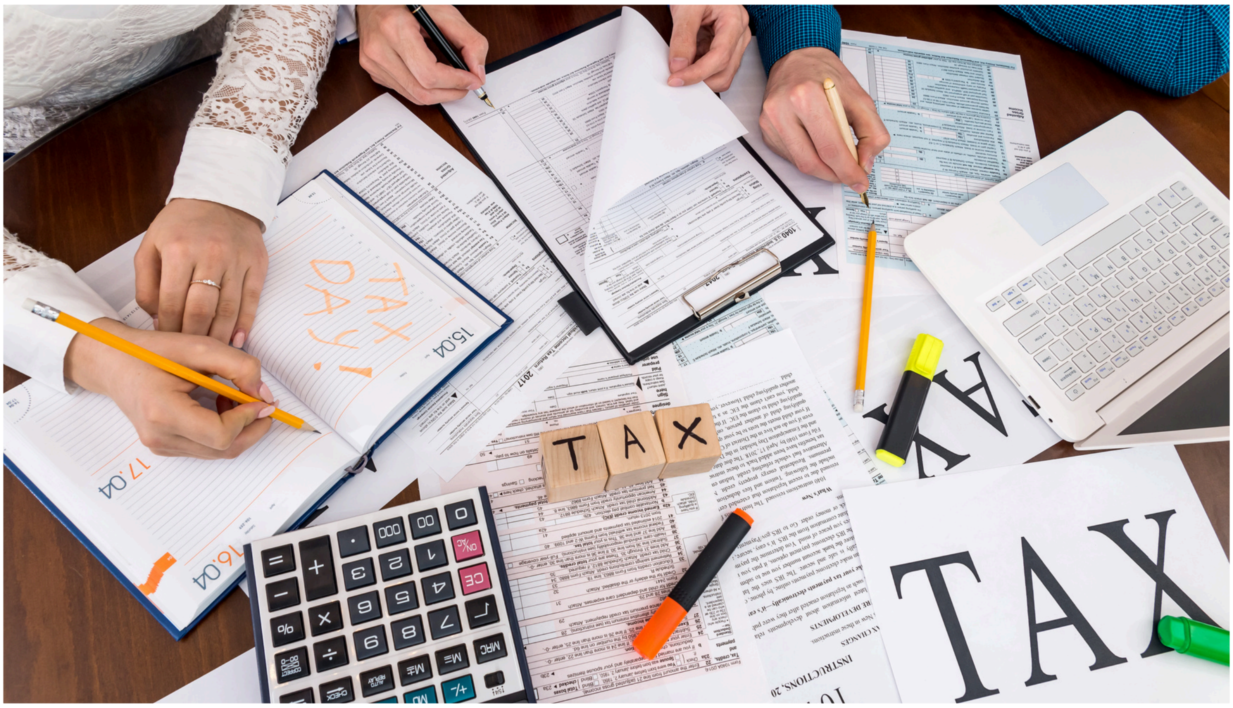

Additional PIT exempt income items

- Overtime work earnings are no longer taxable income.
- Payments for unused annual leave balance is also PIT exempt.

Taxable business income threshold increase and taxation of business households

- Annual tax-exempt revenue threshold for business households rise to VND500,000,000 (both for PIT and VAT purposes).
- Business households with annual revenue from VND500 million to VND3 billion can elect to pay tax at 15% on profits (similar to CIT), whilst those with annual revenue from VND3 billion to VND50 billion and from VND50 billion will pay PIT at the respective rates of 17% and 20%.

Change in threshold for other incomes

For certain income categories, including prize winnings, copyright, commercial franchising, inheritance and gifts, the taxable threshold goes up from VND10 million to VND20 million.

Tax incentive for those working in the digital technology sector

Individuals with employment income in the digital technology sector are entitled to 5 year PIT exemption:

- High-level digital technology industry personnel in specific cases (including digital technology projects in centralized zones.
- R&D and production of key digital tech, semiconductors, and AI systems.
- Digital technology workforce training activities.
- High-tech personnel engaged in research and development of advanced or strategic technologies. To qualify the PIT exemption, these technologies must be designated prioritized investment categories or strategic technology and product categories as defined in the high-tech regulations.

Gold bar transactions are now subject to PIT

- Trading of gold bars will be taxed at 0.1% PIT per transaction.
- The Government will be delegated to define the taxable value threshold, determine the timing of implementation, and adjust the rate in accordance with the roadmap for regulating the gold market.

Changes to taxation of capital gains

- Capital gains are subject to 20% PIT applicable to both residents and non-residents.
- If taxable gain is not determined, a 2% flat rate will apply to transfer proceeds.
- Transfer of securities will trigger 0.1% PIT on transfer proceeds for both residents and non residents.

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