



CORPORATE INCOME TAX LAW NO. 67/2025/QH15

On 14 June 2025, at the 9th meeting session, the 15th National Assembly passed the Corporate Income Tax (CIT) Law No. 67/2025/QH15 ("Law No. 67/2025").

Law No. 67/2025 will come in effect from 1 October 2025 and be applied from the 2025 CIT period onwards.

Provided below is a summary of some key points of the Law No. 67/2025.



Taxpayers

Two types of taxpayers are added in the Law No. 67/ 2025 including:

- Foreign enterprises that do not have permanent establishments in Vietnam conducting e-commerce or digital technology-based business must pay CIT on taxable income arising in Vietnam; and
- Permanent establishments of foreign enterprises including e-commerce, digital technological platforms which are used by those foreign enterprises to provide goods and services in Vietnam

The addition of digital technological platforms into the basic definition of permanent establishment may affect the application of Double Taxation Avoidance Agreements.

CIT offset for CIT arising from foreign investment income

Vietnamese enterprises investing abroad with income from foreign production and business activities during the tax period are allowed to deduct the amount of CIT paid abroad from the amount of CIT payable in Vietnam up to the CIT payable calculated according to the provisions of CIT laws in Vietnam.

If Vietnamese enterprises must pay additional CIT under Income Inclusion Rule, , that CIT amount will be deducted from the CIT payable in Vietnam according to the provisions of CIT laws in Vietnam.





Tax rates for medium-sized and small-sized businesses (SMEs)

Businesses with total annual revenue not exceeding 3 billion VND: 15%.

Businesses with total annual revenue from over 3 billion VND to 50 billion VND: 17%.

Revenue for tax rate determination purpose is the revenue of the preceding tax year.

The tax law also excludes some specific cases e.e.g businesses are subsidiaries, affiliated companies which the businesses within the affiliation are ineligible for applying preferential tax rates according to this regulation.

CIT incentives

Significant changes include:

- The areas eligible for tax incentives are expanded.
- New areas eligible for tax incentives including: Key digital technological goods/services; semiconductor chip R&D, design, production, package and testing; AI center construction; automobile production and assembly; supporting services for medium-sized and small-sized businesses (technical support, business creation, coworking business).
- Removal or reduction of previous incentives: Projects within industrial zones are no longer eligible for 2-year tax free and 4-year tax reduction; tax incentives for economic zones outside difficult/severely difficult socioeconomic zones are reduced and new investment projects that have the minimum investment of 6 trillion VNDs are no longer eligible for incentives.
- Law No. 67/2025 still allows enterprises that have investment projects currently enjoying incentives to choose between continuing to apply the current incentive level and switch into the new incentive level if eligible. In addition, investment projects ineligible for incentives according to former regulations will enjoy incentives if eligible under the Law No. 67/2025's provisions



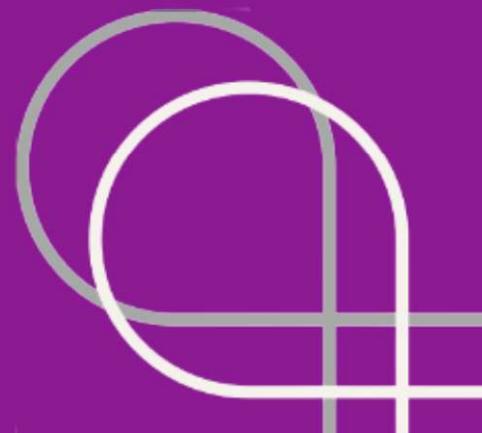


Deductible and non-deductible expenses

- VAT of purchased goods and services directly related to production and business activities that has not been fully deducted but ineligible for tax refund are now deductible expenses.
- Research and development (R&D) expense is deducted at a rate as prescribed by the Government.
- The provision rate for the Scientific and Technological Development Fund is increased from 10% to 20% of annual taxable income. On the other hand, Law No. 67/2025 also changes the interest rate for the amount of recovered tax calculated on the unused fund portion to the interest rate of the 5-year or 10-year treasury bonds (if there are no 5-year bonds) issued closest to the recovery time and the interest calculation period is 2 years.
- Investment expenses for scientific research, technological development, creative innovation and digital transformation; contribution for public facilities while serving production and business activities; expense related to greenhouse gas emission reduction (for carbon neutralization and net zero) and environmental pollution reduction while serving production and business activities and other expenses in accordance with the regulations of the Government are still eligible for expense deduction despite not directly create taxable income within the period.
- Expenses that do not meet the eligibility conditions or do not align with the permitted purposes under specialized laws are not deductible.
- Interests from loans from entities that are not credit organizations over the limit prescribed by the Civil Code (currently 20%) are not deducted.
- Law No. 67/2025 does not regulate the non-cash payment limit (for instance 5 million VND according to Decree No. 181/2025 on VAT) for non-cash payments for CIT deductibility purpose. Accordingly, the Decree guiding the implementation the Law No. 67/2025 will specifically regulate the non-cash payment limit to be consistent with the VAT law.

Profit and loss offset principles

Law No. 67/2025 adds a regulation allowing the application of profit offset from transfer of real estates and investment projects, the right of participating in investment projects against the losses of production and business activities. However, Law No. 67/2025 does not allow offset with respect to the income from production and business activities entitled to tax incentives, while requiring the separation of income from mineral transferring activities and disallowing the offset against the profit/loss from production and business activities.





Recommendation

Law No. 67/2025 has many significant changes reflecting the Government's commitment towards tax reform, creating legal corridors, and supporting businesses to comply with regulations in a more practical way.

Therefore, businesses need to consider more carefully the impacts of the new tax law in a new landscape towards their respective investment, production and business activities, as well as tax planning strategies and tax risk management activities, in order to support the investment process and carry out production and business activities in an effective and sustainable manner.



If you require more information or support about CIT, please do not hesitate to contact us.



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