



## LEGAL UPDATE

### VIETNAM'S NEW LAW ON CORPORATE INCOME TAX

On 14 June 2025, The National Assembly of Vietnam promulgated Law No. 67/2025/QH15 on corporate income tax (“**2025 CIT Law**”), which shall come into effect from 1 October 2025. In this legal update, we highlight the key provisions introduced in this new law.

#### 1. Expanded Tax Scope to E-Commerce and Digital platform

The 2025 CIT Law explicitly subjects foreign enterprises without a permanent establishment (PE) in Vietnam to corporate income tax if they generate income from e-commerce or operate through digital platforms targeting Vietnamese customers. The definition of PE now includes e-commerce and digital platform operations providing goods or services in Vietnam.<sup>1</sup>

#### 2. Supplementing Taxable Income Categories

New taxable income types include gains from securities transfer and technology transfer. The law establishes that taxable income for foreign enterprises is based on income sourced in Vietnam, regardless of where business activities occur.<sup>2</sup>

#### 3. Extended Tax-Exempt Income

Tax exemptions now cover income from emission reduction certificates, carbon credit transfers, and interest from green bonds, supporting environmental goals.<sup>3</sup>

#### 4. Expanded Deductible Expenses

Additional deductible expenses now include R&D activities, greenhouse gas emission reduction efforts, contributions to public infrastructure linked to business operations, and specified government funds.<sup>4</sup>

#### 5. Tax Incentive Policy

Certain enterprises enjoy corporate income tax exemption for up to 4 years and a 50% reduction for up to 9

subsequent years, including those in software production, AI development, and cybersecurity. Other sectors such as automobile manufacturing and co-working spaces supporting SMEs may benefit from a 2-year exemption, followed by a 50% reduction for up to 4 subsequent years. Extensions up to 1.5 times standard periods can be approved by the Prime Minister.<sup>5</sup>

#### 6. Introduction of the Income Inclusion Rule (IIR)

The law codifies the IIR, requiring top-up tax payments from multinational enterprises to align with global anti-base erosion measures, deductible from CIT payable in Vietnam.<sup>6</sup>

#### 7. Preferential Tax Rate

The 2025 CIT Law introduces preferential rates for certain cases, namely:<sup>7</sup>

- i. 15% for enterprises with annual revenue ≤ VND 3 billion;
- ii. 17% for enterprises with revenue > VND 3 billion and ≤ VND 50 billion;
- iii. Higher rates (25%-50%) apply to oil, gas exploration and exploitation; 50% rate (possibly reduced to 40%) applies to rare resource extraction, with exclusions for related affiliates lacking preferential qualification.

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<sup>1</sup> Art. 2.2.d, 2.3.e

<sup>2</sup> Art. 3.2.a, 3.2.d, 3.3

<sup>3</sup> Art. 4

<sup>4</sup> Art. 9

<sup>5</sup> Art. 14

<sup>6</sup> Art. 3.5

<sup>7</sup> Art. 10, 18