



LEGAL UPDATE

IMPLEMENTATION OF TOP-UP CORPORATE INCOME TAX UNDER DECREE 236/2025/ND-CP

1. Background

On 29 August 2025, the Government of Vietnam issued Decree No. 236/2025/ND-CP ("**Decree 236**") to implement Resolution No. 107/2023/QH15 ("**Resolution 107**") of the National Assembly dated 29 November 2023, concerning the application of top-up corporate income tax ("**CIT**") under the Global Anti-Base Erosion ("**GloBE**") rules.

Effective from 15 October 2025 and applicable for fiscal year 2024 onward¹, Decree 236 marks a significant milestone in Vietnam's adoption of the Global Minimum Tax ("**GMT**") framework, aligning with the Organisation for Economic Co-operation and Development ("**OECD**")'s GloBE rules. This legal update outlines key provisions on GMT procedures, including two primary tax rules and three supporting mechanisms to ensure effective implementation.

2. Tax Registration, Filing and Payment

Decree 236 mainly applies to constituent entities of multinational enterprise ("**MNE**") groups that carry out production or business activities in Vietnam, having a permanent establishment² and meet the following criteria: (i) the group's consolidated global revenue is at least EUR 750 million in at least 02 of the 04 preceding fiscal years, or in at least 02 fiscal years if under 04 years of operation³; and (ii) the entity is not otherwise excluded under the GloBE framework⁴. This scope reflects Vietnam's alignment with OECD's GloBE rules and targets only large-scale MNEs.

Filing deadlines for taxpayers are based on the ultimate parent entity's fiscal year-end ("**FYE**")⁵:

- Within 30 days from FYE: To submit the list of constituent entities responsible for filing and subject to Resolution 107⁶;
- Within 90 days from FYE: To complete GMT tax registration⁷;
- Within 12 or 18 months from FYE: To file the GMT declaration and pay any top-up tax due⁸.

Tax declarations must follow the parent company's reporting currency. Additional CIT is generally declared and paid in VND, with an option to use the parent's reporting currency if elected. Where tax is paid in VND, the applicable exchange rate is the average transfer rate of the commercial bank with which the entity regularly transacts, on the date of filing⁹.

3. Two Primary Rules of Vietnam's GMT Framework

The first and foremost mechanism is Qualified Domestic Minimum Top-up Tax ("**QDMTT**"). QDMTT applies to in-scope MNE groups and their Vietnam-based entities¹⁰, including constituent entities (excluding stateless entities), joint ventures and their subsidiaries, and permanent establishments (excluding stateless)¹¹. These entities are subject to a minimum effective tax rate ("**ETR**") of 15%¹².

If the jurisdictional ETR in Vietnam is below 15%, Vietnam is entitled to levy QDMTT, which is calculated as the top-up tax rate multiplied by the top-up tax base, plus any adjusted top-up tax amount for the current year¹³. Taxes paid abroad under GloBE-consistent rules may be credited to avoid double taxation¹⁴.

The second mechanism is Income Inclusion Rule ("**IIR**"), which applies to MNE groups similar to QDMTT and overseas

¹ Article 23.1 Decree 236

² Article 4.1 Decree 236

³ Article 3.1, 3.2 Decree 236

⁴ Article 3.3 Decree 236

⁵ Article 16.1(a.5), 16.1(b.5) Decree 236

⁶ Article 14.1 Decree 236, with Form 01/TB-DVHT1 Schedule III of Decree 236

⁷ Article 15.6 Decree 236, with Form 01-DKTD-DVHT Schedule III of Decree 236

⁸ Article 6.1, 6.2 Resolution 107, with Form 01/TKTT-QDMTT Schedule III of Decree 236

⁹ Article 17 Decree 236

¹⁰ Article 4 Decree 236

¹¹ Sections I and II.15 Schedule II of Decree 236

¹² Article 5.1a Decree 236

¹³ Article 4.2 Resolution 107

¹⁴ Article 10 Decree 236



entities of in-scope MNE groups with Vietnamese parent companies, excluding governmental entities, international organisations and other subjects as prescribed by the Decree¹⁵. Under IIR, a Vietnamese parent must pay top-up tax if its foreign subsidiaries are subject to an ETR below 15%¹⁶.

The jurisdictional top-up tax equals the top-up tax rate multiplied by the top-up tax base, plus any adjusted top-up tax amount, minus any QDMTT paid¹⁷. Where the ETR is below 15%, the parent in Vietnam must pay the difference as a top-up tax¹⁸. This rule enables Vietnam to capture tax that would otherwise accrue to low-tax jurisdictions.

4. Three Supporting Implementation Mechanisms

The first supporting mechanism is the transitional provision, which serves as a safe harbour. During the transitional period, jurisdictions with revenue below EUR 10 million and profit below EUR 01 million are deemed to have no top-up tax. Simplified ETR thresholds apply as follows: 15% for fiscal years 2023–2024, 16% for 2025, and 17% for 2026¹⁹. These measures are consistent with OECD guidance and provide MNE groups time to adapt.

The second mechanism is liability relief. Top-up tax may be set to zero if thresholds on profit, revenue, or ETR are met, with the option to use simplified calculations²⁰. However, this relief does not apply if: (i) Vietnam has the right to allocate top-up tax; (ii) the Vietnamese tax authority notifies the taxpayer, requesting clarification on the impact of events and circumstances related to the relief conditions; and (iii) the taxpayer fails to demonstrate eligibility for the relief as requested by the tax authority under item (ii) above²¹. Equivalent relief is also available for MNE groups that meet conditions for consideration during the initial adoption phase²².

The third mechanism involves inspection and enforcement. Tax Departments are empowered to conduct inspections, audits, and assessments to ensure compliance with GMT obligations²³. Any failure to meet deadlines may result in

additional tax assessments, collection of unpaid top-up tax, late-payment interest, and administrative sanctions²⁴.

5. Conclusion

Decree 236 significantly impacts Vietnam's international tax legislation through the domestic GMT framework, including QDMTT, IIR, and supporting mechanisms. Vietnamese entities within MNE groups should assess jurisdictional ETR exposure, prepare Country-by-Country Reports and related documentation, and monitor both Vietnam and low-tax jurisdictions for potential top-up obligations. Proactive compliance will help mitigate the risk of double taxation and ensure alignment with both domestic regulations and OECD global tax standards.

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¹⁵ Article 2 Resolution 107

¹⁶ Articles 7.1a Decree 236

¹⁷ Article 5.2 Resolution 107

¹⁸ Article 6 Decree 236

¹⁹ Article 11.2 Decree 236

²⁰ Article 12 Decree 236

²¹ Article 13 Decree 236

²² Article 9 Decree 236

²³ Article 18 Decree 236

²⁴ Articles 19 and 20 Decree 236