

## Vietnam Tax Knowledgebase

### Employee personal income tax

#### Tax residence

An individual is considered a tax resident of Vietnam if they meet any of the following conditions:

- They are physically present in Vietnam for a total of 183 days or more within a 12-month period, starting from their date of arrival;
- They maintain a permanent residence in Vietnam; or
- They lease a residence in Vietnam for 183 days or more in a tax year, unless they are physically present in Vietnam for fewer than 183 days and can provide evidence of tax residency in another jurisdiction.

#### Conditions for the obligation to file the PIT

Residents are taxed on their worldwide income, while non-residents are taxed only on income sourced in Vietnam. Individuals who are subject to PIT must register with tax offices to obtain the Tax Identification Number (TIN).

Upon the end of a calendar year, resident individual taxpayers are required to summarize all of their assessable income earned in the period from 1 January to 31 December and calculate their final tax payable amount according to the prescribed calculation method, and then subtract any withheld or provisional tax paid during the year to determine their tax liabilities or entitlements.

The purpose of annual PIT finalisation is to:

- Accurately assess the taxpayer's tax liabilities or entitlements; and
- Schedule tax payments, tax refunds or other purposes.

Annual PIT finalisation subjects include Vietnamese tax residents who earn income from salaries and wages, as well as other types of income subject to PIT finalisation.

Non-residents are not required to finalise their PIT in Vietnam.

Only income from salary and wages is subject to PIT, including your salary, wages, income from sales, allowances provided by the employer (such as meals and travel allowances), and cash bonuses.

# Native Teams

Other incomes, such as rental income from investment properties, dividends, royalties, capital gains, and other types, such as lottery and inheritance, are not subject to PIT; however, they are taxed separately using different tax forms.

Individuals must file separate returns; joint filing is not permitted.

## Tax report in question (Form name)

- Form 02/QT-TNCN: Personal Income Tax (PIT) finalisation return;
- Form 02/KK-TNCN: PIT declaration applies to residents and non-residents with income from salaries and wages, declaring tax directly with the tax authorities;
- Form 01/CNKD - tax declaration form applicable to household/individual business.

## Tax year

The Vietnamese tax year is the calendar year.

However, if an individual arrives in Vietnam for the first time in a calendar year and is present for less than 183 days, their first tax year is the 12-month period from the date of arrival. Subsequently, the tax year is the calendar year.

## Tax rates

- Employment income: progressive tax rate from 5% to 35% for residents;
- Employment income without a labour contract or with a labour contract lasting less than 3 months: flat rate of 10% on payments of VND 2 million and above;
- Employment income of non-residents: flat rate of 20% on their Vietnam-sourced income;
- Income from sources other than employment: taxed at rates ranging from 0.1% to 20% (applicable for both residents and non-residents).

## Tax returns and payment of tax

Employment income tax must be provisionally declared and paid either monthly or quarterly, depending on the reporting period chosen:

- Monthly: by the 20th day of the following month;
- Quarterly: by the last day of the month following the reporting quarter.

These provisional payments are reconciled with the actual tax liability at year-end.

An annual personal income tax (PIT) finalisation return must be filed as follows:

- Employers: by the last day of the third month following the end of the tax year;
- Individuals: by the last day of the fourth month following the end of the tax year.

Any additional tax due must be paid by the corresponding deadlines.

Expatriate employees are also required to complete a PIT finalisation upon termination of their Vietnam assignment, prior to their permanent departure. Tax refunds are only

available to individuals who have a valid tax code and a Vietnam Dong bank account at a bank in Vietnam.

For non-employment income, the individual is required to declare and pay PIT in relation to each type of taxable non-employment income. The PIT regulations require income to be declared and tax to be paid on a receipt basis.

The employer must submit an annual finalisation return by the last day of the third month following the calendar year-end.

For individuals who file tax returns directly with the Tax authorities, the normal deadline for tax return submission and tax payment is the last day of the fourth month following the calendar year-end. In special cases, the deadline may vary depending on the individual's circumstances, such as dates of arrival in and departure from Vietnam. Self-employed individuals must file quarterly.

## Personal deductions (salary)

Personal deductions/allowances are allowed as follows:

- Personal allowance: VND 11 million per month - all tax resident individuals are automatically entitled to this allowance;
- Dependant allowance: VND 4.4 million per dependant per month. The dependent allowance is not automatically granted, and the taxpayer needs to register qualifying dependents and provide supporting documents to the tax authority.

## Tax allowances

1. Employee housing costs exceeding 15% of the total taxable income (excluding housing benefit from employers);
2. Expenses for the means of transport of a group of employees to and from work are not taxable;
3. Membership fees for golf, tennis, cultural, art/sport or physical training clubs and similar - these are not taxable if they are for common use without specific names of individuals or groups of individuals;
4. Training fee for employees relevant to employees' professional and/or in accordance with the employer's plan - not taxable;
5. Mid-shift meal allowances are not accounted as taxable if the employer directly caters such meals for their employees; and
6. Presumptive expenditures for telephone, stationery, per diems, working outfit, etc., are not subject to tax if the amounts are within the levels set out under relevant regulations.

## Additional tax reliefs (not mentioned above)

Mandatory employee social insurance, health insurance, and unemployment insurance contributions are deductible for PIT purposes.

Contributions to local voluntary pension schemes are deductible (subject to a cap). Contributions to mandatory overseas social and health insurance schemes can also be deducted.

## How to submit the tax return

Taxpayers should review their total income earned during the year and do a self-assessment. They can then estimate their total PIT payable and compare it with the payable PIT amount to the withheld PIT and provisional PIT paid during the year. The final step is to file the PIT finalisation return and pay the tax payment if there is a shortfall.

Taxpayers should also be prepared for any clarification if the tax authority requests it. Taxpayers can ask their employers to finalise PIT and submit it to the tax authorities on their behalf. However, if individuals want to file separately, they can submit it to the local managing tax office where the employer is located.

For individuals who earn income from two or more employers, they can choose one tax office where the employers are located, preferably the one where the most income is earned or the tax office where the individual resides.

However, Vietnam has modernised its tax filing system through the implementation of electronic submission. The introduction of an electronic portal enables individuals to submit tax documents online quickly, conveniently, and efficiently. Taxpayers can now log in to the system, upload documents, and track the processing status. The e-tax filing system integrates digital signature authentication to ensure the authenticity and security of submitted documents.

## Others

Not applicable.

## Employee taxation of income (int, div, royalties)

### Interest income: Tax rates

Interest income of resident individuals is subject to 5% withholding tax.

### Dividend income: Tax rates

Dividend income of resident individuals is subject to 5% withholding tax.

### Capital gains: Tax rates

Residents are subject to a tax rate of 20% on gains from the transfer of shares in limited companies, partnerships, and joint ventures, and 0.1% on sale proceeds from the transfer of securities (e.g. shares, call options on shares, bonds, treasury bills, fund certificates, and other securities according to the Law on Securities) in joint stock companies (both public and private).

### Royalty income: Tax rates

The royalty income of a resident individual is subject to 5% withholding tax. Royalty income derived by a non-resident through the transfer of a right to use a trademark is subject to VAT at a rate of 5%.

## Withholding

### Withholding tax on interest: Rates

A 5% withholding tax rate applies to interest paid to resident and non-resident individuals. The rate for non-residents may be reduced under an applicable tax treaty.

### Withholding tax on dividends: Rates

Dividends paid to resident and non-resident individuals are subject to a 5% withholding tax rate unless, in the case of non-residents, the rate is reduced under an applicable tax treaty.

### Withholding tax on capital gains: Rates

Non-residents are subject to a tax rate of 0.1% on sale proceeds from the transfer of all shares and securities.

### Withholding tax on royalties: Rates

A 5% withholding tax rate applies to royalties paid to resident and non-resident individuals. The rate for non-residents may be reduced under an applicable tax treaty.

### Fees for technical services:

For business individuals, technical service fees are subject to withholding tax at rates ranging from 1% to 2% for residents and 1% to 5% for non-residents, depending on the specific service provided. For non-business individuals, the withholding tax rates applied for technical services fees are similar to the tax rates applied to employment income, which are progressive tax rates ranging from 5% to 35% for resident individuals, and 20% for non-residents. However, rates for non-residents may be reduced under an applicable tax treaty.

## Employee tax - Special regimes to apply

### Special tax regimes (if applicable)

Foreign individuals can be exempted from taxation for certain benefits, such as:

1. One-off relocation allowance for foreigners to relocate to Vietnam (based on the amount stipulated in the labour contract or agreement between the employer and the employee);
2. Round-trip airfares (applicable only for employees) paid once a year by employers for their foreign employees who are on annual leave (the air ticket should indicate the country where these employees are nationals or where the foreigner's family lives); and

3. General education school fee or tuition paid by the employer for the expatriates' children (from kindergarten through high school) staying in Vietnam (based on the invoice from the school and the labour contract).

## Impatriate Law (Inbound employee regulations)

No impatriate law applicable.

## Expatriate Law (Working abroad rules)

The level of income determines how much tax an expat has to pay. The monthly salary of an expat is also the monthly taxable income in Vietnam. For tax residents, their monthly taxable income is taxed at a progressive rate of 5-35%; for non-tax residents, it is taxed at a fixed rate of 20%.

Based on Article 2 of the Law on Personal Income Tax, expats who are deemed tax residents in Vietnam must meet one of the following conditions:

1. Expats stay in Vietnam for no fewer than 183 days within a 12-month period, starting from the first arrival in Vietnam;
2. Expats with permanent residency in Vietnam that is recorded on a Temporary Residence Card, or a Permanent Residence Card; and
3. Expats who have signed a rental contract of over 183 days.

If an expat does not meet any of the mentioned conditions, they will be regarded as a non-resident for tax purposes in Vietnam.

## Digital nomads' tax regimen

Vietnam does not provide a specific digital nomad visa.

## Double taxation agreements ( link website)

[https://www.gdt.gov.vn/wps/portal/!ut/p/z1/04\\_Sj9CPykssy0xPLMnMz0vMAfljo8ziDUwsPX0swol9g0KNzAw8Q72CvbwczY08HQ30wwkpiAJJ4wBg\\_VFgJc7ujh4m5j4GBhYm7gYGniZO\\_n4ezoGGBp7GUAV4zCijjTDIdFRUBAALEJ4z/dz/d5/L2dBISEvZ0FBIS9nQSEh/](https://www.gdt.gov.vn/wps/portal/!ut/p/z1/04_Sj9CPykssy0xPLMnMz0vMAfljo8ziDUwsPX0swol9g0KNzAw8Q72CvbwczY08HQ30wwkpiAJJ4wBg_VFgJc7ujh4m5j4GBhYm7gYGniZO_n4ezoGGBp7GUAV4zCijjTDIdFRUBAALEJ4z/dz/d5/L2dBISEvZ0FBIS9nQSEh/)

## Impatriate Law (Inbound employee regulations)

### How to apply and deadlines for employees

Vietnam does not have a special impatriate tax regime; expatriates are subject to the standard PIT rules based on residency status.

## Expatriate Law (Working abroad rules)

### How to apply and deadlines for employees

Novelties:

- Non-resident foreign individuals engaging in e-commerce, digital platform-based businesses, and other services with organisations and individuals in Vietnam must register for tax;
- Foreign contractors involved in the same contract with a Vietnamese party can receive separate 10-digit tax codes if they wish to declare and pay taxes separately.
- Organisations and individuals having a business cooperation contract can register for a tax code if needed.

As outlined in Article 21 of Circular 92/2015/TT-BTC, foreign tax residents in Vietnam are required to finalise their personal income tax (PIT) before leaving the country. If a foreign resident ends their employment but does not complete the final tax return prior to departure, they may authorise their employer or another designated party to carry out the tax finalisation process on their behalf. This finalisation must be submitted within 45 days of the individual's exit from Vietnam.

Foreign non-resident individuals are exempt from PIT finalisation as they are taxed at a flat rate on Vietnam-sourced income only.

### Digital nomads' tax regime

#### How to apply and deadlines for employees

Vietnam does not provide a specific digital nomad visa.