



PwC Vietnam Newsbrief

New VAT Law



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At a glance

On 26 November, the National Assembly approved the new VAT Law No 48/2024/QH15 which will take effect from 1 July 2025.

Some key changes in the new VAT law are as follows.



In detail

1. Expand the definition of “taxpayers”:

- Adding in foreign suppliers without permanent establishments in Vietnam which conduct e-commerce business or business on digital platforms; and foreign organisations which operate the platform and withhold and declare tax on behalf of foreign suppliers.
- Adding in organizations which operate an e-commerce market platform, and a digital platform, and withhold and declare tax on behalf of business households and individuals operating on e-commerce platforms/digital platforms.

2. Tax rates

0%:

- The draft VAT law proposed by the MoF limits 0% VAT to certain overseas services (only including the rental of transportation means which are used outside Vietnam, services relating to aviation or marine which are used directly for international transportation or via agents); but the official version maintains that goods and services sold to foreign entities and consumed outside Vietnam are entitled to 0% VAT.
- Goods and services that are sold or directly provided to organizations in non-tariff areas, and consumed within those areas, must specifically serve the purpose of directly supporting export production activities to qualify for the 0% VAT rate. This requirement highlights a restriction on the scope of activities entitled to 0% VAT.

- Other exported goods and services include such as international transportation, leasing transportation means for use overseas, digital content provided to foreign companies and having documents proving consumption outside Vietnam, etc

5%:

- Reduction of number of groups of goods and services subject to 5% (e.g. removing film production, importation, and distribution, etc.).
- Reclassifying fertilizer products, fishing vessels and specialized machinery and equipment used for agricultural production from not subject to VAT to subject to 5% VAT.

10%:

- The VAT rate applicable to foreign suppliers without permanent establishments in Vietnam that conduct e-commerce and digital-based business activities with organizations and individuals in Vietnam will be changed from 5% to 10%. This will increase the VAT cost of foreign suppliers.
- Reclassifying custodian services from not subject to VAT to subject to 10% VAT.

In detail



3. VAT exemptions

- Reducing the number of groups of goods and services that are VAT exempt (e.g. removing fertilizer, specialized machinery and equipment for agriculture, custodian services, etc.);
- Increasing the annual revenue threshold of business individuals, households which are VAT exempt from VND 100 million to 200 million;
- Amending or adding guidance for several VAT exempt goods and services to remove difficulties for business and administrative procedures, such as:
 - Remove the 51% threshold and replace with a list of export products which are processed from natural resources and minerals and not encouraged for export or subject to export limitations;
 - “Computer software” is replaced by “software products and software services in accordance with laws and regulations”;
 - Capital transfer does not include the transfer of investment projects or the sale of asset.

4. Tax base

- Amending the determination of taxable prices of certain goods and services (e.g. goods and services used for promotion, real estate business activities, casino services, prize-winning video games, etc)

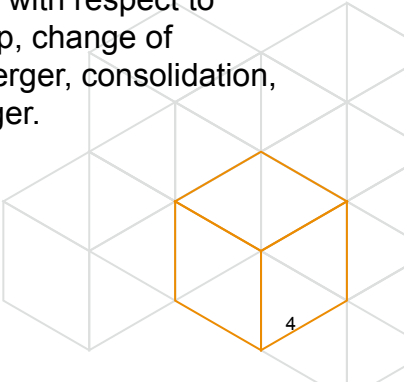
5. Time of determining VAT liabilities

- Legalize the time of determining VAT (which was previously guided only by decrees and circulars).
- Supplementing the time of determining VAT for goods (i.e. in addition to the time of transfer of ownership or right of use, the date of issuing the invoice is also included).

6. Input VAT credit

- Removing the threshold of non-cash payment. The threshold may however be introduced in a guiding decree or circular.

7. VAT refunds

- Allowing VAT refunds for business expansion investments during the investment stage where the accumulated input VAT is VND300 million or more.
 - The time limit for businesses with investment projects to apply for VAT refund is within one year from the date when the investment project, investment phase, or investment unit is completed.
 - Amending VAT refund rules to benefit taxpayers in specific cases, such as those producing goods/services subject to 5% VAT, investment projects in conditional sectors or with incomplete charter capital, and exported goods/services.
 - Ending VAT refunds with respect to change of ownership, change of enterprise types, merger, consolidation, separation, de-merger.
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Nguyen Huong Giang

Partner

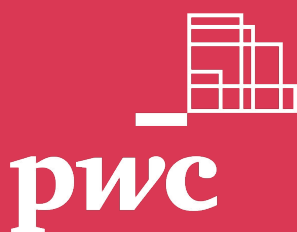
n.huong.giang@pwc.com



Giang Bao Chau

Partner

giang.bao.chau@pwc.com



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