



# PwC Vietnam NewsBrief

Decree 20/2025/NĐ-CP on transfer pricing  
has now been finalised and issued

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# At a glance..

Decree 20/2025/NĐ-CP (“Decree 20”) on transfer pricing was issued on 10 February 2025 and applies from the financial year 2024 onwards.

In this NewsBrief, we outline the significant elements of Decree 20.



# New TP decree

## Changes brought by Decree 20

Businesses often face challenges applying the rules in Decree 132 around interest deductibility, particularly with regard to interest charged by credit institutions which are deemed to be related parties for transfer pricing purposes. On 10th February 2025, the Ministry of Finance issued Decree 20, which addresses many of these issues.

- The decree expands the definition of related parties to align with changes in the Law on Credit Institutions. Related parties now include affiliates of credit institutions under the new law.
- It limits the classification of third-party lenders or guarantors as related parties. Lenders, guarantors, and credit institutions will not be considered related parties unless they engage in "management, control, capital contribution, or investment" in the borrowing entity. This amendment addresses taxpayer concerns about being classified as having related-party transactions merely due to borrowing from commercial banks, which previously subjected them to restrictions on deductible interest expenses based on EBITDA.
- Under Decree 132, non-deductible interest expenses can be carried forward to subsequent tax years and deducted if the net interest expense/EBITDA ratio is below 30 per cent in those years. The changes in Decree 20 to the definition of related-party relationships via borrowing criteria are applicable from 2024 onwards. Thus, there may be instances where a company borrows from a credit institution that is considered a related party before 2024 but no longer a related party from 2024 onwards. In such a case, it opens the question whether the non-deductible interest expenses incurred before 2024 can be carried forward to the years from 2024 onwards. Decree 20 provides transitional guidance in this respect, i.e., the non-deductible interest expenses as of the end of 2023 shall be equally allocated to the respective remaining years for claiming deduction in such years.

# New TP decree

- Decree 20 expands the responsibilities of the State Bank of Vietnam to provide information on related individuals and companies of credit institutions upon request from tax authorities.
- The final decree includes the new version of appendix I of the TP declaration forms, incorporating the changes brought about by Decree 20, which taxpayers will need to use when submitting their upcoming TP declaration forms.





# Contact us

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. For further information or if you require our official advice or assistance, please reach out to us.

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