PwC Vietnam Newsbrief

Vietnam issues Decree on implementation of Global Minimum Tax rules under OECD Pillar Two Framework

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At a glance

On 29 August, the Government issued Decree 236/2025/NĐ-CP, setting out top-up tax regulations pursuant to Resolution 107/2023/QH15. This long-anticipated decree establishes the legal framework for applying the Global Anti-Base Erosion (GloBE) rules under the OECD Pillar Two framework in Vietnam, including the Qualified Domestic Minimum Top-up Tax (QDMTT) and the Income Inclusion Rule (IIR).

The decree arrives at a pivotal moment, with effective date of 15 October 2025, enabling multinational enterprises to prepare for their first top-up tax filings for the 2024 fiscal year.

Details

The decree aligns with the OECD's GloBE Model Rules and introduces two main mechanisms:

QDMTT
Applicable to constituent entities (CEs) of foreign MNEs operating in Vietnam.

IIR
Applicable to Vietnamese-headquartered MNEs and their foreign CEs.

These rules apply to MNE Groups with consolidated revenues of EUR 750 million or more in at least two of the four preceding fiscal years.

Administrative obligations

In-scope taxpayers must prepare and submit:

01 Initial notification and registration

a) Notification of authorized CE and CE list within 30 days after the financial year end ("FY end") of the ultimate parent entity ("UPE") of the MNE.

b) Tax code registration within 90 days after UPE's FY end. For taxpayers having financial year ended on or before 30 June 2025, the deadline is extended to 90 days after the effective date of Decree 236 but in no case later than the deadline for the top-up tax declaration.

02 Annual top-up tax return package

Top-up tax information declaration

b. Top-up tax return

c. Explanation of discrepancies due to different accounting standards

d. Financial statements of each CE used for consolidation purposes

e. UPE's GloBE Information Return ("GIR") (applicable only to QDMTT taxpayers)

For taxpayers that are subject to the QDMTT rule, the deadline for the annual top-up tax return package is 12 months after the UPE's FY end, except for the UPE's GIR's submission for which the deadline is 18 months for FY2024 and 15 months for FY2025 onwards.

For taxpayers that are subject to IIR, the deadline for the annual top-up tax return package is 18 months after the UPE's FY end for FY2024, and 15 months for FY2025 onwards.

Details

Separate rules for joint-venture and structures and minority owned constituent entities

Joint Ventures, JV Subsidiaries, and Minority-Owned Constituent Entities (“MOCEs”) are treated separately. Their effective tax rate and top-up taxes are calculated independently from the main MNE group, reflecting distinct ownership and reporting structures.

These entities are subject to separate notification, tax code registration, and annual top-up tax filings.

Currency and accounting standards

Financial statements of CEs prepared under the accounting standards used to prepare the consolidated financial statements of the UPEs will be used. Other accounting standards may be used under specific circumstances and conditions.

The currency used in the UPE’s consolidated financial statements will be used to calculate the top-up tax amount. Payment of top-up taxes to the State budget can be made in such currency, or Vietnamese Dong using the average exchange rate on the declaration date.

Details

Transitional relief measures

In line with the OECD's recommendations, Vietnam offers relief measures for fiscal years beginning on or before 31/12/2026, but not including a fiscal year that ends after 30/6/2028.

Administrative penalty relief:

during the transitional period, no penalties will be imposed for:

01 Late submission or non-submission of notification of authorized CE and CE list;

02 Late (up to 90 days) submission of tax registration;

03 Late notification of changes in tax registration;

04 Incorrect or incomplete tax filings that do not result in underpayment;

05 Late submission of tax returns, subject to certain conditions;

06 Incorrect tax declaration, subject to certain conditions.

Transitional country by country report safe harbor:

Top-up tax under QDMTT or IIR is deemed zero if:

• Revenue < EUR 10 million and profit before tax < EUR 1 million; or

• Simplified ETR ≥ 15% (FY2024), ≥ 16% (FY2025), ≥ 17% (FY2026); or

• Profit before tax ≤ Substance-Based Income Exclusion.

The "once out, always out" rule applies - MNEs failing to qualify in one year cannot re-enter harbor in subsequent years.

Contact us

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