



PwC Vietnam Newsbrief

# Proposed Personal Income Tax Changes

October 2025





# At a glance

The Ministry of Finance has just released an updated draft of the new Personal Income Tax ("PIT") Law.

The proposed changes focus on key areas including:

- expanding the tax base, changing certain tax calculation methods for specific types of incomes, and adjusting income thresholds and rates;
- revising personal deductions for taxpayers and dependents, introducing new deductions, and reducing the number of progressive tax brackets for employment income;
- reforming tax exemptions and reductions;
- addressing inconsistencies in current regulations to improve transparency and ease of implementation.

The new PIT law is currently expected to be introduced mid 2026 with certain specific provisions becoming effective as early as January 2026.

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# Key notes

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## 01

### **Taxing transfers of capital, securities, real estate and broadening scope of PIT**

The draft PIT law proposes:

- 20% PIT on profits from capital transfers by both residents and non-residents, or a flat 2% on the transfer proceeds if the purchase cost and related expenses are indeterminate.
- Residents and non-residents transferring securities remain subject to 0.1% PIT on the transfer proceeds.

In relation to PIT on real estate transfers, based on the last draft of the new PIT Law released in July, if the purchase price and expenses are indeterminate, PIT would apply on the sales proceeds ranging from 2% to 10% based on the holding period. However, this proposal is removed in this latest draft. Accordingly, the current flat PIT rate of 2% on the sales proceeds would remain.

In addition, the draft PIT law introduces new categories of taxable income, including earnings from the transfer of Vietnamese national internet domain names, auctioned car license plates, and digital assets.

## 02

### **Tax exemptions, reductions, and allowable deductions**

The draft PIT law sets out 21 categories that are exempt from PIT and outlines additional cases that are eligible for tax exemptions or reductions. The exemption list includes income of experts working for start-up projects, individual investors and founders of start-up projects, investors of venture funds, salaries and wages earned within 5 years by certain digital technology professionals, etc. In addition, remuneration of certain individuals working in companies applying high technology, IT, science technology, innovation and digital transformation are also entitled to 50% PIT reduction.

Contributions to the supplement pension, voluntary pension fund and life insurance funds will be deductible up to a capped amount.

# Key notes

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## 03

### **Changes to taxable revenue threshold and specialised business tax rates**

Effective 1 January 2026, the annual taxable revenue threshold for business households and individuals subject to Value Added Tax ("VAT") will increase from VND 100 million to VND 200 million. The draft PIT law proposes a taxable revenue threshold for business income of VND200 million to align with the VAT regulations.

Tax rates remain unchanged, ranging from 0.5% to 5%, depending on the type of business. Specialised business activities such as digital products and content related to entertainment, video games, digital films, digital photos, digital music and digital advertising will be taxed at a rate of 5% PIT.

Resident individuals with business income exceeding a stipulated annual revenue level will be taxed at a 17% on profit.

## 04

### **Proposed revisions to family tax relief**

The following option is proposed:

- A deduction of VND 15.5 million per month for the taxpayer and VND 6.2 million per month for each dependent.

Additionally, the draft PIT law proposes tax relief for healthcare, education, and training expenses incurred by taxpayers and their dependents in accordance with government-set amounts. These expenses must comply with legal requirements for invoices and documentation.

# Key notes

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## 05

### **Some good news for higher income earners**

The draft PIT law proposes to simplify the PIT system by reducing the progressive tax brackets from seven to five, maintaining the top tax rate of 35% on salaries. Under one of the proposed options the 35% monthly income threshold would be increased from VND80 million to VND100 million.

## 06

### **Increasing the threshold for taxable income**

The draft PIT law proposes to increase the taxable threshold from VND10 million to VND20 million for certain types of income, including:

- Winning prizes;
- Copyright;
- Commercial franchising;
- Inheritance and gifts.



# Contact us

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