



PwC Vietnam Newsbrief

Important new rules for the new Corporate Income Tax framework

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At a glance

On 12 March, the Ministry of Finance issued Circular 20/2026/TT-BTC, providing guidance on implementation of the Law on Corporate Income Tax 2025 and Decree 320/2025. Circular 20 takes effect from 12 March 2026 and applies to the 2025 tax year onwards.

Circular 20 focuses on documentary, procedural and administrative guidance, and therefore plays a critical role in determining how enterprises apply the new CIT framework in practice. Circular 20 will have major implications both for Vietnamese enterprises, and also foreign enterprises doing business in, or deriving income from, Vietnam.

Key highlights



Circular 20 provides guidance on the following key areas, the principles of which are regulated in the CIT Law and Decree 320:

01

Deductible expenses – documentation and substantiation

- Circular 20 provides guidance on the documentary requirements for expenses to be treated as deductible for CIT purposes, including certain expenses incurred that may not yet generate corresponding revenue in a period.
- Supporting documents may be kept as originals, certified true copies, enterprise-stamped copies, or compliant electronic documents.
- Circular 20 also specifies the documents required for selected expense categories (e.g., unsuccessful tender costs, market/product research for new products/services, and land rental/infrastructure maintenance for projects not yet in operation), which may require operational evidence beyond standard accounting records.

02

CIT incentives – documentation and self-assessment

Circular 20 provides guidance on the documentation required for claiming CIT incentives and reinforces the self-assessment mechanism, under which incentive eligibility remains subject to review by the tax authorities during periodic tax audits — highlighting the importance of robust documentation and consistent application.

For investment expansion projects, enterprises are required to: (i) notify the tax authorities of the registered investment capital for the expansion project; (ii) submit such notification together with the annual CIT return, and no later than the tax year in which the expansion project is implemented; and (iii) submit a revised notification to the tax authorities of any subsequent changes to the registered investment capital.

Key highlights



03

Timing of revenue recognition for CIT purposes

Circular 20 elaborates on the timing of determination of taxable revenue for certain business activities, including:

- For Vietnamese enterprises: export of goods; air transportation services; construction and installation activities (including shipbuilding); and electricity and water supply.
- For foreign enterprises: capital transfers; transfers of securities and certificates of deposit; and transfers of derivative securities (futures contracts). Notably, for capital transfers, timing to determine revenue is when the original capital transfer agreement is effective.

New clarification – intra-group restructuring capital transfers: Circular 20 clarifies that certain intra-group ownership restructuring transactions involving capital transfers may be treated as not giving rise to taxable income where there is no change in the ultimate parent company, subject to the conditions set out in the Circular.

04

Overseas investment income of Vietnamese enterprises

Circular 20 provides guidance on CIT declaration and payment for Vietnamese enterprises earning income from overseas investment projects, in line with the tax administration procedures under Circular 80/2021/TT-BTC (as amended) and any successor guidance issued under the new tax administration regulations.

Key highlights



05

Corporate income tax obligations of foreign companies

To date, Vietnam has generally taxed foreign companies doing business in Vietnam or having Vietnam sourced income by means of a withholding tax mechanism (foreign contractor tax - FCT). Circular 20 provides further guidance on the application of the CIT Law to foreign enterprises, consistent with the policy direction introduced in the CIT Law and Decree 320. Foreign enterprises should assess whether they may now have registration, filing, and payment obligations in Vietnam under the new framework. Contracts signed before 12 March 2026 currently registered for FCT under the former “hybrid method” may continue applying the old rules until contract expiry.

06

Notable transitional provisions

Circular 20 includes transitional rules/ grandfathering to facilitate compliance in its first year of implementation, in particular (i) for deductible expenses incurred before 12 March 2026 and claimed in the 2025 tax year, and (ii) alignment of effective dates for certain requirements under Decree 320.

1. Documentation requirements for deductible expenses (2025 tax year)

- For the 2025 tax year, enterprises may continue applying Circular 96/2015/TT-BTC where documentation is already specifically regulated.
- Otherwise, the required documents are valid invoices and supporting documents under applicable laws.

2. Effective date alignment

- The rules on non-cash payment documentation and capital transfers in Circular 20 apply from the effective date of Decree 320.

Contact us

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Nghiem Hoang Lan

Partner

nghiem.hoang.lan@pwc.com



Richard Irwin

Partner

r.j.irwin@pwc.com



www.pwc.com/vn