



PwC Vietnam Newsbrief

Draft Circular on the application of the Advance Pricing Agreement framework

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At a glance

The Vietnam Ministry of Finance has released a draft Circular (the “Draft Circular”) for public consultation. The Draft Circular is intended to replace Circular 205/2013 on double taxation agreements (DTAs), Circular 45/2021 on advance pricing agreements (APAs), and the mutual agreement procedure (MAP)-related provisions under Circular 80/2021. It will consolidate guidance on DTAs, MAP and APAs into a single regulatory instrument, and is expected to take effect on 1 July 2026.

This Newsbrief is solely focused on highlighting key APA-related changes and enhancements under the Draft Circular, as well as areas requiring further clarification and consideration.

Key changes and enhancements



The Draft Circular introduces several positive changes and enhancements that intend to make the APA process more efficient.

01 More streamlined delegation of roles and responsibilities among tax authorities in APA processing

The Draft Circular clarifies the delegation of roles among tax authorities in the APA process. The Tax Department leads the handling of bilateral and multilateral APAs, while provincial tax departments and specialised sub-tax departments (Large Enterprises and E-commerce) oversee implementation and compliance. Complex cases are escalated to the Ministry of Finance. In addition, for unilateral APA applications, the Tax Department may delegate their processing to relevant tax units.

This marks a significant step forward in streamlining APA procedures in Vietnam, reducing administrative complexity and shortening approval timelines. The shift in approval authority from the Ministry of Finance to the Tax Department enhances the efficiency and flexibility.

02 Introduction of electronic filing for APA applications

Currently, APA applications are required to be submitted in hard copy, which increases the administrative burden on the taxpayer. Under the Draft Circular, APA applications are required to be submitted electronically. This introduces a more streamlined approach, enabling taxpayers to simplify the submission process and significantly reduce the effort associated with hard copy filings, in line with the broader digital transformation agenda of the Ministry of Finance and the tax authorities.

03 Alleviating translation burden

Consistent with the current regulations, APA application dossiers must still be prepared in Vietnamese. For bilateral and multilateral APAs, dossiers must be submitted in Vietnamese with an accompanying English translation, and any original documents in other languages must be translated into Vietnamese (and English for bilateral/multilateral APAs), with taxpayers being responsible for the accuracy of the translations.

However, a notable improvement under the Draft Circular is the introduction of a more practical approach to reduce the administrative burden of translation. Where supporting documents are too extensive to be fully translated, taxpayers may provide Vietnamese summaries, explanations, and details on how the documents can be accessed by the tax authorities.

Further clarifications and considerations



While the Draft Circular introduces several positive developments, there remain a number of areas that require further clarification and potential refinement to ensure a more robust APA framework that is better aligned with international practices, including OECD guidance and regional approaches.

01 APA validity period & roll-back provision

The maximum APA term remains capped at three tax years, which is slightly shorter than the duration commonly seen in many other jurisdictions and under OECD guidance. In addition, the Draft Circular does not include provisions for APA rollback, a feature available in many jurisdictions such as the United States, Japan, Korea and various European countries. These limitations may reduce the flexibility and effectiveness of the APA framework in addressing practical business needs. In this regard, consideration could be given to extending the APA term and introducing rollback mechanisms, in order to enhance alignment with international practices and provide greater certainty for taxpayers.

02 Discontinuation of negotiations when the APA covered period expires

Under the Draft Circular, where the proposed APA period expires and the parties have not reached an agreement on the APA terms, the tax authority may discontinue the processing of the APA application. This approach may create practical challenges for taxpayers, particularly in maintaining continuity and predictability in relation to the years intended to be covered under the APA. Under the Draft Circular, it remains unclear whether the originally submitted application, which is still under negotiation at the time of expiry, can continue to be considered in parallel with the new application. This is an area that warrants further consideration by the tax authorities to address practical challenges and ensure continuity and greater certainty for taxpayers pursuing APA arrangements.

03 Specific timeframes for each stage

As compared with the previous rulings, the Draft Circular does not set out specific timeframes, or even indicative timelines, for each stage of the review process. As a result, taxpayers may face challenges in understanding when additional information is required, how long the tax authorities will take to process submissions, and when feedback may be expected at each stage. In this regard, greater clarity on timelines or the introduction of indicative milestones for each stage of the review process would enhance transparency and support a more efficient and predictable APA application process for taxpayers.

Further clarifications and considerations



04 Simplified APA mechanism for SMEs or low-risk transactions

The Draft Circular applies a single APA process regardless of the size of the taxpayer or the complexity of the transactions involved. Many jurisdictions have introduced simplified or streamlined APA tracks for SMEs or transactions that meet low-risk / limited functional profile criteria, reducing the compliance burden for these groups while allowing tax authority resources to focus on higher-risk cases. The absence of such a mechanism in the Draft Circular is a gap worth considering in the finalisation process.

05 Transfer pricing adjustments

The Draft Circular requires taxpayers to adjust taxable income in line with the agreed APA pricing during the APA period, but does not specify the practical mechanics for making such adjustments. In addition, where a taxpayer's profit margin exceeds the agreed arm's length range for a given year, it remains unclear whether a downward adjustment to align with the agreed range under the APA would be permitted. In this regard, greater clarity on the procedural aspects of implementing such adjustments would be beneficial ahead of implementation.

Way forward

While further clarification in the finalisation of the Draft Circular would be welcomed, the positive developments introduced—particularly in streamlining the APA process—are highly encouraging. In the meantime, taxpayers are encouraged to closely monitor the progress of their submitted APA applications and take a proactive approach in preparation for the Draft Circular's expected effective date of 1 July 2026.



Contact us

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