



PwC Vietnam Newsbrief

Optimising transfer pricing compliance and audit readiness

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At a glance

In recent years, scrutiny of transfer pricing (TP) during tax audits has increased significantly, particularly for businesses engaging in substantial intercompany transactions or those reporting low profitability or losses. Companies involved in high-volume or high-value intercompany transactions face increased risks during tax audits, including potential profit adjustments or disallowance of related-party costs.

This Newsbrief underscores that viewing TP as both a compliance obligation and a strategic risk management tool helps companies better protect their interests and enhance transparency. Strengthening these practices fosters greater confidence in TP positions amid evolving regulatory expectations and promotes proactive risk management.

Optimising TP compliance



01

TP documentation

Ensuring a taxpayer has met the TP compliance requirements - which involves having TP declaration forms, Local File, Master File, and Country-by-Country Report (if required) in place - remains a critical element of TP compliance in Vietnam.

It is essential to fully meet all TP obligations to ensure a taxpayer has a robust compliance foundation: TP compliance documents are often the first documents requested by the tax authority during an audit.

02

Strengthening TP compliance and preparing for tax audit

It is worthwhile carrying out some checks on TP documentation so as to be prepared in case you are audited by the tax authority.

Key compliance considerations

- Review the TP documentation to ensure it is accurate, up-to-date, and reflects the company's current business model.
- Check if the execution of related party transactions is consistent with the group's TP policy. Are intercompany transactions priced in accordance with the group policy and do they have all necessary supporting documents in place?
- Are the selected comparables reliable and truly comparable?
- Is there clear evidence of economic benefits if the company receives any services? Is there sufficient supporting documentation in place to evidence the receipt of the services and benefit received?

Optimising TP compliance



Practical steps for effective compliance

To mitigate tax risks and prepare for audits, companies should regularly review and maintain essential documents, ensuring the authenticity and accuracy of TP information. In addition, they should compare group policies with the actual pricing of intercompany transactions to identify and rectify any discrepancies. Early coordination with parent or group entities about any issues arising from the TP documentation review is essential.

Furthermore, gathering documentation of benefits received in relation to any services received by the company is advisable, because the deductibility of service charges is often challenged in audits. Being prepared in advance can reduce the time required to be spent on such matters during an audit, which are subject to strict time constraints.

Comparables in the Local File may be challenged in an audit. Selection and documentation of comparables requires careful analysis of key factors – location, size, functional profile - and clear justification for their selection. Carrying out a robust review of comparables and having transparent reasons for their selection in the Local File help to ensure the reliability and relevance of benchmarking results.

Managing discrepancies and corrective actions

Regular monitoring helps identify discrepancies in TP documentation and practices. When issues arise, companies should take early corrective action. While group TP policies set the framework, local entities are responsible for effective execution and must also proactively maintain supporting documentation to demonstrate compliance with Vietnam's TP documentation rules.



Contact us

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Nguyen Hong Giang

Partner

n.huong.giang@pwc.com



Judith Henry

Partner

judith.henry@pwc.com



Ngo Thanh Tin

Director

ngo.thanh.tin@pwc.com



www.pwc.com/vn