PwC Vietnam Newsbrief

Decree guiding the implementation of 2025 Personal Income Tax Law

July 2026

At a glance

On 30 June 2026, the Government issued Decree No. 253/2026/ND-CP guiding the implementation of the Law on Personal Income Tax No. 109/2025/QH15. The Decree is effective from 1 July 2026.

The Decree clarifies key changes and supports implementation of the 2025 PIT Law, including revised taxable income rules, expanded exemptions and reliefs, updated thresholds, and compliance obligations for individuals and employers.

Key changes

01

PIT on share transfers and real estate-related transactions

As highlighted in our earlier NB, the draft decree initially proposed replacing the current 0.1% tax on gross proceeds with a 20% tax on gains for transfers of shares in non-public or unlisted joint-stock companies. The final Decree removes this distinction. Accordingly, share transfers in all joint-stock companies (public and non-public) remain subject to a 0.1% tax on gross proceeds.

Where an individual transfers 100% private company or a limited liability company owned by that individual through a capital transfer transaction associated with real estate, the transaction shall be treated as the transfer of real estate.

02

Taxable and non-taxable incomes

The Decree updates the treatment of certain PIT-exempt income and further clarifies several newly introduced concepts, including:

- Meal allowances: Cash meal allowances of up to VND 1.2 million per month are exempt from PIT; amounts in excess remain taxable.
- Overtime and related payments: Payments for overtime, night work at the workplace, and unused annual leave are non-taxable if compliant with the Labour Law.
- Severance and job-loss allowances: Amounts paid in excess of statutory requirements are also exempt from PIT, provided they are supported by the employer’s formal policies.
- High-tech incentive: A new regime provides a five-year PIT exemption on employment income for qualified professionals in the digital technology and high-tech sectors.
- Green finance and carbon market income: Certain income is clarified as PIT-exempt, including: proceeds from the initial transfer of recognised greenhouse gas emission reduction results; transfers of carbon credits allocated to individuals; interest income from green bonds; and gains from the first transfer of green bonds after issuance.

Overall, these changes expand the scope of PIT-exempt income.

Key changes

03

Clear guidance on allowable deductions

The Decree introduces caps on certain deductible expenses under the 2025 PIT Law. In particular:

- Medical expenses: Deductible medical expenses incurred at domestic healthcare providers are capped at VND 23 million per year.
- Education and training expenses: Expenses at domestic institutions are capped at VND 24 million per year.
- These deductions apply to both employees and their dependents' expenses, subject to proper supporting documentation and invoicing requirements.

In addition, taxpayers claiming eligible deductions (e.g. charitable or humanitarian contributions, medical expenses, and education and training expenses) are required to finalise their PIT directly with the tax authority.

04

PIT on Awarded shares and Employee Stock Option Plan

Upon the transfer of shares, employees are subject to PIT on both employment income and income derived from the transfer of securities.

For the employment income purpose, the securities company or custodian bank where the individual maintains a depository account is responsible for tracking awarded shares and ESOP shares held by each individual and withholding PIT upon income distribution. PIT is withheld at a rate of 10% on taxable income arising from such shares.

Individuals are required to include this income in their annual PIT finalisation in accordance with applicable regulations.

Key changes

05

Some notes for PIT withholding and finalisation on employment income

The Decree revises certain thresholds and provides additional clarification on PIT withholding and finalisation:

- Withholding threshold: Increased from VND 2 million to VND 5 million per payment for individuals without labour contracts or having the labour contract with the term less than 3 months; below this threshold, withholding applies only upon request.
- Scope of application: This withholding obligation also applies to payments made to individuals after termination of their employment contracts with the income-paying entity.
- Finalisation threshold: Income from other sources up to VND 15 million per month (average) may be excluded from employer finalisation if subject to 10% withholding.

Individuals who opt to finalise PIT directly with the tax authorities are required to consolidate all employment income earned during the year and the corresponding PIT withheld.

Contact us

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