PwC Vietnam Newsbrief

Decree 255/2026/NĐ-CP on tax administration for related party transactions: Key updates and practical considerations

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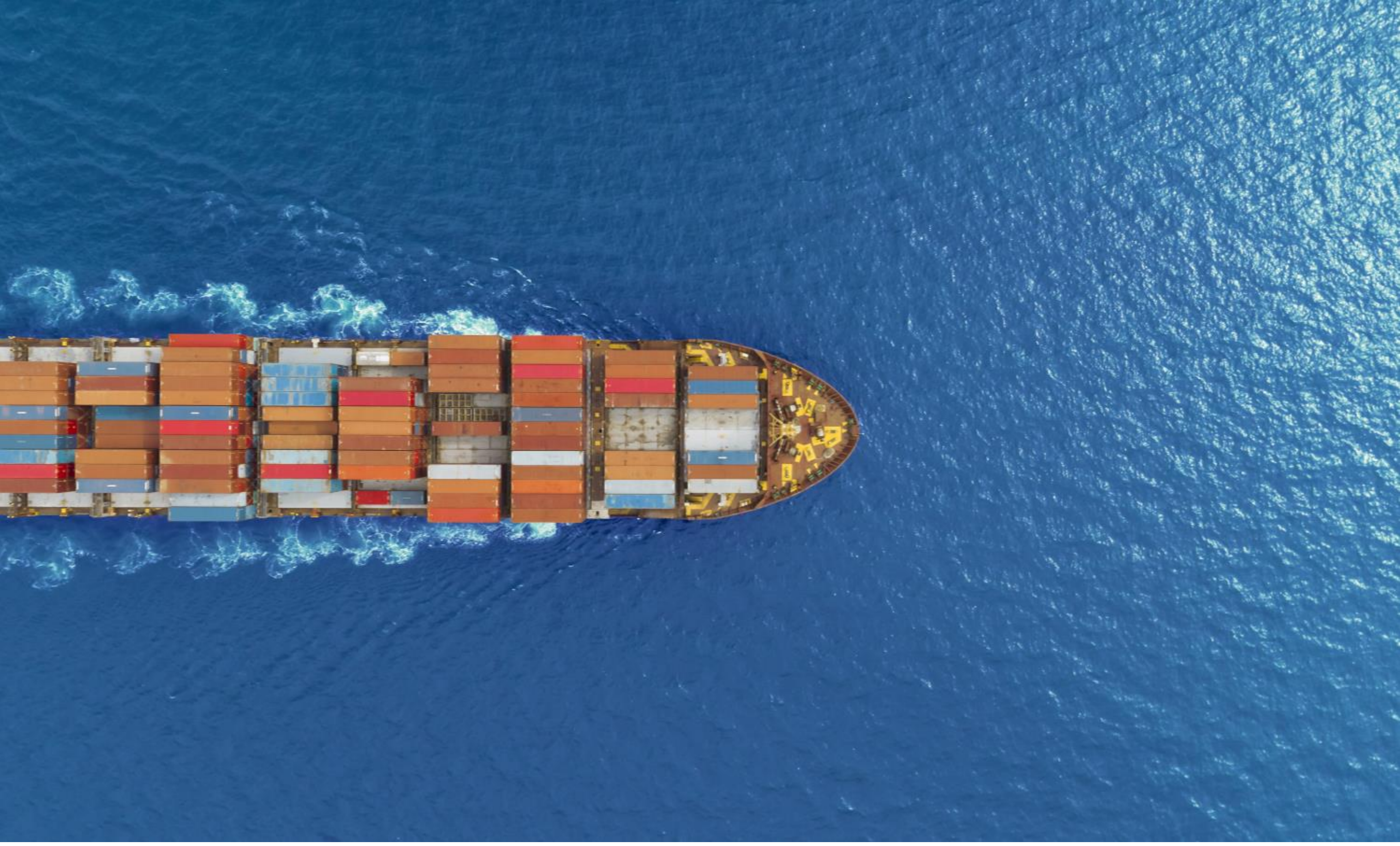

At a glance

The Vietnam Government has issued Decree 255/2026/NĐ-CP ("Decree 255") on tax administration for related-party transactions, replacing Decree 132/2020/ND-CP and Decree 20/2025/ND-CP. The new Decree retains the core transfer pricing framework while introducing targeted refinements in several areas of administration and compliance.

Key updates include a prescribed hierarchy for benchmarking data sources, revisions to the TP documentation exemption regime, and more detailed Country-by-Country Reporting (“CbCR”) requirements. Decree 255 also introduces transparency obligations for tax authorities regarding CbCR exchange mechanisms, which may affect the practical application of local filing requirements.

Decree 255 is effective from 1 July 2026 and applies from the 2026 corporate income tax period.

This Newsbrief summarises the key changes under Decree 255 and outlines practical considerations for taxpayers.

Key changes and enhancements

01

Refinements to definitions and documentation requirements

Decree 255 introduces targeted refinements to certain definitions by explicitly cross-referencing the Law on Tax Administration and related legal frameworks, including concepts such as the ultimate parent entity ("UPE") and the interpretation of tax treaties. In parallel, it reaffirms the requirement for transfer pricing documentation ("TPD") to be prepared no later than the corporate income tax ("CIT") finalisation deadline and to be maintained for submission upon request. While these points are broadly consistent with the existing regime, the more explicit wording reinforces expectations around the timely preparation and maintenance of TPD.

02

Introduction of a hierarchy for benchmarking data sources

A notable enhancement is the introduction of a prescribed hierarchy for selecting data sources used in comparability analyses, with the following order of priority:

- Public or official sources, including stock exchange data, commodity/service exchanges, national databases and other publicly available official sources.
- Commercial databases.
- Tax authority databases.

This reflects a clear preference for transparent, independently verifiable data, which may strengthen the defensibility of TP positions where appropriately applied.

Key changes and enhancements

03

Revisions to TP documentation exemption regime

Decree 255 refines the framework for TP documentation exemptions, including:

- An increase in the revenue threshold for the exemption from preparing TPD under the prescribed profitability safe harbour rules (from VND200 billion to below VND500 billion in specific cases); and
- The removal of qualitative criteria such as "simple functions" when assessing eligibility under the same regime.

These changes reduce ambiguity and may simplify the application of exemption rules in practice.

04

Updates to Country-by-Country Reporting (CbCR)

General requirements

Decree 255 provides further clarification on Vietnam's CbCR framework.

- The consolidated group revenue threshold is aligned to the equivalent of EUR750 million, replacing the previous VND18,000 billion threshold.
- The threshold is determined based on the preceding financial year, with a specific foreign exchange conversion rule referencing State Bank exchange rates.
- If an overseas headquartered company in Vietnam is required to submit their group's CbCR, the CbCR must be submitted in XML format and within 12 months from the end of the UPE's fiscal year.
- A designated taxpayer is required to submit Form No. 01/TB-BCLN to notify the tax authority of the group's CbCR filing entity in Vietnam no later than the last day of the UPE's fiscal year.
- Form No. 01/TB-BCLN is a one-time notification; updated notifications are required only upon a change in the previously reported information and must be submitted within 90 days of such change.
- CbCR data is not intended as a basis for tax and TP adjustments.

Key changes and enhancements

04

Updates to Country-by-Country Reporting (CbCR)

Local filing obligations in Vietnam

Decree 255 sets out more detailed conditions under which a Vietnamese taxpayer with an overseas UPE must or need not file CbCR locally.

- **Overseas filing by the UPE or a designated filing entity** – local filing is not required where the CbCR is filed by the UPE or another designated group entity, and the relevant information exchange conditions are satisfied.
- **Systemic failure** – local filing is required where the foreign jurisdiction fails to exchange CbCR information with Vietnam despite having an agreement in place.
- **Threshold mismatch cases** – local filing is not required where the UPE is exempt in its home jurisdiction due to differences in thresholds, currency conversion or revenue calculation rules.
- **Conditions for local CbCR filing in Vietnam** – local filing applies only where Vietnam meets international standards on confidentiality, consistency and appropriate use of CbCR data, as formally announced by the tax authority.

While Decree 132 addressed local filing at a high level, these provisions introduce greater clarity and specificity.

This provides a clearer framework for assessing local filing obligations, but also increases the need for multinational groups to closely monitor exchange status, overseas filing arrangements and notification obligations.

These changes may require updates to internal compliance processes and greater coordination with group tax functions.

Further considerations

A distinctive feature of new decree is the introduction of transparency requirements for tax authorities in relation to the enforcement of local CbCR filing obligations. Specifically, the tax authority in Vietnam is required to publicly confirm compliance with internationally accepted conditions on confidentiality, consistency and appropriate use of CbCR data on their official website. The tax authority must also publish annual updates on the status of CbCR exchange relationships, including:

- Jurisdictions with effective exchange relationships; and
- Jurisdictions where exchange mechanisms are not functioning effectively.

From a practical perspective, the application of local filing requirements is now linked to these publicly disclosed conditions.

Taxpayers should therefore closely monitor these disclosures, particularly where they rely on overseas filing and exchange mechanisms, and ensure coordination with group-level tax functions to assess potential fallback filing obligations in Vietnam.

PwC will continue to monitor developments and provide further updates as additional guidance and official disclosures become available.

Contact us

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. For further information, please reach out to us.

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