PwC Vietnam Newsbrief

New Circular on Tax Administration issued

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At a glance

The Ministry of Finance has issued Circular 89/2026/TT-BTC dated 30 June 2026 providing guidance on the implementation of Tax Administration Law 2025 and its Decree 252. The new Circular takes effect from 1 July.

The Circular provides guidance on the implementation of Tax Administration Law 2025 and Decree 252, while introducing important updates relating to tax compliance management, tax refunds, tax treaty relief, allocation of tax liabilities and tax audit procedures. The Circular also clarifies and replaces certain guidance currently applied under previous tax administration regulations.

Some key changes

01 Taxpayer classification framework

The Circular provides more detailed guidance on the classification of taxpayers based on tax compliance levels and risk ratings, together with the corresponding management measures applicable to each category.

Compliance	Risk level		
	Low Risk	**Medium risk**	**High risk**
Good	Priority regime applies	No specific measures prescribed	• Warning, monitoring and tracking • Enhanced management including audit, supervision and enforcement
Average	• Compliance support; • Communication, guidance and training	• Compliance support; • Communication, guidance and training	• Warning, monitoring and tracking • Enhanced management including audit, supervision and enforcement
Low	• Warning, monitoring and tracking • Enhanced management including audit, supervision and enforcement	• Warning, monitoring and tracking • Enhanced management including audit, supervision and enforcement	• Warning, monitoring and tracking • Enhanced management including audit, supervision and enforcement
Non-compliant	Intensive monitoring	Intensive monitoring	Intensive monitoring

Some key changes

02 Some welcome developments …

- The Circular clarifies that where a taxpayer has fully paid the correct amount of tax by the prescribed deadline but made the payment to an incorrect locality, late payment interest will not apply to the underpaid amount in the locality entitled to the tax revenue. The managing tax authority will guide taxpayers on reconciliation procedures or refund and offset arrangements to reallocate the tax revenue to the correct locality.
- The Circular introduces more flexible procedures where taxpayers' systems experience technical infrastructure failures. In such cases, taxpayers may submit paper dossiers directly at the one-stop service division or via postal services.
- Tax Administration Law 2025 introduces an automatic tax refund mechanism, under which eligible refund applications may be processed through the tax administration information system based on available data and risk management criteria. The Circular provides guidance on the implementation of this mechanism for "refund first, audit later" cases, including data review and reconciliation procedures, and the automated issuance of tax refund decisions for eligible cases. The new mechanism is expected to simplify refund procedures, shorten processing timelines and enhance tax administration efficiency.
- VAT refund dossiers have been simplified through the removal of detailed schedules of input VAT invoices, as well as the list of customs declarations for which customs clearance procedures have been completed.
- The Circular introduces guidance on VAT refund claims for goods and services subject to the 5% VAT rate.
- The requirement to submit tax treaty exemption or reduction claims 15 days before the relevant tax filing deadline has been removed.
- For treaty relief claims submitted by foreign suppliers deriving income from Vietnam (understood to apply to foreign suppliers engaged in e-commerce business activities), the tax authorities may accept standard contracts signed with Vietnamese customers, provided that such contracts contain sufficient information, including details of the service provider, implementation period and method, contract value, payment method, rights and obligations of the parties, together with a list of service users.
- The tax declaration form for capital transfer tax (Form 05/TNDN) has been revised to align with the new tax calculation mechanism based on a percentage of revenue. For intra-group restructuring transactions where there is no change in ultimate parent company after the restructuring and where no gain arises, taxpayers may tick the box "No gain generated".

Some key changes

02 Some welcome developments …

- The Circular clarifies that certain VAT adjustments may be reflected directly in the VAT return of the current period rather than through an amended return for the period in which the error arose, including:
  - Purchases of goods or services worth VND 5 million or more made on deferred payment terms where non-cash payment evidence was unavailable at the payment due date, but valid non-cash payment evidence was subsequently obtained.
  - Errors in input VAT previously claimed, where the adjustment only reduces the VAT payable or only increases/decreases the excess input VAT carried forward.
  - Cases where purchasers receive adjustment invoices or replacement invoices due to changes in actual settlement values, commercial discounts, or the return of goods or services.
- Finalisation filings for foreign contractor tax upon contract completion are only required where there is a change to the tax amount previously declared and paid.

03 Tighter tax compliance procedures

- For tax treaty relief claims, where the tax administration information system identifies a claim as high-risk, the tax authority may transfer the case to an audit process within 10 days from the date of receipt.

04 Other changes / more detailed guidance

- The Circular clarifies the determination of the CIT payment allocation ratio where a company has a dependent unit or business location that operates as a manufacturing facility in another province while also carrying out other business activities for which costs cannot be identified separately. In such cases, the costs used for determining the allocation ratio are the total actual costs incurred by the dependent unit or business location during the relevant tax period.
- The Circular adds guidance confirming that taxpayers are not required to allocate tax payments to manufacturing facilities located in other provinces where those facilities are still in investment phase and have not yet commenced production.
- The tax authorities will only issue written notifications where tax treaty claims are rejected.

Some key changes

05 Changes to tax audits

- In addition to tax audits conducted at taxpayers' premises, the Circular provides procedures for tax audits conducted at the tax authorities' offices, which are carried out through the review, cross-checking, comparison and analysis of tax returns against the tax authorities' database. During this process, the tax authority may request the taxpayer to provide explanations or supplementary information and documents up to two times. If, following the second request, the taxpayer still fails to provide explanations or cannot substantiate the accuracy of the declared tax amount, the tax authority may proceed with tax assessment or tax collection under the audit procedures by issuing a decision to carry out a tax audit at the tax authorities' offices (where there are sufficient grounds for tax assessment or identification of a violation), or conduct a tax audit at the taxpayer's premises (where further verification is required).
- A notable new development is that audits conducted either at the tax authorities' premises or at taxpayers' premises may be performed online and remotely based on electronic data through the electronic communication portal.

06 Effective date

- The Circular takes effect from 1 July 2026. Tax returns relating to tax periods before 1 July 2026 continue to use the forms applicable prior to the effective date of the Circular.

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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