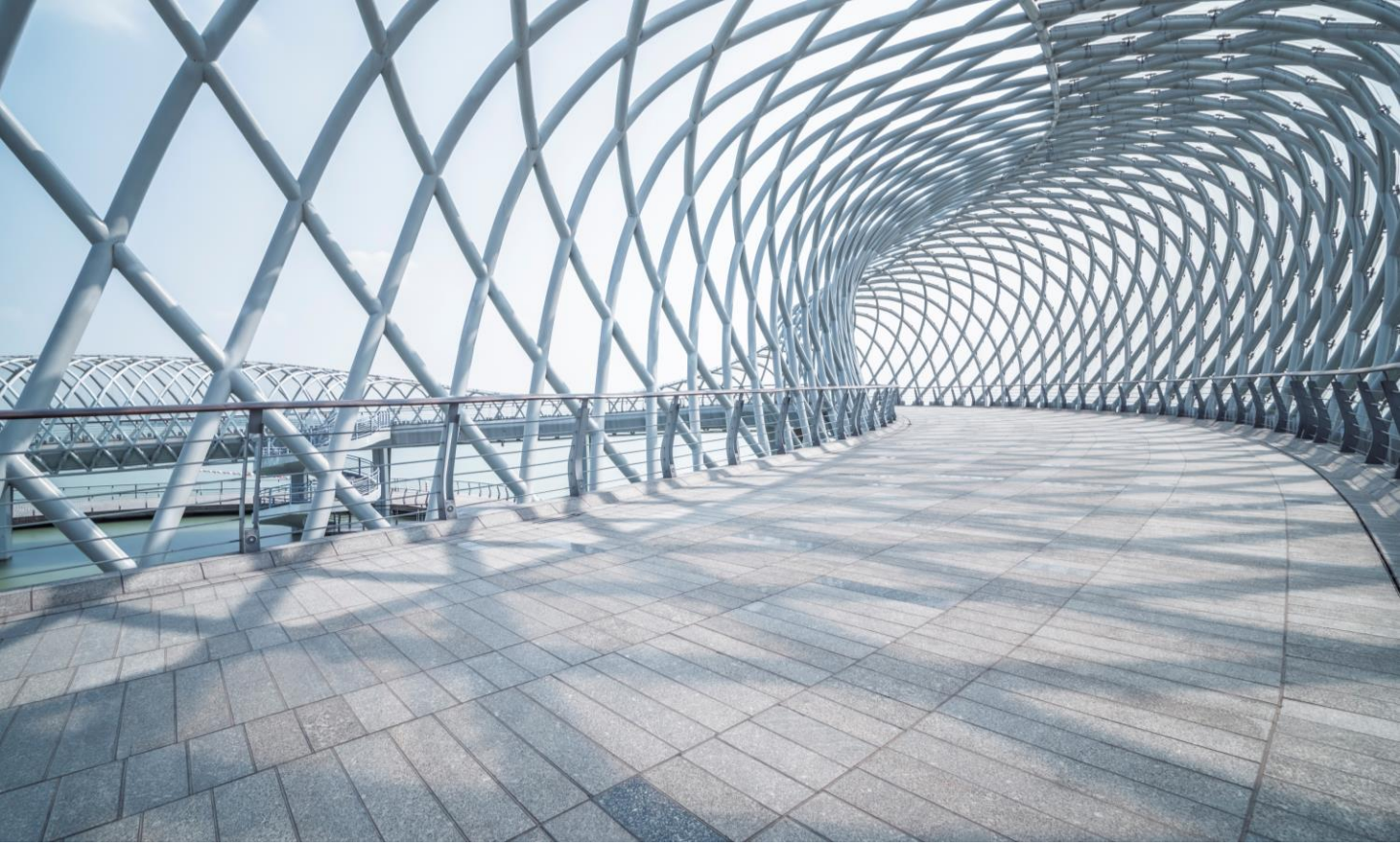
PwC Vietnam Newsbrief

Personal Income Tax withholding on overseas employment income recharges

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At a glance

Decree 253 provides clarity on PIT payment obligation where the employment income of expats is paid overseas and then recharged to a Vietnam affiliate where they work. This has not been addressed under the previous regulations.

This clarification is relevant to multinational companies with expatriates working in Vietnam who continue to be paid through an overseas group payroll, with their employment costs recharged to the Vietnam entity.

Details



A common arrangement

An expatriate working in Vietnam is paid through an overseas group payroll. The overseas company then recharges the employment cost to the Vietnam entity.



What has changed

Previously, when the overseas company recharged the employment cost to the Vietnam entity, it was unclear whether the individual should declare the overseas-paid income directly or whether the Vietnam entity should withhold and declare PIT.

Decree 253 states that in such case the Vietnam entity must withhold and declare PIT on the employment costs recharged by the overseas entity, even though it does not pay the expatriate directly.

Contact us

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Vo Ngoc Thuy An
Partner
vo.ngoc.thuy.an@pwc.com



Vong Dong Le
Senior Manager
vong.dong.le@pwc.com

www.pwc.com/vn

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