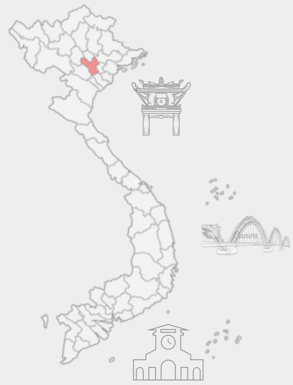

Newsletter

Personal Income Tax in Vietnam

Update
WEF 1 Jul 2026

Vinh Hy Bay, Khanh Hoa, Vietnam
N2NC

PERSONAL INCOME TAX (PIT)

Law on PIT No. 109/2025/QH15
Law No. 09/2026/QH16 amending PIT Law 109/2025/QH15
Decree 253/2026/ND-CP
Circular 87/2026/TT-BTC

Effective from 1 July 2026
Applicable in the tax period 2026 (following calendar year)

- Taxable income
- Non-taxable income
- Regulations on dependent and dependent registration
- Other deductions for PIT computation (charity, education, healthcare)
- PIT withholding & PIT finalization at year-ending

Vietnam current tax regulations are highly interconnected. When researching or managing practical cases, look beyond Personal Income Tax (PIT) and evaluate related frameworks—such as Tax Administration, Tax Registration & Management for business household and individual, Invoicing compliance & Penalties for Invoicing Violations

Tax Administration
Wef 1 Jul 2026

Law on Tax Management No. 108/2025/QH15
Decree 252/2026/D-CP
Circular 89/2026/TT-BTC
Circular 90/2026/TT-BTC

Tax Registration
Wef 5 Mar 2026

Decree 68/2026/ND-CP
Circular 18/2026/TT-BTC

Apply for business household & individual

Invoice
Wef 16 Jan 2026

Decree 125/2020/ND-CP
Decree 310/2025/ND-CP

TAXABLE INCOME ITEMS

[Reference | Article 3, Law 109/2025/QH15]

There are ten (10) taxable income items defined in new regulations:

- Income from business activities
- Income from salaries and wages
- Income from capital investment
- Income from capital transfer
- Income from real estate transfer
- Income from winnings/prizes
- Income from royalties
- Income from commercial franchising
- Income from inheritance and gifts
- Other income [updated]

Other income
[Reference | Article 16, Decree 253/2026]

- Income from the transfer of national ".vn" domain names
- Transfer of vehicle license plates won at auction
- Transfer of digital assets, including virtual assets, crypto assets and other digital assets
- Transfer of greenhouse gas emission reduction results / carbon credits owned by an individual

(to be continued)

(to be continued)

NON-TAXABLE INCOME

[Reference | Article 26, Decree 253/2026/ND-CP]

Additional income are considered as non-taxable income for PIT calculation.

INCOME SOURCES	DESCRIPTION	NOTICE
Night-shift & Overtime	To qualify for tax exemption, overtime payouts must comply with working hour and condition requirements under Articles 98, 106, 107, and 108 of the 2019 Labor Code of Vietnam	Employers must retain timekeeping, scheduling, overtime, and payroll records to support PIT calculations
Encash for unused annual leave	Payments made to resigning or terminated employees for unused annual leave (AL) are exempt from PIT. AL is applied in accordance with Clause 3, Article 113 of Labor Code 2019 (job-loss, resignation)	PIT exemption applies only to unused leave earned in the year of resignation Exempt payouts are capped at the statutory rate of 12 days per year. Payouts for unused AL carried over from prior years are fully taxable.
Mid-shift meal allowance	Mid-shift meal allowance with amount from **VND1,200,000 (USD45)** and below is non-taxable items. Any amount exceeding that cap must be subject to PIT. This takes effective from 1 July 2026 onward.	The revised tax-exempt limit for mid-shift meal allowances (VND 1,200,000 per person per month) takes effect on 1 July 2026 and does not apply retroactively. Direct meals provided by employers (catering, in-house cooking, or meal coupons) are non-taxable item with no maximum cap.
Severance allowance Job-loss allowance	Severance allowance and job-loss allowance are excluded from taxable income for PIT purposes, pursuant to Point h, Clause 3, Article 8, Decree 253/2026/ND-CP	The additional amount actually paid above statutory limits is also non-taxable. Above-statutory allowances are tax-excluded if documented in company policies, contracts, or agreements and applied consistently to all employees rather than on a case-by-case basis.

(to be continued)

(to be continued)

REGULATIONS ON DEPENDENTS & DEPENDENT REGISTRATION

Dependent Deduction
VND 6,200,000 (USD238)
per registered dependent per month
(Wef 1 Jan 2026)

Principles for dependant deductions
[Reference | Article 26, Decree 253/2026/ND-CP]

Registration Requirement	Taxpayers must be tax-registered and have registered their dependants to claim deductions	
Annual Deadline & Stability	Dependant registration must be completed by 31 Dec for that tax year; approved dependants remain valid for subsequent years unless details change	
Workplace Changes	When switching employers without changing details, the re-registration of dependent is not required. The new employer only needs to retain the supporting documents and an eTax Mobile screenshot	Etax mobile
Multiple Income Sources	Taxpayers with multiple jobs may choose which employer applies the deduction, but each dependant can only be claimed once per year	

Additional general conditions on dependents
[Reference | Article 3, Circular 87/2026/TT-BTC]

- Working-age dependents must be disabled/incapable of work, with a certified working capacity loss of >= 81%
- No income, or average monthly income during the year from all sources not exceeding VND 3 million

Clarifying the conditions of other dependents
[Reference | Clause 2, Article 47, Decree 253/2026/ND-CP]

Other Dependents under PIT regulations include: Biological siblings, paternal and maternal grandparents, Biological aunts and uncles (paternal/maternal) etc.

- Has no other means of support and lives with the taxpayer, evidenced by residence information on the VNeID application

VNeID

- Is directly supported by the taxpayer, where the taxpayer has a support obligation under Articles 104, 105 and 106 of the Law on Marriage and Family and other related legislation

(to be continued)

(to be continued)

OTHER DEDUCTION FROM TAXABLE INCOME

[Reference | Article 49, Decree 253/2026/ND-CP]

Taxpayers may deduct these expenses when calculating PIT:

- Charitable and Humanitarian Donations
- Eligible **Medical and Healthcare** Expenditures (incurred for the taxpayer and registered dependents) [Updated]
- Eligible **Educational** Expenditures (incurred for the taxpayer and registered dependents) [Updated]

Items	**Charity Donation**	**Medical & Healthcare**	**Education & Training**
Narrative	Including contribution to: • Charity, humanitarian & study-promotion funds • Licensed sponsorship organization • Support for facilities caring for vulnerable groups (children, the elderly, the disable etc.)	Domestic medical examination and treatment expenses covered by health insurance (for the taxpayer and registered dependents)	Tuition and training fees at domestic institutions - covering preschool through higher education, vocational school, and professional skills training (for the taxpayer and registered dependents)
Eligible amount	No cap or threshold	Not exceeding VND23 mil per year (USD885)	Not exceeding VND24 mil per year (USD930)
Request of document	A copy of a valid receipt from the organization, facility, or fund, or proof of non-cash payment via a bank	Valid invoices, receipts showing the name of taxpayer or registered dependents, an official MOH medical cost statement for healthcare expenses	Valid invoices, receipts showing the name of taxpayer or registered dependents
General notice	• Expenses must not have been reimbursed or covered by any other source, including insurance, state budgets, sponsorships, or third-party support. • Deductions must be claimed in the tax year the expense occurs; unused amounts cannot be carried forward. • Taxpayers MUST undertake PIT finalization by themselves and are not eligible to delegate it to their employer if claiming tax reductions or deductions for charitable, medical, or education expenses		

PIT WITHHOLDING & PIT FINALIZATION AT YEAR-ENDING

[Reference | Article 50, 51, Decree 253/2026/ND-CP]

A 10% PIT withholding applies to each payment of VND5 million or more to resident individuals without a labor contract (LC) or on a LC under 3 months (including terminated LC)

10%

VND 5 mil

PIT finalization is not required for secondary income averaging up to 15 million VND/month if 10% PIT was already withheld at source

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