N2N CONSULTING FIRM

Newsletter

Corporate Tax Incentives for SMEs in Vietnam

Hoi An Ancient Town, Vietnam

N2NC

Update 2026-2027

Vietnam continues to strengthen its support for small and medium-sized enterprises (SMEs) through targeted Corporate Income Tax (CIT) incentives, in particular:

- The 3-year CIT exemption for newly established enterprises, and
- The 30% reduction in CIT payable applicable for the 2026 and 2027 tax periods

3-YEAR CIT EXEMPTION FOR NEWLY ESTABLISHED ENTERPRISES

[Reference | Official Letter 3897/CT-CS dated 11 June 2026]

CRITERIA	DESCRIPTION
SME scale	Entities legally established under Vietnamese laws, satisfy the SME conditions (*) in terms of employee, registered capital or revenue
Management integrity	The management team and Legal Representative must not have held key roles in any business that ceased operations within the preceding 12 months (anti-abuse measure against liquidate-and-re-establish solely to claim tax benefits)
Entire new legal entity 17 May 2025	The enterprise must be incorporated as a genuinely new legal entity after 17 May 2025, not formed through division, spin-off, merger, name change, or restructuring of an existing enterprise.

NOTICE

Exemption period

The 3-year exemption runs continuously from the issuance date of the Enterprise Registration Certificate (ERC) - regardless of when the business actually commences operations, generates revenue, or earns taxable income.

Investors should plan **capital contribution, construction, and operational launch** carefully to avoid forfeiting exempt time before the business becomes active

Filing procedure

This incentive is not applied automatically. Enterprises are responsible for **self-assessing their eligibility** and **proactively submitting the required tax incentive appendix** together with the annual CIT finalization return.

(*) Refer to table "SME conditions clarification" next page

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30% REDUCTION IN CIT PAYABLE FOR TAX PERIOD 2026 - 2027

[Reference | Resolution No. 43/2026/QH16 dated 24 August 2026]

The Vietnamese Government has introduced a 30% reduction in the amount of CIT payable for the 2026 and 2027 tax periods. This relief applies to:

- All enterprises and organizations established under Vietnamese law; and
- Annual revenue of VND 10 billion (equivalent to USD 385,000) or less in each respective year

ITEMS	DESCRIPTION	NOTICE
Interaction with other incentives	The 30% reduction applies to the net tax payable remaining	Calculated after all location- or sector-based incentives have been fully deducted
Anti-abuse on corporate division	Aggregate revenue after split > VND 10 billion	All resulting entities lose eligibility for the incentive
Compliance workflow	Self-determine & make provisional payments quarterly	Perform final CIT settlement and adjustments at year-end

SME CONDITIONS UNDER VIETNAM REGULATIONS

[Reference | Article 5, Decree 80/2021/ND-CP dated 26 August 2021]

Items / SME Scale	Trading and Services Industries		Agriculture, Forestry, Fisheries, Construction Industries	
	Labor (Average Social Insurance participants)	**Revenue OR registered capital threshold**	**Labor (Average Social Insurance participants)**	**Revenue OR registered capital threshold**
Micro	<=10 employees	Capital <= 3 billion, or Revenue <= 10 billion	<=10 employees	Capital <= 3 billion, or Revenue <= 3 billion
Small	<=50 employees	Capital <= 30 billion, or Revenue <= 100 billion	<=100 employees	Capital <= 20 billion, or Revenue <= 50 billion
Medium	<=100 employees	Capital <= 50 billion, or Revenue <= 300 billion	<=200 employees	Capital <= 100 billion, or Revenue <= 200 billion
Note	*Under VND currency* *The labor criterion is mandatory, combined with either the Capital OR Revenue threshold (meeting at least 1 of the 2 financial metrics is sufficient).*			