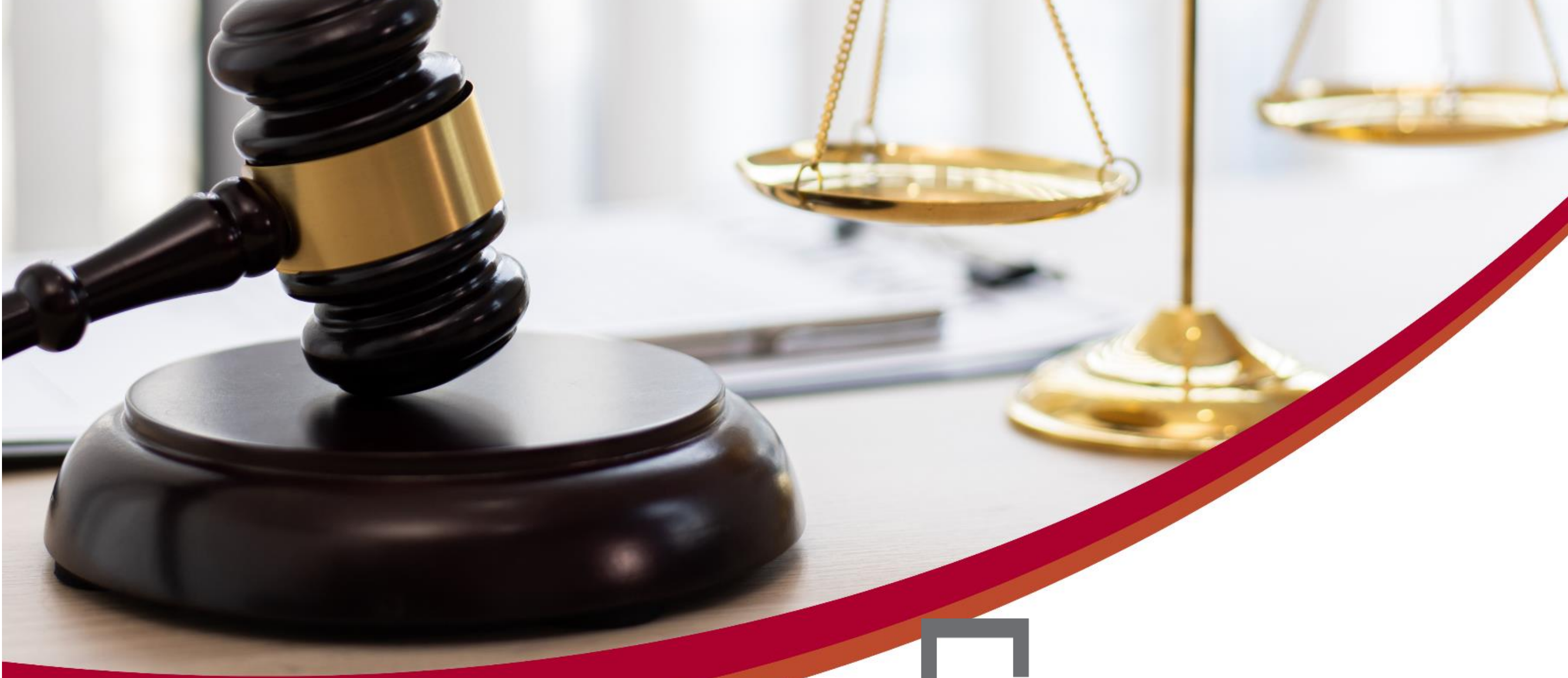

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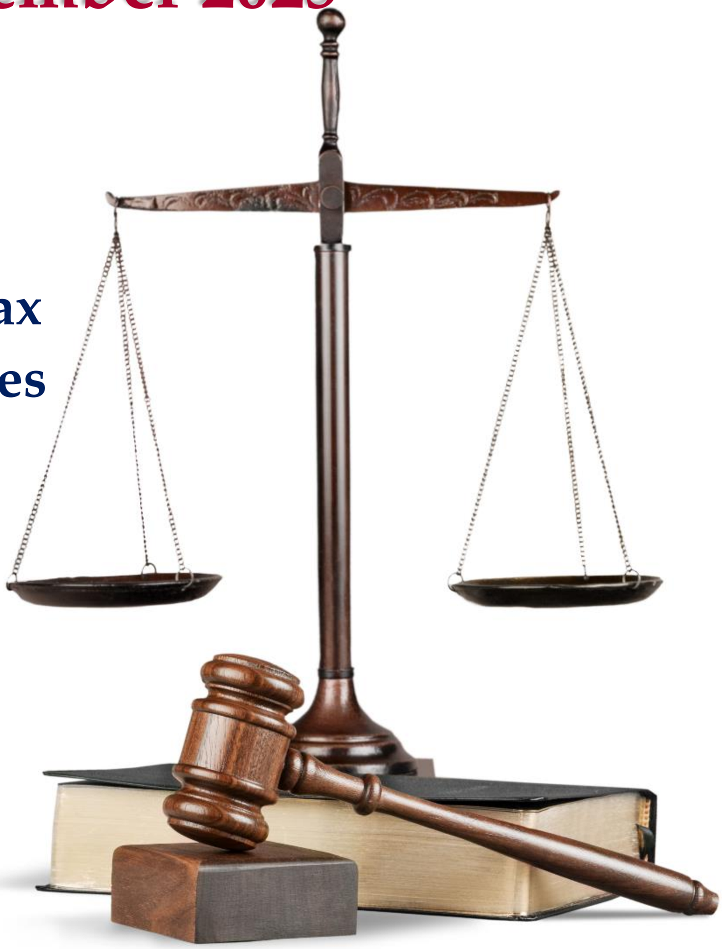

Law on Corporate Income Tax 2025: Many important changes that enterprises need to proactively adapt to

From October 1, 2025, Law No. 67/2025/QH15 on Corporate Income Tax **("Law on CIT 2025")** will officially take effect and apply to the 2025 tax period, with a series of important changes that enterprises need to pay attention to.

1. Foreign enterprises doing business through digital platforms and e-commerce must pay corporate income tax

The Law on CIT 2025 stipulates that foreign enterprises providing goods and services in Vietnam through income-gaining e-commerce platforms and digital platforms in Vietnam, regardless of whether they have a permanent establishment or not, must pay corporate income tax (CIT), with the principle that all income received originating from Vietnam must be taxed, regardless of the business location.[1]

2. Income from carbon credit transfer, green bonds are exempt from CIT

The Law on CIT 2025 has updated many new tax-exempt incomes, especially income from the environment and green bonds such as: income from the transfer of emission reduction certificates, the first transfer of carbon credits after issuance by enterprises granted emission reduction certificates, carbon credits; income from green bond interest; income from the first transfer of green bonds after issuance.[2]

3. Supplement taxable income and deductible expenses

- ***New taxable income:*** differences due to revaluation of assets for capital contribution, merger, consolidation, division, separation, conversion of ownership, conversion of enterprises type; differences between fines, compensation for breach of contract or rewards for good performance of contractual commitments; and donations and gifts in cash or in kind received.[3]

- ***New deductible expenses:*** expenses for seconded persons participating in management in credit institutions under special control, commercial banks subject to compulsory transfer; costs of reducing greenhouse gas emissions, net zero and environmental protection (related to production and business activities); costs of constructing public works serving production and business; costs of scientific research, technology development and innovation, digital transformation; contributions to funds established under the Prime Minister's decision.[4]

4. New tax structure[5]

- General tax rate: 20%.

- Tax rate by revenue:

  ✓ 15% for enterprises with total annual revenue [6]not exceeding VND 3 billion .

[1]Articles 2.2 (c,d), 2.3(e) and 3.3 of the Law on CIT 2025
[2]Article 4.10 of the Law on CIT 2025
[3]Article 3.2(h,i,k) of the Law on CIT 2025
[4]Article 9.1(b) of the Law on CIT 2025

[5]Articles 10 and 18.4 of the Law on CIT 2025, *the tax rates of 15% and 17% do not apply to enterprises that are subsidiaries or affiliated companies where the affiliated enterprise is not an enterprise that meets the conditions for applying preferential tax rates.*
[6]is the total revenue of the previous CIT period

- ✓ 17% for enterprises with total annual revenue from over VND 3 billion VND to no more than VND 50 billion.

- Activities related to oil, gas and rare resources:

  - ✓ 25% - 50% for oil and gas exploration and exploitation activities.

  - ✓ 50% *(or 40%, if the mine has 70% or more of its area in an area with particularly difficult socio-economic conditions)* for exploration and exploitation of rare resources.

5. Offsetting operating losses when determining taxable income

In case an enterprise has many production and business activities in the tax period, and one production and business activity is at a loss, the enterprise has the right to choose to offset that loss against the taxable income of other profitable production and business activities *(except for income from real estate transfer, investment project transfer, transfer of investment project participation rights* ***without offsetting against income from production and business activities that are enjoying tax incentives****)*. In particular, income from the transfer of investment projects/investment project participation rights/mineral exploration, exploitation and processing rights must be determined separately for tax declaration and payment and losses cannot be offset against other production and business activities.[7]

6. Adjusting CIT incentives

- ***Reduce CIT exemption period for income from selling new technology products:*** reduced from a maximum of 5 years to a maximum of no more than 3 years [8].

- ***Increase conditions for enjoying CIT incentives for large projects:*** production projects that want to enjoy 10% incentives for 15 years must meet the conditions of (i) minimum investment capital of VND 12,000 billion *(previously VND 6,000 billion)*, (ii) disbursement of total registered investment capital within 05 years (*previously no more than 3 years*) and (iii) use of technology that meets the standards of the Ministry of Science and Technology [9].

- ***Expanding new fields enjoying CIT incentives:*** adding many new fields to the list of incentives, typically key digital technology services, network information security, semiconductor chips, construction of artificial intelligence data centers, renewable energy production, clean energy and facilities supporting small and medium enterprises.[10]

- ***Eliminate some types of income that enjoy CIT incentives:*** income from production and trading of online video games and production of goods subject to special consumption tax *(except for projects to produce and assemble cars, airplanes, helicopters, gliders, yachts, and petrochemical refining)* [11].

- ***Preferential locations:*** investment projects in industrial parks are no longer entitled to corporate income tax

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[7]Articles 7.3 and 7.4 of the Law on CIT 2025
[8]Article 4.4 of the Law on CIT 2025
[9]Article 13.1(b) of the Law on CIT 2025
[10]Article 12.2 of the Law on CIT 2025
[11]Article 18.3(c) of the Law on CIT 2025

incentives. Meanwhile, economic zones, high-tech zones, high-tech agricultural zones, concentrated digital technology zones continue to enjoy corporate income tax incentives.[12]

7. Specific regulations on CIT exemption and reduction period

Exemption for up to 04 years and 50% reduction of payable tax for up to 09 subsequent years for income of enterprises applying preferential tax rate of 10%; exemption for up to 02 years and 50% reduction of payable tax for up to 04 subsequent years for income of enterprises applying preferential tax rate of 17%; new investment projects subject to incentives and special support can have their tax exemption and reduction period extended by up to 1.5 times according to the Prime Minister's decision; newly established enterprises from business households are exempted for 2 years from the time of having taxable income.[13]

8. Increase the provisioning rate for Science and Technology Development Fund for enterprises

The provisioning rate for the Science and Technology Development Fund of enterprises is increased from 10% to 20% of annual taxable income. The amount of the fund must be used for the right purpose within 05 years. If 70% is not used or is used for the wrong purpose, the CIT calculated on the income that has been set aside for the fund but not used or used for the wrong purpose will be recovered and interest will be charged .[14]

The above changes not only directly affect financial obligations but also open up development opportunities for many enterprises. Therefore, enterprises need to proactively review their financial and investment plans as well as update new regulations to have appropriate adjustments to their business strategies in the coming time.

[12] Article 12.3(c) of the Law on CIT 2025

[13] Articles 14 and 15.4 of the Law on CIT 2025

[14] Article 17.1 of the Law on CIT 2025

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