

Tax Alert

July 2025

DECREE 181/2025/ND-CP AND CIRCULAR 69/2025/TT-BTC ON VALUE ADDED TAX

On 01 July 2025, the Government issued Decree 181/2025/ND-CP ("**Decree 181**") detailing the implementation of a number of articles of the Law on Value Added Tax ("VAT") No. 48/2025/QH15.

On the same day, the Ministry of Finance also issued Circular 69/2025/TT-BTC ("**Circular 69**") providing detailed guidance on documentation and procedures for determining subjects not liable to VAT; required documentation and procedures for applying 0% VAT; groups of goods and services subject to VAT at a deemed rate (detailed in Appendix I of Circular 69); determining refundable VAT for exported goods and services (according to Appendix II of Circular 69); and determining refundable VAT for goods and services subject to 5% VAT (according to Appendix III of Circular 69).

Some notable points of Decree 181 and Circular 69 are as follows:

1. Exported goods and services subject to 0% VAT

- Detailed regulations on services provided to organizations in non-tariff zones ("NTZ") eligible for 0% VAT include:
 - Services directly provided to organizations in NTZs and consumed within NTZs, which directly serve the export production activities;
 - Transportation services and services provided to Export and Processing Enterprises ("EPE") (i.e. container handling at ports, factories, warehouses; loading/unloading services at factories, ports, airports and related costs such as: documentation fees, telex release fees, seal fees, handling fees, packaging fees).

Although specific regulations have been provided for services supplied to EPEs eligible for 0% VAT, for each specific case of service provision, service providers should carefully assess or seek further guidance to determine if the service meets the criteria for applying 0% VAT. KPMG is happy to discuss with businesses to analyze the eligibility in each specific case.

- Goods supplied and services provided to organizations in NTZs and consumed within NTZs directly serving export production activities are goods and services consumed within NTZs to serve the export production activities of organizations in NTZs and not for other activities that are not export production activities.
- Upon request by competent management authorities, businesses must present necessary dossiers and documents to prove they meet the conditions for applying 0% VAT.

2. Non-cash payment evidence

- The non-cash payment threshold for purchased goods and services (including imported goods) is from VND 5 million, inclusive of VAT.
- Additional forms of non-cash payment include:
 - Payment via shares or bonds, provided that this payment method is specified in the underlying contract.

- Authorization for employees to make non-cash payments in accordance with the business's financial policy or internal regulations, with subsequent reimbursement to employees via non-cash payment methods.

3. Conditions for VAT credit and VAT refund

- Specifying conditions for credit of input VAT in case of goods exported via foreign e-commerce platforms, and some other specific cases, such as: exports from bonded warehouses abroad, and digital content products provided to foreign parties.
- Supplementing the provision of VAT refunds to cases where businesses producing goods and services subject to multiple VAT rates, allowing them to claim VAT refund based on the input VAT used for the production of goods and services subject to 5% VAT, which is separately accounted, or based on the revenue ratio.
- Supplementing conditions for VAT refunds, whereby businesses will only be eligible for VAT refunds if the seller has declared and paid VAT for the invoices issued to the business requesting the refund.

4. Effectiveness and transitional provisions

- Decree 181 and Circular 69 take effect from 01 July 2025.
- Circular 69 replaces current guiding circulars on VAT, and abolishes all or part of several other circulars, including provisions on VAT under Circular 103/2014/TT-BTC on Foreign Contractor Tax.
- Transitional provisions:
 - Projects invested before 01 July 2025, that are still in the investment phase as of that date, may apply VAT refund regulation under Decree 181.
 - Businesses producing goods and providing services subject to 5% VAT are eligible for VAT refunds for remaining creditable input VAT incurred from 01 July 2025.
 - The condition for businesses to be eligible for VAT refunds when the seller has declared and paid tax applies to tax periods from July 2025 or Quarter 3 of 2025.

Please contact KPMG for advice on matters your business is interested in.

Contact us

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