

Tax Alert

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FINANCIAL POLICIES APPLICABLE TO INTERNATIONAL FINANCIAL CENTERS IN VIETNAM

With an aim to connect global financial markets and promote the effective and sustainable development of Vietnam's financial sector, on 27 June 2025, the National Assembly passed Resolution 222/2025/QH15 ("Resolution 222"), officially establishing a legal framework for the formation of International Financial Centers ("IFCs") in Vietnam.

Under Resolution 222, considering the existing advantages in terms of economic strengths, infrastructure and international connectivity, Ho Chi Minh City and Da Nang have been selected as the locations for establishing IFCs, with clearly defined geographical boundaries. The scope of activities within IFCs includes a wide range of financial services (such as banking, capital markets, insurance, asset management, fintech, etc.) and related support services within the designated geographical areas. Financial institutions that meet the criteria to become IFC members will benefit from sixteen (16) special mechanisms and policies.

Currently, the Government is drafting detailed decrees for each policy group in line with international practices, including a system of preferential financial policies on taxation and accounting, with several noteworthy points as follows:

1. Tax incentives

Corporate Income Tax ("CIT")	Personal Income Tax ("PIT")
<ul style="list-style-type: none"> For enterprises implementing new investment projects in IFCs in business sectors prioritized for development within IFCs: 10% CIT rate for 30 years, CIT exemption for maximum 04 years, and 50% CIT reduction for maximum 09 subsequent years; For enterprises implementing new investment projects in IFCs that are not in prioritised business sectors for development within IFCs: 15% CIT rate for 15 years, CIT exemption for maximum 02 years, and 50% CIT reduction for maximum 04 subsequent years. <p>According to the draft Decree on IFC establishment, the local governing authority of each IFC will determine the list of prioritized business sectors and activities, ensuring alignment with the development goals and orientation of the IFC.</p>	<ul style="list-style-type: none"> Managers, experts, scientists, and individuals with high professional qualifications working at IFCs, including both Vietnamese and foreigners, are eligible for PIT exemption on income from salaries and wages earned from work at IFCs until the end of 2030. <p>The Government will stipulate the criteria and conditions to determine managers, experts, scientists, and individuals with high professional qualifications eligible for PIT exemption in this case.</p> <ul style="list-style-type: none"> Individuals earning income from transfer of shares, contributed capital, or the right to contribute capital in IFC members are also eligible for PIT exemption until the end of 2030.

2. Accounting policy

- IFC members may choose to apply International Accounting Standards (“IAS”) or Generally Accepted Accounting Principles (“GAAP”) from specific countries, including Vietnam. IFC members opting for standards other than Vietnamese Accounting Standards (“VAS”) are not required to prepare financial statements, consolidated financial statements under VAS.
- The draft Decree on financial policies for IFCs outlines several principles for members applying IAS or other GAAP instead of VAS:
 - Must notify in writing to the Ministry of Finance and the relevant managing tax authority before starting the application, and must apply consistently for at least one fiscal year.
 - Must explain to competent authorities the differences between accounting profit presented in financial statements, consolidated financial statements, and taxable income as prescribed by tax laws when requested.
 - Must restate comparative information and fully disclose relevant information in accordance with applicable accounting standards when there is a change in the accounting standards or the accounting principles applied.
 - May use financial statements prepared under IAS or other Generally Accepted Accounting Principles as the legal financial reports of the enterprise for submission to competent authorities and public disclosure.

The above-mentioned draft decree on financial policies is being developed by the Government in a flexible manner, consistent with international practices, aiming to create optimal conditions for financial institutions, investors, and professionals operating within IFCs.

The Government is currently conducting public consultations to finalize the contents of these Decrees. The completion of guiding documents, especially detailed Decrees, will be crucial in realizing the objectives of Resolution 222. Enterprises and organizations planning to participate in IFCs should proactively monitor developments, and prepare the necessary documentation, capabilities, and strategies to effectively seize the opportunities offered by this model.

We will continue to provide updates once the official Decrees are issued.

Please contact KPMG for consultation on any matters your enterprise may be concerned about.

Contact us

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