

Tax Alert on Personal Income Tax Law

January 2026

THE NATIONAL ASSEMBLY HAS PASSED PERSONAL INCOME TAX LAW NO. 109/2025/QH15

On 10 December 2025, the National Assembly officially passed the Personal Income Tax (“PIT”) Law, replacing the PIT Law No. 04/2007/QH12 issued in 2007. The new Law comprises 4 Chapters and 29 Articles, which will take effect from 1 July 2026. However, the provisions on PIT applicable to employment income of resident individuals and PIT on business income will apply starting from the 2026 tax year.

The amended PIT Law helps reduce the tax burden for salaried employees and business individuals/households, particularly small and medium-sized business households. It also aims to attract talent to priority development sectors of the economy, such as high-quality digital technology industries, semiconductors, artificial intelligence, and high-tech fields. In addition, the Law expands the scope of taxable income compared with the previous regulations to strengthen tax administration and prevent revenue losses for the tax authorities.

Key changes to the new PIT Law:

1. Income from salaries and wages

Tax rates and taxable income

Streamlining the progressive tax rates from seven brackets to five, while increasing the taxable income thresholds for each bracket.

Old regulation		New regulation	
Taxable income/month (million VND)	Tax rate (%)	Taxable income/month (million VND)	Tax rate (%)
Up to 5	5	Up to 10	5
Above 5 to 10	10	Above 10 to 30	10
Above 10 to 18	15		
Above 18 to 32	20	Above 30 to 60	20
Above 32 to 52	25		
Above 52 to 80	30	Above 60 to 100	30
Above 80	35	Above 100	35

Expansion of tax-exempt income

- Salaries paid for night-shift work, overtime, and salaries and wages paid for unused annual leave days.
- Salaries and wages paid for performing scientific and technological tasks and innovation activities.

- PIT exemptions for specific taxpayers:
 - Foreign experts working on non-refundable ODA programs or projects, or on foreign non-governmental organization projects in Vietnam.
 - Vietnamese nationals working at representative offices of United Nations international organizations in Vietnam.
 - Individuals participating in United Nations peacekeeping forces.
- A five-year tax exemption for personnel working in high-quality digital technology industry in certain sectors; individuals classified as high-tech personnel who engage in research and development activities in high-tech fields or strategic technologies included in the List of Priority High Technologies for investment and development, or in the List of Strategic Technologies and Strategic Technology Products as prescribed under the regulations on high technology.

Supplement certain deductions to taxable income before calculating PIT

- Increase personal and dependent relief in accordance with Resolution No. 110/2025/NQ-CP.
- Expenses for healthcare and education–training incurred by the taxpayer, their dependents, which meet the invoicing and documentation requirements prescribed by law.
- Contributions to supplementary retirement insurance in accordance with the Law on Social Insurance, as well as payments for voluntary retirement insurance and life insurance, provided that the total amount does not exceed the limits prescribed by the Government.

2. Income from business

Revenue subject to tax

Increase revenue subject to tax from VND200 million/year to VND500 million/year.

Taxable income

Determined as the revenue from goods and services minus (–) the expenses related to production and business activities incurred during the tax period.

Tax rate

Varies according to revenue tiers. In essence, the PIT tax rates applicable to business households and business individuals are aligned with the corporate income tax rates applied to enterprises with comparable revenue levels.

- 15%: Revenue above VND500 million/year to VND3 billion/year
- 17%: Revenue above VND3 billion/year to VND50 billion/year
- 20%: Revenue above VND50 billion/year

Notes

- The above tax calculation method does not apply to income from real estate leasing. Individuals who lease real estate, excluding those engaged in residential business activities, shall pay PIT calculated on the portion of revenue exceeding the prescribed threshold, multiplied by a tax rate of 5%.
- Business individuals with annual revenue exceeding VND500 million to VND3 billion may choose to apply the 15% tax rate as mentioned above or apply the revenue-based tax rate corresponding to their specific business sector.
- Non-resident business individuals only apply the revenue-based tax rate corresponding to their business sector.

3. Other types of income

Expansion of income subject to tax and tax exemption/reduction

Income subject to tax:

- Income from e-commerce business activities and digital-platform-based business operations.

- Income from the transfer of '.vn' internet domain names, greenhouse-gas emission reduction outcomes, carbon credits, and auctioned vehicle license plates.
- Income from the transfer of digital assets and gold bullion.
- Increase the taxable income threshold from winningprizes , royalties, franchises, inheritances, gifts from VND10 million to VND20 million.

Tax-exempt income:

- Income paid by supplementary retirement insurance funds and voluntary retirement funds.
- Income from agricultural, forestry, fishery, and salt-production activities; dividends from cooperative shareholdings; etc.
- Income from the first transfer of greenhouse-gas emission reduction outcomes, carbon credits, interest from green bonds and the first transfer of green bonds.
- Income earned by individual investors and experts working on innovative start-up projects, founders of innovative start-up enterprises, and investors contributing capital to venture capital funds.
- Transfer of open-ended fund certificates held for at least two years.

Income entitled to 50% tax reduction:

Profits of individual investors received from securities investment funds and real estate investment funds within the period prescribed by the Government.

Tax rate and time to determine taxable income

Type of income	Tax rate		Taxing time
	Tax resident	Tax non-resident	
Capital investment	5% on the income received		Upon payment or receipt of income
Capital assignment	<ul style="list-style-type: none"> • 20% on the transfer price of each transaction after deducting the purchase price and related reasonable expenses; or • 2% on the transfer price of each transaction if the purchase price and expenses cannot be determined 	<ul style="list-style-type: none"> • 20% on the transfer price of each transaction after deducting the purchase price and related reasonable expenses at organizations, individuals in Vietnam; or • 2% on the transfer price of each transaction at organizations, individuals in Vietnam if the purchase price and expenses cannot be determined 	When the transaction is completed under applicable legal provisions
Securities transfer	0.1% on the transfer price of each transaction		When the transaction is completed under applicable legal provisions
Real estate transfer	2% on the transfer price		When the transfer contract is effective in accordance with regulations or when ownership and use rights are registered
Winning prizes	10% on the value exceeding VND20 million		Upon payment of income
Royalties	5% on income exceeding VND20 million/ transfer contract	5% on income exceeding VND20 million/ transfer contract in Vietnam	Upon payment of income
Franchise	5% on income exceeding VND20 million/ franchise contract	5% on income exceeding VND20 million/ franchise contract in Vietnam	Upon payment of income
Inheritances, gifts	10% on value exceeding VND20 million		<ul style="list-style-type: none"> • Inheritances: When the inheritance is received • Gifts: When the gift is given or the income is received
Transfer of '.vn' internet domain names, greenhouse-gas emission reduction outcomes, carbon credits, auctioned vehicle license plates	5% on income exceeding VND20 million		Upon payment or receipt of income
Transfer of digital assets and gold bullion	0.1% on transfer price		Upon payment or receipt of income

4. Priority order for applying PIT incentives

If the regulations on PIT incentives differ between this Law and the Capital Law, the Resolution of the National Assembly, and the measures specified in Point h, Clause 8, Article 10 of the Law on Government Organization, the provisions of the Capital Law, the Resolution of the National Assembly, and the measures in Point h, Clause 8, Article 10 of the Law on Government Organization shall apply. If this Law provides a more favorable incentive, the taxpayer may choose the most beneficial incentive.

Given the significant changes related to determining taxable income and calculating PIT, income-paying organizations and individuals with taxable income should proactively review and update the relevant regulations to ensure proper compliance with tax declaration and payment requirements. Kindly contact KPMG experts for detailed advice and support.

Contact us

Email: info@kpmg.com.vn

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