

## Circular 20/2026/TT-BTC providing detailed guidance on the Law on Corporate Income Tax and Decree 320/2025/ND-CP

On 12 March 2026, the Ministry of Finance issued Circular No. 20/2026/TT-BTC (“Circular 20”), providing detailed guidance on certain provisions of the Law on Corporate Income Tax (“CIT”) No. 67/2025/QH15 and Decree No. 320/2025/ND-CP.

Circular 20 provides detailed regulations regarding:

- Documentation requirements for certain deductible expenses;
- Dossiers for CIT incentives in certain circumstances;
- Timing for determining taxable revenue in certain specific cases;
- Dossiers for tax declaration and payment for Vietnamese enterprises investing abroad;
- CIT for foreign enterprises conducting business in Vietnam;
- Tax administration requirement related to expansion investment projects and the Science and Technology Development Fund.

Below are some noteworthy points of Circular 20:

### 1. Conditions on non-cash payment vouchers

- Where an enterprise purchases goods or services from individuals or household businesses for which a purchase list in Form 02/TNDN is prepared, the enterprise must have non cash payment vouchers for payments of VND5 million/person/day or more.
- If payment has not yet been made at the time an expense is recorded, the expense may still be treated as deductible if there is a purchase contract and handover minutes for goods/services, and non cash payment vouchers are obtained when payment is subsequently made.

### 2. Timing for determining CIT taxable revenue in certain cases

- *Exported goods*: the time for determining CIT taxable revenue is the date of ownership transfer in accordance with the export contract; if it is not specified in the contract, it is determined in accordance with customs regulations.
- *Capital transfer by foreign enterprises*: The time for determining taxable revenue is when the initial capital transfer agreement takes effect.

### 3. Capital Assignment Tax (“CAT”) exemption in case of intra-group restructuring

A capital transfer transaction under an internal restructuring arrangement is regarded as not giving rise to income and is not subject to Vietnam CAT if it does not change the ultimate parent entity and does not generate income, including: division or demerger; consolidation; merger; share swaps; capital contribution by shares; distribution of profits or dividends in the form of shares within the group; and transactions that shift direct or indirect ownership of a Vietnamese company without changing the direct or indirect ownership ratio in the Vietnamese company.

A transaction is regarded as not generating taxable income when all of the following conditions are simultaneously met:

- No change in the ultimate beneficial owner;
- The transfer value is not recorded higher than the book value or initial contributed capital value;
- The transaction does not create a valuation difference; the value determined under the restructuring plan approved by the competent authorities must not be higher than the value recorded at the time of the capital transfer;
- The transferee fully inherits the invested capital value, obligations, and benefits relating to the investment of the transferor.

#### **4. Regulation on CIT under Foreign Contractor Tax (“FCT”) regime**

- *Taxable revenue:* Where a foreign contractor declares CIT using the deemed method (a percentage of revenue), CIT taxable revenue includes Value Added Tax.
- Provisions on FCT declaration based on deduction method under Circular 103/2014/TT-BTC are abolished.

#### **5. Obligation to register investment capital to enjoy CIT incentives for Expansion Investment Projects (“EIP”)**

- When implementing an EIP, the enterprise must submit a written notification to its managing tax authority no later than the due date of CIT finalization filing of the first year in which the EIP starts, to notify the registered investment capital of the EIP.
- Any subsequent changes to the registered investment capital must be re notified to the tax authority.

#### **6. Effective date and transitional provisions**

- Circular 20 takes effect from 12 March 2026 and applies for the tax year 2025, replacing Circular 78/2014/TT-BTC and relevant amending/supplementing circulars.
- Deductible expenses incurred before 12 March 2026 for which conditions and documentation requirements are specifically prescribed in Circular 96/2015/TT-BTC shall continue to be implemented in accordance with Circular 96/2015/TT-BTC.
- For deductible expenses not specifically prescribed under Circular 96/2015/TT-BTC, the supporting documentation applicable to the 2025 tax year shall consist of invoices and supporting documents in accordance with prevailing laws and regulations.
- For foreign contractors and foreign sub contractors who are applying hybrid method for FCT declaration in accordance with Circular 103/2014/TT-BTC with contracts signed before 12 March 2026 shall continue to follow the regulations effective at the contract signing date to determine CIT obligations.

Please contact KPMG for consultation on any matters your business may be concerned about regarding Circular 20.

# Contact us

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