



Notable changes of Decree 20/2025/ND-CP

On 10 February 2025, the Government has promulgated **Decree No. 20/2025/ND-CP**, which amends and supplements specific provisions of Decree No. 132/2020/ND-CP regarding tax administration for enterprises engaged in related party transactions (RPTs). Decree 20/2025 will take **effective on 27 March 2025**, and be applied to the Corporate Income Tax (CIT) period of 2024.

The following table outlines the critical changes introduced by Decree 20/2025:

Items	Critical changes	Impacts
Definition of related party transactions ("RPTs")	<ol style="list-style-type: none">Non-application for credit institutions that:<ul style="list-style-type: none">not participating in directly or indirectly managing, controlling, or contributing capital to the borrowing or guaranteed business;along with the borrowing or guaranteed business not being directly or indirectly managed, controlled, or capital contributed by other party.Inclusion of independent branches as related parties.Application for subsidiaries, controlling, and associated companies of credit institutions per the Law on Credit Institutions (defined as Type "m")	Related parties and RPTs disclosure
Transitional provisions for borrowing businesses <u>only</u> having related party relationship with credit institutions from 2020 to 2023 (2024 not having RPTs)	<ul style="list-style-type: none">Interest <u>above</u> the 30% EBITDA cap from 2020 to 2023 will be carried forward equally for remaining years, but not exceeding 5 consecutive years.	Determination of CIT deductible expenses

In addition, Decree 20/2025 also provides the mechanism between the tax authorities and State Bank for sharing the information on related parties, loans and management, with the intention of building a more complete picture of groups and their TP compliance/obligations, and provide better transparency within the banking system.





Given the complexity of tax regulations and the potential for unique circumstances, a thorough assessment is essential to ensure compliance and mitigate risks, businesses must exercise caution when applying these guidelines.

For a more detailed analysis or personalized consultation, RSM's experts are available to provide tailored support.

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