



Decree No. 320/2025/ND-CP guiding the 2025 Law on Corporate Income Tax

The Government has recently issued a new Decree providing guidance on the 2025 Corporate Income Tax Law. The Decree takes effect from its signing date, 15 December 2025, and applies from the 2025 tax year onward. Key highlights are outlined below.

1. Exempted profits

The Decree provides additional clarification on categories of income that may qualify for Corporate Income Tax exemption.

- Agriculture, forestry, fisheries, and salt production:

The regulation specifies the activities and criteria under which income generated from these sectors may be exempt from CIT, supporting policies aimed at promoting primary production and rural economic development.

- Technology transfer:

Further guidance is provided on determining income derived from technology transfer that may qualify for exemption. This includes conditions relating to the type of technology transferred, eligibility requirements, and documentation requirements.

- Green finance and environmental instruments:

Profits may be exempt from CIT if the conditions under the Decree are met, including:

- ✓ Credits by the enterprise that is allocated/granted such certificates/credits;
 - ✓ Interest income from "green bonds"; and
 - ✓ Profits from the first-time transfer of green bonds after issuance
- Government investment support fund:



Profits obtained from the Government investment support fund are exempt from Corporate Income Tax.

2. Profits from overseas investment

The Decree provides additional guidance on the declaration and taxation of profits derived from overseas investment activities.

- Timing of taxation:

- ✓ Reaffirms the principle under the 2025 CIT Law that overseas profits are subject to tax at the time they are earned, rather than upon remittance to Vietnam, representing a shift from the previous remittance-based approach
- ✓ Provides guidance on additional tax declarations in cases where corporate income tax has not yet been declared or paid in the foreign jurisdiction at the time the income is recognised in Vietnam.
- Foreign CIT (or equivalent profit taxes) paid in the overseas jurisdiction in respect of the taxable profit can be credited against CIT payable in Vietnam, subject to various conditions and limitations





3. Rules on revenue recognition

The Decree refines rules relating to the timing of revenue recognition for CIT purposes, particularly in sectors subject to specific regulatory frameworks.

- Banking, securities, insurance and certain other sectors
 - Revenue recognition follows the relevant specialised laws (e.g. banking, securities and insurance regulations) rather than general CIT principles.
- Financial derivatives services
 - Revenue from financial derivative transactions is recognised in accordance with the applicable accounting standards and regulations.

4. Transitional provisions and loss carry-forward

Projects approved prior to the 2025 CIT Law

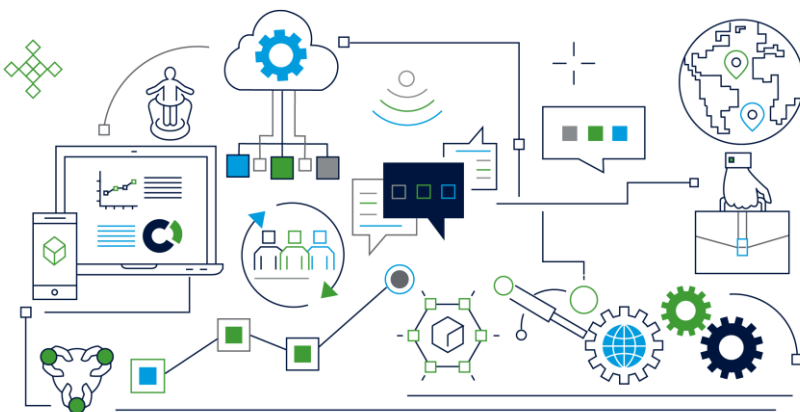
New or expansion projects that were granted Corporate Income Tax incentives before the effective date of the 2025 CIT Law may either continue to apply the existing incentive regime until the end of the approved incentive period, or elect to apply more favourable incentives available under the new Decree starting from the 2025 tax year.

Profits no longer qualifying for incentives

Income that previously qualified for tax incentives but does not meet the eligibility conditions under the new Law and Decree will no longer benefit from such incentives from the effective date, unless transitional provisions allow otherwise.

Carry-forward of tax losses

- Tax losses incurred prior to the Decree's effective date, including those arising from real estate transfers or project transfers, may continue to be carried forward within the statutory loss carry-forward period.
- These carried-forward losses may not be offset against income from incentivised activities where the law restricts the offsetting of tax losses against non-incentivised profits.





5. Corporate Income Tax Incentives

The Decree consolidates and clarifies the incentive framework introduced under the 2025 CIT Law, with several provisions expected to significantly affect taxpayers.

Special investment incentives and eligible locations

- Projects qualifying for "special" investment incentives under the Investment Law must generally fully disburse their registered investment capital within ten years from the date of issuance of the investment registration certificate or investment approval decision in order to maintain eligibility for incentives.
- Additionally, newly established projects located in economic zones where more than half of the project area lies outside incentivised locations may still benefit from a preferential CIT rate of 17% for ten years, provided the relevant conditions are satisfied.

Expansion projects – investment thresholds and commencement of incentives

Expansion projects may be eligible for CIT incentives if the increase in the historical cost of fixed assets meets minimum thresholds of:

- VND 40 billion for projects in incentivised sectors, or
- VND 20 billion for projects in incentivised locations.

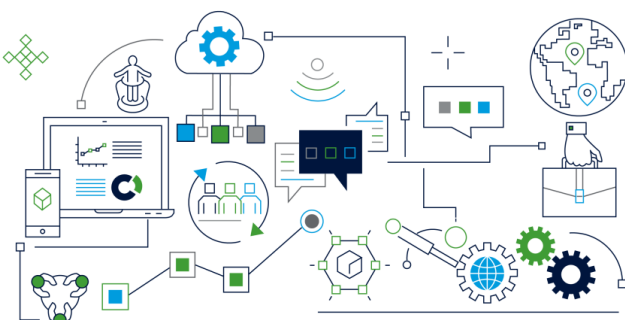
The period for tax exemption or reduction begins once the registered expansion capital has been fully disbursed and the project starts generating taxable income. In any event, the incentive period must commence no later than the fourth year after completion of capital disbursement.

Overlapping incentives and determination of eligible profits

Where income qualifies for multiple incentive regimes (for example, incentives based on both sector and location), taxpayers are generally allowed to apply the most favourable option. However, any incentive period already utilised must be taken into account when switching regimes.

For manufacturing projects benefiting from location-based incentives, preferential treatment also extends to profits derived from products sold outside the incentivised area. In contrast, for trading and service projects, incentives are limited to profits generated within the incentivised location.

Once a specific incentive scheme is selected for a particular category of income, the choice typically remains applicable for the remaining incentive period and cannot be changed later.





6. Deductible and non-deductible expenses

The Decree provides further clarification on the distinction between deductible and non-deductible expenses under the 2025 CIT Law.

Expenses not compliant with specialised legislation

Expenses related to activities that do not comply with the requirements of relevant specialised laws are explicitly treated as non-deductible. Examples provided include overtime payments exceeding statutory limits and advertising or promotional expenses related to goods or services that are prohibited from advertising or require prior approval from authorities but have not obtained such approval.

Non-cash payment threshold

The requirement for non-cash payment for transactions exceeding VND 5 million—consistent with VAT regulations—applies from the effective date of the Decree and does not apply retrospectively to the entire 2025 tax year.

Stricter eligibility conditions and supporting documentation requirements

The Decree introduces more detailed eligibility criteria and supporting documentation requirements for certain categories of expenses, including:

- Donations, sponsorships, and similar contributions;
- Expenditure on scientific research, technological development, innovation, and digital transformation;
- Expenses incurred in the absence of corresponding revenue
- Costs related to “green” activities, such as environmental protection and energy efficiency initiatives.

Enhanced tax deduction for research and development (R&D) expenses

A super-deduction mechanism is introduced for eligible research and development expenses. Subject to specified conditions, taxpayers may claim deductions of up to 200% of qualifying R&D expenditure, provided that applying the enhanced deduction does not create a tax loss.



7. Scope of application and effective date

The Decree guides key provisions of the 2025 CIT Law and applies from the 2025 tax year onwards, specifically:

- The Decree took effect from the date of signing (15 December 2025); and
- Taxpayers may elect to apply certain provisions—relating to revenue recognition, expenses, incentives, and loss carry-forward—from one of the following points in time:
 - ✓ The beginning of the 2025 tax period; or
 - ✓ The effective date of the 2025 CIT Law (1 October 2025); or
 - ✓ The effective date of this Decree.

Rules relating to evidence of non-cash payments and capital transfers take effect immediately from the Decree's effective date.

The Decree also reflects the interaction with the global minimum tax (GloBE) framework, including the treatment of certain top-up taxes allocated to Vietnam.





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.

Contact Us

Ho Chi Minh City

3A Floor, L'MAK The Signature
147-147Bis Hai Ba Trung Street,
Xuan Hoa Ward, Ho Chi Minh City

Hanoi

25th Floor, Tower A, Discovery Complex
302 Cau Giay Street, Cau Giay Ward,
Hanoi

Da Nang

217 Nguyen Mau Tai Street
Hoa Xuan Ward
Da Nang

Le Khanh Lam

Partner

Head of Tax & Consulting Services

T: +84 28 3827 5026

E: lam.le@rsm.com.vn



rsm.global/vietnam

This newsletter is only intended for information about the new laws enacted, not for advice or applying to specific cases. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. RSM Vietnam as well as members in RSM network shall not be responsible for any loss whatsoever sustained by any person who relies on this communication. Please refer to your advisors for specific advice.

© RSM International Association, 2025. All rights reserved.