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LEGAL UPDATE · PERSONAL INCOME TAX

COMPARISON TABLE THE NEW PERSONAL INCOME TAX LAW VS. THE FORMER RULES

IN EFFECT SINCE 01/07/2026

SALARIES: APPLIED FOR THE ENTIRE 2026 TAX YEAR

Law on Personal Income Tax No. 109/2025/QH15 — replacing Law No. 04/2007/QH12 after 17 years

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Progressive tax schedule: reduced from 7 brackets to 5

FORMER RULES — applicable through the 2025 tax year

No.	Taxable income/month (VND)	Tax rate
1	Up to 5 million	5%
2	>5 – 10 million	10%
3	>10 – 18 million	15%
4	>18 – 32 million	20%
5	>32 – 52 million	25%
6	>52 – 80 million	30%
7	Over 80 million	35%

NEW RULES — applicable from the 2026 tax year

No.	Taxable income/month (VND)	Tax rate
1	Up to 10 million	5%
2	>10 – 30 million	10%
3	>30 – 60 million	20%
4	>60 – 100 million	30%
5	Over 100 million	35%

Legal basis: LAW 04/2007/QH12 — ARTICLE 9, LAW 109/2025/QH15

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Family deductions: from VND 9M → 11M → 15.5M per month

Instrument	Taxpayer	Per dependant	Applicable period
2007 PIT Law (Article 19, as amended by Law 26/2012/QH13)	VND 9M/month (108M/year)	VND 3.6M/month	From 01/7/2013
Resolution 954/2020/UBTVQH14	VND 11M/month (132M/year)	VND 4.4M/month	2020–2025 tax years
2025 PIT Law (Article 10)	VND 15.5M/month (186M/year)	VND 6.2M/month	From the 2026 tax year

Legal basis: ARTICLE 19, LAW 04/2007/QH12 — RESOLUTION 954/2020 — RESOLUTION 110/2025 — ARTICLE 10, LAW 109/2025/QH15

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First time: medical and education expenses are deductible

FORMER RULES

- Apart from family deductions, compulsory insurance and voluntary pension fund contributions, only charitable and humanitarian donations were deductible.

➡ No deduction was available for medical or education–training expenses.

FROM THE 2026 TAX YEAR

- **STILL** deductible: charitable and humanitarian donations (now also covering donations to lawfully established fundraising organizations).
- **NEWLY ADDED:** medical and education–training expenses of the taxpayer **AND** dependants — deductible at levels set by the Government (Art. 11.2).
- Conditions: valid invoices and supporting documents; expenses must not be covered from other sources (Article 11.3).

Legal basis: ARTICLE 20, LAW 04/2007/QH12 — ARTICLE 11, LAW 109/2025/QH15

Note: Taxpayers should keep complete, valid invoices and receipts for tuition, medical fees and other qualifying expenses incurred from 2026 as the basis for declaration and deduction.

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Overtime and night-shift pay: the exemption scope changes

FORMER RULES

- Only the portion of night-shift/overtime pay PAID IN EXCESS of the normal daytime, in-hours wage was tax-exempt.

➡ Only the differential was exempt; the base wage for overtime hours remained taxable.

Example: Normal hourly wage: VND 100,000; overtime rate on a normal day: VND 150,000. For PIT purposes:
- VND 100,000: taxable.
- VND 50,000 (the excess portion): tax-exempt.

FROM THE 2026 TAX YEAR

- Tax exemption applies to night-shift pay, overtime pay, and salaries or wages paid for untaken statutory leave days.

➡ The new rule is no longer limited to the "excess portion" — the exemption now covers the **ENTIRE** amount of such pay. In addition, "wages paid for untaken leave days" have been added to this exemption.

Legal basis: ARTICLE 4.9, LAW 04/2007/QH12 — ARTICLE 4.8, LAW 109/2025/QH15

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Business households: tax on actual profit

FORMER RULES

- Tax was paid as a % of revenue: goods distribution 0.5%; services & construction 2% (asset leasing, agency 5%); manufacturing & transport 1.5%; other business 1% — regardless of profit or loss.
- The non-taxable revenue threshold followed the VAT Law.

FROM THE 2026 TAX YEAR

Revenue below the Government-set threshold: Tax-free.

Revenue above the threshold: shifts from **taxing revenue** to **taxing income (revenue minus expenses)** at rates of 15%–20%.

Revenue up to VND 3 billion/year: may **choose** to keep paying tax as a % of revenue as before, or to pay tax on income as above.
Separate rules added for e-commerce, digital platforms and real estate leasing.

Legal basis: ARTICLE 10, LAW 04/2007/QH12 — ARTICLE 7, LAW 109/2025/QH15 (AS AMENDED BY LAW 09/2026/QH16)

Capital & securities transfers: new tax option and incentives

FORMER RULES

- Capital transfers: 20% tax on taxable income (sale price – purchase price – reasonable costs).
- Securities transfers: 0.1% tax on the transfer price per transaction.

FROM 01/07/2026

- The 20% rate on taxable income per transfer is retained.
  ADDED: where the purchase price and related costs cannot be determined → pay **2% on the transfer price**.
- Securities: the 0.1% rate on the transfer price per transaction is retained.
  NEW: Exemption for transfers of lawful open-ended fund certificates held for 2+ years; 50% PIT reduction on distributions from securities investment funds and real estate investment funds (Article 5.4–5.5).

Legal basis: ARTICLES 13 & 23, LAW 04/2007/QH12 — ARTICLES 13 & 5, LAW 109/2025/QH15

Inheritance, gifts and prizes: taxable threshold doubled

Income type (tax rates unchanged)	Former threshold	New threshold
Prizes & winnings (10%)	Portion above VND 10M per occasion	Portion above **VND 20M** per occasion
Royalties (5%)	Portion above VND 10M per contract	Portion above **VND 20M** per contract
Franchising (5%)	Portion above VND 10M per contract	Portion above **VND 20M** per contract
Inheritance & gifts (10%)	Portion above VND 10M per occasion	Portion above **VND 20M** per occasion

Legal basis: ARTICLES 15–18, LAW 04/2007/QH12 — ARTICLES 15–18, LAW 109/2025/QH15

Digital assets and gold bars taxed for the first time

Newly taxable income (no former rules)	New calculation (Article 19)
Transfer of ".vn" national domain names	5% on income above VND 20M per occasion
Emission reduction results, carbon credits	5% on the portion above VND 20M (first transfer exempt — Article 4)
Auction-won vehicle number plates	5% on income above VND 20M per occasion
DIGITAL ASSETS	0.1% on the transfer price per transaction
GOLD BARS	0.1% on the transfer price; the threshold and start date will be set by the Government under the gold market management roadmap

Legal basis: ARTICLES 3.10 & 19, LAW 109/2025/QH15

Additional income items exempt from PIT from the 2026 tax year

Owners of private enterprises / single-member LLCs

Post-CIT income of owners of private enterprises and single-member LLCs

High-tech personnel

PIT exemption for **5 years** on salaries and wages of high-tech personnel engaged in high-tech or strategic-technology R&D.

Employee income

Night-shift pay, overtime pay, and wages paid for untaken leave days.

Bond interest & green finance

Interest on local government bonds; interest on and first transfers of green bonds; first transfers of carbon credits and greenhouse gas emission reduction results

International experts

PIT exemption on salaries and wages of ODA experts, individuals working at United Nations representative offices in Viet Nam, and members of UN peacekeeping forces.

Social insurance income

Payouts from supplementary pension insurance funds

Legal basis: ARTICLES 4 & 5, LAW 109/2025/QH15

Effective 01/07/2026, salaries recalculated from 01/01/2026

Provision (Article 29)	Practical implications
Clause 1: the Law takes effect on 01/07/2026.	Per-occasion income items (capital transfers, real estate, inheritance, digital assets...) follow the new rules for transactions from 01/07/2026.
Clause 2: provisions on business income and salaries/wages of resident individuals apply FROM THE 2026 TAX YEAR.	All 2026 salary income (including the first half of the year) is finalized under the 5-bracket schedule with the new VND 15.5M/6.2M deductions. Business income items likewise apply from the start of 2026.
Clause 3: the 2007 PIT Law ceases to be effective accordingly.	Tax provisionally withheld in the first half of 2026 under the old schedule will be re-determined at the 2026 annual finalization (early 2027) — many employees may be entitled to refunds.

Legal basis: ARTICLE 29, LAW 109/2025/QH15

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