

# Change to value added tax refund conditions effective 1 January 2026

This alert aims to highlight key change introduced by Law No. 149/2025/QH15 on value-added tax (VAT) and Decree No. 359/2025/ND-CP (Decree 359), which remove one condition for VAT refund applications and streamline the refund process for businesses.

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On 11 December 2025, the National Assembly issued Law No. 149/2025/QH15 on VAT and subsequently the Government released Decree 359 on 31 December 2025. These new regulations introduce significant change to the VAT refund process effective from 1 January 2026.

Under the previous rules (effective from 1 July 2025), one of the conditions for claiming a VAT refund was that the seller must have declared and paid VAT for the invoices issued to the refund claimant. This requirement will no longer apply under the new framework.

For VAT refund applications that were submitted and acknowledged by the tax authorities before 1 January 2026, but for which no decision on tax refund or offset has yet been issued, businesses are not required to satisfy the condition that the seller has declared and remitted VAT on the relevant invoices.

## Implications for businesses

- The removal of this requirement is expected to simplify and accelerate the VAT refund process.
- Businesses may experience reduced compliance burdens and improved cash flow.
- Companies should review current refund applications and upcoming transactions to ensure compliance with the remaining rules.

## How EY can help

- Reviewing VAT refund applications under the regulations
- Advising on compliance requirements and supporting documentation
- Facilitating interactions with tax authorities regarding the refund process



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Contacts

## Hanoi Office



**Huong Vu | General Director**  
EY Consulting Vietnam Joint Stock Company  
huong.vu@vn.ey.com



**Hung Khanh Le | Director | Indirect Tax – Global Trade**  
EY Consulting Vietnam Joint Stock Company  
hung.khanh.le@vn.ey.com



**Kazue Kinjo | Associate Director**  
Ernst & Young Vietnam Limited  
kazue.kinjo1@vn.ey.com

## Ho Chi Minh City Office



**Robert King | EY Vietnam, Laos, Cambodia Tax Leader**  
EY Consulting Vietnam Joint Stock Company  
robert.m.king@vn.ey.com



**Anh Tuan Thach | Partner | Indirect Tax**  
EY Consulting Vietnam Joint Stock Company  
anh.tuan.thach@vn.ey.com



**Woo Chong Cho | Associate Partner | Indirect Tax – Global Trade**  
EY Consulting Vietnam Joint Stock Company  
woo.c.cho1@vn.ey.com



**Yuka Otomi | Associate Director**  
Ernst & Young Vietnam Limited  
yuka.otomi@vn.ey.com

## Japanese Business Services (JBS)



**Takahisa Onose** | Vietnam, Laos, Cambodia JBS Leader  
Ernst & Young Vietnam Limited  
takahisa.onose@vn.ey.com



**Takaaki Nishikawa** | Director  
Ernst & Young Vietnam Limited  
takaaki.nishikawa@vn.ey.com

## Korean Business Services (KBS)



**Binh Thanh Phan** | EY Vietnam, Laos, Cambodia KBS Leader  
EY Consulting Vietnam Joint Stock Company  
binh.thanh.phan@vn.ey.com



**Kyung Hoon Han** | Director  
Ernst & Young Vietnam Limited  
kyung.hoon.han@vn.ey.com

## Chinese Business Services (CBS)



**Truong Duc Le** | EY Vietnam, Laos, Cambodia CBS Leader  
Ernst & Young Vietnam Limited  
truong.duc.le@vn.ey.com



**Owen Tsao** | Director  
Ernst & Young Vietnam Limited  
owen.tsao @vn.ey.com



**Trinh Kiet Luong** | Assistant Director  
Ernst & Young Vietnam Limited  
trinh.kiet.luong@vn.ey.com

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