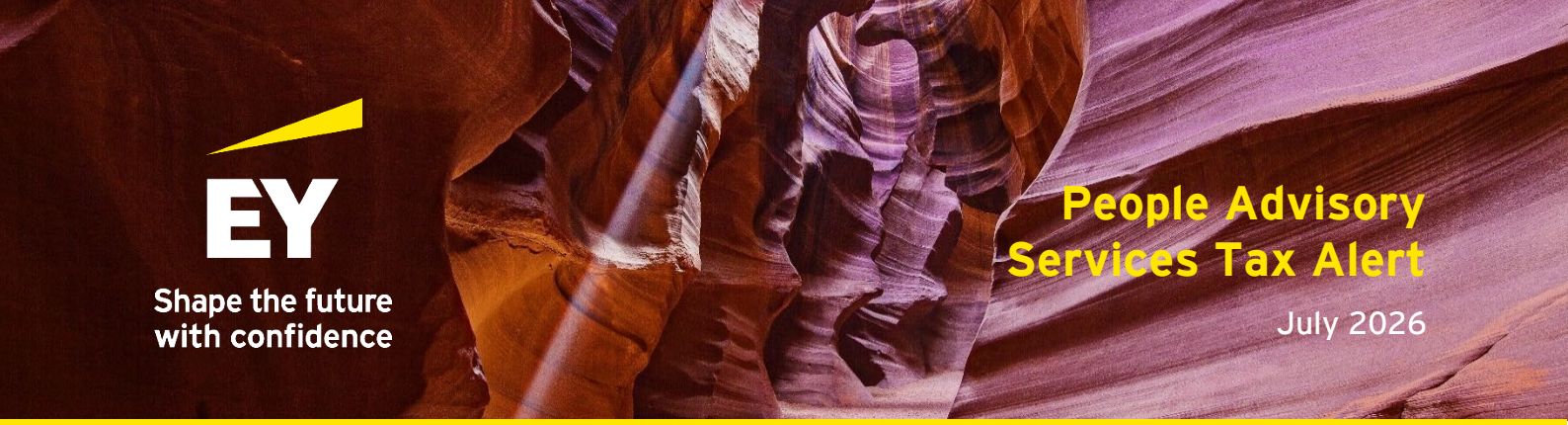

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Decree 253/2026/ND-CP providing guidance on the implementation of Personal Income Tax Law 109/2025/QH15

On 30 June 2026, the Government issued Decree 253/2026/ND-CP[1] (Decree), providing guidance on the implementation of Personal Income Tax Law 109/2025/QH15[2] (PIT Law 2025). This Alert highlights certain notable developments arising from the implementation of the new regulations.

A. Employment income

1. Tax-exempt income and deductions

1.1 Changes to general tax-exempt income provisions

The table below summarises the key changes relating to tax-exempt employment income and compares them with the previous regulations for ease of reference.

Policy	New regulation	Previous regulation
Meal allowance (mid-shift or lunch allowance) provided by the employer to employees	Tax-exempt up to *VND1.2 million per employee per month, effective from 1 July 2026* (Articles 8 and 69 of the Decree)	From 1 January 2025 to 30 June 2026, the tax-exempt amount followed the internal regulations of the income-paying entity (under Circular No. 003/2025/TT-BNV[3])
Overtime and night-shift pay	*The entire amount* of overtime and night-shift pay made *in accordance with labour regulations* is exempt from PIT	Only the incremental portion paid above normal daytime/regular hours wages is PIT-exempt

[1] Decree No. 253/2026/ND-CP dated 30 June 2026 issued by the Government, detailing certain provisions of and measures for the implementation of the Law on Personal Income Tax.

[2] Law on Personal Income Tax No. 109/2025/QH15 issued by the National Assembly dated 10 December 2025.

[3] Circular No. 003/2025/TT-BNV, issued by the Ministry of Home Affairs on 28 April 2025, providing guidance on labor and wage management in state-owned enterprises.

Policy	New regulation	Previous regulation
Payment for unused annual leave	*Salary and wages paid for unused statutory leave* in accordance with labour regulations are excluded from taxable employment income	Not tax-exemption
Severance and job-loss allowances	Severance and job-loss allowances received by employees *in accordance with the employer's policy* are excluded from taxable income	Excluded only up to the statutory limits prescribed by law
Employer contributions to supplementary pension, voluntary pension, and life insurance	The deductible cap is increased to *VND3 million per person per month*	Deductible up to VND1 million/employee/month, including both employer and employee contributions (if any)

1.2 Additional tax-exempt employment income

The Decree provides further clarification on the tax incentives available to certain priority groups, including highly qualified digital technology industry personnel, individuals earning income from science, technology and innovation activities and high-tech personnel. These provisions demonstrate the Government's commitment to attracting and developing highly skilled talent to support Vietnam's economic growth and digital transformation objectives.

Income from science, technology and innovation activities	Income of highly qualified digital technology industry personnel	Income of high-tech personnel
The PIT exemption applicable to employment income under this category is determined based on the funding source of the relevant activity (Article 35 of the Decree), as follows: ▪ State budget-funded activities: The relevant project/activity must be approved by the competent authorities. ▪ Non-state budget-funded activities: The relevant project/activity must be approved by the enterprise. Supporting documentation for PIT exemption includes the enterprise's approval decision, contracts, product handover/acceptance records, contract liquidation documents, invoices and other relevant supporting documents.	Employment income of HQDT Personnel is exempt from PIT for five years in the following cases (Article 41 of the Decree): ▪ Participation in digital technology industry projects located in concentrated digital technology zones. ▪ Participation in projects involving the research, development and manufacture of key digital technology products, semiconductor chips and artificial intelligence systems. ▪ Provision of training activities for digital technology industry personnel in accordance with assigned duties.	Employment income of HT Personnel is exempt from PIT for five years in the following cases (Article 42 of the Decree): ▪ Income derived from research and development activities relating to high technologies included in the list of high technologies prioritised for investment and development under the law on high technology. ▪ Income derived from research and development activities relating to strategic technologies and strategic technology products included in the lists prescribed under the law on high technology.

2. Deductible amounts

2.1 Dependent deduction (Articles 47 and 48 of the Decree)

The Decree revises certain criteria for determining dependents with a view to standardising the eligibility conditions and narrowing the scope of application compared to the current regulations, as summarised below.

Policy	New regulation	Previous regulation
Children aged 18 and above	Expanded to include children aged 18 and above *who have lost civil act capacity*	Limited to children aged 18 and above who are disabled and unable to work
Other dependents	Other dependents must reside with the taxpayer, and *the taxpayer must have a legal maintenance obligation under the Law on Marriage and Family and other relevant regulations.*	No specific provision
Income threshold for dependent qualification	No income or average monthly income *not exceeding a threshold to be prescribed by the Ministry of Finance.*	No income or average monthly income not exceeding VND1,000,000
Dependents incapable of working	Individuals with a work capacity reduction rate of 81% or more as determined under applicable regulations.	No specific provision
Dependent registration deadline	Dependents must be registered *by 31 December* of the reportingt tax year.	Registration upon tax finalization; for "other dependents", deadline is 31 December of the reporting tax year

2.2 Additional deductions (Article 49 of the Decree)

The proposed inclusion of deductions for medical treatment and education – training expenses would not only reduce the financial burden on taxpayers but also demonstrate the government's intention to leverage tax policy as a tool to promote social welfare. Such measures are expected to incentivize investment in health and human capital development, contributing to the enhancement of workforce quality over the long term.

Policy	Deduction	Key conditions
Medical expenses incurred at eligible medical establishments in Vietnam	Up to VND23 million per year	▪ Applicable to resident taxpayers and their eligible dependents. ▪ Supported by valid invoices, receipts and expense schedules that contain the information of the taxpayer and/or the relevant dependent. ▪ The expenses must not be reimbursed or paid from any source other than the taxpayer. ▪ Taxpayers are required to self-finalise their PIT in order to claim deductions for eligible medical expenses and education and training expenses where they wish to have such expenses deducted from taxable income prior to PIT computation.
Education and training expenses incurred at educational institutions in Vietnam	Up to VND24 million per year	

3. Key points regarding PIT withholding and compliance under the Decree

- For resident individuals, the tax year is generally determined on a calendar-year basis. However, where an individual is present in Vietnam for fewer than 183 days in a calendar year but is present in Vietnam for 183 days or more within 12 consecutive months from the date of first arrival, the tax year will be determined based on such 12-consecutive-month period.
- The Decree clarifies PIT withholding, declaration and payment obligations where a Vietnamese organisation or individual reimburses employment income costs to an overseas entity. Under such circumstances, the Vietnamese party is responsible for withholding, declaring and remitting PIT in accordance with Article 67 of the Decree.
- The principles for converting foreign-currency taxable income into VND are specified as follows:
  - For income credited to an overseas bank account: the central exchange rate announced by the State Bank of Vietnam shall apply
  - For income credited to a bank account in Vietnam: the buying exchange rate of the commercial bank where the employee or the income-paying organisation maintains the payroll account shall apply
- Awards arising from competitions or events organised by employers for employees are treated as employment income and are subject to PIT pursuant to Article 8 of the Decree.
- The threshold for 10% PIT withholding at source has been increased from VND2 million per payment to VND5 million per payment for individuals without labour contracts or with labour contracts of less than three months, including former employees who receive income after termination of employment.
- Individuals earning occasional income that has been subject to 10% PIT withholding at source are not required to finalise PIT in respect of such income, provided that their average monthly occasional income does not exceed VND15 million.
- Payments and benefits financed from trade union funds that are not employment-related under the Law on Trade Unions are exempt from PIT (Article 8 of the Decree).
- Amounts and benefits received from trade union financial resources that do not constitute employment income under the Law on Trade Unions are regarded as non-taxable income for PIT purposes under Article 8 of the Decree.

B. PIT treatment of non-employment income

Besides the key changes concerning income from salaries and wages, the Decree further supplements and clarifies the PIT treatment of several other types of taxable income. For ease of reference, we have summarized and compared the tax calculation methods under the new regulations and the previously applicable provisions in the table below.

Type of income	New regulation	Previous regulation

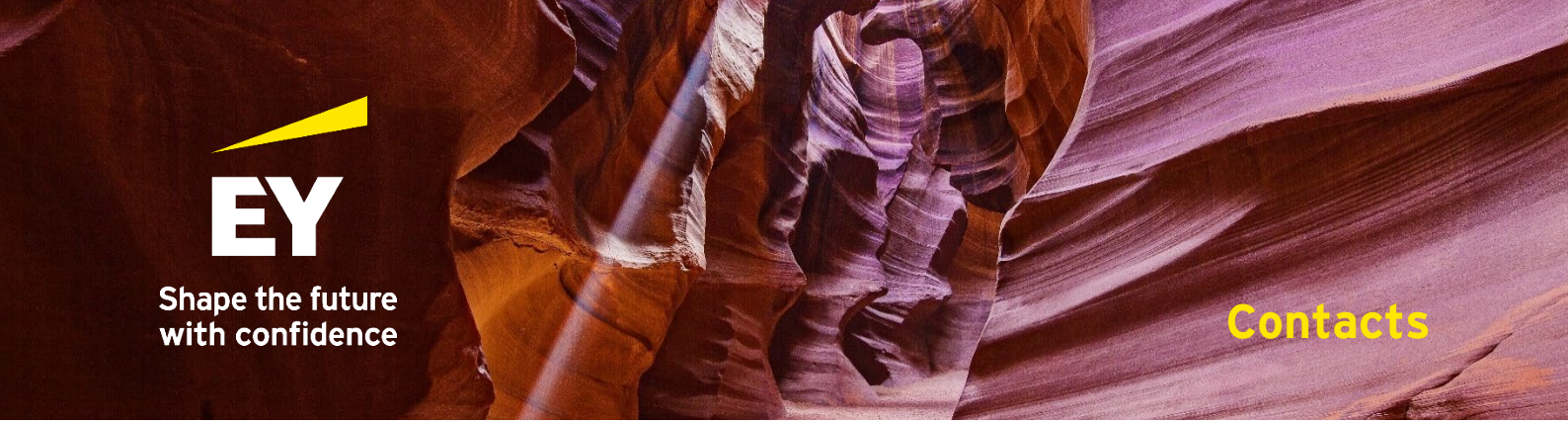
Business income of business individuals	▪ Business income with annual revenue of VND1 billion or less are exempt from PIT and VAT
	▪ Tax calculation methods applicable to Business income with annual revenue exceeding VND1 billion:
	  ▪ Tax rate × taxable revenue for business income with annual revenue of over VND1 billion up to VND3 billion
	  ▪ Taxable income × applicable tax rate for business income with annual revenue exceeding VND3 billion, and for Business income with annual revenue exceeding VND1 billion up to VND3 billion that elect this method
		▪ Business income with annual revenue of VND100 million or less are exempt from PIT and VAT
		▪ For business income with annual revenue exceeding VND100 million: tax rate × taxable revenue

Capital investment income	No change	PIT = taxable income × 5% tax rate
Capital transfer income	Applicable to both resident and non-resident individuals: ▪ Where acquisition cost and related expenses can be determined: PIT = taxable income × 20% tax rate ▪ Where acquisition cost and related expenses cannot be determined: PIT = transfer price × 2% tax rate	Different rules apply to resident and non-resident individuals: ▪ Resident individuals: PIT = taxable income × 20% tax rate ▪ Non-resident individuals: PIT = transfer price × 0.1% tax rate
Securities transfer income	No change to the calculation method The Decree provides further clarification on the tax obligations relating to transfers of shares by shareholders in joint-stock companies in accordance with Clause 2, Article 4 of the Law on Securities and Article 121 of the Law on Enterprises.	PIT = transfer price × 0.1% tax rate
Real estate transfer income	No change	PIT = transfer price × 2% tax rate
Royalties	No change Taxable income is the amount exceeding VND20 million	PIT = taxable income × 5% tax rate Taxable income is the amount exceeding VND10 million

Type of income	New regulation	Previous regulation
Franchise income	PIT = taxable income × 10% tax rate Taxable income is the amount exceeding VND20 million	PIT = taxable income × 5% tax rate Taxable income is the amount exceeding VND10 million
Income from prizes, inheritances and gifts	PIT = taxable income × 10% tax rate Taxable income is the value exceeding VND20 million	PIT = taxable income × 10% tax rate Taxable income is the value exceeding VND10 million
Other income	Includes income derived from the transfer of: 1. Vietnam national domain names ".vn" 2. Greenhouse gas emission reduction results and carbon credits 3. Auctioned vehicle registration numbers 4. Digital assets, including virtual assets, crypto assets and other digital assets For items (1), (2) and (3): PIT = Taxable income (portion exceeding VND20 million) × 5% tax rate For item (4): PIT = Transfer price × 0.1% tax rate	Not specifically regulated

The Decree takes effect on 1 July 2026. The provisions relating to business income and employment income of resident individuals will apply from the 2026 tax year onwards, except for mid-shift meal allowances which will take effect from 1 July 2026.

In light of these developments, businesses should proactively assess the impact of the new regulations on their existing PIT policies and compliance procedures. Businesses should also closely monitor further guidance and implementation measures issued by the authorities to ensure timely updates and full compliance with the new requirements.



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