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Tax Alert

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Key tax administration changes under Circular 89/2026/TT-BTC

This alert outlines several guidance updates and changes introduced in Circular 89 relating to tax administration.

The Ministry of Finance recently issued Circular No. 89/2026/TT-BTC (Circular 89), effective from 1 July 2026, replacing and consolidating various tax administration guidance documents, including Circular No. 80/2021/TT-BTC (Circular 80), Circular No. 19/2021/TT-BTC on electronic transactions in tax sector, and several related regulations.

As highlighted in our previous Tax Alert on Decree No. 252/2026/ND-CP (Decree 252) providing guidance on several provisions and implementation measures of the Law on Tax Administration No. 108/2025/QH15, Decree 252 establishes a new legal framework for tax administration, covering electronic transactions, tax filing, tax payment, tax refunds, risk management, and tax examinations. Based on this framework, Circular 89 provides more detailed guidance on the documentation, administrative procedures, and implementation methods applicable to specific categories of taxpayers and taxes.

A key development under Circular 89 is the repeal of Circular No. 103/2014/TT-BTC (Circular 103), which provided guidance on tax obligations applicable to foreign organizations and individuals conducting business in, or deriving income from, Vietnam. While the value-added tax (VAT) and corporate income tax (CIT) regulations applicable to foreign contractors have been incorporated into newly issued tax-specific regulations, the repeal of Circular 103 also signifies the replacement of tax administration rules previously applicable to these taxpayers and their integration into a unified tax administration framework under Circular 89.

In addition to updating regulations on tax filing, tax payment, tax refunds, and tax allocation among localities, Circular 89 introduces a number of new provisions on electronic transactions in tax administration and taxpayer risk management mechanisms to align with the Law on Tax Administration and its implementing regulations.

Regarding transitional provisions, tax returns relating to tax periods prior to 1 July 2026 will continue to use the prescribed forms before the effective date of Circular 89. In addition, decisions and notices issued before 1 July 2026 will remain valid and continue to be implemented until their expiry or completion. Circular 89 also provides transitional mechanisms for certain tax refund, tax exemption, and tax reduction, as well as electronic tax procedures that were submitted to or are being processed by the tax authorities before its effective date, thereby ensuring continuity in taxpayers' compliance obligations and tax administrative procedures.

1. Expanded framework for taxpayer segmentation and risk-based tax administration

Circular 89 further establishes a legal framework for risk-based tax administration, providing the basis for taxpayer segmentation, compliance assessment and the application of management measures tailored to different taxpayer groups.

Key highlights include:

- A taxpayer segmentation mechanism has been established for risk-based tax administration purposes. Under this framework, taxpayers may be classified based on criteria such as the scale of operations, business sector, compliance history and tax risk profile.
- Enhanced oversight of high-tax-risk sectors. Circular 89 allows the tax authorities to separately classify and monitor certain sectors and business models considered to present higher tax risks, including:
 - E-commerce
 - Businesses on digital platforms
 - Cross-border transactions
 - Other sectors as required by the tax authorities' administration from time to time
- Establishing a framework for assessing the level of taxpayer compliance and tax risk. Based on taxpayer data and information, the tax authorities may assess and rank taxpayers with reference to factors including:
 - Tax registration, declaration, and payment status
 - Tax debt history
 - Tax examination results
 - Compliance with decisions issued by the tax authorities
 - Risk indicators relating to the use of electronic invoices, tax refunds, tax exemption and reduction, and the determination of tax obligations
- Applying management measures corresponding to the level of compliance and risk. Based on the assessment results, taxpayers will be classified into different levels of compliance and risk in order to apply appropriate management measures, ranging from compliance support and priority mechanisms to supervision, examination, or enhanced management measures for high-risk cases.

The new framework reflects a shift from traditional tax administration towards a data-driven and risk-based approach, with greater emphasis on taxpayers' compliance behavior. A taxpayer's compliance level may become an important factor influencing the frequency of tax audits and examinations, as well as its eligibility for support mechanisms or preferential treatment by the tax authorities.

2. Enhancement of the framework for electronic transactions in the tax sector

Circular 89 enhances the framework for electronic transactions. Some notable changes include:

- Application of electronic identification accounts in electronic tax transactions: Taxpayers must carry out electronic tax transactions through an electronic identification account in accordance with the laws on electronic identification and authentication, or through an electronic tax transaction account issued by the tax authorities in appropriate cases. This provision supplements the legal basis for the use of electronic identification accounts in electronic tax transactions.

- Expanding the methods for confirming electronic dossiers:

Previously, electronic transactions were mainly based on digital signatures or digital certificates. Under Circular 89, taxpayers may confirm electronic dossiers using:

- Electronic signatures (including public digital signatures or specialized digital signatures for public duties)
- Electronic authentication codes
- Biometric authentication
- Other electronic authentication methods as prescribed

Also, the requirement that taxpayers must have a digital signature or a registered mobile phone number in order to transact with the tax authorities has been amended to allow the application of other forms of electronic confirmation.

- Clarifying taxpayers' responsibilities with respect to electronic documents issued by the tax authorities:

Under the previous regulations, taxpayers were responsible for receiving electronic notices and documents from the tax authorities.

Circular 89 clearly supplements taxpayers' responsibilities to receive, review and act upon information, notifications and documents transmitted by the tax authorities through electronic transaction systems.

In addition, a document is deemed to have been received by a taxpayer at the time the system records its successful delivery to the taxpayer's registered electronic tax transaction account or registered email address.

- Changes to the mechanism for receipt and determination of filing date for electronic tax dossiers:
 - Under the previous regulations, the tax authorities would issue a notice of receipt of an electronic tax dossier, followed by a notice of acceptance of the electronic tax dossier after reviewing the completeness and validity of the electronic dossier submitted by the taxpayer.
Effective from 1 July 2026, under Circular 89, the time at which an electronic tax dossier is considered to have been filed is the time when the tax administration information system receives a complete and valid dossier from the taxpayer, as recorded in the notice of receipt of the electronic tax dossier.
 - Circular 89 also supplements provisions on the timeframe for the tax authorities to notify taxpayers of the acceptance or non-acceptance of electronic dossiers. Accordingly, the notification must be issued within one working day for most tax dossiers and within three working days for tax refund, tax exemption, tax reduction dossiers and certain similar dossiers.
 - The tax authorities will rely on this receipt time to determine the date of submission of the tax dossier, the period of late submission (if any), and the applicable timeline for processing the tax dossier.

3. Further guidance on tax declaration, tax payment, and allocation of tax liabilities

Under the tax administration framework applicable prior to 1 July 2026, including the Law on Tax Administration No. 38/2019/QH14 dated 13 June 2019, Decree No. 126/2020/ND-CP dated 19 October 2020 of the Government (Decree 126), and Circular 80, provisions relating to tax declaration, tax payment, and allocation of tax liabilities were set out across various legislative documents.

Building on the existing framework, Circular 89 consolidates and provides more detailed guidance on tax dossiers, filing locations, tax declaration methods and the allocation of tax liabilities for different taxes, thereby bringing a significant portion of the implementation guidance into a single, unified document.

3.1. Updates to VAT declaration and allocation rules

Circular 89 supplements and provides more detailed guidance on certain rules relating to the determination of VAT filing periods and the allocation of VAT liabilities among localities. Some notable changes include:

- Changes to the determination of VAT filing periods for newly established enterprises
Under the previous regulations, newly established enterprises were allowed to file VAT returns on a quarterly basis and would only determine whether monthly or quarterly filing should apply after completing 12 months of operation, based on revenue generated in the immediately preceding calendar year. Accordingly, enterprises with revenue of more than VND50 billion in the immediately preceding calendar year are required to file VAT returns on a monthly basis, while those with revenue of VND50 billion or less could elect to file VAT returns on a quarterly basis.

Circular 89 amends provisions for cases where the revenue of the first year of operation exceeds VND50 billion (including cases of operating for less than 12 months), whereby the enterprise must declare VAT on a monthly basis from the calendar year immediately following the year of commencement of operations.

For cases where the first-year revenue is VND50 billion or less, the enterprise continues to declare tax on a quarterly basis and only re-determines the declaration period after operating for a full 12 months.

- Amending a mechanism for the tax authorities acceptance of requests to change VAT filing periods

Where a taxpayer is filing VAT returns on a monthly basis and satisfies the conditions to switch to quarterly filing, the taxpayer must submit a written request to its directly managing tax authority.

Circular 89 further provides a mechanism under which the tax authority will issue a notification confirming whether the request is accepted or not accepted. Taxpayers may only commence quarterly VAT filing after receiving a notification of acceptance from the tax authority in accordance with the regulations.

- Amending guidance on VAT allocation for post-paid telecommunications services

While the general principles for VAT allocation remain largely unchanged, Circular 89 introduces guidance on the allocation of VAT liabilities in respect of post-paid telecommunications services, including the basis for revenue allocation and the corresponding declaration and payment obligations in the relevant localities.

3.2. Updates to tax return filing guidance for CIT, personal income tax (PIT) and foreign contractor tax (FCT)

- CIT:

The rules governing CIT declaration, payment and the allocation of CIT liabilities among localities remain largely unchanged. Circular 89 primarily consolidates and systematizes the existing implementation guidance into a single legislative instrument.

- PIT:
 - Circular 89 provides specific guidance on the quarterly filing of withheld PIT.
 - In addition, Circular 89 sets out more detailed guidance on the filing dossiers and procedures applicable to:
 - PIT withheld and declared on behalf of others by organizations and individuals
 - PIT directly declared by taxpayers to the tax authorities
 - Certain specific cases, such as income derived from the share transfers under employee stock ownership plans (ESOPs)

- FCT:

Circular 89 consolidates and systematizes the guidance previously provided under Circular 156/2013/TT-BTC in respect of foreign contractors that pay VAT under the direct method on revenue and CIT based on a deemed percentage of taxable revenue, where taxes are declared under the deduction method and paid on behalf of the foreign contractor.

Accordingly:

- The tax declaration obligations arise on a payment-by-payment basis.
- Circular 89 also provides further clarification on tax finalization requirements upon the completion of a contractor agreement. Under the new guidance, tax finalization is only required where adjustments arise that result in changes to the amount of tax previously declared and paid during the course of the contract.

Although Circular 89 does not introduce significant changes to the substantive tax obligations relating to CIT, PIT and FCT, it consolidates and provides more detailed guidance on filing dossiers, filing locations and filing procedures for each type of tax.

3.3. Additional guidance on tax obligations for foreign suppliers and business activities on digital platforms

Circular 89 consolidates and provides more detailed guidance on tax registration, tax declaration and tax payment procedures applicable to foreign suppliers that directly register and declare taxes in Vietnam, including cases where such obligations are performed through an authorized representative.

The Circular also introduces guidance on tax filing dossiers for non-resident individuals conducting business activities through e-commerce platforms or other digital platforms.

In addition, Circular 89 sets out detailed documentation requirements and procedures for tax withholding, declaration and payment on behalf of taxpayers in the following cases:

- Vietnamese business organizations purchasing goods or services from foreign suppliers or non-resident individuals.
- Operators of e-commerce platforms or digital platforms with online ordering and payment functions that are required to withhold, declare and pay taxes on behalf of household businesses and individual business operators conducting activities through such platforms.

Circular 89 further introduces a centralized tax administration mechanism for e-commerce platform operators and provides for the automatic allocation of taxes withheld and paid on behalf of taxpayers to relevant provinces through the tax administration information system.

3.4. Introduction of an explanation mechanism in lieu of supplementary declaration in certain cases

Circular 89 and Decree 252 clarify the handling mechanism for cases where a taxpayer discovers errors after the dossier has been inspected or examined, or after the prescribed time limit for supplementary declaration has expired. Accordingly:

- Where a tax return dossier has already been inspected or examined by the tax authorities, taxpayers may still submit an explanation dossier to adjust matters that were not addressed in the conclusions or handling decisions issued by the competent authorities. However, such adjustments do not affect the validity of any conclusions or handling decisions that have already been issued.
- Where a taxpayer identifies errors resulting in an increase in tax payable or a reduction in amounts eligible for exemption, reduction, refund or credit, but more than five years have elapsed since the deadline for submitting the relevant tax return, the taxpayer may no longer file a supplementary tax return and may only submit an explanation dossier to the tax authorities.

The tax authorities will review the explanation dossier and issue a notice accepting or rejecting the explanation. Where applicable, administrative penalties for violations of tax administration regulations may also be imposed in accordance with the law.

4. Strengthening VAT refund administration framework

- Regarding VAT refund dossier classification:

The principles for classifying VAT refund dossiers remain largely unchanged from the existing regulations. However, Circular 89 introduces a new provision under which VAT refund claims relating to uncredited input VAT of enterprises and organizations undergoing dissolution or bankruptcy are classified as high-risk tax cases and are therefore subject to pre-refund audit procedures.

- Processing of VAT refund claims:

Circular 89 provides more guidance on the application of risk management measures during the processing of VAT refund claims under which the tax authorities may carry out data reconciliation, request explanations or additional documentation, or identify a portion the refund amount claimed as high risk and subject that portion to a pre-refund review.

- Post-refund audits:

For the first time, Circular 89 specifically prescribes a statute of limitations for post-refund audits. Under the new regulations, post-refund audits must be conducted within five years from the date of issuance of the refund decision for refund claims that were processed under the refund-first, audit-later mechanism based on risk management principles. No such time limit was expressly prescribed under the previous regulations.

5. Updates to tax audit procedures

The current tax administration framework no longer provides for a separate tax inspection regime as existed under the previous regulations. As a result, tax audits in the form of tax examinations have become a key tax administration tool and are now subject to more detailed provisions regarding authority, procedures, processes and enforcement measures for specific circumstances.

5.1. Strengthening the procedure for tax dossier reviews at the authority premises

- The fundamental principles governing tax dossier reviews at the tax authority premises remain largely unchanged and continue to be applied on a risk-based approach, focusing on tax dossiers classified as high risk.
- However, Circular 89 provides more detailed procedures for reviews conducted at tax authority premises. Under the previous regulations, the tax authorities generally reviewed tax dossiers and issued notices requesting taxpayers to provide explanations or additional information and supporting documents. Where taxpayers failed to substantiate the accuracy of the tax dossiers, the tax authorities could impose tax assessments or issue a decision to conduct an on-site tax audit at the taxpayer's premises.

Circular 89 introduces provisions allowing the tax authorities to issue a tax audit decision at the tax authority's premises where sufficient indications of non-compliance are identified through dossier reviews, tax administration data analysis and the taxpayer's explanations. In this case the review process at the tax authority's premises is no longer limited to requesting explanations from taxpayers but will be conducted under a formal audit process, including the issuance of a tax audit decision and tax audit minutes.

- Circular 89 also specifies that the audit period must not exceed 10 working days from the issuance date of the tax audit decision. Where the audit results provide sufficient grounds to determine a violation, the tax authorities may initiate violation handling procedures in accordance with the tax administration regulations.

Circular 89 is the first regulation to prescribe a formal audit process at the tax authority's premises through the issuance of a tax audit decision and tax audit minutes. This indicates that reviews conducted at the tax authority's premises will no longer be limited to requesting explanations from taxpayers as under the previous regulations.

5.2. Additional provisions for tax audits at taxpayer premises

- Circular 89 introduces a mechanism for referring cases to the inspection authorities. For complex cases, cases with a broad scope, high-risk matters, or matters showing indications of tax law violations that warrant inspection, the tax authorities may refer the case to the competent inspection authority and recommend that an inspection be conducted in accordance with the applicable regulations.
- For the first time, Circular 89 outlines circumstances under which the tax authorities may withdraw a previously issued tax audit decision before its announcement, such as where the audit overlaps with an inspection or an audit is conducted by another competent authority, or where the grounds for continuing the audit no longer exist.
- Circular 89 provides additional guidance where taxpayers refuse to sign tax audit minutes. Where a taxpayer does not sign the tax audit minutes, the minutes may still be validated with the signature of the head of the audit team together with a representative of the commune-level authority or another witness in accordance with the regulations.
- Circular 89 provides guidance on the authority, procedures and statute of limitations applicable to re-audits, which is set at two years from the date of issuance of the audit conclusion or tax administration penalty decision. Re-audits are conducted by the tax authority directly superior to the authority that performed the original audit. Previously, Circular 80 did not contain separate provisions on re-audits in tax audit activities; re-audit provisions were primarily applicable to tax inspections in certain cases, with a two-year limitation period.

5.3. Introduction of a legal basis for electronic tax audits

- Circular 89 introduces provisions permitting online and remote audits based on electronic data, applicable to both reviews conducted at tax authority premises and audits conducted at taxpayer premises.

Accordingly, taxpayer explanations, submission of supporting documents, information exchanges, preparation of audit minutes and issuance of audit-related documents may all be conducted electronically.

- Where electronic data is insufficient to support a conclusion or where physical verification is required, the tax authorities may conduct an on-site audit at the taxpayer's premises in accordance with the regulations.

Our observations

The key changes introduced under Circular 89 focus on electronic tax transactions, taxpayer risk management, tax declaration, allocation and payment obligations, VAT refunds, and tax audit procedures. Businesses may wish to review their current tax compliance processes to assess the impact of these changes and ensure readiness for the new requirements effective from 1 July 2026.



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