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Vietnam's new transfer pricing regulatory developments

On 10 December 2025, the National Assembly of Vietnam passed the Law on Tax Administration No. 108/2025/QH15 (Law 108), which contains a number of provisions relating to transfer pricing (TP).

Following the enactment of Law 108, on 30 June 2026, the Government issued Decree No. 255/2026/ND-CP (Decree 255) on tax administration of related party transactions. This Decree replaces Decree No. 132/2020/ND-CP (Decree 132) and Decree No. 20/2025/ND-CP (Decree 20).

In addition, on the same day, the Government issued Decree No. 252/2026/ND-CP (Decree 252), providing guidance on the implementation of certain articles of Law 108. While Decree 252 addresses tax administration more broadly, it also includes TP-related provisions.

The Law and the Decrees take effect from 1 July 2026 and apply from the 2026 corporate income tax period onwards.

This Alert outlines the key TP-related developments introduced under the aforementioned legal documents, with a particular focus on the changes under Decree 255. It also provides an update on country-by-country reporting (CbCR) administration in light of Official Letter No. 3870/CT-CS recently issued by the Department of Taxation.

1. Definition of related parties

While retaining the existing related-party definitions under Decree 132 and Decree 20, Decree 255 includes the following two changes:

- For financing-based relationships, creditors or guarantors that are 100% state-owned are excluded from the definition of related parties, provided that they are not involved in the management, control, capital contribution, or investment activities of the borrower or guaranteed entity.
- For transaction-based relationships with individuals, the scope is expanded to cover borrowing and lending transactions, where such transactions are conducted with individuals who either (i) manage or control the enterprise or (ii) have family relationships, as defined under the Decree.

These updates reflect a substance-over-form approach, address practical issues encountered under Decree 132 and Decree 20, and provide greater clarity on the scope of relationships subject to the TP rules.

2. Databases for TP compliance and administration

For TP compliance by taxpayers, eligible databases under Decree 255 generally remain consistent with those prescribed under Decree 132, including:

- Commercial databases
- Publicly disclosed company information on stock exchanges
- Data from domestic and international commodity and service exchanges
- National databases; information published by domestic ministries, governmental agencies or other publicly available official sources

Notably, national databases are introduced as an additional eligible data source for TP compliance purposes. However, the Decree does not provide further clarification on their definition or scope.

For TP administration and determining any TP adjustments, the tax authorities may rely on the above-mentioned databases. In addition, they may use tax administration databases established under Law 108, which are developed on a digital platform and integrated with national, governmental and international data sources.

For the hierarchy of database application, Decree 255 also introduces a prescribed hierarchy as follows:

- Publicly available information (including stock exchange disclosures, commodity/service exchange data, and official government sources, including national databases)
- Commercial databases
- Tax administration databases

The introduction of a formal hierarchy with respect to the use of databases represents a notable development in Vietnam's TP regulations, providing clearer prioritization of databases and greater alignment between taxpayers and tax authorities in TP analyses.

3. CbCR obligations

Decree 255 updates the CbCR requirements, including the revenue threshold, filing obligations, exemption conditions, administrative requirements and reporting formats, as summarised below:

- A Vietnamese ultimate parent entity (UPE) with consolidated revenue of EUR750 million or more in the financial year immediately preceding the reporting year is required to prepare and submit a CbCR.
- For a Vietnamese taxpayer with an overseas UPE, local filing is generally not required where a CbCR is filed and automatically exchanged under an effective Multilateral Competent Authority Agreement (MCAA), subject to certain conditions. Otherwise, local filing may be required (e.g., no filing obligation in UPE jurisdiction, no effective MCAA or systemic failure). Exemptions apply where the UPE is not required to file due to not meeting the revenue threshold.
- The CbCR submission requirement applies only where Vietnam meets conditions on confidentiality, consistency and appropriate use of information.
- Administrative requirements include notification obligations, filing deadlines (within 12 months of the UPE's fiscal year-end), prescribed XML formats, and designation mechanisms where multiple entities are present in Vietnam.
- The consolidated revenue threshold is determined based on central exchange rate or the average cross-exchange rate for December of the year immediately preceding the reporting year, published by the State Bank of Vietnam.

The CbCR-related provisions in Decree 255 reflect a shift toward closer alignment with the Organization for Economic Cooperation and Development (OECD)'s Base Erosion and Profit Shifting (BEPS) Action 13 and international standards.

In addition, on 10 June 2026, the Department of Taxation issued Official Letter No. 3870/CT-CS on the implementation of CbCR. Under this Official Letter, although the exchange mechanism currently operates on a one-way basis (from Vietnam to relevant jurisdictions), for taxpayers whose UPE is resident in any of the 37 jurisdictions with effective CbCR exchange relationships[1] and whose CbCR falls within the scope of exchange under the CbCR MCAA local tax authorities are instructed not to accept local CbCR filings. Instead, the relevant CbCR information is expected to be exchanged automatically between the respective tax authorities under the MCAA framework.

4. TP documentation exemption thresholds

Decree 255 expands the eligibility for TP documentation exemptions by:

- Increasing the revenue threshold from VND200 billion to VND500 billion
- Removing the simple functions criterion

Under Decree 132, the concept of simple functions was only mentioned in Clause 2(d), Article 14, which provides that "*Taxpayers performing simple manufacturing or distribution functions, without strategic decision-making responsibilities, and engaging only in low value-added transactions, while not assuming inventory risk, market risk, or risks associated with intangible assets…*". Given the lack of detailed guidance on the application of this concept, the removal of this condition under Decree 255 is expected to reduce uncertainty and potential disputes between taxpayers and tax authorities in determining exemption eligibility.

Overall, these changes are expected to reduce compliance burdens for qualifying taxpayers and simplify the application of the exemption conditions.

5. Circumstance subject to deemed TP adjustment

In addition to the existing circumstances under Decree 132, Decree 255 covers a further non-compliance circumstance subject to deemed TP adjustments, particularly incorrect declarations in TP disclosure Appendix I – Information on related parties and related party transactions.

This expansion indicates a potentially enhanced focus on disclosure accuracy and compliance enforcement.

6. Specific TP examinations

Law 108 formally introduces specific TP examinations, rather than general tax audits as before.

Notably, the Law provides for a separate and extended timeline for a TP examination of up to 40 days compared to 20 days for other taxes, with a possible extension of a further 40 days, and potentially extending to two years in cases involving cross-border information exchange.

The formal introduction of specific TP examinations in Law 108 may indicate a more focused approach by the tax authorities in tax administration for related-party transactions.

7. Compliance management and preferential treatment regime for taxpayers with related-party transactions

Law 108 introduces tax compliance management based on taxpayers' compliance levels and risk profiles. Decree 252, guiding the implementation of Law 108, establishes a preferential regime for taxpayers meeting prescribed compliance and risk management conditions.

[1] Automatic Exchange of Information - Exchange relationships. (2026). OECD. https://www.oecd.org/en/topics/sub-issues/international-standards-on-tax-transparency/automatic-exchange-of-information-exchange-relationships.html

For taxpayers with related-party transactions, Decree 252 further specifies the forms, scope of preferential treatment and eligibility conditions. Key aspects are summarized below.

Forms and scope:

- No on-site tax examinations, except where risk indicators are identified based on the tax authorities' data
- Priority processing of advance pricing agreements (APA) and mutual agreement procedures (MAP) applications
- Inclusion in voluntary compliance programs and other preferential regimes
- Provision of risk alerts and tailored compliance support
- Enhanced engagement and information exchange with tax authorities
- Electronic sharing of information on related-party transactions, consolidated financial statements and CbCR, where applicable

Eligible conditions:

To be eligible for preferential treatment, taxpayers with related-party transactions must meet the following requirements:

- General conditions for preferential treatment (e.g., a strong compliance track record, a low-risk rating over at least two consecutive years, robust data connectivity and electronic record-keeping, and effective internal controls and tax risk management frameworks)
- Additional TP-specific requirements, including:
  - Full compliance with TP documentation obligations
  - Implementation of internal controls and risk management mechanisms for related-party transactions
  - Transparency and proactive cooperation with tax authorities in information exchange and data provision

Preferential status may be suspended or withdrawn where these conditions are not met.

Furthermore, under Decree 255, tax authorities shall introduce a voluntary compliance program for taxpayers with related-party transactions, based on a risk-based approach, to support enhance compliance and reduce TP risks.

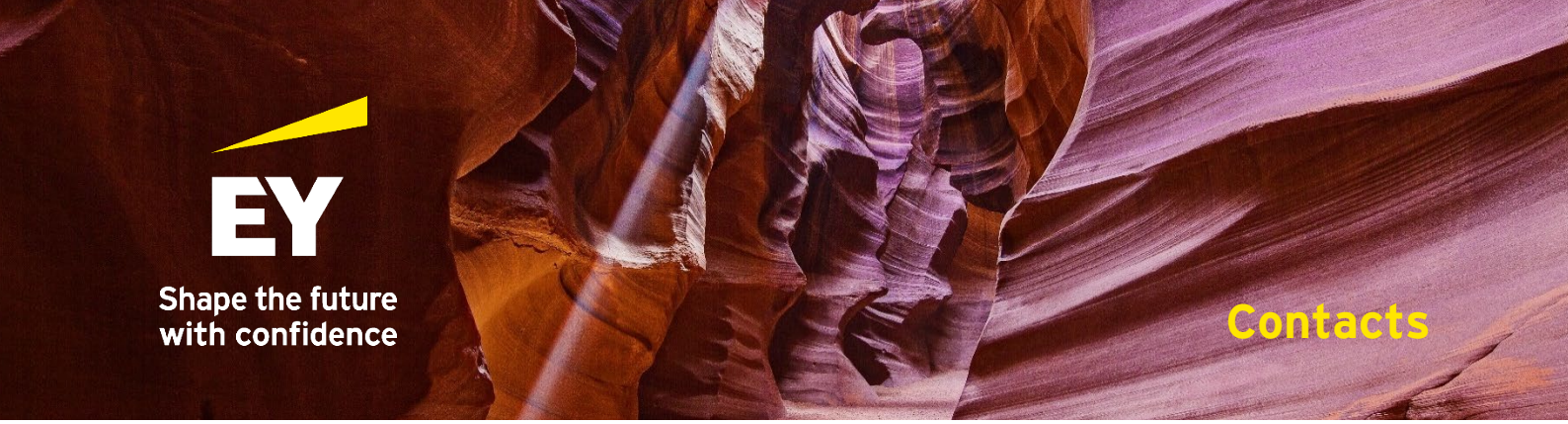
These developments reflect a shift towards a more cooperative, risk-based compliance model, offering greater certainty and reduced audit intensity for taxpayers with good compliance profiles. In this regard, robust TP compliance remains essential.

In parallel, there are updates to the regulations governing APAs and MAPs, which will be separately summarized in an upcoming TP alert.

Our observations and recommendations

Decree 255 further refines the TP regulatory framework in line with the legislative changes introduced under Law 108. At the same time, the Decree brings certain aspects of Vietnam's TP framework closer to BEPS Action 13 and international practices, particularly in relation to CbCR obligations, data transparency and information exchange.

In light of these developments, maintaining a high level of compliance becomes increasingly critical. Taxpayers operating in Vietnam are advised to carefully review the new regulations and consider their potential implications on business operations, TP policies and compliance processes, to support timely implementation and alignment with the updated regulatory framework.



Ho Chi Minh City Office

Phat Tan Nguyen | Transfer Pricing Leader
EY Consulting Vietnam Joint Stock Company
phat.tan.nguyen@vn.ey.com

Thuy Thi Thanh Le | Associate Partner, Transfer Pricing
EY Consulting Vietnam Joint Stock Company
thuy.b.thanh.le@vn.ey.com

Hanoi Office

Long Ngoc Pham | Partner, Transfer Pricing
EY Consulting Vietnam Joint Stock Company
long.ngoc.pham@vn.ey.com

Japanese Business Services (JBS)

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

Takaaki Nishikawa | Associate Partner
EY Consulting Vietnam Joint Stock Company
takaaki.nishikawa@parthenon.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 | Associate Partner
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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