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Transfer Pricing Alert

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Vietnam's new regulatory developments on advance pricing agreements and mutual agreement procedures

On 10 December 2025, the National Assembly of Vietnam passed the Law on Tax Administration No. 108/2025/QH15 (Law 108), which contains provisions relating to mutual agreement procedures (MAPs) and advance pricing agreements (APAs).

Following the enactment of Law 108, on 1 July 2026, the Ministry of Finance (MoF) issued Circular 95/2026/TT-BTC (Circular 95). The Circular provides guidance on the implementation of Vietnam's Double Taxation Agreements (DTAs), MAPs and APAs.

The Circular takes effect from 1 July 2026 and replaces Circular No. 205/2013/TT-BTC (Circular 205) providing guidance on the implementation of DTAs, and Circular No. 45/2021/TT-BTC on APAs (Circular 45).

This Alert outlines key features relating to APA and MAP regimes in Vietnam under Law 108 and Circular 95.

1. Key features relating to APAs

APA is a mechanism whereby a taxpayer can agree upfront with the authorities that their transfer pricing (TP) methodology is consistent with the arm's length principle. This mitigates the risk of challenges in a future audit.

Compared with the previous APA legal framework, Law 108 and Circular 95 largely retain the existing APA regime while introducing several important changes, including revisions to data sources, the approval authority, and the proposed covered period of an APA application.

1.1. Scope of application

APAs are available to taxpayers engaged in related party transactions that request the application of an APA with the tax authorities.

1.2. APA covered transactions

Proposed transactions for APA coverage must satisfy the following conditions:

- Have occurred and be expected to continue throughout the APA term
- Be supported by sufficient basis for determining tax liabilities and comparability analyses
- Not be subject to ongoing tax disputes or appeals
- Be conducted transparently and not for tax evasion, avoidance or treaty abuse purposes

1.3. Types of APAs

Unilateral APAs, bilateral APAs and multilateral APAs are all accepted.

1.4. Data sources

Under Law 108, data sources used for APA purposes include the following:

- Commercial databases
- Tax administration databases
- Publicly disclosed company information on stock exchanges
- Data from domestic and international commodity and service exchanges
- Information and data officially published or provided by competent authorities
- Information obtained through international tax cooperation

The explicit recognition of specific data sources, including commercial databases, strengthens the legal basis and enhances certainty and consistency in APA processes for both taxpayers and tax authorities.

1.5. Competent authority and APA approval

The Tax Department is responsible for handling APA requests and related processes. For certain complex bilateral or multilateral APA cases, the Tax Department is required to obtain the MoF's approval before commencing formal negotiations.

Under the previous legal framework, when handling bilateral and multilateral APAs, the MoF was required to consult with other ministries, such as the Ministry of Foreign Affairs and the Ministry of Justice, and submit the APA to the Government and the Prime Minister for their opinion before concluding the APA.¹ The Tax Department might also seek consultation from relevant ministries where necessary.² However, Law 108 and Circular 95 no longer prescribe such requirements as part of the APA review and approval process.

This change gives greater authority to the MoF and Tax Department in approving APA requests, which is expected to facilitate a more streamlined review and approval process for APAs.

1.6. Proposed covered period and the effective period of an APA

A notable change under Circular 95 is that an APA application may cover up to five years, while the effective period of an APA remains capped at three years commencing from either the tax year in which the APA is concluded or the immediately following tax year. In addition, APAs may also be renewed for up to three years.

The extended proposed covered period for an APA application may provide greater flexibility for taxpayers by reducing the detriment of a time-consuming APA review process and the need for repeated APA applications.

1.7. APA process

The APA process comprises four official stages: (i) formal application, (ii) evaluation, (iii) negotiation and (iv) conclusion. An optional pre-filing consultation may be conducted before the submission of a formal APA application.

Circular 95 does not prescribe specific timelines for the evaluation or negotiation of an APA.

¹ Decree 126/2020/ND-CP, issued by the Government on 19 October 2020, provides details for the implementation of the Law on Tax Administration.

² Decree 122/2025/ND-CP, issued by the Government on 11 June 2025, provides guidance on decentralization in tax administration.

1.8. Flexibility in APA process

Taxpayers may withdraw an APA request or terminate APA negotiations before their conclusion, while APAs may be amended, cancelled or revoked in prescribed circumstances.

Taxpayers may also engage independent advisors to support them throughout the APA process.

1.9. Open APA cases

APA applications submitted before the effective date of Circular 95 that have not yet been concluded, and for which the proposed covered APA period has not expired, will continue to be processed in accordance with Law 108 and Circular 95.

2. Key features relating to MAPs

A MAP is a mechanism provided under DTAs that enables a dispute resolution procedure between the tax authorities of different jurisdictions.

Previously, MAP provisions were primarily governed by Vietnam's DTAs and Circular 205. Under the new framework, MAP has been formally incorporated into Law 108, with Circular 95 providing detailed implementation guidance. The Circular specifies that MAP is implemented in accordance with the applicable DTA and independently of domestic administrative appeals.

2.1. Scope of application

A MAP is available to taxpayers that are tax residents of Vietnam or a treaty partner and consider that taxation imposed by one or both jurisdictions is not in accordance with the applicable DTA.

This may include cases of double taxation arising from TP adjustments, as well as other treaty-related matters.

2.2. Filing deadline

A MAP request must be submitted within three years, or two years where provided under the relevant DTA, from the date of the first notification of a tax action that the taxpayer considers inconsistent with the applicable DTA.

2.3. Competent authority

The Tax Department, authorized by the Minister of Finance, is responsible for receiving, reviewing and resolving MAP requests, as well as conducting discussions and negotiations with the competent authorities of treaty partners.

2.4. MAP process

Circular 95 formally provides detailed MAP procedures covering (i) MAP request, (ii) evaluation, (iii) negotiation, and (iv) conclusion and implementation.

A MAP application may be initiated either by the local taxpayer or by the competent authority of a treaty partner under the applicable DTA.

Under Circular 95, the Tax Department may unilaterally resolve certain MAP cases where it considers the taxpayer's position to be consistent with the applicable DTA.

Taxpayers may also withdraw a MAP request or terminate MAP negotiations before a mutual agreement is reached.

3. Our observations and recommendations

The formal incorporation of MAPs into Law 108 and the detailed implementation guidance under Circular 95 establish a more structured domestic framework for treaty-based dispute resolution. Together with the refinements to the APA regime, the new regulations bring Vietnam's APA and MAP frameworks into closer alignment with international practices.

Recent TP regulatory developments, including Law 108 and Decree 255/2026/ND-CP dated 30 June 2026, further reinforce the importance of TP compliance amid increasing tax authority scrutiny. In this context, APAs and MAPs may become viable tools for taxpayers seeking to manage TP risks, obtain greater certainty on TP outcomes, resolve treaty-related disputes and mitigate potential double taxation exposures. Accordingly, taxpayers considering these mechanisms are advised to assess the updated framework and develop a strategy for application as appropriate.



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