



# Decree guiding the application of Global Minimum Tax policy in Vietnam

Tax Alert | September 2025



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# General

On 29 August 2025, the Government officially issued Decree 236/2025/NĐ-CP providing details for a number of articles of the National Assembly's Resolution No. 107/2023/QH15 dated 29 November 2023 regarding the application of the top-up corporate Income tax in accordance with the Global Anti-Base Erosion (GloBE) rules.

This Decree takes effect from 15 October 2025 and applies from the 2024 financial year (FY). The 2024 FY is defined as a FY beginning on or after 1 January 2024. In cases where a constituent entity (CE) applies the qualified domestic minimum top-up tax (QDMTT) and determines 2024 FY according to its ultimate parent entity (UPE)'s FY where the starting day of the FY is in December 2023, it will be considered the 2024 FY as stipulated in this Decree.

This Tax Alert provides a summary of the key provisions on the top-up corporate income tax under the GloBE rules, as stipulated in Resolution No. 107/2023/QH15 and Decree 236/2025/NĐ-CP.

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# 1. Subjects and scope of application

## Subjects of application

- CEs of a multinational enterprise (MNE) group that had an annual revenue of EUR750m or more in the UPE'S consolidated financial statements (FSs) for at least two of the four FYs immediately preceding the tested FY.
- CEs of a multinational enterprise (MNE) group that had an annual revenue of EUR750m or more in the UPE'S consolidated financial statements (FSs) for at least two of the four FYs immediately preceding the tested FY.

*(The Decree provides guidance on the determination of the revenue threshold of EUR 750m or more based on the UPE's consolidated revenue for certain specific cases).*

## QDMTT taxpayers

A CE or a group of CEs of an MNE group, which is a subject of the GloBE rules, has production and business activities in Vietnam.

### Special considerations:

- QDMTT does not apply to stateless CEs and stateless permanent establishments (PEs).
- QDMTT applies to joint ventures and subsidiaries of joint ventures.
- QDMTT shall be reduced to zero during the initial phase of an MNE group's international activity if certain conditions are met.

## Excluded entities

- Governmental entities
- International organizations
- Non-profit organizations
- Pension funds
- Investment funds being UPEs
- Real estate investment organizations being UPEs
- An entity where at least 85% of the value of the entity is owned directly or indirectly by the entities/organization mentioned above

*(Revenue of Excluded Entities is still taken into account for purposes of the consolidated revenue test).*

## IIR taxpayers

Income inclusion rule (IIR) taxpayers are entities including:

- UPE
- Partially-owned parent entity
- Intermediary parent entity

Which are the CEs that directly or indirectly hold an ownership interest in a low-taxed CE located in a foreign jurisdiction according to the GloBE rules at any time during the FY.

## 2. Safe harbour rules

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Safe harbour rules are provided in order to limit unnecessary compliance and administrative burden for MNE groups and tax administrations. The rules would allow an MNE group to avoid the effective tax rate (ETR) and top-up tax calculation in respect of its operations that are likely to be taxable at or above the minimum rate and also provide for improved tax certainty and transparency.

### 1 Safe harbour during the initial phase of international activity

This rule provides additional time for MNEs that are in the early stages of international investment to prepare for the impact of the GloBE rules. Top-up tax under the QDMTT in Vietnam shall be zero in the initial phase of an MNE group's international activity.

### 2 QDMTT safe harbour

The QDMTT safe harbour is designed to offer a practical solution for situations where MNE groups are required to perform separate top-up tax calculations for the same constituent entities within a jurisdiction.

### 3 Transitional safe harbour

Applying transitional safe harbour aims to reduce initial compliance challenges for MNEs by limiting the need for full GloBE calculations to a few high-risk jurisdictions. Transitional safe harbour is focus on clear, easily verifiable rules using accessible data, rather than requiring detailed GloBE calculations.

### 4 Permanent safe harbour

Where an MNE does not meet the conditions of a transitional safe harbour, it may still qualify for the conditions of a permanent safe harbour. Apply permanent safe harbour conditions where simplified calculations are undertaken but would provide for the same final outcomes as those provided under a full application of the GloBE rules or would not otherwise undermine the integrity of the GloBE rules.

The Decree provides specific guidance on safe harbour in case of non-material CEs.

## 2.1. Safe harbour during the initial phase of international activity

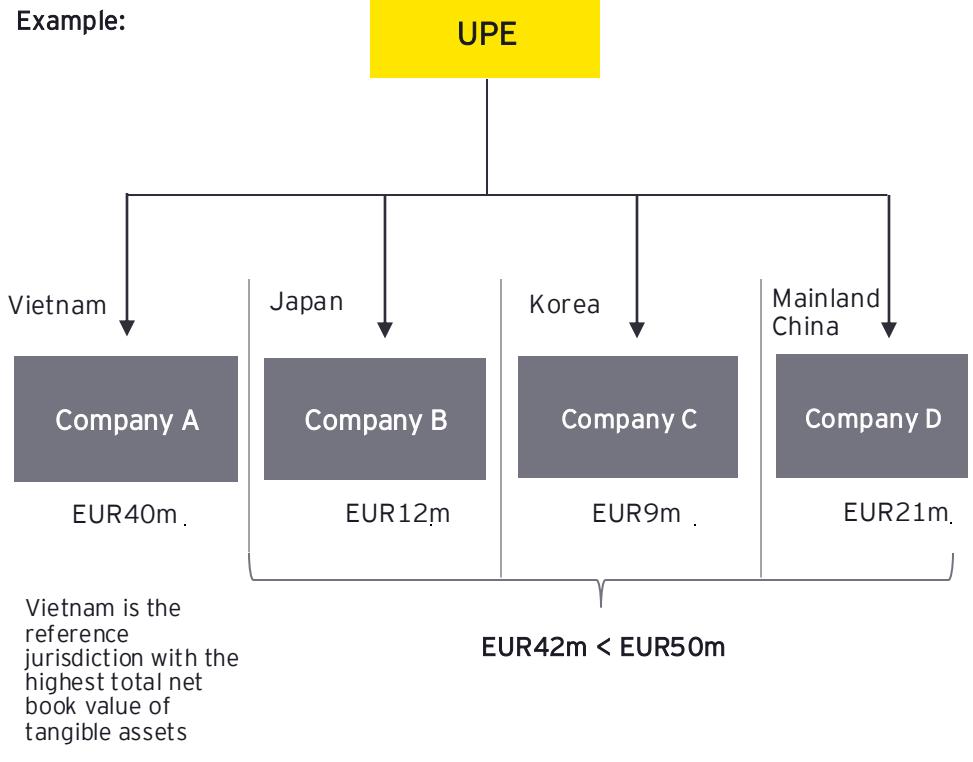
### MNE group in the initial phase of its international activity

An MNE group is considered to be in the initial phase of its international activity if, for the FY of tax liability determination, it meets both of the following conditions:

- The MNE group has CEs in no more than six jurisdictions during any time in the FY of tax liability determination
- The sum of net book values of tangible assets of all CEs located in all jurisdictions other than the reference jurisdiction does not exceed **EUR50m**.

QDMTT shall be deemed to be zero

Example:



### Note

- Net book value of tangible assets means the average of the beginning and end values of tangible assets as recorded in the financial statement of each CE (after taking into account accumulated depreciation, depletion, and impairment).
- The reference jurisdiction of an MNE group is the jurisdiction where the MNE group has the highest total value of tangible assets for the FY in which the MNE group originally comes within the scope of the GloBE rules.

## 2.2. Transitional safe harbour

The top-up tax for a jurisdiction shall be deemed to be 0 (zero) for a FY when one of the following conditions are met:

De minimis test	or	ETR test	or	Routine profits test
<ul style="list-style-type: none"><li>▪ Total revenue &lt; EUR10m</li><li>▪ Net profit before tax &lt; EUR1m or Loss</li></ul>		$\frac{\text{Simplified covered taxes}}{\text{Net profit before tax}} > \text{Transitional tax rate}$		<ul style="list-style-type: none"><li>▪ Substance-based income exclusion (SBIE) <math>\geq</math> Net profit before tax</li><li>▪ Loss in the qualified country-by-country report (CbCR).</li></ul>
				<ul style="list-style-type: none"><li>▪ Total revenue and net profit before tax must be obtained from a qualified CbCR.</li><li>▪ The Decree also provides guidance on a qualified CbCR; qualified FSs; and the application of the transitional safe harbour for the joint venture and its subsidiaries.</li></ul>

Note	Transitional period and transitional tax rate	Some notes on compliance issues
	<p>FY</p> <p>2023 2024 2025 2026</p> <p>15% 15% 16% 17%</p> <p>Transition period covers FYs beginning on or before 31 December 2026 but not including a FY that ends after 30 June 2028.</p>	<ul style="list-style-type: none"><li>▪ During the transitional period, no administrative tax penalties will be applied for certain violations.</li><li>▪ If an MNE group has not applied transitional safe harbour with respect to a jurisdiction in a FY in which the MNE group is subject to the GloBE rules, the MNE group cannot qualify for that safe harbour for that jurisdiction in the subsequent year, except where the group has not applied transitional safe harbour in the FY as it has not yet had any CEs located at the jurisdiction.</li></ul>

## 2.3. Safe harbour

The top-up tax for a jurisdiction (other than additional current top-up tax) shall be deemed to be 0 (zero) for a FY when one of the following conditions are met:

De minimis test

or

ETR test

or

Routine profits test

CEs may elect to use the simplified calculation method to determine whether the above criteria are met. Except for regulating the simplified calculation method for non-material CEs, the Decree has not yet provided detailed guidance on the simplified calculation method for determining the satisfaction of these criteria for other CEs.

Note

### Election to use the simplified calculation method for non-material CEs

**Non-material CEs** is an entity, including its PEs, that are not consolidated on a line-by-line basis in the UPE's consolidated FS solely on size or materiality grounds, provided that:

- The consolidated FS are those that are defined in point (a) or point (c), Clause 10, Article 3 of Resolution No. 107/2023/QH15.
- The consolidated FS are externally audited;
- In the case of an entity with a total revenue that exceeds EUR 50 million, its financial accounts that are used to complete the CbCR must be prepared in accordance with an acceptable financial accounting standard or an authorized financial accounting standard.

The filing CEs may **make an annual election** to apply the simplified calculation method for non-material CEs to determine safe harbour criteria for non-material CEs. Specifically:

- The use of items as per the relevant CbC regulations (total revenue and income tax payable for the current year) in lieu of the items required under the GloBE rules (income, revenue, adjusted covered taxes) to determine the satisfaction of safe harbour criteria.
- Relevant CbC regulations shall mean the CbCR requirements of the UPE jurisdiction or of the surrogate parent entity jurisdiction if a CbCR is filed there and not in the UPE jurisdiction. If the UPE's jurisdiction does not have CbC requirements, or if the MNE group is not required to file a CbCR in any jurisdiction, relevant CbC regulations shall follow the common standards.

## 2.4. QDMTT safe harbour

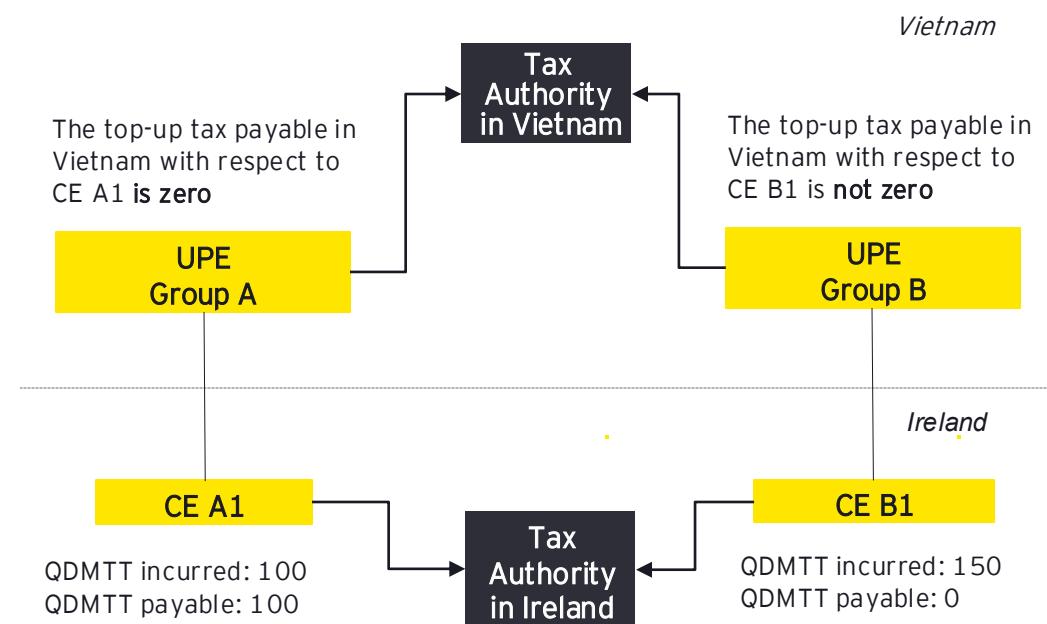
### QDMTT safe harbour

- Where a jurisdiction's QDMTT meets the conditions for the QDMTT safe harbour as per the list announced by OECD/G20 inclusive framework on BEPS, the top-up tax for that jurisdiction shall be deemed to be zero.
- Where a jurisdiction's QDMTT meets the conditions for the QDMTT safe harbour but the MNE group is not in the scope of application of the QDMTT in that jurisdiction or the tax authority in that jurisdiction fails to collect the QDMTT from the CEs located there, then the group is not entitled to apply QDMTT safe harbour in Vietnam.

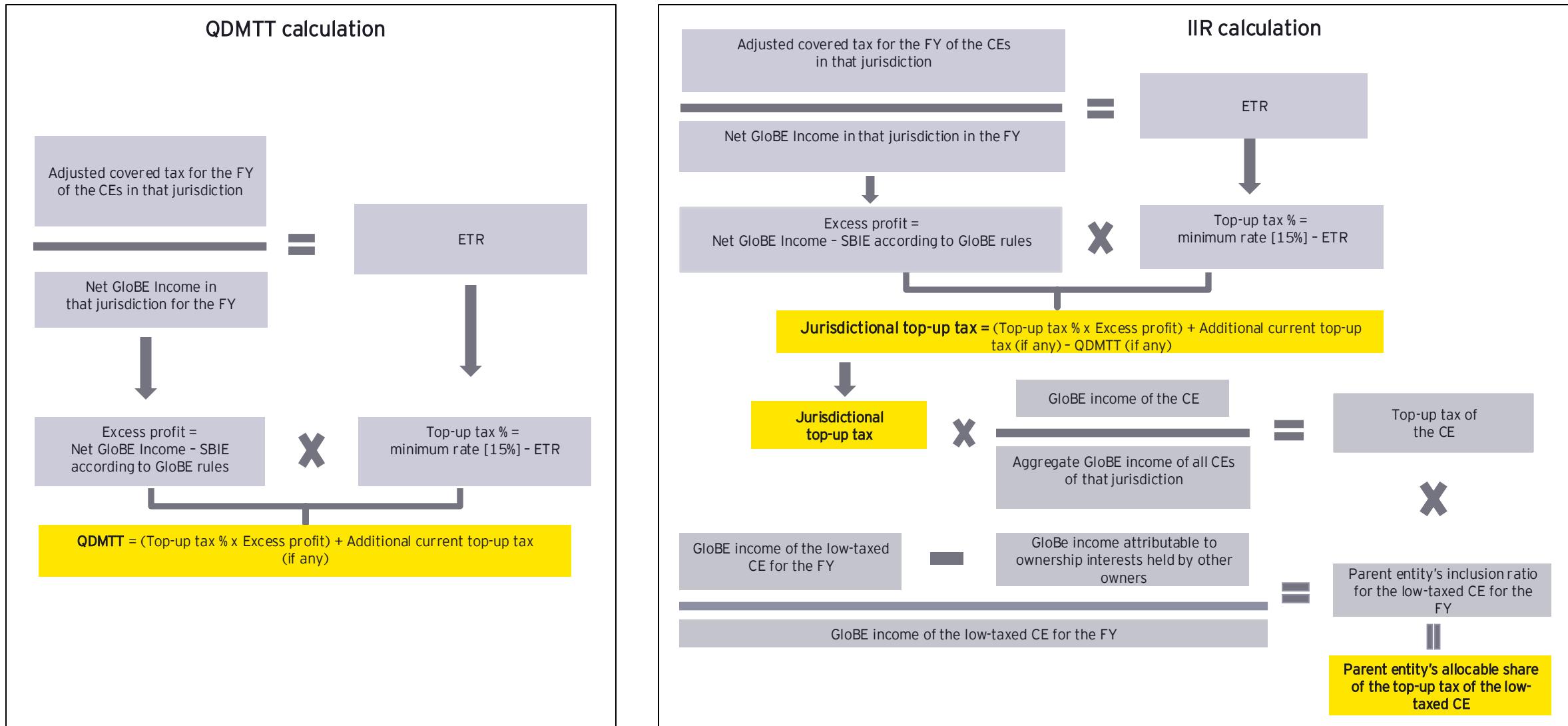
### Scenario:

- Ireland meets the conditions for the QDMTT safe harbour.
- A group has one CE A1 in Ireland, incurring QDMTT of 100.
- B group has one CE B1 in Ireland, incurring QDMTT of 150. However, due to the commitments made by the Irish Government, the Irish tax authority cannot collect this tax from B1.

### Illustrative Example



### 3. Top-up tax calculation according to QDMTT and IIR



### 3.1. Financial accounting standards and currency for tax filing and payment

#### Financial accounting standards

The financial accounting standard used to calculate the top-up tax under the IIR or QDMTT is the standard used for the preparation of the UPE's consolidated FS, depending on the case, the financial accounting standard can be either the acceptable financial accounting standard or authorized financial accounting standard.

##### Acceptable financial accounting standard:

- IFRS
- The generally accepted accounting principles (GAAP) of Australia, Brazil, Canada, Member States of the European Union, Member States of the European Economic Area, Hong Kong (China), Japan, Mexico, New Zealand, the People's Republic of China, the Republic of India, the Republic of Korea, Russia, Singapore, Switzerland, the United Kingdom and the United States of America.

**Authorized financial accounting standard** is a set of generally acceptable accounting principles permitted by an authorized accounting body in the jurisdiction where that CE is located and include acceptable financial accounting standard or another financial accounting standard that is adjusted to prevent **material competitive distortions**.

**Material competitive distortion** exists when the application of a specific principle or procedure under a set of generally accepted accounting principles resulting in an aggregate variation greater than EUR75m in a FY as compared to the amount that would have been determined by applying the corresponding IFRS principle or procedure.

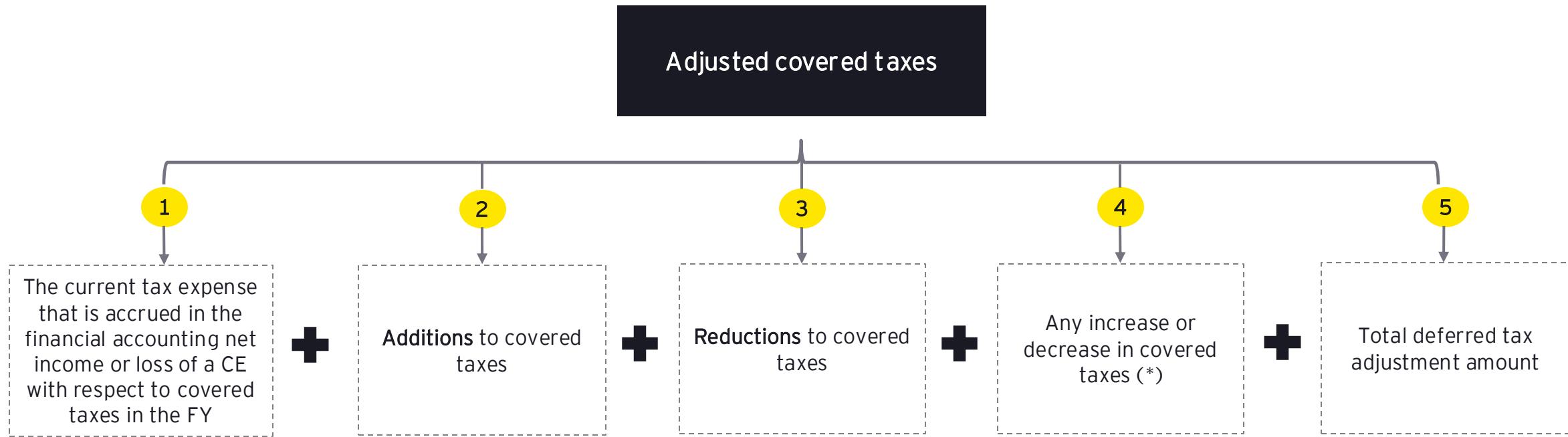
#### Currency for tax filing and payment

- GloBE Income or Loss shall be determined in the presentation currency of the UPE's Consolidated FSs.
- The MNE group must apply the standards on the effects of changes in foreign exchange rates, as stipulated in the UPE's financial accounting standard, to perform all necessary translations into the UPE's presentation currency.

- **The GloBE information return and explanation of discrepancies due to differences in accounting standards:** must be declared in the presentation currency of the UPE's Consolidated FS.
- **Top-up tax declaration form:**
  - be declared in VND if the presentation currency of the UPE's Consolidated FS is VND;
  - May be elected to be declared in VND or in UPE's currency if the presentation currency of the UPE's consolidated FS is not VND. The applicable exchange rate shall be the average of the telegraphic buying and selling rates quoted by the commercial bank where the CE regularly conducts transactions, as of the date the tax return is filed.

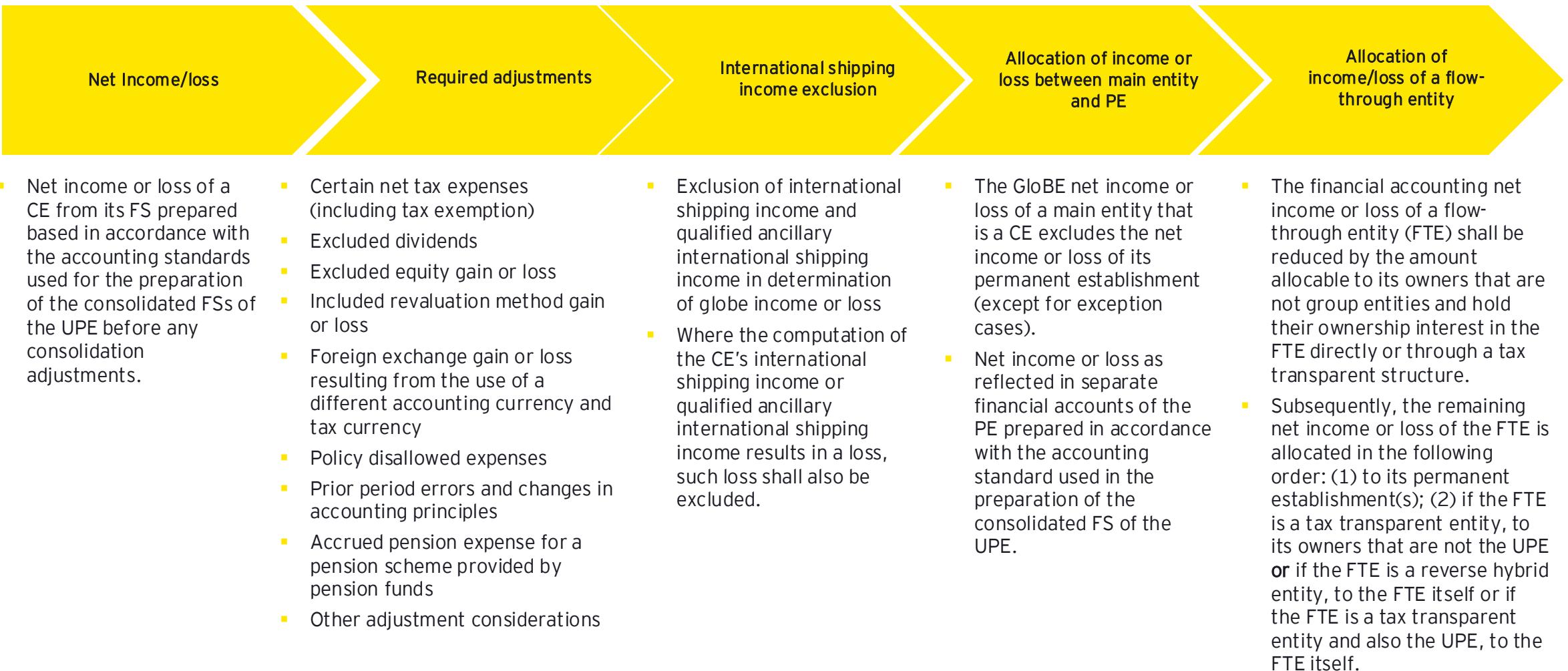
## 3.2. Computation of adjusted covered taxes

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(\*) Increase or decrease in covered taxes that has not been recorded in current tax expense or deferred tax expense but recorded in equity or other comprehensive income relating to amounts included in the computation of GloBE income or loss that will be subject to tax under local tax rules.

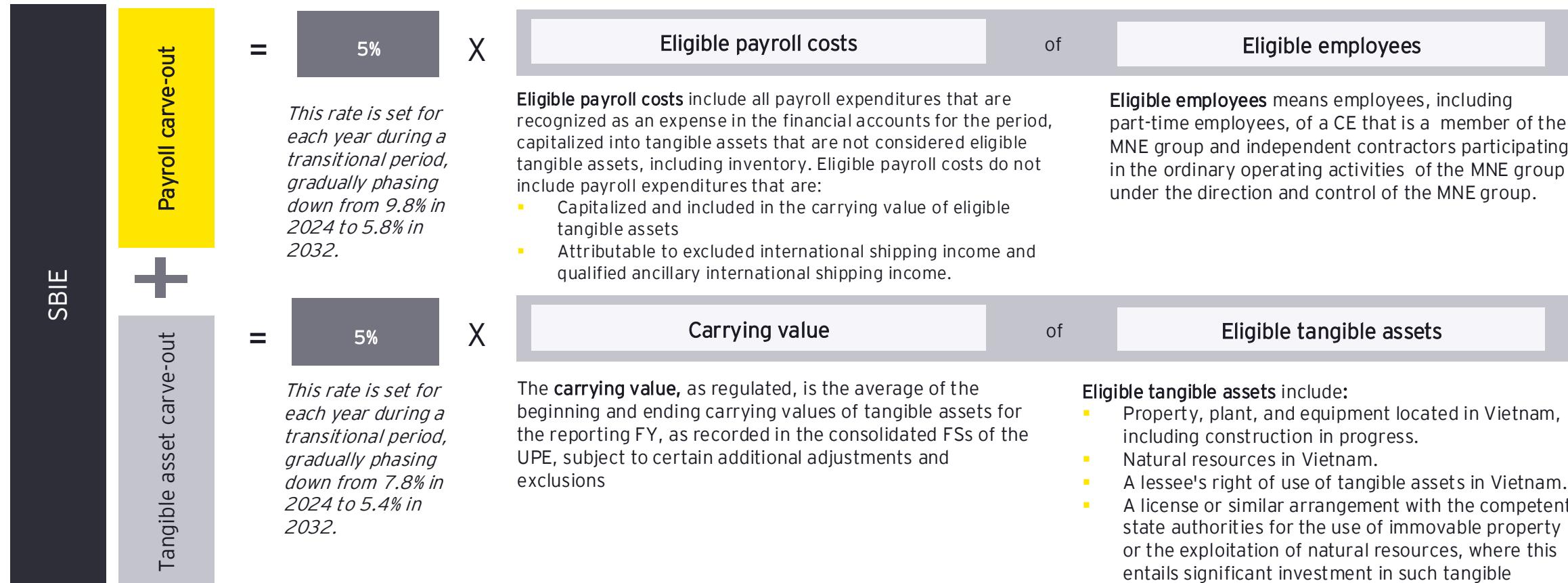
### 3.3. Determination of GloBE income or loss under the GloBe rules



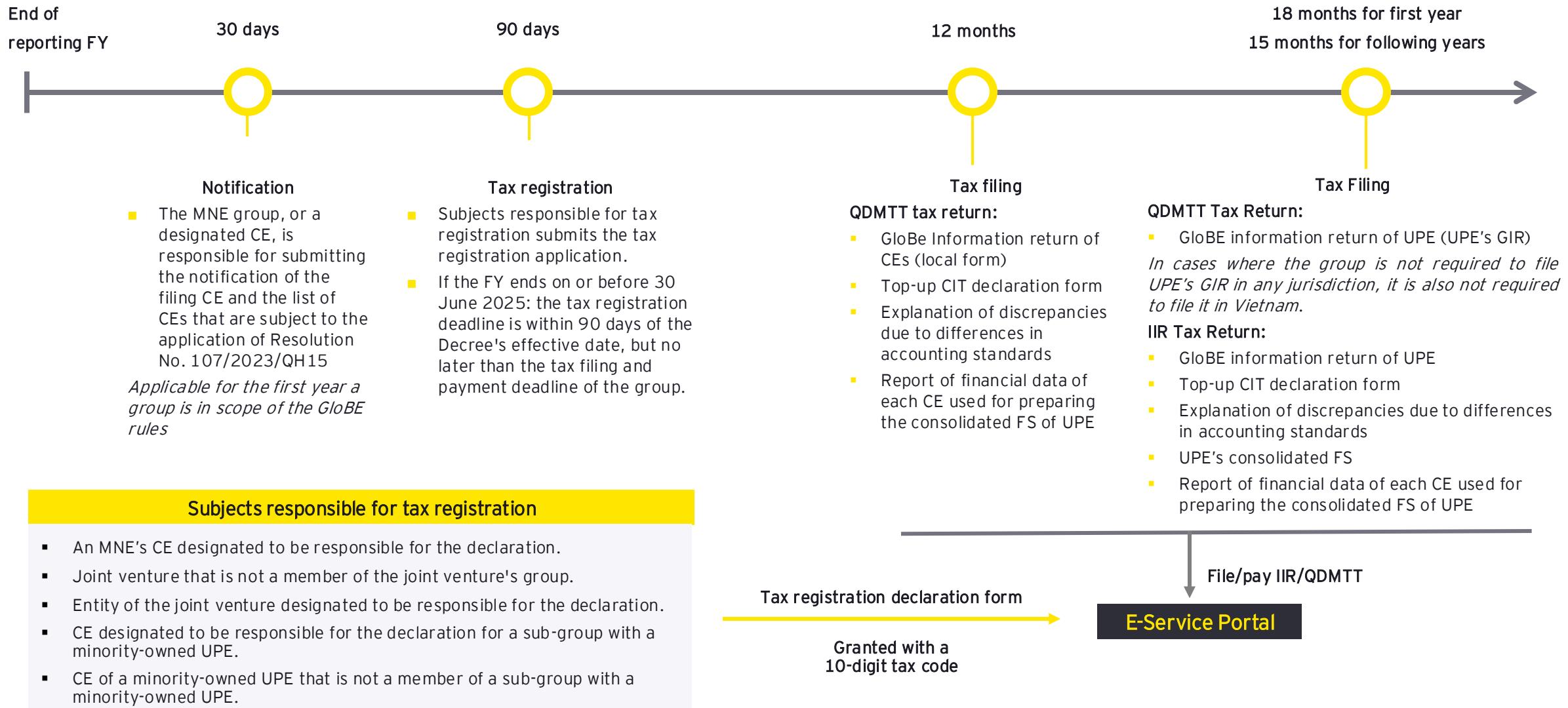
## 3.4. Substance-based income exclusion

Annually, an MNE group may elect and declare in its globe information return the following:

- Either to apply or not apply the SBIE
- to claim just a part of whole SBIE as regulated



# 4. Reporting and compliance



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