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Tax Alert

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# Potential impacts of changes in tax policies for household and individual businesses on enterprises operations

This Alert provides an update on the potential impacts to enterprises arising from several significant changes in tax policies applicable to household and individual businesses under Decree No. 68/2026/ND-CP and Circular No. 18/2026/TT-BTC, which take effect from 5 March 2026.

On 5 March 2026, the Government promulgated Decree No. 68/2026/ND-CP (Decree 68) on tax policies and tax administration for household businesses and individual businesses (IBs). Decree 68 provides detailed guidance on the determination of personal income tax (PIT) and value-added tax (VAT), tax filing and calculation methods, the use of invoices, and various compliance obligations applicable to IBs. The Decree takes effect from the date of signing.

Further, on the same day, the Minister of Finance issued Circular No. 18/2026/TT-BTC (Circular 18), which provides guidance on tax administration dossiers and procedures for IBs. Circular 18 replaces Circular No. 40<sup>1</sup> and takes effect from 5 March 2026.

These new regulations not only directly impact IBs but also affect the tax obligations and transaction procedures of enterprises in cases where they make payments to, transact with, or engage in business with IBs.

<sup>1</sup> Circular No. 40/2021/TT-BTC (Circular 40) dated 1 June 2021 of the Ministry of Finance providing guidance on VAT, PIT, and tax administration for IBs.

## 1. Tax filing and payment obligations of income paying entities on behalf of IBs

Under Decree 68, entities making payments to IBs are required to declare and pay taxes on behalf of the IBs in certain circumstances, including:

- Payments for asset rentals where the contract stipulates that the lessee must declare and pay tax on behalf of the IBs
- Payments made under business cooperation arrangements with IBs
- Payments to IBs acting as agents selling at predetermined prices in the lottery, insurance, or multi-level marketing sectors
- For transactions conducted through e-commerce or digital platforms that provide online ordering and payment functions, the platform operator is responsible for withholding, declaring, and paying tax on behalf of IBs in accordance with Decree 117<sup>2</sup>

Decree 68 further stipulates that the obligation to declare and pay taxes on behalf of IBs will continue to apply under the current provisions of the Tax Administration Law No. 38<sup>3</sup> and Decree 126<sup>4</sup> and their implementing guidance until replaced by new regulations. It should be noted that Tax Administration Law No. 38 will cease to be effective from 1 July 2026.

An important consideration concerns the obligation to declare and pay taxes on behalf of IBs in respect of certain "support payments". Specifically, under Decree 126, enterprises must declare and remit tax on behalf of IBs applying the deemed taxation method, including payments for incentive bonuses, sales-achievement support, promotional payments, trade and payment discounts, and other forms of monetary or non-monetary support. However, the deemed taxation method has been abolished effective 1 January 2026 pursuant to Resolution 198<sup>5</sup>.

This abolishment may be interpreted to mean that enterprises are no longer required to withhold tax on such support payments from that date. In addition, changes to the tax declaration forms applicable to withholding entities introduced under Circular 18 also indicate that they are no longer required to declare and pay tax on these payments. However, the timing for enterprises to cease declaring and paying taxes on behalf of IBs must comply with the transitional provisions of Circular 18. Specifically, cases where enterprises have already declared and paid tax in accordance with Circular 40 prior to the effective date of Circular 18, such as support payments to IBs relating to the tax period of January 2026, will not require adjustment. For cases where tax has not yet been declared, enterprises must follow the dossier and procedural requirements under Circular 18 and will not be subject to penalties.

Given that these regulations have only recently been promulgated and practical guidance from the tax authorities has not yet been observed, enterprises should continue monitoring further instructions to ensure compliance.

## 2. E-invoice usage obligations of IBs

The obligation for IBs to use e-invoices is determined based on their annual VAT-taxable revenue threshold, as summarized in the table on the following page.

<sup>2</sup> Decree No. 117/2025/ND-CP (Decree 117) dated 9 June 2025 of the Government providing regulations on tax administration for e-commerce and digital-platform business activities conducted by households and individuals

<sup>3</sup> Law on Tax Administration No. 38/2019/QH14 (Tax Administration Law No. 38) dated 13 June 2019

<sup>4</sup> Decree No. 126/2020/ND-CP (Decree 126) dated 19 October 2020 of the Government, detailing several articles of the Tax Administration Law No. 38

<sup>5</sup> Resolution No. 198/2025/QH15 (Resolution 198) dated 17 May 2025 of the National Assembly on certain special mechanisms and policies for promoting the development of the private economy

| Threshold of annual VAT-taxable revenue (*)       | Below VAT exemption threshold (≤ VND500 million)  | Above (>) VND500 million to (<) VND1 billion  | From (≥) VND1 billion   |
|---|---|---|---|
| <b>Obligation</b>                                 | No e-invoice usage obligation is prescribed   | <ul style="list-style-type: none"> <li>Not required to use e-invoices.</li> <li>However, if e-invoices are required, IBs must declare and pay tax before the tax authorities issue authenticated e-invoices for each arising transaction.</li> </ul>  | Mandatory use of e-invoices   |
| <b>Applicable forms</b>                           | Not applicable  | <ul style="list-style-type: none"> <li>If voluntarily applying, IBs may use authenticated e-invoices or invoices generated from cash-registers.</li> <li>If not voluntarily applying but when invoices are required, IBs may request the tax authority to issue authenticated e-invoices for each transaction after declaring and paying applicable tax.</li> </ul> | Authenticated e-invoices or invoices generated from cash-registers                      |
| <b>Notes for enterprises transacting with IBs</b> | When purchasing goods from IBs in this group, enterprises must retain payment vouchers and the purchase statement as required under Decree 320. | Although not mandatory, IBs in this group may still be able to issue e-invoices granted by the tax authority. Therefore, enterprises should arrange to obtain e-invoices when purchasing goods or services from them.   | Enterprises must collect and retain e-invoices when transacting with IBs in this group. |

(\*) VAT-taxable revenue is determined in accordance with the VAT Law<sup>7</sup>

Decree 68 does not provide separate regulations on the obligation to issue invoices for asset leasing activities (including both real estate and other types of assets) conducted by IBs. In principle, IBs engaging in asset leasing activities may fall under the same e-invoice requirements applicable to IBs with other business activities.

Please note that under Circular 20<sup>8</sup>, the documentation required for expenses related to leasing assets from individuals includes the lease agreement and payment vouchers for the rental. Although the relevant provisions under Circular 20 do not explicitly require an invoice issued by the IBs for asset leasing activities, the general principle for deductible expenses, i.e., having sufficient and proper invoices and supporting documents, must still be complied with.

Accordingly, for asset-leasing transactions with IBs, enterprises should continue to monitor further guidance from the tax authorities to ensure full compliance with the invoicing and documentation requirements applicable to this type of transaction.

### 3. Payment accounts of IBs

The CIT Law and Decree 320 require enterprises to have evidence of non-cash payment in order for expenses to be deductible for CIT purposes. One common form of such evidence is a bank transfer document. Under earlier regulations, a bank transfer document was defined as evidence showing that funds were transferred from the purchaser's bank account to the seller's bank account. However, in the prevailing tax regulations, including the VAT Law, the CIT Law, and their guiding legislation, this requirement is no longer expressly stated at the same level of detail. Despite this, in practice, tax authorities may still expect payment documentation to show a transfer between accounts bearing the names of both the purchaser and the seller when assessing the deductibility of expenses.

In this context, for payments made to sellers who are IBs, the use of the IBs' payment account is governed under clause 4, Article 13 of Decree 68. Under this clause, IBs are required to notify the tax authorities of all accounts opened at payment service providers and all e-wallet numbers used for business activities. Decree 68 does not require IBs to maintain a separate business bank account. This may be interpreted to mean that an IB's personal bank account may still be used for business transactions, provided the account has been notified to the tax authorities for business purposes.

It should be noted that under Article 4 of Circular 25<sup>8</sup> (this Article took effect on 1 March 2026), the IB's payment account must bear the same name as stated on the IB's business registration certificate. This requirement may result in stronger expectations from the tax authorities that the information on the enterprise's payment voucher matches the name of the IB's receiving account when assessing the deductibility of expenses for CIT purposes.

Accordingly, enterprises should confirm with IBs in advance the name of their bank account and whether the account has been properly notified to the tax authorities, in order to mitigate risks relating to the validity of payment documents.

<sup>8</sup> Circular No. 20/2026/TT-BTC (Circular 20) dated 12 March 2026 issued by the Minister of Finance provides detailed guidance on a number of articles of the Corporate Income Tax Law and Decree 320/2025/ND-CP

<sup>9</sup> Circular No. 25/2025/TT-NHNN (Circular 25) dated 31 August 2025 of the State Bank of Vietnam supplementing several articles of Circular No. 17/2024/TT-NHNN on the opening and use of payment accounts at payment service providers.



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