Q&A ON PIT OBLIGATIONS UNDER DECREE 253 AND CIRCULAR 87

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Question: What are the conditions for income from salaries and wages to be subject to the new regulations?

Answer:
The new rules under Decree No. 253/2026/ND-CP and Circular No. 87/2026/TT-BTC apply only to employment income earned by resident individuals.

The rules apply as follows, the new regulations are applied under the following mechanism:

- Retroactive application: Although Decree No. 253/2026/ND-CP and Circular No. 87/2026/TT-BTC officially take effect on 1 July 2026, the provisions relating to employment income of resident individuals apply to the entire 2026 tax year.
- Transitional treatment of tax filings: For taxpayers who have already declared and paid tax on employment income for the 2026 tax year (during the period from 1 January 2026 until before the new regulations took effect) under the previous legal provisions, they are not required to resubmit their monthly or quarterly tax returns. Instead, they only need to make the necessary adjustments in their 2026 annual personal income tax finalization return.

Question: What is the non-taxable threshold for the lunch allowance?

Answer:
The non-taxable threshold for the lunch allowance (or mid-shift meal allowance) depends on the form in which the employer provides the benefit to employees:

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Where the allowance is paid directly in cash: The lunch or mid-shift meal allowance is exempt from personal income tax up to VND 1.2 million per person per month.

If the employer pays an amount exceeding VND 1.2 million, only the excess amount is included in the employee's taxable income for personal income tax purposes.

Where meals are provided directly (not in cash): If the employer provides lunch or mid-shift meals by directly preparing meals, purchasing meal portions, or issuing meal vouchers to employees, the entire value of the meals is exempt from personal income tax, with no VND 1.2 million limit applying.

Question: Which types of income from salaries and wages are not included in taxable income?

Answer:
Under Article 8 of Decree No. 253/2026/ND-CP, The following types of income types of income received from employers that are not included in taxable personal income tax (PIT) income. These amounts fall into the following main groups:

- Group of allowances and subsidies The following allowances and subsidies are not included in taxable income
- Allowances and subsidies for people with meritorious services; defense, security, and armed forces allowances and subsidies
- Hazardous and dangerous allowances; attraction allowances, regional allowances; industry- and occupation-specific allowances
- Living expense allowances for members of Vietnamese agencies abroad
- Labor accident and occupational disease allowances; maternity allowances, one-time retirement allowances, survivor allowances, severance allowances, job loss allowances, unemployment allowances
- One-time relocation allowances for foreigners coming to reside in Vietnam, or Vietnamese citizens going to work abroad
- Allowances for village and hamlet health workers and allowances for serving senior leaders
- Group of welfare and support payments for employees These are non-monetary or monetary benefits received by employees but exempt from tax (if within the prescribed limits): Mid-shift meal, lunch allowances: Not subject to tax if the enterprise directly organizes cooking, provides meal vouchers, or purchases meals. If paid in cash, the maximum non-taxable amount is VND 1.2 million/person/month (only the amount exceeding this limit is subject to tax)
- Group of bonuses and other income Income not considered as salary or wages.

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Question: What benefits received by employees, whether non-monetary or monetary, are exempt from tax (if within the prescribed limits)?

Answer:

- Mid-shift meal, lunch allowance: Not subject to tax if the enterprise directly organizes cooking, provides meal vouchers, or purchases meals. If paid in cash, the maximum non-taxable amount is VND 1.2 million/person/month (only the amount exceeding this limit is subject to tax);
- Housing, electricity, and water expenses: Housing built by the enterprise itself and provided to employees is not subject to tax. Where the enterprise pays rent on behalf of employees, this amount is not included in taxable income if it does not exceed 15% of the total taxable income arising at the enterprise (excluding housing rental expenses);
- Business trip expenses, uniforms, telephone, stationery: Not subject to tax if the payments are made in accordance with the prescribed allowance levels under the regulations of the organization or enterprise;
- Education and travel support for foreigners/persons working abroad: Tuition fees for children (from preschool to high school) and round-trip airfare costs (once a year) for foreign employees working in Vietnam, or Vietnamese employees working abroad;
- Health insurance: Amounts paid by the enterprise to purchase non-compulsory insurance without an accumulation of insurance premiums (for example: health insurance, term life insurance) for employees;
- Training and condolence/congratulations expenses: Amounts paid for training to improve qualifications and skills; and amounts paid for condolence and congratulations occasions (in accordance with the enterprise's financial regulations);
- Medical support: Amounts provided to support medical examination and treatment for serious illnesses of the employee and their relatives (father, mother, spouse, children) based on actual payment documents.

Question: What types of income not considered as salaries and wages are excluded from taxable income under the group of bonuses and other income?

Answer:

- Bonuses attached to emulation titles, forms of commendation at the State level; national and international awards; bonuses for technical improvements, inventions, and innovations;
- Amounts received under regulations related to the use of transportation facilities in state agencies, Party organizations, and mass organizations;
- Amounts received under public housing regulations;
- Money and benefits received from trade union financial sources;
- Allowances for nutrition and specialized healthcare regimes for members of sports teams participating in training and competitions.

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Question: How is personal income tax (PIT) on digital assets calculated under the new regulations?

Answer:

Under the latest regulations in Decree No. 253/2026/ND-CP, income from the transfer of digital assets (including virtual assets, crypto assets, and other digital assets) is officially subject to tax and classified under the group of "Other income".

The method for calculating personal income tax (PIT) on digital assets is prescribed to apply a percentage rate on the transfer price (which is relatively similar to the method of calculating tax on securities transfers), The rules apply as follows: as follows:

Tax calculation formula: For resident individuals who earn income from the transfer of digital assets, the payable personal income tax is determined according to the following formula: PIT = Transfer price × 0.1%.

Therefore, the tax will be directly imposed at a rate of 0.1% on the total transfer transaction value of the sale of virtual assets/crypto assets, regardless of whether the transaction generates a profit or incurs a loss.

Question: When is tax determined?

Answer:

- The time when organizations or individuals pay income to taxpayers;
- Or the time when taxpayers actually receive income from the transfer transaction.

Question: What types of other income are subject to tax under Decree No. 253?

Answer:

Under Article 16 of Decree No. 253/2026/ND-CP, the group of "other income" subject to personal income tax includes the following four specific types:

- Income from the transfer of Vietnamese national domain names ".vn": This is the amount of money received by individuals from transferring the right to use such domain names to other organizations or individuals;
- Income from the transfer of greenhouse gas emission reduction results and carbon credits: Applicable to individuals owning these results/credits (however, this does not include cases where individuals make the first transfer, as the first transfer is eligible for tax exemption incentives under Clause 1, Article 34);
- Income from the transfer of auctioned winning vehicle license plates: Arises when individuals transfer the vehicle license plates that they have won through auction in accordance with legal regulations;
- Income from the transfer of digital assets: Includes income from transactions involving the transfer of virtual assets, crypto assets, and other digital assets under

the legal system on digital technology industries.

Question: What types of income are completely exempt from personal income tax (PIT)?

Answer:
Under Chapter III of Decree No. 253/2026/ND-CP, there are many types of income that are exempt from personal income tax (PIT). For ease of reference, tax-exempt income can be divided into the following main groups:

1. Group of income from real estate
- Income from the transfer, inheritance, or gifting of real estate (including future-formed housing) between individuals with direct family relationships (between husband and wife; biological/adoptive parents and biological/adopted children; parents-in-law and daughters-in-law/sons-in-law; paternal/maternal grandparents and paternal/maternal grandchildren; biological siblings);
- Income from the transfer of an individual's only residential house, residential land use rights, and assets attached to residential land (must satisfy the conditions of ownership for 183 days or more and the transfer of the entire property);
- Income from the value of land use rights allocated by the State without payment or with a reduction in land use fees;
- Income from the conversion of agricultural land allocated by the State to households and individuals for the purpose of production rationalization.

2. Group of income from Agriculture - Forestry - Fishery
- Income from direct agricultural, forestry, salt production, aquaculture, and fishing activities that have not undergone processing or have only undergone ordinary preliminary processing;
- Income from dividends received by individuals who are farmers participating in cooperatives under the "Large-scale Field" project;
- Income from the provision of goods and services directly serving offshore fishing activities.

3. Group of income from Finance, Insurance, and Compensation
- Income from interest on deposits at credit institutions, interest on Government bonds, and interest from life insurance contracts;
- Income from remittances (money received from abroad sent by relatives or Vietnamese people working/studying abroad);
- Income from insurance contract compensation (life insurance, non-life insurance, health insurance), labor accident compensation, state compensation, and other non-contractual damage compensation in accordance with legal regulations;
- Income from scholarships received from the state budget or domestic and foreign organizations;

- Income received from charitable funds or foreign aid sources for charitable and humanitarian purposes and not for profit purposes.

4. Group of income from Special salaries and Pensions

- Pension payments paid by the Social Insurance Fund, supplementary pension funds, or voluntary pension funds;
- Salary and wages for night work, overtime work, or payments for unused annual leave days (the portion of income within the prescribed limits under labor law is exempt from tax);
- Salary and wages of Vietnamese seafarers working for foreign shipping companies or Vietnamese shipping companies engaged in international transportation;
- Salary and wages of experts and individuals working in ODA programs and projects, representative agencies under the United Nations System, or foreign non-governmental organizations in Vietnam.

5. Group of preferential income from Innovation, Technology, and Environment (New point)

- Income from the first transfer of greenhouse gas emission reduction results, carbon credits, green bonds, and interest from green bonds;
- Income from salaries, wages, and copyrights of individuals when performing scientific, technological, and innovation tasks;
- Income of investors, experts, and founders from innovative startup projects, startup enterprises, or venture capital funds;
- Tax exemption for a period of five years for income from salaries and wages of high-quality digital technology human resources and high-tech human resources participating in key technology projects;
- Income from the transfer of open-ended fund certificates (provided that the holding period is at least two years).

6. Income of private business owners

Income of individuals who are owners of private enterprises or owners of single-member limited liability companies after such enterprises have paid corporate income tax.

Question: Regulations on the holding period of open-ended fund certificates to be eligible for tax exemption?

Answer:

Under Article 43 of Decree No. 253/2026/ND-CP, the regulations on the holding period of open-ended fund certificates for individuals to be exempt from personal income tax (PIT) upon transfer are The rules apply as follows:

- Mandatory holding period: At the time of sale, such open-ended fund certificates must have been held for a period of at least two years from the purchase date.

- Where fund certificates were purchased before 01/07/2026 (before the effective date of the Decree): Taxpayers are still eligible to apply this tax exemption policy upon transfer, provided that the holding period of such fund certificates has reached at least two years from the purchase date.
- Principle for calculating the holding period when purchased in multiple installments: Where an individual sells fund certificates purchased at different times, the 02-year holding period shall be determined according to the principle that the fund certificates purchased first shall be considered sold first (FIFO - First In, First Out principle).

Question: Tax benefits of purchasing health insurance for employees?

Answer:
Under Decree No. 253/2026/ND-CP, Employer-paid health insurance is exempt from PIT, provided it is a non-mandatory policy without an investment or savings component.

However, for this amount to be exempt from tax, the health insurance package must satisfy the following core condition:

- It must be a type of non-mandatory insurance and must not have an accumulation component in the insurance premium;
- The insured person does not receive back the accumulated insurance premiums from participating in the insurance, but only receives insurance benefits or compensation when an insured event occurs in accordance with the terms of the contract paid by the insurance company;
- In addition, this tax exemption provision still applies normally even when enterprises purchase health insurance packages (non-mandatory and without accumulation) from foreign insurance enterprises (not established and operating under Vietnamese law) but which are legally licensed to sell insurance in Vietnam.

Question: What are the conditions for tax exemption for startup founders?

Answer:
Under Article 37 of Decree No. 253/2026/ND-CP, for founders of innovative startup enterprises (startups) to be exempt from personal income tax (PIT), the following key conditions should be noted:

- Regarding the type of income eligible for tax exemption: Founders are not exempt from tax for all types of income, but are only exempt from personal income tax (PIT) on income from capital investment received from innovative startup projects or innovative startup enterprises;
- Regarding the legal basis for determination: Tax laws do not independently prescribe specific criteria to assess whether an enterprise qualifies as a startup.

- The determination of an innovative startup project/enterprise, as well as the identification of an individual or group of individuals as founders, must be carried out in accordance with the legal regulations on science, technology, and innovation.

Accordingly, individuals and enterprises must have valid documents, records, or certifications under the specialized legal system of the Ministry of Science and Technology as a basis for proving their "innovative startup" status, thereby being eligible to apply this tax exemption policy.

Question: How to calculate personal income tax (PIT) on the transfer of Vietnamese national domain names ".vn"?

Answer:
Under Article 4 of Decree No. 253/2026/ND-CP, the determination of a foreigner's place of regular residence in Vietnam shall be carried out in one of the following two cases:

- Based on the registered permanent/temporary residence: The place of regular residence of a foreigner is the permanent residence recorded in the Permanent Residence Card, or the temporary residence declared when applying for a Temporary Residence Card issued by a competent authority under the Ministry of Public Security;
- Based on the house rental period for residence (from 183 days or more): Where the foreigner has not or does not have a registered permanent/temporary residence as mentioned above, but has a rented house for residence in Vietnam with a total number of rental days under the contracts of 183 days or more in the tax year, the foreigner shall still be determined to have a place of regular residence.

For this purpose, residential accommodation includes:

- The rental periods shall be accumulated, including cases where an individual rents houses in different locations;
- "Rented houses for residence" are not limited to apartments or landed houses, but also include cases of staying in hotels, guest houses, motels, rental accommodations, at workplaces, or at the headquarters of organizations;
- It does not matter whether the individual personally pays for the rental or whether the employer (company) rents the accommodation and pays for it on behalf of the employee.

If a foreigner satisfies one of the two conditions regarding the place of regular residence as mentioned above, they shall be considered a resident individual in Vietnam for the application of the corresponding personal income tax policies.

Question: What is considered income arising in Vietnam?

Answer:
Based on the provisions of Decree No. 253/2026/ND-CP, the law does not provide a single fixed

definition for the term "income arising in Vietnam"; instead, this concept is determined through the following tax calculation principles:

Core principle: No distinction is made based on the place of payment and receipt of income. Income arising in Vietnam (or income arising within the territory of Vietnam) is understood as income derived from activities, work, or transactions taking place in Vietnam, regardless of the place of payment or receipt of income.

Accordingly, even if the income-paying organization is located overseas or the individual receives the money into an overseas bank account, if the source of such income (for example: work performed in Vietnam, real estate located in Vietnam...) originates from Vietnam, that income shall still be considered income arising in Vietnam.

Determination for income from salaries and wages: Income arising in Vietnam from salaries and wages is closely associated with the place where the work is performed. Where an employee (especially a non-resident individual) works simultaneously in both Vietnam and overseas, the portion of income arising in Vietnam shall be separated and calculated based on.

Question: Tax calculation formula for non-resident individuals working in Vietnam

Answer:
The personal income tax (PIT) calculation formula applicable to income from salaries and wages of non-resident individuals is The rules apply as follows: stipulated in Article 64 of Decree No. 253/2026/ND-CP as follows:

Basic tax calculation formula: Personal income tax (PIT) on income from salaries and wages of non-resident individuals is determined according to the following formula: PIT = Total taxable income from salaries and wages × Tax rate of 20%.

n which, the total taxable income is the entire amount of salaries and wages received by such individual for performing work in Vietnam, regardless of where the income-paying organization is located or where the individual receives the income.

Formula for determining income arising in Vietnam (Where separate identification is not possible): If a non-resident individual works simultaneously in both Vietnam and overseas but the portion of income arising in Vietnam cannot be separately identified, the tax authority shall apply the following allocation formula to determine the taxable income:

- Where the foreign individual is NOT present in Vietnam: Total income arising in Vietnam = [(Number of working days for work in Vietnam / Total number of working days in the year) × Global salary and wage income (before tax)] + Other taxable income (before tax) arising in Vietnam

- Where the foreign individual IS present in Vietnam: Total income arising in Vietnam = [(Number of days present in Vietnam / 365 days) × Global salary and wage income (before tax)] + Other taxable income (before tax) arising in Vietnam
- (Note: The "other taxable income" added at the end of the formula refers to monetary or non-monetary benefits paid by the employer on behalf of the employee. This amount is calculated separately and does not depend on the number of working days or the number of days present in Vietnam.)

Question: What documents are required to prove dependents?

Answer:
Under the new regulations in Article 4 of Circular No. 87/2026/TT-BTC, the documents proving dependents for family circumstance-based deductions fall in detail according to each category of dependent, with priority given to the use of a copy of the Citizen Identity Card. The rules apply as follows:, as follows:

For children:

- For children under 18 years old: A copy of the Birth Certificate (or a decision/document confirming the parent-child relationship) and a copy of the child's Citizen Identity Card Where it has been issued are required;
- Adopted children, stepchildren: In addition to the Birth Certificate and Citizen Identity Card, a copy of the Decision recognizing/adoption certificate (for adopted children), or a copy of the taxpayer's Marriage Certificate to prove the relationship with the spouse's stepchild is required;
- Children aged 18 years or older with disabilities/loss of civil act capacity: A copy of the Birth Certificate, a copy of the Citizen Identity Card, and a copy of the Certificate of disability level (or medical records proving inability to work) are required;
- Children studying at universities, colleges, professional secondary schools, vocational schools, or upper secondary schools: A copy of the Birth Certificate, a copy of the Citizen Identity Card, together with a copy of the student card or a declaration certified by the school to prove that they are currently studying, are required.

For spouses: The required documents include a copy of the spouse's Citizen Identity Card and a copy of the Marriage Certificate (or marriage extract, documents proving the spousal relationship issued by a competent authority).

For parents (biological father/ mother, adoptive father/ mother, father/ mother-in-law, stepfather, stepmother): The required documents include a copy of the father's and mother's Citizen Identity Cards and a copy of the taxpayer's Birth Certificate (or the taxpayer's spouse's Birth Certificate), or a copy of the Decision recognizing the parent/child relationship to prove the relationship.

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For other individuals without support who are directly raised and cared for by the taxpayer. The required documents include:

- A copy of the Citizen Identity Card;
- A declaration form regarding the individual who must be directly raised and cared for;
- Legal documents proving the relationship (if any) and proving that the dependent has no support.

Important note on the digitalization of procedures (New point): Tax authorities are currently required to exploit and use information data from the National Public Service Portal, the administrative procedure settlement information system, and the National Population Database as the basis for determining dependents. Where tax authorities can access and retrieve these online data sources, they shall not require taxpayers to provide the aforementioned hard-copy documents.

Question: Amount of family circumstance-based deduction for dependents in 2026?

Answer:

Based on the legal documents in the provided source materials, the regulations on family circumstance-based deductions for dependents in 2026 are determined as follows:

Regarding the deduction amount: Both Decree No. 253/2026/ND-CP and Circular No. 87/2026/TT-BTC do not prescribe a specific monetary amount for the deduction applicable to each dependent, but only stipulate that such amount shall be implemented in accordance with Point b, Clause 1, Article 10 of the Law on Personal Income Tax.

(Note: The specific monetary amount in VND is not stated in these sources; you may need to cross-check with the current Law on Personal Income Tax to determine the exact figure).

Regarding the income conditions of dependents (Notable change): The new regulations clearly stipulate the income limit for an individual to qualify as a dependent. According to Article 3 of Circular No. 87/2026/TT-BTC, a dependent must have an average monthly income during the year from all sources not exceeding VND 3 million.

Regarding the effective application period: The regulations on deductions applicable to income from salaries and wages under the new legal documents shall apply to the entire 2026 tax period, even though the documents officially take effect only in July 2026

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Question: How much income is exempt from personal income tax (PIT)?

Answer:
In the provided source documents (Decree No. 253 and Circular No. 87), the law does not specify a particular amount of total income from salaries and wages below which an individual is completely exempt from paying tax, but only stipulates that the family circumstance-based deduction applicable as the basis for tax calculation shall be implemented in accordance with Article 10 of the Law on Personal Income Tax.

However, the documents clearly specify the specific income thresholds that are not subject to tax calculation or tax withholding applicable to each case as follows:

- Employees without an employment contract or with a contract of less than three months: If the income payment is less than VND 5 million per payment, the paying organization or individual shall not be required to withhold 10% tax;
- Where the income is from VND 5 million per payment or more, but the individual estimates that their total taxable income (after deducting family circumstance-based deductions) is below the taxable threshold, the individual may submit a commitment form to the income payer to avoid tax withholding;
- Income from winning prizes, royalties, inheritances, and gifts: Personal income tax (PIT) is only calculated on the portion of income value exceeding VND 20 million for each occurrence. Accordingly, if the amount of prize money, royalties, or the value of inherited/gifted assets is VND 20 million or less for each receipt, no tax shall be payable.

Note (Information outside the source documents): To provide the most accurate answer in practice regarding income from salaries and wages, under the current provisions of the Law on Personal Income Tax (which are not included in the provided documents), the taxable income threshold depends on the family circumstance-based deduction levels. Currently, the deduction for the taxpayer themselves is VND 11 million/month and for each dependent is VND 4.4 million/month. Therefore, if you have no dependents, income of VND 11 million/month or less shall not be subject to personal income tax (PIT). If you have 1 dependent, the non-taxable income threshold will increase to VND 15.4 million/month. You may further cross-check this information with the Law on Personal Income Tax for verification.

Question: How is Taxable Income from Capital Transfers Determined?

Answer:
Personal income tax (PIT) on the transfer of capital contributions: This is income arising from the transfer of capital in limited liability companies, partnerships, cooperatives, or other economic organizations.

General formula: PIT = Taxable income × Tax rate of 20%.

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Determination of taxable income: Taxable income is calculated as the transfer price minus (-) the purchase price and reasonable expenses directly related to generating the income (such as legal expenses, administrative fees, etc).

Accordingly, tax is imposed only on the actual "profit" you earn.

Exceptional case (presumptive taxation): If the transfer agreement does not specify the transfer price, the stated price is not consistent with the market price, or the purchase price and related expenses cannot be determined, the tax authority shall assess the tax based on the transfer value. In such cases, PIT = Transfer price × Tax rate of 2%.

Time of determining income: The time of determining income is the date on which the transaction is completed in accordance with the law, or the date on which the enterprise completes the procedures for changing the list of capital-contributing members.

Question: How is personal income tax (PIT) on securities transfers determined?

Answer:
This category applies when an individual transfers shares, share subscription rights, bonds, treasury bills, fund certificates, and other types of securities (including derivative securities).

Tax calculation formula: PIT = Transfer price × Tax rate of 0.1%.

Important note: Unlike capital contribution transfers, tax on securities transfers is imposed directly on the total selling price (gross proceeds) of each transaction, regardless of whether the individual makes a profit or incurs a loss on that transaction.

Time of determining income:
- For listed securities: The time of determining income is the time the trade is matched or the negotiated price is agreed on the Stock Exchange;
- For unlisted securities: The time of determining income is the date of the most recent financial statements prepared prior to the transfer, or the date on which ownership is transferred.

Applicable to non-resident individuals: If the individual transferring capital contributions or securities is a non-resident (but the transaction gives rise to income in Vietnam), the tax authority shall apply the same tax calculation formulas and tax rates as those applicable to resident individuals (20% on gains / 2% on gross transfer value for capital contribution transfers; and 0.1% on gross transfer value for securities transfers)

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Question: Note on taxation when selling an entire sole proprietorship?

Answer:
Under the provisions of Decree No. 253/2026/ND-CP, when selling an entire sole proprietorship, the key point to note is whether the enterprise is associated with real property, as this factor completely changes the nature of the income and the applicable tax calculation method. The rules apply as follows:

Where the sale of the enterprise is associated with real estate (Most important note):
- **Income classification:** According to Clause 5, Article 10, if you sell an entire sole proprietorship (owned by an individual) in the form of a capital transfer that involves real estate, this transaction shall not be considered a normal capital transfer, but shall be separated and determined by the tax authority as income from real estate transfer activities;
- **Tax calculation method:** When classified as income from real estate, you will not have tax calculated based on the profit earned. Instead, personal income tax (PIT) shall be calculated as the total transfer price multiplied (×) by the tax rate of 2%.

Where the sale of the enterprise is not associated with real estate:
- **Income classification:** If the sale of the enterprise does not include real estate, the income shall be classified as "income from capital transfers in other forms" (including the case of selling an enterprise);
- **Tax calculation method:** The tax calculation principles applicable to capital contribution transfers shall be applied. The tax rate is 20%, calculated on taxable income (i.e., the actual profit after deducting the purchase price and reasonable expenses incurred to generate income from the transfer price);
- **Exceptional case:** If the purchase price and expenses related to the transfer cannot be determined, the tax authority shall apply a presumptive tax rate of 2% on the total transfer price.

Question: How is the purchase price determined when calculating tax on capital transfers?

Answer:
According to the provisions in the provided sources, the purchase price of the transferred capital portion is understood as the value of the contributed capital portion at the time of transfer.

This value is determined by the total value of the initial capital contribution plus any additional capital contributions or purchases made subsequently.

The rules apply as follows, the determination of the purchase price is guided in detail by law in the following two cases:

- Where the capital is contributed by the individual themselves: The purchase price is the accumulated value of the contributed capital up to the time of the transfer. To be recognized, this value must be substantiated through accounting records, invoices, and valid supporting documents;
- Where the capital portion is purchased by the individual from another person: The purchase price shall be the value of that capital portion at the exact time of purchase. The tax authority shall rely on the capital contribution purchase agreement and payment documents to accurately determine this value.

An important point to note (as mentioned in the method of calculating tax on capital transfers) is that if the purchase price and expenses related to the transfer cannot be determined, the tax authority will not allow tax calculation based on the actual profit (20% tax rate). Instead, personal income tax shall be subject to presumptive taxation, calculated as the total transfer price multiplied (×) by the tax rate of 2%.

Question: What are the reasonable expenses when transferring capital?

Answer:
According to Article 53 of Decree No. 253/2026/ND-CP, reasonable expenses related to generating income from capital transfers (which are deductible from the transfer price for tax calculation purposes) are actual expenses incurred and must be supported by valid invoices and documents.

The rules apply as follows:, these reasonable expenses are prescribed to include:
Costs for completing legal procedures directly serving the transfer of capital;
Fees and charges paid by the transferor to the state budget in accordance with the law during the transaction process;
Other related expenses, provided that there are sufficient valid supporting documents.

Important note regarding expenses incurred abroad: In case your transfer expenses are incurred abroad, the law requires that these original documents must be confirmed in detail by a notary public agency or an independent audit agency of the host country. Concurrently, all of these documents must be translated into Vietnamese to be recognized by the tax authority as reasonable expenses when calculating tax.

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