

Vietnam's New Law on Tax Administration 2025: A shift toward digital, data-driven tax enforcement

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On 10 December 2025, the National Assembly of Vietnam officially passed Law No. 108/2025/QH15 on Tax Administration (***the Law on Tax Administration 2025***) to replace Law No. 38/2019/QH14 on Tax Administration issued on 13 June 2019, as amended and supplemented by Law No. 56/2024/QH15 dated 29 November 2024 (collectively, ***Law on Tax Administration 2019***). The Law on Tax Administration 2025 will take effect from 1 July 2026, save for the provisions in Article 13 and Article 26 respectively on the requirements of declaration, finalisation, deduction of tax and use of electronic invoices imposed upon business households and individual businesses, which will take effect from 1 January 2026.

The reform reflects the Government's response to the rapid growth of the digital economy, e-commerce, and the need for more effective, technology-based tax administration.

This is one of the most important pieces of legislation passed in the Final Session of the National Assembly of Vietnam in its 15th term of office. The introduction of the new legislation aims at developing the tax administration of Vietnam towards improved transparency, reduced administrative burdens, and more digitalisation.

We would like to point out the following key highlights:

1. Specification on Taxpayers

The Law on Tax Administration 2025 specifies that taxpayers will also include (i) foreign individuals and organisations conducting business in Vietnam or having income in Vietnam, and (ii) foreign individuals and organisations undertaking business on e-commerce platforms and other digital platforms. This inclusion aligns with the new Law on Corporate Income Tax, which entered into force on 1 October 2025.

Specifying foreign individuals and organisations doing business on e-commerce platforms and other digital platforms as taxpayers will require platform operators to have a more active involvement in the process of tax administration, particularly in collecting tax from those foreign individuals and organisations. This will enhance compliance certainty for the tax authority while imposing additional operational and reporting obligations on platform operators, for example, withholding and remitting taxes on behalf of foreign merchants.

2. Strictly Prohibited Activities

The new legislation lists out a number of groups of activities that are prohibited, including, among others, the following:

- Collusion, connivance, and cover-up between taxpayers and tax officials or tax authorities to facilitate transfer pricing, tax evasion, fraud, and illicit gain from taxes and state budget funds;
- Obstructing tax officials from performing their duties. Resisting, delaying, or refusing to provide information and documents for tax and other revenue inspections and supervision;
- Using another taxpayer's tax identification number to commit illegal acts; or one illegally allowing others to use his/her own tax identification number;
- Selling goods or providing services without issuing invoices as required by law; using illegal invoices or documents; using invoices or documents illegally; or forging invoices or documents to commit illegal acts; and
- Providing or disseminating false information that affects the reputation and operations of tax authorities, taxpayers, and the Tax Management Information System.

3. Reducing the deadline for filing supplementary tax returns

Under the Law on Tax Administration 2019, a taxpayer was given ten (10) years from the deadline for tax finalisation to fix and rectify any errors or mistakes in the submitted tax declaration documents. Under the Law on Tax Administration 2025, this is narrowed down to only five (5) years.

4. Amending and supplementing administrative procedures and groups of administrative procedures

The Law on Tax Administration 2025 does not introduce any new administrative procedures, but removes two (2) administrative procedures and amends seven (7) administrative procedures/groups of administrative procedures, including (i) tax registration; (ii) declaration, calculation and deduction of tax and other charges; (iii) payments of tax, other charges, late payments and fines; deadline extension for payment of tax, other charges, late payment and fines; handling of overpaid taxes, other revenues, late payments and fines; handling of late payment of taxes and other revenues; (iv) tax refund, exemption of tax and other charges, reduction of tax and other charges, non-taxable status; (v) writing off tax debts; (vi) tax inspection; and (vii) tax determination.

5. Electronic system for tax refund, exemption and reduction

The new legislation clarifies the responsibilities of tax authorities in applying the electronic system for processing tax refund, exemption and reduction based on risk criteria, technological processes, and information security requirements. The implementation of automated tax refund, exemption, and reduction will be carried out according to a roadmap, in line with actual conditions and guidance from the Ministry of Finance.

6. Business households and individuals determine their own annual revenue to calculate payable taxes

Households and individuals will determine their annual revenues to calculate payable value-added tax (**VAT**) and personal income tax (**PIT**) in accordance with Article 13 of the Law on Tax Administration 2025. Specifically, business households and individuals will determine their annual revenues from the production and trading of goods and services that are exempt from tax or not subject to tax under VAT and PIT laws and notify the tax authorities of their actual revenue generated during the relevant year. If their relevant production and/or goods and services are subject to VAT and PIT, the relevant households and individuals will determine the payable VAT and PIT.

Under the Law on Tax Administration 2019, the tax authorities would determine the amount of tax payable using a lump-sum tax method for business households and individuals.

7. Transitional Regulations

Any tax debts incurred before 1 July 2026, the effective date of the Law on Tax Administration 2025, shall be handled in accordance with this new law.

Overall, the Law on Tax Administration 2025 represents a structural shift in Vietnam's tax governance model. Compared with the Law on Tax Administration 2019, it places stronger emphasis on digital enforcement, risk management, and taxation of the digital economy. Businesses, e-commerce platforms, and individual taxpayers should begin reviewing their compliance systems and data readiness well ahead of the 2026 effective dates to mitigate potential risks under the new regime.

Please feel free to contact our team should you require tailored advice or further insights on how this new law may impact your business.

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