

**THE GOVERNMENT OF
VIETNAM**

No. 181/2025/ND-CP

SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom – Happiness

Hanoi, July 01, 2025

DECREE

ELABORATION OF SOME ARTICLES OF THE LAW ON VALUE-ADDED TAX

Pursuant to the Law on Government Organization dated June 19, 2015 dated February 18, 2025;

Pursuant to the Law on Value-added Tax dated November 26, 2024;

Pursuant to the Law dated June 25, 2025 on Amendments to some Articles of the Law on Bidding, the Law on Public-Private Partnership Investment, the Law on Customs, the Law on Value-added Tax, the Law on Export and Import Duties, the Law on Investment, the Law on Public Investment, the Law on Management and Use of Public Property

At the request of the Minister of Finance;

The Government promulgates a Decree on elaboration of some Articles of the Law on Value-added Tax.

Chapter I

GENERAL PROVISIONS

Article 1. Scope

The Decree elaborates regulations on taxpayers mentioned in Clauses 1, 4 and 5 Article 4 and taxpayers in cases where providing services for buyers that are business organizations in Vietnam that apply credit-invoice method mentioned in Clause 4 Article 4, goods and services not subject to value-added tax (VAT) mentioned in Article 5, taxable prices mentioned in Article 7, time for determination of VAT mentioned in Clause 2 Article 8, VAT rates mentioned in Clause 1 and Clause 2 of Article 9, credit-invoice method mentioned in Article 11, direct method mentioned in Clause 1 Article 12, deduction of input vat mentioned in Article 14 and VAT refund mentioned in Article 15 of the Law on Value-added Tax (hereinafter referred to as “VAT Law”).

Article 2. Regulated entities

The following entities are regulated by this Decree:

1. Taxpayers mentioned in Article 3 of this Decree.
2. Tax authorities defined by tax administration laws.
3. Relevant organizations and individuals.

Article 3. Taxpayers

Taxpayers shall be determined in accordance with Article 4 of the Law on Value-added Tax. Determination of taxpayers in certain cases:

1. Taxpayers mentioned in Clause 1 Article 4 of VAT Law include:

- a) Business organizations that are established and registered in accordance with the Law on Enterprises, the Law on Cooperatives and other specialized laws.
- b) Business organizations of political organizations, socio-political organizations, social organizations, social-professional organizations, the People's armed forces, public service providers and other organizations.
- c) Foreign-invested enterprises and foreign parties to business cooperation under the Law on Investment; foreign organizations and individuals doing business in Vietnam without juridical personality in Vietnam.
- d) Export processing enterprises (EPEs) performing other business operations in accordance with regulations of law on management of industrial zones and economic zones.
- dd) Households and individuals having production and/or business activities; independent groups of businesspeople.
- e) Other organizations and individuals having production and/or business activities (hereinafter referred to as "business operation").

2. Taxpayers mentioned in Clause 4 and Clause 5 Article 4 of VAT Law include:

- a) Foreign suppliers without permanent establishments in Vietnam having e-commerce activities, doing digital platform-based business with organizations and individuals in Vietnam ((hereinafter referred to as "foreign suppliers"); organizations that are operators of foreign digital platforms that deduct and pay tax on behalf of foreign suppliers; business organizations in Vietnam applying credit-invoice method to calculate VAT on services provided by foreign suppliers without permanent establishment in Vietnam via e-commerce channels or digital platforms, deducting and paying tax on behalf of foreign suppliers. The deduction and payment of tax on behalf of foreign suppliers by the taxpayers mentioned in this Point shall comply with tax administration laws.

b) The taxpayers mentioned in Clause 5 Article 4 of VAT Law that are organizations that operate e-commerce platforms and payment-enabled digital platforms shall comply with regulations of the Government's Decree No. 117/2025/ND-CP dated June 9th 2025 on tax administration of business activities of households and individuals on commerce platforms and payment-enabled digital platforms.

Article 4. Goods and services not subject to VAT

Goods and services not subject to VAT shall be determined in accordance with Article 5 of VAT Law. Determination of goods and services not subject to VAT in certain cases:

1. Products from plants, cultivated forests, husbandry, aquaculture, fishery that have not been processed into other products or have only undergone preliminary processing by the manufacturers or catchers when they are sold and imported. Among them, products that have only undergone preliminary processing are products that have only been cleaned, sun-dried, dried with heat, peeled, milled, milled or crushed into pieces, hulled by milling, threshed, had seeds removed, stemmed, cut, ground, polished, soaked, separated into multiple parts, deboned, minced, skinned, pulverized, flattened, salted, vacuum-packed, chilled, frozen, preserved by sulfur gas or chemicals, soaked in sulfur solution or other preservation solutions, and preserved by other common methods.

In cases where it cannot be determined which goods and services are not subject to VAT, the Ministry of Agriculture and Environment shall determine which products have not been processed into other products or have only undergone preliminary processing by the manufacturers or catchers when they are sold and imported according to the manufacture process of the products from plants, cultivated forests, husbandry, aquaculture, fishery provided by the taxpayers.

2. State-owned housing sold by the State to the current tenants. Among them, state-owned housing shall be determined in accordance with housing laws.

3. Transfer of land use rights (LUR) according to land laws.

4. The following finance, banking, securities trading and commerce services:

a) Credit extension services prescribed by regulations of law on credit institutions and fees specified in lending agreements between the Government of Vietnam and foreign lenders.

b) Lending services provided by taxpayers that are not credit institutions.

c) Securities trading services including securities brokerage, proprietary trading of securities, securities issuance guarantee; securities investment consulting; securities investment fund management; securities investment portfolio management prescribed by securities laws.

d) Capital transfer including: transfer of part or all of capital invested in another business organization (regardless of establishment of a new juridical person), transfer of securities,

transfer of the right to contribute capital and other forms of capital transfer prescribed by law, including selling an enterprise to another enterprise for business operation where the buying enterprise inherits all rights and obligations of the enterprise being sold as prescribed by law. Capital transfer prescribed in this Point does not include transfer of investment projects and sale of assets.

dd) Sale of debts, including sale of payables and receivables, sale of certificates of deposit between taxpayers that are not credit institutions.

e) Trading in foreign currencies.

g) Derivatives prescribed by regulations of law on credit institutions, securities and commerce, including: interest rate swap, forward contracts, futures contracts (futures); call options, put options and other derivatives.

h) Sale of collateral for debts of organizations 100% of charter capital of which is held by the State (hereinafter referred to as “wholly state-owned organizations”) which are established by the Government to settle bad debts of Vietnamese credit institutions.

The Ministry of Finance shall elaborate securities trading services and securities transfer services mentioned in Point c and Point d of this Clause.

5. Funeral services, including lease of funeral parlors, hearse rental, final disposition, disinterment and reinterment, grave care, which must be provided by licensed funeral service providers.

6. Renovation, repair and construction of historical – cultural remains, scenic beauties, cultural, artistic works, public service works, infrastructure and housing for social policy beneficiaries which are funded with the people’s contributions or humanitarian aid (making up at least 50% of the total investment in the work; in case the people’s contributions or humanitarian aid is less than 50% of the total investment in the work, the entire value of the work shall be subject to VAT). Where:

a) The people’s contributions include capital contributed and donated by organizations and individuals.

b) historical – cultural remains, scenic beauties mentioned in this Clause shall be determined by regulations of law on cultural heritage.

c) Public works, infrastructural works that are non-commercial and free-of-charge. The works mentioned in this Point shall be determined in accordance with Point 2 Section I and Section III of Appendix I of the Government’s Decree No. 06/2021/ND-CP dated January 26th 2021 elaborating regulations on quality management, execution and maintenance of construction works.

d) Beneficiaries of incentive policies mentioned in this Clause include: revolutionary contributors defined by regulations of law on revolutionary contributor; social protection beneficiaries who receive benefits from state budget; members of poor and near-poor households, and other subjects prescribed by law.

7. Teaching and vocational training prescribed by regulations of law on education and vocational education. Amounts collected and paid by educational institutions and vocational training institutions under payment orders and collection orders are not subject to VAT; goods and services provided by organizations and individuals for educational institutions and vocational training institutions are subject to VAT as per regulations.

8. Publishing, importing, issuing newspapers, magazines, academic journals, political books, text books, law books, science – technology books, books serving diplomatic communication, books in ethnic languages, printing propaganda pictures and banners, including audio, video tapes, discs, or computer files; money, money printing. Where:

a) Political books are books that disseminate the political policies and guidelines of the Communist Party of Vietnam (CPV) and the State with an aim to serve political objectives through specific topics and themes, serve commemorative occasions, traditional days of various organizations, administrative levels, sectors, and administrative divisions; statistical books, books promoting good deeds and role models, and books that contain speeches and theoretical research by leaders of CPV and the State.

b) Text books are books used for teaching and learning at all levels from preschools to high schools (including reference books for teachers and students that are appropriate for the education program contents).

c) Coursebooks are books used for teaching and learning at universities, colleges, junior colleges and vocational schools.

d) Law books are books that contain legislative documents of the State.

d) Science and technology books are books that introduce and provide guidance on science and technology knowledge that is related to production and various fields of science and technology.

e) Books in ethnic languages include bilingual books that are printed in both national script and ethnic language scripts.

g) Propaganda pictures, photos, posters are pictures, photos, posters, fliers that serve the purpose of propaganda, contain mottos and pictures of political leaders, the flag of the CPV, the flag of Vietnam, the flag of the Ho Chi Minh Communist Youth Union, the flag of the Ho Chi Minh Young Pioneer Organization.

h) Diplomatic information books are books that contain diplomatic information according to the Government's Decree No. 72/2015/ND-CP dated September 7th 2015 on management of diplomatic information activities.

9. Public transportation by bus, metro, inland watercraft within provinces, cities and along adjacent routes with passenger pick-up and drop-off points.

10. Machinery, equipment, parts and supplies which cannot be manufactured in Vietnam and have to be imported for direct use in scientific research and technological development; machinery, equipment, spare parts, special-purpose vehicles and supplies which cannot be manufactured in Vietnam and have to be imported for prospecting, exploring and developing oil and gas fields; aircraft, helicopters, gliders, drilling platforms and ships which cannot be manufactured in Vietnam and have to be imported for the formation of fixed assets of enterprises or have to be hired from foreign parties for business operation or for lease. Where:

The Ministry of Finance shall promulgate the list of machinery, equipment, parts and supplies that can be manufactured in Vietnam as the basis for determination of those that cannot be manufactured in Vietnam and have to be imported for direct use in scientific research and technological development; List of machinery, equipment, spare parts, special-purpose vehicles and supplies that can be manufactured in Vietnam as the basis for determination of those that cannot be manufactured in Vietnam and have to be imported for prospecting, exploring and developing oil and gas fields; List of aircraft, helicopters, gliders, drilling platforms and ships that can be manufactured in Vietnam as the basis for determination of those that cannot be manufactured in Vietnam and have to be imported for the formation of fixed assets of enterprises or have to be hired from foreign parties for business operation or for lease.

11. Imports in case of humanitarian aid or grant aid. Goods and services sold to foreign organizations or individuals or international organizations for use as humanitarian aid or grant aid for Vietnam. Where:

a) Imports in case of humanitarian aid or grant aid are aid defined by regulations of law on receipt, management and use of humanitarian aid and grant aid.

b) Foreign organizations and individuals, international organization (foreign donors) that purchase goods in Vietnam as humanitarian aid or grant aid for Vietnam shall send written documents to the sellers specifying the buyers' names, the quantity of goods or services, and obtain confirmation from competent agencies or units that receive the humanitarian aid or grant aid. Agencies and units that receive the humanitarian aid or grant aid shall provide confirmation as requested by the donors.

12. Goods undergoing merchanting trade or transit through Vietnam's territory; goods temporarily imported for re-export; goods temporarily exported for re-import; raw materials imported for the production or processing of exports under contracts with foreign parties; goods and services traded between foreign countries and free trade zones and between free trade zones. Goods imported under a finance lease contract by the finance company (the lessor) and directly transported to a free trade zone for use by a lessee therein. Free trade zones shall be determined in accordance with regulations of law on export and import duties.

13. Technology transfer under the Law on Technology Transfer; transfer of intellectual property rights under the Law on Intellectual Property; software products and software serves prescribed

by regulations of law on information technology, digital technology industry, and relevant laws. In case of technology transfer or intellectual property right transfer associated with transfer of equipment, the business establishment shall separate the value of the transferred technology or intellectual property right to determine goods and services not subject to VAT. Otherwise, the entire contract value shall be subject to VAT.

14. Exports that are raw natural resources or minerals that have not been processed into other products; exports that are raw natural resources or minerals that have been processed into other products following the State's orientation towards restriction of export of natural resources and raw minerals included in the Lists in Appendix I and Appendix II hereof.

In cases where it is necessary to adjust the Lists in Appendix I and Appendix II hereof according to socio-economic developments in each period, the Ministry of Finance shall cooperate with relevant Ministries in reporting to the Government for consideration and decision.

Regarding exports that are natural resources or minerals that have been processed into products with high added value and are promoted for export as determined and proposed by the Ministry of Industry and Trade, the Ministry of Finance shall cooperate with relevant Ministries in reporting to the Government for consideration and decision.

15. Imports in the following cases:

Gifts for state agencies, political organizations, socio-political organizations, socio-political-professional organizations, social organizations, socio-professional organizations or peoples armed forces units within duty-free allowances according to regulations of law on export and import duties.

b) Donations and gifts within import duty exemption quota according to regulations of law on export and import duties given by foreign organizations and individuals to Vietnamese individuals; personal belongings of foreign organizations and individuals within diplomatic immunity quotas and movable assets within import duty exemption quota according to regulations of law on export and import duties.

c) Goods within duty-free luggage quotas according to regulations of law on export and import duties.

d) Goods that are imported as donation, aid for prevention, control, recovery from calamities, natural disasters, epidemics, wars and received by Ministries, ministerial agencies, the People's Committees of provinces and cities, Vietnamese Fatherland Front Committees of provinces and cities. The receiving organizations shall issue receipt documents at the request of the donors.

dd) Goods traded or exchanged to serve production or consumption by border residents on the List of goods traded or exchanged by border residents as prescribed by law and within the import duty exemption quota according to regulations of law on export and import duties.

e) Relics, antiques, national treasures prescribed by regulations of law on cultural heritage imported by competent authorities, including those imported by authorized parties.

16. Establishments selling goods and services not subject to VAT specified in this Article are not entitled to deduction and refund input VAT on goods and services not subject to VAT, except the cases eligible for 0% VAT specified in Clause 1 Article 9 of VAT Law.

Chapter II

TAX BASES AND TAX CALCULATION METHODS

Section 1. TAXABLE PRICES

Article 5. Taxable prices for goods and services sold; taxable prices of imports

1. Taxable prices of goods and services sold by business establishments are VAT-exclusive prices; taxable prices of goods and services subject to excise duty are the prices inclusive of excise duty and exclusive of VAT; taxable prices of goods subject to environmental protection tax are prices inclusive of environmental protection tax and exclusive of VAT; taxable prices of goods subject to excise duty and environmental protection tax are prices inclusive of excise duty and environmental protection tax and exclusive of VAT.

2. b) Taxable prices of imports are dutiable values (values on which import duty is charged) as prescribed by regulations of law on export and import duties plus (+) import duty plus (+) extra import duties as prescribed by regulations of law on export, import duties and foreign trade management (if any), plus (+) excise duty (if any) plus (+) environment protection tax (if any).

a) In case an import is eligible for import duty exemption, its taxable price shall be its dutiable value.

b) In case an import is eligible for import duty reduction, its taxable price shall be its dutiable value plus (+) import duty payable after reduction.

c) In case an import is subject to VAT and initially eligible for import duty exemption, then repurposed in a manner that makes it subject to import duty, additional VAT on the import duty payable shall be paid.

Article 6. Taxable prices on goods and services used for barter, internal consumption, gifting, donation, giveaway, promotional goods and services

1. Taxable prices of goods and services used for barter, internal consumption, gifting, donation, giveaway are the prices for calculating VAT on goods and services of the same or equivalent kinds at the time of occurrence of these activities. Among them, goods and services used for internal consumption are those dispatched or provided by business establishments for internal consumption, excluding:

- a) Goods and services used for continuation of the business establishment's operation such as goods dispatched for inter-warehouse transfer, supplies and semi-finished products dispatched for continuation of production or business operation within the same business establishment.
- b) Goods and services dispatched or provided by business establishments to serve their own business operation (including fixed assets developed or manufactured by business establishments themselves).
- c) Assets transferred between dependent accounting units of the business establishment; assets transferred upon full division, partial division, merger, acquisition, conversion of business type; fixed asset that are being used and have been depreciated upon transfer according to their book values between the business establishment and subsidiaries 100% capital of which is held by a business establishment, or between subsidiaries 100% capital of which is held by a business establishment to serve production or sale of goods and services subject to VAT; assets contributed to enterprises as capital. Business establishments having transferred assets shall have asset transfer orders enclosed with documents about the asset origins. Assets contributed to enterprises as capital shall have: asset contribution records, partnership or association contract; asset valuation records issued by the Capital Transfer Council of the contributors (or valuation document issued by a licensed valuation organization as prescribed by law) enclosed with documents about the asset origins.

Business establishments having the goods and services mentioned in Points a, b, c of this Clause are not required to calculate VAT.

2. Taxable prices of promotional goods and services prescribed by trade laws shall be zero (0), except goods and services sold at lower prices than their previous selling prices over the promotion period (promotion by discount), in which cases taxable prices shall be the reduced prices applicable over the registered or notified promotion period regulations of law on trade promotion. Taxable prices of promotional goods and services shall be zero (0). Taxable prices of primary goods and services are exclusive of the value of promotional goods and services. To be specific:

- a) When goods/services are provided for customers as free samples, taxable prices of sample goods/services shall be zero (0).
- b) When goods/services are given away free of charge, taxable prices of the goods/services given away shall be zero (0).
- c) When primary goods/services are sold with vouchers for purchase of other goods/services, taxable prices of the primary goods/services are exclusive of the value of the vouchers.
- d) When buyers of goods/services are given an opportunity to participate in a competition to find a prize winner under publicly announced rules (or a similar method), taxable prices of the goods/services are exclusive of the value of the prize (if any).

dd) When the purchase of goods and services is associated with participation in a game of chance (where prizes are awarded based on luck) under publicly announced rules, taxable prices of the goods/services are exclusive of the value of the prize.

e) In case of a loyalty program where prizes are awarded to customers based on the quantity or value of goods/services purchased by customers in the form of loyalty cards, proofs of purchase or other forms, taxable prices of the goods/services are exclusive of the value of these loyalty cards, proofs of purchase or other forms.

In case goods and services mentioned in this Clause are sold without implementation of regulations of law on trade promotion, their taxable prices shall be the same as taxable prices of goods used for gifting, donation, giveaway specified in Clause 1 of this Article.

Article 7. Taxable prices of lease of assets, goods processing, construction and installation

1. Taxable prices for lease of assets are the rents exclusive of VAT. Where:

a) The rent is the rent amount written in the lease contract.

b) If the rent is paid in instalments or paid in advance for a certain period of time, the taxable price is the instalment or the advanced payment exclusive of VAT.

2. Taxable prices for goods processing are the processing prices exclusive of VAT. Processing prices are the prices written in the processing contract exclusive of VAT, inclusive of remuneration, costs of fuel, auxiliary materials and other costs of goods processing.

3. Taxable prices for construction and installation activities are the value of the completed and transferred work, item or task, including the VAT-exclusive value of raw materials and equipment. If the value of the construction or installation contract does not cover building materials and equipment, the taxable price is the construction or installation value, excluding the value of materials and equipment.

Article 8. Taxable prices for real estate business

Taxable prices real estate business are selling prices for real estate exclusive of VAT, excluding land levies or land rents payable to state budget (deductible land prices). Deductible land prices for calculation of VAT shall be determined in some cases as follows:

1. In case the State allocate land or leases out land and collects lump sum rent for the entire lease term (with or without auction), repurposes land, recognizes LUR, revises the decision on land allocation or land lease, revises detailed planning, extends land use period, adjusts land use term, switches over from collecting annual land rents to collecting lump sum land rents, deductible land prices for calculation of VAT shall be the land levies, lump sum land rents calculated according to the Government's Decree on land levies and land rents (including compensation for land clearance advanced by land users (if any)).

2. In case a business establishment receives LUR of a land zone or parcel from another organization or individual, the deductible land price for calculation of VAT upon transfer shall be the land levy or land rent paid to state budget for the transferred land zone or parcel, excluding the value of infrastructure. Input VAT on the infrastructure (if any) is deductible.
3. In case a business establishment receives contributed capital in the form of LUR from another organization or individual, the deductible land price for calculation of VAT shall be the land levy or land rent paid to state budget.
4. In case a business establishment executes a Build – Transfer (BT) contract and receives a payment in the form of a land area, the deductible land price for calculation of VAT shall be the value of the land area used as payment in accordance with regulations of law on Public-Private Partnership.
5. In case a business establishment builds commercial infrastructure, builds houses for sale, transfer or lease, the taxable prices shall be the amount of money collected at each stage of project execution or according to the collection schedule specified in the contract minus (-) the deductible land price specified in Clauses 1, 2, 3, 4 of this Article in proportion to the ratio (%) of collected money to total contract value.
6. In case a business establishment builds a multi-storey multi-household building or apartment building for sale, the deductible land price per m² of housing for sale shall equal (=) the deductible land price prescribed in Clauses 1, 2, 3, 4 of this Article divided by (:) the area (m²) of floor area, excluding common area such as corridors, staircases, basement, underground works.
7. In case a business establishment receives real estate or contributed capital in the form of LUR from another organization or individual as prescribed in Clause 2 or Clause 3 of this Article and cannot determine the land levy or land rent payable to state budget, the taxable price shall be the VAT-exclusive transfer price.

Article 9. Taxable prices commission-based agent activities and brokerage of goods and services and goods with invoices bearing amount payable

1. Taxable prices for commission-based agent activities and brokerage of goods and services are the commission on these activities exclusive of VAT, unless VAT calculation is not required, including:
 - a) Revenues from goods and services sold by the agent and commission on sale of the following services at fixed prices imposed by the principal: postal and telecommunications, sale of lottery tickets, air tickets, bus tickets, train tickets, ship tickets; international transport agent; air, maritime service agent eligible for 0% VAT; insurance agent.
 - b) Revenue from sale of goods and services and commission paid to the agents on the sale of goods and services are not subject to VAT.

2. If the amount payable on the invoice for goods and services is inclusive of VAT, the taxable price shall be calculated as follows:

$$\text{VAT-exclusive price} = \frac{\text{Amount payable}}{1 + \text{VAT rate on the goods/services (\%)}}$$

Article 10. Taxable prices for services including casino business, video games of chance and betting

1. Taxable prices for services including casino business, video games of chance and betting are revenues from these activities minus (-) the amounts exchanged and returned to players and the prizes given to players (if any), inclusive of excise duty and exclusive of VAT. The revenue is the amount collected from exchanging gaming chips/tokens for players at the counter or playing table and the amount collected from gaming machines

2. Taxable prices for betting service is the revenue from selling bet tickets minus (-) the prizes given to players (if any), inclusive of excise duty and exclusive of VAT.

Article 11. Taxable prices for some other business operations

For business operations including: electricity generation by Vietnam Electricity (EVN); transport, material handling; travel services; pawnshop business; books subject to VAT sold at cover prices; printing; remuneration- or commission-based agent services including claim assessment, claim validation, claiming indemnities from third parties, taxable prices are selling prices exclusive of VAT. Where:

1. Electricity generation by EVN:

a) For electricity generated by hydroelectric power companies that are dependent accounting units of EVN or Power Generation Corporations, taxable prices for determination of VAT payable in the administrative division where the hydroelectric plant is located shall be 35% of the average electricity retail price exclusive of VAT according to electricity laws and pricing laws.

b) For electricity generated by thermal power companies that are dependent accounting units of EVN or Power Generation Corporations, taxable prices for determination of VAT payable in the administrative division where the thermal power plant is located shall be the electricity selling price payable by the customer written on the invoice under the power purchase agreement (PPA) for each thermal power plant. In case a separate PPA for each thermo-electric plant is not available, the taxable price shall be the average electricity retail price exclusive of VAT according to electricity laws and pricing laws.

c) For electricity generated by power generation companies (other than hydroelectric and thermal power companies) that are dependent accounting units of EVN or Power Generation Corporations, taxable prices for determination of VAT payable in the administrative division where the power plant is located shall be the electricity selling price exclusive of VAT imposed

by competent authorities for each type of power generation. In case the electricity selling price for each type of power generation is yet to be imposed by competent authorities, the taxable price shall be the average electricity retail price exclusive of VAT according to electricity laws and pricing laws.

2. Taxable prices for transport and material handling are the fares and material handling prices exclusive of VAT, regardless of whether the transport or material handling is carried out by the taxpayers themselves or by hired parties.

3. The price for travel services under an all-inclusive package contract (including of meals, accommodation, and travel) shall be inclusive of VAT.

The taxable price shall be calculated as follows:

$$\text{Taxable price} = \frac{\text{All-inclusive price}}{1 + \text{VAT rate}}$$

In case the all-inclusive price also covers the air tickets for transport of tourists from the foreign country into Vietnam and vice versa in addition to the costs of meals, accommodation, sightseeing and certain costs incurred overseas (if supported by legitimate documents), the amounts collected from customers to cover these costs may be deducted from the taxable prices (revenue). Input VAT on all-inclusive tourism activities is fully deductible as per regulations.

4. Taxable prices for pawnshop business are the VAT-exclusive service charges, including interest and other revenues from the sale of the collateral (if any). In case the service charge is VAT-inclusive, the taxable price shall be calculated as follows:

$$\text{Taxable price} = \frac{\text{Service charge}}{1 + \text{VAT rate}}$$

5. For books subject to VAT sold at cover prices according to regulations of the Law on Publishing, such cover prices are inclusive of VAT. In case a book is not sold at its cover price, VAT shall be charged on the VAT-exclusive selling price.

6. Taxable prices for printing shall be the VAT-exclusive payment for printing service. In case the printing facility executes a printing contract under which the amount payable includes the payment for printing service and paper costs, the taxable price shall include both the payment for printing service and paper costs.

7. For remuneration- or commission-based agent services including claim assessment, claim validation, claiming indemnities from third parties, taxable prices shall be the remuneration or commission exclusive of VAT.

Article 12. Taxable prices for international telecommunications services

Taxable prices for international telecommunications services shall be the VAT-exclusive prices for international telecommunications services. In case a business establishment establishes connection with an overseas telecommunications network, the taxable price does not include the amount collected from the customer to pay the connection fee. The business establishment must separate the connection fee to determine the taxable price. In case the connection fee cannot be determined, the taxable price shall be the entire contract value exclusive of VAT.

Article 13. Taxable prices for services provided by foreign organizations and overseas individuals

For services provided by foreign organizations without permanent establishments in Vietnam and by overseas individuals that are not residents of Vietnam ((hereinafter referred to as “foreign contractors and sub-contractors”) that generate revenues in Vietnam and have not fully complied with regulations on accounting and invoicing, excluding foreign suppliers prescribed in Clause 4 Article 4 of VAT Law, taxable prices shall be the entire revenues from provision of services and services attached to goods subject to VAT received by the foreign contractors and sub-contractors, including taxes payable and costs paid by Vietnamese parties on behalf of the foreign contractor/sub-contractor (if any). The Ministry of Finance shall elaborate this Article.

Article 14. Rules for determination of taxable prices

1. Taxable prices for the goods and services specified in this Section:

a) Include surcharges and extra fees in addition to the prices for goods and services to which business establishments are entitled.

b) Exclude revenues that are not relevant to the sale of goods and services of business establishments: monetary recompense (including recompense for land and property on land upon repossession of land under decisions of competent authorities), bonuses, indemnities from third parties claimed by insurers, amounts collected on behalf of third parties, remunerations paid by state agencies for collection and payment on their behalf, financial revenues.

2. In case a business establishment offer discounts to its customers, the taxable prices shall be the discounted prices exclusive of VAT.

3. In case VAT has been calculated by the business establishment but the taxable price is changed according to the conclusion of a competent authority as prescribed by relevant laws, the taxable price shall be determined according to the competent authority’s conclusion.

Section 2. TIME FOR DETERMINATION OF VAT

Article 15. Time for determination of VAT

1. The time for determination of VAT on exports shall be decided by the seller but must not be later than the working day after the day on which customs clearance is granted as prescribed by customs laws.

2. The time for determination of VAT on imports shall be the time for determination of import duties as prescribed by regulations of law on export and import duties.

Article 16. Time for determination of VAT on certain other goods and services

1. Telecommunications services (including value-added telecommunications services):

a) For telecommunications services (including value-added telecommunications services) that have to undergo connection data verification between service providers, the time for determination of VAT shall be the time of completion of verification of service charges (hereinafter referred to as “settlement date”) under commercial contracts between the service providers but must not be later than 02 months from the month in which connection service is charged.

b) For telecommunications services (including value-added telecommunications services) provided periodically, the time for determination of VAT shall be the settlement date (except for the cases specified in Point a of this Clause) but must not be later than the 7th of the month succeeding the month in which service are provided or not later than 07 days from the end of a billing cycle. The billing cycle that is the basis for calculating the chargeable service shall be specified in the agreement between the service provider and the buyer.

c) For telecommunications services (including value-added telecommunications services) provided by selling prepaid cards or collecting service initiation charges, the time for determination of VAT shall be the time of selling prepaid cards or collecting service initiation charges.

2. Electricity sale:

a) The time for determination of VAT on electricity sale by power generation companies on the electricity market shall be determined according to the time for verification of payment data between the electricity market operator (NSMO) and electricity buyers (settlement date) or according to the PPA approved by the Ministry of Industry and Trade, but must not later than the deadline for declaring and paying tax for the month in which tax is incurred as prescribed by tax administration laws. Regarding electricity sale by companies whose payment time is guaranteed by the Government, the time for determination of VAT shall comply with the Government’s guarantee, instructions and approval of the Ministry of Industry and Trade and the PPA between the buyer and the seller.

b) For electricity sale (except for the cases specified in Point a of this Clause), the time for determination of VAT shall be the settlement date but must not be later than the 7th of the month succeeding the month in which electricity is delivered or not later than 07 days from the end of a billing cycle. The billing cycle that is the basis for calculating delivered electricity shall be specified in the agreement between the electricity supplier and the buyer.

3. b) For clean water supply, the time for determination of VAT shall be the settlement date but must not be later than the 7th of the month succeeding the month in which water is delivered or

not later than 07 days from the end of a billing cycle. The billing cycle that is the basis for calculating delivered water shall be specified in the agreement between the water supplier and the buyer.

4. For insurance business, the time for determination of VAT shall be time at which revenues from insurance business are recorded as prescribed by insurance business laws.

5. For real estate business, construction of infrastructure, construction of housing for sale, transfer or lease:

a) In case the ownership or LUR has been transferred, the time for determination of VAT shall be time at which the ownership or LUR is transferred to the buyer, regardless of whether payment has been collected or not.

b) In case the ownership or LUR has been not transferred but progress payments are collected according to project execution progress or contractual schedule, the time for determination of VAT shall be the collection date or another date agreed in the contract.

6. For construction, including shipbuilding, the time for determination of VAT shall be the time of acceptance, transfer of completed construction or installation work or item, or transfer of certain tasks, regardless of whether payment has been collected or not.

7. For petroleum operations:

a) For exploration, extraction and processing of crude oil, the time for determination of VAT on sale of crude oil, condensate and products processed from the crude oil (including product offtake as undertaken by the Government) shall be the time at which the official selling price is determined agreed upon between the buyer and the seller, regardless of whether payment has been collected or not.

b) For the sale of natural gas, associated gas or coal gas which is transported through the pipelines to buyers, the time for determination of VAT shall be the time the buyer and the seller agrees upon the quantity of gas delivered every month but not later than the deadline for declaring and paying tax for the month in which tax is incurred according to tax administration laws.

Section 3. VAT RATES

Article 17. 0% VAT

0% VAT applies to goods and services prescribed in Clause 1 Article 9 of VAT Law. Where:

1. Exports include:

a) Goods from Vietnam sold to overseas organizations and individuals and consumed outside of Vietnam.

b) Goods from the domestic market of Vietnam being sold to organizations in free trade zones and consumed within free trade zones to serve export manufacturing.

c) Goods sold within airside zones of airports for individuals (foreigners or Vietnamese people) who have completed exit procedures; goods sold at duty-free stores, which shall be determined according to the Government's Decree No. 68/2016/ND-CP dated July 1st 2016 on conditions for duty-free business, warehouses, sites for customs clearance, customs inspection and supervision (amended by the Government's Decree No. 67/2020/ND-CP dated June 15th 2020).

2. Export services include:

a) Services directly provided for overseas organizations and individuals and used outside of Vietnam, provided the overseas individuals are not staying in Vietnam during the period of service provision.

b) Services directly provided for organizations in free trade zones and used within free trade zones to serve export manufacturing, including: services directly provided for organizations in free trade zones and used within free trade zones to serve export manufacturing; transport services, services provided for EPEs (container handling services at ports, factories, warehouses; material handling services at factories, ports, airports and relevant costs such as: documentation fee, telex release fee, sealing fee, fulfillment fee, packaging fee). Organizations in free trade zones shall be organizations that have been granted business registration.

3. Other goods and services for export include: international transport, rental of vehicles for use outside of Vietnam's territory; aviation services and maritime services provided directly or via agents for international transport; construction and installation of works in foreign countries or free trade zones; digital content products provided for foreign parties with documentary evidence that they are used outside of Vietnam; spare parts for repair and maintenance of vehicles, machinery and equipment for foreign parties and consumption outside of Vietnam; processed goods for export as per regulations of law; goods and services not subject to VAT upon export, except for the cases in which 0% VAT does not apply specified in Clause 4 of this Article. Where:

a) International transport includes transport of passengers, luggage, freight on international routes from Vietnam to other countries and vice versa, or between two overseas locations, regardless of ownership of the vehicles used for transport. In case the international transport contract also covers domestic routes, international transport also includes the domestic routes.

b) Aviation services include: catering; aircraft takeoff and landing; airport apron; aircraft security; security screening; luggage conveyance at terminals; terrestrial technical services; aircraft protection; aircraft towing; aircraft guiding; passenger boarding bridges; air controlling; flight crew and passenger transport in the airport apron; freight handling and checking; passenger service charges for international flights from Vietnamese airports; aircraft repair; underground refueling for international flights. Aviation services eligible for 0% VAT are those provided within the international airport, international airfields and freight terminals.

c) Maritime services include: ship towing; pilotage; sea rescue; wharves; freight handling; moorings; hatch control; hull cleaning; freight checking; registration; ship repair. Maritime services eligible for 0% VAT are those provided at the ports.

d) Digital content products provided for foreign parties include documents, data, images, sounds in digital forms, stored and transmitted in cyberspace as prescribed by information technology laws. Business establishments providing digital content products shall have documents proving that these products are consumed outside of Vietnam, such as: information about overseas residence status of the foreign parties (organizations and individuals) (information about addresses of payment, delivery, office, home or similar information declared by the buyers to the service providers in Vietnam) Information about access of overseas organizations and individuals, such as information about country codes of SIM cards, IP addresses, landline locations or similar information of the buyers.

4. The cases in which 0% VAT does not apply mentioned in Point b and Point d Clause 1 Article 9 of VAT Law include:

a) Technology transfer, transfer of intellectual property rights to abroad.

b) Issuing reinsurance policies in foreign countries.

c) Credit extension services.

d) Capital transfer.

dd) Derivatives.

e) Postal and telecommunications services.

g) Exports specified in Clause 14 Article 4 of this Decree.

h) Tobacco and alcohol that are imported and then exported.

i) Oil and gas purchased in Vietnam and sold to business establishments in free trade zones; automobiles sold to organizations and individuals in free trade zones.

k) Services provided in Vietnam for overseas organizations and individuals such as: sport competition, art performance, entertainment, conference, hotel, advertising, travel services; services associated with sale, distribution, consumption of goods in Vietnam; cashless payment services.

l) Services provided by business establishments for organizations and individuals in free trade zones, including: lease of houses, halls, offices, hotels, warehouses; employee shuttling; food and beverage services (excluding industrial catering services, food and beverage services within free trade zones).

5. Goods and services sold, provided for organizations within free trade zones and consumed within free trade zones directly serving export manufacturing mentioned in Clause 1 and Clause 2 of this Article are goods and services consumed within free trade zones that directly serve export manufacturing of organizations within free trade zones and do not serve activities other than export manufacturing, except the goods and services specified in Clause 4 of this Article.

6. The Ministry of Finance shall elaborate this Article where it is necessary for performance of its state management functions.

Article 18. Conditions for application of 0% VAT

Exported goods and services must satisfy the following requirements to apply 0% VAT as prescribed in Article 17 of this Decree (except for some special cases specified in Article 27 and Article 28 of this Decree):

1. The documents below are compulsory for exported goods:

A sale contract, export processing contract (in case of sale or export processing); export entrustment contract (in case of export entrustment).

b) Proofs of cashless payment for exported goods.

c) A customs declaration customs clearance.

2. The documents below are compulsory for exported services, except those in Clauses 3, 4, 5 of this Article:

a) A service contract with an organization or individual in another country or in a free trade zone.

b) Proofs of cashless payment for exported services.

3. The documents below are compulsory for international transport:

a) An international passenger transport or freight transport contract between the service provider and the hirer on international routes from Vietnam to other countries or vice versa, or between two overseas locations in a lawful mode of transport. In case of passenger transport, the contract shall be the tickets. International transport service providers shall comply with transport laws.

b) Proofs of cashless payment. In case of passenger transport, receipts for direct payment shall be provided.

4. The documents below are compulsory for aviation services:

a) A service contract with an overseas organization or airline, or a written request for services by an overseas organization or airline.

b) Proofs of cashless payment. If services are provided for an overseas organization or airline on an irregular, unscheduled basis without any contract, a receipt for direct payment made by the overseas organization or airline shall be provided.

The aforesaid documents mentioned in this Clause are not compulsory for passenger service charges.

Apart from presenting the aforesaid documents, providers of repair services for foreign aircraft must follow the procedures for temporary import and re-export of the aircraft brought into Vietnam in order to be eligible for 0% VAT.

5. The documents below are compulsory for maritime services:

a) A service contract with an overseas organization or a shipping agent, or a written request for services by an overseas organization or shipping agent.

b) Proofs of cashless payment by the overseas organization or shipping agent to the service provider.

Apart from presenting the aforesaid documents, providers of repair services for foreign ships must follow the procedures for temporary import and re-export of the ships brought into Vietnam in order to be eligible for 0% VAT.

Article 19. 5% VAT

5% VAT applies to goods and services specified in Clause 2 Article 9 of VAT Law. Some cases in which 5% VAT is applied:

1. Fertilizers, ores for fertilizer production, plant protection chemicals and animal growth stimulators as prescribed by law, where: ores for fertilizer production are ores used as raw materials for fertilizer production, such as apatite ore for manufacture of fertilizers containing phosphorus, humus used as biofertilizers, plant protection chemicals prescribed by regulations of law on plant protection and quarantine.

2. Services including digging, embanking and dredging canals, ditches, ponds and lakes for agricultural production; growing, tending, and preventing pests and insects for plants; preparing, processing and preservation of agricultural products. Preparing, processing and preservation of agricultural products include: cleaning, sun-drying, drying with heat, peeling, milling, milling or crushing into pieces, hulling by milling, threshing, seed removal, stemming, cutting, grounding, polishing, soaking, separation into multiple parts, deboning, mincing, skinning, pulverizing, flattening, salting, vacuum-packing, chilling, freezing, preserving by sulfur gas or chemicals, soaking in sulfur solution or other preservation solutions, and preserving by other common methods.

3. Products from plants, cultivated forests (except timber and bamboo sprouts), husbandry, aquaculture, fishery that have not been processed into other products or have only undergone preliminary processing, except the products specified in Clause 1 Article 4 of this Decree.

4. Rubber latex in the form of crepe, sheets, rubber or nuggets; fishing nets, cords and fibers for making fishing nets, where fishing nets, cords and fibers for making fishing nets include fishing nets, specialized cords and fibers used for making fishing nets regardless of raw materials.

5. Products made of jute, rush, bamboo, leaf, straw, coconut husks and shells, hyacinth and other handicrafts made of agricultural raw materials; carded, combed fibers; paper for newspaper printing. Products made of jute, rush, bamboo, leaf, straw, coconut husks and shells, hyacinth and other handicrafts made of agricultural raw materials are products manufactured or processed from main materials being jute, sedge, bamboo, reed, *thysanoloena maxima* Kuntze or *dendrocalamus barbatus* and thatch such as jute carpets, jute fiber, jute bags, jute strings, coconut fiber or sedge mats; grass brooms and ropes made of bamboo or coconut fibers, conical hats, bamboo blinds; bamboo chopsticks, *dendrocalamus* chopsticks.

6. Seagoing-fishing vessels; machinery and specialized equipment serving agricultural production. Machinery and specialized equipment serving agricultural production include: tractor; harrowing machine; milling machine; sowing machine; rootdozer; field leveling device; seeding machine; transplanter; sugarcane planting machine; rice-sowing machine; tiller, cultipacker, fertilizer spreader, pesticide sprayers; machine for harvesting rice, corn, sugarcane, coffee, cotton; machine for harvesting tubers, fruits, roots; tea-cutting machine, tea-picking machines; threshing machine; corn peeling machine; soybean crusher; peanut huller; coffee huller, equipment for preparing coffee, wet rice; dryer for agricultural products (rice, corn, coffee, pepper, cashew nut, etc.), and aquaculture products; machine for collecting, loading sugarcane, straw on the field; machine for egg incubating and hatching; forage harvester; straw, grass baler; milking machine, and other specialized machines.

The Ministry of Agriculture and Environment shall take charge and cooperate with the Ministry of Finance in providing guidance on other specialized machines used for agricultural production to which 5% VAT applies as prescribed by this Clause.

7. Medical devices prescribed by regulations of law on management of medical devices; preventive and curative medicines; active pharmaceutical ingredients and herbal ingredients that are materials for production of curative and preventive medicines. Where:

a) Medical devices shall have import licenses, certificates of marketing authorization (MA) registration or written declarations of applied standards according to regulations of law on medicine or according to the list of exported and imported medical devices with specific HS codes according to Vietnam's Nomenclature of Exports and Imports promulgated by the Minister of Health according to regulations of law on medical device management.

b) Curative and preventive medicines include finished medicines, medicinal ingredients, except functional foods; vaccines, biological, distilled water for preparation of injectable medication and intravenous fluids.

8. Traditional art performances are traditional arts and performances prescribed by regulations of law on performance art and cultural heritage.

9. Children toys; books except for those specified in Clause 8 Article 4 of this Decree.

Section 4. CREDIT-INVOICE METHOD

Article 20. Credit-invoice method

1. Under the credit-invoice method, VAT payable equals (=) output VAT minus (-) deductible input VAT.

2. Output VAT equals the total VAT on sold goods and services written on the VAT invoices.

VAT on sold goods and services written on the VAT invoice equals (=) the taxable prices of the goods and services multiplied by (x) VAT rate on such goods and services.

If the amount payable written on the invoice is inclusive of VAT, the output VAT shall equal (=) the amount payable minus (-) taxable price determined according to Clause 2 Article 9 of this Decree.

3. Deductible input VAT equals (=) the total VAT written on the invoices for purchase of goods and services or documents on payment of VAT on imports or proofs of VAT payment in case of purchase of services and fulfillment of requirements for deduction specified in Section 1 and Section 2 Chapter III of this Decree. Proofs of VAT payment in case of purchase of services shall comply with regulations of Point a Clause 2 Article 3 of this Decree and Clause 3 Article 4 of VAT Law.

Article 21. Eligibility for credit-invoice method

Credit-invoice method may be applied by business establishments that fully comply with regulations on accounting and invoicing, including:

1. Business establishments that earn an annual revenue of at least 01 billion VND from sale of goods/services, except household businesses and individual businesses. To be specific:

a) Annual revenue shall be determined by the business establishment itself according to “Total revenue from selling goods and services subject to VAT” on the VAT declarations from November of the previous year to the end of October of the current year, which precedes the year in which tax accounting method may be changed, or on the VAT declarations from the fourth of the previous year to the end of the third quarter of the current year, which precedes the year in which tax accounting method may be changed. A tax accounting method may be applied for 02 consecutive years.

b) In cases where a new business establishment is established during the year and has operated for less than 12 months in the year, the annual revenue shall be estimated as follows: Calculate

the “Total revenue from selling goods and services subject to VAT” on the VAT declarations of the months with business operations, divide (:) it by the number of months with business operations, and multiply (x) it by 12 months. If the result is at least 01 billion VND, the business establishment may apply the credit-invoice method. If the result is less than 01 billion VND, the business establishment shall apply the direct method (calculate VAT on revenue) for 02 years, unless it voluntarily applies for application of the credit-invoice method.

c) In cases where a business establishment pauses its business operation for the entire year, its annual revenue shall be the revenue of the year preceding the year in which business operation is paused. In cases where a business establishment pauses its business operation for a period of time during the year or the previous year, the annual revenue shall be determined according to the number of months or quarters having business operation similarly to the case of operating for less than 12 months mentioned in Point b of this Clause.

2. Business establishments that voluntarily apply the credit-invoice method, except household businesses and individual businesses. To be specific:

a) Any enterprise, cooperative or cooperative union that earns an annual revenue of below 01 billion VND from selling goods or providing services subject to VAT and fully complies with regulations on accounting and invoicing.

b) Any new enterprise established from a project of a business establishment that is paying VAT using credit-invoice method.

c) Any new enterprise that is making investment in an investment project approved by a competent authority and voluntarily applies the credit-invoice method.

d) Any new enterprise, cooperative or cooperative union that has a project which is not approved by a competent authority but has an investment plan approved by a competent person of the enterprise, and voluntarily applies the credit-invoice method.

dd) Any new enterprise, cooperative or cooperative union that makes investment, purchases, or receives capital contribution in the form of fixed assets, machinery, equipment, tools, or has a contract to lease business premises.

e) Any foreign organization with a permanent establishment in Vietnam, any overseas individual is a Vietnamese resident and earns revenue in Vietnam.

g) Any business organization that can separate input VAT from output VAT, excluding enterprises, cooperatives and cooperative unions.

3. Foreign organizations and individuals providing goods and services serving petroleum exploration and extraction that pay VAT using the credit-invoice method and have VAT declared, deducted and paid on their behalf by Vietnamese parties.

4. In cases where an enterprise that is applying the credit-invoice method establishes new branches (including branches established from the enterprise's projects), the tax calculation method applied by the new branches shall be the same as that applied by the enterprise if such new branches declare VAT independently.

Section 5. DIRECT CALCULATION OF ADDED VALUE-BASED VAT ON JEWELRY BUSINESS

Article 22. Direct calculation of added value-based VAT on trade and crafting of gold, silver, and gemstones (hereinafter referred to as "jewelry business")

1. Added value-based VAT on jewelry business equals (=) added value multiplied by (x) VAT rate.

2. Added value of jewelry business equals (=) the selling price of gold/silver/gemstones minus (-) buying price of the corresponding gold/silver/gemstones purchased. To be specific:

a) The selling price of gold/silver/gemstones is the actual selling price written in the invoice issued when selling gold/silver/gemstones, including crafting fee (if any), VAT and other surcharges or additional charges to which the seller is entitled.

b) The buying price of gold/silver/gemstones is the VAT-inclusive value of gold/silver/gemstones purchased or imported, and used for trading or crafting of the corresponding gold/silver/gemstones sold.

3. A business establishment having jewelry business shall keep separate accounting records on jewelry business to pay VAT directly on its added value.

4. In cases where the added value of gold/silver/gemstones in the period is a negative (-) number, it may be offset against the positive (+) added value of gold/silver/gemstones. If there is no positive added value or the positive added value is smaller than the negative added value, the remainder of the negative added value may be carried forward to be offset against the added value of the next period in the year. At the end of the calendar year, any remaining negative added value must not be carried forward to the next year.

Chapter III

VAT DEDUCTION AND REFUND

Section 1. RULES FOR DEDUCTING INPUT VAT

Article 23. VAT deduction

1. Input VAT on goods and services used for the production and sale of goods and services subject to VAT is fully deductible, including uncompensated input VAT on goods and services subject to VAT that are damaged or lost during transport due to their physical or chemical

properties. Business establishment shall have adequate documentary evidence for the uncompensated losses for VAT deduction. If there are norms for natural loss prescribed by law, business establishments may deduct input VAT on the natural losses of goods that do not exceed the norms. Input VAT on the losses that exceed the norms shall not be deductible.

2. In cases where certain goods (including fixed assets) and services are used for the production/sale of both goods/services subject to VAT and goods/services not subject to VAT, only input VAT on the goods and services used for the production/trade of the goods/services subject to VAT is deductible. The business establishment shall separate deductible input VAT and non-deductible input VAT on accounting records; if deductible input VAT and non-deductible input VAT cannot be separately recorded, input VAT shall be deducted according to ratio (%) of revenue from goods/services subject to VAT to total revenue from goods/services sold in the tax period. To be specific:

a) Total revenue from sale of goods/services includes revenue from sale of goods/services subject to VAT; revenue from sale of goods/services not subject to VAT; added value of jewelry business (unless added value is a negative number) and revenue from sale of goods and services specified in Clause 2 Article 40 of this Decree (if any). Revenue from trade in foreign currencies and securities shall be the difference between selling prices and buying prices (unless the difference is a negative number).

b) In case of a investment project that invests in production/sale of both goods/services subject to VAT and goods/services not subject to VAT, input VAT on fixed asset during infrastructural development stage may be provisionally deducted according to the ratio (%) of revenue from sale of goods/services subject to VAT to total revenue from sale of all goods/services under the business establishment's business plan. The provisionally deducted input VAT shall be adjusted according to the ratio (%) of revenue from sale of goods/services subject to VAT to total revenue from all goods/services sold over the period of 03 years from the first year in which revenue is generated. In case refundable VAT is reduced after adjustment, any over-refunded VAT must be returned to state budget according to tax administration laws, and the business establishment does not face any administrative penalty for tax offence.

3. Input VAT on goods and services sold to organizations and individuals using humanitarian aid or grant aid is fully deductible.

4. Input VAT on goods and services used for petroleum exploration and extraction is fully deductible.

5. Input VAT incurred in a month/quarter shall be declared and deducted when calculating tax payable of that month/quarter, regardless of whether the products have been removed from the storage for use or still remain in storage. Input VAT that remains after deduction (hereinafter referred to as "residual input VAT") at the end of a month/quarter will continue to be deducted in the next month/quarter.

6. If a business establishment finds that input VAT was declared or deducted incorrectly, it may be rectified before the tax authority or a competent authority issues a decision on tax audit or tax inspection as follows:

a) In case of incorrect declaration of input VAT of a month/quarter that leads to an increase in VAT payable or a decrease in refundable VAT of that month/quarter, the taxpayer shall make a supplementary declaration in the month/quarter in which the incorrectly declared VAT is incurred; the taxpayer shall pay the increase in VAT or return the excess VAT refund and pay a late payment interest (if any) to state budget.

b) In case of incorrect declaration of input VAT of a month/quarter that leads to a decrease in VAT payable or only an increase or decrease in refundable VAT being carried forward to the next month/quarter, the taxpayer shall make a declaration in the month/quarter in which the error is found.

7. Input VAT on the goods (whether purchased externally or produced by the taxpayer) used as gifts, used for sale promotions or advertising shall be deductible.

8. The VAT paid under a decision on tax imposition made by a customs authority shall be fully deductible, unless penalties for tax fraud or tax evasion are imposed by the customs authority.

9. In cases where a business establishment assigns a branch or project management board to directly execute, manage a investment project, and declare VAT on the project while the business establishment pays certain expenses for execution of the project on behalf of the branch or project management board, the branch or project management board may deduct input VAT according to the VAT invoices bearing the business establishment's name. The business establishment must not deduct input VAT on the VAT invoices that have been declared and deducted by the branch or project management board.

10. The business establishment that switches over from direct method to credit-invoice method may start deducting VAT on purchases from the first tax period in which credit-invoice method is applied.

11. The business establishment that switches over from credit-invoice method to direct method may aggregate the VAT on purchases made during the period over which the credit-invoice method is applied that is not completely deducted before switching with expenses for calculating corporate income tax or with historical costs of fixed assets as prescribed by regulations of law on corporate income tax, except VAT on any separate purchase of at least 05 million VND without proofs of cashless payment.

12. For goods and services that were previously not subject to VAT but now subject to VAT according to the current VAT Law, business establishments may only deduct input VAT on goods and services used for production or sale of goods and services that are subject to VAT from July 1st 2025.

13. Business establishments must not deduct input VAT on fixed asset and equipment in the following cases:

- a) Specialized fixed assets and equipment for manufacture of defense and security products.
- b) Fixed assets and equipment of credit institutions, enterprises providing reinsurance, life insurance, securities business, health facilities, training facilities.
- c) Aircraft, helicopters, gliders, yachts not used for commercial transport of cargo, passengers, tourism, hotel business.

Non-deductible VAT specified in this Clause also includes input VAT on rents and repair costs of fixed asset and equipment (if any).

14. The headquarters that do not directly run the business, the administrative units affiliated to hospitals, medical stations, sanitariums, institutes, schools, etc. that are not taxpayers must not deduct or claim refund of input VAT on the purchases serving their operation. In cases where the sell goods/services subject to VAT, VAT on these goods/services must be separately declared and paid.

15. Business establishments that fail to comply with regulations on VAT deduction in Section 1, Section 2 Chapter III of this Decree, invoices and documents derived from prohibited acts specified in Article 13 of VAT Law shall not be eligible for VAT deduction.

16. Business establishments may aggregate non-deductible input VAT with expenses for calculation of corporate income tax, or with historical costs of fixed assets according to regulations of law on corporate income tax, except VAT on any separate purchase of at least 05 million VND without proofs of cashless payment.

Article 24. VAT deduction in some special cases

VAT deduction in certain cases mentioned in Point g Clause 1 Article 14 of VAT Law:

1. Goods and services forming fixed assets serving employees:

- a) Input VAT on goods and services forming fixed assets serving employees at the workplace, housing and medical facility for workers in industrial parks shall be fully deductible.
- b) In cases where business establishments lease houses for workers in industrial zones, VAT on house rents shall be deductible as per regulations. In cases where business establishments build or purchase houses outside of industrial zones to serve workers in industrial zones, VAT on these houses shall be fully deductible. Houses for workers mentioned in this Point shall satisfy conditions for housing for workers in industrial zones prescribed by housing laws.
- c) In cases where foreign experts are still employees of an overseas enterprise, receive salaries and benefits from the overseas enterprise over the period of work in Vietnam, and the overseas

enterprise and the business establishment in Vietnam signs a contract specifying that the business establishment in Vietnam must cover the costs of accommodation for the foreign experts while they are working in Vietnam, VAT on the accommodation costs paid by the business establishment in Vietnam shall be deductible; In cases where a business establishment has foreign experts working and holding managerial positions in Vietnam, and receive salaries in Vietnam under employment contracts with the business establishment in Vietnam, the business establishment must not deduct VAT on house rents of these foreign experts.

2. In cases where assets are contributed as capital and the contributed assets are brand new, have legitimate invoices, and are accepted by the capital transfer council, the value of this contribution shall be the VAT-inclusive value written on the invoices. The recipient of the contribution may deduct the amount of VAT written on the contributor's invoices for purchase of such assets.

3. In the following cases where goods/services are purchased by an authorized organization/individual, the business establishment may deduct VAT on these goods/services even if the invoices bear the authorized buyer's name:

a) An insurer authorizes the policyholder to have the insured assets repaired, with invoices for the costs of repair and parts issued in the policyholder's name), then reimburse the policyholder according to these invoices under the insurance policy. In this case the insurer may deduct VAT on the reimbursement paid according to the VAT invoices, which bear the policyholder's name; If the reimbursement is 05 million VND or above, cashless payment is required.

b) Before an enterprise is established, its founders authorize another organization or individual in writing to make certain payments on their behalf for purchase of goods and other expenses related to the establishment of the enterprise. In this case, the enterprise may deduct input VAT according to the invoices issued in the authorized buyer's name. For invoices with a value of 05 million VND or more, cashless payment to the authorized buyer is required.

4. With regard to fixed assets being passenger automobiles with fewer than 10 seats (except for automobiles used for commercial transport of cargo, passenger, tourism, or hotel business; automobiles used for display and test drive by car dealers) with value exceeding 1,6 billion VND (exclusive of VAT), input VAT on the value in excess of 1,6 billion VND shall not be deductible.

5. If the business establishment has a closed production line where the products not subject to VAT are used for all stages of production of subject to VAT, input VAT incurred in all stages shall be fully deductible.

Section 2. CONDITIONS FOR INPUT VAT DEDUCTION

Article 25. Invoices and proofs of VAT payment

Business establishments shall have VAT invoices for purchases of goods and services or proofs of VAT payment during import or proofs of VAT payment on behalf of foreign parties

prescribed in Point a Clause 2 Article 14 of VAT Law (including proofs of payment of VAT on revenues on behalf of foreign parties).

Article 26. Proofs of cashless payment

Business establishments shall have proofs of cashless payment for any purchase (including imports) with a value of 05 million VND or more, inclusive of VAT. To be specific:

1. Proofs of cashless payment are documentary evidence for cashless payment according to the Government's Decree No. 52/2024/ND-CP dated May 15th 2024 on cashless payment, except documentary evidence for that buyers transfer money to sellers' accounts.

2. Some special cases mentioned in Point b Clause 2 Article 14 of VAT Law:

a) If goods and services are purchased by offsetting their value against the value of goods and services sold, or by lending goods under contracts, a certification of this kind of transaction and data comparison record made by both parties are compulsory. If the payment is offset against third party's debt, a debt offsetting record made by all three parties is compulsory.

b) If the contract allows for goods and services to be purchased on credit in the forms of loans or debt offsetting via a third party, it is required to have a previously concluded loan contract and the receipts for transfer of money from the creditor's account to the debtor's account, even if the value of purchased goods and services is offset against the amount paid by the buyer on behalf of the seller or the amount provided for the buyer by the seller.

c) In cases where a third party is authorized to receive a cashless payment for purchases (including the case in which the seller requests the buyer to make a cashless payment to a third party appointed by the seller), this authorization must be agreed in the contract, and the third party must be a lawfully operating organization or natural person.

d) In cases goods and services are paid for with shares or bonds and this it allowed for in the contract, it is compulsory to have a previously concluded sales contract.

dd) After the payment is made in any of the manners specified in Points a, b, c and d of this Clause, if the remaining monetary amount payable is 05 million VND or more, VAT shall only be deductible there are proofs of cashless payment.

e) In cases where payment for purchased goods and services is transferred to a third party's account at a State Treasury, which is opened to enforce collection of money or assets held by other organizations and individuals under decisions issued by competent authorities, input VAT shall be determined according to the amount transferred to the third party's account at a State Treasury.

g) With regard to goods and services purchased under a deferred payment plan or installment plan with a value of 05 million VND or more, the business establishment shall deduct input VAT according to the sales contracts, VAT invoices, proofs of cashless payment for these purchases.

If proofs of cashless payment are not available before payment is due according to the contract of appendices thereof, the business establishment may still deduct input VAT. In cases where the business establishment does not have proofs of cashless payment when payment becomes due according to the contract of appendices thereof, the business establishment shall reverse the deduction of VAT on the value of goods and services without proofs of cashless payment in the tax period in which payment is due.

h) In cases where an import of goods/services has a value of less than 05 million VND, a purchase of goods and services has a value of less than 05 million VND at VAT-inclusive prices, and the business establishment imports goods that are gifts or samples free of charge from overseas organizations and individuals, proofs of cashless payment for these goods and services are not required.

i) In cases where goods and services are purchased to serve production and/or sale of goods/services subject to VAT and are paid for by authorized employees of the business establishment by cashless payment methods under financial regulations or internal regulations of the business establishment, then the business establishment reimburses the employees by cashless payment methods, input VAT shall be deductible.

3. In case a taxpayer makes multiple purchases in the same day with a total value of 05 million VND or more but the value of each separate purchase is less than 05 million VND, VAT shall only be deductible if there are proofs of cashless payment.

Article 27. Conditions for deducting input VAT on exports

For exported goods and services (hereinafter referred to as “exports”), in addition to the requirements specified in Article 25 and Article 26 of this Decree, there must also be a contract with the foreign party for sale, processing of goods, or provision of services; invoices for sale of goods, provision of services; proofs of cashless payment; customs declarations for exports (except for cases in which customs declarations are not required by customs laws); packing list, bill of lading, goods insurance documents (if any). Where:

1. The contract with the foreign party (the importer) for sale, processing of goods, or provision of services in case of export entrustment: the entrustment contract and the note of entrustment contract finalization (if the contract has been finished) or a periodic debt comparison note between the entrusting party (the principal) and the entrusted party (the agent), specifying the quantity, categories, value of exports; the number and date of the export contract signed by the entrusted party and the importer; the number, date and amount of money on the proofs of cashless payment to the foreign party by the entrusted party; the number, date and amount of money on the receipt for payment to the entrusting party by the entrusted party; the number and date of the export declaration prepared by the entrusted party.

2. The export declaration shall be the declaration for which customs procedures have been completed according to customs law.

3. Proofs of cashless payment shall be proof of wire transfer from the account of the importer (or the importer's bank) to an account bearing the name of the exporter (the business establishment) opened at a bank with a method of payment appropriate for the terms of the contract and regulations of the banks. The payment receipt shall be a credit note issued by the bank for the amount received from the importer's account. In case of deferred payment, it must be agreed upon in the export contract or appendices thereof and proofs of cashless payment must be provided by the deadline for paying the exporter. In case of export entrustment, there shall be proofs of cashless payment from the foreign party to the entrusted party, and the entrusted party shall have proofs of cashless payment for the exports to the entrusting party. In cases where the foreign party directly pays the entrusting party, the entrusting party shall have proofs of cashless payment and this direct payment must be specified in the contract. In cases where the exporter sells the receivables from the importer to an overseas third party (buyer of receivables), there shall be proofs of cashless payment from the third party (buyer of receivables) and this payment must be specified in the export contract and the contract with the overseas third party for sales of receivables; the exporter shall have a written document explaining why the amount payable on the export contract is different from the amount payable on the contract for sales of receivables. Some cases in which proofs of cashless payment are not compulsory:

a) In cases where payment for exports is offset against a foreign loan, the business establishment shall have the following documents: loan agreement (for loans with a term of less than 01 year) or a loan registration certificate issued by State Bank of Vietnam (SBV) (for loans with a term longer than 01 year); proofs of cashless payment (inbound wire transfer). This method of payment must be provided for in the export contract and confirmed in writing by the foreign party; if the foreign loan is smaller than the amount payable, there shall be proofs of cashless payment for the net payable.

b) In cases where an exporter uses the payment for exports as capital contribution to the overseas importer, the exporter shall: have a capital contribution agreement; have an export contract that provides for the contribution of payment for exports as capital; if the capital contribution is smaller than the payment for exports, there shall be proofs of cashless payment for the net payable.

c) In cases where the foreign party authorizes a third party which is an overseas organization or individual to make the payment, such authorization must be provided for in the export contract (or the contract appendix or revisions (if any)).

d) In cases where the foreign party requests a third party that is an organization in Vietnam to offset the payment against a debt to the foreign party by making a cashless payment for the amount payable by the foreign party to the exporter, the debt offsetting must be provided for in the export contract (or the contract appendix or revisions (if any)), and the exporter's bank has issued a credit note to certify the amount received from the third party's account, and the exporter has a debt comparison note certified by the foreign party and the third party.

dd) In cases where the foreign party (importer) authorizes an overseas organization or individual (third party) to make the payment; the third party then requests an organization in Vietnam (fourth party) to offset the debt to the third party by making a cashless payment for the amount

payable by the importer to the exporter, the following documents are compulsory: the export contract (or the contract appendix or revisions (if any)) which provides for the authorization of payment and debt offsetting between parties; a credit not issued by a bank to certify the amount received by the exporter from the fourth party's account; debt comparison notes certified by relevant parties (between the exporter and the importer, between the overseas third party and the fourth party in Vietnam).

e) In cases where foreign party authorizes its representative office in Vietnam to transfer the payment to the exporter's account, such authorization must be provided for in the export contract (contract appendix, or revisions (if any)).

g) In cases where the foreign party (not applied to individuals) transfers the payment from a current account opened by the foreign party at a credit institution in Vietnam, this method of payment must be provided for in the export contract (contract appendix or revisions (if any)). The payment receipt shall be a credit note issued by the bank to certify the amount received from the foreign party's current account.

h) In cases where the foreign party is a sole proprietorship and the payment via the current account of the sole proprietorship owner that is opened at a credit institution in Vietnam is provided for in the export contract (contract appendix or revisions (if any)), this payment is considered cashless payment. In cases where the foreign buyer that is a sole proprietorship, enters Vietnam through international checkpoints using a passport, and brings foreign currencies or Vietnam dong to deposit into an account opened by the sole proprietorship owner at a credit institution in Vietnam, it must be declared with the border checkpoint customs upon entry and export as instructed by SBV.

i) In cases where the foreign party makes a cashless payment but the amount payable on the proof of cashless payment does not match the amount agreed upon in the contract or appendix thereof: If the amount payable on the proof of cashless payment is smaller than the amount agreed upon in the contract or appendix thereof, it must be explained by the business establishment, such as: bank transfer fee, price reduction due to inferior quality or losses, in which case a discount agreement between the importer and exporter is required); If the amount payable on the proof of cashless payment is greater than the amount agreed upon in the contract or appendix thereof, it must be explained by the business establishment, such as: a single payment is made for multiple contracts; advanced payment; the business establishment shall take legal responsibility for their explanations and revisions (if any).

k) In cases where the foreign party makes a cashless payment but name of the bank on the proof of cashless payment does not match that in the contract, it shall be considered legitimate if its contents specify the names of the payer, the beneficiary, the number of the export contract, the amount payable that are consistent with the concluded export contract.

l) In cases where the business establishment exports goods/services to a foreign party (second party), imports goods/services from another foreign party or buys goods from an organization/individual in Vietnam (third party), and reaches an agreement with the second party and third party that the second party will make a cashless payment to the third party for the

amount payable by the business establishment to pay to the third party, this agreement must be specified in the export contract, import contract, or sales contract (contract appendix or revision (if any)). The business establishment shall have the debt comparison note certified by relevant parties (between the business establishment and the second party, between the business establishment and the third party).

m) In cases where the foreign party refuses the exported goods for legitimate reasons and the business establishment (exporter) finds another buyer in the same country, the documentation for VAT deduction shall include every export document related to the export contract with the initial buyer (contract, customs declaration, invoices), the exporter's written explanation and declaration to take responsibility for the difference in the buyer's name, and every export document related to the new buyer (contract, invoices, proofs of cashless payment, and other documents (if any)).

n) In cases where the labor export company directly collects money from the workers, it is required to have receipts for such payments.

o) In cases where goods/services are exported to repay foreign loan taken by the Government, it is required to have a certification by a bank that the export shipment has been accepted by the foreign party as repayment, or that the dossier has been sent to the foreign party for repayment; payment receipts must comply with instructions of the Ministry of Finance.

p) In cases where exports (including export processing) are paid for in kind by offsetting the value of exports or payment for processing against the value of goods/services purchased from the foreign party, this method of payment must be provided for in the export contract and the contract for purchase of goods/services from the foreign party. The following documents are also compulsory: a customs declaration specifying that the import value is offset against the export value, a confirmation with the foreign party that the import value is offset against the export value. There shall be proofs of cashless payment for any difference between the import value and the export value.

q) The export of goods to bordering countries under regulations of law on administration of border trading must comply with the instructions of the Ministry of Finance and SBV.

r) In cases the foreign party becomes insolvent, the exporter shall have a written explanation and may use one of the following documents as substitute for proofs of cashless payment: the customs declaration of goods exported from Vietnam which has been registered with the customs authority of the importing country (01 copy); the lawsuit petition submitted to the court or a competent authority of the country of residence enclosed with the notification or confirmation of such authority that the petition has been admitted (01 copy); the court judgment specifying that the exporter is the winning party issued by the foreign court to the exporter (01 copy); confirmation or notification issued by a foreign competent authority that the foreign party has gone bankrupt or insolvent (01 copy).

s) In cases where the exported goods have to be destroyed due to their inferior quality, the exporter shall have a written explanation and may use the destruction record (or a document

certifying the destruction) issued by the agency in charge of the destruction (01 copy) enclosed with proofs of cashless payment for the destruction cost payable by the exporter, or enclosed with the document proving that the destruction cost is covered by the importer or a third party (01 copy) as substitutes for proofs of cashless payment. In cases where the importer has to carry out the procedures for goods destruction overseas, the destruction record (or document certifying the destruction) shall bear the importer's name.

t) In case of loss of exported goods, the exporter shall have a written explanation and may use one of the following documents as substitutes for proofs of cashless payment: certification that goods are lost outside of Vietnam's territory issued by a relevant authority (01 copy); certification that goods are lost during transport outside of Vietnam's territory specifying the reasons for loss (01 copy). If the exporter has received a recompense for the goods lost outside of Vietnam's territory, the proof of cashless payment of the recompense (01 copy) must be provided.

u) Copies of the documents mentioned in this Clause must be authenticated by the exporter. 01 notarized translation must be enclosed if the language of the documents used by the third party as substitutes for proofs of cashless payment is not English. The electronic documents (if any) must be printed out. The exporter is responsible for the accuracy of the substitutes for proofs of cashless payment mentioned in this Clause.

4. Invoices for sale of goods and provision of services shall be commercial invoices or VAT invoices prescribed by regulations of law on invoicing and documentation.

Article 28. Conditions for deducting input VAT in certain special goods and services

In addition to the conditions for deducting input VAT specified in Article 25 and Article 26 of this Decree, exporters of goods exported via overseas e-commerce platforms and in some other special cases shall have documentary evidence for sale of these goods in Vietnam. To be specific:

1. In cases where goods are exported via overseas e-commerce platforms, the exporter shall have documentary evidence for sale of these goods in Vietnam such as: contracts with the e-commerce platform operators for sale of goods on their platforms (the sale of goods between the exporter and overseas buyers shall fully comply with regulations on conclusion of contracts by placing online orders on overseas e-commerce platforms as prescribed by commerce and e-commerce laws); sales invoices; proofs of cashless payment (if the exporter authorizes e-commerce platform operators to collect payment from overseas buyers, this authorization must be provided for in the contracts with them); declarations for which customs procedures have been completed in accordance with customs laws when sending goods to abroad; documentary evidence for delivery of goods to overseas buyers; packing lists, bills of lading, goods insurance documents (if any).

2. In cases where exported goods are sent to overseas bonded warehouses, the exporter shall have documentary evidence for the sale of goods outside of Vietnam such as: export contracts; export entrustment contracts; sales invoices; proofs of cashless payment; declarations for which

customs procedures have been completed in accordance with customs laws when sending goods to abroad; documentary evidence for delivery of goods to overseas importers (declarations for which customs procedures have been completed upon delivery of goods to buyers of the importing countries or documentary evidence for sale of goods at bonded warehouses); packing lists, bills of lading, goods insurance documents (if any).

3. In cases where goods are exported at overseas fairs or exhibitions, the exporter shall have documentary evidence for the sale of goods outside of Vietnam such as: proofs of cashless payment, declarations of foreign currencies collected in the host countries and brought into Vietnam and proofs that these foreign currencies have been deposited into banks in Vietnam.

4. In cases where goods are sold within sterile areas to individuals (foreigners or Vietnamese nationals) who have completed exit procedures; goods are sold at duty-free shops, the business establishment shall have documentary evidence for sale of goods in sterile areas or at duty-free shops, lists of goods sold to outbound passengers in sterile areas or at duty-free shops prepared according to the form in Appendix III hereof.

5. In cases where digital content products are provided for foreign parties, the service provider shall have documentary evidence for the use of services outside of Vietnam according to Point d Clause 3 Article 17 of this Decree and proofs of cashless payment.

6. Regarding forwarded processed goods prescribed by trade and foreign trade laws: export processing contracts with foreign parties and appendices thereof (if any) specifying the recipients of goods in Vietnam; VAT invoices specifying the prices for processing and quantity of goods that are processed and returned to foreign parties (at the prices specified in contracts with foreign parties); note of delivery of forwarded processed goods (hereinafter referred to as "forwarding note") certified by the hirer and the processor; cashless payment is mandatory for goods processed for foreign parties; customs declarations shall be prepared in accordance with customs law.

7. Regarding construction and installation overseas or in free trade zones: contracts for construction and installation overseas or in free trade zones; proofs of cashless payment.

8. In cases where goods or supplies are exported for execution of an overseas construction work, in addition to the conditions specified in Clause 7 of this Article, the exporter shall have customs declarations and the export entrustment contract (in case of export entrustment), and the exported goods or supplies must be conformable with the list of exports serving overseas construction works approved by the Director of the Vietnamese enterprise that executes the overseas construction work.

9. In cases where the exports have been confirmed by the customs authority but other conditions and procedures for input VAT deduction are incomplete according to specific regulations of this Section, input VAT shall not be deductible and calculation of output VAT is not required. In cases where conditions and procedures for deduction of input VAT on forwarded process goods, VAT shall be calculated and paid as if they are sold domestically. Service exporters that fail to

satisfy cashless payment requirements must not deduct input VAT and are not required to calculate output VAT.

Section 3. VAT REFUND

Article 29. Refund of VAT on exports

1. If residual input VAT credit on exports of a business establishment in a month/quarter is 300 million VND or more, it will be refunded by month/quarter, unless the goods are imported and then exported to another country. To be specific:

a) Certain cases of eligibility for VAT refund upon exportation: The business establishment that has goods exported through entrustment; the business establishment that sign export processing contracts with foreign parties; the business establishment that has goods exported for execution of overseas construction works.

b) Goods that are imported and then exported to another country are goods imported into Vietnam by a business establishment from a foreign country, then exported directly or through entrustment, excluding goods that are raw materials imported for manufacture or processing of exports.

2. If a business establishment has both goods/services for export and goods/services for domestic sale in a month/quarter, input VAT for production/sale of the goods/services for export must be separately recorded. Otherwise, input VAT on goods/services for export will be determined according to ratio of revenue from exported goods/services to total revenue from goods/services subject to VAT of the tax refund period. Tax refund period is the continuous period of time from the tax period having the residual input VAT to the tax period in which VAT refund is claimed. After input VAT on exported goods and services (including the input VAT separately recorded and the input VAT determined according to aforementioned ratio) has been deducted from VAT on goods and services sold domestically, if residual input VAT on exported goods and services is 300 million VND or more, it will be refunded to the business establishment. The refunded VAT on exported goods and services shall not exceed 10% of the revenue from such exported goods and services in the tax refund period. Residual input VAT on exported goods and services that exceeds 10% of revenue from exported goods and services in the tax refund period and thus is not refundable may be deducted in the next tax period to determine refundable VAT on goods and services exported in the next tax period. The Ministry of Finance shall promulgate regulations on determination of refundable VAT on exported goods and services.

Article 30. Refund of VAT on investments

1. a) Business establishments that have registered for application of the credit-invoice method and have investment projects (new investment project or expansion investment projects) as per investment laws (including investment projects that are divided into multiple stages or items, except investment projects that do not form fixed assets of enterprises) during the investment stage or petroleum exploration and extraction projects during the investment stage, have incurred input VAT during the investment stage and have not claimed VAT refunds may deduct such

input VAT from VAT payable from their ongoing business operations (if any). If residual input VAT on the investment projects is 300 million VND or more after deduction, it will be refunded. If the investment project has been completed (including investment projects that are divided into multiple stages or items with completed stages or items) but the business establishment has not claimed refund of VAT incurred in the investment stage (on the completed stages or items), the business establishment shall submit the VAT refund claim within 01 year from the completion date of the investment project, stage or item. The completion date of the investment project, stage or item is the date of revenue generation of the investment project, stage or item. This revenue does not include revenue generated during trial, revenue from financial operations, liquidation of raw materials of the investment project.

In cases where the business establishment is the owner of an investment project for establishment of a new business organization or assigns its branch or project management board to execute and manage the investment project, the new business organization, branch or project management board may deduct and claim refund of VAT on the investment project. The new business organization, branch or project management board shall offset VAT on purchased goods and services used for the investment project against VAT payable on ongoing business operations of the business establishment, business organization or branch in the same period (if any). If residual input VAT on the investment project after offsetting is 300 million VND or more, it shall be refunded in accordance with regulations of this Article. When the investment project, stage or item is completed and business operation is directly run by the project owner or another business establishment under assignment instead of the new business organization, branch or project management board, the new business organization, branch or project management board shall hand over the residual input VAT on the investment project to the project owner or the business establishment assigned to run business operation for offsetting against VAT on business operation in the tax period succeeding the date of completion of the investment project, stage or item.

In cases where the investment project has to be terminated before it is put into business operation and output VAT on primary business operation of the investment project has not been incurred, the business establishment shall return to state budget the refunded VAT on the investment project in accordance with tax administration laws; VAT that has not been refunded shall not be refunded.

2. Regarding investment projects of business establishments having conditional business lines in any of the following cases, the business establishment may claim refund of VAT on the investment project according to Clause 1 of this Article:

- a) Investment projects during investment stage, according to investment laws and specialized laws, have been granted for conditional business licenses by competent authorities in the form of licenses, certificates, certifications, or approvals.
- b) Investment projects during investment stage, according to investment laws and specialized laws, have not been required to apply for conditional business licenses in the form of licenses, certificates, certifications, or approvals.

c) Investment projects during investment stage, according to investment laws and specialized laws, are not required to have conditional business licenses in the form of licenses, certificates, certifications, or approvals.

3. Instead of receiving VAT refund, a business establishment will have the residual VAT on the investment project carried forward to the next period in the following cases:

a) Registered charter capital is not adequately contributed to the investment project upon submission of the tax refund claim.

b) The investment project engages in conditional business lines without fully satisfying business conditions prescribed by investment laws, except for the cases specified in Clause 2 of this Article.

c) The investment project engages in conditional business lines without maintaining fulfillment of the business conditions throughout its operation i.e. having one of the conditional business licenses (licenses, certificates, certifications, or approvals) revoked; the business establishment fails to satisfy certain conditions for doing conditional business prescribed by investment laws during its operation. VAT incurred after the revocation of the conditional business license or after a competent authority discovers that the business establishment fails to satisfy business conditions shall not be refunded.

d) The investment project is a natural resource or mineral extraction project (excluding petroleum exploration and extraction projects mentioned in Clause 1 of this Article) or investment project for manufacture of products being natural resources or minerals that have been processed into other products as prescribed in Clause 14 Article 4 of this Decree.

Article 31. Refund on VAT on goods and services subject to 5% VAT

A business establishment that only manufactures goods or provides services subject to 5% VAT and has a residual input VAT of 300 million VND or more for at least 12 consecutive months or 04 consecutive quarters will be eligible for VAT refund. If the business establishment manufactures goods or provides services subject to different VAT rates, input VAT on purchases serving the manufacture of goods or provision of services subject to 5% VAT shall be separately recorded. Regarding input VAT on purchases serving both the manufacture of goods or provision of services subject to 5% VAT and the manufacture of goods or provision of services subject to other VAT rates (including goods subject to 5% VAT upon sale) that cannot be separately recorded, input VAT on purchases serving the manufacture of goods or provision of services subject to 5% VAT shall be determined according to the ratio of revenue from goods and services subject to 5% VAT to total revenue from taxable goods and services of the tax period. After input VAT on purchases serving the manufacture of goods or provision of services subject to 5% VAT (including separately recorded input VAT and input VAT determined according to the aforementioned ratio) has been deducted from VAT on taxable goods and services, if residual input VAT on purchases serving the manufacture of goods or provision of services subject to 5% VAT is 300 million VND or more, it will be refunded to the business establishment. The

Ministry of Finance shall specify the method for determination of refundable VAT on purchases serving the manufacture of goods or provision of services subject to 5% VAT.

Article 32. VAT refund upon dissolution and bankruptcy of business establishments

Business establishments paying VAT using the credit-invoice method will be eligible for VAT refund upon their dissolution or bankruptcy if they have overpaid VAT or residual input VAT (except for the cases in which business establishments dissolve and shut down investment projects prescribed in Clause 1 Article 30 of this Decree). Business establishments shall comply with regulations of law on dissolution, bankruptcy and tax administration. In case a branch of a enterprise paying VAT using the credit-invoice method is dissolved, an artel paying VAT using the credit-invoice method is converted into a cooperative or cooperative union, the enterprise, cooperative or cooperative union will inherit all overpaid VAT or residual input VAT of the dissolved branch or artel, which can be used for deduction or claiming refund as per regulations.

Article 33. Refund of VAT on goods purchased in Vietnam and carried abroad

Foreigners and Vietnamese nationals residing abroad (except aircrew prescribed by aviation laws and ship's crew prescribed by maritime laws) who have passports or international travel documents papers shall receive refunds of VAT on goods purchased in Vietnam and carried with them upon exit. Documentation, procedures, refundable tax and refunding method for the cases specified in this Clause are provided in Appendix IV hereof.

Article 34. VAT refund for projects/programs funded by Official Development Assistance (ODA) grants, grant aid or humanitarian aid

Refund of VAT for programs/projects funded by Official Development Assistance (ODA) grants, grant aid or humanitarian aid:

1. The owner of the program/project or the main contractor (including the main contractor's executive office in Vietnam), the organization appointed by the foreign donor to manage the program/project funded by ODA grants (including the executive office of the donor or managing organization) will receive a refund of VAT on the goods and services purchased in Vietnam to serve the program/project.
2. The organizations in Vietnam that use grant aid or humanitarian aid provided by foreign organizations and individuals to purchase goods and services serving the program/project funded by such grant aid or humanitarian aid will receive a refund of VAT paid on such goods and services.

Article 35. Refund of VAT on goods and services purchased in Vietnam by entities granted diplomatic immunities and privileges

Entities that are granted diplomatic immunities and privileges, purchase goods and services in Vietnam for personal consumption will receive a refund of the VAT amount written on VAT invoices or payment documents having VAT-inclusive prices.

Article 36. VAT refund under international treaties

VAT refunds shall be given to business establishments having VAT refund decisions issued by competent authorities as prescribed by law, and other cases eligible for VAT refund under treaties to which the Socialist Republic of Vietnam is a signatory.

Article 37. Requirements for VAT refund

A business establishment (the claimant) must satisfy the following requirements to receive VAT refund in the cases specified in this Section:

1. The claimant is eligible for VAT refunds according to regulations of Article 29, 30, 31 and 32 of this Decree, pays VAT using the credit-invoice method, prepares and retains accounting books and accounting records in accordance with accounting laws; has checking accounts at banks under its taxpayer identification number (TIN).

2. Regulations on deduction of input VAT in Section 2 of Chapter III are complied with and it is not the case specified in Clause 15 Article 23 of this Decree.

3. The seller has declared and paid VAT according to the invoices issued to the claiming business establishment. To be specific:

a) By the time the tax refund claim is submitted, the seller has submitted the VAT declaration dossier and no longer owes VAT incurred during the tax period that overlaps the claimant's tax refund period.

b) The tax authority, according to its automatic information processing system, confirms that the seller has fully declared and paid VAT as per regulations by the time of submission of the tax refund claim.

c) In cases where the seller has not fully submitted the VAT declaration dossier of the tax period that overlaps the claimant's tax refund period (even if VAT is claimed before the deadline for submission of the VAT declaration dossier) or still owes VAT incurred during the tax period that overlaps the claimant's tax refund period, VAT on the invoices issued during the overlapping period will not be refunded.

4. Upon submission of the VAT refund claim, the claimant is eligible for VAT refund, have input VAT satisfying the VAT refund requirements specified in this Article and fully comply with regulations on VAT declaration, prepares VAT refund claim for individual cases and sends them to competent tax authorities.

Tax authorities shall categorize VAT refund claims as eligible for refund before inspection or subject to inspection before refund, and processes these VAT refund claims in accordance with regulations of law on tax administration.

Chapter IV

IMPLEMENTATION CLAUSES

Article 38. Effect

1. This Decree comes into force from July 1st 2025.

2. This Decree replaces:

The Government's Decree No. 209/2013/ND-CP dated December 18th 2013 on elaboration of the Law on Value-added Tax.

b) The Government's Decree No. 49/2022/ND-CP dated July 29th 2022 amending some Articles of the Government's Decree No. 209/2013/ND-CP dated December 18th 2013 on elaboration of the Law on Value-added Tax, which is amended by Decree No. 12/2015/ND-CP, Decree No. 100/2016/ND-CP and Decree No. 146/2017/ND-GOVERNMENT.

c) Regulations that “products in which the value of natural resources or minerals plus energy cost makes up at least 51% of the product price” in Point a Clause 1 Article 11 and Point a Clause 2 Article 15 of the Government's Decree No. 134/2016/ND-CP dated September 1st 2016 elaborating the Law on Export and Import Duties (amended by the Government's Decree No. 18/2021/ND-CP dated March 11th 2021), Point b Clause 2 Article 4 and Form no 14 in Appendix II of the Government's Decree No. 26/2023/ND-CP dated May 31st 2023 on preferential import and export tariffs, tariff nomenclature and fixed duties, mixed duties, out-of-quota import duties, which shall be replaced with Appendix V of this Decree.

3. The following regulations are annulled:

a) Article 2 of the Government's Decree No. 91/2014/ND-CP dated October 1st 2014 on amendments to some Articles of tax Decrees.

b) Article 3 of the Government's Decree No. 12/2015/ND-CP dated February 12th 2015 elaborating the Law on Amendments to tax Laws and tax Decrees.

c) Article 1 of the Government's Decree No. 100/2016/ND-CP dated July 1st 2016 elaborating some Article of the Law on Amendments to the Law on Value-added Tax, the Law on Excise Tax, and the Law on Tax Administration.

d) Article 1 of the Government's Decree No. 146/2017/ND-CP dated December 15th 2017 on amendments to some Articles of the Government's Decree No. 100/2016/ND-CP dated July 1st 2016 and Decree No. 12/2015/ND-CP dated February 12th 2015.

4. In cases where the legislative documents referred to in this Decree are amended or replaced, regulations of the newer documents shall prevail.

Article 39. Transition clauses

1. Regulations on VAT refund on investments in Article 30 of this Decree are applicable to investment projects in which investment is made before July 1st 2025 and the projects are still in investment stage.
2. Regulations on VAT refund on purchases serving production of goods and provision of services subject to 5% VAT in Article 31 of this Decree are applicable to residual input VAT on purchases serving production of goods and provision of services subject to 5% VAT incurred from the effective date of this Decree.
3. Regulations in Clause 3 Article 37 of this Decree are applicable from the tax period of July 2025 or third quarter of 2025.

Article 40. Responsibility for implementation

1. The Ministry of Finance, within its jurisdiction, shall elaborate the assigned Articles and Clauses, and provide guidelines for the implementation of this Decree.
2. The Ministry of Finance shall elaborate regulations on goods and services that are not regulated by this Decree and the Law on Value-added Tax.
3. Ministers, heads of ministerial-level agencies, heads of Governmental agencies, Presidents of the People's Committees of provinces and centrally affiliated cities, relevant organizations and individuals are responsible for the implementation of this Decree.

**ON BEHALF OF THE GOVERNMENT
PP THE PRIME MINISTER
DEPUTY PRIME MINISTER**

Ho Duc Phoc