

# SUMMARY OF KEY HIGHLIGHTS

## CORPORATE INCOME TAX LAW 2025

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Below is a summary of the most notable changes introduced under the Corporate Income Tax Law 2025:

### **(1) Expansion of Taxable Entities for Foreign Enterprises**

Article 2(3) – Corporate Income Tax Law 2025

The scope of taxable entities has been broadened by expanding the definition of a Permanent Establishment (PE) of a foreign enterprise.

A PE is defined as a production or business establishment through which a foreign enterprise conducts part or all of its business activities in Vietnam, including:

*“...E-commerce platforms or digital platforms through which foreign enterprises supply goods or services in Vietnam.”*

### **(2) New Categories of Tax-Exempt Income**

Base on Clause 3, Article 2 of the Law of Corporate Income Tax 2025:

Article 4 – Corporate Income Tax Law 2025 introduces additional exemptions, including:

- Income from the first transfer of carbon credits after issuance by enterprises certified for emission reductions or carbon credits; income from green bond interest;
- Income from the first transfer of green bonds after issuance.

### **(3) Determination of Corporate Income Tax Periods (Effective by 01 October 2025)**

Article 5 – Corporate Income Tax Law 2025 grants enterprises greater flexibility in determining their tax periods:

- “The corporate income tax period shall be determined according to the calendar year or fiscal year as chosen by the enterprise, except as otherwise prescribed in Clause 2 of this Article.
- Where an enterprise opts for a fiscal year different from the calendar year, it must notify the tax authority prior to implementation.
- The tax period for enterprises defined in Points c and d, Clause 2, Article 2 of this Law shall comply with the Law on Tax Administration.”

### **(4) New Tax Rates for Small and Medium Enterprises – 15% or 17%**

Article 10 – Corporate Income Tax Law 2025:

- A 15% tax rate applies to enterprises with annual revenue not exceeding VND 3 billion;
- A 17% tax rate applies to enterprises with annual revenue from over VND 3 billion up to VND 50 billion.

These reduced rates and higher revenue thresholds provide favorable tax conditions for small and medium-sized enterprises (SMEs).

However, this preferential rate does not apply to subsidiaries or related-party companies where any entity within the related-party group does not meet the eligibility criteria.

(Article 18 – Corporate Income Tax Law 2025).

# **SUMMARY OF NEW CHANGES IN THE LAW OF CORPORATE INCOME TAX 2025**

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## **(5) Addition of sectors eligible for CIT incentives**

Article 12 – Corporate Income Tax Law 2025 revises and supplements the list of industries eligible for tax incentives, with several significant additions:

- High-tech enterprises and high-tech agricultural enterprises as defined under the Law on High Technologies;
- Science and technology enterprises under the Law on Science, Technology and Innovation;
- Investment and business in technical infrastructure supporting SMEs, incubation centers for SMEs, and co-working spaces supporting innovative startups under the Law on Supporting Small and Medium Enterprises;
- Journalism (including advertising in press publications) under the Law on Press.

## **(6) Amendments on Tax Exemption and Reduction Rules**

Article 12 – Corporate Income Tax Law 2025 specifies in greater detail the list of industries, geographic areas, and special cases eligible for tax incentives.

Article 15 introduces new beneficiaries of tax exemption and reduction, including:

4. Newly established enterprises (as defined in Clauses 2 and 3, Article 10 of this Law) that are converted from household businesses shall be exempt from CIT for two consecutive years from the time taxable income arises.

1. Public science and technology organizations and public higher education institutions operating on a non-profit basis shall enjoy CIT exemption as prescribed by the Government.

## **Responsibilities of Tax Authorities in Receiving Corporate Income Tax Returns**

Article 48 – Law on Tax Administration 2019 provides that tax authorities shall:

1. Receive tax returns from taxpayers through the following methods:
  - Direct submission at the tax authority;
  - Postal submission;
  - Electronic submission via the tax authority's online portal.
2. Acknowledge receipt of the tax return and notify the taxpayer accordingly.
3. In cases where the dossier is invalid, incomplete, or incorrectly formatted, the tax authority must notify the taxpayer within 03 working days from the date of receipt.

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The above updates represent the major highlights of the Corporate Income Tax Law 2025, reflecting a clear direction toward more flexible and inclusive tax policy adjustments across industries, sectors, and investment models. These changes are expected to align with Vietnam's rapidly transforming economy, enhancing fairness, transparency, and encouraging businesses to reinvest and innovate in the new development phase.

CDLAF will continue to provide updates, guidance, and detailed instructions to our valued Clients upon issuance of official circulars and guidance documents by the Ministry of Finance.

We hope this analysis will assist your enterprise in shaping effective financial, tax, and business strategies in the coming period.

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