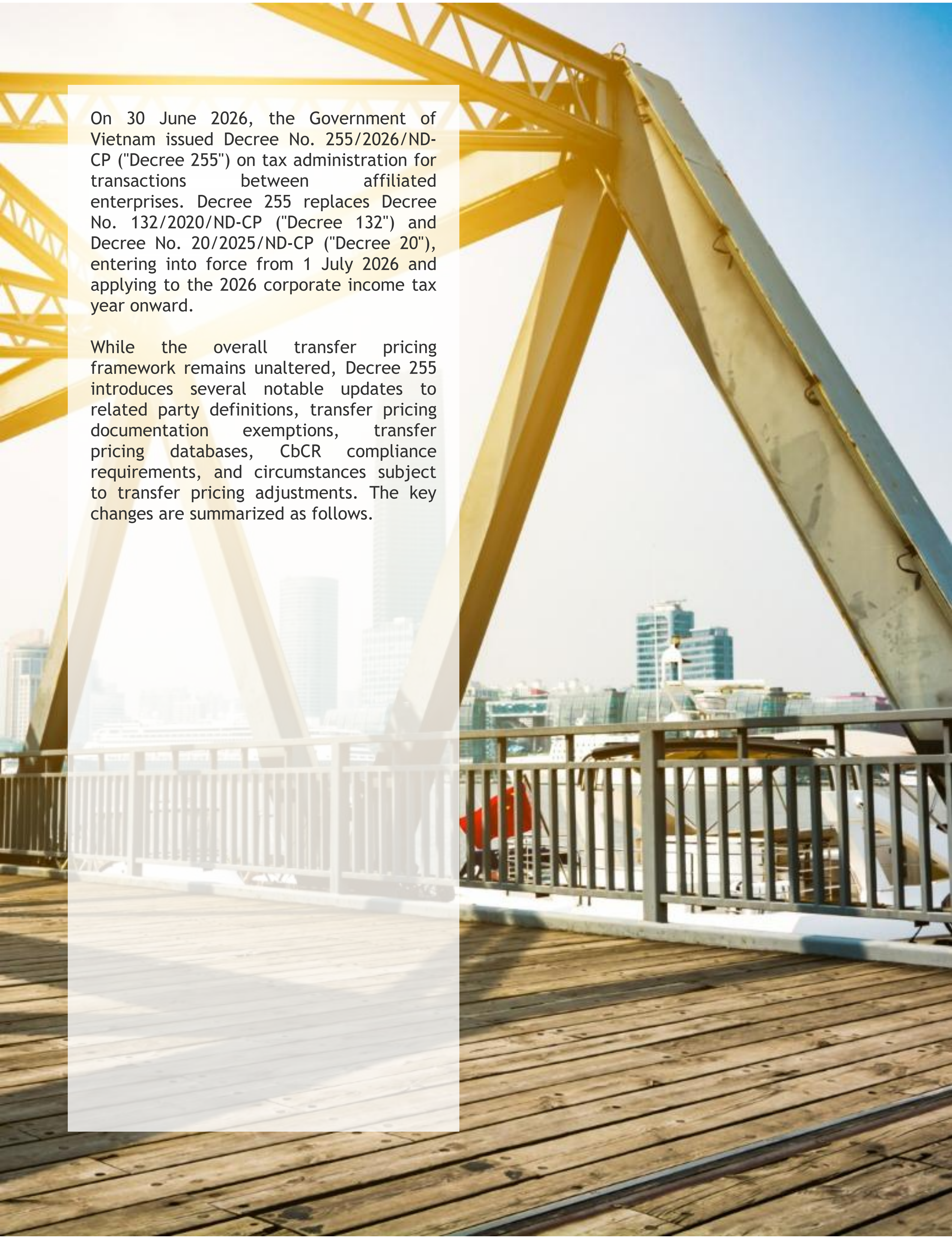
AUGUST 2026| https://www.bdo.vn

TAX UPDATE

KEY CHANGES UNDER DECREE NO. 255/2026/ND-CP ON TAX ADMINISTRATION FOR RELATED-PARTY TRANSACTIONS

On 30 June 2026, the Government of Vietnam issued Decree No. 255/2026/ND-CP ("Decree 255") on tax administration for transactions between affiliated enterprises. Decree 255 replaces Decree No. 132/2020/ND-CP ("Decree 132") and Decree No. 20/2025/ND-CP ("Decree 20"), entering into force from 1 July 2026 and applying to the 2026 corporate income tax year onward.

While the overall transfer pricing framework remains unaltered, Decree 255 introduces several notable updates to related party definitions, transfer pricing documentation exemptions, transfer pricing databases, CbCR compliance requirements, and circumstances subject to transfer pricing adjustments. The key changes are summarized as follows.



1. Related Party Definitions

The definition of related parties is largely carried forward from Decree 132 and Decree 20. However, under Decree 255, a 100% state-owned lender or guarantor with the function of purchasing, selling and handling debts is not regarded as a related party of the borrower or the guaranteed entity, provided that such lender or guarantor does not directly or indirectly participate in the management, control, capital contribution, or investment activities of those enterprises *(supplementation to related party type "D")*.

2. Expanded Documentation Exemption Threshold

Decree 255 raises the revenue threshold for one of the criteria for transfer pricing documentation exemption from VND200 billion to VND500 billion. Specifically, taxpayers that do not generate revenue or incur expenses from the exploitation or use of intangible assets are exempted from preparing transfer pricing documentation if their annual revenue is below VND500 billion (up from the previous VND200 billion threshold). Furthermore, the qualitative criterion requiring an entity to be a "simple-function entity" has been removed, reducing ambiguity and simplifying the practical application of exemption rules.

3. Databases for Benchmarking Analysis

Decree 255 sets out the hierarchy for the use of data sources as follows:

1. Publicly available information and data, including data published on securities markets, domestic and international exchanges of goods and services, national databases, and disclosures by domestic ministerial agencies or other official sources.
2. Commercial databases.
3. Tax administration databases (the tax authority's internal database).

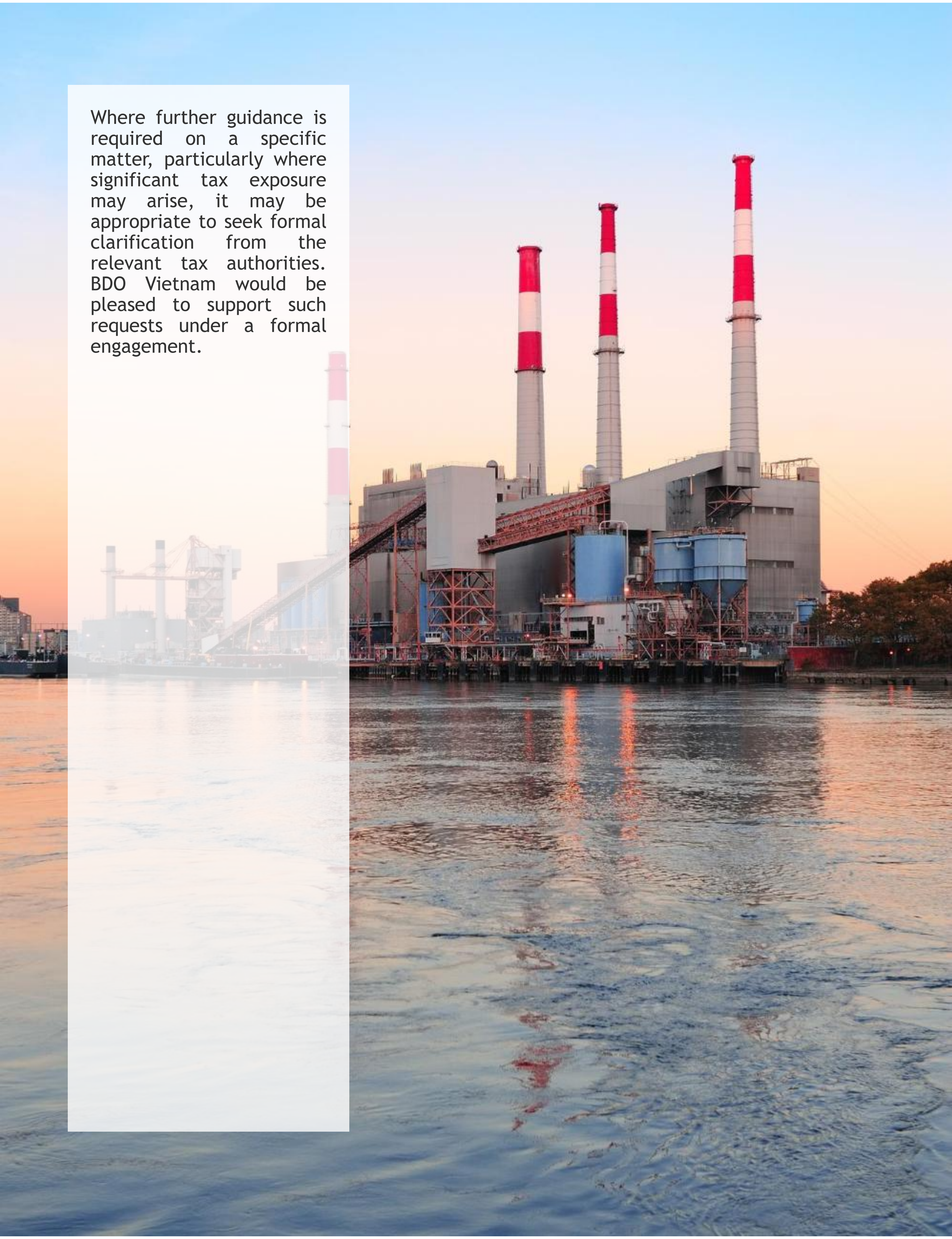
4. Country-by-Country Reporting ("CbCR") Requirements

Decree 255 introduces several amendments to CbCR requirements. The key changes are as follows:

- **Updated revenue threshold**: Requires a Vietnamese ultimate parent company ("UPC") to prepare and submit a CbCR if its consolidated global revenue in the preceding fiscal year equals or exceeds EUR750 million. This replaces the previous threshold of VND18 trillion, which was based on the reporting tax year.
- **Filing obligations for taxpayers with a foreign UPC**: Clarifies local CbCR filing obligations and deadlines for Vietnamese taxpayers whose UPC is located overseas.
- **CbCR notification requirements**: Supplements the specific circumstances under which CbCR notifications must be filed.
- **Prescribed filing format**: Requires the CbCR to be submitted electronically in encrypted XML format.
- **Conditions for local CbCR filing**: Mandates local CbCR submission only upon an official announcement by the tax authority affirming Vietnam's compliance with international standards governing data confidentiality, consistency, and appropriate use.

5. Additional Circumstances Subject to Transfer Pricing Adjustments

Under Decree 255, incorrect declaration of information in Appendix I (Information on Related-Party Relationships and Related-Party Transactions) is now explicitly listed as a circumstance under which taxpayers may be subject to transfer pricing adjustments by the Vietnamese tax authorities.



Where further guidance is required on a specific matter, particularly where significant tax exposure may arise, it may be appropriate to seek formal clarification from the relevant tax authorities. BDO Vietnam would be pleased to support such requests under a formal engagement.

Contact us

BDO Consulting Vietnam Co., Ltd.

11th Floor, 60 Nguyen Dinh Chieu Street, Tan Dinh Ward,
Ho Chi Minh City, Vietnam
Tel.: +84 (0) 28 39110033
Fax: +84 (0) 28 39117439
Email: bdo@bdo.vn

www.bdo.vn

BDO