Grant Thornton

Tax Newsletter

Key highlights of Circular No. 89/2026/TT-BTC

Guidance on tax administration under Decree No. 252/2026/ND-CP

August 2026

Circular No. 89/2026/TT-BTC

Simplified tax procedures - Risk-based administration - Enhanced electronic data processing

This newsletter highlights the key changes that may have a direct impact on businesses' tax compliance obligations in Vietnam, including tax declaration, payment, refund and tax examination procedures.

Background

On 30 June 2026, the Ministry of Finance issued Circular No. 89/2026/TT-BTC ("Circular 89"), providing guidance on the implementation of various provisions of the Law on Tax Administration No. 108/2025/QH15 and Decree No. 252/2026/ND-CP ("Decree 252"). Circular 89 took effect on 1 July 2026, replacing Circular No. 80/2021/TT-BTC.

Circular 89 provides guidance on a broad range of matters, including electronic tax transactions, tax declaration and payment, tax refunds, tax exemption and reduction, tax examination, and data sharing and connectivity in tax administration. In this newsletter, we summarize the key changes that may affect businesses operating in Vietnam and provide practical recommendations to support businesses navigate the new requirements effectively.

Key highlights

- Risk-based taxpayers classification is introduced, allowing tax authorities to apply differentiated management and compliance measures based on taxpayers' compliance history and risk profile.
- The scope of online and remote tax audits is expanded, alongside with enhanced tax refund dossiers through electronic data analysis.
- VAT and PIT declaration periods are revised, while certain tax finalization and tax allocation procedures are simplified.
- Updates to tax declaration procedures are introduced for capital transfer transactions, tax treaty application and post-tax audit review processes.
- VAT refund procedures are enhanced through the integration of refund request into tax returns, together with the introduction of automated VAT refund mechanism for qualifying taxpayers.
- Clearer guidance is provided on circumstances requiring amended tax filings as opposed to adjustments made in the current VAT declaration period.

1. Taxpayer classification and risk-based tax administration

Circular 89 introduces a detailed framework for classifying taxpayers based on factors such as geographical location, industry sector, business scale, legal form, ownership structure, tax compliance history and tax risk indicators.

Level of Compliance	Under the new framework, taxpayers are classified into four compliance levels: good compliance, medium compliance, low compliance and non-compliance. These classifications serve as an important basis for tax authorities to determine the appropriate level of monitoring, information requests and tax administration measures to be applied, including in the processing of tax returns, tax refunds and tax examinations.
Direct Impact	As a result, a taxpayer's compliance and risk classification may have a direct impact on its interaction with the tax authorities, particularly in relation to VAT refund processing, tax examinations and information requests. Businesses should therefore proactively keep abreast of tax regulatory changes, ensure the accuracy and consistency of tax filings and address potential tax issues promptly to mitigate compliance risks and maintain a favorable compliance standing.

2. Changes to tax filing, finalization and refund procedures

VAT filing frequency for newly established enterprises

Circular 89 allows newly established enterprises to elect quarterly VAT filing upon commencing operations. However, where revenue in the first calendar year exceeds VND 50 billion, including cases where the enterprise has operated for less than a full 12-month period, the taxpayer is required to switch to monthly VAT filing from the subsequent calendar year.

VND 50 billion threshold	Where the first-year revenue does not exceed VND 50 billion, the enterprise may continue filing VAT returns on a quarterly basis and reassess its eligibility after completing the subsequent 12 months of operations. For taxpayers currently filing monthly and wishing to transition to quarterly filing, the change will only take effect after the tax authority issues a notice acknowledging the request to change the filing frequency.
Revenue Monitoring	Enterprises with rapid revenue growth during their first year of operations should closely monitor the revenue levels, the applicable revenue threshold and procedural requirements to ensure the correct VAT filing period is applied.

Integration of VAT refund claims into VAT returns dossier

One of the notable changes under Circular 89 is the integration of VAT refund claims into the VAT return dossier, particularly for VAT refunds relating to exported goods, services and investment projects. Instead of submitting a separate VAT refund application, taxpayers may include their refund request directly in the relevant VAT return forms (Form 01/GTGT or Form 02/GTGT) and provide supporting information in accompanying Appendix.

Circular 89

Circular 89 also provides guidance on VAT refund dossiers for goods and services subject to the 5% VAT rate. For refund applications falling under the refund-first, audit-later mechanism, where relevant conditions are satisfied based on available data and tax risk management criteria, the Tax Administration Information System may automatically process the application and issue a VAT refund decision. While the documentation process has been simplified, the substantive refund conditions remain unchanged. Businesses should continue to maintain adequate supporting documentation to substantiate refund claims and facilitate any post-refund audits and reviews by the tax authorities.

Corporate Income Tax finalization upon restructuring

Circular 89 no longer requires CIT finalization at the time of a company separation. Nevertheless, businesses should carefully assess the legal nature of each restructuring transaction, as different forms of reorganization may trigger separate tax obligations and reporting requirements.

Inter-provincial tax allocation and late-payment interest

Circular 89 clarifies that where a business has fully paid the tax amount on time but incorrectly allocates the payment to the wrong province, late payment interest will not apply to the amount that should be allocated to the entitled province. In such cases, taxpayer's directly managing tax authority will provide guidance to the taxpayer through the appropriate reconciliation procedures or the refund-and-offset mechanism to reallocate the payment to the correct locality.

For CIT allocation purposes, where an enterprise operates a manufacturing facility in another province while also carries out other business activities but is unable to separately identify the related expenses, the allocation ratio is determined based on the total actual costs incurred at the manufacturing facility during the tax period. No CIT allocation is required for a manufacturing facility located in other provinces that remains in the investment phase and has not commenced production.

Foreign Contractor Tax finalization

For foreign contractors and foreign subcontractors applying the deemed CIT method based on a percentage of taxable revenue, Circular 89 simplifies the finalization requirements upon contract completion. A tax finalization filing is only required where there is a change in the tax liability previously declared and paid. If there is no such adjustment, taxpayers are no longer required to submit a separate tax finalization return when the contract ends.

PIT on salaries and wages

Circular 89 removes the monthly PIT filing requirement for income from salaries and wages. Under the new rules, income-paying organizations and individuals, as well as individuals directly filing PIT returns, are required to submit PIT declarations on a quarterly basis. Businesses should review and update their tax compliance calendars and tax filing systems to align with the new quarterly filing requirement effective from 1 July 2026.

3. Guidance on supplementary VAT declarations

Circular 89 retains the principle that supplementary VAT declarations must be submitted for the tax period in which the error or omission originally arose. At the same time, the Circular also provides guidance on certain cases in which taxpayers may make adjustments directly in the current VAT declaration period without filing a supplementary declaration.

Notable guidance

(i) Deferred-payment purchases of goods and services with a value of VND 5 million or more

Where a taxpayer has claimed input VAT on purchases subject to deferred payment terms but fails to obtain valid non-cash payment evidence by the payment due date, a decreased adjustment to the input VAT credit must be made in the period in which the payment obligation becomes due. Once valid non-cash payment evidence is subsequently obtained, the taxpayer will reverse the adjustment in the VAT period in which supporting documents are obtained.

(ii) Adjustment of input VAT in the current period

For errors or omissions relating to input VAT that only result in a reduction of VAT payable or an increase/decrease in the creditable VAT carried forward, the taxpayers can declare the adjustment in the current filing period in accordance with the relevant guidance.

Adjustments as (i) and (ii) are reported through the designated fields in the VAT return, including items [37] and [38] of Form 01/GTGT, or items [24]-[27] of Form 02/GTGT in the period in which the error is identified.

(iii) Additional VAT payable arising from supplementary declarations

Where a supplementary declaration results in an additional VAT payable, the taxpayer is required to settle the additional tax liability together with any applicable late payment interest.

Practical considerations for businesses

Given the different treatment applicable to various adjustment scenarios, businesses should clearly distinguish between cases requiring a supplementary declaration to the original tax period and those that may be adjusted directly in the current filing period.

Incorrect classification may create inconsistencies between VAT returns, e-invoice data and accounting records, potentially triggering tax authority queries or resulting in late payment interest being overlooked.

To support compliance and facilitate tax authority reviews, businesses should maintain comprehensive supporting documentation, including original and any adjusted/replacement invoices, information on relevant filing period, the nature of tax adjustments, detailed tax impact calculations, internal approvals and supporting explanations ready for timely submission, when requested.

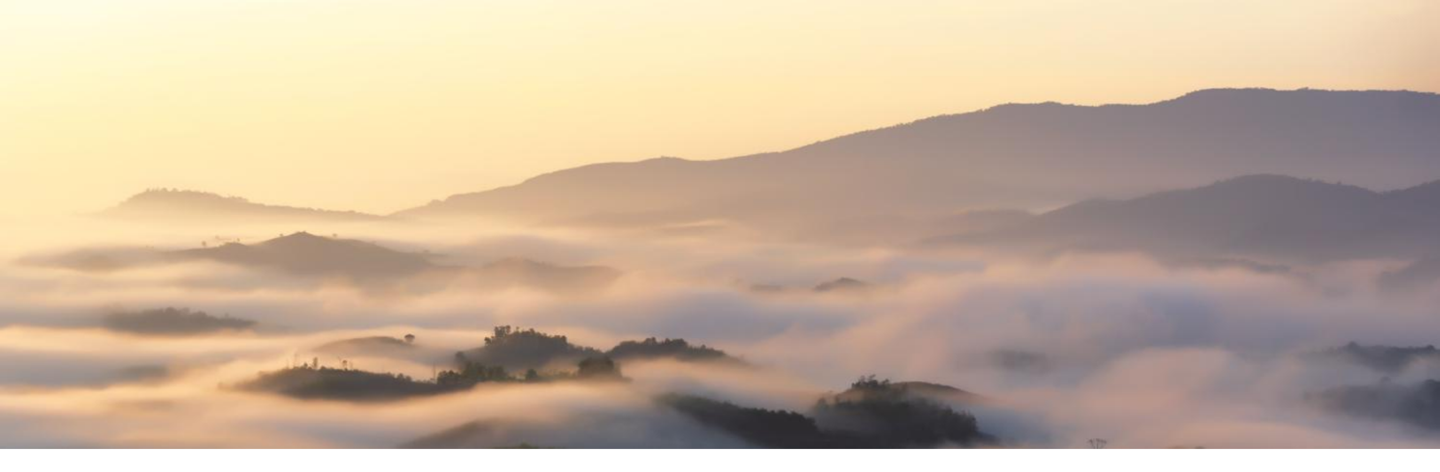
4. Tax reporting for ownership restructuring transactions of foreign enterprises

Circular 89 introduces revisions to Form 05/TNDN, which is used for reporting capital transfer transactions by foreign enterprises. Notably, the updated form includes a new disclosure item for certain intra-group ownership restructuring transactions that do not give rise to taxable income.

This disclosure item applies to restructuring transactions that do not result in a change of ultimate parent company of entities that directly or indirectly own ownership interests in a Vietnamese enterprise and where no income is deemed to arise in accordance with Decree No. 320/2025/ND-CP.

Accordingly, even where a transaction falls within the non-taxable internal restructuring category and does not trigger any capital gain tax liability, the relevant transaction information must still be reported in the tax return. This reflects the tax authorities' increased focus on monitoring cross-border ownership changes and maintaining transparency over corporate structures involving Vietnamese entities.

Foreign investors and multinational groups undertaking internal restructuring transactions should ensure that the reporting obligations are carefully assessed, even where no taxable gain arises. Businesses should maintain complete documentation on the ownership structure before and after the restructuring, information related to the ultimate parent company and the analysis supporting no income arises, in order to support the tax filing and any subsequent explanations to the tax authority.



5. Tax treaty procedures

Circular 89 revises the procedures for claiming tax exemption or reduction under Vietnam's avoidance of Double Taxation Agreements ("DTA"), with greater reliance on taxpayer self-assessment while enhancing post-filing review by the tax authorities.

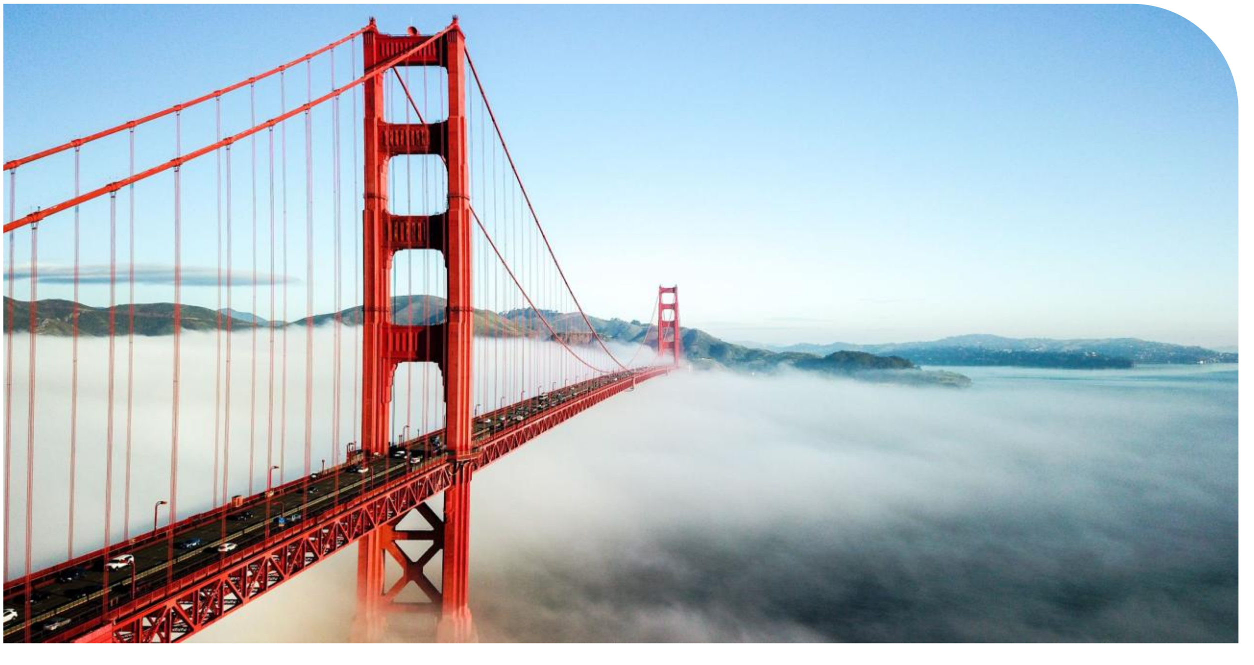
Timing of dossier submission

For foreign contractors and Vietnamese parties that enter into contracts with, or make payments to foreign parties, the DTA exemption/reduction dossier must now be submitted together with the first relevant tax filing. This replaces the previous requirement to submit the application at least 15 days before the tax filing deadline.

Tax authority review mechanism

- Where the tax authority determines that the taxpayer is not eligible for DTA exemption or reduction, they will issue Notice Form 03-1/MGTH notifying the taxpayer of the ineligibility determination.
- Circular 89 does not prescribe a separate approval notice where the taxpayer is eligible for DTA relief.
- For applied DTA dossiers assessed as presenting a higher level of risk, the tax authority may issue a notice transferring the dossier for examination within 10 days of receipt.

Businesses engaged in cross-border transactions that may potentially be eligible for DTA exemption or reduction, should strengthen their self-assessment of treaty eligibility and prepare the supporting dossier from the contract-signing stage to safeguard treaty entitlements and properly determine the parties' tax obligations.



6. Electronic tax examinations and review of VAT refund applications

Circular 89 expands the use of electronic and data-driven tax administration, allowing tax authorities to conduct online and remote tax examinations based on information available within the Tax Administration Information System and other electronic data sources. Under the new framework, various stages of the tax examination process may be carried out electronically, including the exchange of information, submission of documents, request for explanations, preparation of examination minutes and issuance of conclusions and decisions.

Where the available electronic data is insufficient to support a conclusion or factual verification is required, the tax examination may be converted into an on-site examination at the taxpayer's premises.

Effective date

Circular 89 took effect on 1 July 2026. Tax returns relating to tax periods prior to 1 July 2026 should continue to be prepared using the forms and procedures applicable before the effective date of Circular 89. Likewise, decisions and notices issued by the tax authorities before 1 July 2026 will continue to be implemented in accordance with the applicable transitional provisions.

The Circular also strengthens the use of electronic data analytics in the review of VAT refund applications, particularly those submitted under the refund-first, audit-later mechanism. The Tax Administration Information System supports the tax authority in reviewing refund applications, reconciling data and identifying discrepancies or issues requiring clarification. If the taxpayer fails to provide the requested explanations or supplementary information within the prescribed deadline, or the explanation is insufficient to substantiate the accuracy of the declared information, the tax authority will issue a notice rejecting the VAT refund application.

The expansion of electronic tax examinations and data-based VAT refund reviews increases the importance of data quality and the taxpayer's ability to provide timely explanations. Businesses should establish clear internal procedures to monitor electronic communications from the tax authorities, assign responsibility for responding to requests and ensure that explanations and supporting documentation can be submitted promptly and accurately when required.

Implications and recommendations from Grant Thornton Vietnam

Strengthening tax compliance governance in a digital tax environment

Circular 89 continues the shift toward digitalized and data-driven tax administration. While certain forms and filing requirements have been simplified, businesses should not interpret these changes as a reduction in compliance expectations. On the contrary, automated reconciliation increases the need for businesses to maintain complete, consistent, and audit-ready data and supporting records.

Priority actions

1. Update tax compliance calendar

Review and update the revised PIT filing frequency, monitor the VAT filing threshold and update DTA dossier deadlines.

2. Standardize VAT adjustment and supplementary filing procedures

Establish internal guidelines and review procedures to distinguish between cases requiring supplementary VAT filings for the original tax period and cases that may be adjusted in the current period through the designated reporting fields, including items [37]/[38] of Form 01/GTGT and items [24]-[27] of Form 02/GTGT.

3. Strengthen VAT refund readiness

Perform reconciliations among tax, accounting, e-invoice and customs data prior to submitting VAT refund applications.

4. Prepare for electronic tax examinations

Establish designated points of contact, response timelines and a controlled electronic document repository.

5. Review cross-border transactions

Assess DTA application dossiers, Foreign Contractor Tax obligations and intra-group ownership restructuring transactions at an early stage.

Grant Thornton Vietnam will continue to monitor regulatory developments in Vietnam's tax regulatory landscape and share practical guidance on the implementation of Circular 89 and related tax regulations. Should you wish to discuss the implications of these changes for your business or require further assistance, please do not hesitate to contact our tax specialists.

Contact

Please study the newly issued regulations and review the internal compliance procedures in order to comply with the regulations on customs tax as well as reduce errors in the process of filing and preparing documents that could lead to additional tax obligations or administrative penalty.

Please contact the experts of Grant Thornton Vietnam for in-depth advice if you have any inquiries during the implementation of tax and customs compliance

Please visit our Tax Hub to view more information

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