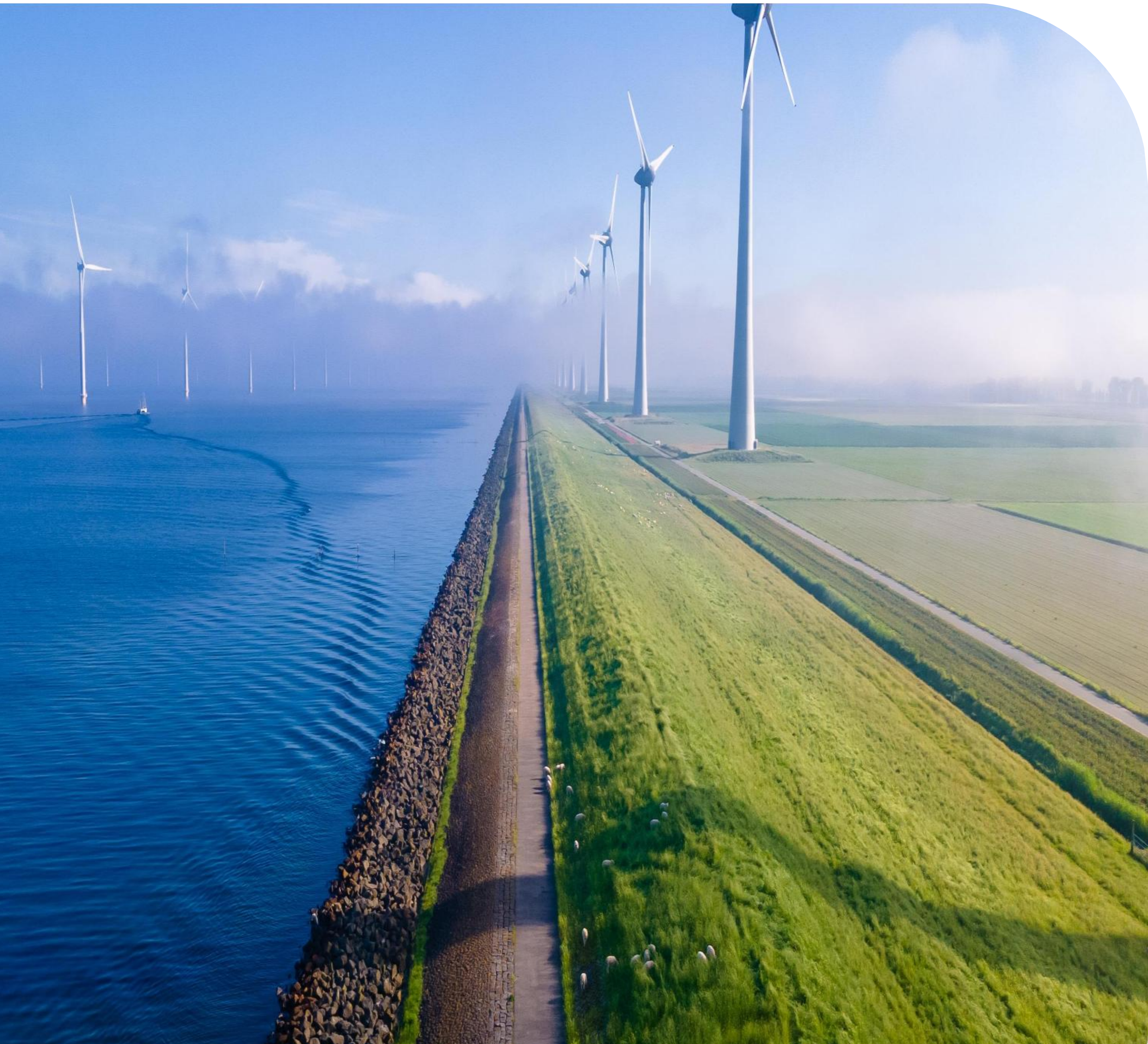
Tax Newsletter

Key Tax Policy Updates

September 2026



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Guidance on FCT filing obligations for foreign contractor providing services via E-commerce platform.

Through this newsletter, Grant Thornton Vietnam would like to update our valued Clients on the latest tax guidelines and policy developments issued by the relevant authorities.

1. Official letter No. 4676/CT-CS dated 08 July 2026

Guidance on FCT implication of management and operational services provided to an overseas E-commerce platform.

A Vietnamese company entered into a service agreement with an overseas service provider for the management and operation of its Amazon e-commerce platform in the United States.

The scope of services included:

- Platform operation support;
- Sales account management;
- Customer support coordination;
- Operational assistance;
- Other marketplace management services.

The taxpayer sought clarification from the tax authorities on whether payments made to the overseas service provider for these services would be subject to FCT in Vietnam.

Key highlights and key consideration for taxpayers

01 Key highlights of the Official letter

Services provided by the foreign contractor are:

- Performed outside of Vietnam;
- Consumed outside of Vietnam; and
- Related to the operation of the Amazon platform in the U.S.

Accordingly, the income derived by the foreign contractor from these services does not fall within the scope of FCT in Vietnam.

02 Practical considerations

This guidance reaffirms the tax authority's focus on the substance of the services, including:

- Actual locations where services are performed;
- Actual place where services are consumed; and
- Nature and purpose of the services, rather than solely relying on the residence of the service recipient.

03 Potential risks

Taxpayers should carefully assess their service arrangements, as the tax authority may take a different position where:

- Services are partially performed in Vietnam;
- Services are wholly or partly consumed in Vietnam; or
- Supporting documentation is insufficient to substantiate the overseas nature of the services.

In such cases, the applicability of FCT may be reassessed on a case-by-case basis.

2. Official letter No. 2265/CST-GTGT dated 04 August 2026

Guidance on VAT treatment for exported services and documentations required for the 0% VAT rate.

A taxpayer sought guidance on the applicability of the 0% VAT rate to exported services and the supporting documentation required to substantiate such treatment.

The key issue was whether the services were consumed outside Vietnam, thereby qualifying as exported services, and whether the taxpayer had maintained adequate supporting documentation to support the application of the 0% VAT rate.

Key highlights and key consideration for taxpayers

1. Key highlight of the Official letter

From 01 July 2025 onwards, the tax authority reiterated that exported services may qualify for the 0% VAT rate, provided that all statutory conditions are satisfied.

Key requirements include:
- Documents evidencing the foreign customer's status and overseas presence
- Supporting documentation demonstrating that the services are consumed outside Vietnam;
- Proof of non-cash payment;
- Other supporting records as required under the prevailing VAT regulations.

2. Practical considerations

The determination of whether services are consumed outside Vietnam continues to be one of the most scrutinized areas in VAT practice.

In assessing eligibility for the 0% VAT rate, tax authorities increasingly focus on the actual beneficiary and place of consumption of the services, rather than relying solely on contractual arrangements. Accordingly, taxpayers should consider maintaining robust evidence supporting the overseas consumption of services, including foreign tax residency confirmations, user access records, system logs, IP data, and other relevant documentation evidencing the overseas use of the services.

3. Potential risks

Taxpayers engaging in cross-border service transactions should maintain comprehensive supporting documentation to substantiate their VAT position during a tax audit.

Where the place of consumption cannot be adequately demonstrated, or where supporting documentation is insufficient, the tax authority may challenge the application of the 0% VAT rate and impose the standard VAT treatment in accordance with the prevailing regulations.

3. Official letter 10049/NBI-QLDN1 dated 03 August 2026

Guidance on the withholding PIT at 10% on payments to employees upon termination of employment contract.

Key points regarding 10% PIT withholding upon employment termination

The tax authority clarified that employers are required to withhold PIT **at 10%** on taxable income paid to individuals upon termination of their employment contracts.

In determining the withholding base:

- Tax-exempt income, including the exempt portion of overtime and night-shift income, as well as statutory payments for unused annual leave, should be excluded.
- Mandatory insurance contributions, family circumstance deductions, and other deductible items are not considered when applying the 10% withholding mechanism. Such deductions may only be taken into account during the individual's PIT finalization process, where applicable.

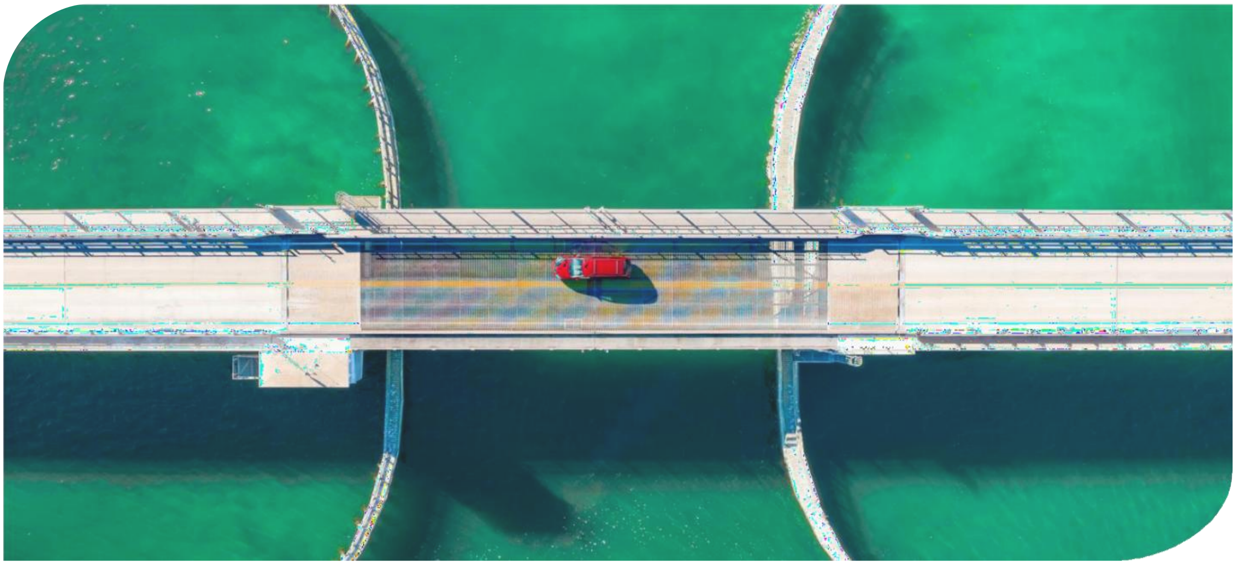
PIT Exemption Commitments

Where an individual reasonably expects that his or her annual taxable income, after applicable deductions, will not exceed the taxable threshold, the individual may submit a tax exemption commitment in accordance with the prevailing regulations.

Upon receiving a valid commitment, the employer may temporarily refrain from withholding
PIT and is responsible for maintaining the relevant supporting records and reporting obligations.

Matter for individual to note

Individuals who subsequently earn additional taxable income resulting in a PIT liability remain responsible for declaring, finalizing, and paying the applicable PIT. Taxpayers are also fully responsible for the accuracy and completeness of the tax exemption commitment submitted to the employer.



4. Official letter No. 4176/KHH-QLDN3 dated 05 August 2026

Guidance on FCT filing obligations for foreign contractor providing services via E-commerce platform.

Monthly FCT filing for E-commerce Platforms

Enterprises incurring service fees through e-commerce platforms (e.g., TikTok) with fees deducted on a per-transaction basis, where foreign suppliers issue consolidated monthly invoices, may register and declare FCT on a monthly basis.

FCT filing requirement for non-recuring transactions

For infrequent payments to foreign contractors, such as machinery installation, equipment services, or copyright-related fees, that do not satisfy the monthly payment conditions under Circular No. 89/2026/TT-BTC, enterprises may apply the per-occurrence filing method.

FCT Finalization Requirements

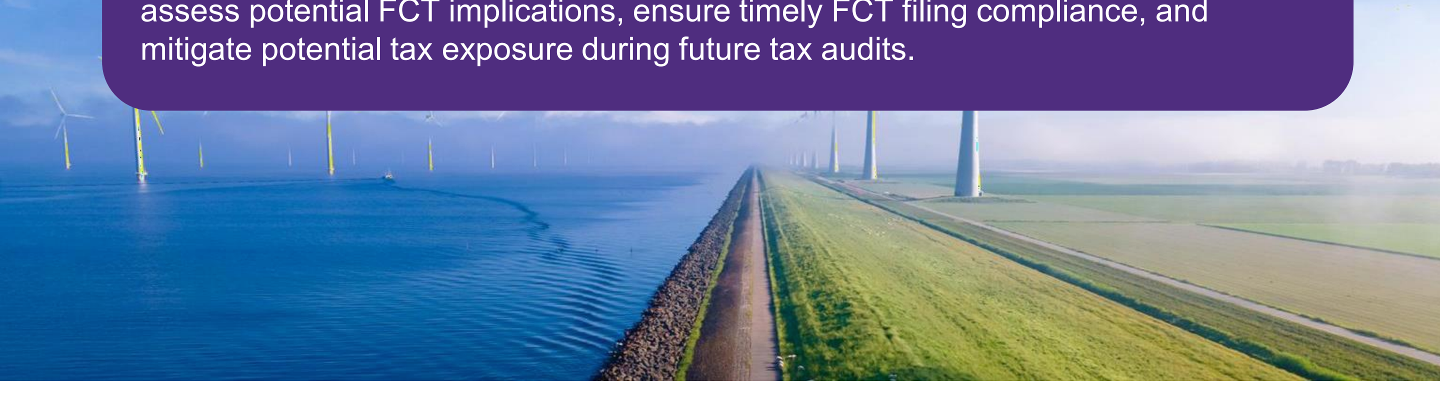
Under the withholding tax method, FCT finalization filings are generally required only upon completion or termination of the contract. Annual FCT finalization is not required.

Key considerations for Taxpayers

As tax authorities continue to increase scrutiny over digital economy transactions, the following payments may attract particular attention:

- E-commerce platform services;
- Digital advertising services;
- Marketplace management services;
- Cloud-based services;
- SaaS subscriptions; and
- Other cross-boarder technology services.

Enterprises should periodically review their cross-border digital transactions to assess potential FCT implications, ensure timely FCT filing compliance, and mitigate potential tax exposure during future tax audits.



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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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