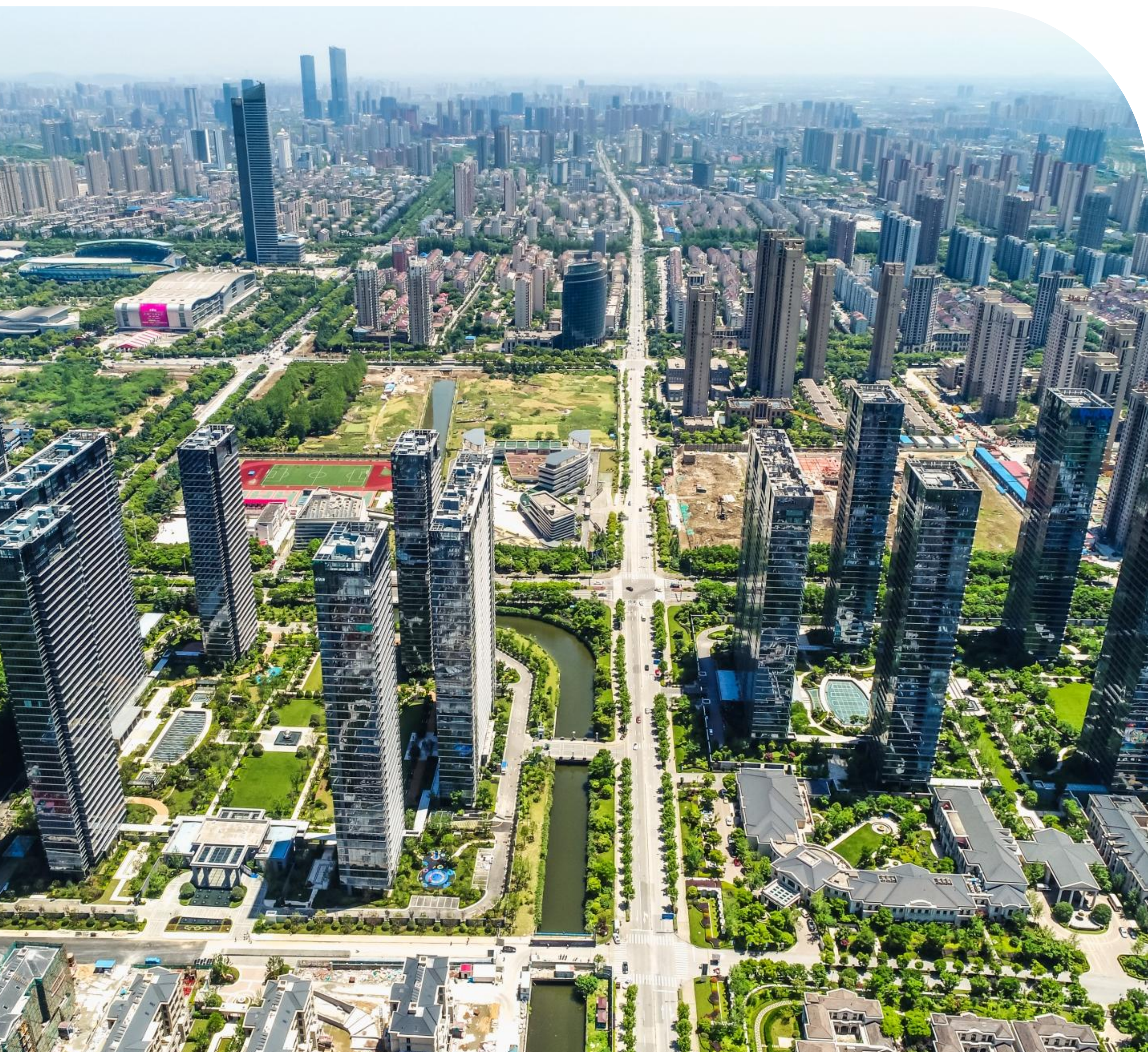
Grant Thornton

Tax Newsbrief

Application of the Advance Pricing Agreement (APA) in Vietnam under Circular No. 95/2026/TT-BTC for enterprises engaging in related party transactions

July 2026



Overview of Circular No. 95/2026/TT-BTC

On 30 June 2026, the Ministry of Finance issued Circular No. 95/2026/TT-BTC ("Circular 95"), providing guidance on the implementation of the Agreements for the Avoidance of Double Taxation and the Prevention of Tax Evasion with respect to Taxes on Income and on Capital between Vietnam and other countries and territories that are effective in Vietnam ("DTA"); the Mutual Agreement Procedure ("MAP"); and the Advance Pricing Agreement ("APA") mechanism for determining transfer pricing methods in tax administration for enterprises engaging in related party transactions.

Circular 95 took effect on 1 July 2026 and replaces Circular No. 205/2013/TT-BTC and Circular No. 45/2021/TT-BTC.

General information on APA

APA agreement is a mechanism that allows taxpayers and the tax authorities to reach a mutual agreement toward transfer pricing methodology, critical assumptions, and applicable conditions for one or more related-party transaction(s) over a specified period.

APAs aim to enhance certainty toward tax obligations, reduce risks of transfer pricing adjustments, minimize disputes between taxpayers and tax authorities, and lower cost of tax compliance in the long run.

APA could be applied under unilateral form between a Vietnamese taxpayer and the Vietnamese tax authority, as well as bilateral or multilateral form where there is involvement from other authorities from relevant jurisdictions under an applicable DTA.

I. Key highlights on APA under Circular 95

1. Allocation of authority for processing APA application

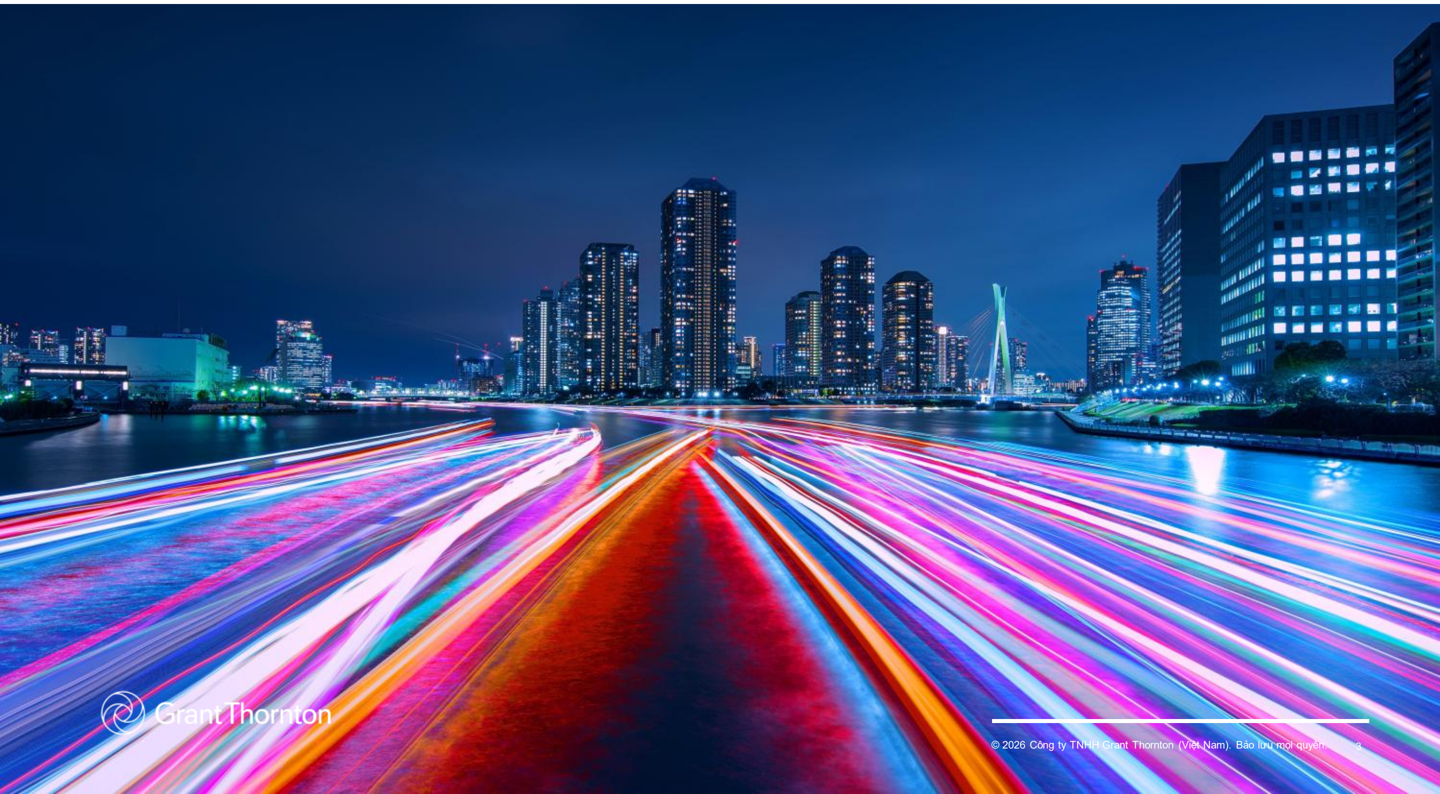
Authority for receiving and processing APA applications

Circular 95 precisely mandated responsibilities of tax authorities in receiving, processing and managing APA applications, through which define role of each authority toward APA negotiation and implementation.

- Tax Department is designated as the competent authority responsible for receiving applications and conducting necessary analyses, as well as demonstrating excecution and supervision of bilateral and multilateral APAs.
- The Tax Department is also authorized to delegate the subordinate units to process unilateral APA applications.
- Ministry of Finance reserves the right to provide consultation and opinion toward complex applications involving multiple jurisdictions or other government authorities.
- Circular 95 also supplemented consultation session between taxpayers and the tax authority as an optional process, which allows preliminary discussion prior to filing of APA application.

2. APA applicable period and effective term

- Taxpayers reserve the right to request an APA to cover a period up to five continuous tax years, commencing from either year of submission or subsequent year.
- APA, upon executed, will bear effectiveness for a maximum of 3 tax years, counting from the year APA is concluded or subsequent year after conclusion, depending on the agreement reached between the taxpayer and the tax authority.



3. APA application procedure

Circular 95 mandated the procedure of APA application under the following steps:

1. **Official submission (after consultation)**
2. **Review, analysis and demonstrate negotiation**
3. **Discuss and negotiation of APA context**
4. **Officialize and issue APA**

II. Outlook for APAs in tax and transfer pricing compliance

- Enhancing tax predictability: APA is generally recognized as an effective and predictable instrument for administration of transfer pricing and tax risks, particularly in the event that transfer pricing audits continue to intensify and multinational enterprises increasingly incur related party transactions in both frequency and complexity. By standardizing APA application process and defining the responsibilities of competent authorities, Circular 95 enables businesses to be more proactive in preparing and negotiating for APA, while strengthening tax planning and transfer pricing risk management.
- Efficiency in APA application process: Supplementing of consultations and the clarifying review and analysis process could be seen as an important highlight of Circular 95 to provide taxpayers with opportunities to communicate with the tax authorities at an early stage. These enhancements could further support APA in terms of technical enhancements, facilitate preliminary alignment with the tax authority, and contribute to a more efficient review and negotiation process.
- Recommendations from Grant Thornton Vietnam: The introduction of APA framework demonstrates the Vietnamese Government's commitment to support taxpayers in APA application process, through which achieving greater tax transparency and sustainable tax vision in long-term once APA is effective. Taxpayers are recommended to consider the scope of APA and application of APA once business and transfer pricing position are stably maintained. In addition, taxpayers are also recommended to consult with professional advisors to assess the applicability of APA as well as APA compliance once APA is concluded.

Grant Thornton Vietnam will continue to provide further legal updates in APA application in the upcoming period. Should you require further discussion on any of the matters addressed above, please do not hesitate to contact us for detailed advice

Research team:

Ms Tran Thi Thu Ha – Senior Manager of Tax and Transfer pricing services

Mr Nguyen Van Hung – Associate of Tax and Transfer pricing services

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

Head Office in Hanoi
18th Floor, Hoa Binh International Office Building
106 Hoang Quoc Viet Street
Nghia Do Ward, Hanoi, Vietnam

T + 84 24 3850 1686
F + 84 24 3850 1688

grantthornton.com.vn

Ho Chi Minh City Office
14th Floor, Pearl Plaza
561A Dien Bien Phu Street
Thanh My Tay Ward, Ho Chi Minh City, Vietnam

T + 84 28 3910 9100
F + 84 28 3910 9101

Hoang Khoi

Senior Partner, National Head of Tax Services

T +84 24 3850 1686 – Ext: 1618
E Khoi.Hoang@vn.gt.com

Valerie Teo

Partner, Head of Tax Services of HCMC Office

T +84 28 3910 9100 – Ext: 9235
E Valerie.Teo@vn.gt.com

Bui Kim Ngan

Tax Director

T +84 24 3850 1686 – Ext: 1716
E Ngan.Bui@vn.gt.com

Do Vu Bao Khanh

Tax and Transfer Pricing Director

T +84 28 3910 9100 – Ext: 9277
E Khanh.Do@vn.gt.com

Nguyen Thu Phuong

Tax Director

T +84 28 3910 9100 – Ext: 9237
E Thuphuong.Nguyen@vn.gt.com

Dang Hai Ha My

Tax Director

T +84 28 3910 9100 – Ext: 9241
E My.Dang@vn.gt.com

Lac Boi Tho

Tax Director

T +84 28 3910 9100 – Ext: 9240
E Tho.Lac@vn.gt.com

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grantthornton.com.vn