

Vietnam NewsBrief

Tax Update

2 July 2013



New Decree on Personal Income Tax (“PIT”)

The Government issued Decree No. 65/2013/ND-CP (“Decree 65”) on 27 June 2013 to guide the implementation of the PIT Law. The changes come into effect on 1 July 2013.

We outline below some key changes in relation to employment income:

1. Residency determination

The rule on 90 days or more housing lease contract has been increased to 183 days or more in determining tax residence status of an individual.

2. Non taxable income

The following benefits/allowance are non-taxable income to foreigner working in Vietnam. These have now been extended to Vietnamese working in overseas:

- Overseas school fees for children attending pre-school to high school level;
- One round home trip airfare per annum for employee;
- One-off relocation payment.

3. Deductions

Tax deductions are available for tax residents comprising:

- Personal relief - VND9 million per month
- Dependent relief - VND3.6 million per month per person.

Decree 65 also provides guidance on the deduction of employee’s contribution to voluntary pension scheme. Accordingly, the employee can claim deduction of up to VND1 million/month.



This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. In Ho Chi Minh City: contact Richard Irwin or David Fitzgerald or Brittany Chong (Tax), Futoshi Funamoto (Japanese Business), Seong Ryong Cho (Korean Business), Bee Han Theng (Asian Chinese Business Services) at phone (84-8) 38230796, fax (84-8) 38251947. In Ha Noi: contact Dinh Thi Quynh Van (Tax), Satoshi Inoue (Japanese Business) at phone (84-4) 39462246, fax (84-4) 39460705.

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4. Tax filing and administration

Quarterly declaration (instead of monthly declaration) apply to individuals filing PIT return under their individual tax code.

Taxpayers who wish to claim dependent relief are required to register and obtain tax code for their dependent(s).

It is expected that the Circular guiding detailed implementation of the PIT Law and Decree 65 will be issued soon.

Please contact us if you would like to discuss further or require our assistance in complying with tax services in Vietnam.



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