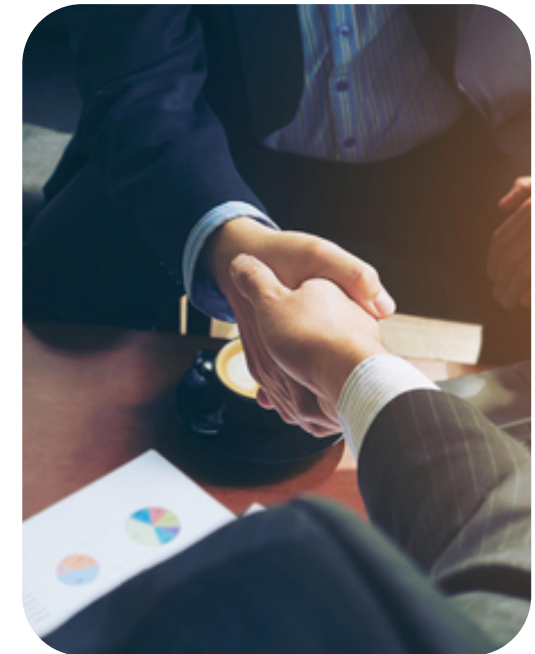




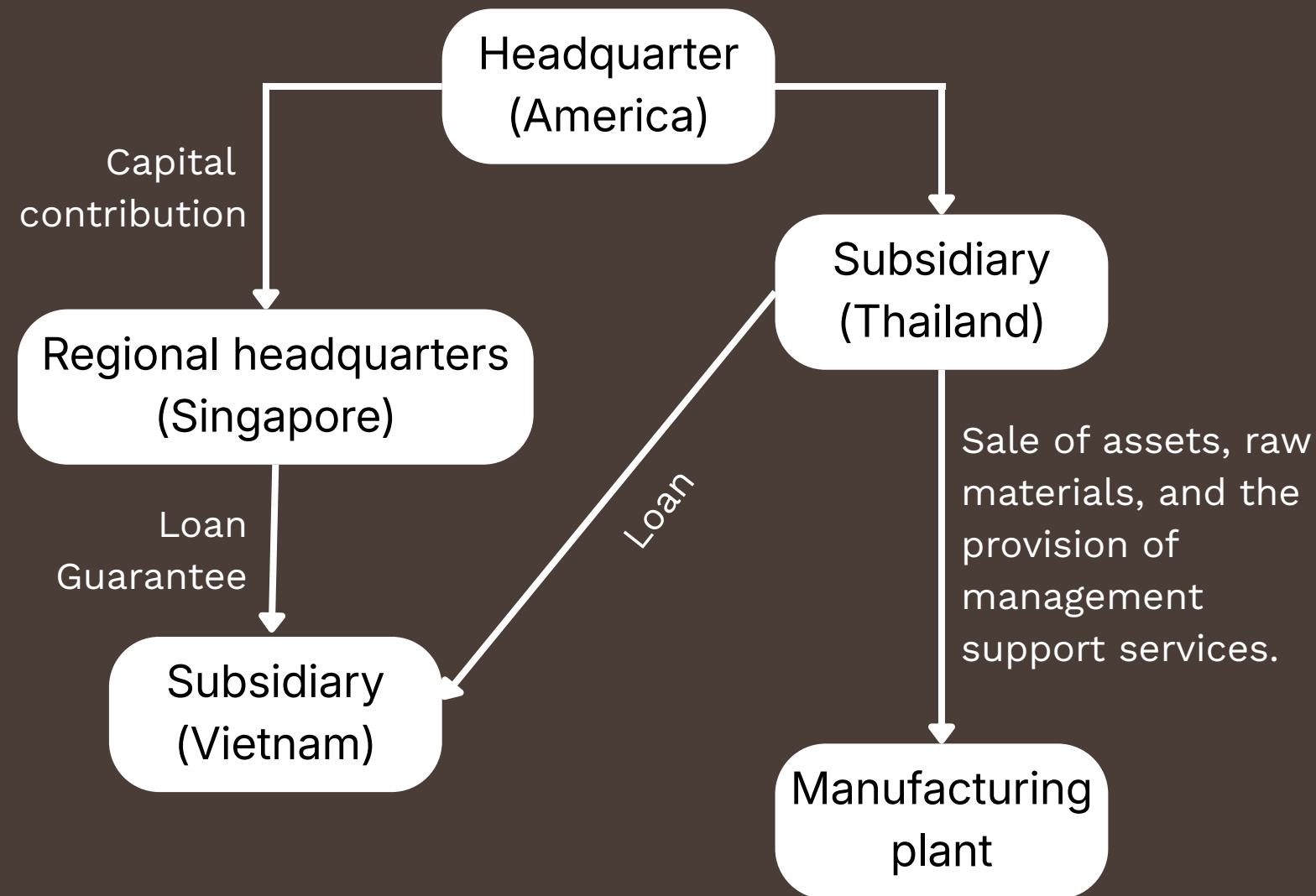
NEWSLETTER



RELATED PARTY TRANSACTIONS – DECREE NO. 255/2026/ND-CP

What are Related Party Transactions?

Related party transactions are transactions involving the purchase, sale, exchange, lease, sublease, borrowing, lending, transfer, or assignment of goods; the provision of services; borrowing and lending of funds, financial services, financial guarantees, and other financial instruments; the purchase, sale, exchange, lease, sublease, borrowing, lending, transfer, or assignment of tangible assets and intangible assets; as well as agreements on the joint purchase, sale, or shared use of resources such as assets, capital, labor, and cost-sharing arrangements between related parties. This definition excludes business transactions involving goods and services whose prices are subject to State pricing regulations and are implemented in accordance with the laws on pricing.



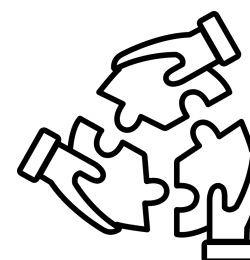
RELATED PARTY CATEGORIES SUBJECT TO DISCLOSURE:



- Direct or indirect ownership of 25% or more of the equity capital.
- The largest shareholder holding 10% or more of the shares.
- Capital transfer transactions involving 25% or more of the equity capital.



- Loans or loan guarantees amounting to 25% or more.
- Total outstanding medium-term and long-term debt accounting for 50% or more.
- Borrowing, lending, borrowing of assets, or lending of assets during the tax period with a value equal to 10% or more of the contributed capital.



- Enterprises under the common control of the same individual.
- Two enterprises managed or controlled by individuals who have a family relationship.
- Two enterprises in which more than 50% of the members of the management body are the same individuals, or whose management bodies are appointed by the same third party.



- A credit institution and its subsidiary, controlling company, or affiliated company in accordance with the Law on Credit Institutions.

EXEMPTIONS FROM RELATED PARTY TRANSACTION DISCLOSURE

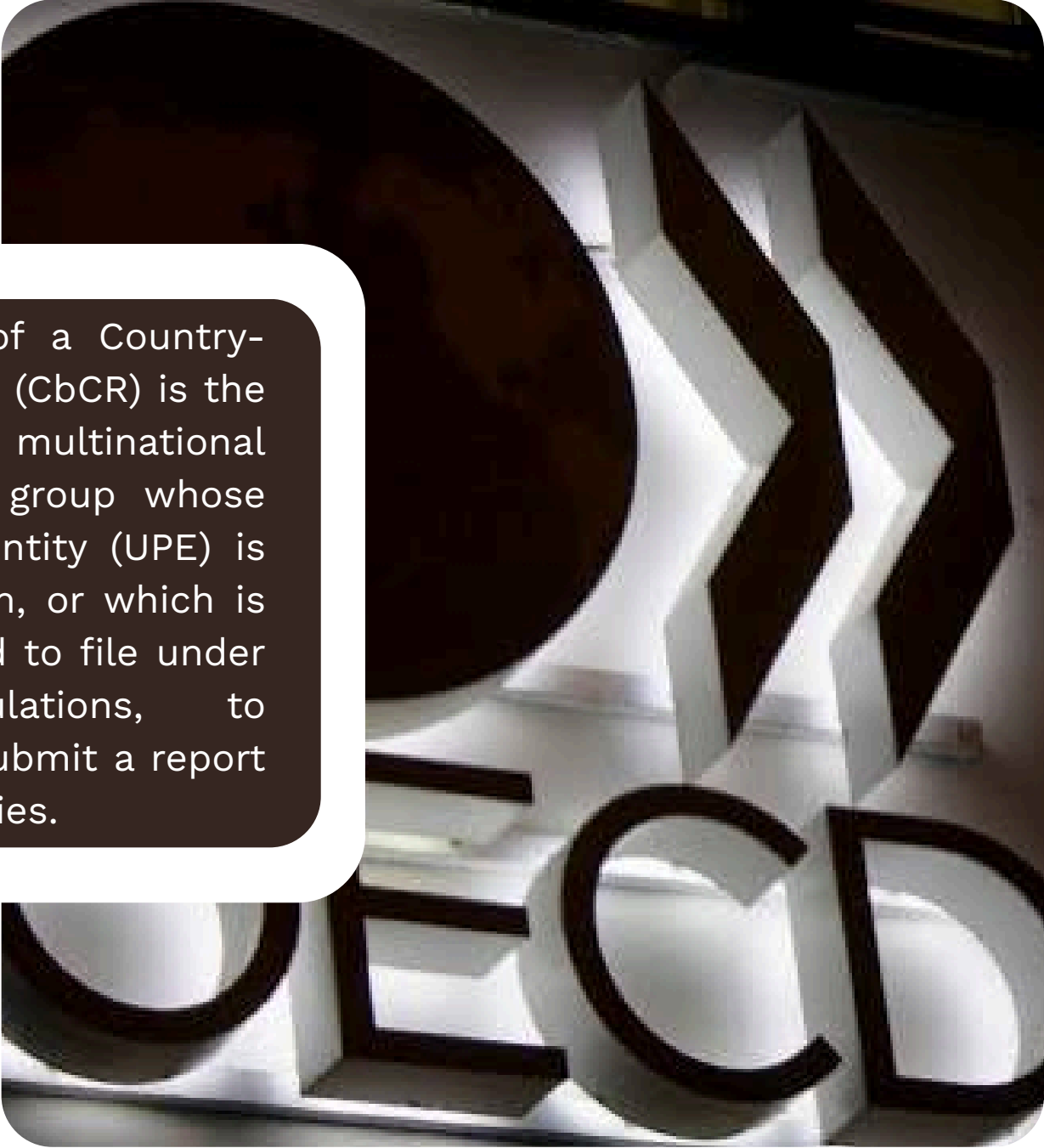
01. Circumstances Not Considered Related Party Transactions

- The lender or guarantor is a credit institution that does not participate in the management, control, or capital contribution of the borrowing enterprise.
- The credit institution and the borrowing enterprise are not under the common management or control of the same third party.
- The creditor or guarantor is a wholly State-owned enterprise.

02. Circumstances Eligible for Disclosure Exemption

- The enterprise conducts transactions only with domestic related parties, all of which are subject to the same Corporate Income Tax (CIT) rate and do not enjoy any tax incentives.
- The enterprise has entered into an Advance Pricing Agreement (APA) and fully complies with all applicable reporting obligations.
- The enterprise satisfies the Safe Harbour conditions (annual revenue of less than VND 500 billion and meeting the prescribed minimum profitability ratio).
- The enterprise has annual revenue of less than VND 50 billion and related party transactions totaling less than VND 30 billion during the tax period.





The preparation of a Country-by-Country Report (CbCR) is the requirement for a multinational enterprise (MNE) group whose Ultimate Parent Entity (UPE) is located in Vietnam, or which is otherwise required to file under applicable regulations, to consolidate and submit a report to the tax authorities.

Country-by-Country Report (CbCR)

Consolidated group revenue: **750.000.000 Euro** (replacing the previous threshold of VND 18,000 billion). The revised threshold is aligned with the OECD standard and is consistent with the Global Minimum Tax framework.

Filing Format and Deadline

- The CbCR must be submitted in encrypted XML format.
- The filing deadline is no later than 12 months after the end of the Ultimate Parent Entity's fiscal year.

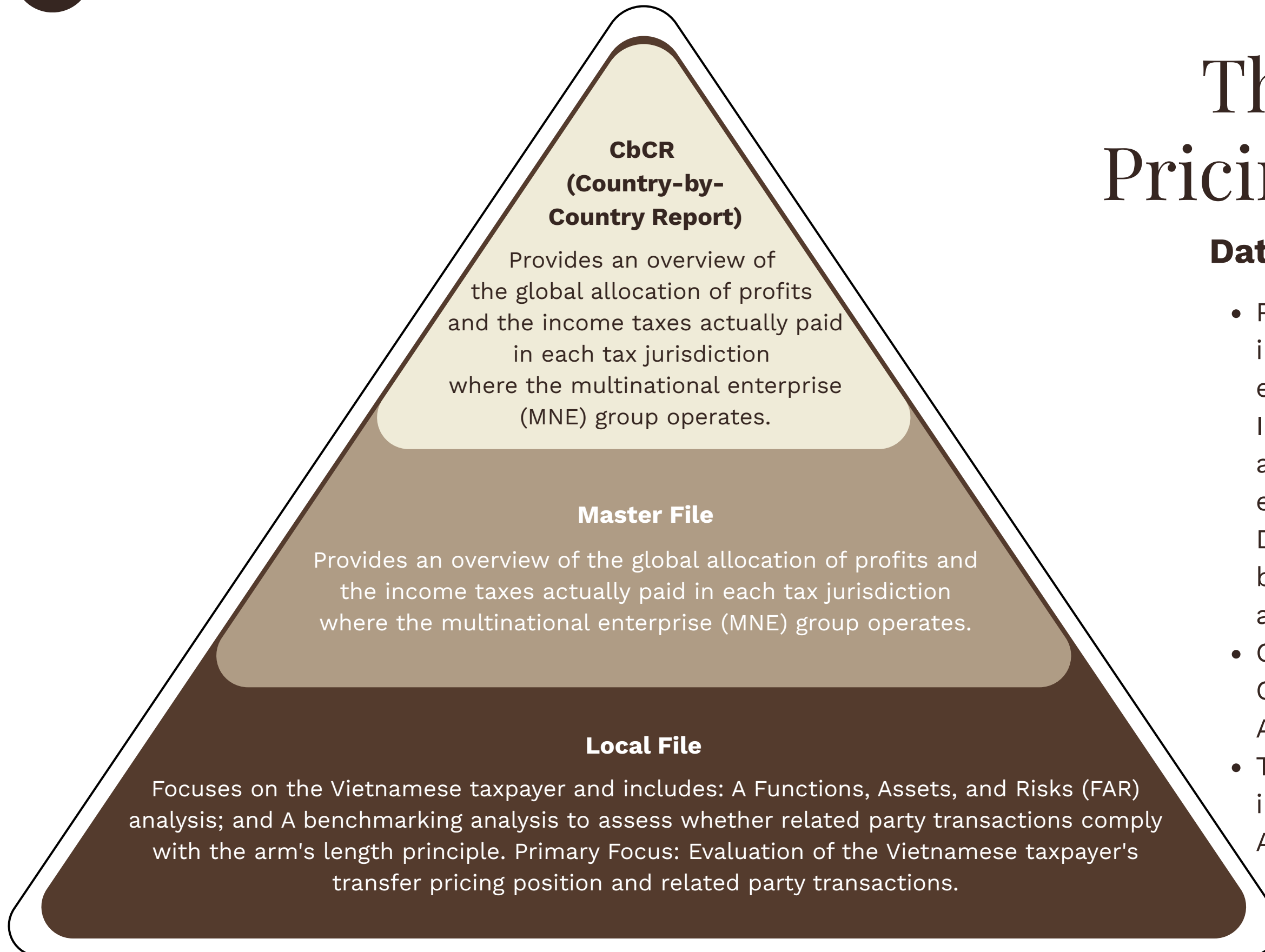
Notification of Filing Obligation

- The notification is required to be submitted only once, upon the first occurrence of the filing obligation.
- An updated notification must be filed if there is any change to, or termination of, the filing obligation.
- The notification must be submitted within 90 days of the relevant event, as prescribed by the applicable regulations.

Three-Tier Transfer Pricing Documentation

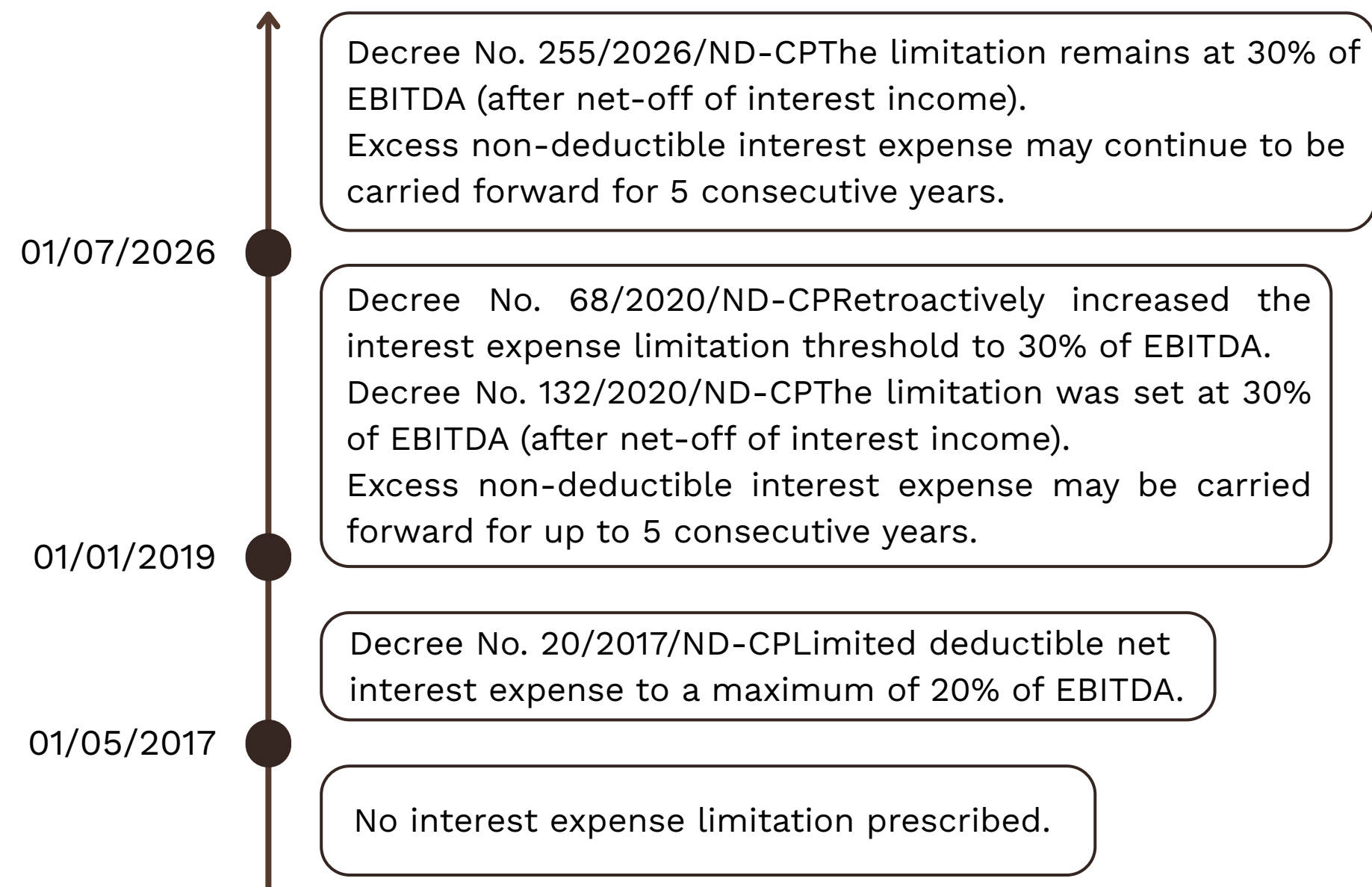
Data Source Priority Principle

- Publicly available information and data, including: Information and data disclosed by enterprises listed on stock exchanges; Information and data published on domestic and international commodity and service exchanges; Information from the National Database; and Information publicly disclosed by Vietnamese ministries, governmental agencies, or other official sources.
- Commercial databases as prescribed in Clause 15, Article 4 of the Law on Tax Administration No. 108/2025/QH15.
- Tax administration databases as prescribed in Clause 2, Article 35 of the Law on Tax Administration No. 108/2025/QH15.

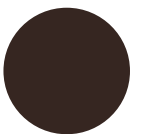


Interest Expense Limitation Rules

The total net interest expense incurred during the tax period by a taxpayer, after deducting interest income from deposits and loans, shall be deductible in determining Corporate Income Tax (CIT) taxable income.



Key Changes of Decree No. 255/2026/ND-CP



Criteria	Decree No. 132/2020/ND-CP	Decree No. 255/2026/ND-CP	Key New Points
Scope of Regulation	Regulates the determination of related-party transactions, declaration and preparation of dossiers.	Provides more comprehensive regulations on tax administration principles, related-party transactions, CbCR, dossiers and declarations.	Systematizes the entire framework for managing related-party transactions from a tax administration perspective.
Tax Authority's Management Principles	Directly regulates principles of management, inspection and examination.	Refers to and implements the principles under the 2025 Law on Tax Administration.	Aligns with the new Law on Tax Administration and eliminates separate regulations in the Decree.
Concept of Related-Party Transactions	Regulated within the scope of applicable regulations.	Added to Article 4 and supplemented with further related definitions.	Clarifies the legal basis and ensures consistency with current regulations.
Related-Party Relationships	Only regulates borrowing and lending relationships.	Adds cases involving borrowing from or lending to owners holding 10% or more of contributed capital; also adds cases where related-party relationships are determined between organizations wholly owned by the State in	Expands and clarifies criteria for determining related-party relationships.
Country-by-Country Report (CbCR)	Revenue threshold of VND 18,000 billion; no detailed provisions on exempt cases, submission methods, or reporting procedures.	Applies a threshold of EUR 750 million; adds cases of exemption/non-submission and requires electronic submission through the XML data format.	Approaches OECD standards and complies with global minimum tax mechanisms.
Exemption from Preparing Related-Party Transaction Documentation	Enterprises with revenue below VND 200 billion and meeting certain conditions are exempt.	Raises the threshold to enterprises with revenue below VND 500 billion and adds the criterion of “simple business functions.”	Expands eligible subjects for exemption and reduces compliance costs for taxpayers.
Database for Determining Related-Party Transactions	No provisions on priority order for using data sources.	Adds a national database and establishes a priority order: public data → commercial data → tax authority databases.	Increases transparency and consistency in determining related-party transactions.
Taxpayer Support	Mainly follows a risk-based management approach.	Adds voluntary compliance support programs, publication of taxpayer compliance rankings, and confidentiality of taxpayer data.	Shifts toward a modern management model with taxpayers as the center.

Recommendations

Penalties



Decree No. 125/2020/ND-CP sets out detailed monetary penalties for breaches of tax registration, tax declaration, and reporting obligations. However, beyond administrative sanctions, the more significant financial exposure lies in the risk that the tax authorities may adjust the transfer pricing arrangements, leading to CIT reassessment, additional tax liabilities, and late payment charges calculated at 0.03% per day on the increased tax amount.

Actions Required for Enterprises



Enterprises should proactively prepare related-party transaction documentation rather than waiting until the tax audit/finalization stage, including:

- Contracts
- Pricing policies
- Local File
- Master File
- Benchmarking analysis

Review Intercompany Loans

Example: Parent company provides a loan to a subsidiary:

- Loan amount: VND 100 billion
- Interest rate: 12%

While the market interest rate is 8%. The tax authority may adjust the borrowing interest expense and taxable income if the interest rate is considered not consistent with the arm's length principle.

Review Intercompany Loans

Example: Parent company lends VND 100 billion to a subsidiary at 12% interest while the market rate is 8%. The tax authority may adjust the interest expense and taxable income if the rate is not at arm's length.

Intra-Group Services

Example: HR, IT, and other shared services (VND 500 million/year).

Deductibility requires:

- Service agreement
- Invoice
- Payment evidence
- Service report/supporting documents





THANK YOU!

Decree No. 255/2026/ND-CP not only replaces the current legal framework but also brings Vietnam's related-party transaction management closer to international practices. Proactively assessing impacts and preparing documentation from now will help enterprises minimize tax audit risks and optimize compliance costs in upcoming tax periods.

See You Next Time

Connect with our team of experts for consultation, updates on new requirements, and tailored compliance solutions.

Schedule a risk assessment consultation.

