

EXPATRIATES

Vietnam

Tax facts for International Assignees



INCOME TAX: WHO IS LIABLE

Tax residents of Vietnam are subject to Personal Income Tax (PIT) on their worldwide income. Vietnamese citizens are generally deemed to be tax residents due to registration in their family book/residence book in accordance with Vietnam Law on Domicile regardless working inside or outside of Vietnam.

A tax credit is available on employment income derived overseas (i.e. not related to the work performed in Vietnam). However, the creditable foreign tax must not exceed the Vietnam PIT allocated to such overseas-sourced income.

PIT Filing Requirement

For income paid via a Vietnamese entity's payroll, the employer shall be the withholding agent who is required to report and pay PIT on behalf of its employees on a monthly/quarterly and annual basis via company tax return.

For income received from an overseas entity, the individuals shall declare tax on a quarterly basis by themselves via individual tax return. Tax residents are also subject to PIT finalization at year-end.

Vietnam taxes on a calendar year basis.

PIT Filing & Payment Deadline

- Monthly: 20 days from the month-end;
- Quarterly: the end of the month following the quarter; and
- Annual finalization: the end of March of the following calendar year (withholding method); or end of April of the following calendar year (direct filing method).

BREAKING RESIDENCY - EXIT PROCEDURES

A tax resident is subject to Vietnam PIT on his worldwide income while a non-resident is taxed on his Vietnam sourced income only.

In the event an individual is a Vietnamese tax resident and currently a tax resident of a treaty partner country/jurisdiction partner, the tax resident status of such individual is determined pursuant to the provisions in the respective tax treaty.

Otherwise, the individuals may consider deregistering themselves from their family book/residence book in Vietnam if they are expected to stay in Vietnam for less than 183 days in a calendar year in order to be reassessed as non-residents.

Of note, in either case, evidence of the individuals' residency status in another jurisdiction is generally required (i.e. Tax Resident Certificate or equivalent documentation issued by foreign tax authorities). In case the Tax Resident Certificate is not available due to the host country's tax mechanism, providing copy of passports may be considered sufficient.

In addition, Vietnamese individuals who emigrate to reside overseas are responsible for fulfilling their tax liability before leaving the country.

INCOME TAX RATES (FOR EMPLOYMENT INCOME)

Tax Resident

Monthly assessable income (VND million)	PIT rate (%)
Up to 5	5
Over 5 to 10	10
Over 10 to 18	15
Over 18 to 32	20
Over 32 to 52	25
Over 52 to 80	30
Over 80	35

Tax Non-resident

Tax non-residents are subject to a flat tax rate of 20%.

SOCIAL SECURITY CONTRIBUTIONS

Compulsory insurance	Employee's contribution	Employer's contribution
Social Insurance	8%	17.5%
Health Insurance	1.5%	3%
Unemployment Insurance	1%	1% *

(*) The rate is reduced to 0% for the period from October 2021 to September 2022. From 01 October 2022, it is resumed to 1% as usual.

Vietnamese employees signing labor contract with a local entity with the term of one (1) full month or more are subject to compulsory Social Insurance (SI), Health Insurance (HI) and Unemployment Insurance (UI) at the above contribution rates.

The base to calculate compulsory contributions is contracted salary plus salary-based allowance and other supplements as prescribed in the Labor Code.

Currently, the cap for SI and HI computation purpose is 20 times of the Government base salary and for UI computation purpose is 20 times of the Government minimum regional salary as regulated by prevailing regulations.

For further information and to register for future updates contact expat@bdo.global

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