



LEGAL NEWSLETTER

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Key highlights of Decree 181/2025/ND-CP on Value-Added Tax

From July 1, 2025, Decree No. 181/2025/ND-CP ("**Decree 181**") officially takes effect, providing detailed regulations and guidance on the implementation of the revised Law on Value-Added Tax ("**VAT Law**"). This Decree plays an important role in establishing a clear, consistent and transparent legal framework for value-added tax ("**VAT**") declaration, deduction, refund and administration, particularly in the context of Vietnam's increasing digitalization of tax management. This article summarizes key provisions that businesses should pay close attention to in order to ensure full compliance with the new regulations.

1. New rules on conditions for input VAT deduction

According to Clause 2, Article 14 of the VAT Law, businesses paying VAT under the credit method are entitled to deduct input VAT if they meet the following conditions for input VAT deduction:

- (i) Having a value-added tax invoice for the purchase of goods/services or a document of VAT payment at the import stage or a document of VAT payment on behalf of the foreign party in accordance with the law;
- (ii) Having non-cash payment documents for purchased goods and services, except for certain specific cases as prescribed by the Government;
- (iii) For exported goods and services, in addition to the conditions stipulated in items (i) and (ii), the following documents are required: a contract signed with the foreign party regarding the sale, processing of goods or provision of services; a non-cash payment invoice for goods or services; a customs declaration for exported goods; packing list, bill of lading and cargo insurance documents (if any).



Key highlights of Decree 181/2025/ND-CP on Value-Added Tax

To provide more specific guidance on the above-mentioned conditions for input VAT deduction, one of the most noteworthy provisions of Decree 181 is the regulation in Article 26 regarding non-cash payment documents. Specifically, for any transaction with a total value of VND 5 million or more (including VAT), non-cash payment is mandatory in order for the input VAT to be deductible. Pursuant to Clause 3, Article 26 of Decree 181, this requirement applies even in cases where goods or services are purchased from the same taxpayer with an individual transaction value of less than VND 5 million, but the aggregate purchases within the same day amount to VND 5 million or more. In such cases, input VAT may only be deducted if non-cash payment documents are available.

Compared with the previous regulation under Clause 2, Article 12 of the Law on Value-Added Tax 2008 (now voided), the threshold has been significantly adjusted. Previously, goods and services with an individual purchase value of less than VND 20 million could still qualify for input VAT deduction without the requirement of non-cash payment documents. The reduction of the threshold from VND 20 million to VND 5 million, in addition to the expansion to include aggregated invoices from the same day when purchasing goods or services from a single taxpayer, demonstrates a tightening trend in VAT deduction conditions, aimed at controlling cash flow and preventing fraud through cash transactions.

Due to this change, enterprises must review their payment processes to ensure all expenses of VND 5 million or more are processed through bank transfers or other legally recognized non-cash payment methods. Additionally, companies should update their internal policies and provide clear guidance to accounting and procurement departments to prevent non-deductible tax expenses resulting from procedural errors.

2. VAT refund policy for goods and services subject to the 5% tax rate

Article 31 of Decree 181 introduces a notable change in VAT refund policy. Specifically, businesses operating only in sectors subject to the 5% VAT rate are entitled to a refund if, over a period of **12 consecutive months or 4 consecutive quarters**, their undeducted input VAT amount is greater than or equal to VND 300 million.

Previously, this condition appeared inconsistently across guiding documents issued by the Ministry of Finance and the General Department of Taxation, and it had not been clearly codified in legislation. As a result, even businesses that qualified for refunds often refrained from filing due to concerns about tax inspection risk or rejection of their claims. Decree 181 now formalizes this provision, giving businesses a clear legal basis for claiming VAT refunds.

This policy is especially beneficial for businesses whose outputs are taxed at the lower 5% rate while their inputs are subject to the standard 10% rate. To take advantage of this, businesses should monitor their input VAT balance regularly, prepare complete and accurate accounting records for explanation against tax authority. Timely refund applications can improve cash flow, reduce capital costs and enhance competitiveness.

Key highlights of Decree 181/2025/ND-CP on Value-Added Tax

3. Business activities on digital platforms of suppliers without a permanent establishment in Vietnam and VAT declaration responsibilities

Decree 181 introduces several notable new provisions related to cross-border e-commerce activities. Specifically, under Point a, Clause 2, Article 3 of Decree 181, e-commerce platforms or digital platforms are responsible for declaring, paying, and withholding tax on behalf of foreign suppliers **that do not have a permanent establishment in Vietnam but engage in e-commerce or digital platform-based business activities targeting organizations or individuals in Vietnam**. This reflects a continuation of Vietnam's policy direction under the Law on Tax Administration, as well as related regulations in Decree No. 126/2020/ND-CP and Decree No. 91/2022/ND-CP.

Previously, regulations on tax obligations in e-commerce were primarily for policy-oriented purposes and the tax declaration responsibilities of intermediary platforms were not clearly defined. As a result, tax management for cross-border services such as advertising, software, electronic games, online learning platforms and other services faced many shortcomings, leading to budget revenue losses and creating inequality between domestic and foreign businesses.

The new rules empower tax authorities with a stronger legal basis to monitor and collect VAT on cross-border digital transactions. Businesses operating via e-commerce platforms or using services from overseas providers should clearly determine the tax responsibilities of each party involved. Additionally, they should retain complete service agreements, electronic invoices and payment records to justify input VAT claims where applicable.





Key highlights of Decree 181/2025/ND-CP on Value-Added Tax

4. Direct VAT calculation method required for gold, silver and gemstones business sector

Decree 181 clearly stipulates that gold, silver and gemstone trading and processing activities must **apply the direct VAT calculation method on value added**, instead of the credit method used in other sectors. This regulation is specified in Article 22 of Decree 181, aimed at ensuring effective control over a field that has higher tax risks and difficulties in monitoring actual revenue.

While similar restrictions existed previously, practical implementation was inconsistent, especially among multi-sector businesses. Decree 181 now unambiguously requires businesses in this sector to apply the direct method, clearly distinguishing them from businesses eligible for the credit method.

Businesses involved in gold, silver or gemstone trading should maintain separate accounts and avoid combining such activities with other lines of business. Multi-sector enterprises should consider establishing distinct branches or business codes to comply with this VAT treatment. Proper classification and tax method application are essential to avoid future disputes or inspection issues.

Decree 181/2025/ND-CP marks a significant advancement in VAT administration and policy reform. It provides clearer rules for deductions and refunds, enhances cross-border tax oversight and highlights technology's role in tax administration. In response, businesses should thoroughly review their accounting procedures, classify activities based on applicable VAT methods and work with tax advisors to ensure regulatory compliance. Taking action early can help businesses avoid legal and financial risks and make the most of available tax benefits.

Important notes on E-Invoices from Cash registers connected to the Tax Authority's system

*Effective from 1 June 2025, Decree No. 70/2025/ND-CP amending and supplementing several provisions of Decree No. 123/2020/ND-CP dated 19 October 2020 of the Government on invoices and documents ("**Decree 70**") officially takes effect, marking a significant change in electronic invoice management. One of the key highlights of Decree 70 is the introduction of new provisions on invoices generated from cash registers that transmit data directly to the tax authority. The aim is to enhance transparency, improve monitoring efficiency and tax collection by the State. In this article, TNTP will analyze the key points to note regarding e-invoices generated from cash registers connected to the tax authority's system.*

1. Definition of e-invoices generated from cash registers connected to the tax authority

Previously, the Law on Tax Administration 2019 and Decree No. 123/2020/ND-CP ("**Decree 123**") only referred to "invoices generated from cash registers connected to and transmitting electronic data to the tax authority" as a type of electronic invoice without providing a precise definition.

Decree 70 has now amended the terminology and introduced a specific definition of such invoices at Point a, Clause 2, Article 1 of Decree 70. Accordingly, an e-invoice generated from a cash register connected to and transmitting electronic data to the tax authority ("**cash register e-invoice**") is an invoice carrying the tax authority's code or electronic data that enables the buyer to access and declare the invoice information. Such invoices are created by organizations or individuals selling goods or providing services through a cash register system, with the data transmitted to the tax authority in the format prescribed under Article 12 of Decree 123.

It follows that cash register e-invoices are a form of electronic data-based invoice, issued with a code by tax authorities before organizations or individuals selling goods or providing services send them to buyers. Each transaction invoice issued by a seller to a buyer is simultaneously transmitted to the tax authority's database.



Important notes on E-Invoices from Cash registers connected to the Tax Authority's system

2. Entities required to use e-invoices generated from cash registers connected to the tax authority

Clause 8, Article 1 of Decree 70 sets out specific cases where the use of cash register e-invoices is mandatory, including:

- (i) Business households and individual traders subject to the presumptive tax regime with annual revenue of VND 1 billion or more;
- (ii) Sellers using cash registers as prescribed under Clause 2, Article 90 of the Law on Tax Administration 2019;
- (iii) Business households and individual traders with revenue and workforce meeting the highest threshold for micro-enterprises under the SME support legislation, who are required to maintain accounting records and pay tax under the declaration method as provided in Clause 3, Article 91, including cases where revenue can be determined from the sale of goods and services;
- (iv) Enterprises engaged in the sale of goods and provision of services, including:
 - Direct retail sales of goods and services to consumers (shopping centers; supermarkets; retail outlets excluding automobiles, motorcycles, and other motor vehicles);
 - Food and beverage services;
 - Restaurants and hotels;
 - Passenger transport services, support services directly related to road transport, arts and entertainment, recreational activities, cinemas, and other personal services under the Vietnamese economic sector classification system;

Accordingly, Decree 70 provides a clear list of entities required to adopt cash register e-invoices. This represents a major change in tax administration by state agencies for these entities. Businesses and individuals must review their revenue, business model and tax method to determine whether they fall under the mandatory scope, thereby avoiding violations and invoice-related penalties.

Important notes on E-Invoices from Cash registers connected to the Tax Authority's system

3. Principles governing e-invoices generated from cash registers connected to the tax authority

Pursuant to Clause 8, Article 1 of Decree 70, the principles applicable to cash register e-invoices connected to the tax authority's system include:

- (i) Invoices generated from cash registers connected to the tax authority must be identifiable;
- (ii) Digital signature is not mandatory;
- (iii) Expenses for goods and services supported by such invoices (or their copies or by verifying information through the General Department of Taxation's electronic portal) are recognized as valid and lawful supporting documents for determining tax obligations.

It is therefore evident that, compared to the traditional tax declaration method, cash register e-invoices present several advantages: expedited issuance, no requirement for digital signatures and recognition as valid invoices for tax deductibility. These benefits improve both sellers' compliance and the tax authority's supervisory process.



Important notes on E-Invoices from Cash registers connected to the Tax Authority's system

4. Mandatory content of cash register E-Invoices

Clause 8, Article 1 of Decree 70 specifies the mandatory contents of cash register e-invoices, including:

- Seller's name, address, and tax identification number;
- Buyer's name, address, tax identification number/personal identification number/phone number (where requested by the buyer);
- Description of goods or services, unit price, quantity, and total payment. In cases where organizations or enterprises pay VAT under the credit method, invoices must specify the pre-VAT price, VAT rate, VAT amount, and total payment inclusive of VAT;
- Date and time of issuance;
- Tax authority's code or electronic data allowing buyers to access and declare invoice information.

Sellers must deliver e-invoices to buyers electronically (via SMS, email or other means) or provide a link or QR code for the buyer to retrieve and download the invoice.

Previously, Decree 123 did not provide specific provisions on the contents of e-invoices generated from cash registers. However, Decree 70 now sets out detailed requirements in this regard. This constitutes a necessary legal supplement to ensure the effective implementation and consistent application of cash register e-invoices connected to the tax authority's data system, thereby creating uniformity and delivering broader value to society.

In light of these regulations, individuals and organizations falling under the mandatory scope must take proactive steps to update their invoicing practices, ensure stable data connectivity with the tax authority, and strictly comply with the legal requirements on the use of such invoices. Failure to do so could result in administrative penalties and may adversely affect the deductibility of legitimate expenses for tax purposes.

Decree No.158/2025/ND-CP dated 25 June 2025 guiding the social insurance law concerning compulsory social insurance

Decree No. 158/2025/ND-CP dated 25 June 2025 of the Government guiding the implementation of certain provisions of the **Social Insurance Law 2024** on compulsory social insurance officially took effect from July 1, 2025 ("**Decree 158**"). With new provisions regulating matters related to mandatory social insurance, Decree 158 introduces significant changes in defining the scope, principles and responsibilities of participation in social insurance of employees and employers. The following article by TNTP will highlight some key points of this Decree.

1. Adjustment of subjects required to participate in compulsory social insurance

The Social Insurance Law 2024 has made notable amendments and supplements regarding the subjects required to participate in compulsory social insurance ("**SI**"), aiming to align with the development of the labor market and to ensure broader social security coverage.

Accordingly, Clauses 2 and 3, Article 3 of Decree 158 provide detailed guidance on 02 new groups subject to compulsory SI from July 1, 2025, including:

(i) Household business owners of registered household businesses ("**Household business owners**") as prescribed in Point m, Clause 1, Article 2 of the Social Insurance Law 2024, comprising 02 main groups:

- Household business owners paying tax under the declaration method;
- Household business owners not falling into the above group shall be subject to compulsory SI participation from July 1, 2029

(ii) Enterprise managers and controllers: enterprise managers, controllers, representatives of state-owned capital, representatives of corporate capital as prescribed by law; members of the Board of Directors, General Directors, Directors, members of the Supervisory Board or controllers and other elected managerial positions of cooperatives and unions of cooperatives under the Law on Cooperatives ("**Managers**") who do not receive salary, as provided at Point n, Clause 1, Article 2 of the Social Insurance Law 2024.

Where the subjects mentioned in (i) and (ii) simultaneously fall under multiple groups of compulsory SI participants under Clause 1, Article 2 of the Social Insurance Law 2024, participation shall follow the principle of priority order, specifically.

Household business owners who concurrently fall within one of the groups under Points b, c, d, đ, e, i, a, l, k, n, h and g, Clause 1, Article 2 of the Social Insurance Law 2024 shall participate in compulsory SI under the corresponding prior group;

Managers without a salary who concurrently fall within one of the groups under Points b, c, d, đ, e, i, a, l and k, Clause 1, Article 2 of the Social Insurance Law 2024 shall participate in compulsory SI under the corresponding prior group.

Decree No.158/2025/ND-CP dated 25 June 2025 guiding the social insurance law concerning compulsory social insurance

2. Adjustment of salary as a basis for compulsory SI contributions

Article 7 of Decree 158 provides new detailed guidance on salary as the basis for compulsory SI contributions for several groups under Article 31 of the Social Insurance Law 2024. Specifically:

(i) For employees ("**Employees**") under the salary regime decided by employers ("**Employers**") as prescribed in Point b, Clause 1, Article 31 of the Social Insurance Law 2024, the contributory salary is the monthly salary, including base salary according to job or position, salary allowances and other supplements, in particular:

- Base salary by job or position calculated by time (per month) according to the salary scale and payroll developed by the Employer, agreed in the labor contract ("**Labor Contract**");
- Salary allowances to offset working conditions, job complexity, living conditions, etc., agreed in the Labor Contract, excluding allowances dependent on or varying with productivity;
- Other supplements with specific amounts, agreed in the Labor Contract and paid regularly and stably in each pay period; excluding supplements dependent on or varying with productivity, work process or performance quality.



Decree No.158/2025/ND-CP dated 25 June 2025 guiding the social insurance law concerning compulsory social insurance

(ii) For Employees who are Vietnamese citizens working part-time, with a monthly salary equal to or higher than the minimum contributory salary for compulsory SI, the contributory salary is the agreed monthly salary under the Labor Contract. Specifically:

- If the Labor Contract stipulates an hourly wage:

Monthly salary = hourly wage (x) number of working hours in the month (per agreement in the Labor Contract);

- If the Labor Contract stipulates a daily wage:

Monthly salary = daily wage (x) number of working days in the month (per agreement in the Labor Contract);

- If the Labor Contract stipulates a weekly wage:

Monthly salary = weekly wage x number of working weeks in the month (per agreement in the Labor Contract).

(iii) For Vietnamese citizens who are non-specialized personnel at the commune level, villages or residential groups, the salary basis for compulsory SI contributions is the monthly allowance of that subject.

If the monthly allowance mentioned above is lower than the minimum salary basis for compulsory SI contributions, the salary basis for compulsory SI contributions shall equal the reference level at the time of contribution.

(iv) For Managers receiving a salary, the salary basis for compulsory SI contributions is the salary that these subjects receive according to the provisions of law.

Decree No.158/2025/ND-CP dated 25 June 2025 guiding the social insurance law concerning compulsory social insurance

3. Adjustment of cases of arrears and retroactive contributions to compulsory SI

Article 8 of Decree 158 modifies provisions on arrears and retroactive contributions to compulsory SI compared to Decree 115/2015/ND-CP ("**Decree 115**"), specifically:

(i) For arrears and retroactive contributions, Clause 1, Article 8 of Decree 158 supplements and amends as follows:

- Adds a condition for retroactive adjustment of contributory monthly salary for Employees, being retrospective in effect;
- Where Vietnamese Employees working overseas have their contracts extended or sign new contracts directly in the host country, retroactive contributions shall be made upon return to Vietnam;
- Adds arrears and contributions for Household business owners and Managers with salary who fail to contribute beyond the prescribed deadline

(ii) The timeframe for retroactive contributions has been shortened compared to previous rules, creating positive pressure for compliance. Specifically:

Clause 2, Article 8 of Decree 158 provides that the deadline for retroactive contributions is the last day of the month following the month of salary adjustment decision or the month of repatriation, where Employers and Employees have not yet made contributions. This is significantly shorter than Clause 2, Article 18 of Decree 115, which allowed 6 months.

(iii) The amount of retroactive collection and payment of SI is calculated based on the amount of compulsory SI contributions, similar to previous regulations;



Decree No.158/2025/ND-CP dated 25 June 2025 guiding the social insurance law concerning compulsory social insurance

(iv) Resolution of late payment cases:

- For cases where salary is adjusted upward, increasing the salary basis for SI contributions with retroactive implementation and for Vietnamese Employees working abroad who have their contracts extended or sign new Labor Contracts right in the host country:

The retroactive collection amount will be added 0.03% per day calculated on the amount of late SI and unemployment insurance contributions and the number of days of late payment, if by the last day of the month following the month with the decision to increase salary or the month of returning to Vietnam, the Employers and Employees have not yet made retroactive compulsory SI payments.

- For Household business owners and Managers who do not receive salaries:

The retroactive collection amount equals the amount of compulsory SI contributions as stipulated in Point a, Clause 4, Article 33 of the 2024 SI Law, plus an amount equal to 0.03% per day calculated on the amount of compulsory SI that must be paid and the number of days paid after the latest deadline for SI payment

These changes aim to improve the mechanism of arrears and retroactive SI contributions and safeguard the rights of Employees.

4. New provisions on pension regime for individuals contributing to both voluntary and compulsory SI

Article 17 of Decree 158 details the pension regime applicable to individuals who have contributed to both voluntary SI and compulsory SI. This provision ensures fairness and protection for Employees transitioning between forms of participation. Accordingly:

(i) Regarding SI contribution time: The pension entitlement period shall include the total period of voluntary and compulsory SI contributions.

(ii) Regarding conditions for pension benefits: Individuals who have both voluntary SI contribution periods and compulsory SI contribution periods, who participated in voluntary SI before January 1, 2021, and have 20 years or more of voluntary SI contributions, shall have the age condition for pension entitlement of 60 years for men and 55 years for women;

(iii) The monthly pension amount is calculated by multiplying the monthly pension rate as stipulated in Article 66 of the 2024 SI Law by (x) the average income and salary basis for SI contributions.

Decree No. 158/2025/ND-CP represents a critical step in the implementation of the Social Insurance Law 2024, ensuring social security fairness for newly covered labor groups and establishing a clear and consistent legal framework for the organization and enforcement of social insurance policies.

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