TNTP
ATTORNEYS AT LAW

LEGAL NEWSLETTER

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Deductible cash payment expenses under Decree 320/2025/ND-CP

In business operations, correctly determining deductible expenses for Corporate Income Tax (CIT) purposes is a key factor in ensuring compliance with the law and optimizing tax obligations. One of the important issues frequently examined by tax authorities is the requirement for non-cash payment documents. Under Decree No. 320/2025/ND-CP, expenses valued at VND 5 million or more must, in principle, be supported by non-cash payment documents. However, there are practical cases where enterprises make cash payments and still be recognized to be deductible.

This article, prepared by TNTP's lawyer, provides a detailed analysis of the regulations on cash payment conditions under Decree No. 320/2025/ND-CP to help enterprises apply them correctly and minimize tax risks.

1. General principle on payments as basis for deductible Expenses

Clause 1, Article 9 of Decree 320/2025/ND-CP regulates deductible expenses when determining taxable income. Accordingly, Point c, Clause 1 stipulates that for purchases of goods, services and other payments with a value of 05 million VND or more each time, in principle, the enterprise must make non-cash payments in accordance with the law to be eligible to be identified as a deductible expense when calculating taxable income. At the same time, Point b, Clause 1 stipulates that expenses must still meet the conditions for invoices and documents in accordance with the law.

Some accepted forms of non-cash payment include: bank transfer, payment order, card payment, or other lawful electronic payment methods. If an enterprise makes cash payments for expenses of VND 5 million or more, such expenses are not considered to be deductible, except for specific cases permitted by law.

Deductible cash payment expenses under Decree 320/2025/ND-CP

2. Cases where cash payments are still accepted as deductible expenses

a. Expenses under VND 5 million per transaction

Enterprises are not required to have non-cash payment vouchers for purchases of goods or services valued under VND 5 million per transaction. In such cases, cash payments are still deductible if they have valid invoices and documents.

However, pursuant to Point c, Clause 1, Article 9 of Decree No. 320/2025/ND-CP and Article 26 of Decree No. 181/2025/ND-CP guiding the VAT Law, the VND 5 million threshold includes VAT. If multiple purchases are made from the same seller on the same day and the total amount reaches VND 5 million or more, non-cash payment is still required.

b. Purchases of specific goods/services recorded by a Purchase Statement (without invoices)

Pursuant to Point b, Clause 1, Article 9 of Decree 320/2025/ND-CP, for some actual expenses valued at less than 05 million VND where invoices cannot be obtained due to direct purchase from non-business individuals or households, the enterprise is allowed to pay in cash. For cases where the value of purchased goods and services in a day is 05 million VND or more, the enterprise must make non-cash payments. The payment must have payment documents in accordance with the law on accounting, invoices and documents for the seller, and a Statement of purchased goods and services must be prepared as prescribed. Some cases applying this regulation include:

> Purchasing agricultural, aquatic, or marine products from direct producers or fishermen;
>
> Purchasing handicraft products made from jute, rush, bamboo, rattan, leaves, etc. from non-business individual producers;
>
> Purchasing scrap materials from individuals who collect them directly;
>
> And other cases as prescribed in Point b, Clause 1, Article 9 of Decree 320/2025/ND-CP.

Note: Such expenses recorded by Purchase Statements are deductible for CIT purposes but are not eligible for input VAT deduction due to the absence of valid VAT invoices.

Deductible cash payment expenses under Decree 320/2025/ND-CP

c. Expenses of VND 5 million or more not yet paid at the time of expense recognition

According to Point c3, Clause 1, Article 9 of Decree No. 320/2025/ND-CP, if an enterprise purchases goods/services valued at VND 5 million or more but has not yet made payment at the time of expense recognition, the expense may still be temporarily deductible.

However, enterprises must use non-cash methods when paying. If the enterprise pays in cash at a later time, it must declare and adjust downwards the expenses for the value of goods and services lacking non-cash payment documents in the tax period when the cash payment occurs.

d. Employees are authorized to make payments on behalf of the enterprise

According to Point c2, Clause 1, Article 9 of Decree No. 320/2025/ND-CP, when an enterprise authorizes or assigns employees to purchase goods/services for business purposes, the payment conditions depend on transaction value:

(i) Expenses under VND 5 million per transaction

For expenses of less than 05 million VND per payment, the law does not require non-cash payment documents. Therefore, in case the employee pays in cash and the enterprise reimburses this amount, the expense is still accepted as a deductible expense if it meets the general conditions for legal invoices and documents and serves the production and business activities of the enterprise.

(ii) Expenses of VND 5 million or more per transaction

For expenses valued at 05 million VND or more each time, the expense is still accepted as a deductible expense if it simultaneously meets the following conditions:

> The employee makes payment via non-cash methods (bank transfer, bank card, legal electronic payment method);
>
> Having legal invoices and documents in accordance with the law on accounting, invoices, and documents;
>
> The enterprise has financial/internal regulations or authorization document allowing employees to pay on their behalf;
>
> The enterprise directly reimburses the employee.

Deductible cash payment expenses under Decree 320/2025/ND-CP

If all the above conditions are met, the law recognizes the employee's payment method as a non-cash payment method by the enterprise; therefore, the expense qualifies as a deductible expense when determining corporate income tax.

Conversely, if the employee pays in cash for expenses of 5 million VND or more, the expense will not meet the non-cash payment requirements and may be disallowed by the tax authorities during inspection.

In conclusion, expenses under VND 5 million may be paid in cash and remain deductible if supported by valid invoices/documents. Expenses of VND 5 million or more are deductible only if paid by non-cash methods, including cases where employees pay on behalf of the enterprise under authorization.

3. Required documents for Deductible Cash Payments

To minimize the risk of expense disallowance, enterprises must prepare adequate documentation for each case, including:

> **For expenses under VND 5 million:** valid sales invoices or VAT invoices; cash payment documents signed by the recipient.
>
> **For purchases of agricultural products, scrap, or specific goods:** Purchase Statement (as per prescribed form, with seller's details); cash payment documents; delivery minutes (if any).
>
> **For business trip expenses or payments made by individuals on behalf of the enterprise:** decision on business trip or authorization document; financial/internal regulations; individual's non-cash payment documents and enterprise's reimbursement documents.

Although Decree No. 320/2025/ND-CP tightens the requirement for non-cash payments for expenses of VND 5 million or more, it still provides necessary legal flexibility for enterprises to handle practical business situations. Clearly distinguishing which expenses must be paid by non-cash methods and which may be paid in cash, along with preparing complete documentation from the outset, will help enterprises reduce tax risks and be proactive during inspections.

Conditions for seizure of collateral of non-performing loans in accordance with Decree No. 304/2025/ND-CP

In the context where the resolution of non-performing loans continues to be a key task of the credit institution system, the balance between the right of the secured party to recover debts and the right of the borrower to minimum protection of living conditions and livelihood has increasingly attracted the attention of lawmakers. Decree No. 304/2025/ND-CP, effective from 1 December 2025 ***("Decree 304")****, was promulgated to provide detailed guidance on Article 198a of the Law on Credit Institutions No. 32/2024/QH15 as amended and supplemented by Law No. 96/2025/QH15* ***("the Amended Law on Credit Institutions 2025")****. This Decree establishes a new and more stringent legal framework for the seizure of collateral that constitutes the sole residence or the principal or sole means of livelihood of a non-performing loan. This category of assets is particularly sensitive and requires a cautious, transparent approach and strict compliance with statutory conditions in the process of access and enforcement.*

1. Overview of Decree 304 and general principles for the seizure of collateral of non-performing loans

Prior to the effectiveness of Decree 304, the seizure of collateral being the sole residence or means of livelihood of the borrower often gave rise to numerous disputes, complaints and litigation risks. In practice, even where the security agreement provided for the right of seizure, if the collateral was directly related to the place of residence or the principal income-generating means of the security provider, enforcement actions frequently encountered strong resistance from the property owner.

Decree 304 adopts an approach that does not "prohibit" the seizure of the two special categories of assets mentioned above, but instead imposes additional, humanitarian conditions that require the secured party to share a portion of the economic value in order to ensure a minimum standard of living for the security provider after the asset is seized. This approach both protects human rights and creates a clear legal basis for banks to lawfully carry out seizures, thereby limiting the risk of obstruction in practice.

Under Decree 304, all cases of seizure of collateral of non-performing loans must fully satisfy the general conditions set out at points a, b, c, d and e of Clause 2 Article 198a of the Amended Law on Credit Institutions 2025. On the basis of these general conditions, Decree 304 introduces a set of specific conditions applicable to collateral that is (i) the sole residence and (ii) the principal or sole means of livelihood, in order to prevent mechanical seizures that fail to take social factors into account.

Conditions for seizure of collateral of non-performing loans in accordance with Decree No. 304/2025/ND-CP

2. Conditions for seizure of the sole residence of the security provider

Pursuant to Clause 1 Article 3 of Decree 304, a sole residence is determined based on the following factors:

> It is the lawful residence of the security provider as an individual;
>
> It is owned by the security provider;
>
> It is the place where the security provider has registered permanent or temporary residence;
>
> If the collateral being the sole residence is seized, the security provider has no other place of residence.

In determining whether a property constitutes a sole residence, the secured party must not rely solely on the certificate of ownership, but must also take into account the actual residential status, as evidenced by documents in accordance with Article 5 of Decree 304.

Pursuant to point a Clause 1 Article 4 of Decree No. 304/2025/ND-CP, where the collateral is the sole residence, in addition to satisfying the general conditions, the secured party may only proceed with seizure if it fulfills the obligation to allocate to the security provider an amount equal to twelve (12) months of minimum wage applicable to the region where the security provider actually resides, in accordance with the Government's regulations on minimum wages applicable to employees working under labor contracts **("minimum wage")**. This amount is intended to assist the security provider in stabilizing a new place of residence after the seizure of the house.

Conditions for seizure of collateral of non-performing loans in accordance with Decree No. 304/2025/ND-CP

3. Conditions for seizure of the principal or sole means of livelihood

Pursuant to Clause 2 Article 3 of Decree 304, the principal or sole means of livelihood is determined based on the following factors:

> It is movable property used as the principal or sole means of subsistence of the security provider as an individual;
>
> At the time specified in Clause 1 Article 5 of this Decree, the value of such means of livelihood does not exceed twenty-four (24) months of minimum wage;
>
> If the collateral being the principal or sole means of livelihood is seized, the security provider does not have sufficient income at least equal to the minimum wage.

Pursuant to point b Clause 1 Article 4 of Decree 304, where the means of livelihood was not formed from the loan capital and has been duly confirmed and evidenced in accordance with Clause 1 Article 5 of this Decree, seizure may only be carried out when the secured party allocates to the security provider an amount equal to six (6) months of minimum wage.

This approach reflects a cautious legislative perspective, aiming to avoid situations where seizure results in the borrower losing all capacity to generate income, thereby giving rise to social consequences and reducing the likelihood of recovering the remaining obligations.

4. Obligations of confirmation, proof and responsibilities of the security provider

One important new feature of Decree 304 is the shifting of the burden of proof to the security provider. Specifically, pursuant to Article 5 of Decree 304, the security provider is responsible for confirming and proving whether the collateral falls within or outside the category of a sole residence or principal means of livelihood, at the request of the secured party, within ten (10) working days from the date of receipt of such request.

If the security provider fails to carry out such confirmation and proof within this time limit, the asset will be automatically determined as not falling within the specially protected category and the secured party may proceed with seizure in accordance with the general regulations. This is a very important legal mechanism that helps banks avoid situations of indefinite delay or obstruction caused by the non-cooperation of the borrower.

At the same time, the security provider must bear responsibility for the truthfulness, accuracy and legality of the documents provided, including certificates of ownership, income statements, tax records, utility bills and other relevant documents. The provision of inaccurate or misleading information may give rise to legal liability in the event of a dispute.

Conditions for seizure of collateral of non-performing loans in accordance with Decree No. 304/2025/ND-CP

5. Practical considerations for banks and borrowers

From the perspective of secured parties, namely credit institutions, Decree No. 304 requires a comprehensive review of the entire system of security agreements, particularly provisions on the right of seizure and the specific characteristics of collateral and the formulation of handling plans that take into account statutory support costs. Standardizing provisions in security agreements from the credit agreement execution stage, as well as requiring borrowers and security providers to prepare complete notification documents, confirmation requests and evidentiary materials, will be decisive for the ability to resolve non-performing loans swiftly and effectively in the future.

For borrowers and security providers, understanding their rights and obligations is particularly important. Where the collateral falls within the protected category, the borrower should proactively provide evidentiary documents within the statutory time limit to protect legitimate rights and interests. Conversely, delay or lack of cooperation may result in the borrower losing the protective mechanism established by law.

Decree No. 304/2025/ND-CP represents an important step forward in improving the legal framework governing the seizure of collateral of non-performing loans, particularly with respect to sole residences and principal or sole means of livelihood. A thorough understanding and correct application of these conditions will enable both banks and borrowers, as well as security providers, to be more proactive in selecting appropriate resolution options, minimizing dispute risks and ensuring effective enforcement in practice.

From October 1, 2025, several new regulations on corporate income tax officially take effect

*The 2025 Corporate Income Tax Law **("CIT Law 2025")**, passed by the National Assembly on 14 June 2025 and effective from October 1, 2025, introduces significant changes to Vietnam's corporate tax policy. These reforms are expected to directly affect the tax obligations of both domestic and foreign enterprises operating in Vietnam. This article provides TNTP's analysis of several notable new provisions under the CIT Law 2025.*

1. Foreign enterprises are subject to corporate income tax on business activities conducted through digital platforms and e-commerce

Previously, taxing foreign enterprises engaged in e-commerce or digital platform businesses was challenging due to the absence of a clear legal framework. Many foreign enterprises, despite having no permanent establishment in Vietnam, still generated substantial profits from Vietnamese users through online platforms.

Under point d, clause 2, Article 2 of the CIT Law 2025, foreign enterprises without a permanent establishment in Vietnam, including those operating e-commerce or digital platform businesses, must pay tax on taxable income arising in Vietnam.

Regarding the principle for determining taxable income, clause 3, Article 3 states that the taxable income of foreign enterprises arising in Vietnam is income originating from Vietnam, regardless of where the business activities are conducted.

This is a significant development that demonstrates the tax authorities' determination to regulate cross-border transactions. The regulation promotes fairness between domestic and foreign enterprises while securing tax revenue from rapidly expanding digital-economy activities in Vietnam.

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2. Revised corporate income tax rates

Article 10 of the CIT Law 2025 introduces substantial adjustments to tax rates based on annual revenue levels. The applicable rates are as follows:

> Enterprises with annual revenue below VND 3 billion are subject to a 15% tax rate, while those with annual revenue from VND 3 billion to VND 50 billion are subject to a 17% rate.
>
> For oil and gas exploration and extraction activities, the tax rate ranges from 25% to 50%, depending on the field's location, extraction conditions, and reserves, with the specific rate for each petroleum contract determined by the Prime Minister.
>
> Exploration and extraction activities relating to rare and precious natural resources (including platinum, gold, silver, tin, tungsten, antimony, gemstones, rare earths, and other rare resources as prescribed by law) shall be subject to a corporate income tax rate of 50%. In cases where at least 70% of a mine's total area is located in regions classified as having exceptionally difficult socio-economic conditions, a preferential tax rate of 40% shall apply.
>
> Enterprises not falling within the categories above are subject to the general 20% tax rate.

These revisions are expected to enhance competitiveness for small and medium-sized enterprises (SMEs) in Vietnam. By differentiating tax rates based on revenue size, the CIT Law 2025 reduces the tax burden on lower-revenue enterprises, encouraging investment and business expansion.

3. Expansion of industries eligible for CIT incentives

The CIT Law 2025 expands the list of incentive-eligible industries, marking a strategic shift toward prioritizing high technology, digital transformation, and green industries:

> The law extends incentives to high-tech product and service manufacturing. Activities ranging from semiconductor chip design, fabrication, and packaging; AI data center development; cybersecurity solutions; electronic device manufacturing; to digital technology services are eligible for a 10% tax rate for 15 years;
>
> Manufacturing activities involving components and parts of supporting industries for key sectors such as electronics, automobiles, and textiles, particularly products for which Vietnam has not yet mastered the underlying technology or which are required to meet international standards, as well as renewable energy projects, green solutions, and environmental technology initiatives, shall be entitled to a preferential corporate income tax rate of 10% for a period of 15 years.

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> The automotive assembly sector will apply a 17% tax rate for 10 years (increased from the previous 10%).
>
> The startup-support ecosystem, including co-working spaces, incubators, and technical facilities for SMEs, is encouraged with a 17% rate for 10 years.

Notably, large-scale investment projects with capital exceeding VND 12 trillion, implemented within five years and applying advanced technology, will be eligible for a 10% tax rate for 15 years to attract major global technology investors to Vietnam.

4. New rules on offsetting losses from real estate transfers when determining taxable income

Article 7 of the CIT Law 2025 introduces a major change in the mechanism for offsetting losses from real estate transfer activities.

> Previously, losses from real estate transfers could be offset against profits from production and business activities, as provided in clause 2, Article 4 of Circular 78/2014/TT-BTC (as amended by Article 2 of Circular 96/2015/TT-BTC).
>
> From October 1, 2025, the Law on CIT 2025 officially changes this mechanism by allowing an enterprise that incurs a loss in production and business activities to offset the loss against the taxable income of production and business activities with income chosen by the enterprise itself, instead of offsetting it against profits from production and business activities as previously regulated. However, in case the enterprise incurs a loss from real estate transfer activities, investment project transfer or transfer of the right to participate in an investment project, it may not be offset against the taxable income of production and business activities currently enjoying tax incentives that generate income.
>
> Additionally, the law also specifies certain taxable incomes that cannot be offset for losses or gains against production and business activities in the tax period, including: taxable income from the transfer of investment projects for mineral exploration, extraction, and processing; transfer of the right to participate in mineral exploration, extraction, and processing investment projects; transfer of rights for mineral exploration, extraction, and processing. These taxable incomes must be determined separately for the declaration and payment of corporate income tax.

This new regulation is expected to help real estate enterprises, particularly those operating in multiple sectors, manage and offset losses more flexibly, thereby reducing tax pressure and promoting economic development.

From October 1, 2025, several new regulations on corporate income tax officially take effect

5. Changes to deductible expenses for tax purposes

Article 9 of the CIT Law 2025 adds several deductible expenses when determining taxable income, reflecting the realities of current business operations. Key additions include:

> Actual expenses for secondees participating in the governance, management, and supervision of credit institutions under special control, or commercial banks subject to compulsory transfer under the 2024 Law on Credit Institutions, are deductible for CIT purposes.
>
> Certain expenses serving business operations but not corresponding to revenue in the period, as prescribed by the Government, and certain expenses supporting the construction of public-use facilities that also serve enterprise operations, are now deductible.
>
> Expenses related to greenhouse-gas reduction, carbon neutrality, pollution reduction, and activities associated with production and business operations are deductible.
>
> Another important change concerns input value-added tax **("VAT")** that relates directly to an enterprise's business activities but cannot be fully credited and is not eligible for VAT refund. Such input VAT may now be included as a deductible expense when determining taxable income. However, once recorded as a deductible expense, the input VAT may no longer be credited against output VAT.

This provision helps reduce the CIT burden in cases where enterprises incur substantial input costs that are not eligible for VAT refunds.

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6. New rules on the revenue-based CIT calculation method

One of the notable new points of the Law on CIT 2025 is supplementing the regulation on the method of calculating tax based on a percentage of revenue. Based on Point a, Point b, Clause 2, Article 11 of the Law on CIT 2025, this method applies to enterprises falling into one of the two following cases:

> Foreign enterprises with permanent establishments in Vietnam having taxable income arising in Vietnam where this income is not related to the activities of the permanent establishment; foreign enterprises without permanent establishments in Vietnam having income generated from business activities in Vietnam, including e-commerce and digital platform businesses.
>
> Enterprises with annual revenue not exceeding VND 3 billion, where revenue can be determined but expenses and income cannot be determined.

At the same time, Clause 2, Article 11 of the Law on CIT 2025 stipulates that the percentage rate on revenue for calculating corporate income tax will be specifically regulated by the Government to suit each industry and business type.

This method is suitable for micro-enterprises or household businesses transitioning into enterprises without a fully developed accounting system, helping them comply with tax obligations without difficulty in determining deductible expenses.

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