



LE HAI LINH

SOME NOTABLE POINTS REGARDING CORPORATE INCOME TAX

The Ministry of Finance has issued Circular 20/2026/TT-BTC (**Circular 20**) to provide detailed regulations on corporate income tax (**CIT**). Due to the issuance of this Circular, Circular 78/2014/TT-BTC guiding the implementation of Decree 218/2013/ND-CP providing guidelines for the implementation of the Law on CIT, amended by Circular 96/2015/TT-BTC, has been repealed. Circular 20 takes effect from March 12, 2026, applies from the 2025 tax year, and includes several notable points as follows:

First, Circular 20 stipulates the required documents for deductible expenses when determining taxable income. In addition to the provisions inherited from Circular 78/2014/TT-BTC, such as documentation of expenses for educational sponsorship, medical, and disaster relief donations, Circular 20 supplements regulations on the required documentation for deductible expenses in several other cases, for example:

i. The documentation of certain expenses serving enterprises' production and business activities, but not yet corresponding to the revenue incurred in the same period, for example:

- Regarding the expenses for participating in biddings without winning, the documentation includes: the bidding documents from the project owners, auctioneers; the bids submitted to the project owners, auctioneers; the results of contractor selection issued by the project owners, auctioneers (if any); and other documents as prescribed by laws on bidding (if any).
- Regarding expenses related to market research, product and service research in preparation for the production of new products and services, and investment expenses for new product and service development projects that are unsuccessful or discontinued, the documentation includes: The research reports on market development and/or new product/service development submitted to the competent state management agency as prescribed by specialized laws or archived by such enterprise if the law does not require the submission of such reports;
- Regarding pre-sale product/service introduction/marketing expenses, the documentation includes: The reports on the investment plan for product/service investment/production submitted to the competent state management agency as prescribed by specialized laws, or archived by such enterprise if the law does not require the submission of such reports.

ii. The documentation for certain expenditures with sufficient invoices and non-cash payment documents, for example:

- Regarding expenses of 5 million VND in minimum paid by employees on behalf of enterprises via non-cash payment services in cases they are authorized/assigned to directly purchase goods and services for the enterprise's production and business, the required documents include: Invoices and supporting documents as prescribed by legal provisions on accounting, invoices, and supporting documents; financial regulations, internal regulations or decisions of the enterprise stipulating the authorization or permission for employees to pay for the goods and services to support the enterprise's production and business activities; non-cash payment documents submitted by the employees when purchasing goods and services under the enterprise's authorization; non-cash payment documents of the enterprise for reimbursing the employees.
- Regarding purchases of goods and services with a value of 5 million VND in minimum per transaction, if payment has not been made at the time of recording the expense, the enterprise may include it as a deductible expense when determining taxable income, provided that there is a relevant purchase contract, a goods/service delivery record, and non-cash payment documentation.

It should be noted that the documentation for expenses considered deductible must be originals, certified copies, or copies with the company's seal, or electronic documents as prescribed by law. Enterprises are responsible for archiving and submitting all expense-related documentation for inspection, auditing, and other purposes as required by law, and ensuring compliance with legal provisions on the protection of state secrets in cases of documentation involving national defense and security tasks.

Second, Circular 20 supplements regulations on the timing of determining taxable corporate income in certain cases:

- i. For exported goods, the timing of determining taxable corporate income is the date of ownership transfer according to the export contract. If the date of ownership transfer cannot be determined, the time of determining taxable corporate income shall be based on the provisions of customs laws regarding the basis for determining exported goods;
- ii. For construction and installation activities (including shipbuilding), the timing of determining taxable corporate income is the time of acceptance of the project, project item, or construction and installation volume, regardless of whether payment

has been received or not;

iii. The timing of determining taxable revenue in certain cases for foreign enterprises is as follows:

- For capital transfer activities, the time of determining taxable revenue for corporate income tax purposes is the time when the initial capital transfer contract takes effect according to legal provisions;
- For transfer of securities and deposit certificates, the time of determining taxable revenue is the time of transfer;
- For the transfer of derivative securities in the form of futures contracts, the time of determining taxable income is the time when the buy and sell order of the futures contract is matched on the Stock Exchange's trading system or when the futures contract matures.

Third, Circular 20 provides some regulations regarding transitional provisions in the application of the Circular:

- i. For deductible expenses incurred before the effective date of Circular 20 and the relevant conditions and documentation have been specified in Circular 96/2015/TT-BTC, the provisions of Circular 96/2015/TT-BTC shall apply to such expenses in the tax year 2025.
- ii. For deductible expenses when calculating CIT as stipulated in Article 3 of Circular 20, which are not specifically regulated in Circular 96/2015/TT-BTC, the required documentation for such expenses in the 2025 tax year shall consist of invoices and supporting documents as prescribed by law.



Circular 20 is promulgated to provide detailed guidelines for CIT regulations in the Law on Corporate Income Tax 2025 and Decree 320/2025/ND-CP, addressing difficulties arising from the implementation of CIT laws. Enterprises and organizations should update and study the regulations of Circular 20 to apply them appropriately during the corporate income tax settlement process. Should our valued Clients and readers wish to obtain further information about the regulations in this Circular or other tax-related matters, NHQuang&Associates stands ready to provide you with any requested clarification and legal opinions.

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