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PERSONAL INCOME TAX IN LABOR SECTOR: NOTABLE POINTS UNDER DECREE 253/2026/ND-CP

On June 30, 2026, the Government issued Decree 253/2026/ND-CP guiding the Law on Personal Income Tax 2025 (**Decree 253**). Decree 253 took effect on the same date as the Law on Personal Income Tax 2025, July 1, 2026, and replaced Decree 65/2013/ND-CP (**Decree 65**). In this Legal Newsletter, NHQuang&Associates shall introduce and analyze several noteworthy new provisions of Decree 253 that may affect individuals and organizations in terms of labor, as follows:

Firstly, Decree 253 amends and supplements the regulations on taxable income from salaries and wages. It clarifies the types of taxable income from salaries and wages prescribed in clause 2 Article 3 of the Law on Personal Income Tax 2025, while introducing certain changes compared with the previous regulations under Decree 65. Some typical types of taxable income from salaries and wages include:

- Remuneration received from the provision of services by individuals without business registration and taxpayer registration, with or without a license or practice certificate. This is a new provision added under Decree 253 compared with Decree 65, aiming at increasing transparency and preventing revenue loss to the state budget in respect of freelancers, while adapting to the current digital economy and freelance labor market.
- Lunch or mid-shift meal allowances paid by employers to employees in excess of 1.2 million Vietnamese Dong per person per month. Where an employer provides mid-shift meals or lunches to employees in the form of directly preparing meals, purchasing meals, or providing meal vouchers, such amounts will not be included in the individuals' taxable income.
- Monetary and non-monetary bonuses, including bonuses in the form of securities and rewards from

competitions and events organized by employers for employees. The value of non-monetary bonuses shall be determined in accordance with Article 17 of Decree 253.

Secondly, Decree 253 amends and supplements the regulations on salaries and wages for night work and overtime, and salaries and wages paid for unused leave days. Under Decree 253, employees are exempt from personal income tax on the entire amount of salaries and wages for night work and overtime at the workplace, provided that such amounts comply with the conditions and working-time requirements prescribed by labor laws. It can be seen that Decree 253 provides more favorable treatment for employees, as tax exemption is no longer limited to the portion of salaries and wages for night work and overtime that is paid at a higher rate than those for daytime work or work performed during normal working hours, as previously provided under Decree 65. However, organizations and enterprises paying income are required to prepare and retain statements clearly indicating: (i) the periods during which night work and overtime are performed at the workplace; and (ii) the amounts of salaries and wages for night work and overtime paid to employees. Such statements must also be presented upon request by tax authorities. Where a separate statement is not prepared, the income-paying organization is responsible for substantiating the amounts of salaries and wages for night work and overtime at the workplace through payroll records, timesheets, labor contracts, and other lawful documents.

In addition, individuals who are employees are exempt from personal income tax on salaries and wages paid for unused leave days, provided that the relevant conditions and payment limits prescribed by law are satisfied. Where salaries and wages for night work, overtime, or unused leave days exceed the limits prescribed by law, the excess amount will be included in the individual's taxable income.

Thirdly, Decree 253 adjusts the income threshold serving as the basis for tax withholding applicable to individuals who do not enter into labor contracts or enter into labor contracts of less than three months. Under Article 50 of Decree 253, when paying salaries, wages, remuneration, or other payments to resident individuals working without signing labor contracts or under labor contracts of less than three months (including payments of salaries or other income to employees whose labor contracts have been terminated), if the payment amount is 5 million Vietnamese Dong or more per payment, organizations and individuals must withhold tax and remit the withheld tax on behalf of the individuals at the rate of 10% of the income before making the payment to the individuals. Where the income payment is less than 5 million Vietnamese Dong per payment, the income-paying organization or individual may withhold tax at the rate of 10% at the payee's request. This threshold has been increased compared with the previous regulations, which applied to payments of 2 million Vietnamese Dong or more per payment.

It can be seen that Decree 253/2026/ND-CP has provided detailed guidelines for the new regulations of the Law on Personal Income Tax 2025, while also amending the provisions of Decree 65 to be more consistent with current socio-economic conditions and the practical circumstances relative to income from salaries, wages, and remuneration received by individuals. These provisions are intended to ensure the lawful rights and interests of taxpayers while improving the effectiveness of the State's tax administration.

In the current context, enterprises and individuals should proactively review and update the new regulations on personal income tax under Decree 253 and relevant guiding documents to ensure compliance with applicable laws. Should our valued Clients and readers wish to obtain further information or seek legal advice regarding the new provisions of Decree 253 or other matters relating to personal income tax, NHQuang&Associates is available to provide clarification and relevant legal advice.