

LEGAL NEWSLETTER



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NOTABLE ACTIVITIES IN JULY 2025

On July 12, 2025, **Mr. Nguyen Hung Quang, Managing Partner of NHQuang&Associates**, participated in the seminar “**What’s Next For Our Globalized Era?**” - the second event in the series of activities to celebrate the 15th anniversary of the Globalized Era Scholarship Program (GES) in Hanoi. As a long-time companion in the development of Vietnam’s legal sector and GES, Mr. Quang made an inspiring opening speech and personally coordinated Topic 4 of the discussion, “**Strategy of personal branding and sustainable development in the legal area**” - one of the five separate Topics of the event. Mr. Quang, along with other speakers, shared perspectives from different stages of studying as well as career development. At the end of Topic 4, Mr. Quang emphasized the significance of "individuality" - distinct identity within an increasingly personalized professional landscape. It is through this authenticity that one not only exists but meaningfully connects and contributes to a thriving legal ecosystem.

In the journey of establishment and development of GES, **NHQuang&Associates** has always been one of the sponsors that has persistently accompanied the activities to fulfill the missions of GES. In the series of events celebrating the 15th anniversary of the GES community, organized by GES in Hanoi (July 2025), NHQuang&Associates continued to sponsor the program and participate in many diverse activities in the series of events.



AMENDMENTS TO THE DECREE ON ENTERPRISE REGISTRATION: WHAT ENTERPRISES SHOULD KNOW

NGUYEN THI THANH MAI

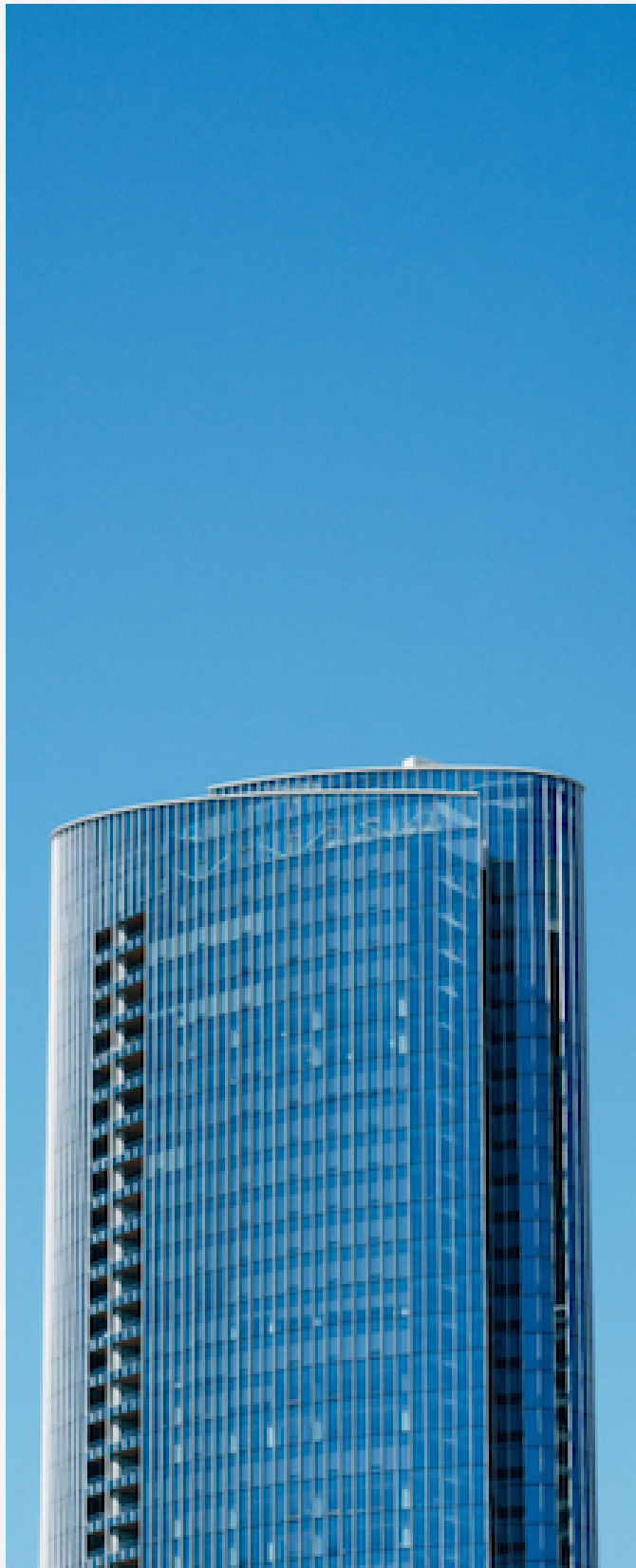
On June 30, 2025, the Government promulgated Decree 168/2025/ND-CP on enterprise registration (**Decree 168**), which officially takes effect from July 1, 2025 and replaces Decree 01/2021/ND-CP (**Decree 01**). Below is a detailed analysis of the key provisions in Decree 168 that enterprises should take note of:

Firstly, supplementing regulations on beneficial owners of enterprises

In response to the need to improve the legal framework, enhance transparency in business environment, prevent and combat money laundering, and remove Viet Nam from the Financial Action Task Force (FATF)'s grey list on preventing money laundering, terrorist financing, and the financing of proliferation of mass destruction weapons, the National Assembly, in amending the Law on Enterprises 2020, has supplemented the provisions on beneficial owners of enterprises. Specifically, under clause 6 Article 217 of the Law on Enterprises 2020 (as supplemented by clause 27 Article 1 of the Law amending the Law on Enterprises), the National Assembly assigns the Government to specify: (i) the criteria for determining beneficial owners; (ii) the declaration of beneficial owners' information; (iii) the information to identify beneficial owners; and (iv) the provision and retention of beneficial owners' information. These contents are stipulated in Decree 168 as follows:

With respect to the criteria for determining beneficial owners, enterprises should particularly note that a beneficial owner is always an individual (not a legal entity) who satisfies one of the following conditions:

- Directly holding 25% or more of the charter capital or 25% or more of the total voting shares of the enterprise;
- Indirectly holding (through another entity) 25% or more of the charter capital or 25% or more of the total voting shares of the enterprise;
- Having control over the approval of decisions on at least one of the following matters: appointment, removal, or dismissal of a majority or all members of the Board of Directors, Chairman of the Board of Directors, Chairman of the Members' Council; the legal representative, director or general director of the enterprise; amendment of the enterprise's charter; changes in the organizational structure; restructuring or dissolution of the enterprise.



The following is an example for determining the indirect ownership of a beneficial owner through another entity:

Individual A holds 70% of the charter capital of Company X. Company X holds 60% of the charter capital of Company Y. Company Y holds 80% of the charter capital of Company Z. Therefore, the indirect ownership ratio of Individual A in Company Y and Company Z is calculated as follows:

- In Company Y: 70% (A's ownership in Company X) x 60% (Company X's ownership in Company Y) = 42%
- In Company Z: 70% (A's ownership in Company X) x 60% (Company X's ownership in Company Y) x 80% (Company Y's ownership in Company Z) = 33.6%

With respect to the declaration of beneficial owners' information, declaration of information to identify beneficial owners, provision and retention of information about beneficial owners, in accordance with the criteria for determination under Decree 168, founders and enterprises must proactively declare and notify the business registration authority of their beneficial owners' information when carrying out enterprise registration procedures. Additionally, joint stock companies must declare the information of institutional shareholders holding 25% or more of the total voting shares (if any). Enterprises are responsible for retaining a record of the beneficial owners declared and notified the business registration authority in either hard copy or electronic form.

Secondly, specifying the documents required to prove the completion of a transfer or a capital contribution

Previously, Decree 01 did not have any specific provisions on these documents, leading to inconsistent application in the practical implementation of relevant procedures. To address this problem, clause 11 and clause 12, Article 3 of Decree 168 have expressly defined the documents evidencing the completion of a transfer and a contribution of capital, which include:

For documents evidencing the completion of a transfer, one of the following is required: (a) a copy or extract of the register of members or shareholders; (b) a copy or original of the transfer contract liquidation minutes; (c) a bank confirmation of completed payment; or (d) other documents evidencing the completed transfer of shares or capital contributions under applicable laws.

For documents evidencing a capital contribution, one of the following is required: (a) a copy or extract of the register of members or shareholders; (b) a copy of the capital contribution certificate; (c) a bank confirmation of funds transferred into the company's account; or (d)

other documents evidencing completed capital contribution under applicable laws.

Thirdly, permitting enterprises to carry out multiple registration procedures simultaneously with a single application dossier

Previously, Decree 01 explicitly permitted enterprises to simultaneously register for conversion of the enterprise form along with registration for other enterprise registration changes, or notification of changes in enterprise registration. However, Decree 01 has not yet addressed other circumstances, which leads to two different interpretations by business registration authorities in practice, specifically: (i) enterprises can proceed with several procedures at the same time because it is not prohibited by Decree 01; or (ii) enterprises are required to carry out each procedure separately, as Decree 01 does not expressly permit the concurrent implementation of multiple procedures. These two different interpretations have caused difficulties for both enterprises and the registration authority. To address this issue, clause 6 Article 4 of Decree 168 has expressly allowed enterprises to simultaneously carry out multiple procedures with a single application dossier, including: registration of changes to enterprise registration information, notification of changes, notification of updates or additions to enterprise registration information; and correction of registration information.

Generally, the new provisions of Decree 168 are developed to further simplify administrative procedures in enterprise registration, improve transparency in Viet Nam's business environment, attract investment, and promote the development of the private sector. While maintaining the effective and stable provisions from Decree 01, Decree 168 also addresses practical challenges encountered during the implementation of Decree 01. In addition to the aforementioned analyses, Decree 168 also has other notable contents, such as removal of the meeting minutes in the dossier for certain procedures, such as (i) company registration resulting from a split, merger, or consolidation, and (ii) changes to the company's head office, name, legal representative, etc. Should our Valued Clients and readers wish to learn more or request any advice regarding the new policies and regulations of Decree 168, as well as other matters concerning enterprise registration in general, NHQuang&Associates are willing to provide clarifications and relevant legal opinions.

DIGITAL TRANSFORMATION IN SOCIAL INSURANCE: WHAT SHOULD ENTERPRISES DO UNDER DECREE 164/2025/ND-CP?

TU THI PHUONG UYEN

On June 29, 2025, the Government issued Decree 164/2025/ND-CP regulating electronic transactions in the field of social insurance and the national insurance database (**Decree 164**). This Decree marks a significant milestone in the digitalization of the social security system, providing a legal foundation for implementing social insurance procedures through electronic platforms, with the goal of streamlining processes, reducing costs, and enhancing the efficiency of state management in the field of social insurance. Below are some key highlights of Decree 164:

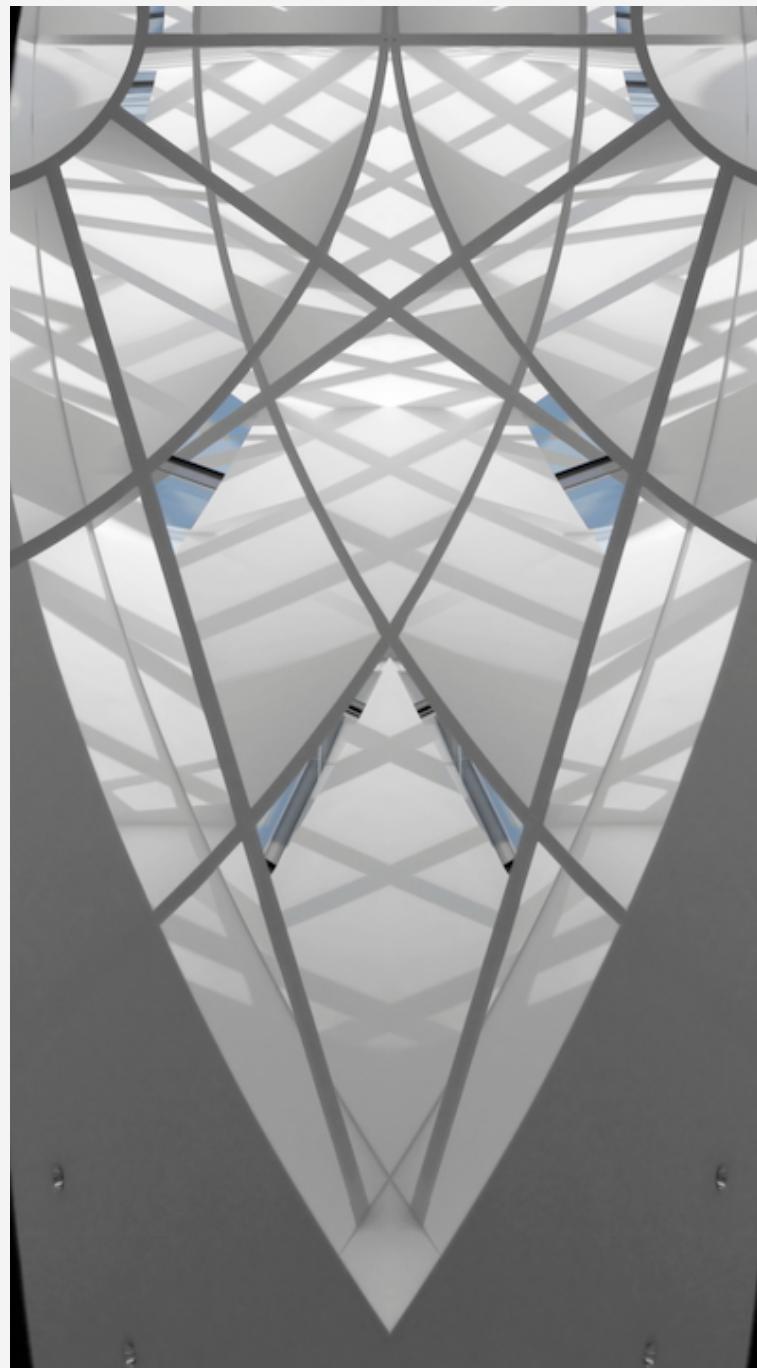
Establishing a consistent legal framework for electronic social insurance transactions

Decree 164 is issued to concretize the provisions of the Law on Social Insurance 2024 while establishing a unified legal framework consistent with available regulations on electronic identification, personal data, cybersecurity, and cyber information security. Accordingly, organizations and individuals conducting electronic transactions in the field of social insurance via the **National Public Service Portal** are required to use a **valid electronic identification account** and a **valid digital signature** (or another form of electronic signature as prescribed by law).

A notable new feature is the principle of reusing integrated data: agencies, organizations, and individuals conducting electronic transactions in the field of social insurance are not required to provide documents or information that are already available and integrated into the National Public Service Portal, national databases, sectoral databases, or digital data repositories of relevant organizations or individuals. This helps minimize the need to resubmit digitized documents, shortens the time required for completing procedures, and reduces administrative costs for enterprises in preparing and submitting social insurance dossiers.

Transitioning to electronic social insurance records and books

Decree 164 stipulates that in cases where an electronic social insurance dossier includes accompanying documents in paper form, agencies, organizations, and individuals conducting electronic transactions in the field of social insurance must convert those documents into electronic format. The conversion of paper-based records and documents into electronic ones - and vice versa -



must comply with the provisions of laws on electronic transactions and data. These electronic social insurance records must be digitally signed and stored in accordance with applicable regulations.

According to Decree 164, electronic social insurance books must be issued no later than January 1, 2026, carrying the same legal validity as paper ones, and being integrated into employees' personal identification accounts. As a result, the retrieval and verification of social insurance participation and benefit information become more transparent, convenient, and timely. Accordingly, an enterprise with multiple branches across the country can submit social insurance records for all employees from its head office by accessing the National Public Service Portal without having to visit every local social insurance agency. The entire process of submission, processing, and result retrieval will be conducted online, 24/7, eliminating the reliance on paper documents.

Establishing new rights and obligations in electronic transactions and mechanisms for handling technical issues

Decree 164 outlines specific rights of enterprises, such as receiving technical support, having transaction data secured, and being provided with data on their employees' social insurance contributions and benefits. At the same time, the Decree also sets forth clear obligations, including managing digital signatures and ensuring the accuracy of digital signature certificates used on electronic social insurance documents; managing electronic identification accounts to ensure cybersecurity and safety; storing both paper and electronic social insurance records; and presenting paper documents upon request by competent authorities for verification.

In the case that the electronic system encounters any failure at the time of submission, enterprises are allowed to temporarily submit paper-based social insurance dossiers, specifically: no later than 3 working days from the deadline for social insurance contribution-related dossiers; and no later than 7 working days for other transactions such as issuance of social insurance books, confirmation of contribution periods, or settlement of benefits. Once the system is restored, enterprises must resubmit the entire dossier in electronic form via the National Public Service Portal. This regulation ensures operational flexibility while maintaining legal strictness and data integrity. Enterprises are required to maintain all corresponding dossiers to ensure the retrieval and verification when needed.

Decree 164 officially takes effect on July 1, 2025. To ensure readiness and avoid operational disruptions, enterprises in need and being eligible for carrying out electronic social insurance transactions should: (i) review and standardize their digital signature systems and electronic identification accounts; (ii) conduct training sessions for HR and accounting departments on the new electronic social insurance procedures; and (iii) develop a plan to fully digitize social insurance records by no later than January 1, 2026.

By understanding and proactively implementing the provisions of Decree 164, enterprises can adapt more effectively to the digitalization of administrative procedures, better manage the performance of their social insurance obligations, and minimize legal risks and operational costs. Should you wish to gain a deeper understanding of the regulations and procedures on Decree 164 and other regulations related to social insurance, kindly contact NHQuang&Associates for legal support and advice.

LAW ON CORPORATE INCOME TAX 2025: NEW REGULATIONS ON TAXABLE AND TAX-EXEMPT INCOMES, TAX CALCULATION METHODS FOR ENTERPRISES

LE MAI PHUONG

On June 14, 2025, the National Assembly passed the Law on Corporate Income Tax 67/2025/QH15 (**CIT Law 2025**), effective from October 1, 2025 and applicable from the CIT period of 2025. The CIT Law 2025 is developed and promulgated to institutionalize the policies and orientations of the Party and the State on reforming the tax policy system; overcome shortcomings and challenges in the implementation of CIT regulations in the past; ensure consistency and uniformity among domestic legal regulations and in line with the global trend of CIT reform, as well as inherit current CIT regulations that have been proven in practice to have a positive impact on the socio-economic situation. Below are some notable new contents of the CIT Law 2025:

First, the CIT Law 2025 has inherited, amended, and supplemented regulations on **taxable incomes**, typically as follows:

- The CIT Law 2025 inherits the provisions of the CIT Law 2008 and recognizes a number of types of taxable income that have been stipulated in sub-law documents (Decree 218/2013/ND-CP providing details and guidelines for the implementation of the CIT Law 2008, Circular 78/2014/TT-BTC of the Ministry of Finance guiding the implementation of Decree 218/2013/ND-CP), such as incomes from securities transfer, differences in collected fines,

compensations for breach of economic contracts or bonuses for good performance of contractual commitments, sponsorships, received gifts in cash or in kind, etc.

- The CIT Law 2025 supplements the provision that *"in the cases where enterprises are required to pay additional corporate income tax regarding Income Inclusion Rule (IIR) according to the provisions of law, the additional corporate income tax payable shall be deducted from the corporate income tax payable in Viet Nam according to the provisions of this Law"*. This is consistent with one of the purposes of developing the CIT Law 2025, which is to proactively participate in international initiatives and agreements on implementing Pillar Two of the global minimum tax.

Second, the CIT Law 2025 has amended and supplemented a number of regulations on types of **tax-exempt incomes**, particularly amending and supplementing the regulations on incomes from financial activities to protect the environment and promote sustainable development: Under the CIT Law 2008, these income include *"incomes from the transfer of Certified Emissions Reductions (CERs) of enterprises granted with Certified Emissions Reductions"*. To cover the incomes from the transfer of various types of emission reductions, such as CERs, VERs (Voluntary



Emission Reductions) and promote the development of carbon credit market and green bond market, the CIT Law 2025 has amended and supplemented this provision as follows: *“Incomes from the first transfer of certified emissions reductions, carbon credits after issuance by enterprises granted with certified emission reductions, carbon credits; incomes from green bond interest; incomes from the first transfer of green bonds after issuance”*.

Third, the CIT Law 2025 has amended a number of provisions on **deductible and non-deductible expenses when determining taxable income**, for example:

- Amending the scope of expenses requiring non-cash payment documents: According to the CIT Law 2008, in cases of invoices for single purchase of goods and services with a value of VND 20,000,000 or more (except for cases where non-cash payment documents are not required by law), non-cash payment documents are required to recognize such expenditures as deductible expenses when determining taxable income. However, the CIT Law 2025 requires *“expenses with sufficient invoices and non-cash payment documents as prescribed by law, except for special cases as prescribed by the Government”* and **“The Government shall provide guidance for this Article, including the additional expense level, requirements, time and scope of application for expenses for research and development activities of enterprises as prescribed in point a, clause 1 of this Article. The Ministry of Finance shall stipulate the dossier of expenses included in deductible expenses as prescribed in point b, **point c**, clause 1 of this Article”**. Thus, while guidance from state agencies is not yet available, all expenses must have sufficient invoices and non-cash payment documents to be recognized as deductible expenses when determining taxable income.
- Amending and supplementing a number of non-deductible expenses when determining taxable income; for example, adding *“expenses for BT, BOT, BTO contract business activities that are not in accordance with or exceed the amount prescribed by law”*; amending *“interest payments for loans for production and business capital of entities that are not credit institutions or economic organizations exceeding 150% of the basic interest rate announced by the State Bank of Vietnam at the time of borrowing”* in the CIT Law 2008 to *“interest payments for loans for production and business capital to entities that are not credit institutions exceeding the level prescribed by the Civil Code”* so that the provisions are compatible with applicable regulations in the Law on Credit Institutions and the Civil Code 2015, etc.

Fourth, the CIT Law 2025 has added a number of provisions on **tax rates**, including the addition of a **15% tax rate** applicable to enterprises with a total annual revenue of no more than 3 billion Vietnamese dong and a **17% tax rate** applicable to enterprises with a total annual revenue of over 3 billion Vietnamese dong and no more than 50 billion Vietnamese dong. The revenue used as the basis for determining enterprises eligible for the 15% and 17% tax rates mentioned above is the total revenue of the previous CIT period. The total revenue used as the basis for the application is determined according to the Government’s regulations. This provision is added to encourage small-scale enterprises as well as to foster a long-term source of revenue for the state budget.

It should be noted that the above tax rates do not apply to certain types of incomes, such as incomes from capital transfer, transfer of capital contribution rights; incomes from real estate transfer, except for incomes from investment in social housing construction as prescribed in the CIT Law 2025; incomes from transfer of investment projects (except for transfer of mineral processing projects), transfer of rights to participate in investment projects, etc. These tax rates do not apply to subsidiaries or affiliated companies where the enterprise in affiliation does not meet the conditions for applying the above tax rates of 15% and 17%.

The CIT Law 2025 is an important legal normative document for the production and business activities of enterprises, with many major changes in declaring and paying CIT. In addition to the analyzed contents, the CIT Law 2025 also amends a number of other contents, such as increasing the maximum deduction rate of annual taxable income to establish the Science and Technology Development Fund of enterprises from 10% (CIT Law 2008) to 20%, revising regulations related to CIT incentives, etc. It is necessary for enterprises to update the new contents of the CIT Law 2025, especially its guiding documents in the future (if any), to promptly apply the new relevant regulations and ensure their rights and interests. Should you wish to gain a deeper understanding of the regulations of the CIT Law 2025 as well as other tax-related matters, kindly contact NHQuang&Associates for legal support and advice.

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