



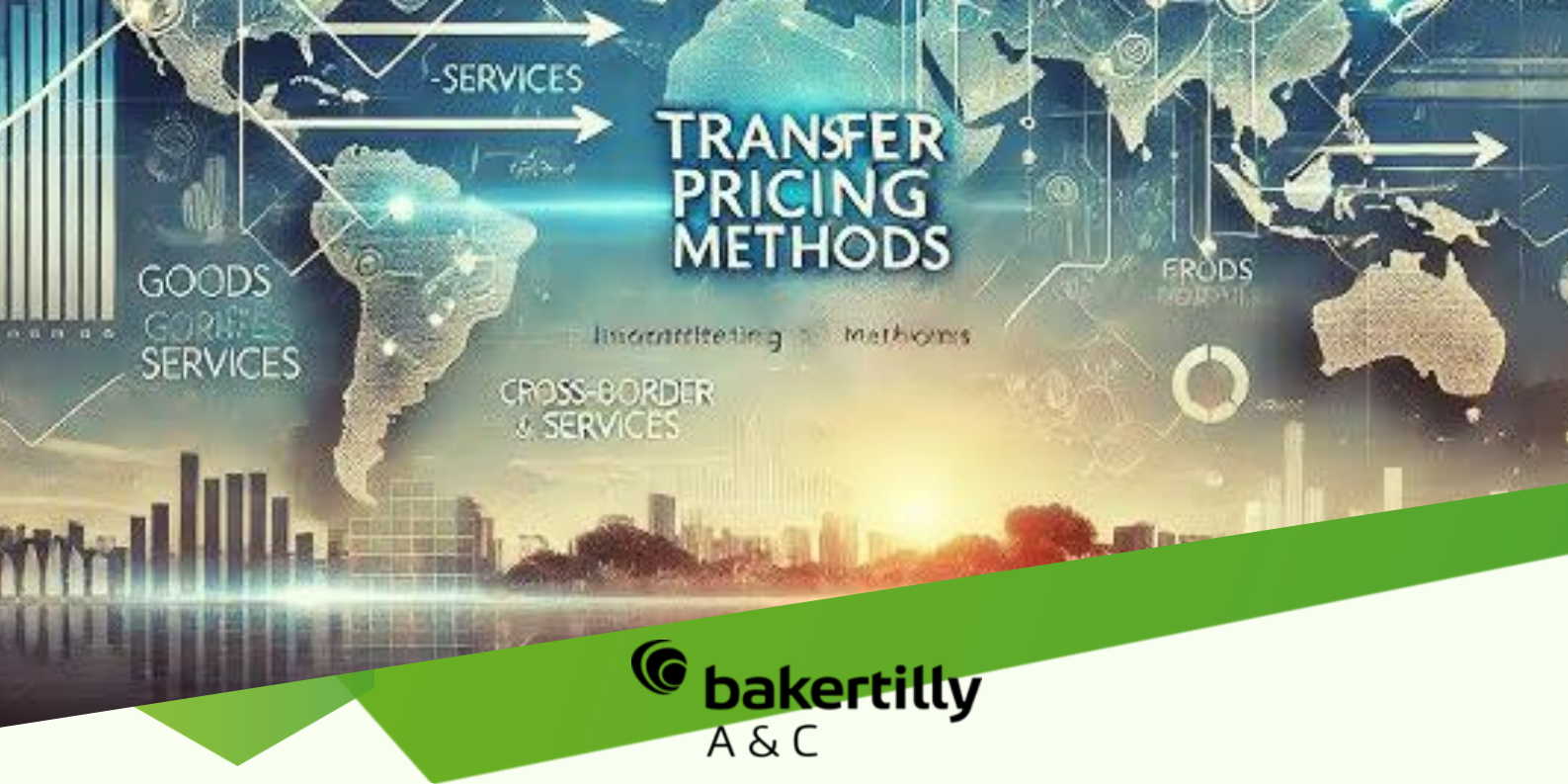
TRANSFER
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TAX BULLETIN

**UPDATES ON DECREE NO. 20/2025/NĐ-CP
PRESCRIBING TAX ADMINISTRATION OF
ENTERPRISES HAVING TRANSACTIONS
WITH RELATED PARTIES**

FEBRUARY 2025





LATEST NEWS ON TAX ADMINISTRATION REGULATIONS FOR RELATED-PARTY TRANSACTIONS



The Government has recently issued Decree No. 20/2025/NĐ-CP (“Decree No. 20”), amending and supplementing certain provisions of Decree No. 132/2020/NĐ-CP (“Decree No. 132”) on tax administration for enterprises engaged in related-party transactions.



Decree No. 20 takes effect from **March 27, 2025**, and applies to corporate income tax calculations starting from the tax **period 2024**.

This bulletin serves as a reference, highlighting key updates in Decree No. 20, including (1) The definition of related-party relationships for credit institutions and independent branches (Principle of substance over form). (2) Additional responsibilities of the State Bank of Vietnam. (3) Interest expense treatment for the period 2020–2023 in specific cases. (4) Changes in the declaration form Appendix I.



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1. Regarding the determination of related-party relationships:


Clarifying the related-party relationship under Point (d), Article 5 of Decree No. 132 concerning the relationship between economic organizations operating under the Law on Credit Institutions (“CI”) and borrowing enterprises or enterprises receiving loan guarantees.

Specifically, if the guarantors or lenders are credit institutions that do not directly or indirectly manage, control, contribute capital to, or invest in the borrowing enterprise or the enterprise receiving the loan guarantee, or if neither of the parties is directly or indirectly managed, controlled, capitalized, or invested in by a third party, they will not be considered related parties under this provision.

Clarifying that related parties include **independent branches under Point (k)**.

Adding a new case under Point (m) to determine that a related party of a credit institution includes its subsidiaries, controlling companies, or affiliated companies as defined by the Law on Credit Institutions.

2. Additional responsibilities of the State Bank of Vietnam (“SBV”)



The SBV is required to coordinate in providing information as reported under legal regulations concerning related persons of Members of the Board of Directors, Members’ Council, Supervisory Board, General Director (Director), Deputy General Director (Deputy Director), and equivalent positions as specified in the charter of CI; related persons of shareholders holding at least **1% of the charter capital** of CI; and affiliated companies of CI.

3. Treatment of non-deductible interest expenses

For an enterprise that incurred related-party transactions only with credit institutions under Point (d) during the period 2020–2023 and is affected by the amendments in Decree No. 20, the tax treatment **from the 2024 tax period onwards** is as follows:

- If the enterprise has no related-party relationships and does not engage in related-party transactions under Decree No. 132 and Decree No. 20, any non-deductible interest expenses that have not yet been carried forward **by the end of the 2023 tax period shall be evenly allocated** and carried forward to subsequent tax periods **for the remaining duration**, in accordance with the interest expense carryforward provisions of Decree No. 132
- If the enterprise has related-party relationships and engages in related-party transactions under Decree No. 132 and Decree No. 20, any non-deductible interest expenses that have not yet been carried forward to subsequent tax periods shall be handled in line with Decree No. 132.

4. Amendments of Appendix I in Decree No. 132 to align with adjustments in Decree No. 20

COMMENTS AND RECOMMENDATIONS FROM BAKER TILLY A&C

With the changes in tax administration for related-party transactions taking effect from the tax period 2024, enterprises should proactively research and update their compliance strategies to ensure full adherence to regulations and mitigate potential tax risks.

For the latest updates and expert advice on tax compliance pertaining to related-party transactions in Vietnam, please contact Baker Tilly A&C.




These Legal Updates are general information for internal use merely, and they are not provided to any specific case of any organizations or individuals. Although we endeavor to present as accurate information as possible, we do not assure that the aforesaid information remains its accuracy as at the date on which the readers receive these Legal Updates. You are advised to refer consultants before adopting these Legal Updates for specific cases.

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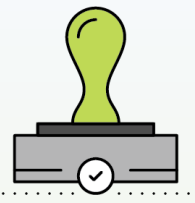
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- The State Securities Commission to audit the **Financial Statements of the listed joint stock companies**, public joint stock company and securities companies.
- The State Bank of Vietnam to **perform audit on the financial statements of the banks and credit institutions** operating in Vietnam.
- Non-governmental organizations **allow the auditing of projects** funded by these ones.



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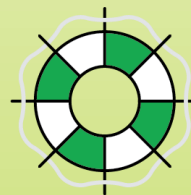
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