July 31, 2026

NOTABLE LEGISLATIVE UPDATES IN VIETNAM IN JUNE 2026

June 2026 brought notable regulatory developments in commercial, competition, energy and tax.

I. PROPOSED AMENDMENTS TO LAW ON COMMERCE AND COMPETITION LAW

On 1 June 2026, the Government issued Resolution No. 141/NQ-CP approving two policies to be included in the upcoming Law ("**Draft Law**") amending, *among others*, Law on Commerce 2005 and Competition Law 2018. The Draft Law has been published for public consultation.

Regarding the Law on Commerce 2005, the Draft Law abolishes state monopoly provisions for business activities such as industrial explosives, gold production, and railway infrastructure management, transferring governance to sector-specific laws while preserving state control where necessary.[1] It also repeals provisions overlapping with the Civil Code 2015 on contract form, rights and obligations under sale and service contracts, and commercial remedies.[2] This means parties will no longer need to navigate differences between the two regimes regarding contractual penalty caps, damages scope, late payment interest, and limitation periods.

Regarding the Competition Law 2018, the Draft Law expands liability for illegal competitive acts to cover organizers, solicitors, and facilitators of anti-competitive practices, not just direct perpetrators.[3] It introduces digital economy measures, including new market share methods and market power criteria for digital platforms based on user scale, data control, algorithmic coordination, and network effects.[4] The Draft Law also establishes a uniform 5-year statute of limitations for competition violations alongside increased fine caps: VND 2 billion or 5% of revenue for economic concentration violations, and VND 200 million for other violations.[5]

II. NEW REGULATIONS ON DIRECT POWER PURCHASE AND RENEWABLE ENERGY

On 26 June 2026, the Government issued Decree No. 243/2026/ND-CP ("**Decree 243**"), introducing amendments to both Decree No. 57/2025/ND-CP on the direct power purchase agreement ("**DPPA**") mechanism and Decree No. 58/2025/ND-CP on renewable and new energy development (specifically, rooftop solar self-production and self-consumption). Decree 243 took effect immediately on 26 June 2026 with certain notable changes as follows:

1 Article 1.2 of Draft Law amending Article 6.4 of Law on Commerce 2005.
2 Article 1.7 of Draft Law abolishing Articles 24, 25, 74, 76, 135.2, 137.2, 137.3, 257, 258, 259, and Chapters II.2, III.2, VI.2, and VII of Law on Commerce 2005.
3 Article 2.1 of Draft Law amending Article 8.2 of Competition Law 2018.
4 Article 2.8 of Draft Law amending Article 26.1 of Competition Law 2018.
5 Article 2.19 of Draft Law amending Articles 111.2 and 111.4 of Competition Law 2018.

A. DPPA Mechanism

With respect to the DPPA framework, Decree 243 expands the pool of eligible participants permitting licensed electricity retailers operating in industrial parks and industrial clusters to participate directly in DPPA transactions.[6] Decree 243 expressly recognizes data centers and electric vehicle charging stations as qualifying large electricity consumers under the national grid DPPA model.[7]

Decree 243 also provides commercial flexibility under the DPPA framework. Particularly, rooftop solar generators may sell up to 50% of surplus output to Electricity of Vietnam (EVN), a state-owned electric power company, via private lines at the previous year's average market price (subject to the applicable solar price bracket ceiling) which is determined by National Power System and Market Operator Company (NSMO). The sales price of surplus output to large consumers or cluster retailers over private lines is subject to freely negotiated terms.[8]

B. Rooftop Solar Self-production and Self-consumption

One of the notable changes under Decree 243 is the relaxation of restrictions on the sale of surplus electricity generated by self-production and self-consumption rooftop solar systems. Under the previous regime, project owners were generally permitted to sell only up to 20% of actual electricity output to the grid. Decree 243 increases this threshold to 50% of actual output.[9]

In addition, until 31 December 2030, self-consumption project owners may sell surplus electricity exceeding the 50% threshold where the grids of EVN and its units has sufficient capacity to absorb the electricity and safe system operation can be maintained.[10] Decree 243 also clarifies the pricing mechanism for surplus rooftop solar power. Surplus electricity sold to the grids of EVN and its units will generally be purchased at the average spot-market electricity price of the preceding year as also published by the NMSO.[11]

Importantly, Decree 243 contains transitional provisions designed to preserve legal certainty for existing projects. Contracts, registrations and approvals issued before 26 June 2026 remain valid and continue to be governed by their existing terms, although parties may choose to adopt the new framework where appropriate.[12]

III. NEW AMENDMENT TO REGULATIONS ON PERSONAL INCOME TAX

On 30 June 2026, the Government issued Decree No. 253/2026/ND-CP ("**Decree 253**") guiding the implementation of the 2025 Personal Income Tax (PIT) Law. Effective from 1 July

6 Article 1.3 of Decree 243 amending Article 3.6 of Decree No. 57/2025/ND-CP.
7 Article 1.2 of Decree 243 amending Article 2.2(b) of Decree No. 57/2025/ND-CP.
8 Article 1.6 of Decree 243 amending Articles 6.2 and 6.3 of Decree No. 57/2025/ND-CP.
9 Article 2.8 of Decree 243 amending Article 14.2(a) of Decree No. 58/2025/ND-CP.
10 Article 2.8 of Decree 243 amending Article 14.2(b) of Decree No. 58/2025/ND-CP.
11 Article 2.8 of Decree 243 amending Article 14.5 of Decree No. 58/2025/ND-CP.
12 Article 3 of Decree 243.

2026, Decree 253 expands tax exemptions, introduces deductible expense caps, and updates withholding and tax finalization requirements.

Decree 253 clarifies that transfers of a 100% interest in a private company or limited liability company associated with real estate may be treated as real estate transfers for tax purposes.[13] It broadens the scope of tax-exempt income to include cash meal allowances of up to VND 1.2 million per month and unused-leave payments.[14] In addition, qualified professionals in digital technology and high-tech sectors may benefit from a five-year PIT exemption on employment income.[15]

Decree 253 further clarifies cap on deductible medical expenses incurred at domestic healthcare facilities to up to VND 23 million per year, while also clarifies the cap on education or training expenses incurred at domestic institutions to up to VND 24 million per year, with direct PIT finalization with tax authorities.[16]

Under Decree 253, when employees transfer shares, they are liable for PIT on both employment income and securities transfer income. With respect to employment income, the securities company or custodian bank holding the individual's depository account must track the awarded shares and ESOP shares for each individual and withhold PIT when income is distributed. The applicable withholding rate is 10% of taxable income from such shares.[17]

IV. NEW AMENDMENT TO REGULATIONS ON TAX ADMINISTRATION FOR RELATED PARTY TRANSACTIONS

On 30 June 2026, the Government issued Decree No. 255/2026/ND-CP on tax administration for related party transaction ("**Decree 255**"), replacing the country's transfer pricing rules that were previously set out in Decree No. 132/2020/ND-CP as amended by Decree No. 20/2025/ND-CP. Decree 255 took effect on 1 July 2026 and applies from the 2026 corporate income tax year onwards.

One of the notable changes is that Decree 255 widens the definition of related parties. Under the previous rules, two parties were treated as related if at least 25% of an owner's contributed capital is transferred or acquired during the tax year, or if loans from a controlling individual (or that person's relatives) reach at least 10% of the owner's contributed capital. The revised rules, apart from keeping the same percentage mechanism, extend this threshold to not only cover loans but also the borrowings from a controlling individual (or that person's relatives). However, state-owned entities that only act as passive creditors or guarantors, without actually controlling the business, are not treated as related parties.[18]

At the same time, Decree 255 makes it easier for many companies to skip transfer pricing documentation, as the revenue threshold for this exemption was raised from VND 200 billion

13 Article 10.5 of Decree 253.
14 Articles 8.2(g) and 26.2 of Decree 253.
15 Article 42.1 of Decree 253.
16 Articles 49.2(a) and 49.2(b) of Decree 253.
17 Article 50.3(a) of Decree 253.
18 Articles 5.2(l) and 5.2(d.3) of Decree 255.

to VND 500 billion.[19]

For country-by-country reporting, Decree 255 replaces the VND 18 trillion (approximately EUR 598 million) threshold with EUR 750 million (based on the group's revenue from the prior year). The notification process has been simplified to a one-time filing, and companies have 12 months after the parent company's financial year-end to file.[20]

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For any inquiry or questions regarding the content of this newsletter, please contact us.

Related Professionals

Anh Dung Tran
Senior Foreign Attorney (Vietnam)
T 84-24-3232-1233
E anhdung.tran@bkl.co.kr

Kim Thanh Tran
Senior Foreign Attorney (Vietnam)
T 84-28-3821-2303
E kimthanh.tran@bkl.co.kr

Samuel Vu
Senior Foreign Attorney (Vietnam)
T 84-24-3232-1233
E samuel.vu@bkl.co.kr

19 Article 20.2(c) of Decree 255.
20 Article 19 of Decree 255.