



LAC DUY & ASSOCIATES

FEBRUARY 2025

# NEWSLETTER



**KEY HIGHLIGHTS OF  
CIRCULAR 01/2025/TT-  
BLĐTBXH ON  
ADJUSTMENT RATES FOR  
MONTHLY SALARIES AND  
INCOMES SUBJECT TO  
SOCIAL INSURANCE  
CONTRIBUTIONS**




**KEY CHANGES IN THE  
LAW ON VALUE ADDED  
TAX 2024**

PUBLISHED BY LAC DUY & ASSOCIATES

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Dear Clients,

**Lac Duy & Associates would like to send you the legal newsletter of February 2025 with some notable updates and articles as follows:**

- Key changes in the law on value added tax 2024
- Key highlights of Circular 01/2025/TT-BLĐTBXH on adjustment rates for monthly salaries and incomes subject to social insurance contributions
- Legal document 02/2025



## KEY CHANGES IN THE LAW ON VALUE ADDED TAX 2024



*The Law on Value Added Tax 2024, No. 48/2024/QH15 was passed by the 15th National Assembly of the Socialist Republic of Vietnam, 8th session on November 26, 2024 (" Law on VAT 2024 "). The Law on Value Added Tax 2024 consists of 4 Chapters, 18 Articles, effective from July 1, 2025. Compared to current regulations, the Law on Value Added Tax 2024 has a number of key changes analyzed in this article as follows:*

**Firstly**, the Law on VAT 2024 supplements regulations on taxpayers for e-commerce and digital platform business activities. Accordingly, Clauses 4 and 5, Article 4 of the Law on VAT 2024 supplements foreign suppliers without a permanent establishment in Vietnam that conduct e-commerce and digital platform business activities, organizations that are foreign digital platform managers that deduct and pay tax obligations on behalf of foreign suppliers; organizations that are e-commerce trading floor managers, platform managers that deduct and pay on behalf of individual households doing business on e-commerce and digital platforms. The expansion of the scope of application for e-commerce and digital platform business activities aims to meet the requirements of socio-economic development in the new period.

**Second**, the Law on VAT 2024 has made many adjustments to the tax rates of a number of goods and



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services. The 0% VAT rate will be applied to exported goods and services which are goods and services sold/supplied to organizations and individuals abroad and consumed outside Vietnam; goods and services sold/supplied directly to organizations in non-tariff zones and consumed in non-tariff zones directly serving export activities (Point a, Clause 1, Article 9 of the Law on VAT 2024). In addition, this Law has expanded a number of other exported goods and services specified in Point c, Clause 1, Article 9 of the Law on VAT 2024, including: international transportation; vehicle rental services used outside the territory of Vietnam; digital information content products provided to foreign parties and having documents proving that the service is consumed outside Vietnam will also be subject to 0% VAT.

At the same time, the newly promulgated Law has reduced the number of groups of goods and services subject to 5% VAT, such as film production; import, distribution and screening of films. Reclassification of fertilizer products, fishing boats and specialized machinery and equipment used in agricultural production from not subject to VAT to subject to 5% VAT. Securities custody services will be changed from not subject to VAT to subject to 10% VAT.

**Third**, Article 5 of the Law on VAT 2024, there are many changes in the subjects not subject to VAT. Accordingly, a number of subjects not subject to VAT are eliminated, such as fertilizers; specialized machinery and equipment for agricultural production; offshore fishing vessels. The annual revenue not subject to VAT for individual business households has been raised from VND 100 million to VND 200 million (effective from January 1, 2026). This is a practical change to reduce administrative burdens and support small business households to develop more smoothly. Abolish the regulation on determining the ratio of the total value of resources and minerals plus energy costs accounting for 51% or more of the product cost for exported products that are resources and minerals for the purpose of determining tax rates and VAT refunds and replace it with the list prescribed by the Government on export products processed from exploited resources and minerals and discouraging and restricting exports. Imported goods supporting and sponsoring natural disaster prevention, epidemics, and wars according to Government regulations are also not subject to VAT.

**Fourth**, amend and supplement the determination of taxable prices for imported goods. Currently, Article 7 of the Law on VAT 2008 stipulates that the taxable price for imported goods is the import price at the border gate plus import tax (if any), plus special consumption tax (if any) and plus environmental protection tax (if any). However, from July 1, 2025, the taxable price for imported goods will be applied according to the provisions of Point b, Clause 1, Article 7 of the Law on VAT



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2024, specifically the taxable price for imported goods is amended to be the import taxable value according to the provisions of the Law on Export Tax, import tax plus import tax plus taxes that are additional import taxes according to the provisions of the law (if any), plus special consumption tax (if any) and plus environmental protection tax (if any).



**Fifth**, the Law on VAT 2024 has removed the requirement for a minimum invoice value (VND 20 million) requiring a non-cash payment document. Instead, a non-cash payment document is a mandatory condition for input VAT deduction for all purchased goods and services, except for some special cases prescribed by the Government. For exported goods and services, it is necessary to supplement the contract signed with a foreign party on the sale, processing of goods, provision of services; invoice for the sale of goods, provision of services; non-cash payment document; customs declaration for exported goods; packing list, bill of lading, goods insurance document (if any) as one of the documents for input VAT deduction.

The provisions of Point d, Clause 1, Article 14 of the Law on VAT 2024 provide specific guidance on incorrect or incomplete declaration of input VAT. Accordingly, in case the error increases the tax payable or reduces the amount of tax to be refunded, the taxpayer must make a supplementary declaration in the month or quarter in which the error occurs, and at the same time pay the full amount of increased tax or recover the amount of tax that has been refunded. In addition, the taxpayer must also pay late payment fees (if any) to the state budget. In case the error reduces the tax payable or only affects the amount of VAT that can be deducted, the taxpayer must make a supplementary declaration in the month or quarter in which the error is discovered.

**Sixth**, Article 15 of the Law on VAT 2024 has many adjustments on tax refund cases. Business establishments that only produce goods and provide services subject to a VAT rate of 5% and have an input VAT amount of 300 million VND or more that has not been fully deducted after 12 consecutive months or 4 consecutive quarters will be eligible for a VAT refund. The additional regulations on tax refunds in this case are consistent with the actual situation and avoid difficulties in implementation. The VAT refund regulations related to ownership transfer, business conversion, merger, consolidation, division, and separation are officially abolished.

**KEY HIGHLIGHTS OF CIRCULAR 01/2025/TT-BLĐTĐBXH ON ADJUSTMENT RATES FOR MONTHLY SALARIES AND INCOMES SUBJECT TO SOCIAL INSURANCE CONTRIBUTIONS**



Circular No. 01/2025/TT-BLĐTĐBXH, issued by the Minister of Labor, War Invalids, and Social Affairs on January 10, 2025, stipulates the adjustment rates for monthly salaries and incomes subject to social insurance contributions. This circular will officially take effect on February 28, 2025 ("Circular 01/2025/TT-BLĐTĐBXH"). Below are some key highlights of Circular 01/2025/TT-BLĐTĐBXH.

***1. Adjustment Rate for Monthly Salaries Subject to Social Insurance Contributions***

The monthly salary on which employees participating in compulsory social insurance have contributed will be adjusted according to the following formula:

$$\text{Adjusted Monthly Salary for Social Insurance Contribution} = \frac{\text{Total Monthly Salary Subject to Social Insurance Contributions}}{\text{for Each Year}} \times \text{Adjustment Rate for the Corresponding Year}$$

The adjustment coefficient is determined based on previous years to preserve the real value of salaries over time. Specifically, the adjustment coefficient for each year has been detailed by the

Ministry of Labor, War Invalids, and Social Affairs, with fluctuations aligned with the Consumer Price Index (CPI) as follows:

Year	Before 1995	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Adjustment rate	5,63	4,78	4,51	4,37	4,06	3,89	3,95	3,97	3,82	3,70	3,43
Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Adjustment rate	3,17	2,95	2,72	2,21	2,07	1,90	1,60	1,47	1,37	1,32	1,31
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Adjustment rate	1,28	1,23	1,19	1,16	1,12	1,10	1,07	1,04	1,00	1,00	

## 2. Adjustment Rate for Monthly Incomes Subject to Voluntary Social Insurance Contributions

Similar to the salaries of those participating in compulsory social insurance, the monthly income on which voluntary social insurance contributions have been made will also be adjusted according to the corresponding adjustment coefficient.

$$\text{Adjust Monthly Income for Social Insurance Contributions} = \frac{\text{Total Monthly Income Subject to Social Insurance Contributions}}{\text{Adjustment Rate for the Corresponding year}} \times \text{Adjustment Rate for the Corresponding year}$$

For individuals participating in voluntary social insurance, the adjustment coefficient is established based on the principle of maintaining the real value of contributed income while ensuring fairness with those participating in compulsory social insurance, as follows:

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016
Adjustment rate	2,21	2,07	1,90	1,60	1,47	1,37	1,32	1,31	1,28
Year	2017	2018	2019	2020	2021	2022	2023	2024	2025
Adjustment rate	1,23	1,19	1,16	1,12	1,10	1,07	1,04	1,00	1,00

## 3. Applicable Subjects

*Circular 01/2025/TT-BLĐTBXH applies to multiple groups, including:*

*First, employees participating in compulsory social insurance, including: (i) Individuals under the state-regulated salary system (who have participated in social insurance since January 1, 2016), eligible for pensions, lump-sum allowances upon retirement, one-time social insurance benefits, or survivors receiving a lump-sum death benefit between January 1, 2025, and December 31, 2025 or (ii) Individuals under employer-determined salary systems, eligible for pensions, lump-sum allowances upon retirement, one-time social insurance benefits, or survivors receiving a lump-sum death benefit within the same period.*

*Second, individuals participating in voluntary social insurance, eligible for pensions, lump-sum allowances upon retirement, one-time social insurance benefits, or survivors receiving a lump-sum death benefit between January 1, 2025, and December 31, 2025.*

#### **4. Adjustment Principles**

*The adjustment of salaries and incomes subject to social insurance contributions follows specific principles. All social insurance contributions made before the year of benefit entitlement are adjusted to ensure continuity and fairness.*

*The principle of contribution-benefit serves as the guiding rule in the adjustment process, ensuring that employees and voluntary social insurance participants receive benefits proportionate to their contribution period and amount. Additionally, the adjustment reflects fluctuations in consumer prices and the country's economic growth.*

#### **5. Effective Date**

*Circular 01/2025/TT-BLĐTBXH takes effect on February 28, 2025. From this date onward, social insurance contributions for employees, voluntary social insurance participants, and other applicable individuals will be adjusted accordingly.*

*However, it is important to note that cases where social insurance benefits were settled before 2025 do not fall under the scope of this Circular. This is a crucial point for employees to understand their entitlements clearly.*



**NEW LEGAL DOCUMENTS IN FEBRUARY 2025**

NO.	EFFECTIVE DATE	NAME
<b>LABOUR</b>		
1.	February 25, 2025	Circular 02/2025/TT-BLDTBXH prescribing the statistical reporting regime in the Labor-War Invalids and Social Affairs sector issued by the Ministry of Labour-War Invalids and Social Affairs
<b>TAX - FEE - CHARGE</b>		
1.	February 06, 2025	Circular 86/2024/TT-BTC prescribing tax registration issued by the Ministry of Finance
2.	February 10, 2025	Decree 21/2025/NĐ-CP amending and supplementing Article 9 of Decree 26/2023/NĐ-CP on the Export Tariff Schedule, Preferential Import Tariff Schedule, List of Goods and Absolute Tax Rates, Mixed Taxes, and Import Taxes Beyond Tariff Quotas issued by the Government
<b>INSURANCE</b>		
1.	February 15, 2025	Decree 174/2024/ND-CP prescribing penalties for administrative violations of regulations on insurance business issued by the Government
2.	February 28, 2025	Circular 01/2025/TT-BLDTBXH prescribing indexation rate of monthly salary and income after payment of social insurance premiums issued by the Ministry of Labour-War Invalids and Social Affairs