

## FROM 1<sup>ST</sup> JULY 2025: PURCHASES UNDER VND 20 MILLION MUST USE CASHLESS PAYMENT TO QUALIFY FOR TAX DEDUCTION

**Law on value-added tax 2024, no. 48/2024/QH15,  
Approved on 26<sup>th</sup> November 2024  
Effective: 01<sup>st</sup> July 2025**

According to Point b, Clause 2, Article 14 of the 2024 Law on Value-Added Tax (No. 48/2024/QH15), one of the conditions for input VAT deduction is that ***“There is documentary evidence of cashless payment for goods and services purchased, except in special cases specified by the Government.”***

Previously, according to Clause 6, Article 1 of the Law amending and supplementing the 2013 Law on Value-Added Tax (which amended and supplemented Point b, Clause 2, Article 12 of the 2008 Law on Value-Added Tax), one of the three conditions for input VAT deduction was that: *b) Having proof of payment by bank transfer for the purchased goods or services, except goods or services valued at under twenty million Vietnam dong upon each time of purchase;*

### Applicable Entities

- Business establishments with annual revenue from the sale of goods or provision of services of VND 1 billion or more, excluding households and individual businesspersons;
- Business establishments that voluntarily apply the credit (deduction) method, excluding households and individual businesspersons;
- Foreign organizations and individuals supplying goods and services for the purpose of oil and gas exploration, field development, and extraction, which are subject to the credit method of VAT payment declared, deducted, and paid on their behalf by the Vietnamese party.

### Value-Added Tax deductible method from 01<sup>st</sup> July 2025

Article 11 of the 2024 Law on Value-Added Tax provides regulations on the VAT deductible method as follows:

- *VAT payable equals (=) output VAT minus (-) deductible input VAT;*
- *Output VAT is the amount of VAT on sold goods and services written on the VAT invoices.*
- *VAT on sold goods and services written on the VAT invoice equals (=) the taxable prices of the goods and services multiplied by (x) VAT rate on such goods and services.*
- *If the amount payable written on the invoice is inclusive of VAT, the output VAT shall equal (=) the amount payable minus (-) taxable price determined according to Point k Clause 1 Article 7 of this Law;*
- *Deductible input VAT equals (=) the total VAT written on the invoice for purchase of goods and services or document on payment of VAT on imports or VAT payment document in case of purchase of services specified in Clause 3 and Clause 4 Article 4 of this Law and must satisfy the requirements specified in Article 14 of this Law.*

## CONTACT US



vvic.vn



028 6652 6768



clientcare@vvic.vn



No. 06 – 07 Phan Ton Street, Da Kao Ward,  
District 1, Ho Chi Minh City