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# TAX NEWSLETTER

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➤ *Taxation*

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***Vietnam continues extending VAT reduction policies to support growth***

Vietnam has continued implementing value-added tax (VAT) reductions to stimulate domestic consumption and support businesses amid ongoing global uncertainties. According to AMRO, accommodative fiscal measures and public investment have helped sustain domestic demand and stabilize economic growth in 2026. The VAT extension is considered an important support mechanism for retail, services, and export manufacturing sectors as global logistics costs and energy prices remain elevated.

The policy is also expected to ease financial pressure on small and medium-sized enterprises (SMEs), which continue facing challenges related to weak external demand and rising operational expenses. Economists believe that maintaining supportive tax policies will help strengthen consumer confidence, encourage private sector recovery, and sustain Vietnam's economic momentum amid slower global growth and ongoing geopolitical volatility across major markets.

***Vietnam accelerates implementation of the Global Minimum Tax***

In May 2026, Vietnam's Ministry of Finance continued accelerating the implementation of the OECD-aligned Global Minimum Tax (GMT) framework. The policy applies to multinational enterprises with consolidated annual revenue exceeding EUR 750 million and aims to strengthen Vietnam's taxing rights while reducing risks of profit shifting and tax base erosion. At the same time, the Government is reviewing non-tax support measures, including infrastructure development, workforce training, and administrative incentives, to maintain competitiveness in attracting foreign investment. Experts believe the GMT implementation will improve transparency and align Vietnam's tax system more closely with international standards amid evolving global investment and taxation trends.

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*High-quality FDI trend continues to strengthen in Vietnam*

Vietnam's Q1 2026 FDI data indicates increasing inflows into high-tech manufacturing, energy, and value-added production projects. The Government is prioritizing selective FDI attraction in semiconductors, R&D, and supporting industries to enhance technology transfer and reduce reliance on low-cost labor advantages. However, experts note that investment inflows remain concentrated in several provinces and sectors, highlighting the need for broader infrastructure upgrades and workforce development nationwide.

In May 2026, Vietnam continued advancing its semiconductor industry strategy to strengthen its role within global technology supply chains. The Government aims to expand the ecosystem for chip design, semiconductor packaging, and testing while attracting major technology corporations such as AMD, NVIDIA, and Qualcomm. Ho Chi Minh City alone plans to attract at least four high-value semiconductor FDI projects in 2026. The trend reflects Vietnam's broader effort to transition from a low-cost manufacturing base into a regional high-tech production hub within ASEAN.

*FDI disbursement reaches five-year high despite global uncertainties*

Vietnam's realized FDI reached approximately US\$7.4 billion in the first four months of 2026, rising nearly 10% year-on-year and marking the highest level in five years. Manufacturing and processing industries accounted for more than 80% of total realized investment, highlighting continued foreign investor confidence in Vietnam's long-term economic outlook. Analysts believe that global supply chain diversification and "China+1" strategies continue to provide Vietnam with a significant competitive advantage within ASEAN.

➤ *Taxation*

- Temporary Fuel Tax Reduction Extended to Support Inflation Control
- Transfer Tax Rules Become Stricter

➤ *Foreign Direct Investment (FDI)*

- High-quality FDI trend continues to strengthen in Vietnam
- FDI disbursement reaches five-year high despite global uncertainties

➤ *Economic Outlook and Policy*

- **World Bank maintains positive outlook for Vietnam's economy**
- **Large-scale infrastructure policies expected to support long-term growth**

***World Bank maintains positive outlook for Vietnam's economy***

The World Bank stated that Vietnam's economy remains resilient in 2026 despite projected growth moderation to around 6.8%. Exports, private investment, and administrative reforms continue to serve as key growth drivers. Vietnam is currently regarded as one of ASEAN's fastest-growing economies, benefiting from global manufacturing relocation trends. However, the World Bank also warned that geopolitical tensions, oil price volatility, and weaker global demand could negatively affect short-term growth prospects.

***Large-scale infrastructure policies expected to support long-term growth***

According to S&P Global Ratings, Vietnam's aggressive infrastructure investment strategy could sustain strong economic growth over the coming years. The Government is implementing major transportation, logistics, and energy projects, including expressways, ports, airports, and power infrastructure, to support long-term development objectives and improve regional connectivity. These projects are expected to strengthen supply chains, attract additional foreign direct investment, and enhance Vietnam's competitiveness within ASEAN.

However, rising public expenditure may also increase pressure on fiscal deficits and public debt levels, particularly as global borrowing costs remain relatively high. International institutions recommend that Vietnam maintain a balanced approach between growth-oriented investment and macroeconomic stability while improving project efficiency, disbursement management, and transparency in public investment implementation..

➤ *Investment Environment*

- **Vietnam upgrades logistics infrastructure to strengthen investment competitiveness**
- **Administrative reform remains a key focus in improving Vietnam's investment environment**

➤ *Global Developments and Regional Impact*

- Global interest rate volatility continues affecting capital flows into Vietnam
- ASEAN economies intensify competition for high-tech investment

***Vietnam upgrades logistics infrastructure to strengthen investment competitiveness***

As multinational companies continue diversifying supply chains beyond China, Vietnam is emerging as a key manufacturing and export hub in ASEAN. Electronics, semiconductors, and renewable energy sectors are attracting substantial international investor interest. Advantages from free trade agreements, a young workforce, and strategic geographic positioning continue strengthening Vietnam's investment environment within the region.

In May 2026, Vietnam continued accelerating key infrastructure projects including the North–South Expressway, seaports, logistics hubs, and international airport expansions to improve supply chain connectivity. International institutions noted that infrastructure upgrades have become a critical factor enabling Vietnam to compete with Thailand, Indonesia, and Malaysia for FDI inflows. Vietnam's logistics costs remain higher than the regional average, making transportation and warehousing improvements essential for sustaining long-term investment attractiveness.

***Administrative reform remains a key focus in improving Vietnam's investment environment***

Vietnam's Government continues prioritizing administrative reform and digital public services to enhance transparency and reduce investment processing time. Ministries and agencies are accelerating the integration of enterprise, investment, and tax data through national digital platforms. Foreign investors regard improvements in licensing procedures, customs clearance, and investment registration as crucial factors supporting Vietnam's competitiveness within ASEAN, particularly amid intensifying regional competition for high-tech FDI projects.

➤ *Investment Environment*

- Vietnam Prioritizes High-Quality FDI Attraction
- Customs Procedures Continue to Be Simplified

➤ *Global Developments and Regional Impact*

- **Global interest rate volatility continues affecting capital flows into Vietnam**
- **ASEAN economies intensify competition for high-tech investment**

*Global interest rate volatility continues affecting capital flows into  
Vietnam*

Major central banks including the US Federal Reserve (FED) and the European Central Bank (ECB) maintained cautious monetary policies as global inflation remains only partially stabilized. Elevated international interest rates have increased exchange rate pressures and financing costs across emerging economies, including Vietnam. Nevertheless, supported by macroeconomic stability and relatively strong growth prospects, Vietnam continues attracting FDI and portfolio investment more effectively than several regional peers.

*ASEAN economies intensify competition for high-tech investment*

In May 2026, multinational corporations continued accelerating supply chain diversification strategies to reduce dependence on a single manufacturing market. Vietnam remains one of the key beneficiaries due to its strategic ASEAN location, extensive free trade agreement network, and stable political environment. Electronics, semiconductors, technology equipment, and renewable energy sectors have experienced growing investment interest. However, regional competition is intensifying as several ASEAN economies simultaneously introduce new investment incentives to attract global capital inflows

Intensifying regional competition is pushing Vietnam to accelerate infrastructure development, workforce training, and energy supply stability. As multinational corporations continue restructuring global supply chains, analysts believe that domestic competitiveness will become the decisive factor determining each ASEAN country's ability to attract long-term high-tech FDI.