

# Transfer pricing in Vietnam



Annual compliance



Risk management



Policy planning



Dispute resolutions

## Annual compliance requirements

### TP Forms (Appendices)



- ✓ **Appendix I** – Information on related parties and related party transactions  
*(Reduced declaration for TP documentation exemption cases)*
- ✓ **Appendix II** – Local File checklist
- ✓ **Appendix III** – Master File checklist  
*Appendices I, II and III shall be filed together with the annual corporate income tax (“CIT”) return.*
- ✓ **Appendix IV** – Country-by-country (“CbC”) Report *(only Vietnamese ultimate parents)*  
*Appendix IV shall be filed within 12 months from the end of the applicable tax year.*

### TP Documentation package



- ✓ **Master File** – Report of the Group
- ✓ **Local File** – Report of local taxpayer  
*Master File and Local File shall be prepared before the annual CIT finalization return deadline and submitted upon written request (in Vietnamese).*
- ✓ **CbC Report** – Copy of the Group’s CbC Report *(only taxpayers with foreign ultimate parent)*  
*Local filing of CbC Report may be required upon written request*

### TP Documentation exemption cases



- ✓ Revenue less than VND 50 billion and total value of related party transactions less than VND 30 billion; **OR**
- ✓ Concluded an Advance Pricing Agreement (“APA”); **OR**
- ✓ Annual revenue less than VND 200 billion and achieving operating margins from routine functions, no intangibles: 5% (distribution), 10% (manufacturing), 15% (processing); **OR**
- ✓ Only domestic related party transactions, all related parties subject to the same CIT rate and none enjoys CIT incentives.

## TP administration & enforcement

### Commonly seen TP audit cases



- ✓ Low profitability and/or consecutive losses.
- ✓ Significant related party transactions/ intra-group service and/or intangible-related charges.
- ✓ Inappropriate allocation of risks and accordingly profits for CIT purposes.

### TP assessment and penalties



#### Transfer pricing assessment

- ✓ Non-compliance (e.g., failure to submit mandatory disclosures and/or TP documentation upon request, etc.) may be subject to deemed prices or profits for CIT purposes.

#### Penalties and late payment interest

- ✓ 20% penalty on CIT shortfall, plus late payment interest (0.03%/day).
- ✓ Other minor administrative penalties may also be applied.

#### Statute of limitations

- ✓ Generally, 10 years for tax collection and 5 years for imposing penalties.

### TP dispute resolutions



- ✓ Domestic remedies (i.e., appeal, litigation).
- ✓ Mutual agreement procedures (“MAP”) under tax treaties.
- ✓ Unilateral, bilateral or multilateral APA.

## How KPMG can support

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Transfer pricing compliance support

2

Transfer pricing controversy and dispute resolutions

3

Transfer pricing consulting and advisory

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