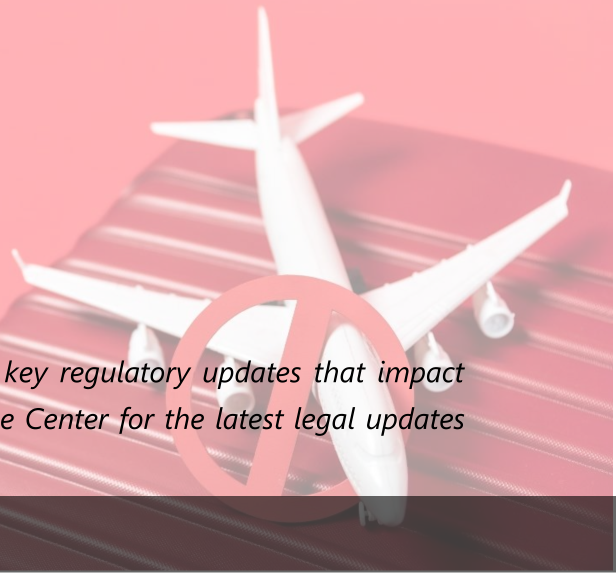
LNT & PARTNERS

LEGAL ALERT



Our monthly publication is dedicated to provide a roundup of key regulatory updates that impact investment and business activities in Vietnam. Visit our Resource Center for the latest legal updates and firm news.

Temporary exit suspension measures in tax administration under Decree No. 252/2026/ND-CP

Nguyen Xuan Thuy – *Partner*

Nguyen Thi Anh Hong – *Senior Associate*

Nguyen Thi Bao Ngoc – *Trainee Associate*

Nguyen Minh Quan – *Trainee Associate*

1. Decree No. 252/2026/ND-CP completes the cases where temporary exit suspension measures apply

Decree No. 252/2026/ND-CP ("**Decree 252**") introduces several refinements to the conditions for applying temporary exit suspension measures, thereby expanding the scope of application and enhancing the clarity of the provisions governing the cases in which such measures may be imposed on taxpayers, as previously set out under Decree No. 49/2025/ND-CP ("**Decree 49**").

For business individuals and household business owners, a temporary exit suspension measure may be imposed where the taxpayer is subject to the enforcement of an administrative decision on tax administration, has an outstanding tax debt of VND 50 million or more, and such tax debt has remained overdue for 120 days or more. Compared with the previous regulations, the overdue period has been revised from “more than 120 days” to “120 days or more”. This amendment broadens the scope of application of the temporary exit suspension measure, meaning that taxpayers whose tax debts have been overdue for exactly 120 days may now also be subject to the measure, whereas previously it applied only to tax debts overdue for more than 120 days.

For enterprises, Decree 252 further extends the application of temporary exit suspension measures to the beneficial owners of enterprises in accordance with the Law on Enterprises. Accordingly, where an enterprise, cooperative or union of cooperatives is subject to the enforcement of an administrative decision on tax administration, has an outstanding tax debt of VND 500 million or more, and such tax debt has remained overdue for 120 days or more, not only the legal representative but also the beneficial owner of the enterprise may be subject to a temporary exit suspension measure. Compared with the previous regulations, Decree 252 not only revises the overdue period from “more than 120 days” to “120 days or more”, but also expands the scope of application to include beneficial owners. This amendment indicates that the tax authority intends to extend its oversight to individuals who exercise actual ownership or control over an enterprise, thereby reducing the risk of ownership structures being used to evade tax obligations and enhancing the effectiveness of tax debt enforcement measures.

For taxpayers no longer operating at their registered address, Decree 252 changes the timing for applying the temporary exit suspension measure from "30 days from the date on which the tax authority issues a notice of its intention to apply the measure" to "120 days from the date on which the tax authority issues a notice confirming that the taxpayer is no longer operating at its registered address", while also extending the measure to beneficial owners. This amendment reflects a shift in the tax authority's focus from addressing delayed tax payments to requiring taxpayers to regularize the legal status of their tax identification numbers, while at the same time extending responsibility to individuals who exercise actual control over an enterprise.

For individuals with outstanding tax liabilities prior to departure, Decree 252 clarifies the scope of application for each category of taxpayers, including foreign nationals and Vietnamese citizens emigrating abroad or overseas Vietnamese, before their departure from Vietnam.

2. Refining the procedure for applying temporary exit suspension measures

In addition to refining the circumstances in which temporary exit suspension measures apply, Decree 252 also substantially revises the implementation procedure, making it clearer for taxpayers.

Accordingly, for cases involving the enforcement of administrative decisions on tax administration, including: (i) business individuals and household business owners with outstanding tax debts of VND 50 million or more that have remained overdue for 120 days or more; and (ii) beneficial owners under the Law on Enterprises, legal representatives of enterprises, cooperatives or unions of cooperatives where such entities have outstanding tax debts of VND 500 million or more that have remained overdue for 120 days or more, the tax authority must issue a notice at least 30 days in advance of the intended application of the temporary exit suspension measure through the tax administration information system, while simultaneously publishing such notice on its official website. If the taxpayer fails to fulfil its tax obligations within the period specified in the notice, the tax authority will send a notice on the application of the temporary exit suspension measure to the immigration authority for implementation in accordance with the law.

For taxpayers no longer operating at their registered address, the above procedure will only commence if the taxpayer fails to complete the procedures for reactivating or terminating the validity of its tax identification number within 120 days from the date on which the tax authority issues the relevant notice. Accordingly, instead of initiating the temporary exit suspension procedure immediately after issuing a notice that the taxpayer is no longer operating at its registered address as under the previous regulations, the tax authority may only apply the measure after it has sufficient grounds to determine that the taxpayer is no longer operating at its registered address and the taxpayer still fails to complete the procedures for reactivating or terminating the validity of its tax identification number after the 120-day period. Compared with the previous regulations, this revised procedure helps prevent the immediate application of temporary exit suspension measures, thereby providing taxpayers with additional time to rectify the non-compliance and reducing the risk of unnecessary restrictions on their right to exit Vietnam where they remain willing to comply with their tax obligations.

For foreign nationals, Decree 252 requires the tax authority to immediately send the notice on the application of the temporary exit suspension measure to the immigration authority and the taxpayer, while simultaneously publishing such notice on the official website of the tax authority. Meanwhile, for Vietnamese citizens departing to reside permanently abroad and overseas Vietnamese before departing from Vietnam, the measure may only be applied where the tax authority has sufficient grounds to determine that the individual falls within the relevant category and still has outstanding tax obligations. This amendment clarifies the point in time at which the tax authority may apply the temporary exit suspension measure, ensuring that the measure is imposed only where there are sufficient grounds to establish that the taxpayer is subject to the relevant exit circumstances, thereby preventing the measure from being applied solely on the basis of outstanding tax debts without evidence of the taxpayer's intended departure from Vietnam.

3. Refining the mechanism for extension and removal of temporary exit suspension measures

One notable development under Decree 252 is the refinement of the mechanism for the extension and removal of temporary exit suspension measures. For the first time, Decree 252 introduces provisions governing the extension of temporary exit suspension measures applicable to foreign nationals. Accordingly, no later than 30 days before the expiry of the temporary exit suspension period, where the taxpayer has yet to fulfil its tax obligations, the tax authority must send a notice of extension to the immigration authority, the taxpayer's electronic tax transaction account, and simultaneously publish such notice on the official website of the tax authority. This new provision addresses the previous legal gap by ensuring that the temporary exit suspension measure may be maintained where the taxpayer has not yet fulfilled its tax obligations, while also providing taxpayers with prior notice of the extension so that they may make appropriate travel arrangements and fulfil their tax obligations.

With respect to the removal of temporary exit suspension measures, Decree 252 no longer limits removal to cases where the taxpayer has fully discharged its tax obligations. Instead, for certain cases involving the enforcement of administrative decisions on tax administration, the temporary exit suspension measure will be removed once the outstanding tax debt falls below the applicable threshold of VND 50 million or VND 500 million, or where the tax debt is written off in accordance with law. This amendment introduces a more flexible mechanism by allowing taxpayers to have the measure lifted without having to fully settle their tax liabilities, provided that the outstanding tax debt falls below the applicable threshold or qualifies for write-off under the law. This approach encourages taxpayers to proactively make partial payment of their tax liabilities in order to have the measure lifted at an earlier stage, while ensuring that the application of the temporary exit suspension measure remains proportionate to the level of risk posed by the outstanding tax debt.

For taxpayers no longer operating at their registered address, the temporary exit suspension measure will be removed where the taxpayer has completed the procedures for reactivating its tax identification number, fulfilled its tax filing and payment obligations such that the outstanding tax debt falls below the applicable threshold, or terminated the validity of its tax identification number. This amendment encourages taxpayers not only to fulfil their tax payment obligations but also to proactively regularize the legal status of their tax identification numbers by reactivating or terminating their validity, as appropriate to the actual status and business needs of the enterprise. Accordingly, the temporary exit suspension measure is no longer intended solely to facilitate the recovery of outstanding tax debts, but also to restore taxpayers to full compliance with their tax administration obligations. This also enhances the effectiveness of tax administration by preventing further tax obligations from accruing to business entities that have already ceased operations but have not yet completed the legal procedures for termination.

Notably, Decree 252 also introduces a mechanism allowing taxpayers to proactively submit proof of tax payment where the data recorded in the tax administration information system has not yet been updated. This practical enhancement facilitates greater interaction and information exchange between taxpayers and the tax authority, thereby reducing the risk that taxpayers who have already fulfilled their tax obligations may continue to face exit restrictions due to delays in data synchronization between relevant systems.

In addition, the processing time of the immigration authority has been shortened from “within 24 hours” under Decree 49 to “immediately upon receipt of the notice from the tax authority” under Decree 252. This amendment helps better safeguard taxpayers' rights by ensuring the prompt lifting of temporary exit suspension measures once the statutory conditions for removal have been satisfied.

4. Promoting the digitalization of the coordination process between the tax authority and the immigration authority

One of the key highlights of Decree 252 is its shift towards an electronic administration mechanism. Accordingly, information exchange between the tax authority and the immigration authority is carried out through real-time data transmission between the tax administration information system and the information system of the immigration authority, replacing the conventional electronic data exchange mechanism under the previous regulations. This amendment helps shorten processing time and ensures that information on the application, extension, or removal of temporary exit suspension measures is updated and synchronized promptly between the competent authorities, thereby enhancing the efficiency of tax administration and minimizing risks arising from delays in data exchange.

In addition, Decree 252 standardizes the notification mechanism in cases where electronic connectivity is not yet available by requiring notices to be sent by post between the tax authority, the immigration authority, and the taxpayer. These amendments not only strengthen coordination between the competent authorities but also contribute to shortening processing time and reducing delays in the application, extension, and removal of temporary exit suspension measures.

5. Access to information and competent authorities for implementing temporary exit suspension measures

With respect to access to information, Decree 252 allows taxpayers to obtain information on the application of temporary exit suspension measures through their electronic tax transaction accounts or via the official website of the tax authority at: https://www.gdt.gov.vn/wps/portal/Home/nt/xc. Compared with Decree 49, the official website of the tax authority is no longer merely a channel for publishing information where notices cannot be delivered through electronic tax transaction accounts, but has become an official channel through which taxpayers may access such information. This amendment enhances taxpayers' access to information, reduces their reliance on the tax authority's notification methods, and enables taxpayers to proactively monitor their tax obligations as well as the application of temporary exit suspension measures.

With respect to competent authorities, Decree 252 retains the same allocation of authority as under Decree 49. Accordingly, the tax authority remains responsible for determining whether the statutory conditions are satisfied and for issuing, extending, and removing notices on temporary exit suspension measures, while the immigration authority continues to implement or lift such measures based on the notices issued by the tax authority.

Conclusion

Overall, Decree 252 not only revises the conditions for applying temporary exit suspension measures but also refines the overall regulatory framework with three key objectives: (i) expanding and clarifying the legal grounds for applying the measure to different categories of taxpayers; (ii) standardizing the procedures in a more transparent manner while providing taxpayers with greater opportunities to remedy non-compliance before being subject to restrictions on their right to leave Vietnam; and (iii) promoting digitalization through the tax administration information system and a real-time data exchange mechanism with the immigration authority. In addition, the introduction of a mechanism allowing taxpayers to provide proof of tax payment where payment data has not yet been updated, together with more flexible grounds for removing temporary exit suspension measures, reflects an effort to strike a balance between enhancing the effectiveness of tax debt collection and safeguarding the lawful rights and interests of taxpayers.

Nevertheless, one issue that may warrant further refinement is the duration of temporary exit suspension measures. Although Decree 252 provides more detailed rules on the application, extension, and removal of such measures, the current framework still does not prescribe a uniform duration applicable to all cases, as the duration depends on the relevant legal basis and the category of taxpayer concerned. This may make it difficult for taxpayers to anticipate when their right to leave Vietnam will be restored if they have not yet satisfied the conditions for the removal of the temporary exit suspension measure.

In light of the increasing use of temporary exit suspension measures as a tax administration tool to control the exit rights of individuals with outstanding tax obligations or individuals associated with business entities having outstanding tax obligations, both individuals and organizations engaging in business activities should stay informed of and comply with the new regulations to avoid adverse impacts on their business operations in general and on the travel and immigration of relevant individuals in particular. Specifically, organizations and individuals conducting business activities should review and determine the following matters in order to formulate appropriate compliance plans: (1) whether a foreign national, a Vietnamese citizen emigrating abroad, or an overseas Vietnamese has any overdue tax debts in Vietnam; (2) whether the individual is currently serving as the legal representative of an enterprise; (3) whether the individual qualifies as the beneficial owner of an enterprise through direct or indirect ownership (via another organization) of 25% or more of the charter capital or 25% or more of the total voting shares, or otherwise exercises control over the enterprise, including the power to appoint, dismiss or remove the majority or all members of the Board of Directors, the Chairperson of the Board of Directors, the Chairperson of the Members' Council, the legal representative, the Director or General Director; amend or supplement the enterprise charter; change the corporate governance structure; or reorganize or dissolve the enterprise; and (4) whether any enterprise with which the individual is associated under items (2) and (3) has outstanding tax obligations (overdue tax debts or outstanding obligations relating to the legal status of its tax identification number).

In addition to reviewing their own tax compliance status, individuals and organizations should also regularly monitor notices of the intended application of temporary exit suspension measures through their electronic tax transaction accounts and the official website of the tax authority. Proactively monitoring tax compliance status and notices relating to temporary exit suspension measures enables individuals to take timely remedial actions, prepare appropriate contingency measures, and mitigate the risk of being denied permission to leave Vietnam due to outstanding tax obligations. From an investor's perspective, when establishing or investing in an enterprise, or when acting as or appointing an individual to serve as the owner representative, manager or operator of an enterprise, it is advisable to clearly identify the status of the beneficial owner and the legal representative to ensure compliance with the tax obligations of enterprises without any adverse effect to the departure from Vietnam of relevant individuals.

Disclaimer*: This Legal Alert is intended to provide updates on the Laws for information purposes only, and should not be used or interpreted as our advice for business purposes. LNT & Partners shall not be liable for any use or application of the information for any business purpose. For further clarification or advice from the Legal Alert, please consult our lawyer:* ***Mr. Nguyen Xuan Thuy*** *at Thuy.Nguyen@LNTpartners.com.*

CONTACT US

For more information about any of these legal briefs, please contact our Partners:

Mr. Hong Bui

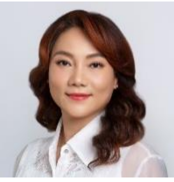
Corporate/M&A, Foreign Investment, Compliance & ABAC, Employment, Litigation & ADR

Hong.Bui@LNTpartners.com

Mr. Binh Tran

Corporate Governance, Employment, Foreign Investment, Litigation & ADR, Real Estate, Corporate/M&A, Tax

Binh.Tran@LNTpartners.com



Ms. Quyen Hoang

Corporate/M&A, Compliance & ABAC, Employment, Insolvency & Restructuring

Quyen.Hoang@LNTpartners.com

Dr. Net Le

Banking & Finance, Real Estate, Litigation & ADR, Corporate/M&A, Tax

Net.Le@LNTpartners.com

Dr. Tuan Nguyen

Antitrust/Competition, Corporate/M&A, Employment, Compliance & ABAC, Foreign Investment

Tuan.Nguyen@LNTpartners.com

Mr. Thuy Nguyen

Corporate/M&A, Foreign Investment, Employment, Tax

Thuy.Nguyen@LNTpartners.com

Dr. Minh Vu

Tax, Foreign Investment, Banking & Finance, Corporate Governance, Corporate/M&A, Projects

Minh.Vu@LNTpartners.com

Mr. Phu Nguyen

Litigation & ADR

Phu.Nguyen@LNTpartners.com

Ms. Nhi Luong

Litigation & ADR, Employment

VanNhi.Luong@LNTpartners.com

Ms. Diep Nguyen

Litigation & ADR, Banking & Finance, Employment, Tax, Intellectual Property, Compliance & ABAC

Diep.Nguyen@LNTpartners.com

Mr. Hai Ngo

Banking & Finance, Corporate Governance, Litigation & ADR, Real Estate

Hai.Ngo@LNTpartners.com

Ms. Thinh Vu

Foreign Investment, M&A, Compliance & ABAC, Litigation & ADR, Infrastructure, Energy & Natural Resources

ThiThinh.Vu@LNTpartners.com

For further information, please contact us:

Ho Chi Minh City (HQ)

Level 12A, Saigon Marina IFC,
No.2 Ton Duc Thang St., Saigon Ward

+84 28 3821 2357

Hanoi

Level 12, Pacific Place Building
83B Ly Thuong Kiet St., Cua Nam Ward

+84 24 3824 8522

About us

LNT & PARTNERS ("LNT") is a full-service independent Vietnam law firm, which focuses on advisory and transactional work in the areas of corporate and M&A, competition, pharmaceutical, real estate, infrastructure and finance as well as complex and high-profile litigation and arbitration matters. The firm is among Vietnam's most prominent, representing a wide range of multinational and domestic clients, including Fortune Global 500 companies as well as well-known Vietnamese listed companies.

For more information about any of these legal briefs, please contact the individual authors or your usual LNT contact.