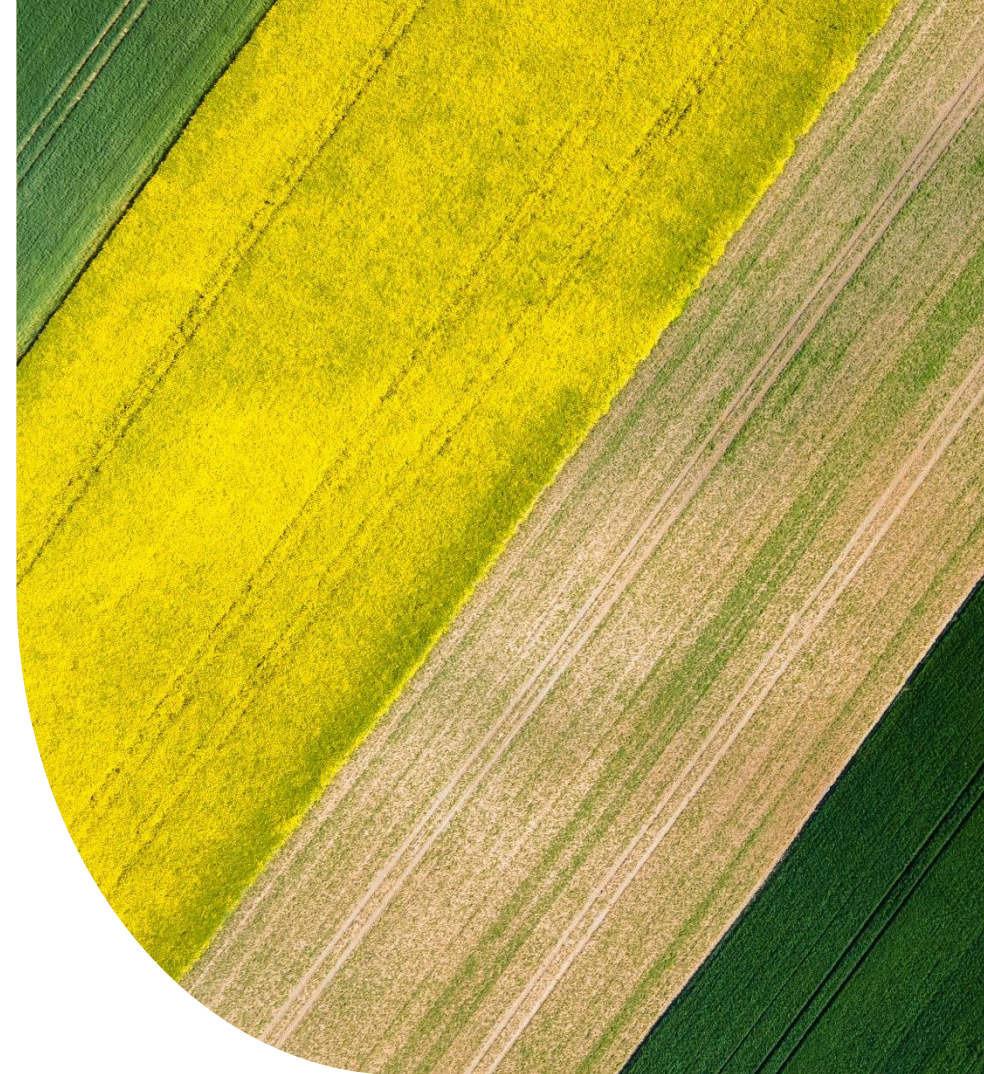


Vietnam participated in Multilateral Competent Authority Agreement on the Exchange of Country-by-country Profitability reports

Vietnam has agreed to sign the Multilateral Competent Authority Agreement (MCAA) regarding the exchange of Country-by-country Profitability reports (CbCR). The updated Signatories of the MCAA on the Exchange of CbCRs as of 10 February 2025 has indicated the agreement from Vietnam on 3 January 2025.

Understandings of terms:

- ❖ **MCAA** is the mechanism featured by the Organization for Economic Co-operation and Development (OECD). MCAA is aimed at granting authorization of access between tax authorities of signing jurisdictions to exchange tax information.
- ❖ **CbCR** is a form of reporting for multinational enterprises (MNEs). CbCR is initiated by the OECD under Action 13 of Base Erosion and Profit Shifting. CbCR depicts general information on MNE's participating tax jurisdictions, subsidiaries and relevant financial and tax information.
CbCR may be used for transfer pricing risk assessment and is currently a compliant requirement under the prevailing Vietnamese Transfer pricing regulations as well as recent Global Minimum Tax assessment.



Outlook from our Grant Thornton Vietnam:

MCAA regarding the exchange of CbCR has involved 107 jurisdictions as of 10 February 2025, including Vietnam's top investors such as Singapore, Korea, Japan, China and EU. Outlook of participation in MCAA is expected as follows:



Vietnam tax authorities may enjoy accessing CbCR information from MNE's headquartered jurisdiction and enhancing tax assessments and administration.



Foreign Investment Entity taxpayers may reduce CbCR maintenance and submission during the validity of MCAA.



Foreseeable challenges on establishing exchanging platform (depending on bilateral agreement between Vietnam and counter jurisdiction) and associated safeguards of confidentiality.

Contact us

Grant Thornton (Vietnam) Limited will continue updating the upcoming process of MCAA and prospective application of MCAA. In the meantime, taxpayers are recommended to pay attention to the prevailing requirements of CbCR in Vietnam and maintain proper filings of CbCR if so required.

Should you need further clarification on the above matters, please do not hesitate to contact us for discussion.

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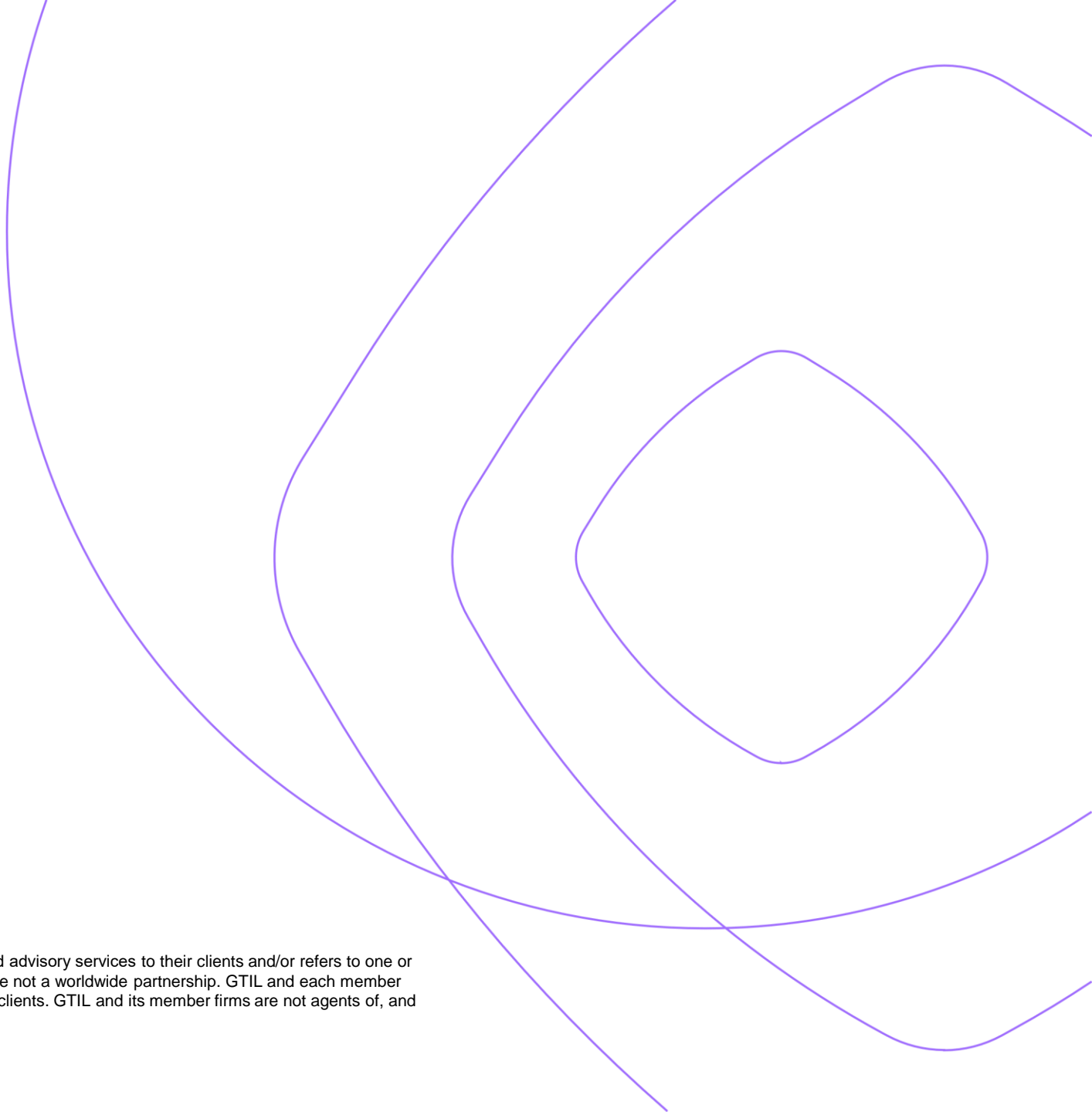
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