

TAX NEWS: UPDATE ON PERSONAL INCOME TAX POLICY FOR MID-SHIFT MEAL ALLOWANCE

Dear Valued Clients,

We would like to inform you of an important change in the Personal Income Tax (PIT) policy regarding mid-shift meal allowances, effective from June 15, 2025.

Timely understanding of these new regulations is crucial for businesses to ensure compliance with the law and to consider appropriate welfare policies for employees.





1. Legal Basis

1

Circular 003/2025/TT-BNV: Effective from June 15, 2025, officially abolishing Circular 26/2016/TT-BLĐTBXH, which previously set a cap of VND 730,000/person/month for mid-shift meal expenses at State-owned enterprises.

2


Decree 44/2025/ND-CP: Stipulates that mid-shift meals are based on agreements between employers and employees, and must be clearly recorded in the Collective Labor Agreement or the company's internal regulations.

3

Circular 111/2013/TT-BTC: PIT exemption applies when companies provide meals (cooked in-house, purchased, or via meal vouchers). For cash payments, the allowance is not taxable if consistent with internal policies and does not exceed the former cap applied to State-owned enterprises.



2. Key Change



From June 15, 2025, the cap of VND 730,000/person/month for mid-shift meal allowances has been officially removed. This change provides businesses with greater flexibility in designing welfare policies while safeguarding employees' benefits in line with internal regulations.

3. PIT Taxable Income Determination

- If the company organizes meals (cooked or purchased), the allowance is not subject to PIT.
- If paid in cash, the allowance is not subject to PIT as long as it complies with the company's labor contract, collective agreement, or internal regulations. Any excess amount beyond internal regulations will be subject to PIT.



4. Recommendations for Businesses

Maintaining and improving meal quality is vital in retaining employees and enhancing motivation, thereby contributing to productivity and operational efficiency. Companies should review labor contracts and internal regulations to update mid-shift meal allowances in line with the new policy.

Clearly stipulating conditions and entitlements in internal documents ensures a solid legal foundation for proper payment and tax declaration.



Conclusion

The removal of the cap on cash allowances for mid-shift meals is a positive step, giving businesses more autonomy in welfare planning. However, strict compliance with current regulations remains essential to ensure legality and minimize tax risks.

*Respectfully,
Tax Consulting Team.*

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