



Tax law on digital assets - International experience and recommendations for improving Vietnamese law

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Abstract

In today's world, the rapid development of core technologies such as Blockchain, Artificial Intelligence (AI), Big Data, the Internet of Things (IoT), and Cloud computing has led to the emergence of a new form of assets known as digital assets. Most digital assets have become an important part of the global digital economy. They generate significant economic benefits and fundamentally change the way people trade, invest, and accumulate properties. As a result, income and revenue from digital asset transactions have been increasing steadily, creating an inevitable need for tax law to ensure fairness, transparency in managing public revenue. Particularly, in Vietnam, the National Assembly passed the Digital Technology Industry Law 2025, which officially recognizes digital assets as a type of asset under the Civil Code. This legal recognition makes it necessary to develop an appropriate tax policy framework to regulate and support the growth of the digital asset market. However, Vietnam currently lacks a comprehensive tax framework specifically designed for digital assets, which creates significant difficulties in managing and monitoring transactions related to these assets. Therefore, this article examines international experiences in taxing digital assets in Singapore. Based on this comparative analysis, the article aims to propose recommendations for improving Vietnam's tax law for digital assets in the current context.

Keywords: Digital assets, tax law, international experiences

Introduction

In the context of global digital transformation, digital assets have emerged as a new category of property with increasing economic value and far-reaching impacts on financial markets. Although there is no universally accepted definition, digital assets may be understood as intangible assets represented in digital data form, capable of embodying economic value or certain rights, and created, stored, transferred, and authenticated through digital technologies, particularly distributed ledger technology or similar technological infrastructures. In light of their rapid development, high volatility, and inherently cross-border nature, many countries have progressively formulated tax policies to ensure fairness, prevent revenue loss, and strengthen regulatory oversight in the digital environment. Accordingly, taxation of digital assets serves not only as a revenue-generating instrument but also as a mechanism for market regulation, guiding investment behavior and contributing to the establishment of a legal framework conducive to the sustainable development of the digital economy.

This study analyzes Singapore's experience in designing tax law for digital assets, as a leading Asian jurisdiction with a dynamic FinTech ecosystem and a relatively comprehensive legal framework that balances innovation and financial risk management. On that basis, this study will compare such experience with the current situation of tax law in Vietnam, and propose recommendations aimed at improving Vietnam's tax law on digital assets, ensuring administrative feasibility, alignment with international practices, and responsiveness to the contemporary demands of digital economic development.

1. Overview of Tax Law on Digital Assets

Tax law on digital assets may be understood as the body of legal norms governing the relations arising in the course of

the State's exercise of its taxing power over the ownership, transfer, exploitation, and use of digital assets. This system of rules encompasses the determination of taxable objects, taxable persons, tax bases and calculation methods, applicable taxes, as well as mechanisms for declaration, administration, inspection, enforcement, sanctions for violations, and international cooperation in the context of cross-border transactions.

In terms of its core content, tax law on digital assets is structured around three principal pillars: (i) The determination of tax liabilities based on the economic substance of income or transactions derived from digital assets; (ii) The establishment of tax administration mechanisms appropriate to the digitalized nature, relative anonymity, and high volatility of the market; and (iii) The assurance of inter-agency coordination and international cooperation to control risks of tax evasion and base erosion. With respect to its role, tax law on digital assets not only provides the legal foundation for the proper and sufficient collection of state budget revenues, but also functions as a regulatory instrument to ensure fairness in tax obligations among taxpayers, guide the sound development of the digital asset market, and enhance transparency within the digital economy. Accordingly, the refinement of tax law on digital assets constitutes an inevitable requirement to adapt to ongoing digital transformation and international economic integration.

2. Tax Law on Digital Assets in Singapore

In Singapore, there is no general concept of "digital assets"; instead, regulation is based on the purpose and function of each type of token (hereinafter collectively referred to as digital assets). From a tax perspective, the Income Tax Act 1947 and the guidance issued by the Inland Revenue Authority of Singapore (IRAS) establish the legal foundation for tax rules applicable to digital tokens, which

include three main categories: payment tokens, utility tokens, and security tokens.

Firstly, payment tokens are a type of digital right used as a means of payment for goods and services, and they are not legal tender and are not issued by the government^[1].

Secondly, utility tokens grant the holder a specific right or the ability to benefit from goods or services in exchange for the token^[2].

Thirdly, security tokens give the token holder a fractional ownership or rights to an underlying asset and usually comes with a specified or implied degree of control or economic entitlement^[3]. Security tokens is a digital token that represents a stake or an investment in an underlying asset^[4].

e.g. shares in company, bonds, etc.

Singapore's tax legal system regulates digital assets through three main types of taxes: Personal income tax; Corporate income tax; and Goods and Services tax (GST).

Firstly, with regard to Personal income tax, under the Income Tax Act 1947, both resident and non-resident individuals may be subject to tax if they derive income of a taxable nature from digital assets^[5]. Profits derived from the transfer of payment tokens, if commercial in nature, are regarded as taxable income^[6]. In addition, where tokens are received as a form of employment remuneration, consideration for the provision of services, professional mining activities, or conditional airdrops, the value of the tokens at the time the entitlement arises is regarded as taxable income^[7]. Conversely, if an individual holds tokens for long-term investment purposes or if the gains are capital in nature, they are not subject to tax, as Singapore does not impose capital gains tax^[8]. Personal income tax is imposed on a progressive rate scale, with a maximum rate of 24% from the Year of Assessment 2024^[9].

Secondly, with regard to Corporate income tax, Singapore distinguishes between digital asset income of a revenue nature and income of a capital nature. If tokens are held for business purposes, profits from their disposal are subject to tax. Conversely, if they are capital in nature, the gains are generally not taxable^[10]. Regarding initial coin offerings (ICOs), the tax treatment depends on the type of token and the nature of the proceeds^[11]. For instance, payment tokens may be regarded as trading stock; utility tokens are generally treated as revenue from the provision of future services and are taxed only when the relevant obligations are fulfilled; whereas security tokens, being capital in nature, are not taxed at the time of issuance^[12]. Currently, Singapore applies a corporate income tax rate of 17%^[13].

Thirdly, with regard to Goods and Services tax (GST), from 1st January of 2020, Singapore exempts the use or supply of payment tokens as a means of payment in order to avoid double taxation similar to that applied to currency^[14]. However, intermediary, brokerage, or other services relating to tokens remain subject to GST at the standard rate of 9% (from 2024)^[15].

In Singapore, the taxation of digital assets is administered under a clearly delineated institutional framework between the Monetary Authority of Singapore (MAS) and IRAS. MAS is responsible for supervising digital token service providers pursuant to the Payment Services Act 2019 and the Financial Services and Markets Act 2022, thereby establishing a transparent regulatory foundation for the market^[16]. Meanwhile, IRAS serves as the authority directly responsible for tax administration, applying income tax and

GST based on the economic substance of the transaction and the classification of tokens according to their functional characteristics.

Regarding enforcement mechanisms, Singapore implements a fully digital tax administration system through the myTax Portal, which allows individuals to file and pay taxes using Singpass and businesses to do so via CorpPass^[17]. Filing obligations are uniformly imposed across personal income tax, corporate income tax, and GST. In particular, businesses with taxable turnover exceeding SGD 1 million per year are required to register for GST and submit periodic returns, even in periods where no taxable transactions arise^[18].

Overall, Singapore adopts a flexible approach grounded in the economic substance of transactions in its taxation of digital assets. By taxing only income that is commercial in nature or actually realized, it has fostered a transparent, stable, and innovation-friendly legal environment, thereby promoting the development of the digital asset market in the country.

3. The current situation of Tax Law on Digital Assets in Vietnam

The promulgation of the Digital Technology Industry Law 2025 marked a significant milestone in the refinement of Vietnam's legal framework on digital assets. Accordingly, digital assets are defined as assets existing in the form of digital data, created, authenticated, and transferred through digital technology^[19]. On that legal basis, Digital assets include: (i) Virtual assets; (ii) Crypto assets; and (iii) Other digital assets^[20]. However, the current legal approach remains highly general and does not clearly distinguish among different types of digital assets. Notably, Resolution No. 05/2025/NQ-CP on the pilot implementation of the crypto-asset market in Vietnam primarily focuses on crypto assets and applies a regulatory mechanism similar to that for securities; nevertheless, the technical nature and operational mechanisms of digital assets possess distinct characteristics^[21]. This both establishes a legal foundation for tax regulation and underscores the need for further refinement to ensure coherence and consistency, specifically as follows: With respect to Personal income tax, the Personal Income Tax Law 2025 represents a significant step forward by recognizing income derived from the transfer of digital assets. The introduction of a specific tax rate of 0.1% on the transfer value of digital assets demonstrates acknowledgment of the independent existence of this asset class within the national tax system^[22]. At the same time, the mechanism for converting non-cash income into Vietnamese dong for the purpose of determining tax liabilities has established a legal basis for taxing income paid in tokens or other digital assets^[23]. However, practical implementation continues to pose numerous challenges, particularly in determining income sourced in Vietnam in respect of non-resident individuals, as well as in addressing specific forms of income generation from mining, staking, or airdrops, which have not yet been expressly regulated.

With respect to Corporate income tax, the current legal framework continues to apply the principle of worldwide taxation to enterprises established in Vietnam and taxation on Vietnam-sourced income for foreign enterprises. On that basis, income derived from digital assets may be regulated under existing categories of taxable income, such as income from production and business activities; transfer of assets;

capital transfers; or intellectual property rights. However, the most significant limitation lies in the fact that digital assets have not been clearly classified as goods, services, or financial assets, resulting in difficulties in determining the legal nature of the income as well as the appropriate methods of accounting and valuation. In addition, digital asset transactions are inherently cross-border, decentralized, and independent of physical presence, which creates challenges in identifying the source of income and allocating taxing rights among jurisdictions.

With respect to Value-Added Tax (VAT), although the VAT Law 2024 has expanded the scope of taxpayers to include foreign suppliers and digital platforms^[24], the application of VAT to digital assets still reveals significant gaps. Under the general principle, VAT applies to goods or services used for production, business activities, and consumption in Vietnam. Meanwhile, digital assets have not yet been clearly classified as either goods or services, resulting in inconsistencies in determining whether transactions involving the transfer of digital assets fall within the scope of VAT. Furthermore, there are no specific provisions governing the applicable tax rates or the corresponding mechanisms for input tax credit and tax refunds.

From a tax administration perspective, the Tax Administration Law 2025 has introduced additional provisions concerning the management of digital assets. These include the integration of tax identification numbers with personal identification numbers, the requirement for digital asset service providers to furnish information to tax authorities, and the expansion of the authorities' power to impose tax assessments in cases where taxpayers fail to comply with their declaration obligations^[25]. However, the effectiveness of practical enforcement largely depends on the ability to access data from foreign trading platforms, the technological capacity of the tax authorities, and the level of international cooperation in tax information exchange.

In conclusion, it may be observed that Vietnam's tax law has taken initial steps toward establishing a regulatory framework for digital assets; nevertheless, the current system remains in a transitional phase. Limitations relating to legal classification, valuation mechanisms, the determination of income sources, and the treatment of cross-border transactions underscore the need for further refinement of the legal framework in a more specialized, transparent, and coherent manner, aligned with the distinctive characteristics of digital assets in the context of a rapidly evolving digital economy.

4. Recommendations for Improving the Tax Law on Digital Assets in Vietnam

Firstly, regarding Personal income tax, the law should clarify the basis for determining tax liability on income derived from digital assets, especially in cross-border and decentralized transactions. It is necessary to supplement criteria for identifying "income arising in Vietnam" to determine the obligations of non-resident individuals. Specific guidance should also be issued to classify income from digital assets within existing taxable categories such as business income, investment income, capital transfers, prizes, gifts, inheritances, or royalties. In addition, a flexible mechanism distinguishing between retail and professional investors, with exemption thresholds or incentives for long-term holdings, would help ensure fairness and promote stable market development.

Secondly, regarding Corporate income tax, Vietnam should follow the principle of tax neutrality, determining tax liability based on the legal status of the enterprise and the profit-generating nature of its activities rather than creating a separate tax regime for digital assets. The law should incorporate the concept of "significant economic presence" to assess the tax obligations of foreign enterprises. It should also clarify the scope of taxable income from activities such as mining, staking, intermediary services, and asset transfers; determine the timing of income recognition based on control or disposal rights; and apply market-based valuation principles to ensure transparency and enforceability.

Thirdly, regarding VAT, once digital assets are recognized as property and potentially classified as movable property under civil law, they may be treated as goods for VAT purposes. In the initial stage, Vietnam could apply a VAT rate similar to that applicable to securities transactions to maintain neutrality. At the same time, clear rules should exclude transactions that do not generate actual added value, such as transfers between wallets or platforms, in order to preserve the nature of VAT and support sustainable market growth.

5. Recommendations for Enhancing the Effectiveness of the Enforcement of Tax Law on Digital Assets in Vietnam

Firstly, Vietnam should clearly designate the lead authority for tax administration. The experience of the IRAS demonstrates that tax obligations relating to digital assets are centrally administered by the national tax authority, while the financial regulator, such as the MAS, performs functions of classification and market supervision. This model ensures a clear distinction between tax administration and financial regulation. On that basis, Vietnam may assign the central tax authority under the Ministry of Finance as the focal agency for administering taxes on digital assets, while establishing coordination mechanisms with the State Bank of Vietnam and other specialized authorities to ensure consistency and effectiveness.

Secondly, Vietnam should improve the mechanisms for tax declaration and information disclosure as Singapore applies a self-assessment regime under which taxpayers are responsible for fully declaring income derived from digital tokens in accordance with detailed guidance issued by IRAS. Its tax administration system is also highly digitalized, facilitating filing and transaction data control. Drawing from this experience, Vietnam should develop specific declaration forms for digital assets, strengthen the application of information technology in tax administration, and impose reporting obligations on exchanges and intermediary institutions in order to enhance transparency and effective monitoring of tax liabilities.

Thirdly, Vietnam should strengthen data-driven supervision and information-reporting obligations by combining the self-assessment mechanism with a data-based tax administration model, including the use of blockchain analytics tools to support transaction tracing and verification. At the same time, mandatory information disclosure obligations should be imposed on digital asset exchanges and intermediary service providers, thereby enhancing transparency and improving control over tax compliance in the context of cross-border and decentralized digital transactions.

Conclusion

In conclusion, the rapid development of digital assets has posed significant challenges to traditional tax systems, particularly as legal frameworks and regulatory mechanisms remain in the process of refinement. Singapore's experience demonstrates that an effective tax regime for digital assets does not necessarily require a separate tax system; rather, it depends on an approach grounded in the economic substance of transactions, clear institutional allocation, and a digitalized tax administration mechanism.

For Vietnam, despite notable progress, especially the formal recognition of digital assets as a type of property-gaps remain in the current tax framework, including clear legal classification criteria, valuation mechanisms, rules on sourcing income, and the management of cross-border transactions. Therefore, further reform should aim to ensure transparency, neutrality, administrative feasibility, and compatibility with the digital economy. Selective adoption of international experience, tailored to domestic conditions, will help safeguard state budget revenues while establishing a stable legal environment conducive to the sustainable development of Vietnam's digital asset market.

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