

Global Tax Update

Vietnam

Deloitte Tohmatsu Tax Co.

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Decree No. 119/2018/ND-CP, dated 12 September of the Government, provides regulations on Electronic invoice when selling goods and providing services

1. Key Points

(1) Principles of using electronic invoice (“e-invoice”)

When selling goods or providing services, the sellers must issue e-invoices with or without the code granted by the Tax authorities regardless of the value of each time selling goods or providing services.

(2) Cases of using e-invoice without the code granted by the Tax authorities

- Businesses in the field of: electricity; petroleum; telecommunication; air freight, trucking, railway, sea freight, waterway; clean water; credit financing; insurance; medical; e-commerce business ; supermarket business; commerce;
- Enterprises, economic organizations that communicate with the Tax authorities via electronic means, have qualified information technology infrastructure, qualified accounting software system, qualified e-invoice software that ensure the transmission of e-invoice data to the Buyers and to the Tax authorities (except for cases of high risk enterprises and cases of registering to use e-invoice with code granted by the Tax authorities)

(3) Cases of using e-invoice with the code granted by the Tax authorities

- Enterprises, economic organizations, organizations classified as high tax risk;
- Enterprises, economic organizations voluntarily register to use e-invoice with code granted by the Tax authorities;
- Business households and individuals that meet certain conditions regarding accounting books,

number of employees, and revenue in the preceding year;

■ Some special cases, including:

- Business households and individuals who provide goods and services directly to end users selected by the Tax authorities as pilot cases, to use e-invoice with code granted by the Tax authorities by issuing from their cash registers that are directly connected to Tax authorities' system;
- For business households and individuals that do not meet the conditions of using e-invoice with the code granted by the Tax authorities but need to have invoices for delivery to customers, the Tax authorities shall provide e-invoice upon each transaction. Business households and individuals must pay tax before receiving the e-invoice from the Tax authorities.

(4) Register for the use of e-invoice

Enterprises, economic organizations, other organizations, business households and individuals shall have to access the Electronic Portal of the General Department of Taxation to register for the use of E-invoice.

(5) Other notable guidance

- When examining goods in-transit, authorities would not request the carrier to provide paper-based invoice but check e-invoice information as publicized on the web portal of the General Department of Taxation;
- E-invoice printed on paper for filing purpose shall be used only to record transaction in accordance with regulations on accounting, but shall not be valid for performing transactions and payment, except for cases of invoice issued from cash

registers that connect directly with the Tax authorities' system.

(6) Effective date

- The Decree takes effect from 01 November 2018.
- Conversion period: from 01 November 2018 to 30 September 2020. During this period, Decree No. 51/2010/ND-CP dated 14 May 2010 and Decree No. 04/2014/ND-CP dated 17 January 2014 are still valid.

(7) Transition treatment

- Businesses having announced the issuance of e-invoice without the code granted by the Tax authorities, or having registered for the application of the e-invoice with the code granted by the Tax authorities before the effective date of this Decree shall be permitted to continue using those invoices from the effective date of this Decree;
- Businesses having announced the issuance of invoices that are printed on order, self-printed or purchased from the Tax authorities before the effective date of this Decree, shall be allowed to continue using those invoices by the end of 31 October 2020 as stipulated in Decree No. 51/2010/ND-CP and Decree No. 04/2014/ND-CP.

2. IMPACT ON BUSINESSES AND NOTEABLE ISSUES

- The issuance of new Decree reflects the determination by the Vietnamese Government in strongly reforming tax administration and increasing the management over the informal economy in Industrial 4.0.
- New regulations on the use of e-invoice when selling goods or providing services shall continue to reduce tax administrative procedures and tax compliance costs. However, the new regulations also raise challenges for enterprises that operate in large scale, have complicated business transactions or familiar with the use of traditional invoices, especially during the initial stage when adapting to the new regulations. Therefore, enterprises need to carefully study these new changes in order to make appropriate adjustments and increase efficiency.

Accordingly, Deloitte Vietnam will keep you updated of any further formal guidance from the authorities in this area.

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