

ALERT ON CIRCULAR 78 ON E-INVOICING

Circular No. 78/2021/TT-BTC
guiding the implementation of
Decree No. 123/2020/ND-CP
on e-invoicing

18 October 2021

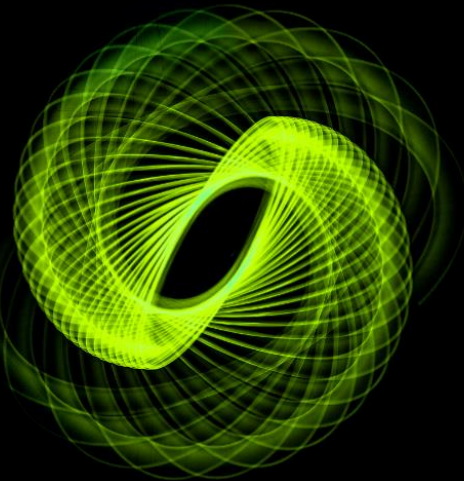
Highlights of Circular 78 on E-invoicing

On 17 September 2021, the Ministry of Finance released Circular No. 78/2021/TT-BTC guiding the implementation of Decree No. 123/2020/ND-CP dated 19 October 2020 of the Government on e-invoicing ("Circular 78").

We note that contents of Circular 78 are similar to the latest Draft Circular which we mentioned in the previous Tax alert.

In this Alert, we would like to summarize some notable contents in Circular 78, which are expected to have significant impacts on tax compliance for your reference:

1. **E-invoicing will be compulsorily applied from 01 July 2022**, except certain business households and individuals which are allowed to extend this timeline up to next 12 months.
2. **Types of e-invoice** – There will be six (06) types of e-invoice:
 - i. Value-Added Tax e-invoice;
 - ii. Sales e-invoice;
 - iii. Sales of public property e-invoice;
 - iv. National reserve sales e-invoice;
 - v. Electronic stamps, electronic tickets, electronic cards, electronic receipts, electronic documents with other names but with the content of e-invoices; and
 - vi. Electronic warehouse delivery cum transportation notes, electronic delivery note sent to agents.
3. **Application of e-invoicing without verification code** - Enterprises using e-invoicing without verification code are required to report e-invoicing issued to their customer to the tax authorities in the same day of issuance.
4. **Application of e-invoicing with verification code** - Enterprises who are classified as high tax risk businesses would be notified by the tax authorities for using e-invoicing with verification code. In other words, such enterprises are required to register e-invoicing with verification code or switch from using e-invoicing without verification code to e-invoicing with verification code.



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Highlights of Circular 78 on E-invoicing (cont.)

5. **Additional scope of applying e-invoicing with verification code** – Enterprises, who are using cash registers and doing businesses in shopping malls, supermarkets, food, hotel, drugs outlets, entertainment, outlet stores should implement e-invoicing with verification code issued from their cash register in each business location (e.g. stores, outlet, etc.) in accordance with the standard verification as stipulated by the tax authorities.

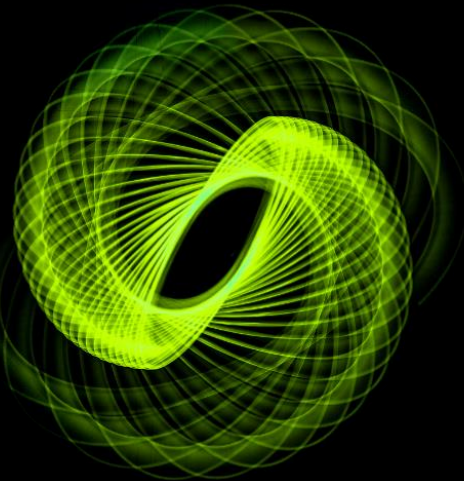
The cash register is required to be connected with the tax authorities' system for real time data transfer. Specifically, the cash register would be a synchronous electronic device or a system of electronic devices integrated with a sales software providing functions of billing, recording sales transactions, printing invoices, looking up transactions, reporting transactions and connected with the tax authorities' system for transferring data with the standard format via electronic method.

6. **Authorizing the issuance of e-invoicing** – A seller can authorize another party to issue e-invoices with or without verification code to its customers provided that the party is (i) an affiliate of the seller, (ii) applying e-invoicing, and (iii) not fall in the case of being prohibited from using of e-invoices.

The authorized e-invoicing is required to contain the name, address and tax identification number of both the authorizing party the authorized party. The authorization is required to be made in written documentation between the two parties and notified to the managing tax authority.

7. **Time of issuing invoices for banking services** – The date of e-invoicing for provision of banking services is in accordance with the designated periodic time as specified in the banking service contract but no later than the last day of the month of service occurrence.

If banking services are provided in large quantities and take time to reconcile data among the bank and relevant third parties (e.g. payment institutions, international card organizations, other institutions), the time of e-invoicing is the time when the data reconciliation among the parties is completed, but no later than the 10th day of the following the month of service occurrence.



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