



LEGAL UPDATE

DECREE 119 PROVIDING GUIDANCE ON E-INVOICING

Decree No. 119/2018/ND-CP (**Decree 119**) came into effect on 1 November 2018 and provides for instructions which compel enterprises in Vietnam to move to using e-invoices. By 31 October 2020 companies are required to use the e-invoice and cannot use paper VAT invoices anymore.

An e-invoice can be printed and stored as paper invoice for recording and monitoring as per the Law on Accounting, but a printed version is not valid for executing transactions or payments.

The use of e-invoice is expected to save time and costs but will also reduce the administrative burden and help in account reconciliation.

Hereafter we will set out the most interesting points.

1. Type of e-invoice

Before a company can use an e-invoice permission from the tax authorities needs to be obtained. The e-invoice has a standardised format. There are two types of e-invoice: those *with* verification codes and those *without*. The e-invoices *with* verification codes can be used for tax declaration purposes.

1.1. E-invoice without verification code

E-invoices *without* verification codes can be issued by companies active in the following sectors: petroleum, telecommunications, e-commerce, electricity, medical, supermarket, trading, transportation, financial services and insurance. In addition to this, enterprises that have the relevant technological infrastructure, and accounting and e-invoice software or directly interact with the tax authorities can also use e-invoices without verification code.

1.2. E-invoice with verification code

Companies that are active in the agriculture, forestry, fishery, industry, and construction sector and who employ more than 10 labourers and have an annual revenue of VND3 billion need to use e-invoice with verification code.

The same applies to enterprises in the trade and services sector, with an annual revenue of VND10 billion.

2. Transition Period

For the period 1 November 2018 until 31 October 2020 the following applies:

- companies that are registered to print their invoices, or that have pre-printed invoices can keep using these until 31 October 2020;
- companies that were using e-invoices with or without verification before 1 November 2018, can continue to use them; and
- companies established after 1 November 2018 will be required to use e-invoices.

In addition, some exceptions apply to public organisations and schools, but eventually these also will have to use e-invoices.

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