

New Circular on e-Invoicing

Circular 68/2019/TT-BTC
guiding the implementation of
Decree 119/2018/ND-CP on
e-invoicing has been released.
Circular 68 will take effect from
14 November.

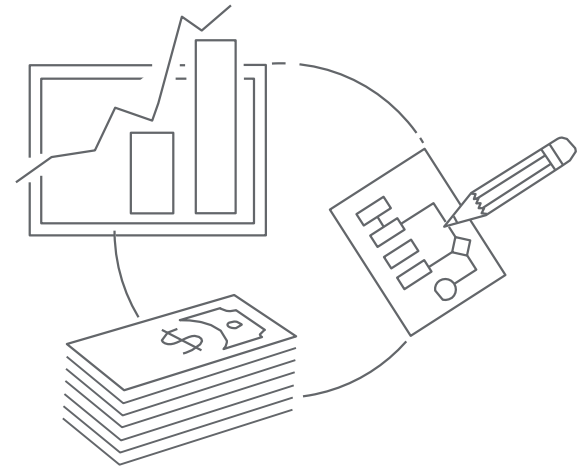


Tax spotlight - 11/2019

Following up with Decree No. 119/2018/NĐ-CP (“Decree 119”) guiding Electronic Invoice (“e-Invoice”), Ministry of Finance issued Circular No. 68/2019/TT-BTC (“Circular 68”) guiding Decree 119, Circular 68 will take effect from 14 November 2019. In the past period, there was a concern previously regarding the mismatch between the deadline for using e-Invoice under Decree 119 (i.e. 01 November 2020) and Law on Tax Administration (i.e. 01 July 2022). This is clarified – consistent with Decree 119, Circular 68 stipulated that e-Invoice is compulsory effective from 01 November 2020.

During the transition period up to 31 October 2020, the current invoicing regulations still apply (paper invoice and e-Invoice) and enterprise can continue invoicing thereunder until receipt of a notification from Tax Authority requesting them to follow Decree 119 and this Circular. Thus, enterprises should still be able to use paper invoices until 31 October 2020 if no such notice from Tax Authority is received.

Although Circular 68 does not provide more specific guidance for Decree 119 as expected, especially on the handling for the issued e-Invoice and issuing e-Invoice in case of goods/services applying trade discounts, we would like to summarize some remarkable and make a comparison between such new regulations and prevailing regulations. Enterprises who are receiving input e-Invoice and applying e-Invoice under the prevailing regulations (including Circular No. 32/2011/TT-BTC and Circular No. 39/2014/TT-BTC) should note the difference between these regulations as follows.





Circular No. 32/2011/TT-BTC

Decree No. 119/2018/ND-CP & Circular No. 68/2019/TT-BTC

Contents of e-Invoice (form, symbol and serial number)

- Form of e-Invoice: having 11 characters. Example: 01GTKT2/001, meaning the copy 1 of 2-copy invoices
 - Symbol of e-Invoice: having 6 characters. Example: AA/11E. In which: AA – meaning symbol of invoices; 11 – meaning the year of issuing e-Invoice; E – meaning symbol of e-Invoice
According to Circular 32, symbol, code and serial number shall be separately performed on e-Invoice
 - E-Invoice's serial number: the number in a sequence of natural numerals in the invoice symbol, consisting of 07 digits. Example: 0000008
- Form of e-Invoice is a natural numeral from 1 to 4 corresponding to type of e-Invoice:
 - Number 1 – VAT invoice
 - Number 2 – Sales invoice
 - Number 3 – ex-warehousing-cum-internal transportation slip
 - Number 4 – Other invoices such as electronic stamp, electronic ticket...
 - Symbol of e-Invoice includes 06 characters according to the predetermined structure prescribed by Tax Authority, in which 02 last characters determined by the sellers for administration purposes, using "YY" if they have no administration purposes
 - Example for form and symbol of e-Invoice: 1C21TAA means a VAT invoice with verification code of Tax Authority issuing in 2021 and registering by organizations, business households and individuals
 - According to Circular 68, symbol and form of e-Invoice shall be described in the same row. Besides, 02 last characters of symbol on e-Invoice will bring more advantage for the enterprises who need the administration by invoice
 - E-Invoice's serial number: consists maximum of 8 digits, begins with number 1 on 1st January or the beginning date of using e-Invoice and finishes on 31st December. Therefore, invoice serial number shall be begin again each new fiscal year.
Example: 00000008



Circular No. 32/2011/TT-BTC

Decree No. 119/2018/ND-CP & Circular No. 68/2019/TT-BTC

Electronic signature of the buyer

Circular guides that the signature of the buyer must have on e-Invoice. However, in practice, it is rare to find the signature of the buyer e-Invoice.

According to Circular 68, electronic signature of the buyer is non-compulsory to have on e-Invoice, unless having agreement between the buyer and the seller

In addition, Circular 68 also guides the cases which are not necessary to have full contents on e-Invoice as follows:

- Sale e-Invoice issued at supermarket or shopping mall are not necessary to have full information of the buyer including name, address, tax code
- E-Invoice issued to non-business individuals for selling gas or oil are not necessary to have full contents on e-Invoice relating to the buyer and electronic signature, VAT rate of the seller
- Stamp, ticket or card are not necessary to have the seller's digital or electronic signature, VAT amount, VAT rate...

Issuing date of e-Invoice

Not mentioned

According to prevailing regulations, timing of e-Invoicing are the time of transfer of the ownership or rights to use goods/ services

Timing of e-Invoicing are also guided as current regulations. There are new guidance on the timing of e-Invoicing such as: buying air transport services via websites, selling of crude oil, condensate, natural gas, processed petroleum.

Principle for determining the timing of e-Invoicing: The issuance date of e-Invoice is determined by the time **when the seller sign electronic/ digital signature** under the format of "date...month...year..."

Format of e-Invoice

Not mentioned

Currently, enterprises are using many different formats of e-Invoice (including xml, pdf, inv...)

eXtensible Markup Language (XML) is indicated as the official format of e-Invoice. This format consists of two components: data for the e-Invoice and data for the electronic signature. For e-Invoice with verification code, data for the verification code must be included in the format as well.



Circular No. 32/2011/TT-BTC

Organizations subject to high tax risks

According to the prevailing regulations, the enterprises subject to apply e-Invoice with verification code of Tax Authority are enterprises who register to apply the pilot model of Tax Authority voluntarily.

Export activities

Not mentioned

From 14 August 2014, enterprises use the commercial invoice for export activities. However, commercial invoice is not one of type of e-Invoice.

Issuing e-Invoice in case of goods/services applying trade discounts

According to Appendix 4, Circular 39/2014/TT-BTC, making e-Invoice for trade discounts shall be applies under the followings:

- Trade discounts on each purchase
- Trade discounts based on the quantity of goods, sales of goods/ services
- Trade discounts amount shall be calculated and issued e-Invoice when finishing the programs (period)

Decree No. 119/2018/ND-CP & Circular No. 68/2019/TT-BTC

According to Decree 119, “enterprises who are subject to high tax risks”, shall be required to use e-Invoice with verification code of Tax Authority within 12 months

Circular 68 guides the enterprises subject to high tax risks are enterprise who have owner’s equity of less than VND 15 billion and have one of following factors:

- i. Having revenue from selling goods or providing services to related parties;
- ii. Not conducting tax declaration as prescribed;
- iii. Changing business location more than 2 times within 12 months without any notification or tax declaration at the new location;
- iv. Enterprises who have been penalized for breaches of the regulations of invoice in the last year.

After 12 months, the “enterprises who are subject to high tax risk”, will be re-assessed for possible approval to use e-Invoice without verification code of Tax Authority.

According to Circular 68, enterprises having export activities (including processing goods for export) are required to use VAT e-Invoice or sale e-Invoice for export goods/ services when completed export activities.

Currently, Circular 68 do not have specific regulations on issuing e-Invoice in case of goods/services applying trade discounts.



Circular No. 32/2011/TT-BTC

Data transmission of e-Invoice without verification code to Tax Authority

According to Circular 32, there is no requirement of transmitting e-Invoice data without verification code to Tax Authority.

Decree No. 119/2018/ND-CP & Circular No. 68/2019/TT-BTC

Enterprises using e-Invoice without verification code, must transmit data of e-Invoice to Tax Authority according to the following form:

- Direct transmission: General Department of Taxation will choose enterprises using e-Invoice with large quantities and having IT systems qualified the standard format of data to directly transmit e-Invoice data to Tax Authority
- Transmission via providers of e-Invoice services: Other enterprises and business organizations are not subject to direct transmission

Methods of data transmission:

- Sending list to summarize data of e-Invoice (according to form as prescribed) at the deadline for submitting VAT declaration dossiers. Such method shall be applied for industries such as post and telecommunications, electricity, water, cases which are not necessary to have sufficient information of the buyer on e-Invoice...as required
- Sending full content of e-Invoice. Such method shall be applied for cases selling goods, providing services not subject to the above cases. After issuing e-Invoice with full content as prescribed, the seller shall send e-Invoice to the buyer **as well as to Tax Authority at the same time**



Circular No. 32/2011/TT-BTC

Decree No. 119/2018/ND-CP & Circular No. 68/2019/TT-BTC

Handling the issued e-Invoice

Cancelling as same as paper invoice, as follows:

1. When detecting errors on e-Invoice which is not yet delivered to the buyer or has not been declared for tax:
 - Voiding the error e-Invoice according to agreement term of the seller and the buyer
 - The voided e-Invoice shall be stored for retrieve when necessary
 - The new e-Invoice must contain the phrase "this invoice replaces invoice number... form code... sent on date..."
2. When detecting errors on e-Invoice after goods/ services are delivered to the buyer or after the buyer / seller declared tax for e-Invoice:
 - The seller and the buyer must make a record of errors and digitally sign there on;
 - The seller shall make an adjusted e-Invoice
 - The seller and buyer shall make the adjustment declaration under current laws on tax administration base on adjusted e-Invoice
 - Adjusted e-Invoice must not contain negative (-) figures

1. In case e-Invoice that has been sent to the buyer but is detected errors about name, address of the buyer: the seller shall inform the buyer on the errors and send a notice to Tax Authority by using Form No.04 (*) about the errors and do not issue the new invoice.
2. In case tax code, amount, tax rate, tax amount and name of goods on the invoice are incorrect: the seller shall send a notice to Tax Authority and issue the new invoice to replace erroneous e-Invoice (do not have regulations about adjusted- invoice).

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