

S&S's Special Newsletter in Sep.2018 on NEW Regulation on e-INVOICE (Decree 119) & SMARTBOOK Software Support



Dear Our Readers,

S&S would like to send you special news in Sep 2018 on e-INVOICE regulation finally approved.

We trusted that you will be satisfied with this newsletter and we would welcome any feedback and comment via our email:

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Enjoy your reading! And we would be happy to meet up with you to discuss how best we can assist your company in this regards.

CONFIRMED DECREE ON E-INVOICE (Decree 119/2018/ND-CP)

As it's firstly supposed on several years ago and there's some pending draft on 2017, Vietnam Government Finally confirmed and issued the regulation of E-INVOICE as Decree 119/2018/ND-CP (**as of September 12nd, 2018 / and will be effective from Nov, 2018**). In accordance with this Decree, e-invoicing is compulsory for a large number of tax payers and is proposed to take effect after 45 days from the signing date and a transition period is 24 months from the effective date.

*** Main Contents of e-INVOICE Decree are as follows:**

- E-invoices without verification code of the tax authorities are acceptable for enterprises in certain industries, such as: electricity, petroleum, telecommunication, transportation financial services, insurance, e-commerce, supermarket, trading and other enterprises, economic organisations which:
 - ✓ Transacted or will transact with the tax authorities electronically; and;
 - ✓ Maintain technology infrastructure, accounting software, e-invoice software as regulated.
- **Enterprises, economic organisations other than the above or high risk enterprises** must use e-invoices with verification code of the tax authorities.
- Before using e-invoices (either with or without verification code), companies must register and obtain approval from the tax authorities via the web portal of the General Department of Taxation ("GDT").
- **E-invoices can be issued and digitally signed by the seller via the e-invoicing system of e-invoice solution providers.** For e-invoicing with verification code, they can also be issued and digitally signed by the seller via the web portal of the GDT. E-invoices shall be sent from sellers to buyers via an electronic method as agreed by both parties.
- **The threshold of VND200,000 regarding value of purchase for issuance of invoices (which applies to normal paper invoices) is no longer mentioned** in this Decree on e-invoice.
- For goods in transit, the competent authorities can access the web portal of the GDT for detailed information regarding the e-invoices; paper invoices are not required in this case.
- E-invoices can be converted into paper invoices for the purpose of recording and monitoring under the Law on Accounting. Such converted paper invoices are not valid for executing transactions or payment.
- **Transitional period stimulated on the Decree as follows:**
 - ✓ Enterprises already using e-invoices with/without verification code before the effective date of the Decree will continue using such e-invoices from the effective date of the Decree.
 - ✓ Enterprises using self-printed invoices, pre-printed invoices or purchased invoices from the tax authorities before the effective date of the Decree will be allowed to continue using such invoices within 24 months from the effective date of the Decree.
 - ✓ Public organisations (such as: schools, clinics and other organisations) using receipts will be allowed to continue using receipts and these organization will switch to e-invoices/e-receipts according to the time frame guidance by the Ministry of Finance.

*** Details of e-INVOICE Decree are as follows:**

I. The subjects use electronic invoices

1. Organizations, enterprises and individuals selling goods or providing services include:

- a) Enterprises established and operating under the Law on Enterprises, the Law on Credit Institutions, the Law on Insurance Business, the Securities Law, the Petroleum Law and other legal documents under the forms: Joint Stock Company; Limited Liability company; Partnerships; Private enterprises;
- b) Public non-business which sell goods or provide services;
- c) Organizations established and operating under the Law on Cooperatives;
- d) Other organizations;
- e) Households and individuals doing business.

II. Types of electronic invoices

1. Value added invoices are applicable to goods sellers or service providers that declare VAT by the deduction method. The value added invoice in this case includes invoices are originated from the cash register connecting with the tax authorities.
2. Sale invoices are applicable to goods sellers or service providers that declare value added tax by the direct method. The sale invoice in this case includes invoices are originated from the cash register connecting with the tax authorities.
3. Other types of invoices, including: electronic stamps, electronic tickets, electronic cards, electronic receipt cards, electronic delivery bills and electronic vouchers bearing other names. Article 6 of this Decree.

II. Issues regarding to use and applying electronic invoices.

When selling goods or providing services, sellers (except for business households and individuals defined in Clause 6, Article 12 of this Decree) shall have to make electronic invoices with tax offices codes or without code of the tax authority to hand over to the purchaser in accordance with the standard data format prescribed by the tax office and must fully contain the contents prescribed in this Decree, regardless of the value of each sale of goods and service provider.

When selling goods or providing services, sellers using cash registers, they shall register the use of electronic invoices created from electronic cash registers connected with electronic data transmission with tax offices.

As from 01/11/2018, Another special feature of this Decree is that each sale of goods or services must issue an electronic invoice, regardless of whether the value of each sale is high or low, instead of the old regulations allowing the exemption when selling goods or services under 200,000 VND.

“An electronic invoice with a tax office code” is an electronic invoice issued by a tax office before the organization or individual sells the goods or provides services to the buyer, including cases the invoice is initialized from electronic cash registers that have connection to transfer data with the tax authorities.

“An electronic invoice without a tax office code” is an electronic invoice issued by a sales organization or a service provider to a purchaser without code of the tax, including cases the invoice is initialized from electronic cash registers that have connection to transfer data with the tax authorities.

- **The subjects of using electronic invoices have code of tax office: (Article 12, Decree 119/2018 / ND-CP);**
 - Enterprises, economic organizations and other organizations shall use electronic invoices with codes of tax offices when selling goods or providing services, irrespective of the value of each sale of goods or provision of services.
 - Enterprises, economic organization, other organization are high-risk about tax, they must still use electronic invoices with code of the tax, irrespective of the value of each sale of goods or provision of services.
 - Business households and individuals keep accounting books, regularly using 10 or more laborers and earning a turnover of VND 3 billion or more in the preceding year in the fields of agriculture, forestry, fisheries and industry, construction or 10 billion or more in the commercial and service field, that must use electronic invoices with codes of tax offices;
 - Business households and individuals are not subject to mandatory, but when making accounting books, the electronic invoices with the tax office's code are also applied.
 - Households and individuals are doing business in the field of restaurants, hotels, retailing consumer goods, western medicines, providing services directly to consumers in some convenient locations where the code of the tax authorities is originated from the cash register connecting with the tax authorities from year 2018.

- **The subjects of using electronic invoices without code of tax office: (Article 12, Decree 119/2018 / ND-CP);**
 - Enterprises operating in such fields as electricity, petroleum, post and telecommunication, transportation, clean water, finance, insurance, health care, e-commerce, supermarket, commercial and business enterprises that have or will deal with the tax authorities by electronic means and have accounting software systems that meet the requirements may use electronic invoices without code of the tax.
 - However, if enterprises, economic organization, other organization are high-risk about tax, they must still use electronic invoices with code of the tax, irrespective of the value of each sale of goods or provision of services.

- **The subjects needed to use the e-invoices issued by the tax office;**
 - Households and individuals doing business that do not satisfy the conditions must use electronic invoices with the code of the tax office (not make accounting book or employees under 10 people, or a turnover of VND 3 billion or more in the preceding year in the fields of agriculture, forestry, fisheries and industry, construction or 10 billion or more in the commercial and service field) but must have invoices for delivery to customers or in cases where enterprises or business organizations Other organizations authorized by the tax office to issue e-invoices to the customers, shall be issued with electronic invoices by the tax office with the tax office's identification number on each occasion of their arising. The tax offices shall issue electronic invoices on each occasion according to form No. 06 in the Appendix to this Decree.

IV. Cancel the paper invoice when you start using electronic invoices

This Decree also requires, from the time of using electronic invoices that have the code of the tax office, enterprises, economic organizations, other organizations, households and individuals must cancel the unused remaining paper invoices. (Clause 3 of Article 14).

Now the procedure for canceling paper invoices is carried out in accordance with Decree 39/2014 / TT-BTC of the Ministry of Finance, which requires cancellation of invoices within 30 days from the date of notification to the tax office.

V. Electronic invoices are converted into paper vouchers

Article 10 of Decree 119 about electronic invoices stipulates that electronic invoices are converted into paper vouchers. The conversion must ensure that the contents of the electronic invoice and paper documents match.

An electronic invoice is converted into a paper voucher, the paper voucher is only retained for book entry, as prescribed and invalid for transaction and payment, except the case of the invoice is initialized from cash registers machine that connect to transfer data with the tax authorities.

VI. The wrong electronic invoice must be reported to the tax office

In case of the electronic invoices with code of tax have not yet been sent to the purchaser detecting the error, the seller must immediately notify the tax office to cancel the invoices which have been made and issue new invoices.

In case of the electronic invoices with code of tax have been sent to the purchaser detecting the error, the seller and the purchaser shall have to make a written agreement clearly stating the errors; The seller must inform the tax authority to cancel the invoice and make a replacement new invoice. (Article 17).

VII. Cases when issuing free electronic invoices by Tax office

This Decree specifies the subjects which are provided electronic invoices free of charge by the tax office, including:

- Households and individuals doing business except business households and individuals have a turnover of VND 3 billion or more in the preceding year in the fields of agriculture, forestry, fisheries and industry, construction or 10 billion or more in the commercial and service field.
- Small and medium start-up, and business households and individuals transform into enterprises within 12 months from when the establishment of enterprises;
- Small and medium enterprises, cooperatives and individuals doing business in difficult or extremely difficult areas;
- Other small and medium enterprises at the request of provincial-level People's Committees, excluding enterprises operating in economic zones, export processing zones, industrial parks or hi-tech parks;
- Other objects decided by the Ministry of Finance.

VIII. Responsibility for sharing and connection of information and data

According to the Article 26, Credit institutions, commercial banks and organizations with periodical payment functions shall supply electronic data on payment transactions via accounts of organizations and individuals to tax offices in the format standard data as regulated by the Ministry of Finance.

IX. Effective Date of using electronic invoices (Transition Period to apply)

In this Decree, the Government requests that the implementation of electronic invoices at enterprises, economic organizations, households and individuals must be completed November 1, 2020 at the latest.

During the period from 1 November 2018 to 31 October 2020, Decree 51/2010/ND-CP and Decree 04/2014/ ND-CP remain effective.

Businesses, economic organizations, business households and individuals that have issued invoices to print, self-print or have purchased invoices from the tax office will be allowed to use until the end of October 31, 2020 (Clause 35, Decree No. 119/2018 / ND-CP dated September 12, 2018).

Accordance with the subjects who are required to change to use the electronic invoices, the following period should be noted:

*** Before 01/11/2018:**

- Enterprises that have issued Notices of issuance of electronic invoices or registration of use of electronic invoices by tax authorities before this date shall continue to be used.

*** From 01/11/2018 - 31/10/2020:**

- In case of the tax office notifies the business converted into the electronic invoices with code but the business has not enough conditions about the technology conditions for application, it may continue to use the invoice in the old form but must to send the sample according to Appendix 03 and the value added tax declaration to the tax agency.
- Business establishments newly set up during this period, if required by the tax office to use the electronic invoices, they shall apply the electronic invoices. In case of not having enough conditions for application, the paper invoice will be allowed to be used in accordance with Decree 51/2010.
- In case, the enterprise has ordered printing invoice; Notice of issuance of invoices, self-printed invoices or order of tax invoices before November 1, 2018, may continue to use such invoices until October 31, 2020 in accordance with Decree 51/2010.

*** From 01 November 2020:**

- All Enterprises, economic organizations, business households and individuals must complete the transformation into electronic invoices, which have codes of the tax office as prescribed.
- From this date, Decree 51/2010 / ND-CP and Decree 04/2014 / ND-CP cease to be effective.

***Special case:**

Public education and public health institutions which have used bill, that shall continue to be used and transferred according to the roadmap of the Ministry of Finance.

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* [ABOUT SMARTBOOK Accounting / HR SOFTWARE](#)

SMARTBOOK Software is a web-based Accounting, HR and Inventory oriented ERP system complied to Vietnamese Laws and Regulations developed by more than 130 professional Vietnamese accountants of **S&S Auditing and Consulting Company Ltd** for 15 years.

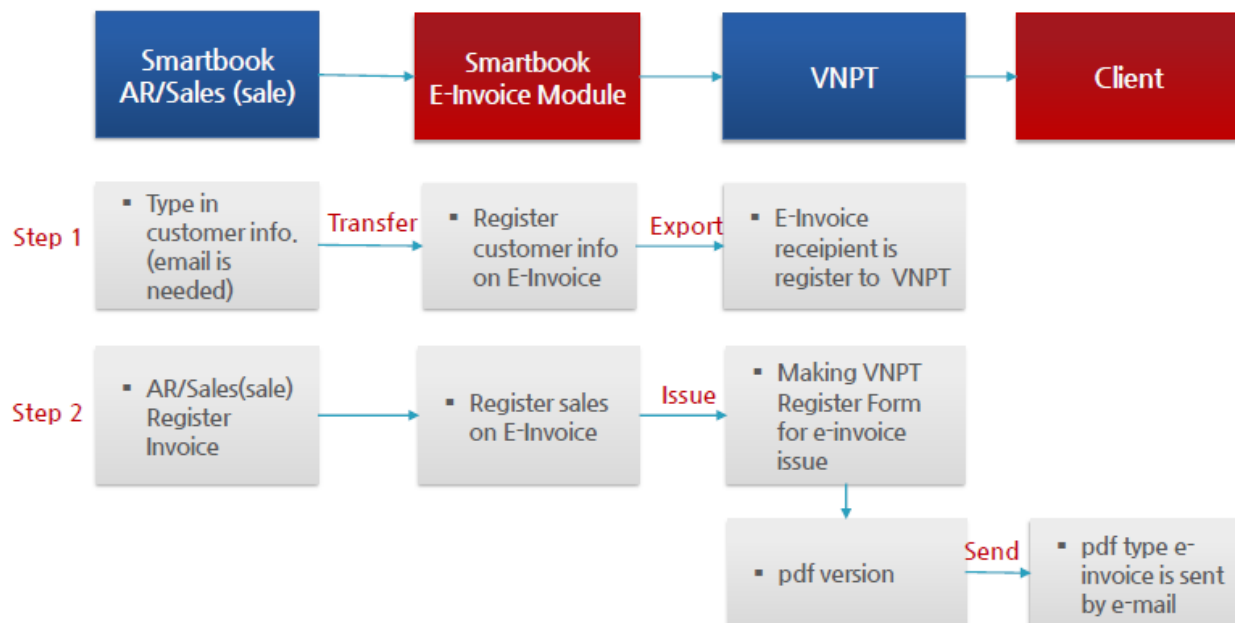
SMARTBOOK new version allows you to check and review directly the data of branches located all over the country. It does not take long time to access, send and receive data.

SMARTBOOK has been updating all the changes from tax regulations and that will help you to generate **E-invoice** from the system with high accuracy and comply with New Tax regulations from time to time.

Many year development experience implies a high level of integrity and reliability we feel confident and proud to introduce you our **SMARTBOOK** Software.

E-Invoice can be issued by SMARTBOOKS™

Here are works for E-Invoice. (VNPT)



The Detail explanation of **SMARTBOOK** Software can find in the attached in the brochure.

Should you have any query, please do not hesitate to contact with our company – **S&S Auditing and Consulting Co., Ltd**