

NOTICES OF COMPULSORY REGULATION ON APPLYING E-INVOICE SINCE 01/7/2022

What is E-Invoice?

E-Invoice, or electronic invoice, is a collection of information, including data of selling goods, providing services etc. and being created, formed, sent, received, archived and managed by electronic devices.

E-Invoice is one of the three available invoices (Self-printed invoices; Printed invoices; E-invoices). Instead of invoices created on paper, the E-invoices are made and archived on electronic devices.

Under Clause 2 Article 3 Decree No. 123/2020/ND-CP, electronic invoices are defined as: “Electronic invoices are invoices with or without codes of tax authorities expressed in the form of electronic data produced by organisations, individuals selling goods, providing services by electronic means to record information on the sale of goods, provide services by the regulations of law on accounting and law on tax, including cases invoices are initiated from cash-register with electronic data transfer connections with tax authorities, in which:

a) Electronic invoices with codes of tax authorities are E-invoices that tax authorities issued the code before organisations, individuals selling goods, providing services sent to the buyers. Codes on E-invoices issued by the tax authorities include the transaction number, a single line of numbers created by the tax authorities’ system, and a string of characters encoded based on the seller’s information on the invoice.

b) Electronic invoices without codes of tax authorities are electronic invoices created by organisations, individuals selling goods, providing services sent to the buyers without the code of the tax authorities.”

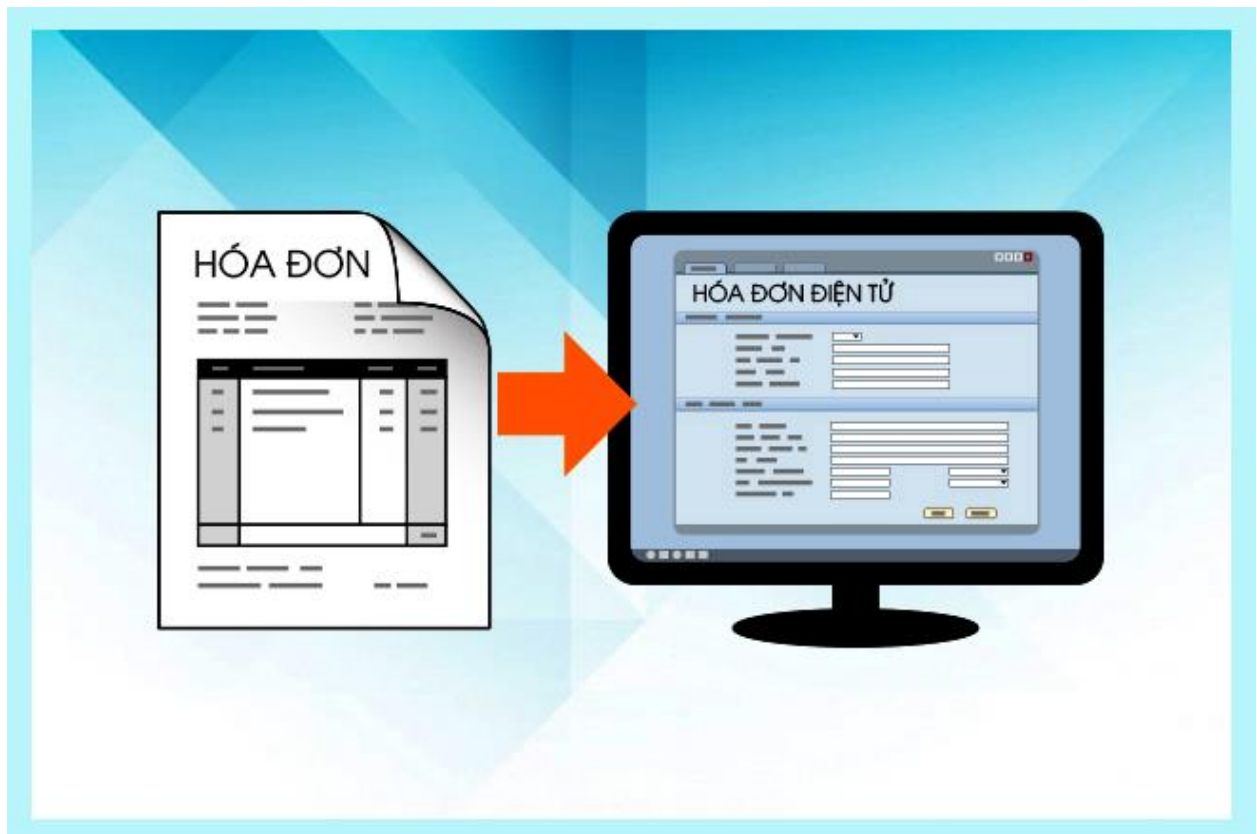
When to convert and apply electronic invoice?

According to the Decree No. 123.2020/ND-CP, enterprises, economic organisations that have announced the issuance of Printed invoices, Self-printed invoices or purchase invoices of tax authorities before October 19th, 2020, may continue to use those invoices until the end of June 30th, 2022 (the expiry date of the Decree 119/2018/ND-CP).

Instead of using the paper invoices from July 1st,2022, enterprises, economic organisations, households' business, and business individuals would have to switch to electronic invoices.

Currently, 63 provinces and cities across the country have implemented electronic invoices. Although there are many challenges in the implementation process, the application of electronic invoices also shows many benefits, for example:

- Help invoice users and recipients save costs and time in administrative procedures.
- Minimise risks in using and avoid losses and damage to invoices.
- Help enterprises, State agencies in the promotion of applying digitalisation and reforming the administrative procedures.
- Help the state agencies improve their ability to manage enterprises in terms of invoices, taxes, etc.



E-invoices 1- Source: Internet

Is it possible to use electronic invoices and paper invoices concurrently?

Under the Clause 3 Article 7 of Circular No. 32/2011/TT-BTC (expired on July 1st, 2022) guiding the creation, issuance and use of E-invoices for sale and provision of services issued by the Ministry of Finance with the following regulations:

“Businesses can simultaneously create different forms of invoices (Self-printed invoices, Printed invoices, E-invoices) and have to make notices of issuance of each formality of the invoice as prescribed.

In the case of selling goods, providing services, for each sale of goods, and provision of services, businesses only use one (01) formality of invoice, in detail: if the business uses self-printed invoices for the sale of goods or services, it does not use printed invoices, electronic invoices for that sale of goods and services; if using electronic invoices, do not use self-printed invoices or printed invoices; if using printed invoices, do not use electronic invoices, self-printed invoices.”

However, Clause 3 Article 15 of Decree No 123/2020/ND-CP (effective from July 1st, 2022) regulates as:

“3. From the time the tax authority accepts the registration of use of electronic invoices as prescribed in this Decree, enterprises, households’ business and business individuals must stop using electronic invoices that have been notified of issuance by the previous regulations, destroy the paper invoice that has been notified but not used (if any). The order and procedures for destruction shall comply with Article 27 of this Decree.”.

As such, it is still possible to use paper invoices and E-invoices in parallel. However, since July 1st, 2022, when Decree No. 123/2020/ND-CP is effective, it is no longer possible for organisations, businesses, household’s businesses, business individuals to use paper invoices and E-invoices and those paper invoices that have been issued but not yet used must be destroyed.

Is it mandatory to demolish the remaining paper invoices when applying E-invoices?

The legal basis for this legal issue is stated in Clause 1 Article 59, Clause 1 Article 60 of Decree No. 123/2020/ND-CP; the following regulations are:

“Article 59: Enforcement effect

1. This Decree takes effect since July 1st, 2022, encouraging organisations, agencies and individuals to serve the conditions on information technology infrastructure by the regulations on invoices and electronic documents of this Decree before July 1st, 2022”.

“Article 60. Forward processing Điều 60. Xử lý chuyển tiếp

1. Enterprises, business organisations that had announced the issuance of Printed invoices, Self-printed invoices, E-invoices without the codes of tax authorities or had registered to apply E-invoices with codes of tax authorities, or have purchased invoices of tax authorities before the date of this Decree promulgated, may continue to use the invoices in use from the date this Decree takes effect to the end of June 30th, 2022 and conduct the procedures of invoice under regulations stated in Decree No. 51/2010/ND-CP date May 14th, 2010 and Decree No. 04/2014/ND-CP date Jan 17th, 2014 of the Government on invoices for the sale of goods, or provision of services.

In case from the date this Decree is issued to June 30th, 2022, the tax authority shall notify the business convert to apply E-invoices by the regulations stated in this Decree or Decree No. 119/2018/ND-CP date Sep 12th, 2018, if the business has not met the conditions on information technology infrastructure but continues to use the invoices under the mentioned formalities, the business shall send invoices data to the tax authority according to Form No. 03/DL-HDDT appendix IA issued along with this Decree and the submission of valued-added tax declarations. The tax authorities shall formulate invoice data of businesses to provide input for invoice databases and post them on the General Department of Taxation's website for research invoice data.”.

As such, with the stated regulations, in case the enterprise has been approved by the tax authority to use E-invoices by the Government's Decree No. 119/2018/ND-CP dated Sep 12th, 2018, the enterprise shall cancel the remaining paper invoices that have not been used since the time of using electronic invoices with or without code of the tax authority.

References:

1. Decree No. 123/2020/ND-CP regulations on invoices and records;
2. Decree No. 119/2018/ND-CP regulations on E-invoices for sale of goods, provision of services;
3. Circular No. 32/2011/TT-BTC guiding the creation, issuance and use of E-invoice for sale of goods and provision of services;
4. “Notable new policies take effect since June 2022” – Luatvietnam.vn
5. “Is it mandatory to demolish the remaining paper invoices when applying E-invoices?” – Baochinhphu.vn
6. “Is it possible to use E-invoices and paper invoices concurrently?” – Thuvienphapluat.vn

