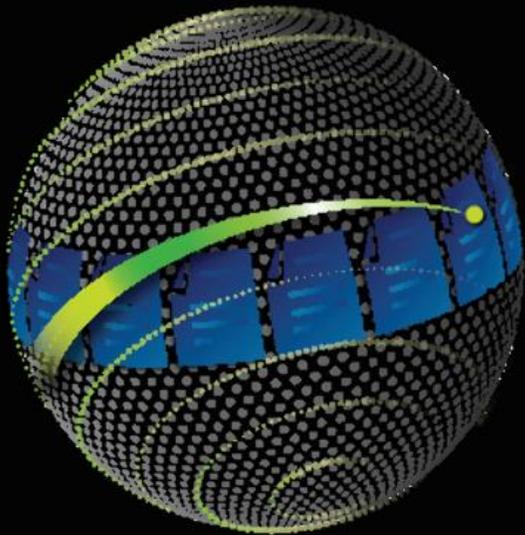


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ALERT ON THE DRAFT CIRCULAR ON E-INVOICING

Draft Circular of the
Ministry of Finance guiding
the implementation of Decree
No. 123/2020/ND-CP on e-invoicing

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Notable contents of the Draft Circular on e-invoicing

The Ministry of Finance has recently released the subsequent draft of the Circular guiding the implementation of the Decree No. 123/2020/ND-CP dated 19 October 2020 of the Government on e-invoicing (“Draft Circular”).

In this Alert, we would like to highlight the notable contents of the Draft Circular, which are expected to have significant impacts on tax compliance of businesses in Vietnam:

1. **Application of e-invoicing without verification code** - Enterprises using e-invoicing without verification code are required to report e-invoices issued to their customer to the Tax authorities on the same day of issuance.
2. **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. 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.
3. **Additional enterprises required to apply e-invoicing with verification code** – The Draft Circular proposes that enterprises, which are using cash registers and doing businesses in shopping malls, supermarkets, food, hotel, drugs outlet, entertainment, outlet stores should implement e-invoicing with verification code issued from their cash register in each business location (e.g., stores, outlets, etc.) in accordance with the standard verification as stipulated by the Tax authorities.

The cash register is also required to be connected to 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.

It is, however, important to note that the Draft Circular has not been finalized at this stage.

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