

Some new stipulations in tax sector

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Document: Decree 123/2020/ND-CP providing regulations on invoices, vouchers (**Decree 123**)

Decree 125/2020/ND-CP providing regulations on sanction for administrative violations of taxes and invoices (**Decree 125**)

Effective date:

Decree 123: July 1, 2022

Decree 125: September 5, 2020

- **Key contents:**

With the aim of creating favorable time condition for enterprises, organizations, etc. to improve technological infrastructure in accordance with the regulations on electronic invoices, the Government has promulgated Decree 123 to replace Decree 119/2018/ND-CP providing stipulations on electronic invoices in goods transaction and services provision (**Decree 119**). Simultaneously, in order to enhance efficiency in tax administration management, the Government promulgated Decree 125 providing regulations on sanction for administrative violations of taxes and invoices. Some noteworthy contents in these 02 documents are as follows:

Firstly, Decree 123 creates favorable time conditions to assist enterprises, organizations, individuals and tax agencies in preparing technological infrastructure in accordance with the regulations on electronic invoices, specifically:

(i) Deferring the time of compulsory utilization of e-invoices until July 1, 2022, annulling the stipulations on the compulsory use of e-invoices from November 1, 2020 of Decree 119. Accordingly, organizations, enterprises, business households, cooperatives, etc. are not required to use e-invoices from November 1, 2020.¹

(ii) Organizations, enterprises, business households, cooperatives, etc. are allowed to continue to use traditional invoices stipulated in Decree 51/2010/ND-CP providing stipulations on invoices of goods transaction and services provision and Decree 04/2014/ND-CP amending Decree 51/2010/ND-CP on invoices of goods transactions and services provision².

¹ Decree 123, Article 59, clause 1

² Decree 123, Article 59, clause 2

Secondly, the penalty for violations of tax registration deadline and tax dossier submission deadline increases significantly as stipulated in Decree 125, specifically:

(i) Changes in penalty for violations of tax registration deadline are as follows:

Late submission period	Expired stipulations³ (Decree 129)	New stipulations⁴ (Decree 125)
1 day – 10 days with mitigating factors	Warning	Warning
1 day – 30 days	VND 400,000 – VND 1,000,000	VND 1,000,000 – VND 2,000,000
31 days – 90 days	VND 800,000 – VND 2,000,000	VND 3,000,000 – VND 6,000,000
91 days and above		VND 6,000,000 – VND 10,000,000

(ii) Changes in late submission period and penalty for late submission of tax dossiers:

Expired stipulation⁵ (Decree 129)	Current stipulation⁶ (Decree 125)
1 day – 5 days: Warning (with mitigating factors)	
1 day – 10 days: VND 400,000 – VND 1,000,000	1 day – 30 days: VND 2,000,000 – VND 5,000,000
10 days – 20 days: VND 800,000 – VND 2,000,000	31 days – 60 days: VND 5,000,000 – VND 8,000,000
20 days – 30 days: VND 1,200,000 – VND 3,000,000	
30 days – 40 days: VND 1,600,000 – VND 4,000,000	61 days – 90 days or from 91 days and above without taxable amount incurred: VND 8,000,000 – VND 15,000,000
40 days – 90 days: VND 2,000,000 – VND 5,000,000	Above 90 days: VND 15,000,000 – VND 25,000,000

• **Comments and recommendations**

The provisions of Decree 123 on prolonging date of compulsory utilization of e-invoices ensure the consistency between the Law on Tax Administration 2019 and Decree 119⁷. The utilization of e-invoices specified in Decree 123 requires organizations, enterprises, business households, etc. to constitute an information technological infrastructure

³ Decree 129, Article 5

⁴ Decree 125, Article 10

⁵ Decree 129, Article 6

⁶ Decree 125, Article 13

⁷ Law on Tax Administration 2019, Article 151, clause 2; Decree 119, Article 35, clause 2

fulfilling the requirements of e-invoices. Concurrently, tax agencies are required to resolve system errors on tax agencies' portals to enable the issuance and approval of codes for e-invoices of organizations, enterprises, business households, etc.

The increase in penalty for tax registration and tax dossier submission violations contributes to enhance the deterrence, ensure the implementation of enterprises' tax registration and declaration obligation, enhance the efficiency in tax administration management to minimize tax debt and prevent loss of tax revenue⁸. Besides, the provisions of increased fine with each specific late submission period promote the efficiency of the sanction, raise enterprise's compliance awareness of tax registration and declaration. With the new points aforementioned stipulated in Decree 125, enterprises should pay attention to and make a specific plan on tax registration and tax dossier submission to avoid being fined in accordance with Decree 125.

⁸ Huyen Thu, *Increase of sanctioning level for tax administrative violations*, Review of Finance, October 22, 2020. See further at: <http://tapchitaichinh.vn/co-che-chinh-sach/tu-ngay-5122020-tang-muc-xu-phat-vi-pham-hanh-chinh-ve-thue-329091.html>