

Invoicing Timing and the Updated Penalty Framework in Vietnam:

Practical implications for Enterprises in Vietnam

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Invoice Issuance Principals, Timing and Administrative Penalty Framework Changes in Vietnam for 2026

Incorrect invoice issuance timing is one of the most common compliance issues faced by businesses in Vietnam. Most cases do not arise from deliberate non-compliance, but from lack of clarity between payment timing, revenue recognition, and statutory invoicing requirements.

Recent regulatory updates under Decree 70/2025/ND-CP (amending Decree 123/2020/ND-CP) clarified invoice issuance principles and Decree 310/2025/ND-CP (amending Decree 125/2020/ND-CP), more importantly, restructured the administrative penalty framework. From 16 January 2026, penalties for late or incorrect invoicing will become clearer and potentially more severe.

This article summarizes the key invoicing timing rules and highlights the practical impact of the updated penalty regime for enterprises operating in Vietnam.

Key Legal Documents

- Decree 123/2020/ND-CP on invoices and supporting documents
- Decree 70/2025/ND-CP amending Decree 123/2020/ND-CP (effective from 1 June 2025)
- Decree 125/2020/ND-CP on administrative penalties for tax and invoice violations
- Decree 310/2025/ND-CP amending Decree 125/2020/ND-CP (effective from 16 January 2026)

Core Principles for Timing of Invoice Issuance

Before detailing matters specific to select industries, it is appropriate to visit the two core principles that underpin Vietnam's invoicing rules. These principles form the foundation that most businesses need to understand before considering detailed applications.

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Invoice Issuance and Timing

1. Sale of Goods - Transfer of Ownership or Usage Rights

Invoices for the sale of goods must be issued at the time ownership or usage rights are transferred to the buyer, regardless of whether payment has been received.

For exported goods, including export processing activities, the seller may determine the invoice issuance date. However, the invoice must be issued no later than the next working day following customs clearance, in accordance with customs regulations.

2. Provision of Services - Completion of Services

Invoices for services must be issued upon completion of the service, irrespective of payment status.

Where payment is collected in advance or during service performance, the invoice must generally be issued at the time of payment collection.

This rule does not apply to deposits or advances intended solely to secure contract performance for certain professional services, including accounting, auditing, tax and financial advisory, valuation, technical surveys and design, supervision consultancy, and construction investment project preparation.

For contracts performed in multiple stages or milestones, invoices must be issued for each completed portion, corresponding to the actual value of work performed.

Overview of Invoice Issuance Timing by Transaction Type

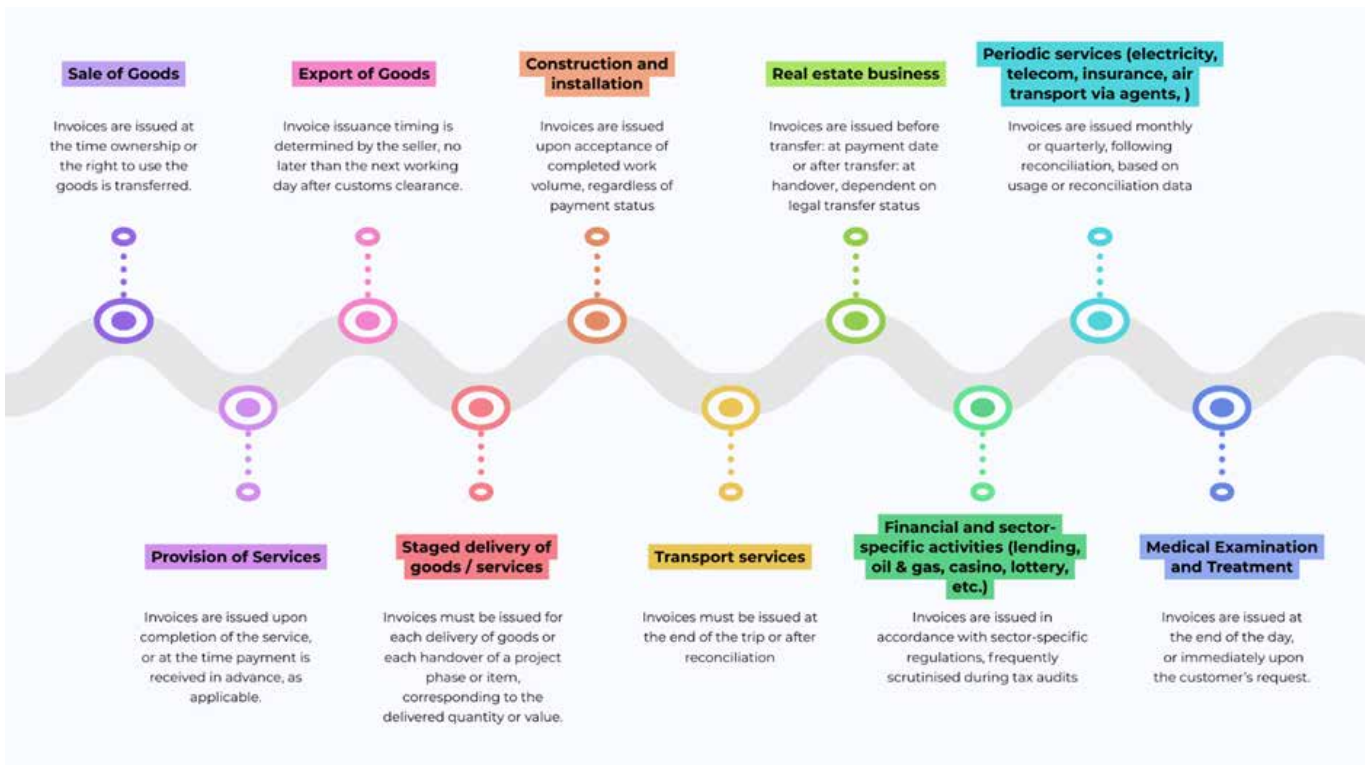
(Following Decree 123/2020/ND-CP and its amendments under Decree 70/2025/ND-CP.)

No.	Transaction type	Invoice issuance timing	Practical notes
1	Domestic sale of goods	Upon transfer of ownership or usage rights to the buyer	Payment timing is irrelevant
2	Exported goods	As determined by the seller	No later than the next working day after customs clearance
3	Provision of services	Upon completion of the service	If payment is received in advance, issue the invoice at the time of collection
4	Staged delivery of goods or services	Upon each delivery or handover	Based on the actual value performed
5	Insurance business activities	When insurance revenue is recognized	In line with industry practice
6	Sale of pre-printed lottery tickets	Periodically	Not issued on a per-ticket basis
7	Casino operations and prize-winning electronic games	No later than one day after the revenue determination date	Based on daily revenue reports
8	Telecommunications services	Based on periodic usage reconciliation	Typically, monthly or quarterly
9	Construction and installation activities	Upon acceptance of completed work volume	Regardless of payment status
10	Real estate business	Based on the payment schedule or transfer of rights	Dependent on legal transfer status
11	Air transport services	Depends on how service is provided: - Via website or e-commerce systems: similar with service provision. - Not via website: Within five days from the issuance date of service documents - Through agents: upon completion of data reconciliation but no later than the 10th day of the following month.	Not based on the flight date
12	Crude oil exploration, extraction and processing	When the official selling price is determined	Independent of payment timing
13	Sale of natural gas, associated gas and coalbed methane	Upon determination of monthly delivered volume	No later than the statutory monthly tax filing deadline
14	Electricity sales	After reconciliation of consumption volume	On a monthly or quarterly basis
15	Retail sale of petroleum products	Upon completion of each sale transaction	Issued per individual sale

No.	Transaction type	Invoice issuance timing	Practical notes
16	Lending activities	In accordance with the interest collection schedule under the credit contract	Issue immediately if interest is collected early or late
17	Taxi passenger transport services	At the end of each trip	Per individual trip
18	Medical examination and treatment services	End of the day or immediately upon customer request	

Invoice Issuance Timing - Practical Decision Framework

(The diagram translates statutory invoicing rules into a practical decision framework for common business transactions.)



Common confusion: Advance payments vs. refundable deposits for services

A frequent area of confusion in practice relates to advance payments for services and refundable deposits intended to secure contract performance.

Generally, where payment is collected in advance or during service performance, an invoice must be issued at the time of collection.

However, this rule does not apply to refundable deposits or advances made solely to secure activities contract performance for certain professional services, such as accounting, auditing, tax and financial advisory, valuation, technical surveys and design, supervision consultancy, and construction investment project preparation.

In assessing the correct invoicing treatment, businesses should focus on the substance of the payment, including:

- Whether the amount is refundable.
- The nature of the service.
- Whether it represents consideration for services already performed or to be performed, and
- The contractual terms governing the payment.

Incorrect classification of deposits as service advances is a common cause of incorrect invoice timing and may expose businesses to administrative penalties under the updated regulations.

Invoice Issuance and Timing

Administrative Penalties for Incorrect Invoice Timing

Penalties under the Current Framework

Under Decree 125/2020/ND-CP, issuing invoices at an incorrect time may result in:

- Warning, where no delay in tax obligations arises and mitigating factors apply.
- Monetary fines of VND 3 - 5 million, where incorrect timing does not delay tax payment.
- Monetary fines of VND 4 - 8 million, for other cases of incorrect invoice timing.

In practice, incorrect invoicing timing often triggers follow-up tax reviews, including reassessment of VAT declarations, late payment interest, and increased audit scrutiny.

Revised Penalty Framework Effective from 16 January 2026

Under Decree 310/2025/ND-CP, penalties for invoice violations are determined based on both the nature of the transaction and the number of violating invoices. Separate penalty thresholds apply to revenue-generating sales and to non-commercial or internal-use transactions, as summarized below:

Table 1 - Non-commercial / internal-use transactions

(Promotions, samples, gifts, internal consumption, benefits in kind, lending/borrowing of goods)

Number of violating invoices	Incorrect timing (VND)	No invoice issued (VND)
1	Warning	Warning
2 to <10	0.5 - 1.5 million	1 - 2 million
10 to <50	2 - 5 million	2 - 10 million
50 to <100	5 - 15 million	10 - 30 million
≥100	15 - 30 million	30 - 50 million

Table 2 - Revenue-generating sales of goods and services

Number of violating invoices	Incorrect timing (VND)	No invoice issued (VND)
1	0.5 - 1.5 million	1 - 2 million
2 to <10	2 - 5 million	2 - 10 million
10 to <20	5 - 15 million	10 - 30 million
20 to <50	15 - 30 million	30 - 50 million
50 to <100	30 - 50 million	60 - 80 million
≥100	50 - 70 million	60 - 80 million

Key notes:

- Penalties apply to organizations; individuals are subject to 50% of the organizational fine.
- Multiple violations on the same day are subject to a single penalty at the highest applicable level.
- Decree 310/2025/ND-CP takes effect from 16 January 2026.

Practical Implications and Recommendations

The updated regulations reaffirm Vietnam's approach of aligning invoice issuance with the economic substance and timing of transactions, while the revised penalty framework significantly strengthens enforcement through clearer classification and higher exposure.

Decree 310/2025/ND-CP introduces more structured and prescriptive rules on how penalties are determined, reducing interpretational flexibility in enforcement. It can be likened to a multi-step ladder: the more violations you commit (the greater the number of invoices involved), the higher the penalty “step,” rather than a single uniform penalty applying to all violations as in the Decree 125/2020/ND-CP.

In light of these changes, enterprises should consider:

- Reviewing invoicing workflows against delivery, acceptance, and service completion milestones.
- Ensuring consistency between contracts, acceptance records, payment schedules, and invoice issuance dates.
- Strengthening controls over advance payments, staged transactions, and non-commercial activities, and
- Proactively assessing compliance readiness ahead of the 2026 penalty regime to mitigate financial and reputational risks.

For any further questions you may have, please reach out to us at vietnam@alitim.com


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