

Is a Valid Invoice Enough for an Expense to be Deductible in Vietnam?

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A valid invoice is an important part of an expense file. However, it does not, by itself, establish that the expense is deductible for corporate income tax purposes in Vietnam.

Businesses often focus on obtaining invoices and completing payments when processing expenses. Yet a seemingly complete file may still leave key questions unanswered: What was purchased? Were the goods or services actually received? How did the expenditure relate to the company's business?

This article highlights the factors businesses should consider beyond invoice validity and the practical steps that can help support their corporate income tax ("CIT") position.

1. A Valid Invoice Is Only Part Of The Assessment

Under Vietnam's CIT framework, deductibility generally depends on whether the expense:

- Was actually incurred and relates to the company's business activities;
- Is supported by the required invoices and documents;
- Meets applicable non-cash payment conditions; and
- Is not subject to a specific exclusion or limitation.

(Legal framework: Law on Corporate Income Tax No. 67/2025/QH15 and Decree No. 320/2025/ND-CP.)

Accordingly, the review should cover the underlying transaction as well as the invoice. A properly issued invoice may record the amount billed but provide limited information about what was delivered or why the expense was incurred.

2. Supporting The Transaction Beyond The Invoice

Supporting document is particularly important, especially for service expenses, where the work performed may be less visible than the delivery of physical goods.

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For example, a consulting fee may be supported by a contract, an invoice and payment evidence. However, the company should also be able to explain the services provided, the period covered, the work completed and how the services supported its business. Depending on the engagement, relevant evidence may include correspondence, advice, reports, analyses, meeting records or confirmation of completed tasks. The objective is to maintain a coherent record appropriate to the nature of the service.

For management, IT, technical and intra-group services, the file may also need to explain the basis for the fee and any allocation of shared costs. Related-party charges require separate consideration of applicable transfer pricing requirements. An invoice in the company's name does not automatically establish a business purpose.

Where goods or services primarily serve the personal needs of an owner, shareholder or manager, payment from the company's bank account does not, by itself, make the expense deductible.

3. Common Situations In Practice

Situation	Documents available	Key consideration
Consulting fees	Invoice and payment evidence, with limited records of the work performed.	Further evidence may be needed to demonstrate that the services were provided and related to the company's business.
Marketing expenses	Campaign plan, implementation records, results report, invoice and payment evidence.	The records provide a clearer basis for supporting the expenditure, subject to the other applicable tax conditions.
Purchases primarily for personal use	Invoice issued to the company and payment made from its bank account.	The invoice and payment do not, by themselves, establish a deductible business expense.

4. Payment Conditions And Specific Expense Rules

Payment method is a separate condition to consider. Under Decree No. 320/2025/ND-CP, purchases of goods and services and other payments of VND 5 million or more per payment generally require non-cash payment supporting documents, subject to the applicable detailed rules. An amount below the relevant threshold must still satisfy the other deductibility requirements.

Specific rules may also apply to depreciation, interest, salaries and bonuses, employee welfare expenses, provisions and related-party charges. A genuine business expense may therefore remain non-deductible if a relevant statutory condition is not met.

5. Practical Takeaways

Look beyond invoice compliance. Assess whether the underlying expense meets the relevant CIT conditions, including its business purpose, supporting documentation and payment method.

Maintain supporting records throughout the transaction. Retain evidence of delivery or service performance as the work progresses. Address documentation gaps before finalising the tax treatment.

Focus on expenses requiring closer review. Material service fees, related-party charges and unusual expenditure should receive particular attention, with supporting records tailored to the nature of each transaction.

A valid invoice is an important starting point. Reviewing the underlying transaction and maintaining appropriate supporting evidence help businesses identify tax risks early and substantiate their deductions when challenged.

To discuss how Alitium can assist with your ongoing compliance arrangements in Vietnam, contact us at vietnam@alitium.com.

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