PwC Vietnam NewsBrief

FX rate applicable to transactions in foreign currency

Circular 26/2015 of the Ministry of Finance became effective from 1 January 2015 to provide guidance on the foreign exchange rate to be used to record revenue and expenses for tax purposes and to be consistent with Circular 200/2014 on accounting regime. The exchange rate to be applied in accordance with Circular 26/2015 can be summarised as follows:

- For revenue: the buying exchange rate of the commercial bank where the Company transacts.
- For expenses: the selling exchange rate of the commercial bank where the Company transacts at the time the payment is made.
- Certain other cases as specified in Circular 200/2014 (e.g. advance from customers).

Many enterprises continue to work on how to modify their accounting system to meet the new tax and accounting requirements and have not fully applied the new requirements.

The General Department of Taxation issued Official Letter No. 3183/TCT-CS dated 7 August 2015 re-confirming that enterprises are required to convert foreign currency transactions into VND applying the guidance in Circular 26/2015 and that this requirements is effective from 1 January 2015.

Enterprises should review their approach to converting foreign currency transactions and consider if further actions/modification of accounting transactions/systems are required.

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Please contact us if you need further information on this issue.

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