

PwC Vietnam NewsBrief – September 2015

New letter from the Ministry of Finance regarding applicable accounting regime for life insurance companies and reinsurance companies in 2015

On 19 December 2014, the Ministry of Finance (“the MoF”) issued Circular 199/2014/TT-BTC (“Circular 199”) providing guidance on the accounting system applicable to life insurance companies and life reinsurance companies (“Life insurance companies”). This Circular will become effective on 1 January 2016 and replace Decision 1296/TT/QĐ/CDKT dated 31 December 1996 (“Decision 1296”) and Decision 150/2001/QĐ-BTC dated 31 December 2001 (“Decision 150”). Major changes in Circular 199 have been highlighted in our PwC Newsbrief dated 2 July 2015.

On 22 December 2014, the MoF also issued Circular 200/2014/TT-BTC (“Circular 200”) providing guidance on the corporate accounting regime which replaces Decision 15/2006/QĐ-BTC and Circular 244/2009/TT-BTC. Circular 200 was effective on 1 January 2015 and applicable for businesses in all sectors, implicitly including life insurance companies to the extent that the prevailing regulations applicable for those insurance companies do not have specific guidance.

Because Circular 200 has significant changes compared with the previous regulations applicable for corporations in general and for insurance companies in particular, for example the guidance on presentation, measurement and accounts applied for investments, life insurance companies have been confused as to whether they should apply the relevant changes of Circular 200 or whether they should continue applying the current regulations which are Decision 1269 and Decision 150 for accounting and reporting purposes in 2015. Therefore, life insurance companies have raised collectively a request to the MoF for clarification on the application scope of Circular 200 for life insurance companies in 2015.

On 25 August 2015, the MoF issued Letter 11640/BTC-CDKT responding to Letter 119/HHBH/2015 of the Vietnam Insurance Association. In accordance with Letter 11640 of the MoF, life insurance companies are asked to continue applying the current accounting regime applicable for life insurance companies in Vietnam in accordance with Decision 1296 and Decision 150 in 2015. As a result, life insurance companies will not be required to apply Circular 200 in 2015. Life insurance companies will apply the new accounting regime in accordance with Circular 199 from 1 January 2016.

