

PwC Vietnam NewsBrief

Accounting Law 2015

On 20 November 2015, the Ministry of Finance (“MOF”) issued Accounting Law No. 88/2015/QH13 (“Accounting Law 2015”), which will supersede Accounting Law No. 03/2003/QH11 (“Accounting Law 2003”). Accounting Law 2015 will be effective from **1 January 2017**, including 6 Chapters and 74 Articles, regulating the contents of accounting work, the organisation of accounting system, accountants, accounting services, State management of accounting and accounting professional organisations.

The new points and key changes of Accounting Law 2015 as compared to Accounting Law 2003 are summarised below.

Measurement and recognition at fair value

Accounting Law 2015 introduces the definition of fair value which is determined as the price appropriate to market price that would be received for sale of an asset or paid to transfer a liability at the measurement date. Article 28 of Accounting Law 2015 regulates that assets and liabilities must be revaluated and recognised at fair value at the financial reporting date including:

- financial instruments as required by accounting standards to be recognised and measured at fair value;
- monetary items denominated in foreign currencies to be measured at actual exchange rates; and
- assets or liabilities which have frequent volatility in value as required by accounting standards to be revaluated at fair value.





Measurement and recognition at fair value (continued)

The fair value revaluation of assets and liabilities must be based on a reliable basis. Where there is no basis to determine a fair value reliably, the assets and liabilities are recognised at historical cost. Enterprises should wait for the guidance of the MOF on the implementation of Accounting Law 2015 to have specific guidance for this matter.

Abbreviated monetary units and rounding figures when preparing financial statements or publicising financial statements

According to Decree No. 129/2004/NĐ-CP (“Decree 129”) issued by the Government on 31 May 2004 guiding the implementation of the Accounting Law 2003, only summarised financial statements, consolidated financial statements or financial statements for publication which have reporting figures of more than 9 digits, may opt to use the abbreviated monetary unit of thousand Dong or million Dong. Accounting Law 2015 allows using abbreviated monetary units and rounding figures when preparing financial statements or publicising financial statements. However, Accounting Law 2015 does not specify exactly whether it applies for all types of financial statements or just only those which are regulated under Decree 129. Enterprises should wait for the Decree guiding the implementation of the Accounting Law 2015 to clarify on this matter.

Numerals used in accounting

Companies, branches of foreign companies which have to submit financial statements to parent companies or use the same management software with the parent companies, are allowed to use comma (,) after the thousand, million, billion and use a point (.) after the numeral representing unit. However, for those financial statements to be submitted to taxation authorisation, statistical authorisation and government, a point (.) must be placed after the thousand, million, billion and a comma (,) is used after the numeral representing unit.



Electronic vouchers

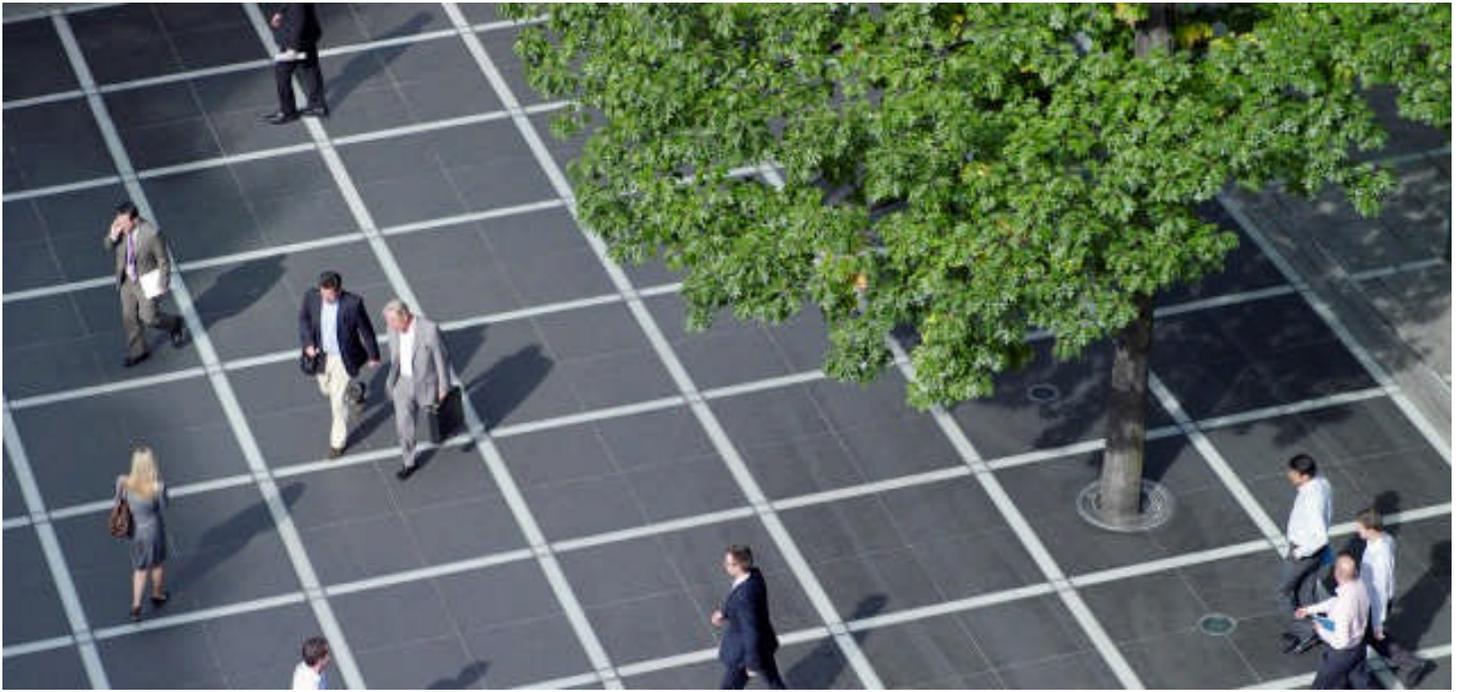
Electronic vouchers are not required to be printed out as regulated previously in Accounting Law 2013. However, if the electronic vouchers are not printed out, enterprises must ensure the information safety, security and ensure data is searchable in the storage period.

Accounting book

Accounting books which are prepared in accounting software are not required to be printed out and bound in separate books as regulated previously by Accounting Law 2003. However, if the accounting books are not printed out, enterprises must ensure the information safety, security and ensure data is searchable in the storage period.

Internal control and internal audit

According to Accounting Law 2015, enterprises have to establish internal controls including mechanisms, policies, procedures, and internal regulations in accordance with the provisions of the laws, in order to prevent, detect, and resolve risks promptly and to achieve objectives. Accounting Law 2015 introduces the definition of internal audit which is described as examining, evaluating, and monitoring the adequacy, suitability and efficiency of internal control.



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Accounting services business

Accounting Law 2015 gives new and detailed regulations for accounting services business in Chapter IV-Accounting services business such as the establishment of a register of businesses providing accounting service; criteria for issuing of Certificates of accounting services permission; setting out of responsibilities of accountants, enterprises providing accounting services, and business households providing accounting services; criteria for cases in which accounting services must not be provided; criteria for suspension of accounting services business and revocation of Certificate of accounting services permission, and for granting of Registration certificates for accounting services and organisation of professional accountancy, etc.

State financial statements

Accounting Law 2015 regulates on the preparation of State financial statements, with the result that regulatory agencies, public service providers, economic institutions and relevant units are to be responsible for the preparation of their financial statements and for providing financial information for the preparation of State financial statements.

