
Accordingly, Decree No. 128/2004/ND-CP (“Decree 128”) issued on 31 May 2004 detailing and guiding the implementation of a number of articles of Accounting Law in the State’s operation and Decree No. 129/2004/ ND-CP (“Decree 129”) issued on 31 May 2004 providing guidance on a number of articles of Accounting Law in business operations have expired after the effective date of Decree 174.
Decree 174 providing guidance on the Accounting Law 2015

The key changes and updates of Decree 174 in comparison with Decree 128 and Decree 129 are summarised below:

1. Abbreviated monetary unit

Decree 174 regulates the business operation enterprise when making general financial statements or consolidated financial statements from the financial statements of their subsidiaries, their dependent accounting units. If the reporting figures contain more than nine numerals, enterprises can use the abbreviated monetary unit of thousand dong (1,000 dong). For reporting figures of over 12 numerals, enterprises can use million (1,000,000 dong) for the abbreviated monetary unit, and for over 15 figures, enterprises can use billion (1,000,000,000 dong). Decree 129 only allows the abbreviated monetary unit to be in thousand and million.

When publishing the financial statements, and the Budgeting settlement reports, the accounting unit can use the abbreviated monetary units.

2. Accounting documents

Decree 174 allows enterprises to design the templates of their accounting documents provided that those documents contain sufficient information as stipulated in Point 1 Article 16 of Accounting Law 2015 and are suitable for the operational business management requirements.

For accounting documents which are in foreign languages used for accounting, recording and preparing the financial statements it is not required to translate all the content but only to translate the main points into Vietnamese. The translated accounting documents must be attached with the original ones.

The accompanying accounting documents which are in foreign languages, such as contracts, files attached with payment documents, investment documents, settlement reports and other relevant documents of the accounting unit, are not required to be translated into Vietnamese unless they are requested by the competent authority.
3. Accounting documents stored on electronic media

Accounting vouchers and accounting books that are stored on electronic media are not required to be printed out. Upon request of the competent authorities to cater for testing, inspection, monitoring and auditing, the enterprise has a responsibility to print the accounting documents stored on electronic media on paper, and these are to be signed by the legal representative or the chief accountant (or accountant in charge) and stamped (if applicable seal).

4. Chief accountant and accountant in charge

Decree 174 has some significant changes in appointing the chief accountant in comparison with Decree 129. According to Decree 174, the accounting units that are in the public sector including accounting units having one accountant or a concurrent accountant, accounting units and financial budgets of communes, towns and very small enterprises under the provisions of the law on supporting small and medium-sized enterprises need to appoint an accountant in charge and are not required to appoint the chief accountant. In the meantime, in accordance with previous Decree 129, the representative offices of foreign enterprises operating in Vietnam, business households and cooperative groups are not required to appoint the chief accountant, but only need to appoint an accountant in charge.

Decree 174 regulates the accountant in charge must have some criteria which are similar to the chief accountant according to Point 1 Article 54 of the Accounting Law. One of the criteria of the accountant in charge is having the chief accountant certificate. Within 24 months from the date this Decree takes effect, the accountant in charge appointed prior to the effective date of this Decree must have the chief accountant certificate. Decree 129 did not regulate the criteria for the accountant in charge.

5. Accounting for representative offices of foreign enterprises operating in Vietnam, business households and cooperative groups, and foreign contractors

According to Decree 174, the representative offices of foreign enterprises operating in Vietnam, business households and cooperative groups can apply the Corporate accounting system to open accounting books for monitoring, recording and determining the tax liability to the State’s budget. In accordance with Decree 129, the representative offices of foreign enterprises operating in Vietnam, business households and cooperative groups are exempted from preparing and submitting financial statements.

Foreign contractors, which have a permanent establishment or residence in Vietnam and are not legally independent units, can select to apply in full or some requirements of the Vietnamese Corporate accounting system and notify this to the tax authorities. Where the foreign contractors choose to apply the Vietnamese Corporate accounting system in full, they need to apply it consistently for one accounting period.
6. Providing inbound cross-border accounting services of accounting service enterprises

Decree 174 gives guidance on the provision of cross-border accounting services of foreign accounting service enterprises. Accordingly, providing cross-border accounting services in Vietnam is applied to foreign accounting service enterprises without commercial presence in Vietnam but providing accounting services for the enterprises in Vietnam.

Decree 174 allows foreign enterprises to implement the oversea centralized accounting services (shared service center) according to the general Group policy. The oversea centralized accounting service function which is within Group and provides accounting services to its parent company and other subsidiaries in the same Group operating in Vietnam, is not considered as providing cross-border accounting services.

Foreign accounting service companies need to meet all the following conditions in order to be registered for providing cross-border accounting services:

- Allowed to provide accounting services;
- Do not violate the regulations of providing accounting services for a period of three years prior to the request for the Certificate of qualified accounting services enterprise for providing cross-border accounting services;
- Have at least two people granted as certified practicing accountants by the Vietnamese Finance Ministry, including the legal representatives of the foreign accounting services enterprises;
- Buy professional liability insurance for practicing accountants in Vietnam;
- Not sanctioned for administrative violations within 12 months prior to the date of issuance of the Certificate of qualified accounting services enterprise for providing cross-border accounting services.

7. Accounting service business

Decree 174 regulates new detailed guidance for accounting service business such as accounting services business of auditing firms and practicing auditors; cases which prohibit to provide accounting services; the capital contribution rate of members of a limited liability company with two members or more; the capital contribution rate of practicing accountants in a limited liability company with two members or more; and professional liability insurance.
Contact us

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. For further information, please reach out to us.

HCMC office
Nguyen Hoang Nam
Partner
+84 8 3823 0796, Ext: 1006
nguyen.hoang.nam@vn.pwc.com

HCMC office
Luong Thi Anh Tuyet
Director
+84 8 3823 0796, Ext: 2036
luong.t.anh.tuyet@vn.pwc.com

Hanoi office
Tong Thu Huong
Senior Manager
+84 4 3946 2246, Ext: 2009
tong.thu.huong@vn.pwc.com
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