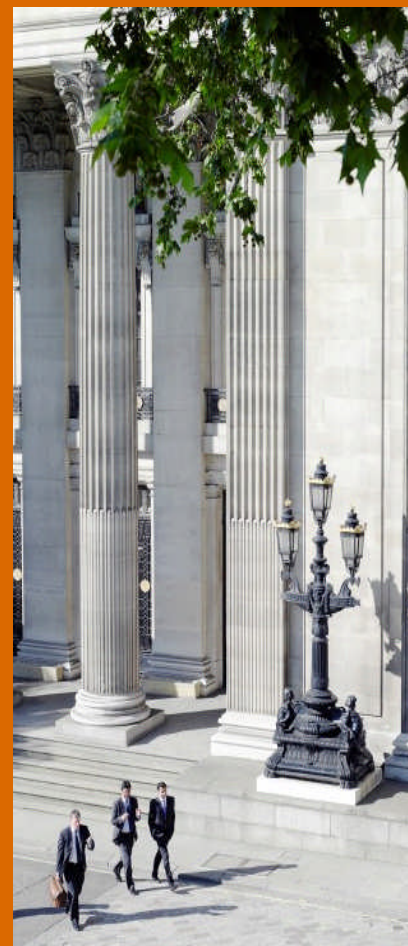


## *PwC Vietnam NewsBrief*

# Draft Decree on new Accounting Law - New regulations on providing cross-border accounting services

For the practical operation of the accounting services provision, the draft Decree guiding the implementation of a number of articles of Accounting Law 2015 (“the Draft Decree”) gives new and detailed regulations on providing cross-border accounting services of overseas accounting services enterprises in Section 4, such as the definition of regulated entities, methods, responsibilities and conditions to provide inbound cross-border accounting services.

The Draft Decree introduces the definition of regulated entities providing cross-border accounting services to enterprises operating in Vietnam, which is: *“An accounting services enterprise whose nationality is either a member of the World Trade Organisation or has international agreement with Vietnam on providing cross border accounting services”*.





Section 4 of the Draft Decree regulates the detailed conditions for overseas accounting services enterprises that want to provide accounting services in Vietnam. In order to provide inbound cross-border accounting services, the overseas accounting services enterprises need to satisfy two important conditions amongst the five required conditions: (1) the overseas accounting services enterprises must be allowed to provide accounting services in accordance with the law of the home country where the overseas business accounting enterprises' headquarters are located and (2) the overseas accounting services enterprises must have at least two (02) members who are accounting practitioners certified by the Vietnamese Ministry of Finance ("MoF"), of which one must be the legal representative.

These new requirements do have significant impacts on the accounting functions of enterprises in Vietnam, especially those multi-national companies operating in Vietnam and using accounting outsourced services from Head Office, Group fellow companies or from third-party services providers outside Vietnam.

Accordingly, we have noted three practical scenarios in relation to the cross-border accounting services as below that need further clarification and consideration from the MoF Accounting Policy Department.



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### **Scenario 1**

A foreign-invested enterprise in Vietnam is a subsidiary of a multi-national Group. The Group's accounting function, including the subsidiary in Vietnam, is handled by a third-party overseas accounting company outside Vietnam.

The overseas accounting company provides accounting services (including preparation of financial statements under Vietnamese Accounting Standards ("VAS")) and the Chief Accountant to the subsidiary in Vietnam.

### **Scenario 2**

A foreign-invested enterprise in Vietnam is a subsidiary of a multi-national Group. The Group's accounting function, including the subsidiary in Vietnam, is handled by a third-party overseas accounting company outside Vietnam.

The subsidiary's accounting function is mainly handled by the overseas accounting company following the Group's model. However, the subsidiary in Vietnam also appoints the Chief Accountant, who manages its accounting function in Vietnam and is responsible for preparing its financial statements in compliance with VAS.



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### **Scenario 3**

A foreign-invested enterprise in Vietnam is a subsidiary of a multi-national Group. The Group's accounting function, including the subsidiary in Vietnam, is handled by a central accounting services team which is outside Vietnam and under the Group.

The subsidiary's accounting function is mainly handled by this central accounting services team following the Group's model. However, the subsidiary in Vietnam also appoints the Chief Accountant, who manages its accounting function in Vietnam and is responsible for preparing its financial statements in compliance with VAS.

We are of the view that only Scenario 1 falls within the scope of cross-border accounting services under Section 4 of the Draft Decree. Scenario 2 and Scenario 3 should be clarified and considered as beyond the scope in order to ease the organizing and managing accounting functions of those enterprises operating in Vietnam.

Accordingly, we have written to the MoF Accounting Policy Department requesting the Department to consider necessary changes in the Draft Decree. We will keep you posted on any further developments on this. We also welcome your ideas to us in relation to this topic.



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