

Proposed amendments on some articles of the Law on Accounting and the Law on Tax Administration

Tax Alert | September 2024

This Alert is to outline a number of proposed amendments to certain articles of the Law on Accounting and the Law on Tax Administration

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On 5 September 2024, the Ministry of Finance submitted for appraisal a draft Law amending articles of Law on Securities, Law on Accounting, Law on Independent Audit, Law on State Budget, Law on Management and Use of Public Assets, Law on Tax Administration, and Law on National Reserve (the Draft).

Notable amendments to the Law on Accounting and the Law on Tax Administration proposed in the Draft include:

1. Law on Accounting

- ▶ In addition to recognizing Vietnamese Accounting Standards, the Draft also proposes recognizing the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as standards for preparing and presenting financial statements.
- ▶ The Draft proposes to abolish the requirement for bilingualism in accounting documents if the accounting documents are in a foreign language. Instead, the Draft proposes to allow the use of foreign languages in accounting documents, with the stipulation that the accounting documents must be translated into Vietnamese upon request. Note that this proposal does not apply to financial statements.
- ▶ Regarding the regulation on the combination of accounting periods, the Draft proposes an amendment to clarify that the first or last accounting period can be combined based on the number of months, that is, not exceeding three months, instead of being based on the number of days, which is currently ninety days.
- ▶ The Draft proposes to clarify that financial statements prepared in accordance with regulations other than the permitted Accounting Standards and Accounting Regime will not be recognized.
- ▶ According to current regulations, the deadline for submitting financial statements is 90 days from the end of the accounting period. The Draft proposes to differentiate the deadlines for submitting stand-alone financial statements and consolidated financial statements. Specifically, the 90-day deadline will still apply to the stand-alone financial statements and a 120-day deadline will be set for the submission of the consolidated financial statements.
- ▶ The Draft proposes to recognize a limitation of liability for accountants. Specifically, accountants will not be held responsible for violations resulting from following the instructions of their superiors when they have already reported and expressed their reservations to those superiors.

2. Law on Tax Administration

- ▶ The draft proposes the use of data from electronic invoices in organizing measures to manage invoice and document obligations.
- ▶ It proposes supplementing taxpayers' rights by allowing them to be compensated for damages caused by tax management authorities or tax officials.
- ▶ The Draft proposes to abolish the regulation that requires the tax management authorities to pay interest in cases where they delay issuing tax refund decisions beyond the prescribed time limit for processing tax refund claims.
- ▶ The Draft proposes including logistics service providers in the list of entities responsible for providing information about traders, organizations, individuals who buy and sell goods and services on e-commerce platforms, as well as those using transportation services.
- ▶ According to the Draft, management authorities can simultaneously apply measures to enforce the implementation of administrative decisions, rather than implementing them sequentially as stipulated by current regulations.

The Draft is expected to be submitted to the National Assembly for comments and approval during the 8th session, which will be held in October 2024.

Contact

Hanoi Office

Huong Vu
General Director
EY Consulting Vietnam Joint Stock Company
huong.vu@vn.ey.com

Trang Pham | Partner
EY Consulting Vietnam Joint Stock Company
trang.pham@vn.ey.com

Japanese Business Services (JBS)
Takaaki Nishikawa | Director
Ernst & Young Vietnam Limited
takaaki.nishikawa@vn.ey.com

Korean Business Services (KBS)
Kyung Hoon Han | Director
Ernst & Young Vietnam Limited
kyung.hoon.han@vn.ey.com

Ho Chi Minh City Office

Robert King
EY Vietnam, Laos, Cambodia Tax Leader
EY Consulting Vietnam Joint Stock Company
robert.m.king@vn.ey.com

Thinh Xuan Than | Partner
EY Consulting Vietnam Joint Stock Company
thinh.xuan.than@vn.ey.com

Japanese Business Services (JBS)
Takahisa Onose | Partner
Ernst & Young Vietnam Limited
takahisa.onose@vn.ey.com

Korean Business Services (KBS)
Dong-ho Park | Assistant Director
Ernst & Young Vietnam Limited
dongho.park@vn.ey.com

Chinese Business Services (CBS)
Owen Tsao | Director
Ernst & Young Vietnam Limited
owen.tsao@vn.ey.com

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