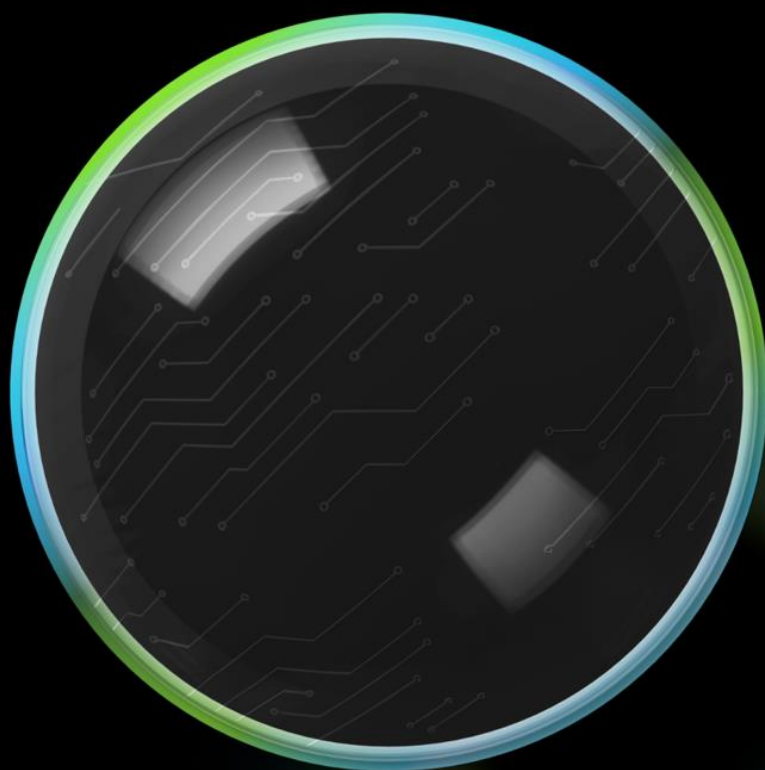




AUDIT & ASSURANCE ALERT

Amendment and supplement of Laws on Accounting and Independent Audit

January 2025



MAKING AN
IMPACT THAT
MATTERS

Since 1845

Law No. 56/2024/QH15, amending and supplementing several provisions of Laws on Securities, Accounting, Independent Audit, State Budget, Public Assets Management and Use, Tax Administration, Personal Income Tax, National Reserve, and Administrative Violations Handling, was passed by the National Assembly on 29 November 2024, published on 25 December 2024 and has taken effect from 01 January 2025. Below are highlights of amendments to the Laws on Accounting and Independent Audit.

Highlights

📍 Amendment and supplement of the Law on Accounting

<p>1. Text and numbers for accounting</p> <p>Change from “Accounting documents recorded in foreign language, when used for bookkeeping in Vietnam, must be translated into Vietnamese.” to “Accounting documents recorded in foreign language must be translated into Vietnamese when required by competent authority.”</p>
<p>2. Accounting period</p> <p>Amendment “In cases where the first or last accounting period of the year does not exceed a three consecutive monthly accounting period, it is permitted to be aggregated with the subsequent or the preceding year’s accounting period to be counted as one annual accounting period” to simplify the implementation instead of determining the 90-day period as prescribed in the old regulations.</p>
<p>3. Roadmap to the adoption of international accounting standards</p> <p>The Ministry of Finance is allowed to provide regulatory guidance on applicable entities, scope, procedures, roadmap, and other related matters concerning the adoption of international accounting standards.</p>
<p>4. Standards, rights and obligations of accountants</p> <p>Supplement allows accountants to “reserve in writing their professional opinions which differ from those of the decision-maker; report in writing to the Chief Accountant or the legal representative of the accounting entity upon detecting violations of financial and accounting regulations within the entity; in case compliance with the decision is still required, the accountant must report violations to the immediate superior of the decision-maker or the competent authority and shall not be responsible for the consequences of the execution of that decision.”</p>
<p>5. Accounting regime applicable to credit institutions and branches of foreign banks</p> <p>The State Bank of Vietnam is responsible for issuing accounting regulations or legal normative documents on accounting applicable to credit institutions and branches of foreign banks under its management, ensuring compliance with accounting standards.</p>
<p>6. Electronic records</p> <p>Additional forms of confirmation by electronic means are regulated in accordance with the provisions of law on electronic transactions on electronic records.</p>

Highlights (continued)

Amendment and supplement of the Law on Independent Audit

1. Serving period as a practicing auditor for a public interest entity

Not exceeding 05 consecutive years (formerly: not exceeding 05 consecutive fiscal years). The Ministry of Finance shall stipulate a cooling-off period before a practicing auditor can continue to perform audit services to the same public interest entity again.

2. Signing period as a practicing auditor for an audited entity

Not exceeding 05 consecutive years, an extension from the previous regulation of 03 years.

3. Expand the subjects required to audit annual financial statements

Other large-scale enterprises whose annual financial statements must be audited in accordance with the Government's regulations.

DELOITTE'S COMMENTS AND RECOMMENDATIONS

- Regarding the amendments and supplement to the Law on Accounting, entities should assess the impacts and influence, hence, subsequently adjust its accounting structure; proactively update content related to international accounting standards to be ready to anticipate upcoming changes regarding the roadmap and adoption procedures of international accounting standards in Vietnam.
- Regarding the amendments and supplement to the Law on Independent Auditing, from business perspective, entities should pay attention to new aforementioned regulations to comply with state legal requirements relating to additional scope and subjects to financial statement audits, as well as the assessment of the compliance of auditors to select quality auditing firms, ensuring transparency of information for stakeholders.

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