

ACCOUNTING LAW

THE STATE PRESIDENT OF THE SOCIALIST REPUBLIC OF VIETNAM

In order to uniformly manage the accounting, ensuring that accounting be a tool for managing and supervising closely and efficiently all economic and financial activities, supplying information in a complete, truthful, timely, public and transparent manners, thereby meeting the organization, management and administration requirements of State agencies, enterprises, organizations and individuals;

Pursuant to the 1992 Constitution of the Socialist Republic of Vietnam, which was amended and supplemented under Resolution No. 51/2001/QH10 dated December 25, 2001 of the Xth National Assembly, its 10th session;

This Law provides for accounting,

Chapter I **GENERAL PROVISIONS**

Article 1. Scope of regulation

This Law prescribes the contents of accounting work, the organization of accounting apparatuses, accountants and professional accounting activities.

Article 2. Subjects of application

1. The subjects of application of this Law include:

- a) State agencies, non-business units and organizations which are funded with the State budget;
- b) Non-business units and organizations which are not funded with the State budget;
- c) Enterprises of all economic sectors, which are established and operate under the Vietnamese laws; branches and representative offices of foreign enterprises operating in Vietnam;
- d) Cooperatives;
- e) Individual business households, cooperation groups;
- f) Accountants, other persons related to accounting.

2. For representative offices of foreign enterprises operating in Vietnam, individual business households and cooperation groups, the Government shall specify the contents of accounting work on the basis principles laid down in this Law.

Article 3. Application of international treaties

Where the international treaties which the Socialist Republic of Vietnam has signed or acceded to contain accounting provisions different from those of this Law, the provisions of such international treaties shall apply.

Article 4. Interpretation of terms and phrases

In this Law, the following terms and phrases are construed as follows:

1. Accounting means the collection, processing, examination, analysis and supply of economic and financial information in the forms of value, kind and labor time.
2. Financial accounting means the collection, processing, examination; analysis and supply of economic and financial information in financial statements to the subjects that need to use information of the accounting units.
3. Management accounting means the collection, processing, examination, analysis and supply of economic and financial information according to the requirement of economic and financial management and decision within the accounting units.
4. Economic and financial operations mean specific arising activities that increase or decrease assets and/or asset-forming sources of the accounting units.
5. Accounting units mean the subjects specified at Points a, b, c, d and e, Clause 1, Article 2 of this Law, which make financial statements.
6. Accounting period means a definite period from the time an accounting unit starts to make entries in accounting books to the time it ends the making of entries in accounting book and closes accounting books in order to make financial statements.
7. Accounting vouchers mean papers and information-carrying articles reflecting economic and financial operations that have arisen and completed, serving as a basis for making entries in accounting books.
8. Accounting records mean accounting vouchers, accounting books, financial statements, management accounting reports, audit reports, accounting inspection reports and other accounting-related records.
9. Accounting regime means regulations and guidelines on accounting in a particular domain or particular jobs, which are promulgated by State management bodies in charge of accounting or by organizations as authorized by State management bodies in charge of accounting or by organizations as authorized by State management bodies in charge of accounting.
10. Accounting inspection means the consideration and assessment of the observance of the accounting legislation, truthfulness and accuracy of accounting information and data.
11. Accountancy practice means the provision of accounting services by enterprises or individuals that satisfy all criteria and conditions therefore.
12. Accounting forms mean the forms of accounting books, order and methods of making entries therein and the relationships among accounting books.
13. Accounting methods mean specific modes and procedures for performing each content of accounting work.

Article 5. Accounting tasks

1. Collecting and processing accounting information and data according to the subjects and contents of accounting work as well as the accounting standards and

regimes.

2. Inspecting and supervising financial revenues and expenditures, collection and payment obligation and debt clearance; inspecting the management and use of assets and asset-forming sources; detecting and precluding acts of violating the finance and accounting legislation.

3. Analyzing accounting information and data; giving advice, proposing measures in service of the economic and financial management and decision of the accounting units.

4. Supplying accounting information and data according to law provisions.

Article 6. Accounting requirements

1. To reflect fully arising economic and financial operations in accounting vouchers, accounting books and financial statements.

2. To reflect accounting information and data in time and on schedule as prescribed.

3. To reflect accounting information and data explicitly, understandably and accurately.

4. To reflect truthfully the actual condition and nature of events, contents and value of economic and financial operations.

5. Accounting information and data must be reflected continuously from the commencement to the completion of economic and financial activities; from the establishment to the operation termination of accounting units; accounting data reflecting this period must ensure continuity from those of the preceding period.

6. To classify and arrange accounting information and data in an orderly, systematic and comparable manner.

Article 7. Accounting principles

1. The value of assets shall be calculated according to their original prices covering the costs of purchase, loading and unloading, transportation, assembly, processing and other directly related costs incurred by the time of putting assets into the ready-for-use state. Accounting units must not adjust without permission the value of assets already recorded in accounting books, unless otherwise provided for by law.

2. The selected accounting regulations and methods must be applied consistently throughout the annual accounting period; if there are any changes therein, the accounting units must give explanations therefor in their financial statements.

3. The accounting units must collect and reflect objectively, fully and truthfully all economic and financial operations according to the accounting period when such operations arise.

4. Information and data in the annual financial statements of the accounting units must be publicized according to the provisions in Article 32 of this Law.

5. The accounting units must use the methods of asset valuation and allocation of revenues and expenditures in a prudent manner without distorting the results of their economic and financial operations.

6. State agencies, non-business units and organizations funded with the State budget must, apart from complying with the provisions in Clauses 1, 2, 3, 4 and 5 of this Article, must also do accounting work according to the State budget index.

Article 8. Accounting standards

1. Accounting standards comprise basic accounting principles and methods for making entries in accounting books and for compiling financial statements.
2. The Ministry of Finance shall prescribe accounting standards on the basis of international accounting standards and the provisions of this Law.

Article 9. Accounting objects

1. The accounting objects in State budget collection and spending activities, administrative and non-business activities of units and organizations funded with the State budget include:

- a) Cash, supplies and fixed assets;
- b) Funding sources, funds;
- c) Payments inside and outside the accounting units;
- d) Revenues, expenditures and handling of differences to revenues from and expenditures on activities;
- e) Revenues, expenditures and the State budget remainder;
- f) Financial investments and credits of the State;
- g) The State's debts and the handling thereof;
- h) National properties;
- i) Other assets related to the accounting units.

2. The accounting objects in activities of units and organizations not funded with the State budget include assets and asset-forming sources specified at Points a, b, c, d and i, Clause 1 of this Article.

3. The accounting objects in business activities include:

- a) Fixed assets, current assets;
- b) Liabilities and owner's equity;
- c) Turnovers, business costs, other outlays and incomes;
- d) Taxes and amounts remittable into the State budget;
- e) Business results and shared business results;
- f) Other assets related to the accounting units.

4. The accounting objects in banking, credit, insurance, securities, financial investment activities, apart from those specified in Clause 3 of this Article, also include:

- a) Financial investments, credits;
- b) Payments inside and outside the accounting units;
- c) Committed and guaranteed amounts, valuable papers.

Article 10. Financial accounting, management accounting, general accounting and detailed accounting

1. Accounting at the accounting units comprises financial accounting and management accounting.

2. When carrying out financial accounting and management accounting, the accounting units must practice general accounting and detailed accounting as follows;

- a) General accounting must collect, process, record and supply general information on economic and financial activities of the units. General accounting uses monetary

units to reflect the situation of assets, the asset-forming sources, the situation and results of economic and financial activities of the accounting units;

b) Detailed accounting must collect, process, record and supply detailed information in monetary units, kind units and labor time units according to each particular accounting object in the accounting units. Detailed accounting illustrates general accounting. Detailed accounting data must dovetail general accounting data in a certain accounting period.

3. The Ministry of Finance shall guide the application of management accounting suitable to each field of activity.

Article 11. Calculation units used in accounting

The calculation units used in accounting include:

1. The monetary unit being Vietnam dong (with the national symbol of "d" and the international symbol of "VND"). Where economic or financial operations arise in foreign currencies and Vietnam dong at the actual exchange rates or converted at the exchange rates announced by Vietnam State Bank at the time they arise, unless otherwise provided for by law; for those foreign currencies for which the rates of exchange with Vietnam dong are not available, they must be converted via a foreign currency for which the rate of exchange with Vietnam dong is available.

The accounting units which have revenues and expenditures mostly in foreign currencies may choose a foreign currency prescribed by the Ministry of Finance as a monetary unit for accounting, but, when making financial statements for use in Vietnam, must convert it into Vietnam dong at the exchange rate announced by Vietnam State Bank at the time of closing books for making financial statements, unless otherwise provided for by law.

2. The kind unit and the labor-time unit being the official measurement units of the Socialist Republic of Vietnam; where other measurement units are used, they must be converted into the official measurement units of the Socialist Republic of Vietnam.

Article 12. Script and numerals used in accounting

1. The scrip used in accounting is the Vietnamese script. Where a foreign script must be used in accounting vouchers, accounting books and financial statements in Vietnam, the Vietnamese script and the foreign script must be used simultaneously.

2. Numerals used in accounting are Arabic numerals: 0, 1, 2, 3, 4, 5, 6, 7, 8, 9; following the thousand, million, billion, thousand billion, million billion and billion billion, a point (.) must be placed; for decimals, a comma (,) must be placed after the numeral representing units.

Article 13. Accounting period

1. An accounting period may be an annual accounting period, a quarterly accounting period or a monthly accounting period, which is prescribed as follows:

a) An annual accounting period consists of twelve months, counting from the beginning of January 1 to the end of December 31 of the calendar year. For accounting units which have unique organizational and/or operational characteristics, they may select an annual accounting period consisting of twelve full months according to the calendar year, starting from the beginning of the first day of the first

month of a quarter to the end of the last day of the last month of preceding quarter of the subsequent year and shall have to notify the finance offices thereof.

b) A quarterly accounting period consists of three months, counting from the beginning of the first day of the first month of a quarter to the end of the last day of the last month of the quarter.

c) A monthly accounting period consists of one month, counting from the beginning of the first day to the end of the last day of the month.

2. The accounting period of newly founded accounting units is prescribed as follows:

a) The first accounting period of newly founded enterprises is counted from the date they are granted the business registration certificates to the end of the last day of the annual accounting period, the quarterly accounting period or the monthly accounting period prescribed in Clause 1 of this Article;

b) The first accounting period of other accounting units is counted from the effective date inscribed in their establishment decisions to the end of the last day of the annual accounting period, the quarterly accounting period or the monthly accounting period prescribed in Clause 1 of this Article;

3. For accounting units, when being separated, split, consolidated, merged, transformed in ownership, dissolved, terminating operation or going bankrupt, their last accounting period is counted from the beginning of the first day of the annual accounting period, the quarterly accounting period or the monthly accounting period prescribed in Clause 1 of this Article to the end of the day preceding the effective date inscribed in the decisions on their division, separation, consolidation, merger, ownership transformation, dissolution, operation termination or bankruptcy.

4. Where the first annual accounting period or the last annual accounting period is shorter than 90 days, it shall be allowed to be added (+) to the subsequent annual accounting period or the preceding annual accounting period for counting as an annual accounting period. The first or last annual accounting period must be shorter than fifteen months.

Article 14. Prohibited acts

1. Forging, falsely declaring, colluding with or forcing other persons to forge or falsely declare or erasing accounting records.

2. Deliberately supplying or certifying, colluding with or forcing other persons to supply or certify untruthful accounting information and data.

3. Not recording in accounting books assets of or related to the accounting units.

4. Destroying or deliberately damaging accounting records ahead of the archival time limit specified in Article 40 of this Law.

5. Promulgating or publicizing accounting standards and/or regimes ultra vires.

6. Abusing one's post and powers to threaten or take revenge on accountants in the performance of accounting work.

7. Persons in charge of managing and/or administrating the accounting units and working concurrently as accountants, storekeepers or cashiers or buying and selling assets, except for private enterprises and individual business households.

8. Arranging accountants or chief accountants who fail to satisfy the criteria and

conditions specified in Articles 50 and 53 of this Law.

9. Other accounting acts prohibited by law.

Article 15. Value of accounting records and data

1. Accounting records and data shall have legal validity with regard to the economic and financial situation of the accounting units and be publicized according to law provisions.

2. Accounting records and data shall serve as a basis for drawing up and approving plans, cost estimates, final settlements and for considering and handling law violations.

Article 16. Responsibilities for managing, using and supplying accounting information and records

1. The accounting units shall have to manage, use, preserve and archive accounting records.

2. The accounting units shall have to supply complete and truthful accounting information and records in a timely and transparent manner to organizations and individuals according to law provisions.

Chapter II

CONTENTS OF ACCOUNTING WORK

Section 1. ACCOUNTING VOUCHERS

Article 17. Contents of accounting vouchers

1. An accounting voucher must contain the following principal contents:

- a) The name and serial number of the accounting voucher;
- b) The date of making the accounting voucher;
- c) The name and address of the accounting voucher-making unit or individual;
- d) The date and address of the accounting voucher-receiving unit or individual;
- e) The contents of the arising economic or financial operation;
- f) The quantity, unit price and money amount of the economic or financial operation, inscribed in figures; the total money amount of the accounting vouchers for money receipt or payment inscribed in both figures and words;
- g) The signatures and full names of the maker and the approver of, and persons related to, the accounting voucher.

2. Apart from the principal contents specified in Clause 1 of this Article, accounting vouchers may have other contents, depending on their types.

Article 18. Electronic vouchers

1. Electronic vouchers are regarded as accounting vouchers when they contain the contents specified in Article 17 of this Law, are expressed in the form of electronic data and encoded, and are not modified in the process of transmission via computer networks or via such information-carrying articles as magnetic tapes or discs, assorted payment cards.

2. The Government shall stipulate in detail electronic vouchers.

Article 19. Making of accounting vouchers

1. Accounting vouchers must be made for all arising economic and financial operations related to the operation of the accounting units. For every economic or

financial operation, the accounting voucher shall be made only once.

2. Accounting vouchers must be made legibly, fully, timely and accurately according to the contents prescribed in their forms. Where accounting vouchers have no set forms, the accounting units may make such accounting vouchers by themselves, which, however, must contain all the contents specified in Article 17 of this Law.

3. The contents of economic and/or financial operations inscribed on accounting vouchers must not be abbreviated, erased or corrected, must be written with ink pen, with figures and words closely following one another without space in between and blank spaces being crossed; erased or corrected vouchers shall not be valid for payment and entry into accounting books. When an accounting voucher is inscribed wrongly, it must be invalidated with a cross.

4. Accounting vouchers must be made with a sufficient number of copies as prescribed. When an accounting voucher is made with many copies for a single economic or financial operation, the contents of such copies must be alike. For accounting vouchers made by the accounting units specified at Points a, b, c and d, Clause 1, Article 2 of this Law for dealings with organizations or individuals outside the accounting unit, the copies handed over to such organizations or individuals must be appended with the seals of the accounting units.

5. The makers, approvers and other signatories of accounting vouchers shall be accountable for the contents thereof.

6. Accounting vouchers made in the form of electronic voucher must comply with the provisions in Article 18 of this Law and Clauses 1 and 2 of this Article. Electronic vouchers must be printed on paper and archived under the provisions in Article 40 of this Law.

Article 20. Signing of accounting vouchers

1. Accounting vouchers must be properly signed. Signatures on accounting vouchers must be written with ink pen. Accounting vouchers must not be signed in red ink or with carved signature seals. A person's signature on accounting vouchers must be uniform.

2. Accounting vouchers must be signed by competent persons or authorized persons. It is strictly forbidden to sign accounting vouchers which are not yet inscribed with the full contents falling under the responsibilities of the signatories.

3. Accounting vouchers for payment must be signed by competent persons for approval of payment and chief accountants or authorized persons before the payment is effected. Accounting vouchers for payment must be signed on every copy.

4. Electronic vouchers must contain electronic signatures according to law provisions.

Article 21. Sale invoices

1. When selling goods or provide services, organizations and individuals must make sale invoices and hand them over to customers. For cases of goods retailing or service provision involving a sum of money lower than the prescribed level, sale invoices may not be made if not asked for by the goods buyers. The Government shall specify the cases of goods sale and the sales level for which sale invoices may not be made.

2. When buying goods or being provided with services, organizations and individuals

may ask the goods sellers or service providers to make and hand over sale invoices to them.

3. Sale invoices may take the following forms:

- a) Invoices made on pre-printed forms;
- b) Invoices printed from machines;
- c) Electronic invoices;
- d) Stamps, tickets or cards pre-printed with the payment prices.

4. The Ministry of Finance shall prescribe the invoice forms, organize the printing, circulation and use of sale invoices. Where organizations or individuals print sale invoices by themselves, they must obtain the written approvals of competent finance agencies before printing.

5. When selling goods or providing services, if organizations or individuals fail to make or hand over sale invoices or make sale invoices at variance with the provisions in Articles 19 and 20 of this Law and Clauses 1, 2, 3 and 4 of this Article, they shall be handled according to law provisions.

Article 22. Management and use of accounting vouchers

1. Information and data written on accounting vouchers shall serve as a basis for making entries in accounting books.

2. Accounting vouchers must be arranged according to their economic contents, in the temporal order and safely preserved according to law provisions.

3. Only competent State bodies may temporarily seize, confiscate or seal up accounting vouchers. In case of temporary seizure or confiscation, the competent State bodies must make copies of the temporarily seized or confiscated vouchers and signed such copies for certification, and concurrently make records thereon, clearly stating the reasons therefor, the quantity of each kind of temporarily seized or confiscated vouchers, append their signatures and stamps thereto.

4. The competent bodies which seal up accounting vouchers must make records thereon, clearly stating the reasons therefor, the quantity of each kind of sealed-up accounting vouchers, append their signatures and stamps thereto.

Section 2. BOOK-KEEPING ACCOUNTS AND ACCOUNTING BOOKS

Article 23. Book-keeping accounts and the system thereof

1. Book-keeping accounts are used to classify and systemize economic and financial operations according to their economic contents.

2. The system of book-keeping accounts consists of accounts needed to be used. Each accounting unit must use a system of book-keeping accounts.

3. The Ministry of Finance shall stipulate in detail book-keeping accounts and the systems of book-keeping accounts.

Article 24. Selection and application of a system of book-keeping accounts

1. The accounting units must base themselves on the system of book-keeping accounts prescribed by the Ministry of Finance to select a system of book-keeping accounts for application at their respective units.

2. The accounting units may itemize the selected book-keeping accounts in service their management requirements.

Article 25. Accounting books and the system of accounting books

1. Accounting books are used to record, systemize and store all economic and financial operations that have arisen in relation to the accounting units.
2. An accounting book must be legibly inscribed with the name of the accounting unit, the book's name, the dates of its opening and closing; the signatures of its maker, the chief accountant and the accounting unit's representative at law, the number of pages, and page-overlapping stamps.
3. An accounting book must contain the following principal contents:
 - a) The dates of entries;
 - b) The serial numbers and dates of accounting vouchers used as a basis for making entries.
 - c) Summaries of the contents of the arising economic and financial operations;
 - d) Money amounts of the arising economic and financial operations, which are recorded in book-keeping accounts;
 - e) The period-beginning balance, amounts arising in the period and the period-end balance.
4. Accounting books include general and detailed accounting books.
5. The Ministry of Finance shall stipulate in detail the accounting forms, the systems of accounting books, and accounting books.

Article 26. Selection and application of the system of accounting books

1. Each accounting unit shall have only one system of accounting books for an annual accounting period.
2. The accounting units must base themselves on the systems of accounting books prescribed by the Ministry of Finance to select a system of accounting books for application at their respective units.
3. The accounting units may concretize the selected accounting books in service of their management requirements.

Article 27. Opening, recording and closing of accounting books

1. Accounting books must be opened at the beginning of an annual accounting period; for newly set up accounting units, they must open accounting books upon their establishment.
2. The accounting units must make entries in accounting books on the basis of accounting vouchers.
3. Accounting books must be recorded timely, legibly and fully according to their contents. Information and figures recorded in accounting books must be accurate, truthful and true to accounting vouchers.
4. Entries must be made in accounting books in the temporal order of the economic and financial operations. Information and figures recorded in accounting books of this year must continue from those recorded on accounting books of the preceding year. Accounting books must be recorded continuously from their opening to closing.
5. Information and figures in accounting books must be written with ink pen and without inserts above or below; must not be written overlapping and on every other line; where a page is not fully written, the blank space must be crossed; when a page

is written fully, the total of figures on the page must be calculated and carried forward to the next page.

6. Accounting units must close their accounting books at the end of an accounting period before making financial statements and in other cases of closing accounting books as prescribed by law.

7. The accounting units may make entries in manual or computerized accounting books. If making entries in computerized accounting books, they must comply with the provisions on accounting books in Articles 25 and 26 of this Law and Clauses 1, 2, 3, 4 and 6 of this Article. After closing computerized accounting books, they must print them on paper and bind in separate books for each annual accounting year.

Article 28. Correction of accounting books

1. When errors are detected in manual accounting books, wrong information or figures must not be erased untraceably but corrected by one of the three following methods:

- a) Making correction by crossing the wrong figures or words, then writing the correct figures or words above, next to which there must be the chief accountant's signature;
- b) Writing negative figures by re-writing the erroneous figures in red ink or putting them in brackets, then writing the correct ones, next to which there must be the chief accountant's signature;
- c) Writing additions by making "additional recording vouchers" and writing the difference, making up for the deficit.

2. If detecting errors in accounting books before submitting annual financial statements to competent State bodies, corrections must be made on the accounting books of that year.

3. If detecting errors in accounting books after submitting annual financial statements to competent State bodies, corrections must be made on the accounting books of the year when errors are detected and notes thereon must be given on the last line of such accounting books.

4. Making corrections on computerized accounting books:

- a) If detecting errors in accounting books before submitting annual financial statements to competent State bodies, corrections must be made directly on the computerized accounting books of such year.
- b) If detecting errors in accounting books after submitting annual financial statements to competent State bodies, corrections must be made directly on the computerized accounting books of the year when errors are detected and make notes thereon at the last line of such accounting books.
- c) Corrections in computerized accounting books shall be made by the methods specified at Point b or c, Clause 1 of this Article.

Section 3. FINANCIAL STATEMENTS

Article 29. Financial statements

1. Financial statements are drawn up according to the accounting standards and regimes and used for synthesizing and describing the economic and financial situation of the accounting units.

2. Financial statements of the accounting units engaged in State budget collection and spending activities, the administrative agencies, non-business units and organizations funded with the State budget as well as non-business units and organizations not funded with the State budget include:

- a) The accounting balance sheet;
- b) The revenue and expenditure report;
- c) The written explanation on the financial statements;
- d) Other reports as prescribed by law.

3. Financial statements of the accounting units engaged in business activities comprise:

- a) The accounting balance sheet;
- b) The report on business results;
- c) The cash flow report;
- d) The written explanation on the financial statements.

4. The Ministry of Finance shall stipulate in detail financial statements for each field of activity.

Article 30. Compilation of financial statements

1. The accounting units must compile financial statements at the end of the annual accounting period; where it is prescribed by law that financial statements are compiled according to other accounting periods, the accounting units must compile financial statements according to such accounting periods.

2. The compilation of financial statements must be based on the figures after the closing of accounting books. The superior accounting units must make general financial statements or consolidated financial statements on the basis of financial statements of the accounting units in the same superior accounting units.

3. Financial statements must be compiled according to the contents and methods and be presented consistently in different accounting periods; where the financial statements are presented inconsistently in different accounting periods, the reasons therefore must be clearly explained.

4. Financial statements must be signed by the compilers, chief accountants and the representatives at law of the accounting units. The signatories of financial statements must be accountable for their contents.

Article 31. Time limit for submission of financial statements

1. Annual financial statements of the accounting units must be submitted to competent State bodies within ninety days after the last day of the annual accounting period as prescribed by law; for budget settlement reports, they must be submitted according to the time limit prescribed by the Government.

2. The Government shall specify the time limits for submission of financial statements and budget settlement reports for each field of activity and each managerial level.

Article 32. Financial statement contents to be publicized

1. The to be-publicized contents of financial statements of the accounting units engaged in State budget collection and spending activities, the administrative

agencies, non-business units and organizations funded with the State budget as well as non-business units and organizations not funded with the State budget include:

- a) Annual State budget settlement, for accounting units engaged in State budget collection and spending activities;
- b) Annual settlement of the State budget and other financial revenues and expenditures, for administrative agencies, non-business units and organizations funded with the State budget;
- c) Annual settlement of financial revenues and expenditures, for non-business units and organizations not funded with the State budget;
- d) The objectives of mobilization and use of contributed amounts, contributors, mobilization levels, use results and the settlement of collection and spending of each contributed amount, for accounting units using the people's contributed amounts.

2. The to be-publicized contents of financial statements of the accounting units engaged in business activities include:

- a) The situation of assets, liabilities and owners' equity;
- b) The business results;
- c) Deductions for, and the use of, various funds;
- d) Laborers' incomes.

3. When publicized, the audited financial statements of the accounting units must be enclosed with the auditing organizations' conclusions.

Article 33. Forms of and time limits for publicization of financial statements

1. Financial statements may be publicized in the following forms:

- a) Publication;
- b) Written notification;
- c) Public posting;
- d) Other forms as prescribed by law.

2. The accounting units engaged in State budget collection and spending activities must publicize their annual financial statements within sixty days after getting the approval of competent authorities.

3. The accounting units which are administrative agencies, non-business units or organizations funded with the State budget or non-business units or organizations not funded with the State budget or which use people's contributed amounts must publicize the annual financial statements within thirty days after getting the approval of competent authorities.

4. The accounting units engaged in business activities must publicize their financial statements within one hundred and twenty days as from the last day of the annual accounting period.

Article 34. Auditing of financial statements

1. The accounting units' annual financial statements which are, as prescribed by law, subject to audit must be audited before they are submitted to competent State bodies and before they are publicized.

2. When audited, the accounting units must observe all the law provisions on audit.

3. The audited financial statements, when being submitted to competent State bodies

specified in Article 31 of this Law, must be enclosed with the audit reports.

Section 4. ACCOUNTING INSPECTION

Article 35. Accounting inspection

The accounting units must be subject to accounting inspection by competent bodies with no more than one inspection of each content in a year. The accounting inspection shall be conducted only on decisions of competent bodies as prescribed by law.

Article 36. Contents of accounting inspection

1. The contents of accounting inspection include:
 - a) Inspecting the performance of the contents of accounting work;
 - b) Examining the organization of the accounting apparatus and accountants;
 - c) Examining the organization of the management and practice of accountancy;
 - d) Inspecting the observance of other law provisions on accounting.
2. The contents of accounting inspection must be stated in the inspection decisions.

Article 37. Rights and responsibilities of accounting inspection teams

1. When conducting accounting inspection, the accounting inspection teams must produce accounting inspection decisions. They may request the inspected accounting units to supply accounting records pertaining to the accounting inspection contents and give justifications when necessary.
2. Upon concluding the accounting inspection, the accounting inspection teams must make records thereon and hand over one copy to the inspected accounting unit; if discovering any violations of the accounting legislation, they shall handle them according to their competence or transfer the dossiers thereof to competent State bodies for handling according to law provisions.
3. The heads of the accounting inspection teams shall be accountable for inspection conclusions.
4. The accounting inspection teams must observe the process, contents, scope and time of inspection, without affecting the normal operation of the inspected accounting units and harassing them.

Article 38. Responsibilities and rights of the accounting units subject to accounting inspection

1. The accounting units subject to accounting inspection shall have the responsibility:
 - a) To supply the accounting inspection teams with the accounting records related to the inspection contents and give justifications at the request of the inspection teams.
 - b) To abide by the conclusions of the accounting inspection teams.
2. The accounting units subject to accounting inspection shall have the right:
 - a) To reject the inspection if seeing that such inspection is conducted ultra vires or its contents are contrary to the provisions in Article 36 of this Law;
 - b) To lodge complaints about the accounting inspection teams' conclusions with the agencies competent to decide on accounting inspection; comply with the law provisions if disagreeing with the conclusions of the agencies competent to decide on accounting inspection.

Section 5. ASSET INVENTORY, PRESERVATION AND ARCHIVAL OF

ACCOUNTING RECORDS

Article 39. Asset inventory

1. Asset inventory means the weighing, measurement or counting of volumes or quantities; the certification and evaluation of the quality or value of assets and/or capital sources available at the time of inventory in order to check and compare with the data in accounting books.
2. The accounting units must inventory their assets in the following cases:
 - a) At the end of the annual accounting period before making financial statements;
 - b) Division, separation, consolidation, merger, dissolution, termination of operation, bankruptcy, sale, contracting or lease of enterprises;
 - c) Transformation of the ownership of enterprises;
 - d) Occurrence of fires, floods or other unexpected damage;
 - e) Re-evaluation of assets under decisions of competent State bodies;
 - f) Other cases as prescribed by law.
3. After inventorying their assets, the accounting units must make general reports on the inventory results. If there are any discrepancies between the actual inventory figures and those recorded in accounting books, the accounting units must identify the causes and reflect the discrepancies and the handling results in accounting books before making financial statements.
4. The inventory must reflect the actual assets and asset-forming sources. The makers and signatories of the general reports on inventory results shall be accountable for the inventory results.

Article 40. Preservation and archival of accounting records

1. Accounting records must be fully and safely preserved by the accounting units in the process of use and archival.
2. Accounting records for archival must be original ones. Where accounting records are temporarily seized or confiscated, there must be records thereon enclosed with the certified copies; if they are lost or destroyed, there must be written records thereon, enclosed with their copies or written certifications.
3. Accounting records must be archived for twelve months as from the last day of the annual accounting period or after the accounting work finishes.
4. The accounting units' representatives at law shall have to organize the preservation and archival of accounting records.
5. Accounting records must be archived according to the following time limits:
 - a) At least five years, for accounting records used for the accounting units' management and administration work, including accounting vouchers not directly used for making entries in accounting books and financial statements;
 - b) At least ten years, for accounting vouchers directly used for making entries in accounting books and financial statements, accounting books and annual financial statements, unless otherwise provided for by law;
 - c) Perpetual archival, for accounting documents of historical value and of important economic, security or defense significance.
6. The Government shall specify each kind of accounting records to be archived, the

archival time limits and the time for counting the archival time limits prescribed in Clause 5 of this Article, the archival places and the procedures for destruction of archived accounting records.

Article 41. Accounting work in cases where accounting records are lost or damaged
Upon detecting that accounting records are lost or damaged, the accounting units must immediately:

1. Inspect, identify, and make records on, the quantities, the actual conditions and the causes of the loss or damage of accounting records, and notify the concerned organizations and individuals as well as competent State bodies thereof;
2. Organize the restoration of damaged accounting records;
3. Contact those organizations and individuals with transactions in accounting records and data for copying or re-certification of the lost or damaged accounting records;
4. For accounting records related to assets, which cannot be restored by methods defined in Clauses 2 and 3 of this Article, the related assets must be inventoried so as to recompile the lost or damaged accounting records.

Section 6. ACCOUNTING WORK IN CASE OF DIVISION, SEPARATION, CONSOLIDATION, MERGER, OWNERSHIP TRANSFORMATION, DISSOLUTION, OPERATION TERMINATION OR BANKRUPTCY OF ACCOUNTING UNITS

Article 42. Accounting work in case of division of accounting units

1. An accounting unit, when being divided into new accounting units, must:
 - a) Close the accounting books, inventory assets, identify liabilities and make financial statements;
 - b) Divide assets, liabilities, make records on the hand-over thereof, and record the accounting books according to the hand-over records;
 - c) Hand over the accounting records related to assets and liabilities to the new accounting units.
2. The newly set up accounting units shall base themselves on the hand-over records to open and record their accounting books according to the provisions of this Law.

Article 43. Accounting work in case of separation of accounting units

1. An accounting unit, when having one section separated to form of new accounting unit, must:
 - a) Inventory assets and identify liabilities of the separated section;
 - b) Hand over the assets and liabilities of the separated section, make records on the hand-over, and record the accounting books according to the hand-over records;
 - c) Hand over the accounting records related to assets and liabilities to the new accounting unit; for accounting records not handed over, the separating accounting unit shall archive them in accordance with the provisions in Article 40 of this Law.
2. The newly set up accounting unit shall base itself on the hand-over records to open and record its accounting books according to the provisions of this Law.

Article 44. Accounting work in case of consolidation of accounting units

1. Where several accounting units are consolidated into a new accounting unit, each of them must:

a) Close the accounting books, inventory assets, identify liabilities and make financial statements;

b) Hand over all assets and liabilities, make records on the hand-over, and the accounting books according to the hand-over records;

c) Hand over all accounting records to the consolidated accounting unit.

2. The consolidated accounting unit must:

a) Base itself on the hand-over records to open and record the accounting books;

b) Synthesize the financial statements of the consolidating accounting units into its financial statements.

Article 45. Accounting work in case of merger of accounting units

1. Where an accounting unit is merged into another accounting unit, it must:

a) Close the accounting books, inventory assets, identify liabilities and make financial statements;

b) Hand over all assets and liabilities, make records on the hand-over, and record the accounting books according to the hand-over records;

c) Hand over all accounting records to the merging accounting unit.

2. The merging accounting unit shall base itself on the hand-over records to record the accounting books according to the provisions of this Law.

Article 46. Accounting work in case of ownership transformation

1. The accounting units which transform their ownership must:

a) Close the accounting books, inventory assets, identify liabilities and make financial statements;

b) Hand over all assets and liabilities, make records on the hand-over, and make entries in accounting books according to the hand-over records;

c) Hand over all accounting records to the accounting units with the new form of ownership.

2. The accounting units with the new form of ownership shall base themselves on the hand-over records to open and record the accounting books according to the provisions of this Law.

Article 47. Accounting work in case of dissolution, operation termination or bankruptcy

1. The accounting units, when being dissolved or terminating operation, must:

a) Close the accounting books, inventory assets, identify liabilities and make financial statements;

b) Open the accounting books to supervise economic and financial operations related to their dissolution or operation termination;

c) Hand over accounting records after their dissolution or operation termination completes to superior accounting units or archiving organizations or individuals as prescribed in Article 40 of this Law.

2. Where an accounting unit is declared bankrupt, the bankruptcy-declaring court shall designate persons to take over the accounting work as prescribed in Clause 1 of this Article.

Chapter III

ORGANIZATION OF ACCOUNTING APPARATUS AND ACCOUNTANTS

Article 48. Organization of the accounting apparatus

1. The accounting units must organize their accounting apparatuses, arrange or hire accountants.
2. The accounting units must arrange persons to work as chief accountants. Where an accounting unit cannot arrange a chief accountant yet, it must appoint a person responsible for accounting work and hire a chief accountant (hereinafter chief accountants and persons responsible for accounting work are collectively referred to as chief accountants).
3. If agencies or enterprises have superior and subordinate accounting units, the organization of their accounting apparatuses shall comply with law provisions.

Article 49. Responsibilities of the accounting units' representatives at law

1. To organize the accounting apparatuses, arrange accountants and chief accountants who satisfy the criteria and conditions prescribed in this Law.
2. To decide to hire accountants and/or chief accountants.
3. To organize and direct the accounting work in the accounting units according to the law provisions on accounting and take responsibility for consequences caused by their wrong-doings or violations.

Article 50. Criteria, rights and responsibilities of accountants

1. Accountants must satisfy the following criteria:
 - a) Possessing professional ethics, being honest, incorruptible and having the sense of law observance;
 - b) Having professional accountancy qualifications.
2. Accountants have the right to work independently in their professional accountancy activities.
3. Accountants shall have to observe the law provisions on accounting, perform their assigned tasks and take responsibility for their professional work. When accountants are changed, they shall have to hand over the accounting work and documents to their successors and take responsibility for the accounting work in the period when they worked as accountants.

Article 51. Persons banned from practicing accountancy

1. Minors; persons who have their civil act capacity restricted or lost; persons who are forced to stay on education camps, medical treatment establishments or who are placed under administrative probation.
2. Persons banned from practicing accountancy or working as accountants under court judgments or decisions; persons being examined for penal liability, persons who are serving imprisonment sentences or who have been convicted for economic or position-related crimes related to financial or accounting matters and not yet have their criminal records wiped off.
3. Parents, spouses, children or siblings of persons in charge of managing or administering the accounting units, including chief accountants in the same accounting units which are State enterprises, joint-stock companies, cooperatives, non-business units or organizations funded with the State budget as well as non-

business units or organizations not funded with the State budget.

4. Storekeepers, cashiers, buyers or sellers of assets in the same accounting units which are State enterprises, joint-stock companies, cooperatives, non-business units or organizations funded with the State budget as well as non-business units or organizations not funded with the State budget.

Article 52. Chief accountants

1. Chief accountants shall have the task of organizing the accounting work in the accounting units under the provisions in Article 5 of this Law.

2. Chief accountants of State agencies, non-business units or organizations funded with the State budget, non-business units and organizations not funded with the State budget as well as State enterprises shall perform, apart from the tasks mentioned in Clause 1 of this Article, the tasks of assisting the accounting units' representatives at law in supervising financial matters in the accounting units.

3. Chief accountants shall submit to the leadership of the accounting units' representatives at law. Where superior accounting units exist, chief accountants shall also submit to the direction and supervision by superior chief accountants regarding professional matters.

4. Where an accounting unit appoints the person responsible for accounting to replace the chief accountant, such person must satisfy the criteria specified in Clause 1, Article 50 of this Law and discharge the tasks, responsibilities and rights prescribed for chief accountants.

Article 53. Criteria and conditions of chief accountants

1. Accountants must satisfy the following criteria:

- a) Satisfying the criteria specified in Clause 1, Article 50 of this Law;
- b) Having professional accountancy qualifications of intermediate or higher level;
- c) Having actually performed accounting work for at least two years for those who have professional accountancy qualifications of university or higher level or at least three years for those who have professional accountancy qualifications of intermediate level.

2. Chief accountants must have a certificate of chief accountant's training.

3. The Government shall specify the criteria and conditions of chief accountants suitable to each type of accounting unit.

Article 54. Responsibilities and rights of chief accountants

1. Chief accountants shall have the responsibility:

- a) To implement the law provisions on accounting and finance in the accounting units;
- b) To organize and administer the accounting apparatuses according to the provisions of this Law;
- c) To compile financial statements.

2. Chief accountants have the right to work independently in their professional accountancy activities.

3. Chief accountants of State agencies, non-business units or organizations funded with the State budget or non-business units or organizations not funded with the State

budget and State enterprises shall have, apart from the rights prescribed in Clause 2 of this Article, the right:

- a) To give written opinions to the accounting units' representatives at law on the recruitment, transfer, salary rise, commendation or disciplining of accountants, storekeepers and/or cashiers;
- b) To request the relevant sections in the accounting units to supply fully and timely documents related to their accounting work and financial supervision;
- c) To reserve in writing their professional opinions which differ from the opinions of decision makers;
- d) To report in writing to the accounting units' representatives at law when detecting violations of the finance and accounting legislation in the establishments; if they still have to abide by decisions, the chief accountants shall report such decisions to the immediate superiors of the decision makers or competent State bodies and not have to bear responsibility for the consequences of the implementation of such decisions.

Chapter IV **ACCOUNTANCY**

Article 55. Practice of accountancy

1. Organizations and individuals that are fully qualified under the provisions of law shall have the right to practice accountancy.
2. Organizations dealing in accounting services must set up accounting service enterprises according to law provisions. The managers of accounting service enterprises must have the accountancy practice certificates granted by competent State bodies specified in Article 57 of this Law.
3. Individual accountancy practitioners must have accountancy certificates granted by competent State bodies defined in Article 57 of this Law and must have the accountancy service business registration.

Article 56. Hiring accountants or chief accountants

1. The accounting units may sign contracts with the accounting service enterprises or individuals who have registered accounting service business for hiring accountants or chief accountants.
2. The hiring of accountants or chief accountants must be made in written contracts as prescribed by law.
3. The accounting units which hire accountants or chief accountants shall have to supply in a full, timely and truthful manner all information and documents related to the hiring of accountants or chief accountants and pay fully and on schedule accounting service charges as agreed upon in the contracts.
4. Hired chief accountants must satisfy all criteria and conditions prescribed in Article 53 of this Law.
5. Enterprises and individuals providing accounting services and hired chief accountants shall be accountable for accounting information and figures as agreed upon in the contracts.

Article 57. Accountancy practice certificates

1. In order to be granted the accountancy practice certificates, Vietnamese citizens

must satisfy the following criteria and conditions:

- a) Possessing professional ethics, being honest, incorruptible, having the sense of law observance; and being other than those subjects specified in Clauses 1 and 2, Article 51 of this Law;
- b) Having professional financial and accounting qualifications of university or higher degree and having actually performed financial and accounting work for five years or more;
- c) Passing recruitment exams organized by competent State bodies.

2. To be granted the accountancy practice certificates, foreigners must satisfy the following criteria and conditions:

- a) Being permitted to reside in Vietnam;
- b) Having the accountancy specialist's certificates or accountancy certificates granted by foreign or international organizations and recognized by the Vietnamese Ministry of Finance;
- c) Passing the test on the finance and accounting legislation of Vietnam, organized by competent State bodies.

3. The Ministry of Finance shall prescribe the training programs, examination councils, procedures and competence for granting and revoking the accountancy practice certificates according to the provisions of this Law and other relevant law provisions.

Article 58. Right to participate in accountancy organizations

The accounting units and accountants shall have the right to participate in Vietnam Accountancy Association or other professional accountancy organizations in order to develop the accountancy profession and protect the legitimate rights and interests of their members according to law provisions.

Chapter V

STATE MANAGEMENT OVER ACCOUNTING

Article 59. Contents of State management over accounting

The contents of State management over accounting include:

- 1. Formulating, and directing the implementation of strategies, planning's and plans on development of accounting;
- 2. Promulgating, disseminating, directing and organizing the implementation of legal documents on accounting;
- 3. Inspecting accounting; inspecting accounting services;
- 4. Guiding the accountancy practice, organizing examinations, granting and revoking the accountancy practice certificates;
- 5. Organizing the accountancy training and fostering;
- 6. Guiding and organizing and managing scientific researchers into accounting and the application of information technologies to accounting activities;
- 7. Undertaking international cooperation on accounting;
- 8. Settling accounting-related complaints and denunciations and handling violations of the accounting legislation.

Article 60. Agencies performing the State management over accounting

1. The Government shall perform the unified State management over accounting.
2. The Ministry of Finance shall be responsible to the Government for discharging the function of State management over accounting.
3. The ministries and the ministerial-level agencies shall, within the scope of their respective tasks and powers, have to perform the State management over accounting in the branches or domains assigned to them for management.
4. The People's Committees of the provinces or centrally-run cities shall, within the scope of their respective tasks and powers, have to perform the State management over accounting in their respective localities.

Chapter VI

COMMENDATION AND HANDLING OF VIOLATIONS

Article 61. Commendation

Organizations and individuals that record achievements in accounting activities shall be commended and/or rewarded according to law provisions.

Article 62. Handling of violations

Organizations and individuals that commit acts of violating the accounting legislation shall, depending on the nature and seriousness of their violations, be administratively sanctioned or examined for penal liability; and, if causing damage, pay compensation therefore according to law provisions.

Chapter VII

IMPLEMENTATION PROVISIONS

Article 63. Implementation effect

1. This Law shall take effect as from January 1, 2004.
2. The May 10, 1988 Accounting and Statistics Ordinance shall cease to be effective as from the effective date of this Law.

Article 64. Implementation detailing and guidance

The Government shall detail and guide the implementation of this Law.

This Law was passed on June 17, 2003 by the XIth National Assembly of the Socialist Republic of Vietnam at its 3rd session.

**CHAIRMAN OF THE NATIONAL
ASSEMBLY**

(Signed and sealed)

NGUYEN VAN AN

(This translation is for reference only)