



Circular 133/2016/TT-BTC guiding Vietnamese Accounting System for Small and Medium-sized Enterprises

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On August 26, 2016, the Ministry of Finance issued Circular 133/2016/TT-BTC guiding Vietnamese Accounting System for Small and Medium-sized Enterprises (SMEs), replacing Decision No. 48/2006/QĐ-BTC dated September 14, 2006 and Circular No. 138/2011/TT-BTC dated October 4, 2011 by the Ministry of Finance. This Circular takes effect for fiscal years starting on or after January 1, 2017. Accordingly, several notable contents are as follows:

1. Accounting vouchers and accounting books

- Accounting vouchers are all guided (but not compulsory). Following that, enterprises can design appropriate patterns of accounting vouchers which are suitable with the operational characteristics and management requirements, but must ensure the main contents and the information provided in accordance with the regulations of the Law on Accounting and the documents guiding the Law on Accounting;
- All forms of accounting books (including the type of ledger, journal) are all guided (but not compulsory). Enterprises must comply with the regulations of the Law on Accounting and the documents guiding the Law on Accounting. Enterprises can design books form, accounting card which are suitable with the operational characteristics and management requirements, but must ensure that the presented information is adequate, clear, easy to inspect and control;
- In case, enterprises do not design books form, accounting books, they can apply templates under the guidance of the Ministry of Finance.

2. Accounting principles and accounting entries

- The Circular only prescribes accounting principles;
- There is no detail guideline for accounting entries. Enterprises book entries to match with the process of transferring vouchers and to ensure the accuracy of financial statements.
- Enterprises choose accounting currency which matches with the requirements of Accounting System;
- Enterprises could choose to record or not to record revenue from internal transactions regardless of output vouchers;
- Enterprises could regulate dependent accounting units to record amount capital received from enterprises as liabilities or equity;
- Enterprises could choose financial statement form according to decreasing order of liquidity or separation of current and non-current items.

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3. The changes of system accounts of Circular 133/2016/TT-BTC compared to Decision 48/2006/QĐ-BTC

- The pledged, mortgage, short-term and long-term deposits are merged into account 1386 - pledge, mortgage, deposit;
- Merge all provision accounts into account 229;
- Merge short-term and long-term prepayment into account 242 - Prepayment;
- Merge accounts 311, 315, 341 into account 341 - Borrowings and Finance leases;
- Merge account receipt of short-term deposit and account receipt of long-term deposit into account 3386 - Receipt of deposit;
- Add account 136 - Internal receivable;
- Change the name of account 411 into "Contributed capital";
- Remove accounts 1113, 1123, 171, 311, 315, 521 and off-balance sheet accounts.

4. Convert the balances on accounting books

- The balance of gold, silver, precious metals, precious stone which presented on account 1113 and 1123 is transferred to accounts 152 - Inventories, account 155 - Finished goods, account 156 - Merchandises (gold, silver, precious metals, precious stone which is reclassified into inventories) and account 2288 - Other investments (gold, silver, precious metals, precious stone which is not reclassified into inventories);
- Balance of bonds, treasury bills, promissory notes which are held to maturity and not for trading purposes (buying in order to sell out with the aim to make a profit through arbitrage buying and selling) is transferred from account 121 - Short-term financial investments to account 128 - Investments held to maturity (1288);
- Balance of account 142 - Short-term prepayment is transferred to account 242 - Prepayment;
- Balance of account 1388 - Short-term pledged, mortgage, deposits and account 244 - Long-term pledged, mortgage, deposits are transferred into account 1386 - Pledged, mortgage, deposits;
- Balance of account 159 and account 229 - Provisions are transferred into account 229 - Provisions for devaluation of assets (details to the second level of provision accounts for appropriate content);
- Balance of account 311 - Short-term borrowings, account 315 - Current portions, account 3411 - Long-term borrowings and account 3412 - Long-term payables are transferred into account 341 - Borrowings and Finance leases;
- Balance of account 3414 - Receipt of long-term pledged, mortgage, deposits is transferred into account 3386 - Receipt of pledged, mortgage, deposits;
- Amount accruals of repair, maintenance for normal operation of Fixed Assets (Fixed Assets which are needed to be repaired periodically accordance with the technical requirement), cost of environment recovery, restoration of the ground and similar cost are transferred from account 335 - Accrual expenses to account 352 - Provision of payables (detail account 3524).

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5. Term of retrospective

- Enterprises discontinue depreciation of investment real estate which is held for increasing value and do not need to retrospect all of the depreciation expense which was recorded in previous periods;
- Enterprises report comparative information on the Financial Statements for the indicator which changed between this Circular and the Decision No. 48/2006/QĐ-BTC dated September 14, 2006 of the Ministry of Finance and disclose reason of the change in Accounting System.



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