

Accounting in Vietnam: An Overview of Requirements & Obligations

Providing a practical
understanding of the
Vietnamese Accounting System
(VAS) in 2025

Alitium

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Alitium is a comprehensive service provider offering consulting and business support solutions for foreign investors in Vietnam. We serve as a trusted partner, accompanying our clients throughout their investment journey and business development in key markets across the region, including Vietnam and, more recently, Singapore - a strategic financial and commercial hub in Asia.

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Vietnamese Accounting Standards (VAS)

An Overview of Accounting

Vietnamese accounting is structured around Vietnamese Accounting Standards (VAS) and its core principles. While VAS is primarily a set of accounting standards enforced by law, it also serves as the foundation for tax compliance in Vietnam, making it deeply integrated into many aspects of the country's regulatory framework.

Enterprises operating in Vietnam are subject to regular tax audits and inspections, with tax authorities heavily relying on VAS-compliant financial records to assess Corporate Income Tax, VAT, and other tax obligations. Non-compliance or inaccurate application of VAS principles can lead to penalties, adjustments, and reputational risk. Accordingly, companies need invest in appropriate accounting software, internal controls, documented procedures and engage locally qualified expertise to ensure proper compliance and financial transparency.

Vietnam is moving towards implementing a version of International Financial Reporting Standards (IFRS) in Vietnam, with a roadmap to notional voluntary adoption after 2025. Given the complex integration of VAS within the greater regulatory framework, it may take some considerable, however, time for any significant movement away from VAS for most companies/ taxpayers.

As a result, understanding, establishing and maintaining a VAS compliant accounting system is crucial for governance and ongoing compliance for corporate entities in Vietnam.

General Requirements under VAS

Key principals that underpin the establishment of a VAS compliant accounting system in Vietnam include:

- **Standard (Fixed) Chart of Accounts.** There is a standardised Chart of Accounts that companies are required to adopt, with limited variances.
- **Vietnamese Language** must be used for recording and reporting. Dual language is generally permitted, provided Vietnamese is the primary language.
- **Written Vouchers and Documentation** must be maintained for entries into the accounting system.
- **Vietnam Dong (VND)** is required to be used for accounting records and recording, with limited exceptions.
- **Signed Accounting Documents** are often required, which can involve physical signatures, stamps or registered digital signatures depending on the documentation.
- **General Ledger** maintenance obligations, for financial reporting and compliance.
- **End of Year Financial Statements** include notes to the accounts, and are required to be submitted with tax finalisations.
- **Chief Accountant** appointment by companies is required, to sign and take responsibility for accounting and tax compliance.

VAS Principals

VAS was initially developed based on prevailing international accounting standards, particularly older versions of International Accounting Standards (IAS), with the underlying fundamentals of the system sharing a degree of conceptual consistency with global practices. However, over time, as IFRS has evolved into a more principles-based and forward-looking framework, VAS has remained largely static, shaped heavily by domestic regulatory, legal, and tax considerations.

IFRS remains a principles-based system, built upon a conceptual framework that allows professional judgment and flexibility in applying standards to complex or unique transactions. VAS, in contrast, is a rules-based framework that focuses on strict compliance with prescribed formats, classifications, and treatments. This rigidity limits flexibility in financial reporting and often prioritises form over substance. For example, VAS mandates the use of specific charts of accounts and requires uniform reporting formats that may not reflect the true economic substance of certain business activities.

One of the key distinctions is that VAS is tightly aligned with tax and regulatory compliance, meaning that accounting treatments are often directly driven by tax requirements rather than economic reality or international comparability. In many cases, financial statements serve primarily as tools for tax administration, not as vehicles for transparent financial reporting to investors or external stakeholders. This contrasts sharply with IFRS jurisdictions, where tax accounting and financial reporting are deliberately kept separate to ensure faithful representation of a company's financial position.

For example, the treatment of asset impairment under VAS is significantly limited. Most assets are recorded at historical cost and are not routinely tested for impairment, unlike IFRS where fair value and impairment testing are central principles. Similarly, inventory under VAS must be valued strictly at cost, with no allowance for the "lower of cost and net realisable value" method permitted under IFRS. This can lead to a distortion of asset values, especially in industries prone to rapid changes in market value or obsolescence.

Furthermore, under VAS, the recognition of provisions and accruals is typically based on specific and prescriptive rules, often requiring the existence of formal documentation or approval by management or authorities. This differs from IFRS, which relies on estimates and probability-based judgments to recognise future obligations, such as provisions for warranties, litigation, or restructuring. As a result, financial statements prepared under VAS may understate liabilities or overstate financial performance compared to IFRS-compliant reports.

Accounting & Tax Integration

As detailed earlier, the integration between Vietnam's taxation system and VAS accounting is tight. Accounting records are (in the most basic sense) tax records, and upon inspection the accounting records must be correct or tax penalties can arise.

For example, obligations exist for specific details to appear on journals, specific ledger accounts are to be used to record journals to ensure deductibility, and specific details on contracts and invoices and accounting records (names and addresses must be exact). Without following these accounting or records treatments, taxation compliance would not be met and penalties upon inspection can arise.

It should also be kept in mind the role of the Chief Accountant for a company. Each company is required to appoint a Chief Accountant, who is regarded as the "head of a company's finance function" (although, in practice, this role is often treated as a compliance role and not necessary the head). The Chief Accountant is responsible for signing off on accounting records under VAS, and is also responsible for tax lodgements and compliance. This dual responsibility underpins the interconnection between accounting under VAS and the Tax system in Vietnam.

Foreign investors: Structuring Practical Accounting Systems

From the outset, it is important to plan for corporate reporting needs as a core element of a company's accounting and compliance platform.

Key Factors in Structuring Accounting Systems

➡ Software and Data Accessibility

Selecting accounting software that supports multi-currency transactions and cloud access is critical for real-time data sharing between local Vietnamese teams and the parent entity. Additionally, the software must meet Vietnamese tax regulations, such as e-invoicing requirements.

➡ Mapping the Chart of Accounts

Vietnam's fixed COA often differs from group-level COAs, leading to potential discrepancies in reporting. A well-planned COA mapping ensures local financial data can be accurately incorporated into the parent company's reports.

➡ Compliance Calendar

A compliance calendar helps ensure all tax filings and financial reports are submitted on time, both locally and for the group. It should include Vietnamese tax deadlines, such as VAT and Corporate Income Tax (CIT), as well as internal reporting dates. Standardizing exchange rates for accounting and tax purposes ensures consistency across reports.

Challenges with Centralized (Group) Accounting

Vietnam's accounting regime presents specific challenges, particularly for foreign investors looking to centralize accounting functions. Outsourcing accounting to teams in other countries often leads to compliance risks due to language barriers, technical knowledge gaps, and legal obligations. Vietnam requires detailed local expertise in accounting and tax laws, and failing to comply can lead to penalties. Moreover, the Chief Accountant role, required by law, is responsible for ensuring compliance with VAS and can't be overlooked when outsourcing.

Financial records and filings must be maintained and submitted in Vietnamese, which creates barriers for non-local teams. Additionally, some documents require in-person submission, making a local presence essential for timely compliance.

Aligning Local Compliance with Group Reporting

Foreign investors need to balance VAS compliance with group-level IFRS reporting. A layered approach can help.

A common approach is to commence with local VAS compliance as the first layer, with group reporting and IFRS adjustments being the second layer, followed by a layer of review and reconciliation as the third layer.

IFRS vs VAS - Highlighted key differences.

Highlights and examples of selected key differences between IFRS and VAS can be seen in the table below (this is a small selection, for illustrative purposes).

Topic/Subject	IFRS	VAS
Fair Value Measurement	IFRS 13 – Allows and requires fair value for many assets and liabilities	No dedicated fair value standard, uses historical cost primarily
Revenue Recognition	IFRS 15 – Revenue recognized based on transfer of control	VAS 14 – Revenue recognized based on transfer of risk and rewards
Financial Instruments	IFRS 9 – Complex classification and fair value or expected loss models	VAS 22 & 23 – Simplified, historical cost, and incurred loss models
Business Combinations	IFRS 3 & 10 – Focus on control and fair value in consolidations and acquisitions	VAS 11 & 25 – Focus on legal control and historical cost, with amortized goodwill
Leases	IFRS 16 – All leases (except short-term and low-value) are capitalized on the balance sheet, recognizing right-of-use assets and lease liabilities	VAS – No equivalent to IFRS 16. Leases are classified as either operating or finance leases, with operating leases kept off-balance sheet and finance leases recognized on the balance sheet
Property, Plant & Equipment	IAS 16 permits two accounting approaches: the cost approach and the revaluation approach. For the cost approach, historical cost less accumulated depreciation is used, but it also requires an impairment assessment in accordance with IAS 36 - Impairment of Assets.	VAS 3 only permits the cost approach, which is determined based on historical cost less accumulated depreciation

These are examples showing the differences between standards demonstrate why Investors into Vietnam need to plan for both their local and foreign accounting and compliance structures, so that they meet specific local regulatory obligations yet complying with their group governance and reporting requirements.

About Alitium

Alitium Professional Services is an experienced consultancy & advisory firm specialising in assisting foreign investors in navigating the complexities of the Vietnamese market. With a comprehensive suite of services, Alitium provides expert guidance on legal and licensing issues, corporate consulting, accounting, human resources, compliance, and taxation support. The firm prides itself on a unique blend of traditional values and innovative methodologies, ensuring precise and reliable solutions tailored to each client's needs. Alitium's team of seasoned professionals is committed to delivering excellence, leveraging deep local knowledge and global perspectives to help clients achieve success.

Alitium's core mission is to facilitate seamless market entry and sustainable business operations for foreign investors in Vietnam. The firm's legal and licensing services cover company incorporation, transactions, corporate agreements, and structuring, ensuring that businesses are set up correctly from the start. In addition, Alitium offers comprehensive corporate consulting and advisory services, including market entry strategy, due diligence, project planning, valuations, and corporate risk reviews. These services are designed to provide investors with a thorough understanding of the Vietnamese market landscape and to help them make informed decisions.

Accounting, HR, and compliance are critical areas where Alitium excels, offering ongoing support to ensure that clients meet all regulatory requirements. This includes data entry, financial reporting, risk management, and payroll services, all aimed at maintaining compliance and minimizing risks. Alitium's taxation support and advisory services are particularly noteworthy, providing technical and administrative assistance to manage tax risks and optimize tax liabilities. This long-term, strategic approach to taxation helps clients navigate the complexities of Vietnamese tax laws and ensures that they remain compliant while maximizing their financial outcomes.

One of Alitium's distinguishing features is its experience and commitment to understanding and addressing the specific needs of foreign investors. The firm recognizes that Vietnam's regulatory environment can be challenging for new market entrants, and it strives to provide clear, actionable advice that balances commercial objectives with legal compliance. This client-centric approach is underpinned by a deep appreciation of the cultural and economic context in which businesses operate in Vietnam.

Alitium places a strong emphasis on governance and compliance, understanding that these are critical components of successful business operations in Vietnam. The firm helps clients from around the globe to establish robust governance frameworks that protect against risks and ensure adherence to local laws and regulations. This commitment to high standards of governance not only supports legal compliance but also builds trust and credibility in the Vietnamese market.



Phuong Vo
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Phuong is a registered lawyer in Vietnam, with more than 10 years professional experience advising foreign investors with their market entry and ongoing commercial and structural requirements in Vietnam. Prior to founding Alitium, Phuong directly lead a team of 20 lawyers focussing on supporting foreign-listed and multi-national investors.

Phuong's main practice areas have focussed on licensing, company establishment and structuring – particularly in difficult market access sectors in Vietnam for foreign investors.



Matthew Lourey
Chairman

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Matthew is an Australian Chartered Accountant, with 20 years professional experience advising corporate investors in Vietnam.

Matthew was the founder of a significant professional services firm in Vietnam, and is known for his extensive knowledge and experience advising foreign investors to navigate and remain compliant with Vietnam's complex regulatory environment.



Phung Nguyen
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Phung is an expert in accounting and tax in Vietnam for foreign investors. With 20 years of experience in accounting, tax and advisory, Phung (CPA, CA) provides clear, compliant solutions that integrate financial and legal expertise. She works with businesses of all sizes, offering practical, results-driven advice to support sustainable growth.

Phung understands the compliance intersection with foreign investment requirements and local obligations, and advises on strategies and solutions for foreign investors.



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