

ベトナム国

財政省会計監査監督局

ベトナム国
国際財務報告基準（IFRS）
導入支援プロジェクト

業務完了報告書

2024年4月

独立行政法人
国際協力機構（JICA）

有限責任監査法人トーマツ

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JR
24-009

略語

AASD	Accounting and Auditing Supervisory Department 会計監査監督局
ACCA	the Association of Chartered Certified Accountants 英国勅許公認会計士協会
ADB	Asian Development Bank アジア開発銀行
ASBJ	Accounting Standard Board of Japan 企業会計基準委員会
CFD	Corporate Finance Department 企業財務局
GAAP	Generally Accepted Accounting Principles 一般に公正妥当と認められた会計原則
GDT	General Department of Taxation 税務総局
IASB	International Accounting Standards Board 国際会計基準審議会
IFRIC	International Financial Reporting Interpretations Committee 国際財務報告解釈指針委員会
IFRS	IFRS Accounting Standards IFRS 会計基準
IPIE	International Public Interest Entity 国際公的企業
JGAAP	Japanese Generally Accepted Accounting Principle 日本の一般に公正妥当と認められた会計原則（日本の会計基準）
JICA	Japan International Cooperation Agency 国際協力機構
MM	Man Month 人月
MoF	Ministry of Finance 財政省
MoV	Means of Verification 入手手段
NSSB	National Standard Setting Body 会計基準設定主体
OVI	Objectively Verifiable Indicator 客観的に検証可能な指標
PDM	Project Design Matrix プロジェクト・デザイン・マトリクス
PIE	Public Interest Entity 社会的影響度の高い事業体（公的企業）
R/D	Record of Discussion 政府間技術協力プロジェクト合意文書
SBV	State Bank of Vietnam ベトナム国家銀行
SIC	Standing Interpretations Committee 解釈指針委員会
SSC	State Securities Commission 国家証券委員会
ToT	Training of Trainers トレーナー育成のための研修
the UK	the United Kingdom of Great Britain and Northern Ireland グレートブリテン及び北アイルランド連合王国(英国)

VAS	Vietnamese Accounting Standards ベトナム会計基準
VFRS	Vietnamese Financial Reporting Standards ベトナム財務報告基準

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プロジェクト完了レポート

プロジェクト名: 国際財務報告基準 (IFRS) 導入支援プロジェクト

名前: Vu Duc Chinh

役職: プロジェクト・ディレクター

氏名: 鶯地隆継

役職名: 総括/会計基準設定

提出日: 2024 年 4 月 12 日

I. プロジェクトの基本情報

1. 国

ベトナム

2. プロジェクト名称

ベトナム国国際財務報告基準 (IFRS) 導入支援プロジェクト

3. プロジェクト期間 (計画および実績)

2021 年 4 月から 2024 年 3 月まで (合計 36 か月)

本プロジェクトは以下の 2 つの期間に分けて実施された。

第 1 期 : 2021 年 4 月 ~ 2022 年 3 月

第 2 期 : 2022 年 4 月 ~ 2024 年 4 月

計画から変更はない。

4. 背景 (Record of Discussions (R/D)、政府間技術協力プロジェクト合意文書より)

ベトナム政府は、会計インフラの改善、会計システムと会計基準の近代化と国際化に取り組んでいる。ベトナムは、「社会経済発展のための 10 年戦略」の目標である 2020 年の工業化に向けて、国際競争力の強化を通じた持続的成長の実現、脆弱性の克服及び公正な社会・国造りの一環として、2000 年初頭から段階的に会計インフラやシステムの近代化を進めてきた。2003 年に国会で可決された会計法は、企業会計基準と政府会計を含む会計制度を体系的に確立し、2015 年に会計法が改正された。ベトナム会計基準 (Vietnamese Accounting Standards) (以下「VAS」とする)の近代化の経緯は以下の通りである。

- 2001 年: 4 つの会計基準を公表

- 2003年-2005年: 会計基準の改訂・追加発行の後に現行の 26 の会計基準を制定

- 2015年: 改正会計法の国会承認と時価会計の導入

ベトナム企業の国際資本市場への参加の必要性の高まりや、最近のグローバルな会計基準の統一に向けた動きを踏まえ、会計システムや会計基準の近代化・国際化に向けた取り組みが行われている。

近代化・国際化への取り組みの一環として、ベトナムの会計基準策定を担当するベトナム財政省会計監査監督局 (Accounting and Auditing Supervisory Department) (以下「AASD」とする)は、ベトナム企業への IFRS または同等の会計基準の適用を検討した。AASD は、2020年3月に IFRS を導入するためのロードマップ案である財政省 Decision345/QD-BTC (決議 345)を作成し、公表した。

しかし、近代化・国際化の障害として、次のような課題が生じている。

- 単純な判断基準と統一的な解釈を重視する税務会計が支配的であり、現在の VAS は取得原価主義をベースとしている。
- 急速な国際的な会計基準への移行は、バランスシートの悪化や会計基準導入に伴うコスト負担など、経済に悪影響を及ぼす可能性がある。

これらの課題を踏まえ、ベトナムは、国際会計基準の段階的導入戦略を策定している日本に対し、ベトナムにとって最適なスピード・手法の国際会計基準への移行を検討・実施するための協力を要請した。

AASD と国際協力機構 Japan International Cooperation Agency (以下「JICA」とする)との協議の後、プロジェクトの基本計画が作成され、署名された。この計画は、ベトナム社会主義共和国の社会的・経済的発展に寄与するため、AASD が JICA 及び JICA コンサルタントと協力してプロジェクトを実施し、他の関係機関との調整を行い、プロジェクトの自立的な運営がプロジェクト実施期間中及びプロジェクト実施後も維持されることを前提としている。

5. 上位目標とプロジェクト目標 (R/D より)

- 上位目標:
IFRS 導入によって企業の財務諸表の信頼性、透明性及び投資家に対する説明責任が改善される。
- プロジェクト目標
IFRS を適用するための環境が整備される。

6. 実施機関

ベトナム財政省会計監査監督局 (AASD)

II. プロジェクトの結果

1. プロジェクトの結果

1-1 日本側のインプット (計画と実績)

(1) 日本側の投入量

[計画] 205 百万円

[実績] 207 百万円

(2) 専門家の派遣:

[計画]

- プロジェクトチーム 7 名(IFRS の適用又は会計基準に関する知識及び経験を有し、研修プログラムの手配及び実施並びにプロジェクトの管理を行う専門家)
- 3 年間合計 41 人月 (ベトナム現地:14.67 人月、日本:26.33 人月)

[実績]

- プロジェクトチーム 8 名 (別添 1 参照)
- 3 年間合計 44.77 人月 (ベトナム・英国:5.77 人月、日本:39.00 人月)
 - ◇ 詳細計画調査
 - 2021 年 4 月より事業の詳細計画策定に向けた調査・検討を開始。
 - ◇ トレーニングおよびセミナー/ワークショップ:
 - 基礎研修 16 回及び上級研修 6 回(2022 年～2023 年にベトナムで開催、1 回あたり半日または 1 日)
 - 2 回のワークショップ (2022 年にオンライン形式で 1 回、オンラインと対面のハイブリッド形式で 1 回開催) と 4 回のステークホルダーミーティング (2022 年にベトナムで開催)
 - 本邦研修 1 回 (日本で 1 週間)、英国視察 1 回 (英国で 1 週間)
 - ◇ 調査・協議:
 - 2021 年 4 月から IFRS の適用に関する AASD とのシームレスな調査及び協議を実施。

[計画と実績の差異に関する説明]

- 当該プロジェクトは、COVID-19 の世界的な流行による移動制限のため、2021 年 4 月から 2022 年 4 月までの期間においては、ベトナム居住中の日本人及びベトナム人専門家と連携しつつ、業務主任者を含め日本在住の日本人専門家の活動については主にリモート形式で実施された。

(3) 日本/第三国における研修参加者の受入:

[計画] IFRS 導入に向けた課題と解決策を整理するための研修を日本で 1 回、第三国で 1 回実施する。

[実績] 日本研修 1 回、英国視察 1 回、各 10 名が参加。

- 本邦研修受入 10 名(AASD 8 名、財政省法務局 1 名、財政省国際協力局 1 名)
 - ◇ 本研修は、日本の受入機関や人的リソースを考慮し、IFRS の任意適用に関する計画・実施管理上の課題を理解し、IFRS の適用に向けた官民双方のアプローチを学ぶことを目的として実施した。
- 英国視察受入 10 名(AASD 8 名、財政省税務政策局 1 名、財政省企業財務局 1 名)
 - ◇ 英国視察は、IFRS の国際的な運用方法、国際会計基準審議会 (International Accounting Standards Board) (以下「IASB」とする)が管理する IFRS の構造の理解、ベトナムの IFRS 導入状況について IASB との協議を目的として実施した。

(4) 機材供与: 該当なし

(5) 海外活動費用: 該当なし

1-2 ベトナム側のインプット (計画・実績)

(1) カウンターパートの割り当て:

[計画]

- カウンターパート要員の配置(プロジェクトを円滑に実施するのに十分なプロジェクト・ディレクター、プロジェクトマネジャー、およびワーキンググループメンバー)
- 事業期間中における相手国の職員及び相手国の資金・予算の確保のために必要な措置。

[実績] カウンターパートとして 9 名を配置

- プロジェクト・ディレクター:AASD 局長
- プロジェクト成果担当:AASD 副局長 2 名
- プロジェクトコーディネーター:AASD 副部長
- プロジェクトワーキンググループ
 - ◇ AASD 部長
 - ◇ AASD 副部長 2 名
 - ◇ AASD 局員 2 名

カウンターパートの詳細については、付属文書 1 の 3. カウンターパート (AASD、財政省) を参照されたい。

(2) 事務所の提供:

[実績]

➤ 財政省会議室

(3) その他相手国政府が負担するもの

[実績]

➤ 2023 年 12 月開催の研修で利用した外部会議室

1-3 プロジェクト活動 (計画および実績)

プロジェクト活動は、プロジェクト・デザイン・マトリクス Project Design Matrix (以下「PDM」とする) の PDM ver2 とその運用計画 (Plan of Operation)(PO) に記載されたとおり、大幅な遅延なく実施された。当初計画からの変更点については、「3. PDM の修正履歴」に記載している。プロジェクト活動の計画および実績は表 1 を参照のこと。

表 1. 活動の成果

成果 1: 関連する規則や法的枠組みのレビュー及び民間事業者を含むステークホルダーからの意見も踏まえた IFRS 導入に向けたロードマップを作成する。	
計画	実際の活動
1-1. IFRS 導入に際した関連法規の改正案を検討する。	<p>詳細計画調査終了後、PDM ver2 では活動内容を以下のように改訂した。</p> <p>1-1. IFRS 適用のための既存の関連法令への影響をレビューし、分析する。</p> <p>(改訂の理由) 当初、AASD は、現行の IFRS ロードマップである決議 345 に基づき、IFRS の適用を検討していたため、本プロジェクトにおいては、IFRS 適用に関する具体的な個別法令や条文の作成についての助言を JICA コンサルタントに期待していた。しかしながら、現行のロードマップには、その実行にお</p>

いて実務上必要な IFRS 適用方針の設計が不十分であり、選択された IFRS 適用方針が現行法令にどのような影響を与えるのか、現行法令のどの部分をどのように修正することが適切なのかといった分析も決議 345 を策定する中において、十分に行われていなかったことが、本件プロジェクトの第一フェーズとして実施した詳細計画調査の中で判明した。例えば、“Large-scale public companies which are unlisted parent companies”など、決議 345 における対象企業の定義が抽象的のままとなっている他、ロードマップ内で設定されているマイルストーンに根拠がなく、AASD として具体的に取り組むべき活動や手続などが未定のままとなっていたことなどである。従って、AASD、JICA 及び JICA コンサルタントとの間における累次の協議と合意を踏まえ、プロジェクト予算や期間が原則として変更できないとの制約を前提とした上で、本活動は、当初の個別法令に関する支援ではなく、IFRS の適用方針によって影響を受ける既存の法令を特定し、その差異をどのように解決するかについて分析を行う活動に変更した。この変更に基づき、まずは、決議 345 策定のために選択された IFRS 適用方針の背景と意思決定の十分性を検証することとした。次に、その背景を十分に把握した上で、選択された導入方針に基づく IFRS 導入が現行法令に与える影響について分析を行うこととした。

活動の内容は以下の通りである。

- ▶ ベトナムにおける IFRS 導入に向けたロードマップ策定の背景と意思決定の十分性を確認するため、AASD と JICA コンサルタントとの間で、「ディシジョンツリー」を用いてロードマップ策定のための以下のいくつかの重要な意思決定ポイントについて議論を行った。「ディシジョンツリー」は、各主要な意思決定が何であるか、および意思決定の連鎖が

	<p>IFRS の導入方針にどのように影響するかを示すツールであり JICA コンサルタントが独自に作成した。</p> <p>主な意思決定ポイントは以下の通りである。</p> <ul style="list-style-type: none"> • IFRS の強制適用を予定していたか否か • 連結財務諸表のみに IFRS を適用するか否か • IFRS の適用に伴い国税に関する規則の変更を予定するか否か • IASB が発行する IFRS を修正することなく適用するか否か • IFRS を国内制度の一部として組み込むか否か • ロードマップの実行過程において、「中小企業向け IFRS」の導入が予定されているか否か • エンドースメントメカニズムを設けるか否か¹ • 会計基準設定主体 National Standard Setting Body(以下「NSSB」とする)を設置するか否か • 規制対象業種に IFRS を適用するか否か <p>➤ 詳細計画調査では、IFRS が法令に与える影響の全体像を把握するため、既存の法的枠組みへの IFRS 適用による潜在的影響分析を行った。潜在的影響分析では、IFRS の適用は現行法令へ与える影響が重要であり、法令改正により IFRS と現行法令の差異を短期的に完全に解消するには多大な努力が必要であると結論付けられた。AASD、JICA 及び JICA コンサルタントの間で潜在的影響分析の結果について議</p>
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¹ エンドースメントメカニズムとは、IASB が公表している IFRS の会計基準や解釈指針について、当該国で受け入れ可能かどうかを判断した上で、必要に応じて一部を「削除・修正」し、当該国の会計基準に導入する方法をいう。

	<p>論した後、さらなる IFRS の適用による既存の関連法令への影響に関するハイレベル分析を実施した。当該分析の結果は、レコメンデーションレポートにまとめられた。(付属文書 6 参照)</p> <p>➤ 以上の分析結果を踏まえ、JICA コンサルタントは、IFRS の任意適用を可能とする法的枠組みに関して、IFRS 導入にあたり既存法令との差異を一つ一つ解消するのではなく、日本の IFRS 導入の際に適用された指定国際会計基準方式による根拠法令の整備が、ベトナムにおいても有効であると判断した。従い、JICA コンサルタントは、ベトナムの法的枠組みに応じた指定国際会計基準方式に類する法令の整備を提案した。</p>
<p>1-2. IFRS 適用時に必要となる最低限の国内適用ルール案を検討・策定する。</p>	<p>詳細計画調査終了後、PDM ver2 では活動内容を以下のように改訂した。</p> <p>1-2. IFRS を適用するために最低限必要な国内規則をレビュー及び分析する。</p> <p>(改訂の理由)</p> <p>詳細計画調査と AASD 及び JICA コンサルタントとの議論を通じて、COVID-19 後のベトナム経済の衰退により、企業の IFRS 導入意欲が低下していることが確認された。このため、元々決議 345 で想定されていたような、広範囲の企業が IFRS 任意適用することは期待されづらいことから、AASD により IFRS 導入方針の方針転換が行われた。その結果、IFRS 適用のロードマップ（すなわち決議 345 号の主旨）を大幅に見直すとともに、IFRS 適用の対象企業や対象となる財務諸表の種類など、IFRS 適用のための慎重かつ理想的な国内ルールを分析・検討することに注力するべく活動内容を改訂した。</p> <p>活動の内容は以下の通りである。</p>

	<p>➤ 以下の主な検討・分析のポイントに基づき IFRS を適用するために最低限必要な国内規則の見直しと分析を実施した。</p> <ul style="list-style-type: none"> • 現行のロードマップ である決議 345 における IFRS 適用の対象となる企業の範囲及び企業数。 • 決議 345 に基づく IFRS の適用の対象となる財務諸表（連結又は個別）の種類。 • ベトナムの株式市場の状況と企業の構造。 <p>➤ IFRS を適用するための国内規則のレビュー及び分析の結果、決議 345 による IFRS の適用範囲は、日本、ドイツ、スイスに比べて対象企業数が多く、決議 345 に規定される全ての対象企業が実質的に IFRS を適用することは、高い障壁があると考えられた。したがって、IFRS の適用範囲を縮小し、通常、企業の連結財務諸表に関心を有する国際的な投資家のニーズを考慮して、IFRS を連結財務諸表のみに適用する提案を策定した。IFRS の適用に関する国内規則の検討・分析結果の詳細については、本章「2.プロジェクトの成果」を参照されたい。</p>
<p>1-3. 公的部門、会計関係者、銀行を含む民間事業者等、各ステークホルダー間の意見を交換する AASD を中心としたプラットフォームを設置し、必要に応じて会合を行う。</p> <p>1-4. 上記定期会合の結果を国内適用ルール整</p>	<p>詳細計画調査終了後、PDM ver2 では活動内容を以下のように改訂した。</p> <p>1-5. ステークホルダーとの実践的な意見交換会を随時開催する。</p> <p>(改訂の理由)</p> <p>詳細計画調査では、AASD とステークホルダーとの間に様々な形態のプラットフォーム（協議の場）が存在することが確認された。また、前述のように AASD による IFRS 導入方針の方針転換が行われた。そのため、AASD からの提案に基づき、本プロジェクトでは、ステークホルダーとの協議の場を</p>

<p>備にフィードバックする。</p>	<p>新たに設ける必要はなく、既存のプラットフォームを通じて、必要に応じてステークホルダーの意見を得るための会議を開催することとした。</p> <p>活動の内容は以下の通りである。</p> <ul style="list-style-type: none"> ➤ ステークホルダーとの会合や実務的な意見交換は、プロジェクト期間中に2回のワークショップと主要ステークホルダーとの個別協議の形で行われた。 ➤ 2022年1月に第1回目のワークショップをオンライン形式で開催し、ベトナムのIFRS導入ロードマップに基づき、財政省、教育機関、民間企業等のステークホルダーと、IFRS導入の対象となる企業、環境、導入時期、将来的なIFRS強制適用の可能性等について議論・意見交換を行った。 ➤ 第2回目のワークショップは、2022年5月にメリアハノイホテルで対面とオンラインのハイブリッド形式で開催された。ワークショップでは、IFRSとベトナム会計基準の差異、IFRS第1号「国際財務報告基準の初度適用」の適用、IFRSを初めて適用する際の課題に焦点が当てられた。 ➤ 2022年5月にベトナム中央銀行 State Bank of Vietnam (SBV)、国家証券委員会 State Securities Commission (SSC)、財政省企業財務局 Corporate Finance Department (CFD)、財政省税務総局 General Department of Taxation (GDT)などベトナムの主要なステークホルダーとIFRS適用に関するアイデアについて直接議論を実施した。個々のステークホルダーから、IFRSの導入に関する率直な意見、ステークホルダーの準備状況、ステークホルダーが認識する課題、およびIFRSの導入方法に関するJICAコンサルタントの提案に対する見解を得た。
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<p>該当なし</p>	<p>詳細計画調査の完了後、PDM ver2 では以下の活動が追加された。</p> <p>1-3. 日本基準と IFRS とのコンバージェンスに関する日本の経験に関する報告書を参照して、IFRS 導入の方向性について議論する。</p> <p>(追加の理由)</p> <p>AASD の方針転換の結果、IFRS にコンバージェンスした新たな国内会計基準を開発することにより、IFRS と国内会計基準との差異を縮小した上で、IFRS の適用を検討することとなった。日本では、20 年以上前から日本の一般に公正妥当と認められた会計原則（日本の会計基準）（Japanese Generally Accepted Accounting Principle）（以下「JGAAP」とする）と IFRS とのコンバージェンスが実施され、現在では、日本基準の IFRS とのコンバージェンスが広く進んでいる。日本基準と IFRS とのコンバージェンスを通じて得られた日本の経験は、ベトナム財務報告基準（Vietnamese Financial Reporting Standards）（以下「VFRS²」とする）の開発に大いに参考になると考えられ、当該活動を追加した。</p> <p>活動の内容は以下の通りである。</p> <p>VAS と IFRS の差異の分析及び JGAAP と IFRS とのコンバージェンス状況を踏まえ、ベトナムにおける会計基準のコンバージェンスの方向性に関する提案を作成し、AASD と JICA コンサルタントとの間で議論を行った。その結果を踏まえて当該提案を改訂しレコメンデーションレポートとして取りまとめた。（付属文書 6 参照）</p>
<p>該当なし</p>	<p>詳細計画調査の完了後、PDM ver2 では以下の活動が追加された。</p> <p>1-4. IFRS 適用のロードマップを作成する。</p>

² VFRS はベトナム財務報告基準であり、AASD が開発を検討する VAS に代替し、国際的な会計基準とコンバージェンスした新たな会計基準である。

	<p>(追加の理由)</p> <p>既に、本件プロジェクトを通じて、決議 345 が想定しているロードマップやマイルストーンの根拠の未熟さや決議の前提となった検討や調査が不十分であったことが確認されたが、これらに加え、2020 年 3 月の決議 345 の公表と実施から約 4 年が経過し、この間、ベトナムでは COVID-19 の流行を中心とした環境変化により、IFRS 導入に向けたロードマップの見直しが必要となった。そのため、ロードマップの改訂に向けた活動を追加して実施した。</p> <p>活動の内容は以下の通りである。</p> <ul style="list-style-type: none"> ➤ ベトナムにおける IFRS 適用のための現行ロードマップである決議 345 を分析し、AASD から要請された決議 345 改訂に向けたドラフトレポートを作成した。その後、当該ドラフトレポートに基づき、AASD 及び JICA、JICA コンサルタントの間での議論の後、パイロットアプローチによる IFRS の適用が検討されたが、AASD は VFRS の開発を優先し、IFRS 任意適用の延期の可能性を含む方針転換を決定した。AASD 及び JICA、JICA コンサルタントは当該方針転換について議論し、VFRS 開発方法を検討した。 ➤ IFRS の導入と VFRS の開発のためのロードマップについて、AASD 及び JICA、JICA コンサルタントによる協議を実施し、ロードマップに関する提案が作成され、レコメンデーションレポートにとりまとめた。(ロードマップ案の詳細については、付属文書 6 を参照されたい。)
<p>成果 2: AASD を中心とした関連政府機関職員と関連民間事業者の IFRS に対する理解、実務能力が向上する。</p>	
<p>計画</p>	<p>実際の活動</p>

<p>2-1. IFRS に関する基本的な考え方、各種基準・解釈・概念フレームワーク等の理解の一助となる基礎マニュアルを作成する。</p>	<p>詳細計画調査終了後、PDM ver2 では活動内容を以下のように改訂した。</p> <p>2-1. IFRS の 16 基準、IAS の 25 基準、国際財務報告解釈指針委員会 (International Financial Reporting Interpretations Committee) (以下「IFRIC」とする) 解釈指針の 15 基準、解釈指針委員会 (Standing Interpretations Committee) (以下「SIC」とする) 解釈指針の 4 基準に関する基礎マニュアルと、IFRS 及び概念フレームワークとイントロダクションに関する全 16 回の基礎研修資料を作成する。</p> <p>(改訂の理由)</p> <p>基礎マニュアルの対象範囲を明確に合意するために、詳細な範囲を PDM ver2 に記載した。</p> <p>活動の内容は以下の通りである。</p> <ul style="list-style-type: none"> ➤ ベトナムで広く利用されている IFRS の基礎を理解するために役立つ参考書について調査した。 ➤ 基礎マニュアルは、IFRS の基礎を理解するための参考書と位置づけ、IFRS 全 16 基準、IAS 全 25 基準、IFRIC 解釈指針全 15 基準、SIC 解釈指針全 4 基準のすべての IFRS 会計基準を網羅し、基礎研修資料は、IFRS 及び概念フレームワーク、イントロダクションの全 16 回の基礎研修を網羅することを決定した。 ➤ 上記の基本的な考え方に基づいて基礎マニュアルを作成し、AASD によって検収された。
<p>2-2. IFRS に関する政府機関職員および関連民間事業者向け研修を開催する</p>	<p>当該活動について計画からの改訂はない。活動の内容は以下の通りである。</p> <ul style="list-style-type: none"> ➤ すべての研修プログラムは、大手監査法人における IFRS 導入支援の経験が豊富な JICA コンサルタントによって綿密に計画され、実施された。

	<p>➤ まず、ベトナムにおける一般向けの IFRS 研修の実態について調査を行った。</p> <p>➤ その結果を踏まえて、基礎と上級の 2 つの研修コースを計画・実施し、AASD 職員や民間企業、国営企業の職員、教育機関の職員を含む研修参加者が研修を受講し、必要な IFRS の知識を習得した。</p> <p>当該活動において以下の基礎研修を実施した。</p> <ul style="list-style-type: none"> • IFRS のイントロダクション、概念フレームワーク及び IAS 第 1 号(2022 年 7 月 29 日) • IFRS 第 15 号(2022 年 8 月 30 日) • IAS 第 38 号 (2022 年 11 月 28 日) • IAS 第 36 号及び IAS 第 37 号 (2022 年 11 月 29 日) • IFRS 第 16 号第 I 部(2022 年 12 月 6 日) • IFRS 第 5 号(2023 年 5 月 18 日) • IAS 第 19 号(2023 年 5 月 18 日) • IFRS 第 16 号第 II 部(2023 年 5 月 18 日) • IFRS 第 13 号(2023 年 9 月 12 日) • IAS 第 40 号 (2023 年 9 月 12 日) • IFRS 第 9 号、IAS 第 32 号、IFRS 第 7 号 (2023 年 9 月 13 日) • IAS 第 41 号 (2023 年 12 月 20 日) • IFRS 第 1 号(2023 年 12 月 20 日) • IFRS 第 3 号(2023 年 12 月 21 日) <p>当該活動において、以下の上級研修を実施した。</p> <ul style="list-style-type: none"> • IFRS 第 15 号(2022 年 12 月 5 日) • IFRS 第 9 号(2023 年 9 月 14 日) • IFRS 第 13 号(2023 年 9 月 14 日) • IAS 第 36 号 (2023 年 9 月 19 日) • IFRS 第 16 号(2023 年 9 月 19 日) • IFRS 第 1 号(2023 年 12 月 20 日)
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	<ul style="list-style-type: none"> ➤ 本邦研修は 2023 年 6 月 5 日から 2023 年 6 月 9 日までの期間で日本において実施された。 ➤ 英国視察は 2023 年 12 月 4 日から 2023 年 12 月 8 日までの期間で英国において実施された。詳細については、付属文書 7 英国視察の概要を参照されたい。
<p>2-3. 関連民間事業者向け実務マニュアル、開示資料の雛形を作成する。</p>	<p>詳細計画調査終了後、PDM ver2 では活動内容を以下のように改訂した。</p> <p>2-3. AASD スタッフ向けの 6 基準の IFRS を対象とする IFRS 基準ガイダンスと、開示要件を備えた IFRS の開示ガイダンスを作成する。</p> <p>(改訂の理由)</p> <ul style="list-style-type: none"> ➤ 実務ツールの内容に関する AASD の当初の期待は、特定の産業および特定の取引に対する会計処理の具体例を提供することであった。しかし、IFRS は取引の事実と状況に基づいて会計処理される原則主義に基づいており、IASB は、IFRS 適用国が特定の会計論点に関する会計処理のガイダンスを適用国が発行することを認めていない。このため、実務ツールの内容を、IFRS の考え方や IFRS 上の論点の捉え方を説明するためのツールとして再定義し、名称を IFRS 基準ガイダンスに改めた。 ➤ また、IFRS 開示書類のテンプレートの目的は、特定の会計処理の開示例ではなく、IFRS の開示要求の概念と開示のための IFRS の論点の検討方法を説明するツールとして再定義され、IFRS 開示ガイダンスと名称が改訂された。また、各ガイダンスの対象範囲を明確にするため、対象となる基準数と基準を明確にした。 <p>具体的な活動内容は以下の通りである。</p> <ul style="list-style-type: none"> ➤ ベトナムにおいて広く提供されている IFRS の応用知識を向上させることを目的とした、IFRS

	<p>に関する Q&A 形式のガイダンス及び IFRS 開示に関するガイダンスの実態に関する調査を実施した。</p> <ul style="list-style-type: none"> ➤ その結果を踏まえ、IFRS 基準ガイダンスでは、IFRS の応用知識の理解に資する Q&A やケーススタディを盛り込み、IFRS 会計基準と VAS との間に重要な差異がある 6 つの IFRS 会計基準を対象とした。IFRS 開示ガイダンスでは、開示要件を有する全ての IFRS 会計基準を対象とすることとした。 ➤ 上記の基本的な考え方に基づき、AASD スタッフ向けの IFRS の 6 基準に関する IFRS 基準ガイダンス及び開示要件を備えた IFRS の開示ガイダンスを作成し、AASD に検収された。
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成果 3:IFRS 任意適用の影響を適切に評価する。

計画	実際の活動
<p>3-1. 適用パイロット企業を明確なクライテリアをもって選定する。</p>	<p>当該活動について計画からの改訂はない。具体的な活動内容は以下の通りである。</p> <ul style="list-style-type: none"> ➤ パイロット企業の選定にあたっては、IFRS 適用による影響の大きい産業及びベトナム経済及び国家戦略に基づく主要産業を特定し、その中から株式市場や企業の分析を行い、パイロット企業を選定することとした。具体的には、以下の基準に基づいてパイロット企業 3 社を選定した。 <ul style="list-style-type: none"> • パイロット企業は関連産業の主要なプレーヤーであるべきであり、将来的に IFRS を適用することが期待される。 • パイロット企業は、海外投資家に対する説明責任を有しており、IFRS 関連の調査又は導入について他のドナーから支援を受けていない。 ➤ 選定されたパイロット企業 3 社は以下の通りである。 <ul style="list-style-type: none"> • Vietnam Technological and Commercial

	<p>Join Stock Bank – 金融機関</p> <ul style="list-style-type: none"> • Masan Group Corporation – 小売・消費財 • Vietnam Airlines Joint Stock Company – 航空業界
3-2. パイロット企業における IFRS 適用の影響を評価する。	<p>当該活動について計画からの改訂はない。具体的な活動内容は以下の通りである。</p> <p>➤ 影響分析では、VAS と IFRS の下で企業に影響を与える重要な差異領域を特定し、ポリシー、KPI、ヒト、組織、データ、システム、プロセスの 7 つの観点に基づいて分析を行った。</p>
3-3. パイロット企業にかかる IFRS 影響分析報告書を作成する。	<p>当該活動について計画からの改訂はない。具体的な活動内容は以下の通りである。</p> <p>➤ パイロット企業 3 社の影響分析報告書を作成した。</p>

2. プロジェクトの成果

2-1 成果と指標

(目標と完了実績)

また、事業開始時に設定されていない指標や達成目標を当初計画から変更した指標については、設定・変更の決定、設定時期、ベースライン調査の実施状況等を記載する。

(1) 成果 1

成果 1 のすべての指標が達成され、達成度は高い。目標 (客観的に検証可能な指標) と実績 (達成度) は表 2 のとおりである。

表 2. 成果 1 の達成状況

客観的に検証可能な指標	実績
成果 1: IFRS 導入に向けたロードマップを、関連する規則や法的枠組みの見直しに加え、事業者を含むステークホルダーからの意見も踏まえて作成。	

<p>1-1.IFRS 適用のための法的枠組みの草案が提案される。(達成)</p>	<ul style="list-style-type: none"> ➤ ベトナムの現行法令に対する IFRS 適用の影響分析を行い、IFRS 適用により予想される影響(差異)を3つのカテゴリー((i) 恒久的な差異、(ii) 現在解決のためのメカニズムがないが、将来の政策の指針となる規制の導入によって解決される可能性のある差異、(iii) 解決される可能性のある差異)に分類し、各カテゴリーの差異に対処するための提案を作成し、レコメンデーションレポートにまとめた。 ➤ 影響分析では、IFRS の適用は現行法令への影響が大きく、法令改正により IFRS と現行法令との差異を短期的に完全に解消するには多大な努力が必要であると分析した。(付属文書 6 参照) ➤ 上記の影響分析の結果を受けて、日本における IFRS の任意適用のために策定された指定国際会計基準方式に基づく法的枠組みを参考に、ベトナムの法制度に適合した IFRS の任意適用を可能とする法的枠組みに関する提言を検討し、JICA コンサルタントは、日本における IFRS 導入において適用されている指定国際会計基準方式の考え方及び一般に公正妥当と認められる会計原則 (Generally Accepted Accounting Principles) (GAAP) の採用がベトナムにおいて有効であると結論付け、ベトナムにおける法的枠組みとして指定国際会計基準方式に類する方法を提案した。 ➤ 上記の提案に基づき、AASD がベトナムにおける IFRS 導入のための法的枠組みの策定を主導することが期待される。
<p>1-2.IFRS 適用のための関連規則の分析を作成する。(達成)</p>	<ul style="list-style-type: none"> ➤ ベトナムにおける会計基準及び IFRS 導入のための関連規則を取り巻く状況について、以下の観点から分析を行い、その結果をレコメンデーションレポートにまとめた。 <ul style="list-style-type: none"> • ベトナムの株式市場の状況を調査する

	<p>とともに、日本及び諸外国の IFRS 適用状況を踏まえ、ベトナムにおける IFRS 適用企業数のあり方について分析を行った。</p> <p>(分析結果) 2021 年 12 月 31 日時点の市場データによれば、ベトナム株式市場には 1,575 社の企業が存在し、時価総額の合計は約 7,766 兆 6,070 億ベトナムドンである。ベトナムの全上場企業の時価総額の半分に達するためには、時価総額上位から数えて 23 の企業をピックアップする必要がある。(23 社の時価総額は 3,771 兆 7,880 億ベトナムドン)。</p> <p>決議 27 によると、ベトナムには 21 の産業セクターがあり、各セクターの上位 5 社が時価総額の 50%以上を占める。(各セクターの上位 5 社の時価総額の合計は 4,495 兆 2,060 億ベトナムドンであり、そのカバー率は時価総額の 58%である)。</p> <ul style="list-style-type: none"> ベトナムの国内企業の規模別の企業数及び適用される会計基準の分類別の調査を実施した。 <p>(分析結果) ベトナム全体では約 718,000 社の企業が存在するが、大企業は約 2.6%である。このうち、約 1,816 社が社会的影響度の高い事業体（公的企業）Public Interest Entities (以下「PIE」とする)であり、前述の 1,575 社が上場している。大企業は、VAS 及び通達 200/2014/TT-BTC 等に従い、中小企業は、VAS、通達 133/2016/TT-BTC 及び通達 132/2018/TT-BTC (一部の例外又は簡素化された規則等を含む) に従い、財務諸表を作成する。</p> <ul style="list-style-type: none"> 主要なステークホルダーに対して、IFRS
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	<p>適用の準備状況、IFRS 適用に向けた実務上の課題、現在のロードマップに対する見解についてインタビューを行い、その結果を分析した。</p> <ul style="list-style-type: none"> • 現行の IFRS 導入ロードマップである決議 345 の分析を行い、ベトナムの現状を踏まえたロードマップ改訂に向けた課題と方向性を分析した。 <p>(分析の結果) 現在公表されている IFRS 適用のロードマップである決議 345 のレビューを実施し、以下のことが確認された。</p> <ul style="list-style-type: none"> ◇ 任意適用期間は 2022 年から 2025 年と定められているが、現時点では、国内法上、IFRS を任意適用するための根拠法令はない。 ◇ IFRS の任意適用が何を意味するのか明確ではない。IFRS の任意適用は、ベトナム企業の任意により一組の IFRS に基づいて財務諸表を作成することを意味すべきであり、ベトナムにおいては、親会社や特定の投資家など一部のステークホルダーのために非公開で IFRS 財務諸表を作成する企業が存在する可能性があるが、そのような企業が IFRS で要求される IFRS 財務諸表のフルセット(例えば、IFRS 第 1 号を適用し、必要な開示を行っているかどうか)を作成しているかは不明であり、フルセットの財務諸表を作成していない場合には、IFRS が任意適用されているとは言えない。 ◇ 連結財務諸表については、規制当局が追加的な連結財務情報の報告を要求する場合には、IFRS に基づく連
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	<p>結財務情報の利用可能性については言及されておらず、IFRS 任意適用企業の連結財務諸表に対する負担は予測不可能である。</p> <ul style="list-style-type: none"> ◇ 個別財務諸表については、IFRS 任意適用会社は、VAS で要求される税務当局及びその他の規制当局への十分な情報提供及び説明を免除されておらず、IFRS 任意適用企業の個別財務諸表に対する負担は予測不可能である。 ◇ また、個別財務諸表については、現行法では IFRS 財務諸表に対する税務上の調整が義務付けられていないため、課税及び分配可能利益の計算が IFRS ベースの財務数値に基づくのか、VAS ベースの財務数値に基づくのかが不明確であり、IFRS 適用による法人税等の負担及び配当政策への影響は不明瞭である。 <p>➤ 以上の調査・分析の結果に基づき、IFRS の適用に関するルールの主な考慮点は以下の通りであり、レコメンデーションレポートにまとめた。</p> <ul style="list-style-type: none"> • IFRS 任意適用の目的に鑑み、IFRS の任意適用は連結財務諸表に限定する。これは、外国人投資家を含む一般投資家の関心が連結財務諸表のみに集中しており、ステークホルダー間の利害調整に用いられる個別財務諸表やベトナムの関連法規への影響を可能な限り低減することが重要であることによる。 • IFRS の強制適用は、国際公的企業 (International Public Interest Entities) (以下「IPIE」とする)の連結財務諸表のみに限定され、IFRS を任意適用する企業及
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	<p>び IPIE は区分された株式市場（例えば、グローバル部門）に属する。IFRS 任意適用企業及び IPIE の個別財務諸表については、VFRS を適用する。</p> <ul style="list-style-type: none"> • IFRS の言語については、IFRS の任意適用期間中は、IFRS の英語版を企業が採用できる正式な IFRS とし、IFRS の強制適用後は、IFRS の英語版に代えて、IFRS のベトナム語翻訳版を正式な IFRS とすることが望ましい。 • IFRS 適用企業以外の大企業及び PIE は、連結財務諸表尾及び個別財務諸表に VFRS を適用する。 • VFRS は、企業の規模や企業に求められる説明責任の程度に応じて適用すべきであり、全てのベトナム企業に同一の会計基準を適用する必要はない。VFRS と簡易会計基準の両方を開発し、VFRS を大規模企業と PIE に適用することが推奨される。
<p>1-3.ステークホルダー会議を随時開催する。(達成)</p>	<ul style="list-style-type: none"> ➤ プロジェクト期間中は、2 回のワークショップと主要ステークホルダーとの個別協議の形式で、ステークホルダーとの会合や意見交換を行い、各ステークホルダー及び民間事業者の意見や状況を把握し、その結果に基づく提案をレコメンデーションレポートとしてまとめた。 ➤ 主要なステークホルダーとの協議を通じて得られた主な意見は以下の通りである。 <ul style="list-style-type: none"> • IFRS の対象となる財務諸表を連結財務諸表のみとするという JICA コンサルタントの提案に対して、異見はなかった。むしろ、税金計算等の基礎となる個別財務諸表に IFRS を適用すべきではないとの意見があった。

	<ul style="list-style-type: none"> • 主要なステークホルダーの間では、IFRS の適用がベトナム経済や現行法令に与える影響が十分に分析・理解されていないことから、IFRS の適用に対する懸念が示された。 • ベトナム企業や国内投資家の IFRS 導入への関心は低いとの意見があった。 • 大企業や金融機関では IFRS の適用が可能であると考えられるが、中小企業や中小金融機関では他にも多くの課題があるため、IFRS の適用は困難である可能性があるとの意見があった。 <p>➤ これを受けて、当プロジェクトで提案されるロードマップ案には以下の点を盛り込むこととした。</p> <ul style="list-style-type: none"> • IFRS の適用対象とする財務諸表は連結財務諸表のみに限定する。 • 個別財務諸表においては、ベトナムの状況に応じてステークホルダーとの調整を行った上で、IFRS にコンバージェンスする国内会計基準である VFRS を策定し、IFRS の任意適用から分離する。そして、国際的に説明責任のある企業が自主的に IFRS を任意適用できる環境を早急に整備すべきである。
<p>1-4.日本基準の IFRS へのコンバージェンスの経験を踏まえ、今後の IFRS 適用の方向性を検討する (達成)</p>	<p>➤ 今後の IFRS 導入の基礎となる国内会計基準の策定に向け、ベトナムにおける会計基準のコンバージェンスの方向性について、AASD と JICA コンサルタントが協議を行い、ベトナムにおける新たな会計基準である VFRS の策定及びベトナムにおける会計基準設定主体の設立の方向性に関する提案をレコメンデーションレポートにとりまとめた。</p> <p>➤ VFRS の策定にあたっては、IFRS を 3 つのカテゴリーに分け、各カテゴリーの優先度に応じ</p>

て段階的にコンバージェンスを行い、効率的かつ効果的なコンバージェンスの実現が提案された。具体的には、1)コンバージェンスを最優先で推進すべき IFRS 基準、2)コンバージェンスは国内ステークホルダー間の議論を経て達成すべき IFRS 基準、3)コンバージェンスの優先度が低い IFRS 基準、の3つの分類である。各カテゴリーに分類された IFRS 基準は以下の通りである。

- コンバージェンスを最優先に推進すべきとする IFRS 基準
以下の 11 基準について、可能な限り早期にコンバージェンスを進めることが期待される。
 - ◇ IFRS 第 8 号 「事業セグメント」
 - ◇ IFRS 第 13 号 「公正価値測定」
 - ◇ IFRS 第 15 号 「顧客との契約から生じる収益」
 - ◇ IFRS 第 16 号 「リース」
 - ◇ IAS 第 20 号 「政府補助金の会計処理及び政府援助の開示」
 - ◇ IAS 第 36 号 「資産の減損」
 - ◇ IAS 第 41 号 「農業」
 - ◇ IFRIC 解釈指針第 1 号 「廃棄、原状回復及びそれらに類似する既存の負債の変動」
 - ◇ IFRIC 解釈指針第 10 号 「中間財務報告及び減損」
 - ◇ IFRIC 解釈指針第 12 号 「サービス委譲契約」
 - ◇ SIC 解釈指針第 29 号 「サービス委譲契約：開示」
- 国内ステークホルダー間の議論を経てコンバージェンスを達成すべき IFRS 基準

	<p>以下の 5 基準については、IFRS の任意適用と併せて、どこまでの範囲を適用するかを国内ステークホルダー間で議論の上、コンバージェンスすることが期待される。</p> <ul style="list-style-type: none"> ◇ IFRS 第 3 号 「企業結合」 ◇ IFRS 第 7 号 「金融商品：開示」 ◇ IFRS 第 9 号 「金融商品」 ◇ IFRS 第 17 号 「保険契約」 ◇ IAS 第 40 号 「投資不動産」 • コンバージェンスの優先度が低い IFRS 基準 <ul style="list-style-type: none"> ◇ 上記以外の IFRS 基準
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(2) 成果 2

成果 2 のすべての指標が達成され、達成度は高い。目標 (客観的に検証可能な指標) と実績 (達成度) は表 3 のとおりである。

表 3. 成果 2 の達成状況

客観的に検証可能な指標	実績
成果 2: AASD 職員を中心とした関連政府機関職員及び関連民間事業者の IFRS に対する理解と実務能力が向上する。	
2-1. IFRS の 16 基準、IAS の 25 基準、IFRIC 解釈指針の 15 基準、SIC 解釈指針の 4 基準に関する基礎マニュアルと、16 回の基礎研修(IFRS、概念フレームワーク、イントロダクション)のための基礎研修資料が作成されている。(達成)	<ul style="list-style-type: none"> ➤ 基礎マニュアルは、IFRS の基礎を理解するための参考書として位置づけられており、すべての IFRS を網羅している。 ➤ そのため、各基準の要点をまとめ、基準の本質を理解しやすいように 1 基準あたり 3~5 ページのボリュームにまとめた。基礎マニュアルの対象範囲は、計画通りであった。
2-2.10 名以上の者が、2-4	➤ 2024 年 3 月末日時点で、50 名が以下の条件を

<p>の関係政府職員及び関係民間事業者を対象とした研修を受講することにより、講師となることができるよう IFRS に関する知識の向上を図る。</p> <p>以下の研修修了条件※を達成した者に修了証を授与する。</p> <p>※次の条件をすべて満たすこと</p> <ul style="list-style-type: none"> - 基礎研修と上級研修の合計の出席回数が7回以上であること - 6回の上級研修のテストスコアが60%以上であること 	<p>達成して修了書を取得し、50名のうち34名がAASDのメンバーであった。</p> <ul style="list-style-type: none"> ・基礎研修と上級研修の合計の出席回数が7回以上であること。 ・6回の上級研修のテストスコアが60%以上であること。
<p>2-3. AASD スタッフ向けのIFRSの6基準に関するIFRS基準ガイダンス及び開示要件を備えたIFRSの開示ガイダンスを作成する。(達成)</p>	<ul style="list-style-type: none"> ➤ IFRS 基準ガイダンスには、IFRS の応用知識の習得に資する Q&A やケーススタディを含み、IFRS と VAS との間に重要な差異がある 6 基準の IFRS を対象としている。 <ul style="list-style-type: none"> • IFRS 第 1 号 「国際財務報告基準の初度適用」 • IFRS 第 9 号 「金融商品」 • IFRS 第 13 号 「公正価値の測定」 • IFRS 第 15 号 「顧客との契約から生じる収益」 • IFRS 第 16 号 「リース」 • IAS 第 36 号 「資産の減損」 ➤ IFRS 開示ガイダンスは、IFRS の開示項目ごとにベトナム会計基準で同様の開示が求められているかどうか、各事業年度に定期的の開示することが求められているかどうか、開示の考え方についてのヒント等の情報を提供し、ガイダン

	<p>スの利用者が開示のコツを学べるものとした。</p> <p>➤ IFRS 開示ガイダンスは、開示要件を伴うすべての IFRS 会計基準を対象としている。</p> <ul style="list-style-type: none"> • IFRS 第 1 号「国際財務報告基準の初度適用」 • IFRS 第 2 号「株式報酬」 • IFRS 第 3 号「企業結合」 • IFRS 第 5 号「売却目的で保有する非流動資産及び非継続事業」 • IFRS 第 6 号「鉱物資源の探査及び評価」 • IFRS 第 7 号「金融商品：開示」 • IFRS 第 8 号「事業セグメント」 • IFRS 第 12 号「他の企業への関与の開示」 • IFRS 第 13 号「公正価値測定」 • IFRS 第 14 号「規制繰延勘定」 • IFRS 第 15 号「顧客との契約から生じる収益」 • IFRS 第 16 号「リース」 • IAS 第 1 号「財務諸表の表示」 • IAS 第 2 号「棚卸資産」 • IAS 第 7 号「キャッシュ・フロー計算書」 • IAS 第 8 号「会計方針、会計上の見積りの変更及び誤謬」 • IAS 第 10 号「後発事象」 • IAS 第 12 号「法人所得税」 • IAS 第 16 号「有形固定資産」 • IAS 第 19 号「従業員給付」 • IAS 第 20 号「政府補助金の会計処理及び政府援助の開示」 • IAS 第 21 号「外国為替レート変動の影響」 • IAS 第 23 号「借入コスト」
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	<ul style="list-style-type: none"> • IAS 第 24 号 「関連当事者についての開示」 • IAS 第 26 号 「退職給付制度の会計及び報告」 • IAS 第 27 号 「個別財務諸表」 • IAS 第 28 号 「関連会社及び共同支配企業に対する投資」 • IAS 第 29 号 「超インフレ経済下における財務報告」 • IAS 第 33 号 「1 株当たり利益」 • IAS 第 36 号 「資産の減損」 • IAS 第 37 号 「引当金、偶発負債及び偶発資産」 • IAS 第 38 号 「無形資産」 • IAS 第 40 号 「投資不動産」 • IAS 第 41 号 「農業」
<p>2-4.基礎研修教材を用いた基礎研修を 16 回、IFRS 基準ガイダンスを用いた上級研修を 6 回実施する。(達成)</p>	<p>➤ 活動実績 に記載したとおり、基礎研修 16 回、上級研修 6 回を研修計画に沿って実施した。</p> <p>[基礎研修]</p> <p>➤ 基礎研修は、作成した研修教材を活用し、「日本の経験からの学び」「講義形式パート」「事例を用いた参加型形式パート」「質疑応答」からなるプログラム構成で実施した。基礎研修は、対象となる会計基準の難易度を考慮し、各講義 130 分～245 分程度で実施した。</p> <p>➤ 基礎研修には、AASD 職員、民間事業者及び教育機関の職員を含む参加者が各回 45 名から 56 名参加し、IFRS の基礎知識を習得した。</p> <p>[上級研修]</p> <p>➤ 上級研修は、IFRS 基準ガイダンスを使用し、より詳細な Q&A とケーススタディを使用し、基礎トレーニングで習得した基礎知識を使用</p>

	<p>して思考の応用を強化する目的で実施した。 上級研修は、講義あたり 130 分とした。</p> <ul style="list-style-type: none"> ➤ 上級研修には、AASD 職員、民間事業者及び教育機関の職員を含む参加者が各回 48 名から 58 名参加し、自ら IFRS 研修を実施するために必要な知識を習得した。 <p>[その他]</p> <ul style="list-style-type: none"> ➤ 上記の研修に加え、JICA コンサルタントは、日本での 1 週間の研修プログラムと英国での 1 週間の視察を企画・実施した。
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(3) 成果 3

成果 3 のすべて指標が達成され、達成度は高い。目標 (客観的に検証可能な指標) と実績 (達成度) は表 4 のとおりである。

表 4. 成果 3 の達成状況

客観的に検証可能な指標	実績
成果 3:IFRS 任意適用の影響を適切に評価する。	
3-1.IFRS 適用のための影響分析報告書が完成する。(達成)	<ul style="list-style-type: none"> ➤ 影響分析は、ベトナムの大手監査法人において、民間企業に対する IFRS の任意監査等を通じて習得した IFRS 経験の豊富な JICA コンサルタントを配置して実施した。 ➤ 当初の計画通り、3 社の影響分析レポートを作成した。 ➤ パイロット企業への IFRS 適用の影響については、ポリシー、KPI、ヒト、組織、データ、システム、プロセスの 7 項目の観点から分析を行った。 ➤ 全く業種の異なる 3 社について影響分析を実施し、航空業界では IFRS 第 16 号、金融業界では IFRS 第 9 号、小売業界では IFRS 第 15 号及び IFRS 第 16 号など、各社において影響が重要な会計基準が異なっていた。

	<p>➤ 将来的な IFRS の任意適用を促進するために、企業が IFRS を適用できる条件を検討するために、上述の 7 項目の観点による影響分析を実施し、以下の 5 項目の条件を満たす企業が IFRS の適用対象となることが期待される。</p> <ul style="list-style-type: none"> • テクノロジー (システムとプロセス) IFRS 財務諸表の作成に必要なデータを収集・保存できる体制を構築しているか。 • データの可用性 企業は、少なくとも過去 3 年間の会計帳簿データにアクセスすることができ、VAS と IFRS の両方の会計帳簿データを並行して保有することができるか。 • ヒト 企業は、IFRS 財務諸表の作成に関与したアカウントを有しているか。 • ファイナンス IFRS を導入するために必要な投資及び費用を負担する財務的健全性を有しているか。 • 経済情勢 経済情勢は業界によって異なり、IFRS への移行に必ずしも影響しない可能性がある。
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2-2 プロジェクト目標と指標

(目標と完了実績)

また、事業開始時に設定されていない指標や達成目標が当初計画から変更された指標については、設定・変更の決定、設定時期、ベースライン調査の実施等を記録する。

目標 (客観的に検証可能な指標) と実績 (達成度) を表 5 に示す。

表 5. プロジェクト目標の達成

客観的に検証可能な指標	実績
プロジェクト目標: IFRS を適用するための環境が整備される。	
1. IFRS 適用の影響を適切に評価する。(達成)	<p>IFRS 適用の影響については、以下の2つの観点から適切に分析した。</p> <ul style="list-style-type: none"> IFRS の適用がベトナムの現行法令に与える影響を評価した。評価結果及び評価のインサイトについては、成果1の客観的に検証可能な指標1-1の実績を参照のこと。 3社のパイロット企業に対するIFRS導入の影響分析を行い、IFRS導入に必要な企業側の対応を分析し、影響分析報告書にまとめた。成果3の客観的に検証可能な指標3-1の実績を参照されたい。
2. IFRS 導入に向けた課題を整理する。(達成)	ベトナムの会計基準を取り巻く状況とIFRS導入に向けた関連ルールの分析を行い、IFRS導入に向けた課題を整理した。分析結果及び分析の洞察については、成果1の指標1-2の実績を参照されたい。
3. IFRS の適用に向けた実現可能なロードマップを作成する。(実行中 (未達成))	<p>➤ 成果1の活動を通じて、ベトナムの現状を踏まえたIFRS導入のための新たなロードマップに関する提案を作成し、レコメンデーションレポートにまとめた。今後はAASDが提案されたロードマップについて利害関係者との調整を実施した上で、ベトナムの公式なロードマップとして定め、実行することが期待される。</p> <p>➤ 提案されたロードマップの詳細は以下の通りである。</p> <p>提案されたロードマップは、3つの重要なマイルストーンについて、IFRS、会計基準設定主体、国内会計基準、株式市場のあるべき姿と、マイルストーンを達成するために各準備段階で達成すべきポイントを示している。</p> <p>ロードマップの全体像は以下の通りです。</p> <ul style="list-style-type: none"> マイルストーン 1: 法令に基づく IFRS

	<p>の任意適用を 2 年～3 年後に本格的に開始。</p> <ul style="list-style-type: none"> ● マイルストーン 2: マイルストーン 1 の 2 年～3 年後に VFRS の第 1 セットが適用される。 ● マイルストーン 3: 株式市場を 2 つのセクション (スタンダードセクションとグローバルセクション) に分割する。分割されたセクションであるグローバルセクションへの IFRS の強制適用がマイルストーン 2 の 5 年後に開始される。 <p>つまり、現在から約 10 年後に IFRS の強制適用が開始されることになる。</p> <p>準備フェーズとマイルストーンの詳細は以下の通りである。</p> <ul style="list-style-type: none"> ■ Stage0: 第 1 準備フェーズ <ul style="list-style-type: none"> ◇ 第 1 準備フェーズにおける各項目の達成ポイントは以下の通りである。 <ul style="list-style-type: none"> ◇ IFRS <p>IFRS の任意適用を可能とするための法的根拠の整備を完了する必要があるが、IFRS の任意適用のための法的根拠の整備は早急に進めることが望ましい。</p> ◇ 会計基準設定主体 <p>会計基準設定主体の設立準備、例えば、組織構造、財政スキーム、会計基準設定主体を支援する組織の決定、理事会メンバー、議長及びスタッフの任命等を完了することが求められる。</p> ◇ 国内会計基準 <p>IFRS にコンバージェンスされた</p>
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	<p>国内会計基準である VFRS を開発・適用するための包括的かつ具体的なロードマップを公表することが求められる。</p> <p>◇ 株式市場と企業 IFRS の任意適用を促進するため、IFRS の任意適用に適した企業を示すためのガイドラインを公表する。</p> <p>■ ステージ 1:マイルストーン 1 マイルストーン 1 の達成時点における各項目の理想的な状態は以下の通りであり、マイルストーン 1 の達成は 2 年～3 年後が望ましい。</p> <p>◇ IFRS IFRS の任意適用はすべての企業に認められており、任意適用の法的根拠が適切に確立されている。 現在、決議 345 は、特定の会社が IFRS を任意適用することを認めているが、IFRS を任意適用するための法的根拠は確立されていない。第 1 期準備フェーズにおいて、IFRS の任意適用を可能とする法的基盤を確立し、マイルストーン 1 から IFRS の本格的な任意適用を開始する。</p> <p>◇ 会計基準設定主体 会計基準設定主体は VFRS の開発のために設立され、活動を開始している。</p>
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	<ul style="list-style-type: none"> ◇ 国内会計基準 VFRS を開発し、適用するための包括的かつ具体的なロードマップは、関連するステークホルダーによって十分に認識されている。 ◇ 株式市場と企業 IFRS の任意適用に適した企業はステークホルダーに認識されており、一部の企業が IFRS の任意適用を開始することが望ましい。 ■ Stage1:第 2 期準備フェーズ 第 2 期準備フェーズにおける各項目の達成ポイントは以下の通りである。 <ul style="list-style-type: none"> ◇ IFRS マイルストーン 3 から IFRS の強制適用を可能とするための法的根拠の整備に着手することが求められるが、第 2 期準備フェーズで法的根拠の整備を完了させる必要はない。 ◇ 会計基準設定主体 会計基準設定主体の設立準備、例えば、組織構造、財政スキーム、NSSB を支援する組織の決定、理事会メンバー、議長及びスタッフの任命等を完了することが求められる。 ◇ 国内会計基準 以下の点は、第 2 期準備フェーズで完了する必要がある。
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	<ul style="list-style-type: none"> - 各 VFRS 会計基準の開発計画を会計基準設定主体が策定し、公表している。 - VFRS の第 1 セットの公開草案を作成・公表し、公開草案に対するステークホルダーからの意見を収集したうえで、VFRS の第 1 セットに反映する。 - VFRS の第 1 セットの最終版が開発され、一般に公開される。 - VFRS の第 1 セットの適用を可能にする法的枠組みが整備される。 <p>◇ 株式市場と企業</p> <ul style="list-style-type: none"> - 株式市場を少なくとも 2 つのセクションに分割する準備を開始する。 - IPIE の選定を開始し、IPIE 候補企業への通知及び選定結果の公表を行う。 <p>■ ステージ 2: マイルストーン 2</p> <p>マイルストーン 2 の達成時点における各項目のあるべき姿は以下の通りであり、マイルストーン 1 の達成から遅くとも 2 年～3 年後にはマイルストーン 2 を達成することが求められる。</p> <p>◇ IFRS</p> <p>IFRS の任意適用はすべての企業に認められており、任意適用の法的根拠が適切に確立されている。(マイルストーン 1 と同様)</p>
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	<ul style="list-style-type: none"> ◇ 会計基準設定主体 会計基準設定主体が設立され、VFRS の開発に向けて活動中である。(マイルストーン 1 と同様) ◇ 国内会計基準 <ul style="list-style-type: none"> - 各 VFRS 会計基準の開発計画が公表され、ステークホルダーによって認識されている。 - VFRS の第 1 セットが開発され、PIE や大企業に適用されている。 - VFRS の第 1 セットの適用を可能にする法的枠組みが確立されている。 ◇ 株式市場と企業 ベトナムのステークホルダーからは以下の点が認知されている。 <ul style="list-style-type: none"> - 証券市場を少なくとも 2 つのセクション (スタンダードセクションとグローバルセクション) に分割し、IFRS を証券市場の分割されたセクションであるグローバルセクションに適用する。グローバルセクションには、IPIE 及び IFRS を任意適用する企業が 4 年～5 年後に所属する。 - どの企業が IPIE に選ばれているか、そして、4 年～5 年
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	<p>後には当該 IPIE が分割された株式市場であるグローバルセクションに所属する。</p> <ul style="list-style-type: none"> ■ ステージ 2: 第 3 期準備フェーズ <ul style="list-style-type: none"> ◇ IFRS <p>IFRS の強制適用を可能にする法的枠組みの整備を完了することが求められる。</p> ◇ 会計基準設定主体 <p>当該ロードマップ及び開発計画に基づき、VFRS の第 2 セット及び VFRS の第 3 セットの開発を完了する必要がある。</p> ◇ 国内会計基準 <ul style="list-style-type: none"> - VFRS の第 2 セット及び第 3 セットを適用する必要がある。 - VFRS の第 2 セット及び第 3 セットの適用を可能にする法的枠組みの整備を完了することが求められる。 ◇ 株式市場と企業 <ul style="list-style-type: none"> - 株式市場の分割について公表され、株式市場分割のすべての手続が完了し、ステークホルダーとの合意が得られている。 ■ ステージ 3: マイルストーン 3 <p>マイルストーン 3 の達成時点における各項目のあるべき姿は以下の通りであり、マイルストーン 3 はマイルストー</p>
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	<p>ン 2 の達成から 5 年後に達成することが望ましい。</p> <ul style="list-style-type: none"> ◇ IFRS <ul style="list-style-type: none"> - IFRS の任意適用がすべての企業に認められ、分割市場への IFRS の強制適用が開始される。 - IFRS の任意適用及び分割された市場に対する IFRS の強制適用のための法的枠組みが適切に確立されている。 ◇ 会計基準設定主体 <p>会計基準設定主体が設立され、計画されているすべての VFRS の開発が完了している。</p> ◇ 国内会計基準 <ul style="list-style-type: none"> - 計画された VFRS は全て PIE 及び大企業で適用されている。 - すべての VFRS を適用するための法的枠組みが確立されている。 ◇ 株式市場と企業 <p>株式市場は少なくともスタンダードセクションとグローバルセクションの 2 つに区分されており、IFRS は株式市場の区分された部門であるグローバルセクションに強制適用されている。IPIE 及び IFRS の任意適用企業はグローバルセクションに所属する。</p>
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<p>4.IFRS の適用を管理・維持するための組織を設立するためのコンセプトを提案する。(達成)</p>	<ul style="list-style-type: none"> ➤ 本邦研修では日本の会計基準設定主体である企業会計基準委員会 Accounting Standard Board of Japan (ASBJ)と、英国視察ではドイツ、韓国の会計基準設定主体と意見交換を行い、会計基準設定主体の役割について検討した。 ➤ 各国の会計基準設定主体を参考に、考慮すべき会計基準設定主体の共通の前提条件や、あるべき会計基準設定主体の考え方に関する提案をレコメンデーションレポートにまとめた。 ➤ 提案された会計基準設定主体の詳細は以下の通りである。 <p>会計基準設定主体は、独立性の観点から民間機関であることが望ましいが、政治体制により中国のように財政部の内部機関として設置される場合もある。但し、財政省のような国家機関の一部を会計基準設定主体とする場合であっても、議長及びメンバーは政府から独立した個人であるべきである。会計基準設定主体は、原則として常勤のメンバーにより常設の機関として運営され、その構成員は、財務諸表作成者、監査を行う公認会計士、証券取引所等から選出された代表者及びオブザーバーとしての監督官庁からなる。会計基準設定主体の設置に当たっては、主として次の基本方針を定めるものとする。</p> <ul style="list-style-type: none"> • 組織体制・資金スキーム(法人・個人会員からの会費徴収、政府補助等)、会計基準設定主体を支える組織等の決定。 • 議長・理事の選任、議長・理事の指名プロセスの透明性の確保、組織運営方針の決定 • 会計基準設定主体で採用する常勤スタッフの決定 • 事務所の設置
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3. PDM の修正履歴

詳細計画調査の結果に基づいて、PDM Ver.1 を改訂する PDM Ver.2 が 2024 年 1 月に承認された。改訂箇所及び改訂理由は以下とおりである。改訂内容については、添付資料 3 を参照されたい。

- IFRS 導入のためのステップとして VFRS を開発するため、AASD の方針転換により適合するための改訂
 - 全体目標の客観的に検証可能な指標 (Objectively Verifiable Indicator) (以下「OVI」とする) と入手手段 (Means of Verification) (以下「MOV」とする)
 - プロジェクト目標の OVI と MOV
 - 成果 1 のナラティブサマリー、OVI および MOV
- OVI および MOV をより詳細かつ明確に定義するための改訂
 - 成果 2 の OVI と MOV
- 詳細計画調査の結果に基づく MOV の決定に伴う改訂
 - 成果 3 の MOV
- 上記の 3 つの成果のそれぞれの改訂に伴う改訂。
 - 活動
 - 運用計画

4. その他

4-1 環境及び社会的な視点による検討結果 (該当する場合)
該当事項はない。

4-2 ジェンダー/平和構築/貧困削減、障害、疾病感染、社会システム、福祉、人権、男女共同参画に関する検討結果 (該当する場合)
該当事項はない。

III. 共同評価の結果

1. DAC 評価基準に基づく評価結果

(1) 妥当性: 高い

A) 開発政策との整合性

- ✓ ベトナム政府は、持続的成長の実現、脆弱性の克服、公正な社会・国家の構築に向けた国際競争力の強化により、長期開発計画「社会経済発展戦略」に掲げる 2020 年までの工業化達成に向けた取組の一環として、会計インフラの近代化が必要であるとして、2000 年初頭から徐々に会計制度の近代化を進めてきた。
- ✓ 本プロジェクトは、「社会経済発展 10 カ年戦略 (2021-2030)」及び「社会経済発展 5 カ年計画 (2021-2025)」の策定に合わせて開始された。2030 年までに近代的産業を有する上中所得国となり、ベトナム建国 100 周年となる 2045 年までに高所得先進国となるという野心的な目標を掲げ、民間企業を「重要な推進力」と位置付け、その活動を推奨している。民間企業を含む事業体の財務諸表の信頼性・透明性・投資家への説明責任を向上させるために、公正価値会計と原則主義を特徴とする IFRS の適用を可能とする環境を整備することを目的とする本プロジェクトは、本プロジェクトの達成が民間企業への外国投資家からの投資を呼び込み、民間企業の財務状況の改善に貢献する可能性があり、ひいては政府の戦略の達成を促進することから、ベトナム政府の民間企業を「重要な推進力」とする戦略とベトナムの開発政策と整合的である。

B) 開発ニーズとの整合性

- ✓ このような背景に加え、ベトナム企業の国際資本市場への参加のニーズの高まりや、東南アジア地域を中心に世界各国で IFRS の適用・コンバージェンスが進む中、ベトナム以外にも多くの国で IFRS の導入や IFRS とのコンバージェンス等の IFRS を用いた国内会計基準の整備が完了している。ベトナムの会計基準設定主体である AASD では IFRS 導入の必要性は高い。
- ✓ 2020 年 3 月に発表されたベトナムの現在の導入ロードマップである決議 345 では、2022 年に IFRS の任意適用を開始し、2025 年までに強制適用を検討するスケジュールが定められている。プロジェクトの目的は、上記のスケジュールに従って IFRS の導入を迅速に実施するという AASD の必要性と一致している。

C) 事業計画及び手法の適切性

- ✓ 上記 A 及び B に記載したとおり、本プロジェクトは開発政策及び

ニーズと非常によく整合しており、プロジェクト期間はベトナムの IFRS 導入に向けた現在のロードマップの重要な期間と整合しており、プロジェクトの目的及び3つの成果、並びにプロジェクトの直接及び間接受益者の選定は適切であった。

- ✓ 本プロジェクトは COVID-19 流行時に開始され、当初のプロジェクト計画は COVID-19 流行を想定して策定された。しかし、COVID-19 の感染拡大が当初の予想を上回り長期化したこと、特にベトナムでは度重なるロックダウンが発生したこと、COVID-19 以降のベトナム経済の低迷や企業業績の悪化など、プロジェクトを取り巻く環境は本プロジェクト開始時とは大きく変化した。そのため、本プロジェクトの詳細計画調査期間を延長し、AASD、JICA、JICA コンサルタントの間で何度も議論を重ね、将来の IFRS 適用に向けて VFRS を優先するという AASD のニーズに対応して PDM の改訂を行い、ベトナムの実情に応じた柔軟なプロジェクトマネジメントを実施した。

(2) 整合性:比較的低い

A) JICA の他のプロジェクトとの連携

- ✓ ベトナム株式市場の公正性・透明性向上のための能力強化プロジェクトは 2019 年 4 月から 2023 年 3 月まで実施され、本プロジェクトは 2021 年 4 月から開始された。ベトナム株式市場プロジェクトと本プロジェクトとの直接的な連携は計画されていなかったが、企業の財務諸表の透明性、信頼性、投資家への説明責任の向上という本プロジェクトの上位目標は、株式市場の透明性と公平性の向上に貢献する。

B) 開発パートナーの他のプロジェクトとの連携

- ✓ ベトナムにおける IFRS の効果的な導入に向け、JICA のほか、世界銀行、アジア開発銀行 (Asian Development Bank) (以下「ADB」とする)、英国大使館、英国勅許公認会計士協会 (the Association of Chartered Certified Accountant) (以下「ACCA」とする)などの機関が協力して支援を行っている。各団体の主な支援内容は以下の通り。
 - 世界銀行と ADB
 - ◇ IFRS 財団及び IASB と協力して、IFRS の翻訳及び解釈ガイドンスを支援。
 - ◇ 世界銀行は、2つの国有企業 (ペトロリメックスと EVN) に対して、IFRS の採用を支援した。

➤ 英国

- ◇ 英国大使館は、上場企業 1 社 (貴金属) に対して IFRS に関する支援を行っている。
- ◇ ACCA は、AASD 及び財政省の関連部門、教育機関、会計事務所及び企業のアカウナントを対象とした IFRS 研修プログラムを開発した。

プロジェクトは、上記の他の組織の活動と適切に整合して運営された。

- ✓ 2021 年 10 月、ベトナムでの IFRS 導入に向けて、JICA コンサルタントと世界銀行の支援チームとの間でオンラインによる意見交換を行った。プロジェクト実施期間中、世界銀行は AASD に対し、ベトナム企業の分類に関する調査プロジェクトを実施し、企業規模分類による会計基準の選択に関する提言を提供した。JICA コンサルタントが実施した調査結果に基づいて作成されたロードマップに関する提案に基づき、JICA コンサルタントと世界銀行チームは意見交換を行い、協力に関するコンセンサスを確認した。

c) グローバルな枠組みとの整合性

- ✓ プロジェクト期間中、IASB はベトナムにおける IFRS の導入を歓迎し、AASD と IASB のコラボレーションが実現した。また、JICA コンサルタントの総括が IASB の元理事であり、IASB との深いリレーションにより、独立した立場から AASD と IASB とのコミュニケーションを支援した。
- ✓ 2023 年 12 月、AASD の担当者 8 名と財政省の他の部署の担当者 2 名が英国の IASB を視察し、ベトナムにおける IFRS 導入の現状と課題について IASB と共有した。また、IASB はベトナムの IFRS 導入を好意的に評価しており、IASB 訪問中に行われた協議には IASB 議長、副議長、理事及び IASB スタッフが参加し、AASD との協力を示した。
- ✓ 本プロジェクト終了後も、ベトナムにおける IFRS の導入を成功させるためには、AASD と IASB との継続的かつ緊密な協力が不可欠であり、今回の IASB 訪問を機に、更なる協力強化が期待される。
- ✓ 英国視察では、ドイツ、韓国等の諸外国の基準設定機関とのディスカッションが行われ、英国視察参加者は IFRS をどのように導入し、国内会計基準をどのように開発してきたか、といった各国の経験を共有した。世界的には、各国が自国の会計基準設定主体を設立し、

IFRS の適用や国際的な会計基準に基づく独自の会計基準を適用する傾向にある。先行国の経験を学ぶことで、ベトナムの今後の IFRS 導入や VFRS の開発に役立つ情報を得ることができる。彼らの生の声を聞くことは非常に有意義であり、ベトナムが今後の国際的な流れに乗るために有用な機会となった。

(3) 有効性:比較的高い

プロジェクト目標の達成度:82%~90%

以下の AASD と JICA コンサルタントの評価に基づき、AASD と JICA コンサルタントはプロジェクトの有効性が 82%~90%であることを確認した。

- ✓ AASD は、プロジェクトの有効性は、以下の理由により 82%と評価した。
 - Covid-19 の影響やリソースの制約等により、当初期待された活動計画から改訂を余儀なくされたが、改訂後の活動計画に対し、実際の成果の達成度は高いものであり、JICA コンサルタントから提供された研修や技術的提案は適切であり、今後のベトナム政府の検討において有意義な資源となると評価している。
 - プロジェクト実施期間中に開催された本邦研修そして、特に英国視察は、IASB との直接の集中的な対話の機会や諸外国の会計基準設定主体との協議の場が提供され、非常に満足度の高いものであった。
 - いずれの成果も達成度の高いものであったが、プロジェクト開始時点での AASD の期待は非常に高いものであったため、評価のマイナス要因としては、実務ツールの対象範囲及び影響評価分析の対象企業数について、当初の想定に違いがあったことが挙げられる。
- ✓ コンサルタントは、プロジェクトの有効性は、以下の理由により 90%と評価した。
 - 本プロジェクトで作成された成果物や達成された成果は非常に高いレベルにあり、今後ベトナムの IFRS 導入にとって必ず有用となると評価している。
 - プロジェクト目標は「IFRS を適用するための環境が整備される。」であり、4 つの OVI のうち 3 つが達成され、残りの 1 つが進行中である。
 - IFRS の適用を可能にする環境整備の重要な側面は、ベトナム政府による明確で実行可能なロードマップの詳細な計画と公表、及びロードマップに従った業務の実施である。当該プロジェクトでは、JICA コンサルタントと AASD が、ベトナムの現状を反映した IFRS 導入のための新たなロードマップを作成するための提案を作成した。IFRS

導入のための新たなロードマップは、現在 AASD 内で検討されており、その主体的な取り組みの継続如何がプロジェクトの有効性についての最終的な評価を分けうると考える。

(4) 効率性:比較的高い

A) **プロジェクトコスト**

実際のプロジェクトコストはほぼ計画通りであった。計画と実績に差異が生じた主な理由は、第三国研修の英国視察への変更である。

- ✓ 計画
205 万円
- ✓ 実績
207 万円

B) **プロジェクト期間**

実際のプロジェクト期間は計画通りであった。

- ✓ 計画
2021 年 4 月から 2024 年 3 月までの 3 年間
本プロジェクトは以下の 2 つの期間に分けて実施する。
第 1 期：2021 年 4 月～2022 年 3 月
第 2 期：2022 年 4 月～2024 年 4 月
- ✓ 実績
2021 年 4 月から 2024 年 3 月までの 3 年間
計画の通り、以下の 2 つの期間に分けて実施した。
第 1 期：2021 年 4 月～2022 年 3 月
第 2 期：2022 年 4 月～2024 年 4 月

C) **因果関係**

- ✓ プロジェクトの活動は、COVID-19 パンデミック下においても、オンラインツールを活用するとともに、現地専門家を当初よりも対面的に活動させる等の代替活動を含め、良好に実施された。
- ✓ 本プロジェクトでは、詳細計画調査段階において、ベトナム企業のニーズや企業を取り巻く経済状況に応じて実施されたベトナム政策の方針転換に応じて、活動を適切に修正した。具体的には、IFRS の適用環境を整備するため、ベトナムにおける国内会計基準の開発を優先的に進めることとしたことを受け、日本の会計基準のコンバ

ージェンス経験の移転やコンバージェンス経験に基づく提案等の活動を追加した。

(5) インパクト:比較的高い

A) 上位目標の達成見通し

本プロジェクトは、上位目標を達成するために必要な知識やノウハウを提供するものであり、それらを活用することにより上位目標の達成が期待される。

詳細は本報告書第IV章を参照のこと。

B) 因果関係

上位目標である「IFRS導入によって企業の財務諸表の信頼性、透明性及び投資家に対する説明責任が改善される。」は、プロジェクト目標と整合している。IFRSは、公正価値会計及び包括利益の概念・原則を特徴とする国際的に広く利用されている会計基準であり、ベトナム企業がIFRSに基づいて財務諸表を作成することにより、IFRS導入前には投資家に提供されていなかった投資家の投資判断に有用性の高い情報を提供することができ、投資家に対する財務諸表の信頼性、透明性及び説明責任が向上する。

C) 波及効果

企業の財務諸表の信頼性・透明性・説明責任の向上には、以下のような波及効果が期待される。ただし、これらの改善が単独で以下のような波及効果をもたらすとは限らず、様々な要因が複合的に作用することに留意する必要がある。

- ✓ これまで財務諸表の信頼性や透明性を理由に投資をためらっていた海外投資家も積極的に投資するようになり、ベトナムが目指す社会主義市場経済の発展に貢献することになる。
- ✓ 活発な海外投資はベトナムの株式市場を拡大し、ベトナム国民の富の構築と国富の増大に貢献する。
- ✓ ベトナム企業の財務諸表の透明性の向上は、減損損失などの未実現損失を認識することによって、企業の財政状態を急激に悪化させる可能性がある。一方、企業の収益性や財務状況が財務諸表に適切に反映されることで、より適切な投資判断が可能となり、長期的な視点でベトナム経済の健全性を高めることが可能となる。

(6) 持続性:比較的高い

A) 方針・体制

ベトナム政府における AASD のポジションは、会計・監査制度を監督する政府機関であるため、今後も変更はないものと想定される。また、決議 345 は政府内で合意され、公表されており、ベトナムが今後 IFRS の適用を進めていく方向性が示されている。さらに、多くの国で IFRS の適用が実現しており、今後も国際会計基準のコンバージェンスや導入の動きが加速することが予想されることから、ベトナムにおける IFRS の適用や国内会計基準の開発に関するプロジェクトが継続されることが期待される。また、ベトナム政府内での体制の脆弱性や経験の未熟さに鑑み、JICA 含めドナーからの支援が継続されることが必須である。

B) 実施機関の制度的・組織的側面

AASD の組織は強固であり、IFRS に関する豊富な知見を有する人材は確保されているが、IFRS の導入や今後の国内会計基準の整備を進めるためには、独立した会計基準設定主体の設立が望ましい。また、会計基準設定主体の議長・理事の選任プロセスの透明化を図るとともに、常勤スタッフの拡充や専門性を有する人材の強化を図る必要がある。

C) 実施機関の技術的側面

本プロジェクトの成果 2 の活動の実施を通じて、AASD に IFRS の知識が蓄積された。AASD のスタッフが研修講師となってベトナム全土で研修を実施し、企業やステークホルダーとの研修を通じて AASD 内の知識をさらにブラッシュアップされることが期待される。しかし、IFRS の実務や会計処理の多くは、特に国際的なネットワークを有する監査法人や企業間での実務的な決定を通じて構築されており、各監査法人はグローバルな整合性を確保するシステムを運用している。したがって、IFRS の専門的知識の習得・更新については、各監査法人との緊密な連携が不可欠である。

D) 財務面

AASD は会計・監査制度を監督する政府機関であり、財務上の問題が発生する可能性は低いと想定されている。

2. プロジェクト実施と成果に影響を与えた主要な事項

本プロジェクトでは、当初、プロジェクト開始から 2021 年 9 月までを詳細計画調査フェーズと位置付けた。主に以下の理由により、詳細計画調査が延長された。

➤ COVID-19 のパンデミック

COVID-19 のパンデミックによるベトナムでの断続的なロックダウンのため、JICA コンサルタントと AASD との会議の調整は、困難に直面した。

プロジェクト開始当初、ベトナムでは COVID-19 の感染が抑えられ、対面での議論が可能であったため、COVID-19 の影響は限定的であった。しかし、プロジェクト開始後、ベトナムにおける COVID-19 感染状況が当初の予想以上に深刻化し、2021 年には社会的隔離措置が実施されるなど、極めて厳しい措置が継続された。この前例のない状況のため、AASD と JICA のコンサルタントは、当初想定していたプロジェクトスケジュールを進めることが困難となった。

➤ プロジェクトの前提としての決議 345 に関する課題への対応

当初、AASD は、現行の IFRS ロードマップである決議 345 に基づき、IFRS の適用を検討していたため、本プロジェクトにおいては、IFRS 適用に関する具体的な個別法令や条文の作成についての助言を JICA コンサルタントに期待していた。しかしながら、現行のロードマップには、その実行において実務上必要な IFRS 適用方針の設計が不十分であり、選択された IFRS 適用方針が現行法令にどのような影響を与えるのか、現行法令のどの部分をどのように修正することが適切なのかといった分析も決議 345 を策定する中において、十分に行われていなかったことが、本件プロジェクトの中で判明した。従って、本活動は、当初の個別法令に関する支援ではなく、IFRS の適用方針によって影響を受ける既存の法令を特定し、その差異をどのように解決するかについて分析を行う活動に変更することで合意した。しかしながら、決議 345 に関する現状と課題（このまま直ちに具体的法規制等を検討・支援する段階にはないこと等）について AASD から理解と同意を得るとともに、現時点で実施すべきより現実的な活動に注力を開始するための協議や調整には相当の時間と労力を要した。

➤ 基礎マニュアルと実務ツールの対象範囲

本プロジェクト開始当初の PDM では、成果 2 に基礎マニュアルと実務ツールの作成支援が含まれていたが、基礎マニュアルと実務マニュアルの内容と範囲は不明確であった。詳細計画調査における AASD と JICA コンサルタント間の協議では、AASD と JICA コンサルタントの間で、基礎マニュアルと実務ツールの内容と範囲に対する期待に大きな不一致があることが確認された。大きな相違点として、AASD は、基礎マニュアルと実務ツールがすべての IFRS 会計基準と解釈指針を対象とし、会計の実務処理の事例に焦点を当てることを望んでいた。一方、

JICA コンサルタントは、基礎マニュアル及び実務ツールは、契約工数の制約から範囲が限定されること、また、会計の実務処理の事例を提供することが IFRS の基本原則である原則主義に反する可能性があることから、基礎マニュアル及び実務マニュアルは、IFRS 会計基準のコンセプト及びアプローチの説明に重点を置くことを想定した。詳細計画調査段階では、AASD、JICA、JICA コンサルタントの間で何度も議論を重ね、上記の修正が行われたが、この調整と変更のために多くの時間を費やすこととなった。

➤ VFRS の開発を優先し、IFRS の任意適用を延期の可能性を含む方針転換
AASD は、決議 345 に基づき IFRS の任意適用を進めてきたが、COVID-19 によるベトナムの経済情勢の悪化、IFRS の任意適用を可能とする法制度の整備の困難性等を理由に、2022 年 11 月に IFRS の任意適用を延期し、VFRS を整備することにより健全な会計制度を推進する方針に変更することを決定した。この決定により、IFRS をベースに VFRS を開発し、VAS を改訂する方針となり、その上で、IFRS の任意適用の本格的な開始は延期された。

3. プロジェクトのリスクマネジメントの結果に対する評価

- ✓ プロジェクト管理については、AASD と JICA のコンサルタントが緊密に連絡し、詳細計画調査の期間を当初の 6 カ月から延長した。PDM の改訂は、ベトナム側の状況を踏まえ、プロジェクト実施に向けた緊密な協議を通じて行われた。
- ✓ 予備評価表では、次の教訓が記載されていた。「プロジェクトの実施やプロジェクト目標の達成に重要であるにもかかわらず、達成可能性が極めて低い前提条件や外部条件については、プロジェクト計画段階で十分に確認し、プロジェクト開始後に当初の想定と異なる条件が確認された場合には、スケジュールの変更や PDM の変更など柔軟な対応が求められる。」本プロジェクトでは、上記の教訓を踏まえ、状況が変化した場合には、AASD、JICA、JICA コンサルタントが、AASD のニーズを踏まえ、支援可能なプロジェクトの内容について緊密な対話を行い、PDM の改訂を実施するための措置を講じた。

4. 教訓

既述の通り、本件プロジェクトにおいては、詳細計画調査フェーズにおいて、プロジェクトが大前提としていた決議 345 に関する疑義が確認されるとともに、その後 AASD から決議 345 の中核である IFRS の任意適用自体を延期し、代わりに VFRS を整備するとの大きな方向転換が共有された。これに対応するべく、ベ

トナム政府との累次にわたる調整や協議と、PDM 等のプロジェクトの根拠となる合意の改定について、相当の時間と労力を費やすことになった。結果的に、本完了報告書に既述した通り、プロジェクトとしては、当初とは異なる活動やゴールが含まれるものの、成功裏に完了し、重要な成果を発現することができたと考えている。

しかしながら、特に決議 345 の現実性やその根拠の妥当性について、プロジェクト当初よりベトナム側と JICA コンサルタントとの間で大きな認識の違いがあり、それがプロジェクトを進める中で益々顕著になっていったことは、本件プロジェクトに含まれる成果 1 を中心とする個別の活動を実施していく中においても、AASD と JICA コンサルタントとの間での円滑な議論や作業に係る足かせとなったことは否めない。

本件プロジェクトでは、第一フェーズとして詳細計画調査を行い、それに基づいて第二フェーズとしての技術協力を実行するという構成になっていた。しかしながら、上記で指摘したようなプロジェクトの前提に関わるような課題がプロジェクトの前半で発覚した場合には、支援決定の前提となっている被援助国政府側の期待や、プロジェクト資源や期間との関係からも、プロジェクトの大方針や前提に関する大きな変更を許容して活動を行うことが日本側にとっては容易ではないことを経験した。

このことから、本件プロジェクトのように極めて難易度と複雑度の高いプロジェクトの検討においては、情報収集・確認調査であれ詳細計画調査であれ、技術協力プロジェクトの前提となる事前の調査を極力詳細かつ綿密に行い、技術協力プロジェクトにおける支援方針に根本的な変更が発生しないようにすることが重要であろう。他方で、本件プロジェクトは、会計制度、しかも IFRS という、日本の経験に鑑みても、10 年単位での支援のニーズや、試行錯誤のプロセスが想定されうる性質のプロジェクトでもある。このことに鑑みれば、本件のようにプロジェクトに大きな変更においても、被援助国実施機関の理解と協力を得ながら、弾力的かつ持続的に対応し支援を継続できるプロジェクトの設計や投入の考え方（専門性、投入、期間等）を予め関係者間で合意することも重要であると考えられる。

IV. プロジェクト完了後の上位目標の達成に向けて

1. 上位目標の達成見通し

上位目標と指標は以下のように設定されている。

上位目標	客観的に検証可能な指標
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IFRS 導入によって企業の財務諸表の信頼性、透明性及び投資家に対する説明責任が改善される。	1) IFRS の適用に資する環境を整備するため、現行の会計基準を IFRS に近づけるための実行可能かつ具体的な計画を作成する。 2) 5 社以上の企業が計画に沿って IFRS を導入することに公式に関心を示している。
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プロジェクトの上位目標は達成される見込みである。上記見通しの理由は以下の通りである。

- ✓ AASD は、既に現行の VAS の一部改訂を検討しており、IFRIC 解釈指針第 12 号及び VAS が IFRS と同等の基準を有していない他の基準の分野において、基準及びガイダンスを追加することを計画している。これは、VFRS の開発に先立つコンバージェンス作業の出発点となる可能性があり、IFRS の導入を視野に入れた会計基準の改訂と開発が始まっている。
- ✓ 現行の IFRS 導入ロードマップは 2020 年 3 月に公表されており、ロードマップで IFRS の強制適用を検討する 2025 年が目前に迫っている。2025 年を目前に控え、市場やステークホルダーは、現在の状況を適切に反映した新しいロードマップまたはロードマップの改訂を期待しており、AASD はこれに対応する予定である。
- ✓ 本プロジェクトを通じて、AASD は、本邦研修や英国視察等でこれまでの諸外国の会計基準策定における取り組みや課題、それらへの対応の経験の十分な共有を受け、上位目標達成に活かしていくことが期待される。

2. 上位目標を達成するためのベトナム側の実施計画と実施体制

上位目標を達成するためのベトナム側の実施計画と実施体制は、AASD によって検討されており、以下の実施計画及び実施体制が期待されている。

- ✓ IFRS を任意適用するための法令の整備を行うとともに、国内会計基準の整備を踏まえた IFRS 導入のための新たなロードマップを作成・公表する。
- ✓ IFRS の導入と、VFRS の開発を主導する新たな会計基準設定主体が検討され、設立される。VFRS の開発計画が公表され、上記の会計基準設定主体の主導の下で VFRS の第 1 セットが開発される。

3. ベトナム側への提言

- ✓ IFRS 導入に向けた新たなロードマップの検討
2020 年 3 月の決議 345 の公表から約 4 年が経過し、ベトナム政府が IFRS の

強制適用の可能性を検討する 2025 年が近づいている。過去 4 年間にわたり、大きな環境変化が起こり、VFRS の開発を優先するために AASD による方針転換も行われた。以上を踏まえ、VFRS の開発を踏まえた IFRS 適用に向けた新たなロードマップを検討・公表することが望ましい。当プロジェクトで作成されたロードマップ案を公式なロードマップとして定め、以下の IFRS の任意適用の実現と VFRS の開発という 2 本柱のアプローチを実行することが望まれる。

➤ IFRS の任意適用

IFRS の任意適用は、企業の連結財務諸表において可能な限り早期に実現されることが期待される。IFRS の任意適用を可能とする法的枠組みについては、日本の指定国際会計基準方式を参照することが可能である。

➤ VFRS の開発

VFRS は、IFRS に基づいて開発されることが推奨される。今後、段階的なコンバージェンスを経て VAS から VFRS へ移行することを想定し、全体のコンバージェンス計画、VFRS の第 1 セット適用の目標とタイミングを検討し、可能な限り早期に公表することが期待される。

✓ 会計基準設定主体の設置

IFRS の導入及び VFRS の開発、維持及び運用を主導する会計基準設定主体の設立を検討することが推奨される。日本及び諸外国の多くの事例を参考に、会計基準設定主体は独立性を維持することが望ましい。しかし、政治体制により、中国などの事例を参考にし、ベトナムにおける会計基準設定主体の最良の形態を考えることも推奨される。中国では、会計基準設定主体は財政部の内部組織として設置されているが、財政部のような国家組織の一部を会計基準設定主体とする場合であっても、議長及び理事は政府から独立した個人でなければならない。会計基準設定主体は、原則として常勤の理事により常設の機関として運営され、その構成員は、財務諸表作成企業、監査を行う公認会計士、証券取引所等から選出された代表者及びオブザーバーとしての監督官庁からなる。

会計基準設定主体の設置に当たっては、主として次の基本方針を定めるものとする。

➤ 組織体制・資金スキーム(法人・個人会員からの会費徴収、政府補助等)、会計基準設定主体を支える組織等の決定。

➤ 議長・理事の選任、議長・理事の指名プロセスの透明性の確保、組織運営方針の決定

- 会計基準設定主体で採用する常勤スタッフの決定
 - 事務所の設置
- ✓ IFRS の強制適用
- ベトナムが IFRS の強制適用によってどのような将来ビジョンを達成したいかを明確にし、将来的には IFRS の強制適用を達成することを推奨する。IFRS の強制適用範囲は分割された株式市場に限定すべきである。分割された株式市場には、各業種の上位 5 社など、IFRS 適用に適した企業を選定し、当該企業が分割された株式市場に所属し、IFRS を強制適用することが望ましい。

4. プロジェクト完了から事後評価までのモニタリング計画

プロジェクトの事後評価は、日本の政府開発援助 (ODA) の要件の一つとして、プロジェクト完了後 3 年で実施される。

このプロジェクトの結果を受けて、ベトナムで開発される新しい会計基準である VFRS の開発計画が適切に作成され、公表されているかどうか、上位目標を達成するための一つの鍵となる。VFRS の開発計画が適切に策定され、ベトナム会計基準の IFRS とのコンバージェンスへの道筋を広く社会に提供することにより、ベトナム企業の IFRS への関心を高め、自助ベースでの上位目標の達成につながることを期待される。したがって、JICA は、VFRS の開発状況、AASD による実施状況及び IFRS の適用の可能性をモニタリングすることが望ましい。

付属文書 1: プロジェクトの結果

1. JICA コンサルタントチーム一覧 (日本)

【有限責任監査法人トーマツ】

- 鶯地隆継 総括/会計基準設定
- 伊藤貴大 企業会計 1-①
- 幅田卓 企業会計 1-②
- ファム・ティ・タン・ガ 企業会計 2 (～2023 年 12 月)
- 世羅徹 企業会計 4
- 米谷由依 企業会計 5 (～2023 年 4 月)
- 佐藤奈津 企業会計 5 (2023 年 4 月～)

【補強：デロイトトーマツファイナンシャルアドバイザー合同会社】

- 辻本令 企業会計 6 (2022 年 8 月～)
- 鈴木陽子 企業会計 3 (～2022 年 4 月)
- 安彦鷹哉 企業会計 3 (2022 年 4 月～)

2. 現地再委託先一覧 (ベトナム)

[Deloitte Vietnam Company Ltd.]

- Tran Thuy Ngoc 現地支援業務総括
- Bui Van Trinh 現地支援業務副総括
- Do Hong Duong 現地支援業務副総括
- Dao Duc Anh Dung 現地プロジェクトマネジャー
- Nguyen Khuong Duy 現地プロジェクトマネジャー
- Trinh Quang Hung 成果 1 及び 2 にかかる現地支援
- Ninh Quoc Hoang 成果 3 にかかる現地支援

3. カウンターパート(AASD、財政省)

- Mr. Vu Duc Chinh, Director General of AASD (Head of JCC)
- Mr. Luu Duc Tuyen, Deputy Director General of AASD (JCC Member, Leader of Working Group, In charge of output2)
- Mr. Trinh Duc Vinh, Deputy Director General of AASD (In charge of outputs 1 and 3)
- Ms. Truong Thi Mai Phuong, Deputy head of Division of AASD (Project Coordinator, JCC Member, Working Group Member)
- Ms. Pham Thi Loan, Head of Department, AASD (Working Group Member, Team Leader of Output2)
- Ms. Nguyen Thi Thu Ha, Deputy Head of AASD (Working Group Member,

Team Leader of Output3)

- Ms. Ha Thi Phuong Thanh, Deputy Head of AASD (Working Group Member, Output 1)
- Ms. Pham Thi Thanh, AASD specialist (Working Group Member)
- Mr. Nguyen Hoang Long, AASD expert (Working Group Member).

付属文書 2: プロジェクト成果物 (レポート, マニュアル, ハンドブック等)

1. List of Training Materials

No	Documents	Language
1-1	Training materials for basic and advanced trainings	Vietnamese
1-2	Test for advanced trainings	English Vietnamese

2. List of submitted reports.

No	Documents	Output related	Language
2-1	Recommendations on Revision of Decision 345 DRAFT REPORT	Output1	English Vietnamese
2-2	Impact analysis report for VNA	Output3	English Vietnamese
2-3	Impact analysis report for TCB	Output3	English Vietnamese
2-4	Impact analysis report for MSN	Output3	English Vietnamese
2-5	Recommendation paper	Output1	English Vietnamese
2-6	Project Completion Report	All outputs	Japanese English

3. List of materials prepared for consultation.

No	Documents	Output related	Language
3-1	Decision Tree for Application of IFRS	Output1	English Vietnamese

4. List of workshop and seminar materials

No	Documents	Output related	Language
4-1	Workshop Agenda for the 1st workshop	Output1	Vietnamese
4-2	Workshop Agenda for the 2nd workshop	Output1	Vietnamese

5. List of Manuals and Guidance produced by the Project.

No	Documents	Output related	Language
5-1	Basic Manuals	Output2	English Vietnamese
5-2	IFRS standards guidance	Output2	English Vietnamese
5-3	IFRS disclosure guidance	Output2	Vietnamese

付属文書 3:PDM (PDM の全バージョン)

Project Design Matrix

Version 1
Dated December 2022

Project Title: Project for Promotion of Application of International Financial Reporting Standards (IFRS) Implementing Agency: Accounting and Auditing Supervisory Department (AASD), Ministry of Finance
Target Group: Officials of AASD, and other relevant stakeholders
Period of Project: April 12, 2021-March 31, 2024
Project Site: Hanoi

	Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumption	Achievement	Remarks
Overall Goal Reliability, transparency, and accountability to investors of financial statements of entities are improved.		- The number of entities that adopt IFRS is increased.	TBD in detailed planning survey			
Project Purpose An enabling environment to adopt IFRS is prepared.		- Impacts of the adoption of IFRS are assessed appropriately, and issues for the mandatory adoption of IFRS are sorted out. - Impact evaluations of the adoption of IFRS and issues for the mandatory adoption of IFRS are announced in stakeholders meetings.	Same as above	- The decision of IFRS adoption in Vietnam itself is not reserved. - The number of entities which are reluctant to bear costs for IFRS adoption doesn't increase due to an economic downturn in Vietnam.		
Outputs Output 1: Rules and the legislative framework for IFRS adoption are formulated by relevant government officials mainly consisting of AASD staffs considering opinions from stakeholders including business entities. Output 2: Understanding and capacity of relevant government officials mainly consisting of AASD staffs and relevant business entities is enhanced. Output 3: Impacts of the voluntary adoption of IFRS are assessed appropriately.		1-1. Drafts of revised relevant laws and regulations for the adoption of IFRS are completed. 1-2. Preparation of relevant rules for the adoption of IFRS is completed during the voluntary adoption period. 1-3. Periodic meetings under the coordination platform are held on an as-needed basis. 1-4. Relevant rules for the adoption of IFRS revised on an as-needed basis after periodic meetings under the coordination platform. 2-1. Basic manuals for understanding IFRS is prepared. 2-2. # persons participate in trainings for relevant government officials and relevant business entities. 2-3. Practical manuals and templates of disclosure statements for relevant business entities are developed. 3-1. Impact Analysis Reports for the adoption of IFRS are completed.	Same as above	- The organizational structure of Vietnamese government, especially the AASD, is not significantly changed.		

Activities	Inputs		Important Assumption
<p>1-1. Review drafts of revised relevant laws and regulations for the adoption of IFRS.</p> <p>1-2. Review and plan minimum required domestic rules for the adoption of IFRS.</p> <p>1-3. Launch a coordination platform chaired by AASD to exchange practical opinions among stakeholders, such as government officials, accountants, financial institutions, and other business entities, and hold periodic meetings under the coordination platform on an as-needed basis.</p> <p>1-4. Give feedbacks of the results of periodic meetings to development of the domestic rules for the adoption of IFRS.</p> <p>2-1. Develop basic manuals to promote understanding of basics, the standards, the interpretation guideline, the conceptual framework of IFRS.</p> <p>2-2. Hold trainings/workshops for relevant government officials and business entities to promote understanding of IFRS.</p> <p>2-3. Develop practical manuals and templated of IFRS disclosures statements for relevant business entities.</p> <p>3-1. Select pilot entities considering to adopt IFRS based on clear criteria.</p> <p>3-2. Assess impacts of the adoption of IFRS on the pilot entities.</p> <p>3-3. Develop Impact Analysis Reports of the pilot entities.</p>	<p>The Japanese Side</p> <ul style="list-style-type: none"> - Experts (Consulting firm) - Trainings/seminars (Vietnam and Japan) - Project expenses for activities - Local staff 	<p>The Vietnamese Side</p> <ul style="list-style-type: none"> - Counterpart personnel - Project office - Local expense - Available data and information related/impactful to the Project 	
			<p>Pre-Conditions</p> <p>Translation of IFRS standards into Vietnamese is completed.</p>
			<p><Issues and countermeasures></p>

Project Design Matrix

Version 1-2
Date: December 2022 - 1 August 2023

Project Title: Project for Promotion of Application of International Financial Reporting Standards (IFRS)

Implementing Agency: Accounting and Auditing Supervisory Department (AASD), Ministry of Finance

Target Group: Officials of AASD, and other relevant stakeholders

Period of Project: April '21, 2021 - March 31, 2024

Project Site: Hanoi

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumption	Achievement	Remarks
<p>Overall Goal* The overall goal is expected to be achieved approximately three years after the end of the Project.</p> <p>Reliability, transparency, and accountability to investors of financial statements of entities are improved.</p>	<p>- The number of entities that adopt IFRS is increased.</p> <p>1. A viable and concrete plan to bring current accounting standards closer to IFRS in order to create an environment conducive to the adoption of IFRS is prepared.</p> <p>2. 5 or more enterprises have officially shown interests to introduce IFRS in harmony with the plan.</p>	<p>TBD in detailed planning survey</p> <p>A viable and concrete plan is prepared by relevant authorities of Vietnam.</p> <p>Feedback from private sector entities</p>			
<p>Project Purpose An enabling environment to adopt IFRS is prepared.</p>	<p>-1. Impacts of the adoption of IFRS are assessed appropriately.</p> <p>-2. Issues for the mandatory adoption of IFRS are sorted out</p> <p>-3. Impact evaluations of the adoption of IFRS and issues for the mandatory adoption of IFRS are announced in stakeholders meetings. A feasible roadmap for the adoption of IFRS are prepared.</p> <p>4. A concept for developing an entity to manage and maintain the adoption of IFRS is proposed and agreed by MOF.</p>	<p>Same as above</p> <ul style="list-style-type: none"> - Recommendation paper Chapter I (Analysis and understanding of the overall legal environment) - Impact analysis reports on three enterprises - Recommendation paper Chapter II (Analysis of the context at the units/organizations) - Recommendation paper Chapter II-2 (the roadmap of adoption of IFRS) - Recommendation paper Chapter II-2 (development of an entity to manage and maintain the adoption of IFRS) 	<ul style="list-style-type: none"> - The decision of IFRS adoption in Vietnam itself is not reserved. - The number of entities which are reluctant to bear costs for IFRS adoption doesn't increase due to an economic downturn in Vietnam. 		
<p>Outputs Output 1: A roadmap for IFRS adoption is prepared based on the review of relevant rules, and the legislative framework for IFRS-adaptation is formulated by relevant government officials mainly consisting of AASD staffs as well as considering opinions from stakeholders including business entities.</p>	<p>1-1. Drafts of revised relevant laws and regulations legislative framework for the adoption of IFRS are completed is proposed.</p> <p>1-2. Preparation of Analysis of relevant rules for the adoption of IFRS is prepared completed during the voluntary-adoption period.</p> <p>1-3. Recurring periodic meetings by stakeholders under the coordination platform are held on an as-needed basis.</p> <p>1-4. Relevant rules for the adoption of IFRS revised on an as-needed basis after periodic meetings under the coordination platform. Future direction to adoption of IFRS is prepared based on Japan's experiences to convergences of JGAAP with IFRS.</p>	<p>Same as above</p> <ul style="list-style-type: none"> - Recommendation paper Chapter II-1 (the legislative framework) - Recommendation paper Chapter I-2 (High-level impact analysis of the adoption of IFRS to existing relevant laws and regulations in Vietnam) - Recommendation paper Chapter II-1 (Understanding of current situation surrounding accounting standards in Vietnam) - Recommendation paper Chapter II-2 (the roadmap of adoption of IFRS) - Recommendation paper Chapter II-1 (Understanding of current situation surrounding accounting standards in Vietnam) - Meeting Minutes * The minutes are attached to the recommendation paper as annex. Summary of the meetings is described in the recommendation paper. - Recommendation paper Chapter II-1 (the convergence with IFRS) 	<ul style="list-style-type: none"> - The organizational structure of Vietnamese government, especially the AASD, is not significantly changed. 		

<p>Output 2: Understanding and capacity of relevant government officials mainly consisting of AASD staffs and relevant business entities is enhanced.</p>	<p>2-1. Basic manuals for understanding IFRS on all standards: 16 of IFRS, 25 of IAS, 15 of IFRIC and 4 of SIC training materials for 16 trainings (IFRSs, conceptual framework and introduction) are prepared.</p> <p>2-2. 10 or more persons' knowledge about IFRS is improved so that they can become instructors through participation of participants in trainings indicated in 2-4 for relevant government officials and relevant business entities. Those who clear the following condition for completion of the trainings* will receive a certificate. *Satisfy both of the following conditions - Attendance rate of total of basic trainings and advanced trainings must be 7 trainings or above - Test score during 6 advanced trainings is 60% or above</p> <p>2-3. An IFRS standards guidance on 6 standards of IFRSs and a disclosure guidance of IFRSs with disclosure requirements Practical manuals and templates of disclosure statements for AASD staffs relevant business entities are developed.</p> <p>2-4. 16 basic trainings using basic training materials and 6 advanced trainings using IFRS standards guidance are conducted.</p>	<p>- Basic manuals on all standards: 16 of IFRS, 25 of IAS, 15 of IFRIC and 4 of SIC - Basic training materials for 16 trainings (IFRSs, conceptual framework and introduction)</p> <p>- Training reports</p> <p>- An IFRS standards guidance on 6 standards of IFRSs and a disclosure guidance of IFRSs with disclosure requirements</p> <p>- Training reports</p> <p>- Impact analysis reports on three enterprises</p>	<p>Basic manual is a handbook that focuses on theoretical explanation of the essence and basic concept of all standards of IFRS.</p>
<p>Output 3: Impacts of the voluntary adoption of IFRS are assessed appropriately.</p>	<p>3-1. Impact Analysis Reports for the adoption of IFRS are completed.</p>	<p>- Impact analysis reports on three enterprises</p>	<p>Impact Analysis is conducted to the extent that it does not affect auditor independence.</p>

Activities	Inputs	Important Assumption
<p>1-1. Review and analyze impact to the existing drafts of revised relevant laws and regulations for the adoption of IFRS.</p> <p>1-2. Review and plan analyze minimum required domestic rules for the adoption of IFRS.</p> <p>1-3. Discuss the direction of development of IFRS with reference to the report on Japan's experiences to convergences of JGAAP with IFRS</p> <p>1-3. Launch a coordination platform chaired by AASD to exchange practical opinions among stakeholders, such as government officials, accountants, financial institutions, and other business entities, and hold periodic meetings under the coordination platform on an as-needed basis.</p> <p>1-4. Develop a roadmap for the adoption of IFRS.</p> <p>1-4. Give feedback of the results of periodic meetings to development of the domestic rules for the adoption of IFRS.</p> <p>1-5. Hold meetings to exchange practical opinions among stakeholders on an as-needed basis.</p> <p>2-1. Develop basic manuals to promote understanding of basic standards, the interpretation guideline, the conceptual framework of IFRS on all standards; 16 of IFRS, 25 of IAS, 15 of IFRIC and 4 of SIC and basic training materials for 16 trainings (IFRSs, conceptual framework and introduction).</p> <p>2-2. Hold trainings/workshops for relevant government officials and business entities to promote understanding of IFRS.</p> <p>2-3. Develop an IFRS standards guidance on 6 standards of IFRSs and a disclosure guidance of IFRSs with disclosure requirements practical manuals and templates of IFRS disclosure statements for AASD staffs relevant business entities.</p> <p>3-1. Select pilot entities considering to adopt IFRS based on clear criteria.</p> <p>3-2. Assess impacts of the adoption of IFRS on the pilot entities.</p> <p>3-3. Develop Impact Analysis Reports of the pilot entities.</p>	<p>The Japanese Side</p> <ul style="list-style-type: none"> - Experts (Consulting firm) - Trainings/seminars (Vietnam and Japan) - Project expenses for activities - Local staff <p>The Vietnamese Side</p> <ul style="list-style-type: none"> - Counterpart personnel - Project office - Local expense - Available data and information related/impactful to the Project 	<p>Pre-Conditions</p> <p>Translation of IFRS standards into Vietnamese is completed.</p> <p><Issues and countermeasures></p>

付属文書 4:R/D、M/M、JCC 議事録 (写し)(*) (非公開)

付属文書 5:モニタリングシート (写し)(*) (非公開)

付属文書 6:技術協力作成資料

➤ レコメンデーションレポート (データのみ公開)

➤ 基礎マニュアル (非公開)

➤ IFRS 基準ガイダンス (非公開)

➤ 影響分析レポート (非公開)

付属文書 7:英国視察の概要 (データのみ公開)

Project for Promotion of Application of International Financial
Reporting Standards (IFRS)
Recommendation paper

Japan International Cooperation Agency

March 25, 2024

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MAIN ACRONYMS AND ABBREVIATIONS

AASD	Accounting and Auditing Supervisory Department
ASBJ	Accounting Standard Board of Japan
Big 4	Big 4 accounting firms
CFD	Corporate Finance Department
Decision 345	Decision 345
DPIE	Domestic Public Interest Entity
FDI	Foreign Direct Investment
GAAP	Generally Accepted Accounting Principles
GDT	General Department of Taxation
GOV	Government of Vietnam
GS	Global Section
HDQ	Headquarters
IASB	International Accounting Standards Board
IFRS	IFRS Accounting Standards
IPIE	International Public Interest Entity
JICA	Japan International Cooperation Agency
JMIS	Japan's Modified International Standards
J-SOX	Japanese Internal control reporting system
NSSB	National Standard Setting Body
PIE	Public Interest Entity
SBV	State Bank of Vietnam
SSC	State Securities Commission
TSE	Tokyo Stock Exchange
VAS	Vietnamese Accounting Standards
VFRS	Vietnamese Financial Reporting Standards

PREFACE

- The purpose of this recommendation paper is to achieve the project's goal of improving the transparency of Vietnam's financial and capital markets. This report takes into consideration the business environment in Vietnam as of the end of December 2023 and proposes the best measures that can be selected at present.
- The following Executive Summary outlines the recommendations report, which proposes a roadmap to enable Vietnam to achieve adoption of IFRS Accounting standards¹ in the foreseeable future. The adoption of IFRS envisaged in the roadmap does not necessarily mean the mandatory application of IFRS to all Public Interest Entities (PIE) in Vietnam, but rather a mechanism (the establishment of the Global Section) that separates companies that are expected to apply IFRS and requires them to apply not only IFRS but also and other international standards that are recognized as global standards.
- The road map consists of two main pillars: improving the current Vietnam Accounting Standards and promoting the voluntary adoption of IFRS. We have made several recommendations to achieve this.
- Improvements to the current Vietnam accounting standards will be made by advancing convergence with IFRS. However, strategic decisions need to be made about how thorough the convergence will be. In order to achieve international recognition that the Vietnam accounting standards is approximately equivalent to the IFRS, a full convergence approach, in which the IFRS are copied almost entirely, could be considered. On the other hand, it is not always efficient to conduct a full convergence of the Vietnam Accounting Standards, assuming that in principle all PIEs in Vietnam will apply the new Vietnam Accounting Standards. This recommendation report provides guidance based on the experience gained during Japan's 20-year convergence process in order to conduct convergence in Vietnam after thorough consideration of suitability.
- In order to achieve such strategic convergence, it is important that the voluntary adoption of IFRS with the goal of future adoption of IFRS is being promoted simultaneously. This is because convergence in the manner described above is merely a revision of domestic standards and is not enough for foreign market players to recognize the increased transparency of the Vietnamese financial market. Our recommendations report proposes a legal framework for companies to be able to voluntarily apply IFRS, modeled on the

¹ Hereinafter referred to as IFRS. There are currently two types of IFRS standards, IFRS accounting standards and IFRS sustainability standards. However, the term "IFRS" in this report means only IFRS accounting standards.

Japanese system. As a basic premise, it is desirable that accounting standards are not formulated by the government but by an independent standard setting body. In the long term, it is proposed that the legal system should change its system to treat accounting standards as independent.

- We are commemorating that our recommendations will contribute to improving the transparency of Vietnam's financial markets.

EXECUTIVE SUMMARY

As part of its efforts to achieve sustainable growth through enhanced international competitiveness, to overcome vulnerabilities, and to build a fairer society and nation, The Vietnamese government has needed to modernize its accounting infrastructure such as accounting law and has been progressively modernizing its accounting system since the early 2000s, making gradual progress in developing a modern system.

At the same time as developing the accounting infrastructure, the government of Vietnam is also working to further modernize and internationalize its accounting system and standards considering the growing needs of Vietnamese entities to access international capital markets and the recent trend toward global unification of accounting standards.

As part of these efforts, the Vietnamese accounting standard-setting body, the Accounting and Auditing Supervisory Department (AASD) of the Ministry of Finance, had prepared a draft roadmap for the application of International Financial Reporting Standards (IFRS) or equivalent standards to entities in Vietnam, which was released in March 2020. However, due to Covid-19 and other influences, progress has not been made according to that roadmap at this time.

This report summarizes independent recommendations of the project team of Japan International Cooperation Agency (JICA) with reference to the experience of Japan, which has a phased introduction strategy of international accounting standards that is rare in the world, amid the need to consider and implement the transition measures to international standards with the optimal speed and content for Vietnam. Hereafter is the summary of the key points in this report.

An ideal roadmap for Vietnam towards future adoption of IFRS

Two-pillar approach

The introduction of IFRS and institutional reforms using IFRS will require significant cost and effort and will require sufficient explanation to the public. To this end, it is important to link the significance of the introduction of IFRS to National objectives and an ideal state or vision of the country that should be realized. Furthermore, the interrelationship between the General Objective and the Specific Objective should be clarified and should be easy to be understood by the people so that the public can start specific preparations with a clear understanding.

In considering the introduction of IFRS, a clear distinction needs to be made between objectives that can only be achieved by taking advantage of the IFRS feature of being an internationally recognized standard (refer to Table . i. Short-term objective) and objectives that do not need IFRS's distinctive features (Table . ii. Long-term objective). As an example, creating effective

and competent management tools for regulatory oversight and protection of investors' business environment and legal interests can be achieved by reference to IFRS, but may also be achieved without IFRS adoption. It will not necessarily be achieved by simply adopting IFRS. Mixing i. Short-term objective and ii. Long-term objective may confuse market participants and lead to greater costs for Institutional reform using IFRS This point needs to be clarified and then linked to specific objectives.

Table a. Overview of Short and Long-term Objectives

	i. Short-term	ii. Long-term
Feature	Realized only by an entity's actual adoption of IFRS	Gradually realized by referring to IFRS, etc.
Specific Objectives	To strengthen international competitiveness of major Vietnamese companies (Key players), by increasing investments from foreign investors, opportunity for cross-border fund procurement, capital tie-ups and business collaborations, enhancing the quality of managerial infrastructure.	To improve transparency, the effectiveness and accountability of financial information of entities except small and medium enterprises, and to protect the economic and legal interests of each stakeholder, including the development of a business environment for investors.
Timing	Urgent, should be realized as soon as possible	Gradually realized and continued after sufficient discussion overtime.
Method	Voluntary adoption of IFRS	Development of VFRS by convergence with IFRS

Source: JICA Project Team

To achieve short-term objective, it is recommended that the voluntary adoption of IFRS should be introduced and realized as soon as possible and it is not essential to set a time limit. Therefore, the voluntary adoption period starts from the time when the law enabling the voluntary adoption is enacted, and the voluntary application period should be flexible correspondent with the number of IFRS voluntary adopters and the Vietnamese government's policy on long-term goals.

To achieve the long-term objectives, it is recommended that the GOV should improve Vietnam's accounting standards with reference to IFRS as issued and improve the peripheral system and legal frameworks that meet these standards by below measures:

- A national standard-setting bodies responsible for management of the adoption of IFRS and the development and management of VFRS shall be establish and operate.

- VAS shall be revised with reference to IFRS as issued and enforced as VFRS in order to contribute to the improvement of transparency of financial statements of not only some key players but also entities except small and micro entities.

In this paper, a two-pillar approach that simultaneously implements voluntary adoption of IFRS and development and implementation of VFRS is recommended. As the goal of the road map, mandatory adoption of IFRS should be considered after reviewing the results of achievement of short-term objective and the development of VFRS.

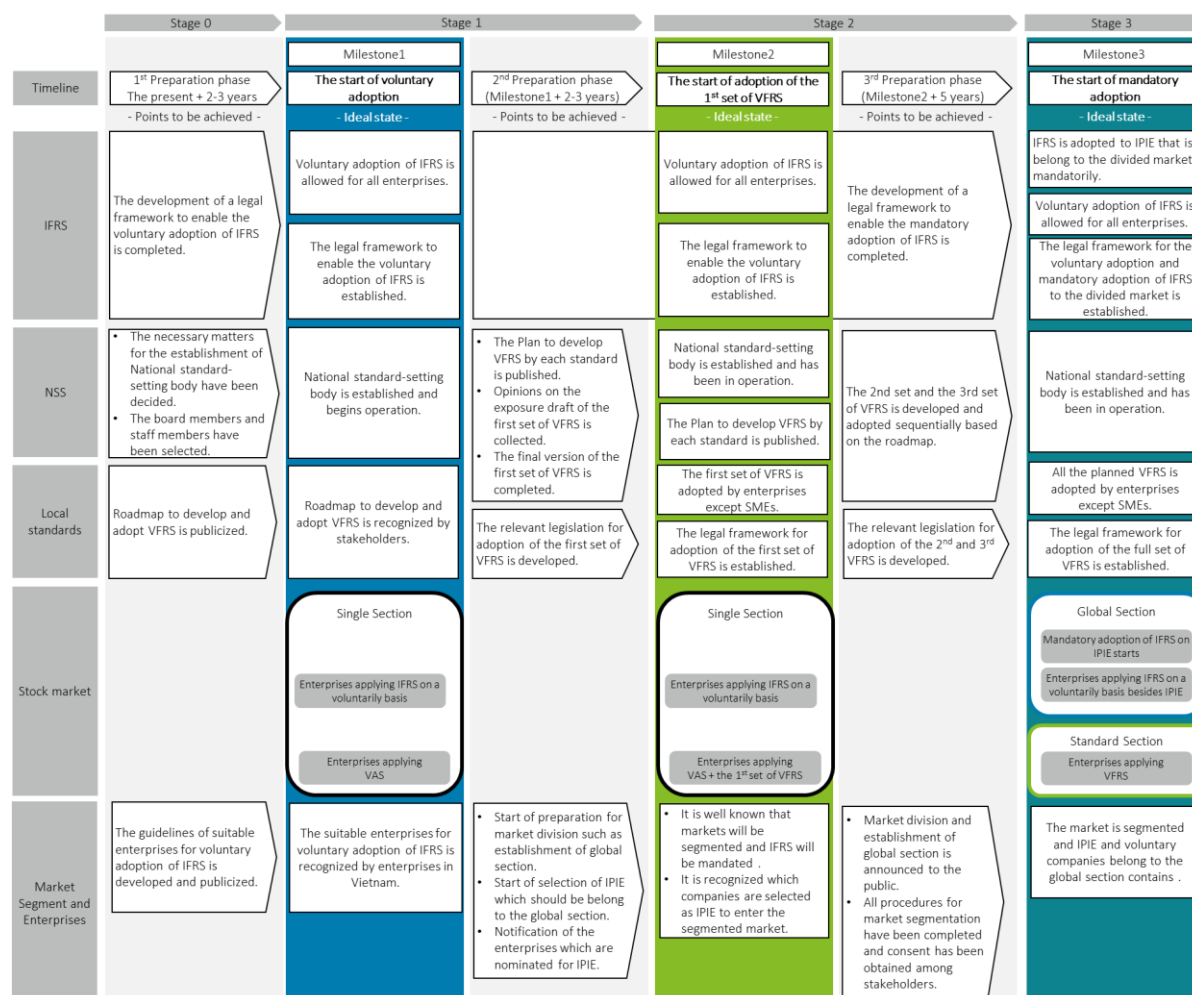
It is assumed that the introduction of VFRS will create an environment in which financial statements are prepared based on Vietnamese local accounting standards that have few differences from IFRS as issued, however, actual mandatory adoption of IFRS should be implemented, at least, for entities belonging to the divided securities market segment after the economic environment and legal development have been completed and the divided securities market segment has been established.

[For more details, please refer to the main part, P128 of this paper.](#)

Timeline of the roadmap

The following figure illustrates a conceptual diagram of the JICA project team's recommendations for ideal roadmap for adoption of IFRS as described above.

Figure a Conceptual Diagram of the Recommendations for an ideal roadmap



Source: JICA Project Team

The conceptual diagram above shows the ideal state of IFRS, National accounting setting body, local accounting standards and stock market on three important milestones and the points to be achieved during each preparation phases in order to achieve the milestones.

The overall pictures of the roadmap are as follows.

- Milestone1: Voluntary adoption of IFRS is started 2-3 years from the present.
- Milestone2: The first set of VFRS is adopted 2-3 years after Milestone 1,
- Milestone3: Mandatory adoption of IFRS to the divided stock market is started 5 years

after Milestone 2

In other words, mandatory adoption of IFRS will be implemented approximately 10 years from the present.

[For more details, please refer to the main part, P130 of this paper.](#)

Applicable accounting standards by types of entity

Based on the two-pillar approach, the applicable accounting standards by type of enterprise are as follows:

Table b. The summary of applicable accounting standards by types of entity

Entity	Stage 1		Stage 2		Stage 3	
	Non-consolidated financial statement	Consolidated financial statement	Non-consolidated financial statement	Consolidated financial statement	Non-consolidated financial statement	Consolidated financial statement
Entities which apply IFRS voluntarily	VAS	IFRS as issued	VAS + VFRS	IFRS as issued (English)	VAS + VFRS	IFRS as issued (Vietnamese language)
PIE which will be belong to GS other than entities which apply IFRS voluntarily	VAS	VAS	VAS + VFRS	VAS + VFRS	VAS + VFRS	IFRS as issued (Vietnamese language)
Big entities and PIE other than the above	VAS	VAS	VAS + VFRS	VAS + VFRS	VAS + VFRS	VAS + VFRS
Small and Medium-sized	Simplified accounting standards		Simplified accounting standards		Simplified accounting standards	

Entities			
----------	--	--	--

(*) For FDI groups, refer to the IFRS application section of FDI

Source: JICA Project Team

Key points of the rule of applicable accounting standards by types of entity are as follow:

- In view of the objective of the voluntary adoption of IFRS, the voluntary adoption of IFRS shall be limited to the consolidated financial statements. This is because general investors, including foreign investors, are generally only interested in the consolidated financial statements and it is important to minimize the impact on non-consolidated financial statements that are used for the interest adjustment among stakeholders and the associated Vietnamese laws and regulations as much as possible.
- The mandatory adoption of IFRS shall be limited only to the consolidated financial statements of IPIE, and companies that apply IFRS voluntarily and IPIE shall belong to the global section of market. For non-consolidated financial statements of companies that apply IFRS voluntarily and IPIE, VFRS shall be applied to their non-consolidated financial statements.
- With regard to the language of IFRS, it is desirable that the English version of IFRS be as official IFRS that entities are permitted to adopt during the voluntary adoption period of IFRS, and the Vietnamese translation version of IFRS be as official IFRS from the mandatory adoption of IFRS instead of the English version of IFRS. However, it depends on the scope of the mandatory adoption of IFRS if the Vietnamese translation version of IFRS is to be as official IFRS. If IFRS would be enforced to a wide range of entities, it would be difficult for all of the entities to adopt IFRS in English because there would be cases of judicial decisions such as trials are required, but if IFRS would be enforced to the limited range of entities like the global section of market, which some Top companies in the industry who has ability to understand English well are belong to, English version can be as official IFRS.
- Large enterprises and PIEs other than those subject to IFRS apply VFRS to their consolidated and non-consolidated financial statements.
- VFRS should be adopted according to the size of the entity and the degree of accountability required for the entity, and the same accounting standards need not be applied to all Vietnamese entities. It is recommended that both VFRS and simplified accounting standards should be developed, and VFRS should be applied to large entities and PIE.

During the voluntary adoption period, in order to encourage entities to adopt IFRS voluntarily,

GOV is expected to notify to candidates for IPIE that they will be categorized as IPIE and required to adopt IFRS mandatorily in the future. Such notification can motivate for entities to adoption IFRS voluntarily in advance to mandatory adoption in the future.

[For more details, please refer to the main part, P137 of this paper.](#)

Processing IFRS financial statements prepared separately by FDI

It should be noted that there are many foreign direct investment (FDI) that play an important role in the Vietnamese economy and since FDI has reported financial data to the parent company in the host country under IFRS separately and obtained audit opinions from auditing firms, FDI enterprises wish to be able to prepare statutory financial statements in Vietnam based on IFRS financial statements prepared separately by FDI enterprises.

In principle, all separate financial statements of the company must be prepared on the basis of the same accounting standards, since they are required to be harmonized with the Tax Law and the Enterprise Law and affect the adjustment of domestic interests in taxes and dividends. Therefore, this report recommends that IFRS should only be prepared at the level of consolidated financial statements. However, for the FDI group, this is the group that wishes to apply IFSR to both separate financial statements and consolidated financial statements. after all, this will be a policy decision of the Government of Vietnam. The condition for doing this is to (1) obtain an audit opinion on the IFRS financial statements and (2) appropriately apply IFRS 1 for the first time.

Ultimately, this is a policy decision by the Government of Vietnam. If the Government allows FDI to prepare its own financial statements in Vietnam under IFRS, additional guidelines should be issued by the competent authority in calculating taxes and dividends.

[For more details, please refer to the main part, P140 of this paper.](#)

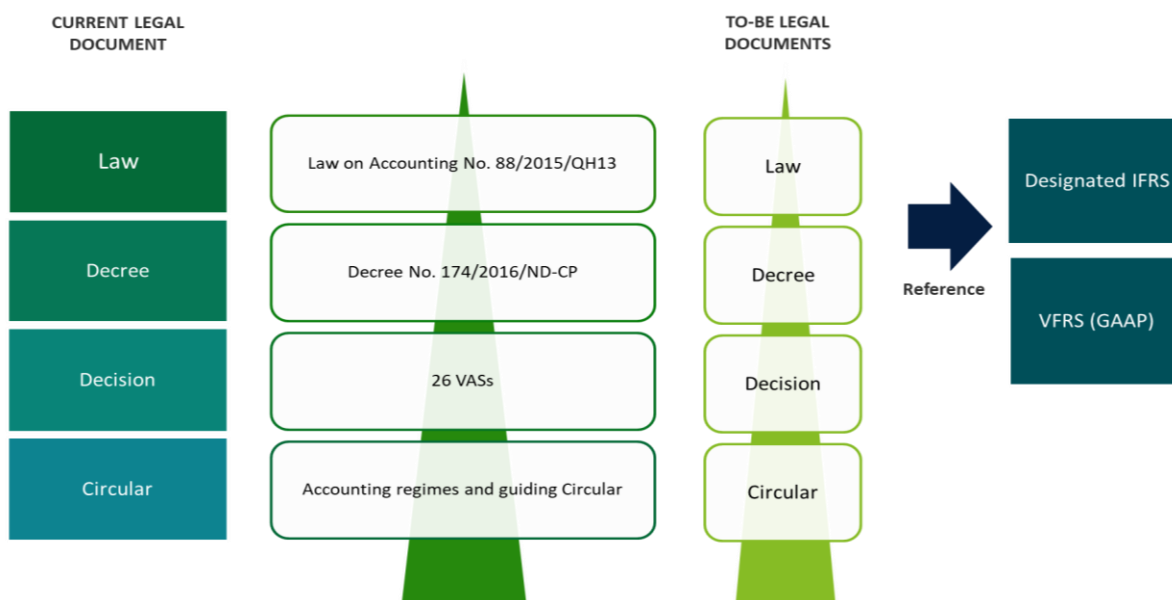
Issues to achieve voluntary adoption of IFRS

Development of legal framework for voluntary adoption of IFRS

It must be established a legal basis in domestic laws and regulations to enable IFRS voluntary adoption as soon as possible, however, if IFRS are incorporated into the Vietnamese legal system, conflicts will arise with the existing laws and regulations, and particular way must be made to establish the legal basis for applying IFRS voluntarily. Therefore, in order to establish the legal basis, “the designation method” applied in Japan could be a good reference in order to position IFRS as an independent accounting standard that is separate from existing Vietnamese standards. One feasible approach for Vietnam is to add a provision for IFRS in the accounting law. Specifically, the Accounting Act should stipulate that "The financial statements

shall be prepared by GAAP designated by Ministry of Finance." And the GAAP designated by Ministry of Finance is assumed to be the current Vietnamese Accounting Standards (VAS) and IFRS at the current.

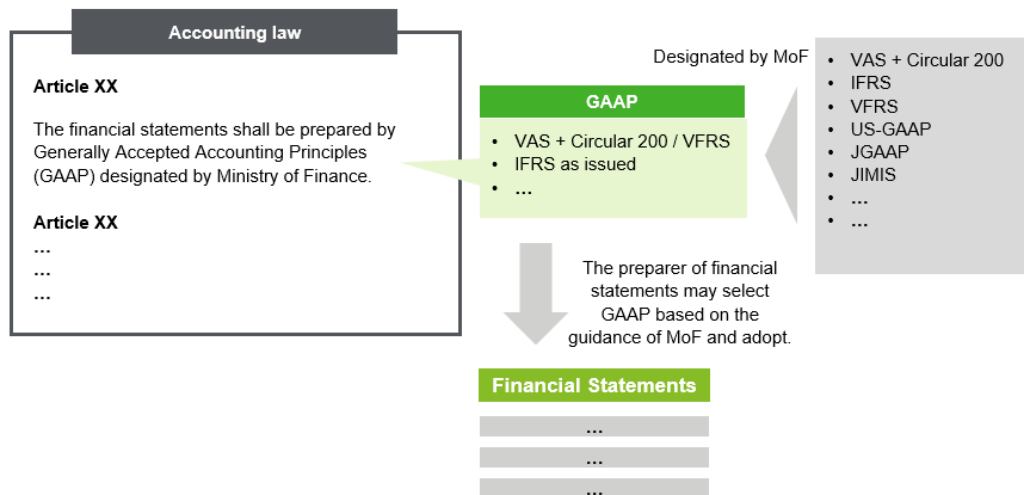
Figure b Legislative structure As-is (Current) vs To-be.



Source: JICA Project Team

One possible option for Vietnam is to add a provision on IFRS in the Accounting Law. In particular, the Accounting Law should provide that "Financial statements should be prepared in accordance with generally recognized accounting principles ("GAAP") designated by the Department of Finance." The generally recognized accounting principles specified by the Ministry of Finance are assumed as Vietnamese Accounting Standards (VAS and VFRS in the future) and IFRS are issued.

Figure c. Example of GAAP regulation in Accounting Law



Source: JICA Project Team

[For more details, please refer to the main part, P150 of this paper.](#)

Establishment of national standard-setting bodies

Establishment of National Standard-Setting body is essential, and it will be responsible for the introduction of IFRS and the development, maintenance, and management of VFRS. AASD is expected to provide overall operational support or jurisdiction, and the private sector, the Institute of Certified Public Accountants, stock exchanges, etc., are expected to become the support base of NSSB and are expected to provide human resources and funding to NSSB, and regulatory authorities such as SBV, GDT, CFD, and SSC should be involved as observers.

It is desirable that the National Standard-Setting body is a private organization from the viewpoint of independence, but in some cases, such as China, it is established as an internal organization of the Ministry of Finance, however, even if a part of a national organization such as the Ministry of Finance is to be the NSSB, the chairperson and members should be individuals independent from the government. The National standard-setting body is generally operated by full-time members as a permanent organization, and its membership consists of representatives selected from entities that prepare financial statements, certified public accountants such as the Institute of Certified Public Accountants that conduct audits, stock exchanges, etc., and regulatory authorities as observers.

The establishment of the NSSB shall determine mainly, but not limited to, the following basic policies:

- Decisions on organizational structures and financial schemes (Collection of membership fees from corporate and individual members or government assistance etc.), organizations supporting NSSB, etc.

- Appointment of committee members and chairs, ensuring transparency in the nomination process of committee members and chairs, and determining organizational management policies
- Determining which full-time staff to recruit at NSSB
- Establishment of an office

[For more details, please refer to the main part, P154 of this paper.](#)

Issues related to the development of VFRS

Development of legal framework for VFRS

In the study conducted to prepare this paper, it is founded that the Vietnam Accounting Standards have been incorporated into the Vietnamese the existing laws and regulations and established as a legal system in Vietnam. Therefore, when new accounting standards are established or updated, conflicts with other laws and regulations are inevitable, and the resolution of conflicts may become substantially difficult.

In light of this situation, it is possible to avoid the aforementioned conflicts by establishing accounting standards as Generally Accepted Accounting Principles (GAAP) like US-GAAP or J-GAAP. As mentioned in the section of “Development of legal framework for voluntary adoption of IFRS”, the Accounting Law should stipulate that "The financial statements shall be prepared by GAAP designated by Ministry of Finance." And the GAAP designated by Ministry of Finance is assumed to be the current Vietnamese Accounting Standards (VAS and VFRS in the future) and IFRS at the current.

The preparation of accounting standards should preferably be undertaken by the national standard-setting body other than the Government and Ministry of Finance is necessary to assess the appropriateness of accounting standards developed by NSSB and designate the accounting standards as GAAP..

[For more details, please refer to the main part, P153 of this paper.](#)

Role of national standard-setting bodies

In the development of the VFRS, since the VFRS will partially or completely replace the VAS and will play two roles, one for providing information to investors and the other for coordinating interests, it will be necessary to develop laws and coordinate between stakeholders. Therefore, it is necessary to establish an independent organization, National standard-setting body, to address each issue. The national standard-setting body is responsible for the development, maintenance, and management of the VFRS, and updates the VFRS in conjunction with the development of IFRS.

The development of the VFRS will be carried out carefully over time, apart from the activity to upgrade Vietnam's accounting system for enhancing the transparency and reliability of the financial statements of Fast-track companies that voluntarily adopt IFRS. (Fast-track companies are the top companies in each industry sector, as well as the limited companies that represent Vietnam and have potential needs for the voluntary application of IFRS, as they are the most influential companies and are eligible for investment from overseas investments.) In the development and adoption of the VFRS, it is not necessary to introduce all the new standards at once in the certain target year, but new standards can be phased-in (like convergence), taking into account the situation in Vietnam. In addition, since industries require adjustment with existing financial regimes, it is possible to consider changing the application year of each new standard for each industry, and the National standard-setting body comprehensively determines this.

[For more details, please refer to the main part, P154 of this paper.](#)

Development of VFRS

a. Fundamental policy of development of VFRS

It is envisaged that VFRS will be developed in a phased convergence with IFRS as issued, that the first set of VFRS will be developed and introduced, and that VFRS will be replaced sequentially from VAS. Like the current relationship between IAS and IFRS, VAS and VFRS will coexist until VFRS that replace VAS will be developed. In accordance with the future development of IFRS, the development of VFRS will proceed and VAS will be replaced, like the case that IAS39 was replaced to IFRS9.

The development of VFRS should aim to make VFRS as similar as possible to IFRS as issued and the necessary modifications to harmonize Vietnams' tax law or other legal frameworks should be minimal. It is also necessary for IPIE and companies which adopt IFRS voluntarily to reduce the double burden of applying different accounting standard to non-consolidated financial statements. In this approach, recognition and measurement will be generally the same as in IFRS as issued. However, if the disclosure requirements of IFRS as issued are judged to be excessive in light of the actual situation of Vietnamese entities, it may be simplified by referring to IFRS for SME. In addition, the application of individual standards may be delayed, if necessary, beyond the timing of IFRS as issued. However, it is important to always clarify the differences between IFRS and VFRS, and to organize information so that differences between IFRS and VFRS can be easily reconciled. This does not mean that the recompile should be forced on the preparer, but rather that the differences between the standards should be clarified so that users of financial statements can make their own recompile estimates. By applying such information, the VFRS can be prevented from becoming a black box and transparency can be provided.

[For more details, please refer to the main part, P165 of this paper.](#)

b. The Priority of convergence and development of VFERS

In terms of convergence, given Japan's 20-year history of convergence, the process takes a very long time. Therefore, it is recommended that development of VFERS will proceed efficiently and effectively by categorizing IFRS standards into 3 categories by their priorities and taking a different approach according to each category. Each of the category and standards is as follows.

Table c. Convergence approach

Types of convergence	Applicable IFRS Standard
Convergence should be promoted as a top priority	<ul style="list-style-type: none"> • IFRS 8 <i>Operating Segments</i> • IFRS 13 <i>Fair Value Measurement</i> • IFRS 15 <i>Revenue from Contracts with Customers</i> • IFRS 16 <i>Leases</i> • IAS 20 <i>Accounting for Government Grants and Disclosure of Government Assistance</i> • IAS 36 <i>Impairment of Assets</i> • IAS 41 <i>Agriculture</i> • IFRIC 1 <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities (and other asset retirement obligation related rules)</i> • IFRIC 12 <i>Service Concession Arrangements</i>
Convergence should be achieved after discussions among domestic stakeholders on which and to what extent to adopt in combination with voluntary IFRS adoption.	<ul style="list-style-type: none"> • IFRS 3 <i>Business Combinations</i> • IFRS 7 <i>Financial Instruments: Disclosures</i> • IFRS 9 <i>Financial Instruments</i> • IFRS 17 <i>Insurance Contracts</i> • IAS 40 <i>Investment Property</i>
Low priority for convergence	IFRS other than the above

Source: JICA Project Teams

[For more details, please refer to the main part, "Technical recommendation".](#)

Other issues to achieve the adoption of IFRS

Policies to promote the adoption of IFRS

a. Incentives

In Japan, the government does not provide any incentives to companies adopting IFRS and each company makes decisions to adopt IFRS voluntarily by comparing the merits and demerits of adopting IFRS and by taking into account trends in the industry to which the company belongs. Many of the companies that decided to apply IFRS did so from the viewpoint of comparability of financial figures with overseas companies in order to obtain investment from overseas. As the leading companies in the industry applied IFRS and the following companies applied IFRS in turn, the adoption of IFRS proceeded voluntarily.

Among the policies implemented by the government, the one that resulted in promoting the voluntary adoption of IFRS was the publication of a convergence plan of JGAAP to IFRS and the implementation of the plan. As a result of the initial public notification by the Japanese government of the plan under which the Japanese standard would be converged to IFRS in the future, it is considered that many large Japanese companies chose to transition to IFRS as a result of weighing the burden and costs of applying the new standard of the Japanese standard intermittently in the future against the burden and costs of the transition to IFRS.

In this paper, it is not recommended that the government provide any incentives for the purpose of promoting the voluntary adoption of IFRS. Rather, it would be more important that GOV provides a clear plan to the public for future convergence of Vietnam's accounting standards themselves with IFRS. In addition, if IFRS is to be forcibly applied to IPIE in the future, it would be better to promote the announcement and notification from an early stage, such as IPIE selection criteria, announcement of companies that may be selected as IPIE, and notification of companies that are eligible to apply IFRS, and to promote the voluntary transition of such companies to IFRS.

[For more details, please refer to the main part, P162 of this paper.](#)

b. Human resource development

As a long-term human resource development plan in Japan, Japan aims to participate in the development and operation of IFRS through the development of human resources who can participate in organizations such as the IASB and the ISSB and share their opinions to the international. Next, in addition to those directly involved in IFRS disclosure, IFRS education will be promoted through university education and training for the development of certified public accountants, and information on IFRS will be disseminated to corporate management and analysts.

On the other hand, it is assumed that the voluntary application of IFRS and the convergence of accounting standards will require the recruitment of IFRS personnel in the short term, not only at companies but also at NSSB and regulatory agencies. In Japan, ASBJ and the Financial Services Agency accepted seconded personnel from accounting firms, especially the Big 4 global firm, to implement IFRS adoption and develop local accounting standards. IFRS is an international accounting standard, and each accounting firm develops guidance and audit policy for IFRS application globally and determines a consistent IFRS policy in each global HDQ. Therefore, the involvement of human resources who can collaborate with global firms is essential in the development of accounting standards and the consideration of IFRS application. Therefore, in terms of short-term human resource development at the NSSB and regulatory agencies, it would be useful to accumulate IFRS knowledge with the cooperation of human resources from each accounting firm.

[For more details, please refer to the main part, P160 of this paper.](#)

c. Checkpoints for Eligibility as an IFRS Adopter Recommended for Enterprises

The following indicators may indicate companies considered eligible for IFRS.

Table d. Indicators for eligibility as an IFRS Adopter

Items	Indicators
Technology (System and process)	Has an entity established a system that can collect and store the data necessary to prepare IFRS financial statements?
Data availability	Can an entity access at least past three years of accounting book data and can an entity hold accounting book data of both VAS and IFRS in parallel?
Human resources	Does an entity have an accountant who has been involved in the preparation of IFRS financial statements?
Finance	Does an entity have the financial soundness to bear the investments and costs required to implement IFRS?
Economic situation	Economic conditions varies by industry and may not necessarily affect the transition to IFRS.

Source: JICA Project Teams

[For more details, please refer to the main part, P160 of this paper.](#)

Gather information about the intentions and interests of companies regarding the voluntary adoption of IFRS

It is necessary for GOV to understand in a timely manner how companies think about the voluntary adoption of IFRS, whether they have the interest and intention to transition to IFRS, or whether they are preparing to adopt IFRS, and implement the necessary policies according to the situation. In Japan the system on how to grasp the situation of company is introduced.

Listed companies in Japan are required to disclose the status of their consideration on the application of IFRS in the "Basic Approach to the Selection of Accounting Standards" in the Financial Results from the fiscal year ended March 2015.

The guidelines for preparing financial results require listed companies to disclose the following points:

- ✧ Please describe your basic approach to the selection of accounting standards.
- ✧ For example, it may indicate whether IFRS is being applied (the status of its review and the expected date of application).

And Tokyo Stock Exchange analysed the disclosures of all listed company and make the result disclosed to the public.

In Vietnam, after the establishment of the legal framework for the voluntary application of IFRS has been completed, it is possible to promote the voluntary application of IFRS, as well as the status of the voluntary application of IFRS, by requiring companies to state the status of their consideration of the voluntary application of IFRS and their intentions and interests every fiscal year in their public financial statements. It is expected that the organization such as the stock exchange could take charge of what TSE did in Japan.

[For more details, please refer to the main part, P163 of this paper](#)

THE MAIN PART OF THE RECOMMENDATION PAPER

ANALYSIS AND UNDERSTANDING OF THE OVERALL LEGAL ENVIRONMENT

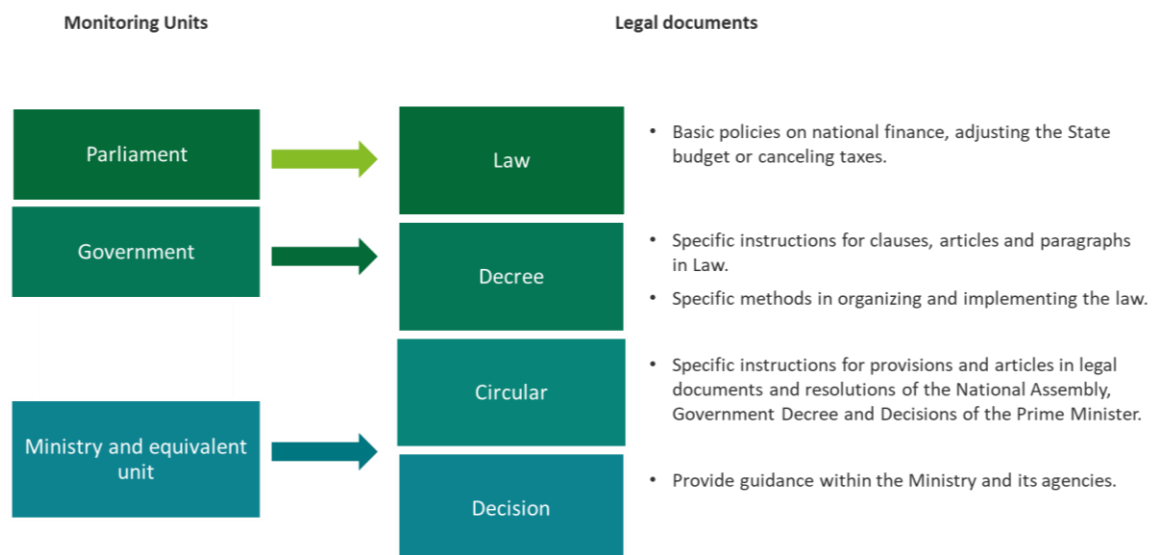
Understand current accounting laws and regulations in Vietnam

In this section, the contents of the report focus on understanding and analyzing the overall legal environment of Vietnam through describing the legal document system related to the accounting sector of Vietnam and analyzing the differences between the current system of Accounting Standards and other laws and regulations.

1. Legal document system

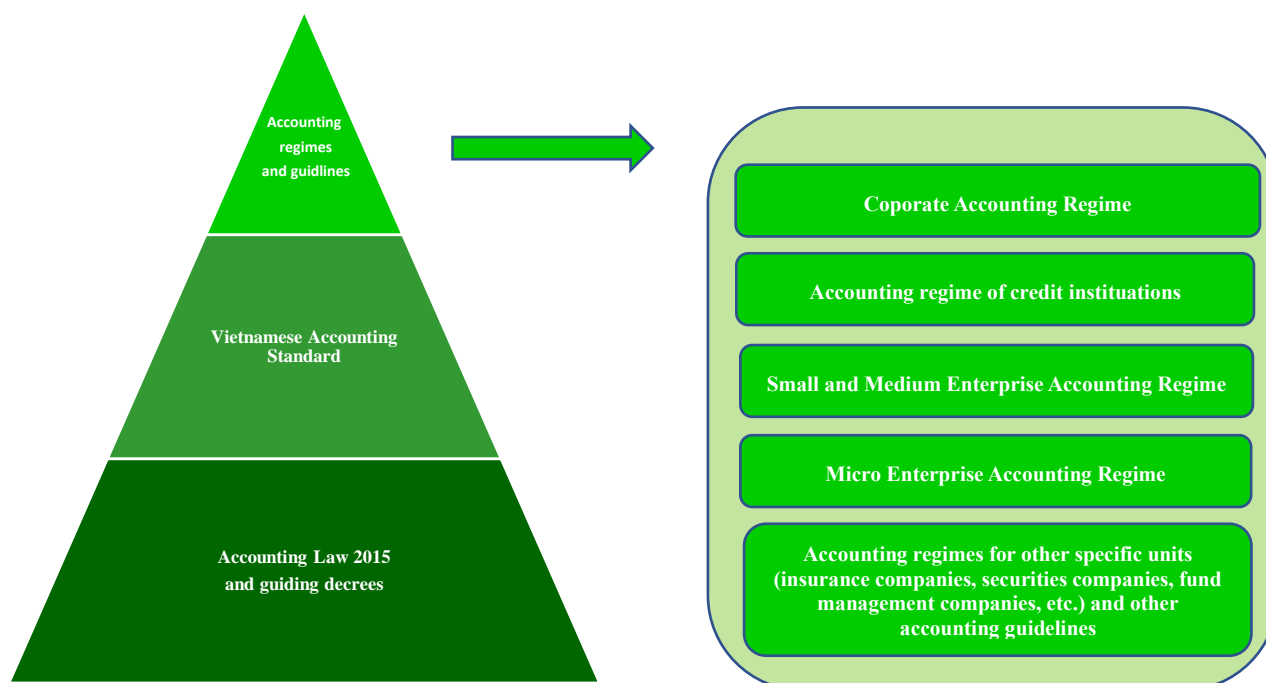
The Vietnamese legal system is classified into the following types of documents: Laws promulgated by the National Assembly, Decrees issued by the Government, Circulars of Ministries and Ministerial-level agencies and Decisions of the Prime Minister, Ministers or leaders of ministerial-level agencies.

Figure 1: Legal system of Vietnam



Accordingly, Vietnam's accounting sector is managed by a document system with the document with the highest legal value, the Accounting Law. The chart below introduces the main accounting legal documents and the hierarchical order of these documents:

Figure 2: Law system and legal documents in the field of accounting of Vietnam



The contents of the above-mentioned accounting legal documents are summarized and presented below.

2. The legal system and legal documents in the field of accounting of Vietnam

a. Accounting Law and related guiding Decrees

The Law on Accounting is a legal document with the highest hierarchy in the field of accounting. The Accounting Law was first promulgated by the National Assembly in 2003 (Accounting Law 2003) and later replaced by the Accounting Law No. 88/2015/QH13 (Accounting Law 2015) by the National Assembly on November 20, 2015. Guidelines for the application of the Accounting Law 2015 are specified in Decree No. 174/2016/ND-CP detailing a number of articles of the Accounting Law issued on November 20, 2015. The Law on Accounting consists of 6 chapters, 74 articles, providing general guidance on issues including basic definitions and general accounting principles, records, accounting documents, accounting systems and accounting practitioners, accounting services and supervision of accounting activities. Accordingly, financial statements of enterprises in Vietnam should be prepared and presented in accordance with the guidelines of accounting standards and accounting regimes (presented in the following sections).

The Accounting Law 2015 has made important updates compared to the 2003 Accounting Law with the introduction of the concept of fair value and the principle of "substance over form". This can also be considered as one of Vietnam's initial efforts in bridging the gap between

Vietnamese Accounting Standards and IFRS. Details of these updates are presented below.

❖ **Fair value**

Clause 6 Article 3 of the Accounting Law 2015 defines "fair value as a value determined in accordance with the market price, which can be received when selling an asset or transferring a liabilities at the time of valuation. While under IFRS 13, fair value is the value that can be received on the sale of an asset or the transfer price of a liabilities in an organized voluntary transaction between market participants at the date of valuation. IFRS 13 also lays out principles for determining markets and determining transaction prices to form fair value. It can be seen that the concept of "fair value" in the Accounting Law 2015 has not been specifically defined, such as the concept of "field value".

In addition, the Law also allows the post-initial recognition of some types of assets or liabilities whose value fluctuates regularly at market prices and their value can be reliably redetermined, to be recognized at fair value (Clause 1, Article 6 of the 2015 Accounting Law and Clause 1, Article 28 of the 2015 Accounting Law).

Overall, these new clauses are considered progress in an effort to converge with international practices and standards. However, in order for fair value to be truly applied in the accounting practices of businesses, additional guidelines and specific standards need to be issued, in particular, part e of this chapter will explain this in more depth.

❖ **Substances over forms**

Clause 6 Article 6 of the Law on Accounting and Court 2015 stipulates *that "The preparation and presentation of financial statements must reflect the substance of the transaction rather than the form and name of the transaction"*. This is new compared to the Accounting Law 2003 as well as previous guiding documents. This clause is also consistent with the provisions in the Conceptual Framework of Financial Statements issued by the IASB. Accordingly, paragraph 2.12 of the Conceptual Framework of Financial Statements requires *" To be useful, financial information must not only represent relevant phenomena, but it must also faithfully represent the substance of the phenomena that it purports to represent. In many circumstances, the substance of an economic phenomenon and its legal form are the same. If they are not the same, providing information only about the legal form would not faithfully represent the economic phenomenon."* The application of this principle in practice will require financial statement preparers to apply more judgment in accounting.

b. Vietnamese Accounting Standards (VAS)

Based on the study of International Standards, the Vietnam Accounting Standards ("VAS") system, including 26 basic accounting standards, methods and regulations for preparing financial statements was issued from 2001 to 2005. VAS is issued by the Ministry of Finance through the following 5 decisions:

Decision	Digital standards
Decision No. 149/2001/QD-BTC issued by the Ministry of Finance on December 31, 2001	<ul style="list-style-type: none"> - Standard No. 02 – Inventory - Standard No. 03 – Tangible fixed assets - Standard No. 04 – Intangible fixed assets - Standard No. 14 – Revenue and other incomes
Decision No. 165/2002/QD-BTC issued by the Ministry of Finance on December 31, 2002	<ul style="list-style-type: none"> - Standard No. 01 – General Standard - Standard No. 06 – Lease - Standard number 10 - Effects of changes in exchange rates - Standard No. 15 – Construction contracts - Standard No. 16 – Borrowing costs - Standard No. 24 – Statement of cash flows
Decision No. 234/2003/QD-BTC issued by the Ministry of Finance on December 30, 2003	<ul style="list-style-type: none"> - Standard No. 05 – Investment Properties - Standard No. 07 – Accounting for investments in affiliates - Standard No. 08 – Financial information on joint ventures - Standard No. 21 – Presentation of financial statements - Standard No. 25 – Consolidated financial statements and accounting for investments in subsidiaries - Standard 26 – Related parties information
Decision No. 12/2005/QD-	<ul style="list-style-type: none"> - Standard No. 17 – Corporate income tax

Decision	Digital standards
BTC issued by the Ministry of Finance on February 15, 2005	<ul style="list-style-type: none"> - Standard No. 22 – Presentation of financial statements of banks and similar credit institutions - Standard No. 23 – Events after the reporting period - Standard No. 27 – Interim Financial Statements - Standard No. 28 – Segment reporting - Standard No. 29 – Changes to accounting policies, accounting estimates and misstatements
Decision No. 100/2005/QD-BTC issued by the Ministry of Finance on 28 December 2005	<ul style="list-style-type: none"> - Standard No. 11 – Business Combination - Standard No. 18 – Provisions, contingent assets and liabilities - Standard No. 19 – Insurance contract - Standard No. 30 – Earning per share

Although based on the international financial reporting standards, Vietnam Accounting Standards have not applied a number of important standards such as fair value measurement, financial instruments and impairment. Along with that, there are some differences in the content of each specific standard, such as the difference between measurement at cost of assets and liabilities according to Vietnamese Accounting Standards and measurement at fair value or revaluation value of some items according to international accounting standards. Also In 2005 until now, although international accounting standards have been continuously updated and amended, the Ministry of Finance has not issued any documents to update, amend or replace Vietnamese Accounting Standards. Therefore, new features in standards such as IFRS 9 Financial Instruments, IFRS 15 Revenue from contracts with customers and IFRS 16 Lease have not been updated in Vietnam's Accounting Standards. Material differences between Vietnamese Accounting Standards and IFRS are described and analyzed in more detail in part e of this section.

In general, accounting standards only provide general definitions and principles without giving detailed instructions for businesses to account for each specific business. To perform this function, the Ministry of Finance promulgates accounting regimes, circulars and guiding documents for a number of specific entities and transactions such as presented below.

c. Accounting regime and other legal documents

❖ Accounting regimes and accounting guidelines for businesses

The corporate accounting regime is stipulated in Circular 200/2014/TT-BTC (Circular 200), replacing Decision 15/2006/QD-BTC, with major updates and amendments related to the recognition and presentation of investment items, investment properties, revenue under the loyalty program and exchange rate difference losses during pre-operation period. The main content of Circular 200 includes regulations on the list of accounting accounts, the form of presentation of financial statements as well as detailed instructions and examples of accounting for specific accounts. In addition to Circular 200, small and medium enterprises can apply the accounting regime in Circular No. 133/2016/TT-BTC and micro enterprises can apply the accounting regime in Circular No. 132/2018/TT-BTC. For enterprises operating in specific industries such as insurance, securities companies, etc., the Ministry of Finance also issued additional guiding circulars regulating the chart of account and related financial statement presentation. The differences between IFRS, the accounting regimes and other regulations are analyzed in detail by each industry in Part B of this Chapter.

It can be said that accounting regimes with specific regulations on chart of account and financial reporting forms can be considered as a significant difference between the Vietnamese accounting legal system and IFRS. While Vietnam's financial statements as well as accounting records in Vietnam need to comply with the frameworks set forth by the accounting regimes, international financial reporting is prepared only in accordance with the general principles set forth in IAS 1 Presentation of financial statements and disclosure guidelines in each IFRS standard.

For consolidated financial statements, the method of preparing consolidated financial statements is regulated by Circular 202/2014/TT-BTC (Circular 202). In overall, the guidelines of Circular 202 are similar to the acquisition method by IFRS 3.

❖ Accounting regimes for credit institutions

The basis for preparing the bank's financial statements is regulated by Decision 479/2004/QD-NHNN dated 29 April 2004, Circular No. 10/2014/TT-NHNN dated 20 March 2014, Circular No. 22/2017/TT-NHNN dated 29 December 2017 and Circular 27/2021/TT-NHNN dated 31 December 2021 supplementing and amending Decision No. 479/2004/QD-NHNN; Decision No. 16/2007/QD-NHNN dated 18 April 2007, Circular No. 49/2004/TT-NHNN amending and supplementing a number of articles of the financial reporting regime for credit institutions issued together with Decision No. 16/2007/QD-NHNN and the accounting account system of

credit institutions issued together with Decision No. 479/2004/QĐ-NHNN of the Governor of the SBV and the System Vietnamese accounting standards are issued by the Ministry of Finance. Details of differences in accounting regimes for credit institutions and international financial reporting standards are analyzed in detail in Part B of this Chapter.

d. Tax provisions and other financial management mechanisms

When developing accounting policies, businesses often tend to develop accounting policies that comply with financial management regulations and tax regulations. Because, information on financial statements of enterprises in Vietnam is not only used by investors but also used by financial management agencies and tax authorities. In fact, financial management regulations and tax regulations are closely related to each other and directly related to the accounting estimates of enterprises, such as regulations on deductible tax expenses when determining corporate income tax as expenses according to the standards of state regulations on financial management of enterprises. Typical examples of tax regulations and financial management that businesses often comply with when preparing financial statements such as stipulating the time to allocate costs for assets are tools, tools, circulating packaging, ... failing to meet the conditions for determination as fixed assets for the purpose of determining deductible expenses for the purpose of determining corporate income tax according to Circular No. 78/2014/TT-BTC; stipulating the depreciation period of fixed assets in Circular No. 45/2013/TT-BTC, stipulating provisions for impairments and provisions for bad debts according to Circular No. 48/2019/TT-BTC for enterprises or provision for credit losses according to Circular No. 02/2013/TT-NHNN and related amended supplementary documents for credit institutions.

❖ Differences between financial mechanisms and applicable Vietnamese accounting regulations

Some accounting items have instructions in documents of tax authorities, management agencies as well as in standards and related accounting legal documents. For examples include depreciation of fixed assets, provisions for depreciation of receivables and investments and expense allocations. The method of determining the value of these accounting items may differ between these legal systems because the target audience of financial mechanisms is usually for the objective of State budget management and revenue.

Vietnamese enterprises in the process of preparing financial statements not only rely on accounting standards but still use regulations in financial mechanisms. Meanwhile, there are many differences between financial mechanisms and accounting standards. The following table presents some current tax administration and financial management documents and compares them with accounting guidelines in the respective accounting legal standards and regulations.

Related accounting estimates	According to related management mechanisms	According to Standards and legal documents on accounting
Time for allocating tools and dies	Circular No. 78/2014/TT-BTC "For assets that are tools, dies, circulating packaging, etc. not meeting the requirements as fixed assets as prescribed, the above-mentioned asset purchase costs shall be allocated to production and business expenses in the period not exceeding 3 years."	VAS 01: "The recognition of revenue and expenses must be aligned. When recognizing a revenue, a corresponding expense related to the generation of that revenue must be recognized. Expenses corresponding to revenues include expenses of the revenue-generating period and expenses of previous periods or expenses payable but related to the revenue of that period."
Depreciation period of fixed assets	Circular No. 45/2013/TT-BTC details the depreciation time frame for each asset group	VAS 03: "Useful life: Is the time during which tangible fixed assets are effective for production and business, calculated by: (a) The period during which the enterprise intends to use tangible fixed assets, or: (b) The number of products, or similar units of calculation, that the business intends to obtain from the use of the assets."
Allowance for bad debts	Circular No. 48/2019/TT-BTC has specific provisions on the allowance ratio for bad debts based on overdue time when determining deductible expenses for corporate income tax calculation purposes	Article 45 of Circular 200/2014/TT-BTC stipulates Bad debts allowance: A reserve for the value of receivables and investments held to maturity similar in nature to receivables that are difficult to recover. Conditions and grounds for setting up allowance for bad debts - There must be original documents or certificates of debtors about outstanding

Related accounting estimates	According to related management mechanisms	According to Standards and legal documents on accounting
		<p>debts including: economic contracts, loan contracts, contract liquidation, debt commitments, debt reconciliation, etc.</p> <ul style="list-style-type: none"> - The allowance level for bad debts shall comply with current regulations. - Other conditions as prescribed by law. <p>Currently, the current regulations for allowance for bad debts are not clear because there are no guidelines in the Standard and no Accounting Standard on Financial Instruments</p>
Provision for deterioration in the value of investments	Circular No. 48/2019/TT-BTC has specific provisions on determining provisions for discounts on investments based on observable market prices when determining deductible expenses for corporate income tax calculation purposes	<p>Article 45 of Circular 200/2014/TT-BTC stipulates</p> <p>Provision for depreciation of business securities: A provision for the loss of value that may occur due to a decrease in the price of securities held by enterprises for business purposes;</p> <p>Provision for investment losses in other units: Is a provision for losses caused by enterprises receiving investment capital contributions (subsidiaries, joint ventures, associates), leading to investors potentially losing capital or reserves due to a decrease in the value of investments in subsidiaries, joint ventures, associates.</p> <ul style="list-style-type: none"> - For an investment in a joint venture or association company, the investor shall only make a reserve due to the loss of the joint venture or associate company if the financial statements do not apply the

Related accounting estimates	According to related management mechanisms	According to Standards and legal documents on accounting
		<p>equity method to the investment in the joint venture or associate company.</p> <ul style="list-style-type: none"> - Particularly for investments that investors hold for a long time (not classified as business securities) and do not have a significant impact on the invested party, the provision is made as follows: + For investments in listed shares or the fair value of the investment is reliably determined, the provision is based on the market value of the shares (similar to the provision for depreciation of business securities); + For an investment whose fair value cannot be determined at the time of reporting, the provision shall be made based on the loss of the invested party (provision for investment losses in other units)

The differences of the mechanisms with international accounting standards will be presented in more detail in section E below

Overview analysis of the impact of IFRS application on relevant applicable laws and regulations in Vietnam

With the aim of making recommendations on the roadmap for IFRS implementation in Vietnam in the future, it is necessary to assess the impact of IFRS application on the current regulatory system in Vietnam on the basis of an overview analysis of major and specific differences in the fields, important sectors, specific to the Vietnamese economy, including regulations in banking, insurance, securities, regulations for state-owned enterprises, as well as financial and accounting tax regulations in general. In general, differences between IFRS and relevant existing laws and regulations in Vietnam can be analyzed into three groups: resolvable differences, differences still exist due to the lack of policy mechanisms at the present time. However, these differences can be analyzed, evaluated and incorporated into future policy directions and differences cannot be resolved due to peculiarities. Here are specific breakdowns by regulatory groups, including:

- Part A: Impact of IFRS application on accounting laws and regulations in Vietnam
- Part B: Impact of IFRS application on banking regulations
- Part C: Impact of IFRS application on insurance industry regulations
- Part D: Analysis of the impact of IFRS application on the securities industry
- Part E: Effects of IFRS application on existing financial mechanisms
- Part F: Impact of IFRS application on SOE-specific regulations

A. Impact of IFRS application on accounting laws and regulations in Vietnam

I. Overview of the role and impact of IFRS adoption in the economy

On 16 March 2020, the Ministry of Finance issued Decision No. 345/QD-BTC approving the scheme of applying IFRS in Vietnam. From 2022 to 2025, businesses will be facilitated to apply IFRS voluntarily. After that, it is compulsory to prepare IFRS consolidated financial statements for subjects including the parent company of a large-scale State Corporation or having loans financed by international financial institutions, the parent company being a listed company, a large-scale public company is an non listed parent company.

Decision 345 marks a big step on the road to transforming IFRS adoption in Vietnam. The application of IFRS, in addition to the long-term goal of improving transparency and comparability of financial statements, provides more useful information for report users, especially enhances confidence for investors but also helps increase competitive advantages for enterprises through attracting capital in foreign markets, listing on international markets or

receiving preferential loans from international financial institutions.

The application of International Financial Reporting Standards (IFRS) to Vietnam will impact businesses on all aspects including process systems, human resources, business operations and accounting, tax and reporting.

II. Overview of fundamental differences and existences in the current system and legal documents related to the field of accounting

❖ Fundamental differences

In general, the provisions in Vietnam's legal document system are still many differences from the system of international financial reporting standards. The fundamental differences can be mentioned as differences between dynamic and static models, between principles and laws, and the degree of application of occupational judgment and estimating practice.

The difference between a dynamic model and a static model

As for the principle of recognition, the Accounting Law 2015 retains the principle of initial recognition of assets and liabilities according to the "static" model, ie according to the principle of cost price. Accordingly, the value of assets as well as liabilities hardly fluctuates when there are changes in market prices. This is also a significant difference from the provisions of international financial reporting standards when assets and liabilities are recognized in a "dynamic" model. A typical example is a financial instrument determined by fair value at the time of initial recognition. After initial recognition, many items are valued according to fair value, reassessed value, or allocated original price. This makes the financial position of the business according to IFRS more accurately reflect the value of the business in the face of market fluctuations.

Difference between principle and statutory

Financial reporting standards only provide guidelines that the entity can apply. Standards often give very few examples and do not provide detailed instructions on accounting and accounting for each business. Accordingly, accountants can flexibly apply principles to prepare financial statements according to IFRS. Even in the absence of specific guidelines in the Standards, IFRS financial reporting practitioners can apply the concepts in the Financial Reporting Conceptual Framework, relevant standards guidelines or market practices to make appropriate accounting policy choices for the reporting entity's transactions. In presenting financial statements and performing accounting work, units can freely build accounting systems in accordance with transaction characteristics and corporate governance principles. The presentation of financial statements only requires proper application of the principles laid down by IAS 1 and the specific standards related to the transaction. Meanwhile, Vietnam's accounting practice is also

heavily compliant with the provisions of the law. Guiding circulars and accounting regimes often provide very detailed financial reporting forms and accounting account systems. Transactions are guided by very specific accounting methods in these legal documents. Accordingly, in case the practice arises transactions that are not included in the instructions of legal documents, enterprises will encounter confusion in accounting records and often have to request additional guidance from the Ministry of Finance.

Degree of application of occupational judgment and accounting estimation

Because of the fundamental differences related to the principles and laws described above, IFRS financial statement makers will often have to use judgments and estimates more often than VAS reporters. Judgment is an important factor for financial reporters to apply principles. In addition, IFRS provides a number of accounting estimates that do not exist at VAS. These accounting estimates include estimates of fair value, estimates of recoverable value, estimates of credit losses, or estimates of consumer habits when determining discount rates, returns, or ability to fulfill contracts). Specifically, these estimates will be analyzed in more detail in the analysis of differences in the accounting standards system below.

Differences in accounting standards

Vietnamese Accounting Standards and accounting legal documents are built on the basis of reference to the system of international accounting standards. However, during the application process, many international standards have not been updated and applied in Vietnam. This leads to inconsistencies or practical implementation when some legal documents addressing concepts and standards have not yet been promulgated in Vietnam. Accordingly, financial statements prepared in accordance with Vietnamese accounting standards still do not fully reflect information about important events of the enterprise such as impairments, shutdown of a department or there is no appropriate value recognition mechanism for items with dynamic markets such as financial instruments, agricultural products, investment real estate, etc.

Accounting standards for determining fair value

Promulgated in 2011 and effective January 1, 2013, IFRS 13 is an important standard that guides entities to determine the fair value of financial statement items based on methods such as cost method, income method and market method. The Standard also provides guidelines for disclosing information related to fair value in financial statements, helping readers understand the methodology, assumptions and assess the reliability of the information used in making estimates. As mentioned in the previous section, the application of this concept in accounting practice in Vietnam is still problematic because there are no circulars guiding enterprises on the method of determining fair value for the purpose of preparing financial statements. The legislation also does not provide guidance regarding estimating future cash flows, determining

discount rates or determining the prices of comparable assets and liabilities in the market. The absence of fair value standards and guidance documents on the determination of fair value is a significant obstacle in efforts to enact and revise other standards to catch up with the principles of international accounting regulations such as financial instruments, agriculture and declining values, etc.

Accounting standards for degradation of value

As one of the long-standing projects of the International Accounting Standards Board, IAS 36 has been issued since 1998, amended and re-enacted in 2004. The standard of degradation sets out the general recognition principle that the carrying value of assets must not exceed the recoverable value. From there, the standard provides a mechanism for the unit to write down the value of assets corresponding to an expense in the financial statements. This standard creates an important basis for enterprises to adjust the value of assets cautiously against adverse fluctuations from the outside as well as from the internal situation of the enterprise. From the guidelines of the standard, the entity can provide sufficient information to investors who can capture important information about the performance of the business and the expected information that may negatively affect the value of assets in the enterprise. Although built after international standards, in the system of Vietnamese Accounting Standards, there are still no accounting standards for value decline, although the concept of value decline and value decline standards have also been mentioned in accounting legal documents, for example, in Articles 62 and 66 of Circular 202/2014/TT-BTC. This means that accountants in Vietnam have not been introduced to accounting estimates such as recoverable value or use value.

Accounting standards for agriculture

Overall, Vietnam's economy still has a significant proportion of the agricultural sector (including agriculture, forestry and fishery) (11.96% of the total economic output according to the 2023 press release of the General Statistics Office). However, Vietnam's accounting system still does not have accounting standards for the agricultural sector, although Circular 200 has guidelines on the collection of costs and recognition of agricultural assets according to different product groups, but most of them are still oriented towards the principle of cost price. Meanwhile, the international accounting standard IAS 41, issued in 2000 and entered into force in 2003, sets out principles for the classification and valuation of agricultural assets. Accordingly, agricultural assets will be valued as fair price minus cost of sales. This can be assessed as a value-reflecting basis that is more suitable for agricultural assets when a dynamic market exists, helping to more accurately reflect the value and performance of the business in the face of market fluctuations.

Accounting standards for financial instruments

International financial reporting standards on financial instruments were born very early in 1986 and were revised many times until 2018 when entities officially applied IFRS 9. In general, the standard provides guidance for recording financial instruments at fair value or allocated principal price (using the real interest rate method). Meanwhile, the Vietnamese Accounting Standards system still does not have its own standards for financial instruments although this standard has been mentioned many times in the system of accounting legal documents as listed above, specifically as follows:

On the other hand, guidelines on the recognition and valuation of financial assets for the purpose of preparing financial statements are issued in many documents of the Ministry of Finance and the State Bank for each group of units such as banks, investment funds, securities companies and other ordinary enterprises. Despite the fact that Vietnamese enterprises invest in financial instruments for business purposes, current accounting principles only allow determining the value of these financial instruments at cost. Therefore, the picture of the financial position of the enterprise cannot properly reflect the market price of these assets. The preparation of provision estimates for investment discounts under VAS is also quantitative rather than qualitative and depends mainly on historical data and does not take into account forecast factors such as the expected credit loss model of IFRS 9. In addition, along with the development of the stock market and trade with countries around the world, Vietnamese enterprises have been using derivatives as a measure to hedge financial risks. Currently, Vietnam's accounting regulations do not provide guidelines for enterprises in recording these contracts, making it difficult to reflect information to investors as well as not accurately reflecting the risk management strategy of enterprises.

Accounting standards for long-term assets held for sale and liquidation groups

Similar to a impairments, the event of a business shutting down an asset/asset group is an important event that needs to provide information to investors. IFRS 5, issued in 2004 and in force since 2005, provides guidelines on value recognition and the presentation of information about assets or groups of assets and liabilities related to this event. In general, the standard provides a principle for classifying long-term assets held for sale or a group of liabilities into a liquidation group and a principle for determining the value of these liquidated assets and groups by fair value minus selling costs. These are necessary guidelines so that investors when reading the entity's financial statements can identify long-term assets and groups of assets/liabilities that no longer contribute to the continuous operating cash flow on the statement of financial position, business results as well as in cash flows of the entity. In light of market fluctuations in recent years and the fact that businesses are heavily involved in mergers, splits or restructurings, the generation of long-term assets held for sale or liquidation groups has become

more frequent and continuous. However, due to the absence of legal basis for presenting and determining the value of these items in the accounting regulatory system in Vietnam, the ability of enterprises to provide timely and accurate financial information related to these events is limited.

Revenue

IFRS Revenue from contracts with 15 customers was issued in May 2014 and is effective for the fiscal year starting January 1, 2018 replacing the standards IAS 18 Revenue (corresponding to VAS 14), IAS 11 Construction contracts (corresponding to VAS 15), related IFRICs and SICs. IFRS 15 has introduced a general method to recognize all types of revenue of enterprises (except for some revenues specified in other IFRS) according to a 5-step model:

- Defining contracts with customers
- Determination of performance obligations
- Determine the transaction price
- Allocate transaction prices to performance obligations
- Revenue recognition

A particularly important difference between IFRS 15 and Vietnamese accounting standards is that IFRS 15 requires revenue recognition at the time of transfer of control rather than the time of transfer of risks and benefits. With the introduction of the concept of "control" as well as concepts such as "contract" and "performance obligation", accountants need to use more judgment in revenue recognition as well as understand the principle of "substance over form" to identify these factors. In addition, to be able to determine transaction prices and allocate transaction prices, accountants also need to have an understanding of how to build a price schedule of a product or product group. In order to be able to properly allocate unit discounts, discounts and promotions, accounting in accordance with IFRS 15 also needs to establish estimates of customer habits. This is also an estimate that is quite unfamiliar to the revenue accounting profession according to VAS.

Property Lease

The International Accounting Standard for Leasing IAS 17 has been issued since 1982 and has been applied by the International Accounting Standards Committee since 2001. In general, Vietnam's equivalent standard, VAS 06, has fully met the requirements of IAS 17. However, with the introduction of IFRS 16 to replace IAS 17 effective from January 1, 2019, Vietnamese standards have significantly differed from international standards in terms of lessee financial statements with the introduction of "right to use" as an asset on the financial statement. This is also an adjustment in line with market practice when units increase the use of operating leases instead of investment options for fixed asset procurement because of the economic benefits that this form of contract brings. Tenants applying IFRS 16 will increase the size of assets on the financial statement compared to units applying IAS 17 as before. This also means that units in Vietnam, when presenting financial statements under VAS 06, will record smaller asset sizes than similarly sized units in the world that have applied IFRS 16. The application of IFRS 16 also introduces new concepts of accounting estimates such as "implicit interest rate" or "equivalent borrowing rate". These are estimates that did not exist before in IAS 17 and in VAS 06 currently.

III. General analysis of the impact of the application of IFRS on accounting laws and regulations

According to the hierarchical regulations of the Vietnamese legal system, the Accounting Law has the highest effect and is concretized through Decrees, Circulars and Decisions. Vietnamese Accounting Standards were issued under the Decisions of the Ministry of Finance from 2001 to 2005 as part of the documents under the law to guide and concretize the Accounting Law of Vietnam.

From 2001 to 2005, the Ministry of Finance issued 26 Vietnamese Accounting Standards (VAS) based on International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) in effect at the time of issuance. Since then, IASB has issued many new regulations (IFRS 15, IFRS 16, IFRS 9...) and amended regulations, however, VAS has not been updated or amended since the time of issuance (in 2005). This has made a big difference between VAS and IFRS.

In order to gradually overcome the differences between VAS and IFRS, the Ministry of Finance has accordingly issued amended accounting laws, decrees and guiding circulars to bring VAS closer to IFRS regulations in certain aspects. One of those amendments includes:

- The Accounting Law 2015 that came into effect on 01 January 2017 introduced for the first time the concept of "fair value" (the guidelines of accounting standards previously focused only on "cost price", "fair value" were not considered except for business combinations).

- Circular 200/2014/TT-BTC Guiding the corporate accounting regime ("Circular 200") and Circular 202/2014/TT-BTC Guiding the method of preparing and presenting consolidated financial statements ("Circular 202") issued in 2014 mentioned the term "impairments" of long-term assets when requesting an assessment of "impairments" of investment properties held pending price increases, annual goodwill loss assessment.
- Along with the issuance of Decision No. 345/QĐ-BTC approving the scheme of application of IFRS in Vietnam on 16 March 2020, showing a clearer orientation for applying International Financial Reporting Standards (IFRS), in the second quarter of 2023, the Ministry of Finance has published a revised Draft Circular, supplementing Circular No. 200/2014/TT-BTC guiding the corporate accounting regime (hereinafter referred to as "Draft"). The draft has reviewed and fundamentally overcome the limitations and inadequacies to help Circular 200 be more suitable with reality, increase flexibility for businesses such as: introducing into international practices (supplementing PPP contract accounting guidelines under IFRIC 12, making investment provision requirements and receivables provisions according to "recoverable amount", environmental revert provision capitalization...), strengthening disclosures and focusing on accounting functions. The inclusion of international practices in the Draft is a fundamental step to ensure a gradual shift towards IFRS orientation towards accounting regulations.

Although the Ministry of Finance has made great efforts to reduce differences between Vietnam's accounting regulations and IFRS through the issuance of laws and supplementary circulars, the remedies are only in the nature of resolving the situation, differences still exist. The differences come from the following reasons:

- Accounting Standards (VAS) are issued through decisions, which are part of sub-legal documents in the Vietnamese legal system (Law – Decree – Circular and Decision). Therefore, when a new accounting standard is issued or amended, it will lead to conflict with the laws and regulations already issued.
- Additional circulars and guidelines only include requirements to reduce differences between VAS and IFRS (e.g. "fair value", "degradation of value") without guidance on how to define and account for or stipulate a separate standard to guide application such as IFRS (e.g. IFRS 13 – Fair value, IFRS 36 – Impairment of asset value, IFRS 9 – Financial instruments). Details of the material differences will be set out in the sections below.

However, existing differences can be resolved in the future through the inclusion of independent accounting standards applicable to businesses applying IFRS, independent of the current accounting system. The following analyses focus on the key differences between IFRS and the current corporate accounting regime, rather than delving into the detailed differences between specific standards.

1. Fair value

Fair value under IFRS 13 is a general trend in the provisions of International Financial Reporting Standards. The measurement and recognition at fair value helps enterprises reflect the value of assets and liabilities at market prices. However, Vietnamese Accounting Standards (except Standard No. 11 – Business Combination) are still very limited in measuring and recognizing according to fair value, mainly based on cost price. Although the concept of fair value has been stipulated in Circular 200 and the Accounting Law 2015, it has only introduced the definition of "fair value" and has not provided instructions on how to determine, measure and account for fair value. As analyzed above, the absence of fair value standards in the Vietnamese accounting standards system makes it difficult to develop and apply the relevant benchmarks such as IFRS 2 - Share based payments, IFRS 9 - Financial instruments, IAS 36 - Impairments and IAS 41 - Agriculture, etc.

In order to address this discrepancy, the Ministry of Finance should issue standards or provide additional guidelines on how to determine "fair value" for financial reporting purposes. Specifically, the necessary contents to be guided for units include methods for determining fair value for the purpose of preparing financial statements, principles and guidelines in estimating cash flow and determining discount interest rates. In issuing these guidelines, the Ministry of Finance also considers applying the regulations and guidelines of the issued valuation standards, ensuring accounting principles are consistent with valuation practices in the market.

In addition, principles on disclosure and presentation of information related to fair value used in financial statements should also be promulgated. In particular, the contents related to the input information estimation used, the method of determining fair value as well as important assumptions in the fair value estimate should also be specified. From there, investors can be provided with the necessary information to assess the reliability of these estimates in the financial statements.

2. Impairments

Impairment of asset value under IAS 36 aims to ensure that the value of an enterprise's assets is not recognized more than its recoverable amount. In the context of a volatile economy, it is difficult to avoid signs of impairments, the application of IAS 36 will aim to ensure that the assets of enterprises are not recognized higher between value in use and fair value less cost to sale. Vietnamese Accounting Standards currently do not have regulations on asset impairments. Although Circular 200 and Circular 202 have mentioned the term "impairments" of long-term assets when requiring an assessment of the "impairments" of investment properties held pending price increases, assessing goodwill losses annually, it has only introduced "impairment in value" and "loss of property" without including provide guidance on how to determine the recoverable amount as well as how to account for impairments.

The decisive factor to resolve the above difference is the successful application of the concept of "recoverable amount" in Vietnam's accounting regulatory system. Specifically, according to IAS 36, recoverable amount is the higher value between fair value minus selling costs and use value of assets/groups of assets that show signs of impairments. Therefore, if the standard of value degradation wants to be promulgated and put into practice, it is necessary to have a premise standard that is the standard of fair value. In addition, guidelines for enterprises in assessing signs of impairments, estimating cash flows and determining discount interest rates for estimating use value should also be specified.

3. Financial Instruments Accounting

As mentioned earlier, Vietnam's accounting standards system does not yet have separate standard for financial instruments. According to other guiding documents and circulars, financial assets are currently determined at cost minus provisions for impairment at the end of the period, financial liabilities are recognized at cost price and derivative financial instruments have not been considered for recognition in the financial statements. Meanwhile, IFRS 9 standard sets out the principle of determining the value of financial instruments according to fair value at the time of initial recognition and then determined according to fair value or allocated cost price.

Therefore, in order to handle this discrepancy, fair value standards need to be issued as a prerequisite for determining the value of financial instruments. In addition, guidelines on the real interest rate method in determining the amortised cost should also be issued so that the entity can operate and apply this method.

For the determination of expected credit losses of enterprises, the concepts and methods of determining this loss are still significantly different from those of Vietnamese enterprises. Therefore, in order to handle differences related to expected credit losses, in guiding documents, the Ministry of Finance needs to clearly define relevant concepts such as significant increase in credit risk, default, expected lifetime credit loss, expected credit loss in 12 months, etc methods for determining expected credit losses such as the general method and the simplified method. In addition, the Ministry's guidelines should include as much as possible practical measures or refutable assumptions in IFRS 9 to facilitate the initial application of these regulations.

In addition, concepts such as derivatives, hedging strategies and hedging accounting should also be issued guidelines to enable businesses to accurately reflect the nature of these transactions. The contents of information disclosure related to financial risks and hedging operations should also be specified to provide useful information to investors.

4. The standards with missing mechanisms that can be addressed in the future

In addition to the above differences, some international standards that Vietnamese accounting standards have not issued at the present time but may apply in the future can be mentioned IFRS 5 Long-term assets held for sale and operation terminated, IFRS 2 Payment on a stock basis and IFRS 6 Exploration and evaluation of customer resources. Produce.

For IFRS 5 – long-term assets held in groups of long-term assets and terminated operations, as described in the previous section, this standard provides guidance on valuation and presents information about important events for investors to properly assess the performance of enterprises with assets awaiting liquidation or group of assets/ liabilities cease operations. However, in order to apply this standard, it is necessary to have a guiding mechanism to determine the fair value of assets and the group of assets/liabilities. In addition, detailed instructions for classifying assets, groups of assets/liabilities satisfying the conditions of liquidation groups need to be issued for enterprises to apply.

For IFRS 2, the type of trading on the basis of shares specified in this standard has existed in the Vietnamese market, typically through preferential share purchase programs for employees. Standard general principles require units to recognize costs corresponding to the fair value of the portion of services the employee has performed for the entity in exchange for this payment. The entity may also use the fair value of the amount of commitments to the employee as a basis for determining the value instead of the fair value from the service performed by the employee. Therefore, in order to apply the guidelines of this standard, the fair value standard needs to be issued as a premise. In addition, there should also be guidelines for enterprises in determining the fair value of options committed to employees.

IFRS 6 Exploration and Evaluation of Mineral Resources provides general guidance on the recognition of cost and asset costs in the exploration and load assessment of mineral resources. In general, this standard allows the entity to develop its own accounting policy to capitalize costs incurred during the exploration and evaluation phase of mineral resources along with exemptions for the first application of bookkeeping records in accordance with previously generally recognized accounting principles. Therefore, in order to narrow the gap between Vietnam's financial statements and international financial statements related to these items, Vietnam's accounting policies and guidelines in the mining sector themselves need to be updated with international practices. Since then, when applying the provisions of IFRS 6, the entity can continue to apply the previous accounting policies that are applied according to accounting principles in Vietnam.

Some remaining groups of standards are not included in the Vietnamese accounting standards system such as: IAS 19 Employee Benefits, IAS 20 Accounting of Government grants and disclosure of information about Government support, IAS 26 accounting and prepare pension

fund reports, IFRS 14 Statutory deferrals or IAS 29 — Financial Reporting in a Hyperinflationary Economy rated as remaining small impact on the Vietnamese market. For example, with regard to pension funds under IAS 19 and IAS 26, since the type of enterprise setting up pension funds in Vietnam is not yet common, the impact of this standard is assessed insignificant and not highly applicable to Vietnamese enterprises at the present time. Depending on the level of development of the pension fund activity in the Vietnamese market, this assessment will be updated to the appropriate level.

B. Impact of IFRS application on banking regulations

I. Overview of the role and position of the banking industry in the economy

The banking sector is an important component contributing significantly to economic development and promoting national growth. The banking system serves as the lifeblood of the economy; is the main capital channel serving production and business, contributing to promoting economic restructuring, building an independent and self-reliant economy, and improving people's lives. A sustainable and efficient banking system will bring many benefits to the economy, minimizing disadvantages to society and the environment.

II. Overview of the current regulatory document system for the banking industry

1. Reporting mode and system of accounts

Vietnamese Accounting Standards, the accounting system of Vietnamese credit institutions and legal regulations related to the preparation and presentation of financial statements require banks to comply with the financial statement form and the system of specific accounts as stipulated by the legal documents presented in Part A of the Chapter this.

At the same time, banks are required to comply with the reporting form prescribed in the statistical reporting regime applicable to credit institutions and branches of foreign banks in Circular No. 35/2015/TT-NHNN dated 31 December 2015 of the Governor of the State Bank of Vietnam stipulating the statistical reporting regime applicable to credit institutions, branches of foreign banks, effective from 01 January 2017, amended and supplemented by Circular No. 11/2018/TT-NHNN dated 17 April 2018 of the Governor of the State Bank of Vietnam amending and supplementing a number of articles of Circular No. 35/2015/TT-NHNN dated 31 December 2015 of the Governor of the State Bank of Vietnam stipulating the regime Statistical reports applicable to credit institutions and branches of foreign banks, effective from 01 October 2018.

2. Recording, classification and measurement of financial instruments

Accounting standards and accounting regimes applicable to credit institutions in Vietnam do

not have clear regulations on the recognition, classification and measurement of financial instruments. Financial instruments are classified and presented in items prescribed in the form of financial statements applicable to credit institutions and branches of foreign banks. Items that are common financial instruments on bank statements include:

- Cash
- Demand and time deposits
- Receivables, payables, loans receivable and loans payable
- Debt securities and capital securities
- Derivatives

Regarding items of the nature of financial instruments, the State Bank shall issue circulars and official letters stipulating methods of accounting, classification and measurement.

2.1 Debt securities and capital securities

Securities business and investment operations of banks are guided by Official Letter No. 7459/NHNN-KTTC dated 30 August 2006. The principles of accounting include:

- Credit institutions must have specific regulations on the classification of business securities, available for sale securities and securities held until maturity.
- Purchased securities must be accounted for in the categories of business securities, available for sale securities or securities held until maturity depending on the purpose of purchasing the securities.
- Right at the time of purchase, based on the purpose of purchase, credit institutions must classify securities as trading securities or securities held to maturity or securities ready for sale according to current regulations.
- For business securities and capital securities in the available for sale group, they are always accounted for at cost. For debt securities in the group of available for sale securities and investment securities held until maturity, they are accounted for at the original price at the time of purchase, then reflected in the allocation value (affected by the allocation of discounted/additional value according to the straight-line method for the period of securities investment).
- Interest earned during the holding period of business debt securities shall be accounted for in the interest collection account for investment in securities Debt at the time of receipt of interest (net collection). Dividends during the period of holding securities Capital under

account 141 account 15 shall be accounted for in the interest collection account for investment in securities Capital at the time of receiving payment from the Stock Issuer or having a legal decision on the Dividend entitled. The amount of net interest collected by other business securities during the holding period (if any), depending on each specific case, shall be used to account for the Debt securities investment interest collection account or the Capital securities investment interest collection account.

- The amount of postpaid interest entitled to debt securities ready for sale or held until maturity is accounted for by the accrual method of receivables until maturity. During the period of holding this security, if the credit institution receives interest including accrued investment interest before purchase, the credit institution must allocate this interest according to the principle:
 - The amount of accrued interest before purchase is written down to the value of the securities themselves, in proportion to the Interest Receivable account.
 - The amount of accrued interest after the time of purchase is recognized as income of the credit institution by the cumulative method.
- The amount of Interest received in advance for Debt securities in the group ready to sell or hold until maturity is accounted for allocation to the Debt investment interest collection account in a straight line method for the period of securities investment.
- The discount or additive value of securities Debt must be allocated in a straight line method to the securities investment interest collection account Debt for the securities investment period according to the principle:
 - Discount value: Accounting for crediting (writing increases) to collect interest on investment in securities Debt.
 - Additional value: Debit accounting (write-down) to collect interest on investment in Debt securities.
- By the maturity date of Debt securities ready for sale/hold to maturity, the discounted and additional value of the securities has been fully allocated to collect interest on investment in Debt securities.
- When selling securities Debt ready for sale before the maturity of securities, at the time of sale, credit institutions must settle all relevant balances on accounts tracking the carrying value of securities (par value monitoring accounts, accrued/interest monitoring accounts pending allocation, etc account tracks discount/extra value).
- When selling trading securities and securities ready for sale, at the time of sale, the

difference between the selling price of the securities and the carrying value of the securities shall be accounted for in the appropriate securities trading receipt/expenditure account.

- Securities discount reserve account: Includes accounts accounting for the reserve value for depreciation of business securities, securities ready for sale when the realizable net value (market value) is lower than the carrying value; or a securities discount reserve account held until maturity is set aside when the securities show signs of declining in value in a long-term way. Periodically (at the end of the quarter/at the end of the year) when preparing financial statements, if the market price is lower than the carrying value of trading securities, available for sale securities or investment securities held until maturity date showing signs of long-term impairments, credit institutions calculate reserve data that needs to be set aside for each security in accordance with current regulations on make provisions for stock discounts.

2.2 Classification of assets, deduction level, method of setting up risk provision

The classification of debts and provision for credit risks of banks are specified in Circular No. 11/2021/TT-NHNN dated 30 July 2021 ("Circular 11") of the State Bank on the classification of assets, deduction levels, methods of setting up risk provisions and the use of reserves to handle risks in the operation of organizations credit institutions, branches of foreign banks.

According to Circular 11, credit institutions must classify debts and make provisions for credit risks. The classification of debts and provision for credit risks in accordance with Circular 11 shall apply to assets (referred to as "liabilities") including:

- Lend;
- Financial leasing;
- Discounting, re-discounting negotiable instruments and other valuable papers;
- Factoring;
- Grants of credit in the form of credit card issuance;
- Payments in lieu of off-balance sheet commitments;
- The purchase and entrustment amount for the purchase of corporate bonds (including bonds issued by other credit institutions) that are not listed on the stock market or have not registered for trading on the Upcom trading system (hereinafter referred to as non listed bonds), excluding the purchase of non listed bonds with trust capital at which the trustee bears the risk;
- Credit Granting Trust;

- Deposits (except payment deposits and deposits at social policy banks in accordance with the SBV's regulations on the maintenance of deposit balances at social policy banks by state credit institutions) at credit institutions and branches of foreign banks in accordance with the provisions of law and deposits at overseas credit institutions;
- Buying and selling debts in accordance with the SBV's regulations on debt purchase and sale activities;
- Resale and purchase of Government bonds on the stock market in accordance with the law on issuance, registration, depository, listing and trading of Government debt instruments on the stock market;
- Purchase promissory notes, bills and certificates of deposit issued by credit institutions or other foreign bank branches.

Accordingly, the debt group of customers is the group of debts with higher risks when classifying debts simultaneously according to Article 10, Article 11 of Circular 11 and the group of debts of customers provided by the Credit Information Center ("CIC") of the State Bank of Vietnam at the time of debt classification.

Debts are classified according to the following risk levels: Qualified debt, Debt requiring attention, Subprime debt, Doubtful debt, and Debt with potential for capital loss. Bad debts are liabilities classified as Subprime Debt, Doubtful Debt, and Loss debt. Debts are classified and set aside for credit risk provision at the end of each month and recorded for accounting the following month.

Net credit risk of liabilities is calculated as the residual value of the debt minus the value of the deducted collateral at the ratios specified in Circular 11. Specific provisions are set aside based on the net credit risk of debts in proportions corresponding to each group as follows:

Group	Kind	Specific contingency rates
1	Qualifying debt	0%
2	Debt to pay attention to	5%
3	Subprime debt	20%
4	Doubtful debt	50%
5	Loss debt	100%

According to Circular 11, general provisions are set aside to make provision for undetermined losses in the process of debt classification and specific provisioning and in cases where credit institutions face financial difficulties when the quality of debts deteriorates. Accordingly, the Bank must set aside and maintain a general reserve equal to 0.75% of the total value of debts

classified from group 1 to group 4, except deposits at domestic credit institutions, foreign banks' branches in Vietnam in accordance with law and deposits at foreign credit institutions; loans and term purchases of valuable papers to credit institutions and other foreign bank branches in Vietnam; purchases of promissory notes, bills, certificates of deposit, bonds issued domestically by credit institutions and other foreign bank branches; and resale of Government bonds as stipulated in Circular 11.

2.3 Derivatives

Banks comply with the accounting guidelines for currency derivatives operations in Official Letter No. 7404/NHNN-KTTC dated 29 August 2006. Accounting principles include:

For forward contracts and currency swaps, the difference between the VND value of the amount of foreign currency committed to buy/sell calculated at the forward rate and the spot rate at the effective date of the contract is recorded right at the effective date of the contract in the item "Interest, receivables" or "Interest and fees payable" on the Financial Position Statement. This difference is then linearly allocated to the item "Net Profit/(Loss) from foreign exchange trading" for the duration of the contract.

At the time of preparing the financial statements, commitments under forward contracts are reassessed and exchange rate differences due to revaluation of foreign currency balances of forward contracts are accounted for in the item "Exchange rate difference" on the separate mid-year financial position statement and are incorporated into the income statement at the end of the year fiscal year.

For single-currency interest swap contracts, the pledged value is not recorded on the statement of financial position. For two-currency interest rate swap contracts with principal swaps at the beginning of the period, the value of commitments is recorded on the statement of financial position. Incomes and expenses arising from interest rate effects are recognized according to the principle of reserves, expenditures. For two-currency interest swap contracts without principal swap at the beginning of the period, the value of commitments is only recorded on the statement of financial position at the date of principal swap. Incomes/expenses arising from interest rate effects are recognized according to the principle of reserves, expenditures.

3. Revenue recognition

Revenue from loan interest and interest payment expenses shall be recorded in the income statement on the basis of reserves, expenditures. Interest receivables arising from loans classified from group 2 to group 5 according to Circular 11, receivable interest of debt balances shall be restructured in debt repayment term and keep the group of qualified debts (group 1) As stipulated in a circular issued by the SBV, it will not be recorded in the income statement.

The interest on these debts is transferred to the off-balance sheet account and recorded in the income statement when the bank actually receives it.

III. Analysis of the impact of IFRS application on the banking industry

1. Differences with mechanisms can be solved

1.1 Fair value measurement for financial instruments

IFRS 13 Fair value measurement and IFRS 9 Financial Instruments require all financial instruments to be initially recognised at fair value, plus or minus transaction costs in cases where financial assets or financial liabilities are not recognized at fair value through profit and loss.

In terms of mechanism, a number of standards and regulations have been issued related to the measurement of fair value of financial instruments. Concrete:

- The Law on Accounting No. 88/2015/QH13, which took effect on 01 January 2017, stipulates a number of new contents on fair value. In Article 6, the Law on Accounting stipulates: The value of assets and liabilities shall be initially recognized at cost. After the initial recognition, for some types of assets or liabilities whose value fluctuates frequently at market prices and their value can be reliably redetermined, they shall be recognized at fair value at the end of the financial statements period. Thus, from 2017 when the Accounting Law takes effect, enterprises can apply fair value to prepare and present financial statements.
- From 01 January 2017, securities companies apply fair value in preparing and presenting financial statements as prescribed in Circular 210/2014/TT-BTC dated 30/12/2014 and amended, supplemented and replaced Annexes 02 and 04 with Circular 334/2016/TT-BTC dated 27/12/2016. According to the provisions of Circular 210 and Circular 334, the reporting system of securities companies has regulations on the application of specific fair value as follows:

Methods of preparing and presenting financial position statements

- Financial assets recognized through profit/loss: All gains or losses arising from changes in the value of these financial assets are classified into the group recognized by value through profit or loss and recognized on the Income Statement.
- Investments held to maturity: If there is any evidence of a decrease in the value of this group of investments, the stock company will have to determine the value of any losses due to the impairments of this group of financial assets and record the loss of impairments of the financial assets held up to the maturity date recognized

Comprehensive income statement – Profit/loss part.

- Available for sale financial assets: Any gains or losses arising from a available for sale financial asset when assessed at fair value will be recognized directly into equity (Other Total Income), through recognition on the Equity Fluctuation Statement.
- Fixed assets, financial leased fixed assets, intangible fixed assets, investment properties: These indicators reflect the revaluation value and declining value of fixed asset types of enterprises at the time of reporting on the basis of asset valuation models determined by asset valuation organizations. When the value of fixed assets is reduced compared to the market value, it is necessary to determine and record the impaired value of fixed assets to record an increase or decrease in the Revaluation Difference Account at fair value.
- Financial debt at fair value through profit and loss: Initial recognition at fair value. The fair value change is recorded in the profit and loss statement.

Methods of preparing and presenting the Income Statement

Specifying the application of fair value on a number of indicators on the Income Statement is reflected in the following main indicators:

- Part I – Profit and loss

Profit/Loss from financial instruments recognized through profit/loss;

Rising spreads / Reduced spreads on revaluation of financial instruments;

Profit/Loss from investments held to maturity;

Profit/Loss from financial assets ready for sale;

Profit/Loss from hedging derivative financial instruments.

- Part II – Other comprehensive income (loss) after CIT

Profit/Loss from revaluation of financial assets ready for sale;

Profit/Loss revaluation of fixed assets according to fair value model.

Methods for preparing and presenting the Statement of Cash Flows

Stipulating the application of fair value on a number of indicators on the Statement of Cash Flows by indirect method is reflected in the following main indicators:

- Profit/Loss reassesses the value of financial instruments recognized through profit/loss;

- Profit/Loss impairment of the value of investments held up to maturity;
- Profit/Loss on recognition of difference assessed at fair value TSTC is ready for sale when reclassified.

Methods of preparing and presenting the Statement of change in equity

Stipulating the application of fair value on a number of indicators on the Statement of change in equity is reflected in the following main indicators:

- Difference in revaluation of assets at fair value;
- Profit/loss from revaluation of assets ready for sale;
- Profit/Loss revaluation of assets according to fair value model.

In fact, the current accounting regime applicable to credit institutions in Vietnam as analyzed in Section I.2.1 requires credit institutions to determine the fair value of capital instruments and debt instruments classified as trading securities and securities ready for sale. Credit institutions themselves in general and banks in particular have been actively building information technology systems, data and personnel to determine the fair value of capital instruments and debt instruments. On the other hand, with the continuous development of Vietnam's stock market, referencing information for use in determining fair value is expected to become more transparent and easier. Therefore, in terms of mechanism, the application of similar regulations with securities companies with banks has a high level of feasibility.

1.2 Classification of financial instruments

The current accounting regime applicable to credit institutions in Vietnam has required credit institutions to classify financial assets and liabilities according to the same principles as the provisions of IAS 39 Financial Instruments: Recognition and Measurement. Therefore, the classification of financial instruments as required by IFRS 9 Financial instruments has a basis for the business model:

Items	Recognition under IAS 39	Recognition according to IFRS 9
Cash and deposits of credit institutions	Invest to maturity	Financial assets recognized according to the allocated value
Bank/corporate bonds	Invest to maturity	
Trade receivables	Loans and receivables	
Assets arising from the contract	Loans and receivables	
Receivables from insurance policies	Loans and receivables	

Listed shares Unlisted public shares OTC Stocks Invest in an non listed company Corporate/bank/government bonds	Investment ready for sale Investment ready for sale Investment ready to sell or Holding Investment to maturity date Investment ready for sale	Financial assets recognized at fair value through other comprehensive income (FVOCI)
Listed/Unlisted Shares Bank/corporate/government bonds Currency swaps/ forward contracts	Business/Investment Securities Ready for Sale Derivatives	Financial assets recognized at fair value through the income statement (FVTPL)
Accounts payable from insurance activities and other payables Loans and lease debt financing	Financial liabilities Financial liabilities	Financial liabilities recognized according to allocated value

2. Differences that do not yet have a mechanism to resolve at this time can be incorporated into standards to guide future policy

2.1 Statistical reporting mode

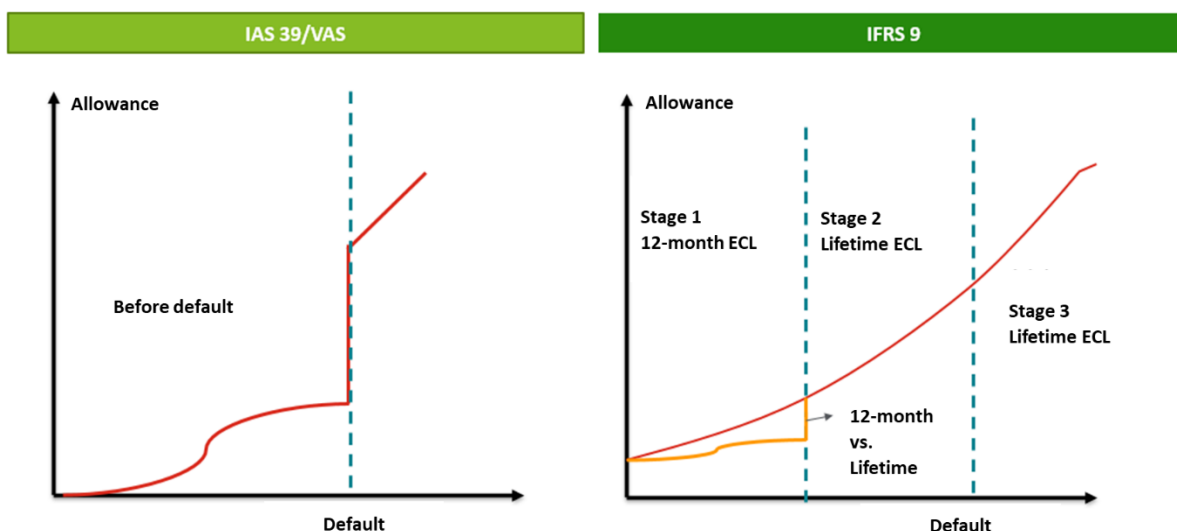
Statistical reports are a form of collecting statistical information from reporting units to meet the performance of the State management of currency, banking activities and central bank functions of the State Bank of Vietnam. Currently, statistical report forms, periodicals and deadlines for submitting reports are determined based on the current reporting regime and account system according to Vietnamese Accounting Standards and accounting regimes applicable to credit institutions in Vietnam.

In order to ensure the performance of the State management of currency, banking activities and central banking functions of the State Bank of Vietnam, the statistical reporting regime needs to be adjusted in terms of content, periodicism and time limit for sending reports.

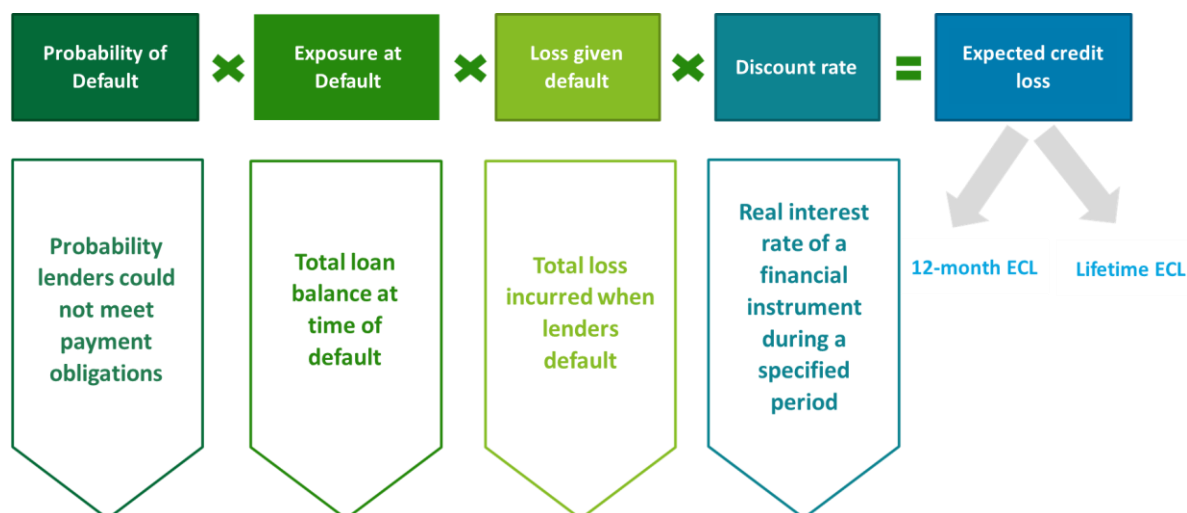
2.2 Expected credit loss model

Currently, credit institutions in Vietnam are complying with regulations on provisioning in Circular No. 11/2021/TT-NHNN. This provision is based on the principle that losses have been incurred, i.e. provisions are deducted when receivables are overdue or there are clear signs of a counterparty's potential default. When compared to International Financial Reporting Standards (IFRS), current concepts and measures are quite similar to IAS 39. However, this standard has been replaced by IFRS 9 – Financial Instruments effective from 2018.

IFRS 9 introduces the concept of provision for expected losses as a consequence of the global economic crisis of 2007-2009, when the response of businesses in identifying and measuring losses revealed the limitations of the old standard system. The expected credit loss model has set new requirements, requiring businesses to step beyond the limits of credit losses already incurred, towards integrating past and present data, and incorporating predictive information into the estimation model with three stages, to be able to record earlier and more fully the provisions for losses.



Accordingly, the expected credit loss is estimated based on the formula:



The application of the expected credit loss model in credit risk measurement poses challenges for businesses in general and credit institutions in particular.

- (i) The quality of the input data should be complete, comprehensive and timely. The input data plays a prerequisite role in the accuracy of the model. Early data collection by credit institutions will help limit obstacles when applying the expected credit loss model.

- (ii) The integration of the influence of macroeconomic variables when estimating provisions for credit risks. Some common variables used in the model include GDP, unemployment, industry growth rate, and geographic area of operation.
- (iii) Processes and controls to assist in maintaining the effectiveness of the model. In the process of approaching and applying the expected credit loss model, managers need to be equipped with a full understanding of international standards in general and IFRS 9 in particular. At the same time, credit institutions also need to master technological and technical factors, towards synchronization in risk management.

Therefore, in order to support credit institutions in building optimal loss determination models, the State Bank is expected to promulgate mechanisms, ensuring that the expected loss model closely follows the business practices of credit institutions and the future, Ensure compliance with the requirements of the standard, in accordance with the operating mechanism and risks of the business, and limit the cost of resources and resources.

One of the mechanisms that the State Bank has established related to credit risk management at credit institutions, as a basis for the application of IFRS 9 can be mentioned:

- Circular No. 11/2021/TT-NHNN on classification of assets, levels of deduction, methods of setting up risk provisions and the use of reserves to handle risks in operations of credit institutions and branches of foreign banks: Article 5. Internal Credit Rating System, Chapter I. General provisions of the Circular set out general requirements on the Internal Credit Rating System, including definitions, construction principles, required data, model application and process policies related to the Internal Credit Rating System that credit institutions need to report.
- Circular No. 13/2018/TT-NHNN on the internal control system of commercial banks and branches of foreign banks: Article 27. Identification, measurement, monitoring, and control of risk, Chapter IV. Risk Management, Section 1. The General Regulation on Risk Management sets out the requirement for independent and periodic assessment of the accuracy and reasonableness of credit risk measurement models. In addition, Article 30. Internal credit rating system, Section 2. Credit Risk Management, Chapter IV. Risk management stipulates that banks must develop an internal credit rating system that meets the requirements of evaluation criteria, databases and documents the results of the Internal Credit Rating System.

However, the promulgation of mechanisms in risk management, data governance, information technology system consolidation and specific guidelines related to the expected loss model still need to be added in the near future.

On the other hand, the provision for credit risks right at the time of recognition of financial assets, generally increases the provision cost compared to the current risk provision mechanism. Retained profits are an important component of Tier 1 capital as it is the most volatile capital flow as well as always attracts the attention of investors and regulators. The fluctuation of retained profits is mainly influenced by after-tax profits and distributions to shareholders. Therefore, an increase in the provident fund also means a decrease in capital.

Banks are required to maintain a minimum level of capital to pay dividends to shareholders and avoid having to take mandatory measures to raise capital, reduce leverage, or transform their business model into less risky or more profitable sectors. In particular, BCBS introduces the concept of Maximum Distributable Amounts, in order to limit the amount of dividends paid so as not to violate the minimum capital level.

Meanwhile, capital regulations are becoming stricter than ever. Banks must meet a range of capital requirements, including Pillar 2 guidelines, which reflect the stress and impact testing requirements of the Capital requirement directive (accountD IV).

The endurance test may become more complicated and give more pessimistic results when IFRS 9 is mandatory in Vietnam. The sudden increase in recorded losses has the potential to cause a "cliff effect" when a large number of items with credit risk will move into Phase 2 and incur expected provisions for the entire asset life. The chain reaction could lead to banks raising minimum reserve capital to absorb this stress.

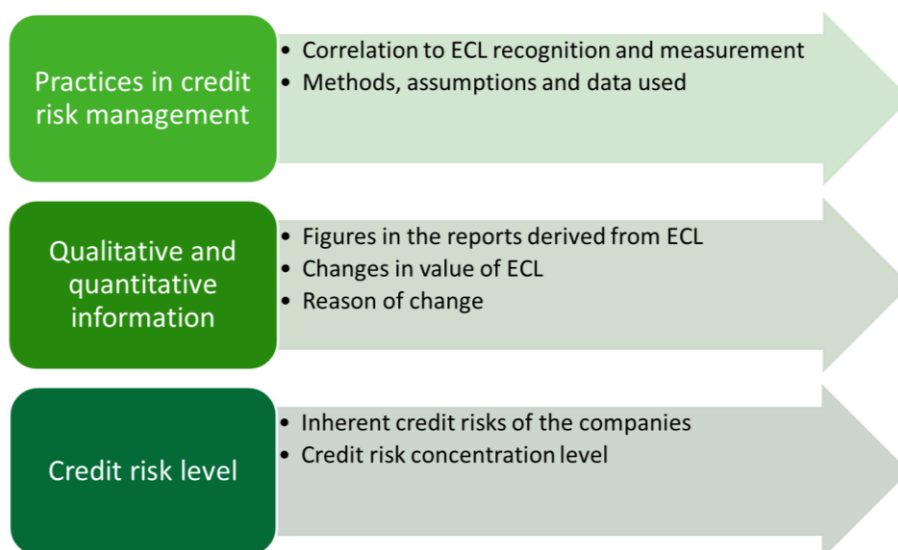
In addition, to ensure compliance with IFRS 9 when performing stress tests, banks need to make timely forecasts throughout the scenarios. Forecasts will need to be very conservative to reflect the response of senior management, economists, credit risk management and accountants to a real-world "stressful" context.

Initially, national regulators hope to be able to gather information on the impact of IFRS 9 on endurance test results in order to understand the future relationship between the shift to the Risk Period and the increase in the ratio of credit losses. This increase will put short-term pressure on banks, which are also managing to adopt IFRS 9 on time.

These are not entirely bad news, though, as many banks will recognize the correspondence between the endurance test methodology and the determination of credit losses under IFRS 9 as modeling based on scenarios is gradually used synchronously across the industry. With the latter's advantage, we already have lessons from international banks that have integrated IFRS 9 into capital planning and tested the endurance and conduct of regulators around the world.

2.3 Explanation of financial instruments

Disclosure of financial instruments in accordance with International Financial Reporting Standards is regulated by IFRS Standard No. 7: Disclosure. IFRS 7 requirements for credit risk disclosure include:



The reporting regime applies to credit institutions in Vietnam that have not yet set specific requirements for the above contents. In order to assist credit institutions in applying International Financial Reporting Standards, the State Bank should issue circulars guiding the presentation of information related to financial instruments and credit risks.

The application of IFRS 9 in credit risk measurement will also lead to a diversity of financial information to be disclosed based on the importance and resources of the business. Therefore, the available explanatory forms may not guarantee compatibility with all credit institutions. According to international practice, IFRS report forms are updated and republished annually to ensure that businesses can refer to them and ensure compliance with standards. In the most ideal context, the State Bank should issue a reporting form according to International Financial Reporting Standards, including requirements on disclosure of financial instruments and credit risks, applicable to credit institutions in Vietnam to ensure the highest applicability for the specific field of banking and finance.

C. Impact of IFRS application on insurance industry regulations

I. Overview of the role and position of the insurance industry in the economy

In the momentum of economic development, the insurance industry is increasingly proving its important role in socio-economic life. As a type of financial service, the insurance industry contributes to risk transfer, sharing, minimizing losses and damages, accompanying businesses

and individuals in the process of overcoming the consequences, restoring and stabilizing spiritual, material and financial life, contribute to stabilizing the economy as a whole. In addition, insurance also has the role of concentrating idle capital of enterprises, regulating capital supply and demand, transforming capital sources and investing capital. For society, stemming from the very principle of operation of insurance is to protect people, for people, insurance is a psychological support for participants anytime, anywhere and any circumstance. The healthy, transparent and sustainable development of the insurance industry will contribute positively to the national economy and ensure social security.

II. Overview of the current regulatory document system for the insurance industry

1. Reporting mode and system of accounts

Accounting standards, accounting regimes applicable to Vietnamese insurers and legal regulations related to the preparation and presentation of financial statements require insurers to comply with the financial statement form and the system of specific accounts. The basis for preparing financial statements of enterprises is regulated by Circular No. 232/2012/TT-BTC dated 28 December 2012 ("Circular 232") guiding accounting applicable to non-life insurance enterprises, reinsurance enterprises and branches of foreign non-life insurance enterprises, Circular No. 199/2014/TT-BTC dated 19 December 2014 ("Circular 199") guiding accounting applicable to life insurance enterprises and reinsurance enterprises issued by the Ministry of Finance. In addition, regulations on finance and accounting for a number of insurance-specific items such as charter capital, equity, business provisions, investment, revenue recognition, expenses of insurance enterprises, profit distribution, compulsory reserve fund appropriation are regulated by Decree No. 46/2023/ND-CP dated 01 July 2023 ("Decree 46"), Decree No. 73/2016/ND-CP dated 01 July 2016 ("Decree 73") and amended documents issued by the Government, Circular No. 50/2017/TT-BTC dated 15 May 2017 ("Circular 50") and amended documents issued by the Ministry of Finance.

Insurers are also required to comply with the provision of complete reports and information to the Ministry of Finance in accordance with Article 106 of the Law on Insurance Business 2022 issued by the National Assembly and Circular No. 70/2022/TT-BTC dated 16 November 2022 ("Circular 70") issued by the Ministry of Finance.

2. Methods of recording and measuring insurance contracts

According to Vietnamese accounting standards and accounting regimes, insurance enterprises record and measure each insurance operation and insurance contract, do not take into account the time value of cash flow, do not separate the non-insurance component for separate recognition. At the time of initial recognition, there was no requirement to identify and document onerous contracts, no estimates or judgments to be used.

2.1 Record and measure original insurance policies

For the original insurance operation, when the insurance contract has been signed between the insurer, the foreign branch and the policy holder has paid the insurance premium in full and there is evidence that the insurance contract has been signed and the policy holder has paid the insurance premium in full, Insurers will be recognized for revenue.

In case the insurance contract has been concluded, the insurer has an agreement with the policy holder on the time limit for premium payment (including the grace period), the time limit for premium payment must be specified in the insurance contract. In case of one-time premium payment, the premium payment period shall not exceed 30 days from the date of commencement of the insurance period. In case the insurance term is less than 30 days, the premium payment term does not exceed the insurance period.

In case of periodic premium payment, the premium payment period of the first premium payment period must not exceed 30 days from the date of commencement of the insurance term under the insurance contract. The next premium payment periods shall be made according to the agreement between the insurer and the policy holder in the original signed insurance contract. Insurers and policy holders may not agree to change the premium payment term during the contract performance. In any case, the term for payment of premiums does not exceed the term of insurance under the insurance contract. The insurer shall account for the revenue of the premium payment period of the first premium payment period at the beginning of the insurance term under the insurance policy and only account for the premium revenue of subsequent premium payment periods when the policy holder has fully paid the premium as agreed upon in the insurance contract.

When the insurance contract has been signed and the non-life insurance enterprise or foreign branch has an agreement for the policy holder to owe the premium, the premium debt must be specified in the insurance contract and only apply when the policy holder has collateral or guarantees to pay the premium.

When the insurance contract has been signed and the life insurance enterprise, the health insurer has an agreement for the policy holder on the payment of periodic premiums specified in the insurance contract, the life insurance enterprise and the health insurance enterprise shall account for the revenue of the premium amount corresponding to the period or premium periods has incurred or failed to account for the revenue of the premium amount that has not yet reached the period when the policy holder must pay as agreed upon in the insurance contract.

2.2 Recording and measuring reinsurance policies

For reinsurance operations, insurers, foreign branches, reinsurers account for revenue from reinsurance premiums and other revenues arising from reinsurance receipt activities according to the confirmed statement of account (SOA).

In case of reinsurance concession, the insurer, foreign branch or reinsurer shall account for the reinsurance concession fee, reinsurance assignment commission and other revenues arising from the reinsurance transfer activity in the same period as the quarterly accounting period to recognize the original premium revenue or corresponding reinsurance receipt fee.

2.3 Record and measure contracts that have been entered into but have not yet arisen responsibilities

For signed insurance contracts that have not yet incurred liability, the insurer monitors and accounts in detail in off-balance sheet accounts:

- account 0051 – "Original insurance policy has not incurred liability" recognizes the revenue of original insurance policies that have not yet incurred liability;
- account 0052 – "Reinsurance contracts that have not yet incurred liability" recognizes the revenue of reinsurance policies that have not yet incurred liability;
- account 0053 – "Unincurred reinsurance contracts" recognizes the revenue of unincurred reinsurance contracts.

3. Accounting for obligations corresponding to the part of responsibilities committed as agreed upon in the insurance contract

According to Vietnamese accounting standards and accounting regimes, insurance liability may arise from signed insurance contracts that are accounted for in the item "Business provision".

The provision of business provisions must meet the following requirements:

- Set aside separately for each insurance operation;
- Corresponding to the part of the liability committed as agreed upon in the insurance contract;
- Separation between insurance contracts of insurers inside and outside the territory of Vietnam, including in the same insurance operations and insurance products, unless otherwise provided for by law;
- Always have assets corresponding to the set aside business reserves, and at the same time separate assets corresponding to the reserves specified at the above point;
- Use Actuaries to calculate and set up business provisions;

- Regularly review and evaluate the appropriation of professional provisions; promptly take measures to ensure adequate provision to pay for liabilities of insurers, reinsurers and foreign branches in Vietnam.

Insurers, reinsurers and foreign branches in Vietnam must register and obtain approval from the Ministry of Finance for the method of setting up professional provisions. According to the provisions of Decree 46, enterprises are allowed to choose the methods of provisioning guided in Article 39 (for provision for non-life insurance operations), Article 41 (for provision for life operations) and Article 43 (for provision for health insurance operations). In case of choosing another method, enterprises must attest to more accurate and complete business provision results and request the Ministry of Finance for approval specified in Article 45 of Decree 46 before applying.

3.1 Provision for non-life insurance operations

For non-life insurance, non-life insurance enterprises, reinsurance enterprises doing non-life insurance business, foreign branches in Vietnam must make professional provisions for each insurance operation or insurance contract corresponding to the part of the liability committed as agreed upon in the insurance contract and must be calculated by experts of the business, the branch confirms.

Provision for non-life insurance operations includes:

- *Provision for unearned fees*: Used to compensate for liabilities that will arise during the validity of the insurance policy in the following year;
- *Indemnity provision*: Used to compensate for losses incurred under unclaimed or claimed insurance liability but not resolved by the end of the fiscal year;
- *Provision for compensation for large fluctuations in losses*: Used for compensation when large fluctuations in losses or large losses occur where the total premium in the fiscal year after the provision for unearned fees has been set aside and the compensation reserve for unresolved claims is insufficient to cover compensation for the liability tasks of insurance enterprises and foreign branches in Vietnam.

According to Article 39 of Decree 46, methods and establishments for provision for non-life insurance operations are stipulated by the Ministry of Finance as follows:

- *Unearned fee provision*:
 - The method of appropriation as a percentage of the total premium;
 - The method of appropriation according to the coefficient of the term of the insurance

contract.

- Compensation provision:
 - Method of setting aside compensation provision according to claim statistics;
 - The method of setting aside compensation provision according to the coefficient of compensation incurred.
- Provision for compensation for large fluctuations in losses.

3.2 Life insurance provision

For life insurance, life insurance enterprises, reinsurance enterprises dealing in life insurance, branches of foreign reinsurance enterprises dealing in life insurance must make professional provisions for each insurance policy corresponding to the part of the liability committed as agreed upon in the insurance contract and must be calculated by experts of the business, the branch confirms.

Life insurance provision includes:

- Mathematical contingency: Used to pay insurance premiums for liabilities committed when an insurance event occurs;
- Unearned premium provision: Used to pay insurance premiums that will be incurred during the validity of the insurance policy in the following year;
- Indemnity provision: Used to pay for insurance events that have occurred unclaimed or have been claimed but have not been resolved by the end of the fiscal year;
- Interest-sharing provision: Used to pay interest that the insurer has agreed with the policy holder in the insurance contract participating in interest-sharing;
- Provision for commitment interest rate guarantee: Used to ensure the committed interest rate of the enterprise to customers as agreed upon in the universal insurance contract and pension insurance;
- Balanced security provision: Used to pay insurance premiums when insurance events occur due to large fluctuations in risk ratios and technical interest rates.

Life insurance enterprises, reinsurance enterprises dealing in life insurance, branches of foreign reinsurance enterprises doing life insurance business must regularly evaluate methods and bases for setting up professional provisions, ensuring adequate provisions to meet committed insurance responsibilities.

In case of change in the method of setting up professional provisions, life insurance enterprises, reinsurance enterprises doing life insurance business, branches of foreign reinsurance enterprises doing life insurance business shall comply with the provisions of Article 45 of Decree 46. In case of change in the basis of provision for insurance operations (except for the case of reducing technical interest rates to meet the guidance of the Ministry of Finance), life insurance enterprises, reinsurance enterprises dealing in life insurance, branches of foreign reinsurance enterprises dealing in life insurance shall request the Ministry of Finance for approval before apply, enclose documents proving that the establishment for setting up professional provisions conforms to the provisions of Article 45 of Decree 46.

According to Article 41 of Decree 46, methods and establishments for setting up provisions for life insurance operations are stipulated by the Ministry of Finance as follows:

- Mathematical provision for term insurance, term insurance, mixed insurance, whole life insurance, periodic payment insurance:
 - Life insurance enterprises, reinsurance enterprises dealing in life insurance, branches of foreign reinsurance enterprises dealing in life insurance may actively choose the method of setting up mathematical provisions for insurance contracts with a term of more than 01 year to ensure future insurance liabilities such as: Gross premium method, net premium method, Zillmer adjusted net premium method or other methods in accordance with international practices;
 - The basis for provision appropriation of the reserve appropriation methods at Point a, Clause 1, Article 41 of Decree 46, includes: Table of CSO1980 mortality rate, technical interest rate based on the average interest rate of Government bonds with a maturity of 10 years or more and other technical bases corresponding to each insurance product.
- Mathematical provision for universal insurance products, unit-linked insurance, pension insurance, mathematical contingency includes:
 - *Insurance risk provision:* A larger number between the reserve calculated by the unearned fee method or the reserve calculated by the cash flow method to meet all future insurance risk benefit payment costs during the term of the policy;
 - *Business provision for universal insurance* (applicable to universal insurance) is calculated by one of the following methods: Total refund value of universal insurance policies plus reserve to ensure the payment of account value for policies expected to occur insurance events in the period; The total account value of the joint contracts. Insurers are responsible for evaluating and selecting the method of setting up professional provisions for the

common link to ensure the responsibilities committed under the insurance contract;

- *Business provision for unit association* (applicable to unit-linked insurance) is the sum of the following:
 - The total number of investment units of the policy holder at the valuation date multiplied by the purchase price of the fund unit at the valuation date;
 - The total amount of premiums received from the policy holder at the valuation date after deducting the premiums charged to the policy holder that the remainder is used to purchase fund units but has not yet been realized;
- *Professional provision for pension insurance accounts* (applicable to pension insurance) is the total value of the pension insurance account at the time of appropriation;
- *Provision for insurance benefits other than insurance risk and investment benefits.*
- *Provision for unearned premiums:* Calculated on gross insurance premiums according to the methods specified in Clause 1, Article 39 of Decree 46 for insurance contracts with a term of 01 year or less.
- *Compensation provision:*
 - Method of setting aside compensation provision according to claim statistics;
 - The method of setting aside compensation provision according to the coefficient of compensation incurred.
- *Interest provision* includes:
 - *Provision for declared interest* is the total value of cash amounts or the present value of accumulated insurance amounts divided by policy holders as of the current and unpaid fiscal year;
 - *Provision for undeclared interest:* Provision for unannounced interest set aside to pay interest will be further divided among policy holders in the future calculated as assets of the policy holder's fund participating in interest sharing minus the fund's liabilities, support funds from owners and interest allocated in the current year.
- *Provision for guaranteed interest rate commitment:* In case the investment market fluctuates or the expected investment result from the premium source is lower than the committed interest rate, the insurer shall make provision for guaranteed interest rate commitment. The amount of appropriation corresponds to the difference between the expected investment result from the premium source and the committed interest rate of the

enterprise to the customer as agreed upon in the insurance contract.

- The balance provision is set aside based on the percentage of pre-tax profit of life insurance enterprises, reinsurance enterprises dealing in life insurance, branches of foreign reinsurance enterprises dealing in life insurance.

3.3 Health insurance provision

Insurers, reinsurers and foreign branches in Vietnam must set aside professional provisions for each health insurance policy corresponding to the responsibilities of foreign enterprises and branches in Vietnam and must be certified by actuaries.

Health insurance provision includes:

- Mathematical contingencies: Used to pay insurance premiums for liabilities committed when an insurance event occurs;
- Unearned premium provision: Used to pay insurance premiums that will be incurred during the validity of the insurance policy in the following year;
- Indemnity provision: Used to pay for insurance events that have occurred unclaimed or have been claimed but have not been resolved by the end of the fiscal year;
- Balanced security provision: Used to pay insurance premiums when insurance events occur due to large fluctuations in risk ratios and technical interest rates.

According to Article 43 of Decree 46, methods and establishments for setting up provisions for health insurance operations are stipulated by the Ministry of Finance as follows:

- Mathematical provision: Mathematical provision is applied to insurance policies with a term of more than 01 year to ensure the committed liabilities when future insurance events occur. Insurers, reinsurers and foreign branches in Vietnam are entitled to actively select appropriation methods such as: gross premium method, net premium method, other methods according to international practices.
- Unearned fee provision: Calculated according to the methods specified in Clause 1, Article 39 of Decree 46, applicable to insurance contracts with a term of 01 year or less.
- Compensation provision:
 - Method of setting aside compensation provision according to claim statistics;
 - The method of setting aside compensation provision according to the coefficient of compensation incurred.

- Redundancy ensures balance:
 - For health insurance enterprises, life insurance enterprises shall be set aside based on the percentage of pre-tax profit of life insurance enterprises, reinsurance enterprises, branches of foreign reinsurance enterprises doing life insurance business;
 - For non-life insurance enterprises, foreign branches in Vietnam, reinsurance enterprises doing health insurance business: The annual appropriation rate according to the percentage of retained premiums of non-life insurance enterprises, reinsurance enterprises, foreign branches in Vietnam.

4. Equity management, capital adequacy ratio and solvency

4.1 Equity management, capital adequacy ratio

The Law on Insurance Business in 2022 stipulates that insurers, reinsurers and foreign branches in Vietnam must maintain solvency throughout their operation. Insurers, reinsurers and foreign branches in Vietnam are considered to be fully solvent when simultaneously satisfying the following conditions:

- (1) Make adequate business provisions;
- (2) Ensure capital adequacy ratio.

According to Articles 94 and 95 of Decree 46, capital adequacy ratio is the ratio between real capital and capital on the basis of risk.

- Real capital includes equity and other sources allowed to be recognized or deducted according to regulations of the Ministry of Finance.
- Capital on the basis of risk is determined based on the size and quantification of the impact of risk groups on the business activities of insurers, reinsurers and foreign branches in Vietnam, including:
 - a) *Insurance risks* include risks arising from fluctuations in technical factors corresponding to the type of life insurance, non-life insurance and health insurance;
 - b) *Market risks* include risks arising from the market for investment activities of insurance enterprises, reinsurance enterprises and foreign branches in Vietnam;
 - c) *Operational risks* include risks arising from the operation processes, systems and management of insurance enterprises, reinsurance enterprises and foreign branches in Vietnam;
 - d) *Other risks* include risks arising from other counterparties or other factors that have not

been calculated in insurance risks, market risks, operational risks.

When determining the capital adequacy ratio, insurance enterprises, reinsurers and foreign branches in Vietnam shall not be counted in the actual capital with the investment amount in the form of capital contribution, purchase of shares in other insurance enterprises, other reinsurance enterprises, subsidiaries of insurance enterprises, etc subsidiary of the reinsurance business.

According to the Law on Insurance Business in 2022, the determination and periodic reporting of the capital adequacy ratio of insurance enterprises and related regulations will take effect from 01 January 2028, the National Assembly assigns the Minister of Finance to detail the capital adequacy ratio, capital on the basis of risk, real capital.

4.2 Solvency margin management

Playing an important role in the equity management mechanism, throughout the operation process, insurers and reinsurers must maintain equity capital sources to ensure that the solvency margin of insurers and reinsurers is higher than the minimum solvency margin. According to current regulations in Vietnam, the calculation and requirements for the solvency ratio are mainly based on the indicators on the financial statements and a number of detailed portfolios of assets, investments, receivables, etc. of insurers and reinsurers.

The solvency margin of an insurance enterprise or a foreign branch is the difference between the value of assets and liabilities at the time of calculating the solvency margin. The liquidity of assets when calculating the solvency margin is determined in accordance with Article 20 of Circular 50. Assets accordingly may be accepted for the full accounting value, partially or fully excluded from the accounting value after deducting provisions and accumulated wear and tear value as prescribed by law (if any) depending on the risk level of the asset.

III. Analysis of the impact of IFRS application on the insurance industry

Differences in financial reporting of insurance companies in Vietnam focus mainly on groups of issues such as differences in accounting regimes and management mechanisms, calculation methods, data and systems of the companies. Accordingly, to solve these problems, it takes time to improve the capacity of units participating in the market, reform policy mechanisms to keep pace with developments in the international financial market but also goals that are feasible and can be incorporated into standards to guide future policy. Specifically, the differences and recommendations of the consulting group are presented below.

1. Differences that do not yet have a mechanism to resolve at this time can be incorporated into standards to guide future policy

1.1. Reporting and informational modes

Reports are a form of collecting statistical information from reporting units to meet the performance of the function of management and supervision of insurance business activities and service activities in the field of insurance business in accordance with the law of the Ministry of Finance. Currently, periodic reporting forms and deadlines for submitting reports or irregularities are determined based on the current reporting regime and account system in accordance with Vietnamese accounting standards and the accounting regime applicable to Vietnamese insurance enterprises.

In order to ensure the performance of the function of management and supervision of insurance business activities and service activities in the field of insurance business according to regulations of the Ministry of Finance, the reporting regime needs to be adjusted in terms of contents and time limit for sending reports.

1.2. Recording and measuring insurance policies

In order to keep pace with changes in the insurance industry globally and approach international standards, IFRS 17 – Insurance Contracts was issued on 18 May 2017, amended on 25 June 2020, with many new features compared to IFRS 4 standards that officially came into effect from 01 January 2023, It is expected to have a comprehensive, far-reaching impact on the business processes of all insurers.

The highlight of IFRS 17 is that it requires many estimates, judgments and assessments based on specific information and situations of each insurer. Therefore, the application of this standard will directly affect the way insurers manage business activities at the present time and vice versa.

Regarding the management and accounting of insurance contracts, IFRS 17 requires the classification of insurance policies into homogeneous category groups based on characteristics, types, risks or profitability. With this requirement, enterprises need to take steps to evaluate the characteristics of the insurance policy portfolio, select accounting policies to classify appropriate contracts and models. Not only that, businesses also need to estimate the profitability of the contract right from the time of signing. Going into insurance operations, the ability to set insurance premiums as well as the risk appetite of insurers will also directly affect the determination of adjusted risks in the measurement model of compensation obligations under IFRS 17, followed by the adequacy of the recognition of obligations corresponding to the liability committed under the agreement agreement in the insurance contract.

IFRS 17 recognizes the carrying value of insurance policies (in lieu of provisions or premium payables), and recognizes changes in carrying value over periods into operating results such as revenues. The Standard also sets out the principles defining the method of measuring and re-measuring the carrying value of the group of insurance policies. Enterprises need to record the group of insurance policies that they issue at the earliest time in the following times:

- at the beginning of the coverage period of the group of policies;
- the due date of the first payment period of an insurance policy holder in the group; and
- For the group of loss-making contracts is the time when these contracts become a big risk.

In particular, the insurance period is the period during which the insurer provides protection for insured events, and must include the protection period corresponding to all premiums within the scope of the insurance policy, taking into account the possibility of policy renewal/rotation and other factors.

At the time of initial recognition, the carrying value of the insurance policy group is the obligation to pay for the remaining insurance period (liability for remaining coverage), including Policy Fulfillment Cash Flow and Policy Marginal Profit, in which the policy completion cash flow includes an estimate of future cash flow, time value of cash flows and adjustment for non-financial risks. This measurement model is called the General Measurement Model. In addition, IFRS 17 also introduces two Variable Fee Approach models commonly applied to life insurance businesses or insurance policies with investment components and a simplified Premium Allocation Approach model. The simplified model will be applied if and only if the coverage period of each policy in the group (including coverage arising from all premiums in the binding contract defined at the date of application) is one year or less or the business has grounds to assess that the obligation is payable for the remaining period of the group. Copper following this model will not differ significantly from the results using the general model.

With some key aspects analyzed above, it can be seen that the requirements of IFRS 17 have a high level of complexity, much more detailed than the current standards and regulations in Vietnam. Therefore, the entire system of accounting standards, Vietnamese accounting regime applied to Vietnamese insurance enterprises and other relevant legal regulations need to be reviewed, evaluated and considered plans to issue comprehensive amendments to meet the requirements of international standards.

1.3. Capital management, calculation and control of the solvency factor

Currently, the required capital standards such as legal capital/minimum charter capital and solvency assurance regulations in Vietnam are generally quite simple and do not always reflect the real risks that exist in the business portfolio of insurers. When compared to international regulations and practices, the current ways of measuring are quite similar to Solvency I, which has been in place since the early 1970s and has now been replaced by Solvency II.

European Parliament and Council Directive No. 2009/138/EC of 25 November 2009 ("Directive 2009"), Regulation 2015/35 of 10 October 2014 supplementing Directive No. 2009/138/EC provided a governance framework to ensure universal solvency, rigorous, deeply affecting the internal management models and processes of insurance enterprises with the foundation of risk management of insurance enterprises in order to:

- Determine the required capital level in accordance with the business risks of an insurer.
- Maintain solid and effective insurance policy holder protection measures in parallel with the optimal use of capital resources of enterprises.
- Develop proportionate, risk-based monitoring with appropriate responses for small companies and large, transnational corporations.
- Insurers are encouraged to adopt more sophisticated, sophisticated risk management and monitoring tools. This includes developing full or partial internal capital models and increasing the use of risk mitigation and risk swapping tools.
- Develop a harmonized, appropriate monitoring method, applied throughout the market, ensuring a level playing field for all insurers and providing a common standard of protection for all customers, regardless of the type of ownership, size or location of the insurer.

Solvency II builds on three similar focuses/pillars as for the banking sector (set out in the Basel II principles), whereby:

(1) The first pillar covers quantitative requirements

The first pillar focuses on determining the value of assets and liabilities; technical provisions; provide formulas for calculating the Solvency Guaranteed Capital (Saccount); Minimum Capital Level (Maccount) and investment rules.

- Assets and liabilities are valued on the basis of consistent market value, where assets "shall be valued equal to the amount that can be obtained when assets are exchanged between parties with full understanding in a parity exchange"; liabilities "shall be valued at equal

to the amount that could be obtained when such debt was transferred or paid between parties fully understood in a parity exchange" (Article 75 of the 2009 Directive);

- The calculation of technical reserves is prescribed in Articles 76 – 82, 86 of the 2009 Directive;
- Articles 100 to 124 prescribe how Saccount is calculated, whereby insurers can determine Saccount according to the standard formula (Articles 103-109) or use a model developed by the enterprise.

(2) *The second pillar* sets out requirements for the governance and risk management of insurers, as well as for the effective supervision of insurers.

The regulations on the supervision of insurance business activities will be based on an advanced, modern, risk-oriented methodology, including the monitoring of the operation of the business on a regular and continuous basis and compliance with prudential rules.

Solvency II requires all insurers to develop an effective corporate governance system to manage their business with certainty and prudence. This corporate governance system will include key elements such as:

- Appropriate internal controls are understood and applied by management.
- Individuals who run a business or play an important role in the business must always be responsible and act professionally. Any changes in the executive team must be notified to the authorities.
- An effective risk management system is present in the enterprise, including strategies, processes, notification procedures and plans to deal with contingencies to monitor, manage and report risks on a regular and continuous basis.
- Internal Risk and Solvency Assessment (ORSA) – with the task of reviewing specific risk profiles, through acceptable risk levels and business strategies.
- The internal audit department, which is operated independently of the activities of the enterprise.
- The actuarial – actuarial department coordinates the calculation of technical provisions, assesses the quality of the data used in the calculation process, gives opinions on the policy of issuance of general insurance claims and the level of assurance of reinsurance agreements, at the same time contribute to the effective operation of the risk management system

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(3) *The third pillar* focuses on requirements for openness and transparency.

Insurers must annually publicly announce their solvency and financial position. Key information to be disclosed includes:

- Overview of the business and business situation;
- Describe the structure of the corporate governance system and make an assessment of the suitability of this system in monitoring and managing the company's risk profile;
- Method of assessing technical provisions, assets held to secure technical reserves and for capital level requirements, as well as other assets and liabilities;
- A summary of the policies and measures used to identify, measure, isolate and control each individual type of risk.

The adoption of Solvency II poses challenges for insurers globally, even in markets with long-established economies:

- (i) The quality of input data needs to be complete, comprehensive and timely, enterprises also need to actively build information technology systems, data and human resources to determine the fair value of capital instruments and debt instruments. In fact, in terms of mechanism, a number of standards and regulations in Vietnam have been issued related to measuring the fair value of financial instruments, however, Vietnam's stock market is still in the marginal group, so the reference of information for use in determining fair value still has some limitations, certain difficulties. For technical provisions, there should be close coordination between the risk management department and the actuarial and actuarial department;
- (ii) For the Vietnamese market, investment products are almost classified at a high risk level, making the safety ratio likely to be low;
- (iii) Processes and controls to assist in maintaining the effectiveness of the model. In the process of approaching and applying the risk-based capital management model, managers need to be equipped with a full understanding of international standards in general, and Solvency II in particular. At the same time, insurers also need to master technological and technical factors, towards synchronization in risk management.
- (iv) Assess the adaptability of the risk model and solvency framework. The uncertainties and unknowns ahead are the goals of computational models. But the situation has changed since actuaries first simulated the risk of events that rocked the world. Today, information is far more diverse and of greater complexity for actuaries and actuaries. And as businesses continue to operate in a volatile landscape, particularly in the wake

of the Covid-19 pandemic, it is clear that modeling must be rapidly adapted and adapted to assimilate new data sets that are on the rise, placing demands on testing assumptions in risk modeling and stress testing Risk tolerance should be conducted periodically, more often.

One of the mechanisms that the National Assembly of Vietnam and the Ministry of Finance have established related to risk management at insurance enterprises, as a cushion to reduce potential risks, is a measure to protect insurance policy holders, as a basis for the application of Solvency II can be mentioned:

- The Law on Insurance Business 2022 dedicates a section on internal audit, internal control, risk management; supplementing more detailed regulations on investment regulations/principles; supplementing regulations on information technology application in insurance business;
- Circular 70 stipulating risk management, internal control and internal audit of insurance enterprises, reinsurance enterprises, branches of foreign non-life insurance enterprises, branches of foreign reinsurance enterprises: Chapter II, Section 1 of Risk management sets out requirements for risk management organizations, establish internal policies and regulations on risk management, identification, measurement, monitoring and risk control, stress testing, risk management reporting, etc.

However, the promulgation of detailed regulatory mechanisms in risk management, data governance, information technology system consolidation and specific guidelines related to the risk-based capital management model is accompanied by detailed regulations on capital adequacy ratio measurement, capital on the basis of risk, real capital, solvency guaranteed capital (Saccount), minimum capital level still needs to be added in the near future.

Meanwhile, if Solvency II is applied, capital regulations are becoming stricter than ever, will not only stop at legal capital limits, minimum charter capital, minimum solvency margin. The endurance test may also become more complicated and give more pessimistic results when IFRS 17 or Solvency II is mandatory in Vietnam.

In addition, to ensure compliance with IFRS 17, Solvency II, when performing stress tests, insurers need to make timely forecasts throughout the scenarios. Forecasts will need to be very conservative to reflect the reaction of senior management, economists, risk management departments, actuaries and actuaries and accountants to a real-world "stressful" context.

D. Impact of IFRS application on the securities industry regulations

I. Overview of the role and position of the stock market in the economy

Since the early 2000s, with the establishment of the Ho Chi Minh City Stock Exchange Centre and Hanoi Stock Exchange (now Ho Chi Minh City Stock Exchange and Hanoi Stock Exchange), the structure of Vietnam's financial market – including the currency and capital markets – has been increasingly consolidated. The stock market is an important capital channel of the economy in each country and also a potential investment channel of the public, helping to mobilize maximum capital sources for economic development, making an important contribution to the implementation of effective macroeconomic policies. Over time, Vietnam's stock market has experienced remarkable growth in both the number of goods, transaction value and the increasing and diversified participation of many organizations and individuals in society. Entities participating in the stock market can be divided into some main groups as follows: securities issuers (Government, local governments, enterprises raising capital through the stock market), securities investment entities (institutional investors such as investment funds, companies engaged in securities trading and investment; or individuals investing in securities), entities operating, managing and supervising the market (Securities Commission and State management agencies, Stock Exchanges, Securities depository and clearing institutions, securities companies, credit rating companies and associations, etc other organizations and companies with related functions and tasks). A developed, sustainable, safe and transparent capital market will positively impact each individual in the national economy, contributing to Vietnam's deeper integration with the world economy.

II. Overview of the current regulatory document system for the securities market

1. General securities market regulations and reporting regimes

Because of the participation of most actors in the economy, the current system of regulatory documents related to the securities industry and the securities market is generally relatively voluminous and regulates the behavior and activities of a significant number of individuals, organizations and enterprises in society.

The Law on Securities is the highest hierarchical legal document in the field of securities. The Law on Securities was first promulgated by the National Assembly in 2006 (Law on Securities 2006) and later replaced by Law on Securities No. 54/2019/QH14 (Law on Securities 2019) by the National Assembly on 26 November 2019. The guidelines for the application of the Law on Securities 2019 are specified in Decree No. 153/2020/ND-CP regulating the offering and trading of individual corporate bonds in the domestic market and the offering of corporate bonds to the international market ("Decree 153"), Decree No. 155/2020/ND-CP guiding the

Law on Securities ("Decree 155"), Decree No. 156/2020/ND-CP on sanctioning administrative violations in the field of securities and securities market ("Decree 156"), Decree No. 158/2020/ND-CP on derivative securities and derivative securities market ("Decree 158") and amended and supplemented decrees as well as guiding circulars and related documents, etc.

In terms of the financial reporting regime, Vietnamese Accounting Standards, the accounting system of Vietnamese enterprises and legal regulations related to the preparation and presentation of financial statements require Vietnamese public companies to comply with the financial statement form and the system of specific accounts. The basis for preparing financial statements of public companies is regulated by Circular 200/2014/TT-BTC guiding the corporate accounting regime ("Circular 200") and Circular 202/2014/TT-BTC guiding the method of preparing and presenting consolidated financial statements ("Circular 202") issued in 2014. The basis for preparing financial statements of a number of entities operating, supervising and managing the stock market is regulated by Circular 132/2007/TT-BTC guiding accounting applicable to the Stock Exchange, Circular 210/2014/TT-BTC guiding accounting applied to securities companies, Circular 334/2016/TT-BTC amending and replacing Appendices 02 and 04 of Circular 210/2014/TT-BTC guiding accounting applicable to securities companies, Circular 125/2011/TT-BTC guiding accounting applicable to fund management companies issued by the Ministry of Finance. Public companies, issuers of securities to the public, securities companies, investment fund management companies, etc. are obliged to disclose information as prescribed in Circular 96/2020/TT-BTC issued by the Ministry of Finance ("Circular 96"). In addition, for enterprises registering to offer securities in the year of restructuring or separation of enterprises, the dossier of registration for offering and selling will include a report on general financial information according to conventions prepared and presented according to Circular 10/2022/TT-BTC.

In addition, the system of documents related to the stock market also covers and is closely related to accounting standards, accounting regimes, other legal documents applicable to enterprises/organizations with other specific industries or activities such as finance – banking, insurance, state-owned enterprises already mentioned in sections B, C, D of this report, etc.

According to Decision No. 17/QĐ-HĐTV on the promulgation of regulations on listing and trading of listed securities issued by the Vietnam Stock Exchange on 31 March 2022 (hereinafter referred to as the "Regulation of the Vietnam Stock Exchange"), listed organizations are also obliged to make periodic reports specified in Article 50, 51, 52 and send the SSC and publish information together with measures and roadmaps to remedy the situation of securities subject to warning/control/restriction of trading/suspension of trading/suspension of trading; quarterly (calculated according to calendar years), the listed organization must explain and report on the situation of overcoming the above securities conditions and disclose information as prescribed in Chapter VI of this Regulation.

2. Securities market regulations on disclosure and provision of information

2.1 Regulations for enterprises issuing shares to the public for the first time

Some conditions for offering and issuing securities for the first time under the Law on Securities 2019 associated with the financial situation of enterprises include:

- Enterprises must have a contributed charter capital of VND 30 billion or more at the time of registration of offering for sale according to book value.
- The enterprise must operate its business profitably for 02 consecutive years before the year of registration of the offering, and at the same time have no accumulated losses.
- The enterprise must have an issuance plan and a plan to use capital obtained from the share offering approved by the General Meeting of Shareholders.

According to Clause 1, Article 16 of the Law on Securities 2019, in case of eligibility, enterprises shall carry out procedures for registration of initial public offering of shares with the State Securities Commission (SSC), in which they must fully prepare the composition of the dossier according to Clause 1, Article 18 of the Law on Securities 2019. Within 30 days from the date of receipt of a complete and valid registration dossier of porridge for sale, the SSC shall issue a Certificate of registration for initial public offering of shares as prescribed in Clause 1, Article 16, Clause 1, Article 25 of the Law on Securities 2019.

2.2 Regulations for listed enterprises

Article 109 of Decree 155 stipulates the conditions for listing shares related to the financial situation of the enterprise as follows:

- Being a joint-stock company with charter capital contributed at the time of listing registration of VND 30 billion or more based on the most recent audited financial statements, and at the same time the capitalization value reaches at least VND 30 billion according to the weighted average of the share payment price in the latest public offering under Decree 155 or the participation price screening shares traded on the UPCoM trading system on average in the last 30 sessions before the time of submitting the listing application or the weighted average of the payment price in the initial share sale of the equitized enterprise;
- The listing has been approved by the General Meeting of Shareholders; have traded on the UPCoM trading system for at least 02 years, except for cases where the listing registration organization has offered shares to the public, equitized enterprises;

- The rate of return after tax on equity (ROE) in the year immediately preceding the listing registration year is at least 5% and business activities of 02 consecutive years before the listing registration year must be profitable;
- No overdue debts over 01 year from the time of listing registration;
- There are no accumulated losses based on the most recent audited financial statements or semi-annual financial statements reviewed in the case of listing registration after the end date of the semi-annual financial reporting period.

2.3 Regulations related to cases where listed securities are warned, controlled, restricted, suspended or suspended from trading

In Chapter VI – Regulation of the Vietnam Stock Exchange ("SSCVN"), listed securities will be warned/controlled/restricted from trading/suspended from trading/suspended from trading when one of the following cases occurs:

	Listed securities are stocks(Article 37- 41 of the Regulation of SSC)	Listed securities are fund certificates, shares of securities investment companies(Article 42 – 45 of the Regulation of SSC)
Regulations on warning cases	<p>a) The charter capital contributed in the most recent financial statement of the listed organization decreased by less than VND 30 billion.</p> <p>b) Undistributed after-tax profit in the audited financial statements of the listed organization is negative (taking into account the impact of the auditor's qualified opinion (if any) related to undistributed after-tax profit). In case the listed organization is a superior accounting unit with an affiliated accounting unit, undistributed after-tax profit shall be considered based on the consolidated financial statements. In case the listed organization has subsidiaries, undistributed after-tax profit shall be considered in the consolidated financial statements.</p> <p>c) The auditors with qualified opinion on annual financial statements of the listed</p>	<p>a)Fund management companies and securities investment companies violate regulations on information disclosure 04 or more times within 01 year.</p> <p>b) Closed-end fund certificates and shares of securities investment companies that have not traded within 06 months.</p> <p>c) The fund's net asset value falls below VND 10 billion continuously within 01 month.</p> <p>d) The deviation from the reference index of the exchange-traded fund continuously in the last 01</p>

	Listed securities are stocks(Article 37- 41 of the Regulation of SSC)	Listed securities are fund certificates, shares of securities investment companies(Article 42 – 45 of the Regulation of SSC)
	<p>organization. In case the listed organization has subsidiaries or is a superior accounting unit with subordinate accounting units, the qualified opinion shall be determined according to the consolidated financial statements/combined financial statements.</p> <p>d) The listed organization has not held an annual General Meeting of Shareholders for more than 06 months from the end of the fiscal year.</p> <p>dd) The listed organization ceases or is suspended from its main production and business activities for 03 months or more.</p> <p>e) Shares have not traded within 06 months.</p> <p>g) The listed organization is late in submitting its audited annual financial statements or semi-annual financial statements that have been reviewed more than 15 days beyond the prescribed time limit.</p> <p>h) The listed organization violates the regulations on information disclosure 04 or more times within 01 year (calculated according to the calendar year).</p>	<p>month exceeds from 80% to 100% of the maximum deviation level prescribed by the SSC.</p>
Regulations on controlled cases	<p>a) The contributed charter capital of the listed organization decreases to less than VND 30 billion according to the value stated in the financial statements of the next period after the securities are warned as prescribed at Point a, Clause 1, Article 37 of this Regulation.</p> <p>b) The after-tax profit on the audited financial statements in the last 02 years of the listed organization is negative (taking into account the influence of the auditor's qualified</p>	<p>a) The deviation from the reference index of the exchange-traded fund exceeds from 80% to 100% compared to the maximum deviation prescribed by the SSC consecutively within 02 months.</p> <p>b) Fund management companies and securities</p>

	<p align="center">Listed securities are stocks(Article 37- 41 of the Regulation of SSC)</p>	<p align="center">Listed securities are fund certificates, shares of securities investment companies(Article 42 – 45 of the Regulation of SSC)</p>
	<p>opinion). In case the listed organization is a superior accounting unit with subordinate accounting units, the profit after tax is based on the consolidated financial statements. In case a listed organization has a subsidiary, the after-tax profit shall be determined according to the after-tax profit of the parent company's shareholders on the consolidated financial statements.</p> <p>c) Accumulated losses exceeding the actual charter capital contributed in the most recently reviewed semi-annual financial statements (taking into account the impact of the auditor's exclusion conclusions). For listed organizations with subsidiaries or superior accounting units with subordinate accounting units, accumulated losses are based on the consolidated financial statements/combined financial statements.</p> <p>d) The auditors issue qualified audit opinions, except for the audited annual financial statements for 02 consecutive years of the listed organization. In case the listed organization has subsidiaries or is a superior accounting unit with subordinate accounting units, the qualified opinion shall be determined according to the consolidated financial statements/combined financial statements.</p> <p>dd) Negative equity on the most recent financial statements, except for the annual audited financial statements. In case a listed organization has subsidiaries or is a superior accounting unit with subordinate accounting</p>	<p>investment companies continue to violate regulations on information disclosure after being warned.</p> <p>c) The fund's net asset value falls below VND 10 billion continuously within 03 months.</p>

	<p align="center">Listed securities are stocks(Article 37- 41 of the Regulation of SSC)</p>	<p align="center">Listed securities are fund certificates, shares of securities investment companies(Article 42 – 45 of the Regulation of SSC)</p>
	<p>units, the equity capital shall be determined according to the consolidated financial statements of the consolidated financial statements.</p> <p>e) The listed organization ceases or is discontinued from its main production and business activities for 09 months or more.</p> <p>g) The listed organization is late in submitting its audited annual financial statements or semi-annual financial statements that have been reviewed more than 30 days beyond the prescribed time limit.</p> <p>h) The violating listed organization delays in submitting audited annual financial statements for 02 consecutive years.</p> <p>i) Shares have not traded within 09 months.</p> <p>k) The listed organization continues to violate regulations on information disclosure on the stock market after the stock exchange puts securities into the warning category as prescribed at Point h, Clause 1, Article 37 of this Regulation.</p>	
<p>Regulations on restricted transactions cases</p>	<p>a) The listed organization is late in submitting its audited annual financial statements or semi-annual financial statements that have been reviewed more than 45 days beyond the prescribed time limit.</p> <p>b) The listed organization continues to violate regulations on information disclosure on the stock market after the stock exchange puts securities under control as prescribed at Point k, Clause 1, Article 38 of this Regulation.</p>	

	Listed securities are stocks(Article 37- 41 of the Regulation of SSC)	Listed securities are fund certificates, shares of securities investment companies(Article 42 – 45 of the Regulation of SSC)
Regulations on cases of suspension of transactions	<p>a) The suspension of trading is automatically triggered by the system when the price and volume of securities transactions fluctuate abnormally. These suspension thresholds are set parameterically on the information technology system after being approved by the SSC.</p> <p>b) The listed organization shall separate and consolidate shares; separation of enterprises or other reduction of charter capital in accordance with the Law on Enterprises.</p> <p>c) When convertible bonds are registered, partially converted into shares.</p> <p>d) The listing organization fails to explain the reasons and provide a plan to overcome the situation of securities being put into the category of warning, control and restriction of transactions within the time limit required by the SSC.</p> <p>dd) At the request of the SSC.</p> <p>e) The stock exchange deems it necessary to protect the legitimate rights and interests of investors and ensure the stability and safety of the securities market and report to the stock exchange and SSC.</p>	<p>a) The suspension of trading is automatically triggered by the system when the price and volume of securities transactions fluctuate abnormally. These suspension thresholds are set parameterically on the information technology system after being approved by the SSC.</p> <p>b) Fund management companies and securities investment companies fail to explain the causes and provide plans to overcome the situation of securities being put into warning and control at the request of the SSC.</p> <p>c/ At the request of the SSC.</p> <p>d) The stock exchange deems it necessary to protect the legitimate rights and interests of investors and ensure the stability and safety of the securities market and report to the stock exchange and SSC.</p>
Regulations on cases of suspension of	a) The listed organization is late in submitting its audited annual financial statements or semi-annual financial statements under review for more than 06 months compared to the	a) Fund management companies and securities investment companies fail to take measures to remedy the

	Listed securities are stocks(Article 37- 41 of the Regulation of SSC)	Listed securities are fund certificates, shares of securities investment companies(Article 42 – 45 of the Regulation of SSC)
transactions	<p>prescribed time limit.</p> <p>b) The listing organization fails to take measures to remedy the causes leading to the suspension of securities trading at the request of the SSC.</p> <p>c) The listed organization continues to violate regulations on information disclosure on the stock market after being placed under trading restrictions.</p> <p>d/ At the request of the SSC.</p> <p>dd) The stock exchange deems it necessary to protect the legitimate rights and interests of investors and ensure stability and safety of the securities market and report to the stock exchange and SSC.</p>	<p>causes leading to the situation of securities being put into suspension of trading.</p> <p>b/ At the request of the SSC.</p> <p>c) The stock exchange deems it necessary to protect the legitimate rights and interests of investors and ensure the stability and safety of the securities market and report to the stock exchange and SSC.</p>

3. Accounting regime and system of accounts of securities companies

Some of the regulations on accounting policies and reporting regimes applied to securities companies include:

- Circular 210/2014/TT-BTC dated December 30, 2014 guiding accounting applicable to securities companies ("Circular 210"), Circular 334/2016/TT-BTC amending and replacing Appendices 02 and 04 of Circular 210/2014/TT-BTC guiding accounting applicable to securities companies ("Circular 334") and amended documents, supplement;
- Circular 23/2018/TT-BTC dated March 12, 2018 guiding accounting for covered warrants of securities companies being issuers;
- Circular 91/2020/TT-BTC dated November 13, 2020 stipulates financial safety criteria and handling measures for securities trading organizations that do not meet financial safety standards.

Accordingly, the financial statements of securities companies are prepared according to the principle of cost price, except for financial assets recognized through profit/loss and financial assets ready for sale that are measured and recognized at market value or fair value (in the absence of market value).

Financial Instruments Accounting

Financial assets recognized through profit/loss (FVTPL)

FVTPL financial assets include financial assets held for business purposes, or at the time of initial recognition identified financial assets would be more reasonably represented if classified as FVTPL financial assets.

FVTPL financial assets are initially recognized at the purchase price and reassessed at market value or fair value on the Financial Position Statement.

The purchase price of FVTPL financial assets does not include transaction costs arising directly from the purchase of these financial assets. These transaction costs are recognized in the transaction costs of purchasing financial assets of the Income Statement as soon as they are incurred.

The difference due to the revaluation of FVTPL financial assets at market prices compared to the previous period is recorded in the Income Statement and converted to fund capital on the item of Unrealized Profit.

Investments held to maturity (HTM)

Investments held to maturity are non-derivative financial assets with fixed maturities and fixed or definite settlements that the Company intends to actively intend and are likely to hold to maturity, excluding non-derivative financial assets that have been classified as recognized financial assets Through profit/loss, available for sale financial assets or a group of non-derivative financial assets that satisfy the definition of loans and receivables.

Financial assets held up to maturity are initially recognized at the purchase price plus transaction costs arising directly from the purchase of these financial assets. After initial recognition, financial assets held to maturity are recognized at the allocation value using the real interest rate method.

The allocation value of financial assets held to maturity is determined by the initial recognized value of the financial asset minus (-) the principal repayments plus (+) or minus (-) the accumulated allocations calculated by the real interest rate method of the difference between

the initial recognized value and the maturity value , subtract (-) deductions from provisions due to impairment in value or irrevocable (if any).

The net interest rate method is a method of calculating the allocated cost of interest income or interest expense in the relevant period of a financial asset or a group of financial assets held to maturity.

Loans

Loans are non-derivative financial assets that have fixed or identifiable payments, in accordance with current legal provisions applicable to securities companies. Loans are initially recorded at cost. After initial recognition, loans are recognized at allocated value using the real interest rate method similar to investments held to maturity.

Loans are considered for potential impairments at the date of the mid-year financial statements. Provisions for loans are set aside based on estimated losses, calculated as the difference between the market value of the security used as collateral for the loan and the balance of that loan. An increase or decrease in the reserve balance is recorded in the income statement.

Available for sale investments (AFS)

AFS investments include non-derivative financial assets that are not classified as FVTPL, HTM, loans or receivables.

AFS investments are initially recognized at cost, including the purchase price and costs incurred directly associated with the purchase of these financial assets. At the reporting date, AFS investments were recognized at fair value. Investments in capital instruments that do not have a quoted price on the active market and investments whose value cannot be reliably determined will be reflected at cost.

Any gains or losses arising from an AFS investment when assessed at fair value will be recognized directly in equity (other comprehensive income), through recognition on the statement of equity fluctuations, excluding losses due to decline in the value of AFS investments. Such recognition will continue until the investment is stopped from recognition. At the time of recognition, accumulated gains or losses previously reflected in equity will be recognized in the income statement as adjustments due to reclassification. Profits calculated according to the real interest rate method will be recognized in profit/loss as prescribed by Accounting Standards into revenue.

At the reporting date, AFS investments were provisioned when there was any objective evidence of impairments.

Principles of revaluation of financial assets

The revaluation of FVTPL and AFS financial assets at market price or fair value is carried out according to the valuation method in accordance with the law. In the absence of a market price at the last trading day, the enterprise is entitled to use fair value to revalue financial assets. Fair value is determined on the basis of respect for principles, methods or theoretical models of valuation of financial assets approved by the leadership of the enterprise.

4. Regulations on investment restrictions of securities companies

Investment restrictions of securities companies are specified in Article 28 of Circular 121/2020/TT-BTC, specifically as follows:

- Securities companies are not allowed to buy or contribute capital to buy real estate except for the case of being used as head offices, branches or transaction offices directly serving the professional activities of securities companies.
- Securities companies purchase and invest in real estate as prescribed in Clause 1 of this Article and fixed assets according to the principle that the residual value of fixed assets and real estate must not exceed 50% of the total asset value of securities companies.
- The total value of investment in corporate bonds of securities companies must not exceed 70% of equity. Securities companies licensed to conduct securities self-trading operations may buy and sell listed bonds in accordance with relevant regulations on bond resale transactions.
- Securities companies may not directly or entrust other organizations or individuals to:
 - Invest in shares or contributed capital of a company that owns more than 50% of the charter capital of a securities company, except for the case of buying odd-lot shares at the request of customers;
 - Together with related persons, invest 5% or more of the charter capital of other securities companies;
 - Invest more than 20% of the total outstanding shares and fund certificates of a listed organization;
 - Investing more than 15% of the total outstanding shares and fund certificates of a non listed organization, this provision does not apply to member fund certificates, exchange-traded funds and open-ended funds;

- Invest or contribute capital exceeding 10% of the total contributed capital of a limited liability company or business project;
 - Invest or contribute capital exceeding 15% of equity capital in an organization or business project;
 - Invest more than 70% of equity capital in shares, contributed capital and business projects, of which no more than 20% of equity capital can be invested in non listed shares, contributed capital and business projects.
- Securities companies are established, acquiring fund management companies as subsidiaries. In this case, securities companies are not required to comply with the provisions of Points c, d and dd, Clause 4 of this Article. A securities company that plans to establish or acquire a fund management company as a subsidiary must satisfy the following conditions:
- Equity capital after capital contribution to establishment or acquisition of a fund management company must be equal to the minimum charter capital for the business operations the company is performing;
 - The percentage of available capital after capital contribution to establish or buy back a fund management company must reach at least 180%;
 - Securities companies, after contributing capital to establish or acquiring fund management companies, must ensure compliance with the debt restrictions specified in Article 26 of this Circular and investment restrictions specified in Clause 3 of this Article and Point e, Clause 4 of this Article.
- In case an investment securities company exceeds the limit due to underwriting in the form of firm commitment, due to consolidation or merger or due to fluctuations in assets and equity of securities companies or capital-contributing organizations, securities companies must apply necessary measures to comply with investment limits as prescribed in Clauses 2, 3 and 4 This Article shall be for a maximum period of 01 year.

III. Analysis of the impact of IFRS application on the stock market

1. Differences with mechanisms can be solved

1.1 Fair value measurement for financial instruments

IFRS Standard No. 13 on Determining Fair Value and IFRS Standard No. 9 on Financial Instruments require all financial instruments to be initially measured at fair value, plus or minus transaction costs in the case of financial assets or financial liabilities not recognized under FVTPL.

In fact, the current accounting regime applicable to securities companies in Vietnam as analyzed in Section II.3 has required securities companies to determine the fair value of capital instruments and debt instruments classified as FVTPL and AFS. Securities companies themselves have been actively building information technology systems, data and personnel to determine the fair value of capital instruments and debt instruments. With the continuous development of Vietnam's stock market, referencing information for use in determining fair value is expected to become more transparent and easier. Therefore, in terms of mechanism, the application of similar regulations with securities companies has a high level of feasibility. For listed enterprises that currently only recognize financial instruments entirely at cost minus provisions (if any), the application of regulations on recognition and fair value determination will face more difficulties, so a longer roadmap and implementation time are needed.

1.2 Classification of financial instruments

The current accounting regime applicable to public companies in Vietnam already requires companies to classify financial assets and liabilities according to the same principle as the provisions of IAS Standard 39 Financial Instruments: Recognition and Measurement. Therefore, the classification of financial instruments as required by IFRS Standard 9 Financial Instruments has a basis for the business model:

Items	Recognition under IAS 39	Recognition according to IFRS 9
Cash and deposits of credit institutions	Investment held to maturity	Financial assets recognized according to the allocated value
Bank/corporate bonds	Investment held to maturity	
Trade receivables	Loans and receivables	
Assets arising from the contract	Loans and receivables	
Receivables from insurance policies	Loans and receivables	

Listed shares Unlisted public shares OTC Stocks Invest in an non listed company Corporate/bank/government bonds	Investment ready for sale Investment ready for sale Investment ready to sell or Holding Investment to maturity date Investment ready for sale	Financial assets recognized at fair value through other comprehensive income (FVOCI)
Listed/Unlisted Shares Bank/corporate/government bonds Currency swaps/forward contracts	Business/Investment Securities Ready for Sale Derivatives	Financial assets recognized at fair value through the income statement (FVTPL)
Accounts payable from insurance activities and other payables Loans and lease debt financing	Financial liabilities Financial liabilities	Financial liabilities recognized according to allocated value

Particularly for securities companies in Vietnam, the current accounting regime and regulations have required securities companies to classify FVTPL financial assets and liabilities according to the same principles as the provisions of IFRS 9, other financial instruments are classified according to the same principles as the provisions of IAS 39 Standards Financial Instruments: Recognition and Measurement.

2. Differences that do not yet have a mechanism to resolve at this time can be incorporated into standards to guide future policy

2.1 Reporting, provision and disclosure regimes

After more than 20 years of operation, Vietnam's stock market has achieved many important achievements in terms of scale and liquidity, rich in potential to upgrade from marginal market to emerging market. However, it can be seen that one of the obstacles to upgrading the stock market is the quality of financial information. The application of business-specific accounting policies, such as the application of market value and fair value in the recognition of financial assets at securities companies but not the same applies to enterprises in other fields, creating many "financial languages" in the market. This situation is causing difficulties for domestic and foreign investors, reducing the reputation of Vietnam's stock market in the eyes of international credit rating agencies.

As a set of accounting standards based on common international principles, IFRS helps businesses prepare financial statements that are better able to provide information, allowing investors to have a correct and fair view of the financial situation and performance of the company. In other words, applying IFRS will help improve the transparency of financial statements, which will help improve the quality of investor decisions. Applying IFRS will help businesses and investors determine the fair value of assets and investment portfolios, contributing to improving the liquidity of the stock market. Improved liquidity supports disclosure and reduces information disparities between market participants. Changes in liquidity are sometimes used as indicators of change and improvement of information disparities. When IFRS is adopted, companies with the same characteristics will be priced the same across multiple markets and will be equally likely to raise capital. High liquidity coupled with transparency and consistency in the comparison of financial statements will reduce barriers to international investment, thereby accelerating the integration of international capital markets.

Currently, regarding the language of information disclosure on the stock market specified in Article 5, Circular 96, except for the Stock Exchange, Vietnam Securities Depository and Clearing Corporation needs to announce information in Vietnamese and English, the language of information announced on the stock market is Vietnamese. Improving the quality of corporate governance, risk management, gradually applying accounting regimes according to international accounting standards of listed and public companies, establishing incentives to mandatory disclosure in English will be a solid premise to enhance transparency for Vietnam's capital market, promote fair and transparent access to information for foreign investors, as well as improve the quality of information published by enterprises in the market, increasing attraction to foreign investors.

2.2 Expected credit loss model

Currently, securities companies in Vietnam are complying with regulations on provisioning in Circular 210 and Circular 334. This regulation is based on the principle that losses have been incurred, i.e. provisions are deducted when receivables are overdue or there are clear signs of default of partners/investors wishing to borrow margin. When compared to International Financial Reporting Standards (IFRS), current concepts and measures are quite similar to IAS 39. However, this standard has been replaced by IFRS 9 – Financial Instruments effective from 2018.

Challenges as well as proposals for inclusion in standards to guide future policy in relation to the expected credit loss model were presented in the section "Impact analysis of IFRS application on the banking sector".

The provision for credit risks right at the time of recognition of financial assets, generally increases the provision cost compared to the current risk provision mechanism. Retained profit is an important component of calculating the financial safety index because it is the most volatile capital flow as well as always attracts the attention of investors and regulators. The fluctuation of retained profits is mainly influenced by after-tax profits and distributions to shareholders. Therefore, an increase in the provident fund also means a decrease in capital.

Securities companies are required to maintain a minimum level of available capital to pay dividends to shareholders and avoid having to take mandatory measures to increase capital, reduce leverage, or transform their business models into less risky or more profitable sectors.

Meeting financial safety targets may become more complicated and give more pessimistic results when IFRS 9 is mandatory in Vietnam. The sudden increase in recorded losses has the potential to cause a "cliff effect" when a large number of items with credit risk will move into Phase 2 and incur expected provisions for the entire asset life. The chain reaction could lead to securities or public companies raising minimal available capital to absorb this stress.

2.3 Regulations of the stock market on conditions for offering, listing, monitoring, warning ... and regulations limiting investment of securities companies

In addition to improving transparency, comparability and liquidity, regulations for existing offerings, issuers and listed companies may create a number of obstacles as the application of IFRS can lead to major changes in the financial position and results of the business. The targets of retained profits and profits in the financial year of enterprises may affect in a negative way, accordingly, the preparation for the offering and listing of enterprises needs to be more thorough and may take more time. The impact may also occur in the same direction for listed companies, when significant fluctuations in business results and financial position of enterprises after applying IFRS may make their shares/securities vulnerable to warning, supervise... according to current regulations of SSC. For listings, initial offerings of securities, or additional offerings, regulators can consider better indicators to encourage businesses to apply IFRS without negatively affecting current regulations of the State Securities Commission. For management and supervision, other indicators with better forecasting can be added to contribute to early warning of signs indicating a deterioration in the financial position of the enterprise, for the listed enterprises themselves as well as investors participating in the stock market.

In addition, the application of IFRS also affects the financial safety management mechanism and investment restrictions with securities companies in Vietnam. Limits on financial safety as well as investment conditions may need to change in proportion to fluctuations in business results and financial position of the enterprise after the application of IFRS.

3. Permanent differences due to the peculiarities of Vietnam

As analyzed in the above sections, in general, the differences that affect the securities industry in Vietnam are in the groups that can be resolved or do not have a resolution mechanism at this time that can be included in the standards to guide future policy. Since market conditions as well as future policy directions may change, it can be assessed that there are no permanent differences based on Vietnam's specific characteristics.

E. Impact of IFRS application on existing Financial Mechanisms

I. Overview of the current regulatory document system for financial mechanisms

In addition to Vietnamese Accounting Standards and circulars providing specific guidance for each specific industry and field, the Government and the Ministry of Finance also issue a number of regulations on financial mechanisms, which provide specific guidance for specific transactions. Until now, there has been confusion about the purpose of regulations in the financial mechanism, i.e. for tax/financial reporting purposes or for supervision purposes of State agencies.

For example, some Circulars issued by the Ministry of Finance are based on the provisions of the law on corporate income tax but also have guidelines related to accounting such as:

- Circular 45/2013/TT-BTC on Guidance on management, use and depreciation of fixed assets
- Circular 48/2019/TT-BTC on guiding the establishment and handling of provisions for inventory discounts, provision for investment losses, provision for bad receivables losses and warranty provision for products, goods, services and construction works at enterprises

Circular 24/2022/TT-BTC on Amending and supplementing a number of articles of Circular 48/2019/TT-BTC guiding the establishment and handling of provisions for inventory discounts, losses of investments, bad receivables and product warranties, goods, services, construction works at the enterprise

While VAS and Circular 200 only provide general guidance on preparing and presenting financial statements. The financial mechanism has some more specific and quantitative guidelines for certain issues that will be used by tax authorities to determine taxable income,

many businesses tend to use this financial mechanism to avoid increased work and accountability discrepancies.

This section of the report will analyze an overview of the financial mechanisms applied to all types of enterprises in the economy. Differences in financing mechanisms specific to SOEs will be analyzed in detail in Part F.

II. Impact analysis of IFRS application

1. Differences that do not yet have a mechanism to resolve at this time can be incorporated into standards to guide future policy

1.1 Minimum cost of fixed assets

According to international accounting standards IAS 16 on tangible assets and IAS 38 on intangible assets, there are no specific regulations on the minimum cost to recognize a fixed asset on the balance sheet. However, the determination of a fixed asset should be based not only on its cash value, but also on its nature and purpose of use in the business activities of the enterprise. In addition, enterprises must also apply a reasonable and consistent method of recovery of fixed asset value, to reflect the fluctuation of the useful value of assets over time.

Meanwhile, Circular No. 45/2013/TT-BTC stipulates that a fixed asset can only be recorded in the balance sheet when its original price is equal to or greater than VND 30 million. This is the minimum cost applied to accounting businesses according to the method of calculating wear value according to the number of years of use. The purpose of this regulation is to limit the recognition of fixed assets of low value, insignificant and inconsistent with the nature of fixed assets. Although businesses can determine the minimum price of fixed assets based on market value or use value. However, if enterprises apply a minimum price different from Circular 45, they will have to clearly explain the reasons and calculation basis to tax authorities. This can cause inconveniences and risks for businesses during tax inspection and inspection. Therefore, most businesses follow Circular 45 to simplify procedures and avoid disadvantages.

In the context of international economic integration, Vietnamese enterprises need to apply international financial reporting standards (IFRS) to improve transparency and comparison with businesses around the world. However, at present, the regulations on the minimum price of fixed assets in Circular 45/2013/TT-BTC of the Ministry of Finance are one of the major differences with IFRS. According to IFRS, the cost of fixed assets is the fair value that enterprises must pay to buy or build fixed assets, not restricted by a minimum price. The application of the minimum price of fixed assets under Circular 45 may distort the cost and depreciation of fixed assets, affecting business results and taxes of enterprises. Therefore, we recommend supplementing guidance through a circular amending Circular 45 to align with

IFRS, in which the minimum cost of fixed assets should be eliminated.

1.2 Change the method of calculating depreciation

According to IAS 16, enterprises can consider and change the method of calculating depreciation if there is a change in the use or expectations of the efficiency of fixed assets. When changing the method of calculating depreciation, enterprises must adjust the unamortized balance of fixed assets and apply the new method for subsequent accounting periods. This change is considered an accounting estimate and must be disclosed in the financial statements.

Circular 45 stipulates that fixed assets are depreciated at full cost and enterprises may only change the method of depreciation once during the life of fixed assets. This means that enterprises must not adjust the cost and depreciation method of fixed assets according to changes in market value, recovery value or expectations of economic benefits from fixed assets. This can cause the book value of fixed assets not to reflect its actual value, affecting the transparency and comparability of financial statements.

Supplementing guidance through a circular amending Circular 45 on depreciation methods may be changed depending on the entity's operations but must fully explain these changes. This is an adjustment to flexibly depreciate domestic enterprises, while ensuring transparency and truthfulness in financial statements. According to the revised circular, enterprises may change the method of depreciation more than once during the life of fixed assets, if there is a change in the properties, capacity, productivity or output of fixed assets. However, enterprises must clearly explain the reasons and grounds for changing the depreciation method, as well as the impact of this change on business results and taxes of the enterprise. The objective of the revised circular is to encourage enterprises to choose a depreciation method that accurately reflects the use value of fixed assets, contributing to improving the efficiency of management and use of fixed assets.

1.3 Losses due to impairments

According to the provisions of IAS 36, an entity must check its ability to recover economic benefits from fixed assets at least once per year. If there is evidence that a fixed asset has lost value, the entity must estimate its recovery value. Recoverable value is the higher value between use value and fair value minus the cost of sale. If the recoverable value is lower than the carrying value of the asset, the entity must recognize the corresponding decrease in value. This decrease in value will be recognized as an expense in the income statement in the accounting period in which the entity performs the inspection.

Circular 45 does not allow enterprises to write down the value of fixed assets in use if they no

longer bring economic benefits in the future. This means that the business must continue to depreciate fixed assets until the depreciation period expires, whether the asset is business effective or not. This is a rather unfavorable regulation for enterprises, because it increases depreciation costs and reduces the profitability of the enterprise. In addition, it also does not reflect the actual value of fixed assets on the financial statements of the enterprise. This can affect the evaluation of business performance and investment decisions of the business.

VAS does not have standards equivalent to IAS 36 on Asset Value Decline. This is a major shortcoming in Vietnam's accounting standards system, making the assessment and reporting of fixed assets of domestic enterprises not accurately reflect their fair value. This can cause deviations and inadequacies in financial, tax and audit management. Therefore, a proposal for an equivalent VAS standard should be drafted and issued to supplement the current system of standards. Or, guidance on value attenuation assessment can be given through a circular amending Circular 45. The goal of this is to improve the quality and consistency of financial statements of domestic enterprises, contributing to integration with international accounting standards.

1.4 Provision for losses of investments

IFRS 9 prescribes how to assess, classify and recognize financial investments of investors. Under IFRS 9, financial investments must be recognized at net worth, i.e. their fair value minus adjustments to expected credit losses. Fair value is the value that a market participant is willing to pay to buy or sell a financial instrument. Projected credit loss adjustments are estimates of potential losses due to the debtor's credit risk over the life of the financial instrument. The recognition of the net value of financial investments in accordance with IFRS 9 aims to accurately and promptly reflect fluctuations in the value and risk of financial instruments, as well as to improve transparency and comparability of financial statements.

Circular No. 24/2022/TT-BTC guiding the provision for investments at market prices or equity items in financial statements. However, the market value determined corresponds only to level 1 of IFRS 13 in fair value, i.e. using available and highly transparent market prices, there are no more detailed guidelines on levels 2 and 3. This is a limitation of Circular No. 24 that makes the determination of the fair value of investments at market prices or equity items incomplete and accurate according to international practices. According to IFRS 13, fair value is classified into three levels, depending on the data source used to determine fair value. Level 1 is when fair value is determined based on the observed trading prices in the active market for the same financial instrument. Level 2 is when fair value is determined based on factors observed in the market for the same or related financial instrument. Level 3 is when fair value is determined based on valuation techniques using data not observed in the market. Therefore, to improve the consistency and transparency of fair value determination, Circular No. 24/2022/TT-BTC

should add detailed guidance on how to determine and disclose fair value at each level of IFRS 13.

In order to promote the application of level 2 and 3 fair value determination models under IFRS 13 in accounting and financial reporting, we recommend that the Ministry of Finance issue a new circular or amend existing circulars to clearly stipulate the principles, methods and requirements for the use of these models. At the same time, a new or revised circular should also provide detailed and transparent guidelines on the selection of assumptions, data and input parameters for models, as well as the examination and evaluation of the reasonableness of fair value determination results. Having a new or revised circular will help the practice of the level 2 and 3 fair value determination model in Vietnam become more complete, in line with international standards and increase the transparency and reliability of financial statements.

1.5 Provision for bad receivables losses

IFRS 9 prescribes principles for determining the amount of provisions set aside for receivables, including commercial ones. Under IFRS 9, enterprises must set aside provisions on the basis of estimates of credit losses over the life of the debt, rather than only if there is evidence of credit impairment. This means that businesses must continuously assess the level of credit risk of debts and adjust the amount of provisions set aside from time to time.

Circular No. 48/2019/TT-BTC stipulates the provision according to the overdue time of the debt. Accordingly, enterprises must set aside provisions according to the overdue time of the debt according to different levels of risk. The overdue period of a debt is the time calculated from the payment due date to the end of the accounting period. The provision level is calculated as a percentage of the carrying balance of debts. This percentage is determined according to the overdue period of the debt, specifically as follows:

- 30% of the value for overdue receivables from 6 months to less than 1 year.
- 50% of the value for overdue receivables from 1 year to less than 2 years.
- 70% of the value for overdue receivables from 2 years to less than 3 years.
- 100% of the value for receivables of 3 years or more.

In order to improve the quality of credit risk management, it is necessary to add new circulars or amend existing circulars for determining expected credit loss models. This model allows historical data to be used to record the decline in the value of loans and take timely corrective measures. The practice of this model in Vietnam also needs to be improved, by applying international standards, improving the analytical and evaluation capacity of credit institutions, and strengthening supervision and inspection of regulatory authorities.

1.6 Cost of dismantling and restoring the premises

According to IAS 16, the cost of dismantling and restoring the premises of fixed assets in the future is part of the cost of fixed assets. To recognize this cost, enterprises must estimate the current value of the obligation to dismantle, return the premises of fixed assets and increase the full price of fixed assets by this amount. At the same time, the enterprise must recognize a reserve payable corresponding to this obligation. In the following accounting periods, enterprises must adjust the full price of fixed assets and provisions payable to reflect the change in the current value of the obligation to dismantle and return the premises of fixed assets due to fluctuations in interest rates or time. Enterprises must also depreciate the full price of fixed assets that have increased and recognize interest expense for provisions payable.

Vietnam's accounting regulations allow advance deduction of expenses for dismantling and restoring the premises but not recording them in the cost of fixed assets. This is one of the differences between Vietnam's accounting regulations and international accounting standards. However, this can cause a discrepancy between the cost and the useful value of fixed assets, affecting the transparency and consistency of the financial statements. Therefore, it is necessary to add new circulars or amend existing circulars to provide detailed guidance on how to measure and record the cost of dismantling and returning fixed assets in the future as part of the cost of fixed assets. This will help to more accurately reflect the value of fixed assets and comply with international accounting standards.

2.Global Minimum Tax Impact – Pillar II

The Global Minimum Tax is an initiative aimed at ensuring that businesses operating internationally pay a certain tax rate to the countries from which they derive profits from. This is an important step forward in preventing tax evasion, transfer pricing, and profit transfer of businesses. Many major countries around the world, including European Union countries and Asian countries such as South Korea, Japan and Australia, have committed to adopting a global minimum tax from 2024. These are all countries with extensive investment relations with Vietnam. Therefore, the fact that Vietnam also closely follows this plan will benefit the State Budget from the additional tax; as well as strengthening prestige and integration with the international community. The global minimum tax is implemented under the Global Tax Base Erosion Prevention Regulation ("GloBE"), also known as Pillar 2, which consists of two main rules: the Standard Minimum Additional Domestic Tax Rule ("QDMTT") and the Minimum Taxable Income ("IIR") Aggregate Rule.

This requires businesses to provide information about the income and expenses of subsidiaries and subsidiaries worldwide, in accordance with a common accounting standard for calculating the global minimum tax. IFRS is a set of international accounting standards widely applied in the world, making it easier and more transparent to compare and publish financial and

accounting information. Therefore, the fact that Pillar 2 encourages the use of IFRS as a common accounting standard is an important motivating factor/premise for relevant agencies, especially tax authorities, to adjust current regulations in a way that is close to IFRS in order to minimize major differences if the Government of Vietnam decides to join Pillar 2.

3. Unsolvable differences

While financial statements are prepared for the main users who are investors of enterprises, tax reports are provided to tax authorities to determine the obligations of enterprises to the State under current tax policies. It is also from the differences between users of the report that the differences between Financial Reporting Standards and tax guidelines and regulations are formed. Accordingly, there will be a difference between accounting profit and taxable profit. Therefore, this can be considered as an insoluble difference in efforts to converge Vietnamese accounting standards with international accounting standards.

In particular, the differences between tax provisions and international accounting standards focus mainly on accounting estimates such as depreciation of assets, provisions for depreciation of receivables and provisions for investment discounts. While the standards provide only general principles for businesses to determine these estimates themselves, tax regulations need to provide specific quantitative guidelines, usually based on existing financial mechanisms such as Circular 45 or Circular 48. Because only then will the provisions of tax become clear, can be implemented simultaneously and fairly for all businesses.

Faced with the differences between accounting standards and tax regulations, perhaps the solution to unify these guidelines is not the goal that the Ministry of Finance needs to aim for, instead it needs to improve the understanding of businesses, tax authorities and related agencies about the difference between accounting standards and tax regulations. Businesses should also strengthen the guidance of IAS 12 Income Tax Standard in identifying tax differences when preparing financial statements and recognizing appropriate deferred taxes.

F. Impact of IFRS application on SOE-specific regulations

I. Overview of the role of State-owned enterprises in the economy

In Vietnam, State-owned enterprises ("SOEs") have a special position and role in the guidelines and policies for the development of a socialist-oriented market economy. State enterprises act as the core force, contributing mainly to the State economy to perform its leading and fundamental role, maintaining the socialist orientation in the development of the market economy, political and social stability of the country; holding a key position in the economy, acting as an important material tool for the State to orient and regulate macro, acting as a key force in international economic integration. Although the number of SOEs has been decreasing

in recent years along with the implementation of restructuring, equitization and divestment of State capital in enterprises, SOEs still play an important role in the economy. According to the General Statistics Office's 2023 Enterprise White Paper², as of December 31, 2021, there is 1.906 State-owned enterprises are operating with business results, accounting for 0.3% of the total number of enterprises nationwide, especially enterprises with 100% State capital have 877 enterprises, accounting for 46% of the total number of State-owned enterprises. However, State-owned enterprises are mainly large-scale enterprises, so attracting capital for production and business reached VND 10.9 million billion, accounting for 20.0% of the total capital of the whole enterprise. At the same time, non-state enterprises in 2021 also had the highest total net revenue with 17, VND 6 million billion, accounting for 57.8% of the net revenue of the whole enterprise, and generating VND 260.2 trillion in profit (of which, profitable business enterprises accounted for 81%; break-even business enterprises accounted for 1.7%; loss-making business enterprises accounted for 17.3%).

II. Overview of the current system of regulatory documents for State-owned enterprises

The current system of regulatory documents related to the accounting, management and use of capital and assets at SOEs is as follows:

- Law No. 69/2014/QH13 dated 26/11/2014 of the National Assembly on Management and use of State capital invested in production and business at enterprises;
- Decree No. 91/2015/ND-CP dated October 13, 2015 of the Government on Guiding Law 69 on State capital investment in enterprises and management and use of capital and assets at enterprises;
- Decree No. 32/2018/ND-CP dated 08/3/2018 of the Government;
- Decree No. 121/2020/ND-CP dated 09/10/2020 of the Government;
- Decree No. 140/2020/ND-CP dated 30/11/2020 of the Government;
- Circular No. 36/2021/TT-BTC dated 26/5/2021 on guiding a number of contents on state capital investment in enterprises and management and use of capital and assets at enterprises specified in Decree No. 91/2015/ND-CP dated October 13, 2015; Decree No. 32/2018/ND-CP dated 08/3/20218; Decree No. 121/2020/ND-CP dated 09/10/2020 and Decree No. 140/2020/ND-CP dated 30/11/2020 of the Government.

²General Statistics Office's 2023 Enterprise White Paper

III. General analysis of the impact of IFRS application on the current regulatory document system applicable to State-owned enterprises

1. Differences that do not yet have a mechanism to resolve at this time can be incorporated into standards to guide future policy

1.1 Fund for Scientific and Technological Development and Profit Distribution

According to current regulations, profits of State enterprises after offsetting losses in the previous year in accordance with the Law on Corporate Income Tax, deducting funds for scientific and technological development in accordance with law, paying enterprise income tax, the remaining profits shall be distributed in the following order:

- Divide interest to associated capital contributors in accordance with the signed economic contract (if any);
- Offsetting losses of previous years that have expired is deducted from pre-tax profit as prescribed.
- Deduct up to 30% to the enterprise development investment fund (if the enterprise's charter on organization and operation provides for the appropriation of this fund).
- Deduct the reward fund, the welfare fund for employees in the enterprise, the bonus fund for enterprise managers according to the Government's regulations on labor, wages, remuneration and bonuses for companies with shares and dominant contributed capital of the State.
- The remaining profit shall be distributed all dividends and profits in cash to shareholders and capital contributing members. For dividends, profits shall be distributed in cash to the State capital contributed in the enterprise to be paid to the State Budget according to regulations.

IAS Standard No. 19 on Employee Benefits stipulates that the short-term employee benefit that the entity expects to pay for the work performed by the employee is recognized as an expense incurred during the period. At the same time, the current IFRS standard system does not contain regulations on the appropriation of the Fund for Scientific and Technological Development and the Development Investment Fund. Under IFRS, expenses from research activities are recognized as expenses for the period when actually incurred, and the cost of real estate, plant and equipment is recognized as assets if and only if there is a high likelihood of future economic benefits for the entity and the cost of the asset can be determined reliable. Accordingly, if SOEs prepare financial statements according to IFRS, indicators including expenses in the period, undistributed after-tax profit, science and technology development fund, development

investment fund will be affected, thereby affecting the remaining profit to pay dividends to shareholders, capital contributing members. This requires that Decree No. 91 and related documents on management and use of capital at enterprises need to be amended to comply with IFRS.

1.2 Guidance on setting up and handling provisions for inventory discounts, financial investment losses, bad debts and warranties at enterprises

According to IFRS standards, provisions are set aside based on the degree of losses and deterioration in the value of assets. Meanwhile, according to regulations on capital preservation for enterprises in which the State holds 100% of charter capital, the provision for risks includes provisions for inventory discounts, losses of investments, bad debts and product warranty, goods, construction works and enterprises shall comply with the provisions of Circular No. 48/2019/TT-BTC dated August 08, 8 of the Ministry of Finance and documents amended, supplemented and replaced (if any); provisions at enterprises operating in specific sectors, enterprises performing political and social tasks shall comply with specialized laws or be permitted by competent authorities. Specifically, Article 4, Article 5, and Article 6 in Circular No. 48/2019/TT-BTC stipulate:

- Trade receivables provision is based on delinquency at a predetermined percentage for each delinquency period.
- Make provisions for investment securities by comparing carrying and market values.
- Provision for long-term equity investments: provisions are determined based on losses incurred and recorded in the equity portion of the investee.

Therefore, in case of having to switch to the application of IFRS standards for SOEs, enterprises will have to assess the impact on provision costs set aside in the period, the value of some assets being recorded on the books and the corresponding impact on corporate income tax refunded according to the cost model, as currently stipulated in the VAS Standards. At the same time, Decree No. 91 and related regulations should be considered and adjusted to conform to IFRS (refer to the section "Guidance on setting up and handling provisions for inventory discounts, financial investment losses, bad debts and warranties at enterprises" below).

1.3 Asset revaluation

Accounting standards IAS 16 and IAS 38 allow for the valuation of tangible and intangible assets after recognition, enterprises can choose the cost price model or the reassessment model in the accounting policy and apply that policy to the entire real estate, workshop and equipment in the same category.

Meanwhile, according to accounting standards and the accounting regime of Vietnamese enterprises, SOEs only reassess assets when there is a decision of the State on asset reassessment, when equitizing State enterprises; or in other cases as prescribed by law. When there is a decision of the State on the reassessment of fixed assets, investment properties, materials and goods... or valuation when equitizing a State-owned enterprise, the enterprise conducts inventory, re-evaluates assets and reflects the difference due to asset revaluation in the accounting books.

Therefore, when switching to preparing financial statements according to IFRS, Vietnamese accounting standards and accounting regimes need to be revised to correspond to IAS 16 and IAS 38.

1.4 Investment phase for implementation of national key projects and works

The exchange rate difference in the preceding operation period of enterprises in which the State holds 100% of charter capital implementing national key projects and works associated with the tasks of macroeconomic stability, security and defense is gathered, reflected in account 413 and gradually allocated to revenue from financial activities or financial expenses when The enterprise comes into operation on the principle of:

- The accumulated exchange rate loss in the pre-operating period was allocated directly from account 413 to financial expenses, not made through account 242 – upfront expenses;
- The accrued exchange rate interest in the preceding period was allocated directly from account 413 to financial operating revenue, not realized through account 3387 – Unrealized revenue;
- The allocation time shall comply with the provisions of law for the type of enterprise in which the State holds 100% of charter capital. Particularly, the minimum amount of allocation of exchange rate losses in each period must be not less than the level of profit before tax before the allocation of exchange rate losses (after the allocation of exchange rate losses, the pre-tax profit of the income statement is zero).

Accounting Standard IAS 21 stipulates the exchange rate difference recorded in the income statement in the arising period. If the SOE prepares financial statements under IFRS, the Exchange Rate Difference item on the Financial Position Statement will decrease in proportion to the revenue/financial expenses item on the Income Statement will increase for the first year of application of IFRS. Decree No. 91 and related circulars to conform to IFRS

1.5 Career funding

Non-business and project funding means funds allocated to units by the State Budget or superiors or directly funded by the Government, domestic and foreign organizations and individuals for the implementation of approved target programs and projects, to perform economic, political and social tasks assigned by the State or superiors for non-profit purposes. The use of non-business and project funds must comply with approved estimates and must be settled with the funding agency.

When SOEs receive non-business funding in fixed assets granted by the Budget, superior units or receive non-refundable aid in fixed assets used for non-business activities or project activities, SOEs write off an increase in assets corresponding to other capital shares, after finalizing the corresponding capital reduction.

In contrast, IAS 20 allows businesses to recognize asset-related government subsidies, including non-monetary grants, at fair value, on statements of financial position reflecting the subsidy as deferred income or by deducting the grant to reflect the value rest of the property.

Therefore, when SOEs prepare financial statements under IFRS, either the debt structure and equity will change if the SOE chooses to present the subsidy as a deferred income, or the cost of fixed assets and other capital will decrease and, accordingly, the depreciation expense deducted for each period will be reduced if the SOE chooses to present the subsidy by deducting the grant to reflect the carrying value of the property.

Lessons for Vietnam from Japan's experiences cultivated through convergence with IFRS

Status of IFRS Convergence in Japan

IFRS is not mandatorily applied in Japan and there are no plans to do so at this time. However, Japan has a unique system to allow voluntary application of IFRS. In addition to that, Japan has JGAAP as an inherent Japanese standard that existed before the adoption of IAS, the predecessor of IFRS.

As a result, in Japan, global companies accountable to foreign investors and companies aspiring to become global companies voluntarily apply IFRS, while other companies apply JGAAP. However, JGAAP itself has been continuously revised from the perspective of improving the transparency of financial statements, and in such revisions, convergence with IFRS has been strongly considered. For example, although CESR (Committee of European Securities Regulators) had identified significant differences in 26 items in determining whether JGAAP financial statements are acceptable for Japanese companies to file in the EU market in 2005, CESR and EU concluded that JGAAP is equivalent to IFRS in their accounting standards equivalence assessments in 2008 following the subsequent convergence initiatives in Japan. Convergence has continued after 2008. In recent years, the convergence of IFRS9, IFRS13, IFRS15 and IFRS16 is underway.

Incidentally, IFRS has a conceptual framework, which distills the underlying concepts of accounting standards. JGAAP released a discussion paper of the conceptual framework in 2006, but no further progress has been made since then. JGAAP is a conventional standard that has been developed in consideration of domestic taxation and corporate laws as well as foreign accounting standards and is not easily systematized.

Table 1. Accounting standards developed for convergence with international standards.

Publication date	Effective period	Accounting standards
May 2006 -	April 2008 -	Introduction of Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements
December 2008 -	April 2009- April 2008 –(voluntary)	Revision of Accounting Standard for Business Combinations
December 2009 -	April 2011 -	Introduction of Accounting Standard for Accounting Changes and Error Corrections

Publication date	Effective period	Accounting standards
March 2011 -	April 2013 – April 2011 –(voluntary)	Revision of Accounting Standard for Consolidated Financial Statements
March 2018 -	April 2021 – April 2018 –(voluntary)	Introduction of Accounting Standard for Revenue Recognition
July 2019 -	April 2021 – March 2020 – (voluntary)	Introduction of Accounting Standard for Fair Value Measurement.
Under development		Under development of Accounting Standard for Lease Transactions
Under development		Under development of revision of Accounting Standard for Financial Instruments

Source: International Accounting Research Association Research Group Report: Changes and Issues in Japanese Accounting Systems<Final Report> October 9, 2022

Purpose and assumptions of this Section

This section provides suggestions for Vietnam to develop VFERS for IFRS convergence based on Japan's experience, but the Japanese way is necessarily the best, but rather the option that is considered preferable for Vietnam should be proposed. As a criterion for consideration in this paper, the perspective of the needs of investors in the international financial market is taken. The proposal also assumes that the voluntary adoption of IFRS will be applied in parallel with the development of VFERS. Japan has applied this two-pillar approach and enjoys considerable benefits.

For example, while JGAAP requires regular amortization of goodwill at the time of business combination, IFRS requires impairment test each period for goodwill without regular amortization. This GAAP difference is one of the major differences mentioned in the EU equivalence assessment, and it is also one of the items modified in JMIS (Japan's Modified International Standards, which revises some IFRS requirements that Japan considers unacceptable). However, ASBJ (Accounting Standards Board of Japan) does not intend to converge the accounting treatment of goodwill at this time. In other words, JGAAP maintains the conclusion that goodwill should be amortized, as an agreement reached after many years of domestic discussions. This Japanese decision did not cause serious controversy because

Japan has adopted IFRS on a voluntary basis under the two-pillar approach. However, if Japan had adopted IFRS on a mandatory basis, it would have caused significant conflicts. In other words, if Japan were to adopt IFRS on a mandatory basis, but carve out the non-amortisation treatment of goodwill, this IFRS with amortization of goodwill would no longer be pure IFRS and therefore comparability between Japanese companies and IFRS adopters in other countries would not be ensured. On the other hand, if pure IFRS were forced and the non-amortisation of goodwill imposed on domestic companies, this would be irrational because domestic stakeholders believe that amortising goodwill should be better. The voluntary application of IFRS is a flexible system that allows companies, rather than countries, to decide whether to adopt global standards (IFRS) or local standards based on their unique circumstances. Therefore, in developing local standards (VFRS) under the two-pillar approach, assuming that companies can apply IFRS as an alternative accounting standard, it is no longer necessary to introduce IFRS superficially, so it is essential to develop standards that are truly useful to domestic stakeholders by introducing own local rules for the areas where related IFRS requirements are not acceptable domestically.

For example, whether to require all companies to comply with some complex IFRS requirements such as the expected credit loss model in IFRS 9 “Financial Instruments” or to limit the burden to financial institutions or among them, only those with global orientation could be an important decision point.

Local rules unique to J-GAAP

As stated previously, J-GAAP has continued moving forward with convergence over these past decades and has passed the EU’s equivalence assessment. However, J-GAAP still has many of its own unique rules. There are a variety of reasons as to why these rules are not subject to IFRS convergence, but they can broadly be organized into the following six (6) categories. A single difference may be linked to multiple reasons. What follows is an explanation of each of these categories.

- Discrepancies with the basic ideas behind accounting standards
- Consideration for taxation laws
- Consideration for corporate laws
- Consideration for industry laws
- Consideration for practicality
- Consideration for materiality

Discrepancies with the basic ideas behind accounting standards

For example, the difference in accounting treatment between IFRS and JGAAP as to whether goodwill should be amortised or not reflects the fundamental difference in accounting ideas between the two. The belief under J-GAAP is that goodwill should be amortized due to it, for example, being a consumable asset (ASBJ Statement No. 21 Paragraph 32). In contrast, the idea under IFRS is that goodwill should not be amortized for many reasons, one of which is that goodwill's useful life and amortization patterns cannot be predicted [IFRS 3 Paragraph B63(a)]. As another example, without exception, JGAAP requires recycling from OCI to profit or loss regarding items including changes to the fair value of equity instruments designated as FVTOCI and remeasurement differences in defined benefit liabilities because profit or loss is one of the most useful performance indicators and the total profit or loss and total cash flows over the entire accounting period should match. In contrast, IFRS does not always position profit or loss in this manner, and thus differs in that both recycling and non-recycling treatments exist alongside each other.

Consideration for taxation laws

In principle, Japanese taxation laws employ the method of calculating taxable income based on accounting profits and thus do not accept the treatment of non-accounting expenses as a tax loss. For this reason, Japan has continued, in practice, to broadly employ accounting treatments that conform to the standards found in taxation laws, which is commonly known as reverse standardization. Accounting standards sometimes explicitly accept the adoption of taxation standards. For example, under JGAAP, entities estimate, in principle, the useful life and residual value of each of their fixed assets in a reasonable manner. At the same time, if the normal maximum amount of depreciation prescribed under the Corporation Tax Act is treated as an accounting depreciation expense, it can also be treated valid for audit purposes for the time being as long as there is nothing unreasonable about the useful life and residual value, taking into account the entity's situation (Auditing and Assurance Practice Committee Statement No. 81). For government subsidies, the reduction entry found in Japan's taxation laws for deferring taxes are accepted under JGAAP with certain restrictions applying (Audit First Committee Report No. 41).

Furthermore, when convergence takes place, taxation laws also undergo several revisions in compliance with the new accounting standards post-convergence. For example, when converging with IFRS 15 "Revenue from Contracts with Customers," Japan's taxation laws underwent revisions to accept the treatments found under JGAAP, excluding some exceptions (Corporation Tax Act Article 22 Paragraph 4).

Consideration for corporate laws

IFRS spans a variety of jurisdictions and is applied on a global basis. However, JGAAP is a standard that assumes application within the jurisdiction of Japan. Consequently, among the areas where IFRS requires a substantive judgement for it to be adapted to a variety of transactional environments, there are some areas where JGAAP requires a judgment that focuses on the legal forms based on Japan's Companies Act and other laws. For example, IFRS has established clear accounting-specific rules for the definition of equity and liability (IAS 32 Paragraph 11). In contrast, JGAAP lacks a clear definition for these terms and thus makes accounting judgements based on treatments found in corporate laws. Also, in determining the scope of consolidation, IFRS is considered to focus on whether the entity is controlled as an economic substance, based on the economic entity approach that treats all equity interests in the group as being homogeneous (IFRS 10 Paragraph 6). In contrast, JGAAP focuses on whether the parent can exert control over the entity in the legal sense under corporate laws, meaning that the parent has control over the entity's decision-making bodies (ASBJ Statement No. 22 Paragraph 6).

Consideration for industry laws

In Japan, specific industries, such as the construction, banking, insurance, electric, or gas industries, are obligated to follow the accounting rules defined by the supervisory authority presiding over their industry of affiliation. However, when JGAAP undergoes convergence in areas in which it would conflict with industry-specific accounting rules, in some cases exceptions will be established in consideration of these rules. For example, under JGAAP, the meter read date standard had been accepted as a standard for revenue recognition in accounting in the electric and gas industries. As a result, when performing convergence with IFRS 15 "Revenue from Contracts with Customers," JGAAP has defined alternative special treatments for revenue recognition estimates that are based on the meter readouts taken every month by electric and gas companies (ASBJ Guidance No. 30 Paragraph 103-2). In addition, no progress at present has been made on the convergence with IFRS 17 "Insurance Contracts," which conflicts with the insurance industry's accounting.

Consideration for practicality

In Japan, companies that voluntarily adopt IFRS are usually those with a presence on the global stage. This is why these companies possess the capabilities and resources that allow them to respond to IFRS's advanced requirements. In contrast, those other companies that have adopted JGAAP may not always possess such capabilities or resources. Consequently, JGAAP has established several simplified rules and detailed guidelines that focus on practicality from an entity's perspective. For example, JGAAP allows, where the difference between the reporting date of a subsidiary and the consolidated reporting date does not exceed three months, to

incorporate the subsidiary's financial figures on its reporting date in the consolidation (ASBJ Statement No. 22 Note 4). In addition, if the date on which control is gained or lost differs from the subsidiary's reporting date, then it can be deemed that control has been gained or lost on a reporting date that comes either before or after this date (ASBJ Statement No. 22 Note 5). Furthermore, if an overseas subsidiary is employing IFRS or US standards, the parent and the subsidiary are not required to unify their accounting policies between themselves except for certain accounting treatments (ASBJ PITF No. 18).

In addition, JGAAP allows for immaterial subsidiaries to be excluded from the scope of consolidation, with guidelines regarding this materiality having been established (ASBJ Guidance No. 26). Similarly, JGAAP has established guidelines that estimate collectability of deferred tax assets depending on the entity's classification. However, no such guidelines exist under IFRS.

Consideration for materiality

For example, agriculture and mining are only minor industries within Japan. For this reason, there is little to no need to develop standards equivalent to IAS 41 "Agriculture" or IFRS 6 "Exploration for and Evaluation of Mineral Resources" and are thus not subject to convergence.

ANALYSIS OF THE CONTEXT AT THE ORGANIZATIONS

Current situation surrounding accounting standards in Vietnam.

Research and analysis of stock market structure

According to the market data on 31 December 2021, there are 1,575 entities in the market, and total market capitalization is approximately 7.766.607 billion billion VND. 23 entities are necessary to be picked up to reach a half of the market capitalization of all listed entities in Vietnam, counting from the top of the market capitalization. (Total market capitalisation of 23 entities is 3,549,800 billion VND). According to Decision 27, there are 21 industry sectors in Vietnam and the top 5 in each sector would cover over 50% total market capitalization. (Total market capitalisation of top 5 in each sector is 4,156,917 billion VND and its coverage is 59% of total market capitalization).

Table 2. Number of public entities

	Public (Listed)	Public (Non-listed)
Number of enterprises	1,575	241

Source: Vietnam Securities Depository and Clearing Corporation

Analysis of enterprises and their accounting standards

Based on the White Book on Vietnamese entities in 2021 by The Ministry of Planning and Investment, up to the end of 2019, the table below shows the number of micro, small, medium, and large entities in Vietnam.

Table 3. Number of micro, small, medium, and large entities in Vietnam

	Micro	Small	Medium	Large	Total
The number of entities	498,233	176,217	25,402	18,845	718,697
Coverage	69.4%	24.5%	3.5%	2.6%	100.0%

Source: The Ministry of Planning and Investment, “The white book: Vietnamese entities 2023”

The table below shows the number of entities in Vietnam by the type of shareholders.

Table 4. Number of public entities

	State enterprise	Non-State enterprise	FDI
Number of enterprises	1,906 In which: 877 with 100% state capital	694,181	22,610
Percentage	0.3%	96.6%	3.1%

Source: The Ministry of Planning and Investment, “The white book: Vietnamese entities 2023 year,”

Table 5 shows the current statutory requirements on financial reporting, audit, and publication of financial statements in Vietnam.

Table 5. Applicable corporate financial reporting requirements in Vietnam

Category of entities	Number of entities	Accounting standards	Filing	Statutory Audit	Disclosure
Public Interest Entities	1,816	VAS and Circular 200/2014/TT-BTC and other specific circulars applicable to specific sectors	YES	YES	YES
Large Entities	17,029	VAS, Circular 200/2014/TT-BTC and other specific circulars applicable to specific sectors	YES	NO (except foreign invested entities and SOEs)	NO
Medium-sized and small entities other than above	201,619	VAS, with some exceptions; VAS as applicable by above mentioned entities are	YES	NO (except foreign invested	NO

Category of entities	Number of entities	Accounting standards	Filing	Statutory Audit	Disclosure
mentioned entities		permitted (Circular 133/2016)		entities and SOEs)	
Micro-sized entities other than above mentioned entities	498,233	Simplified rules, VAS as applicable by SMEs are permitted (Circular 132/2018)	YES	NO	NO
Total	718,697				

Source: JICA Project team, The Ministry of Planning and Investment, “The white book: Vietnamese entities 2023 year,”, World Bank, “Differential financial reporting framework DRAFT REPORT,” Table 13: Applicable corporate financial reporting requirements in Vietnam.

As a result of the above analysis, there are 18,845 large entities in Vietnam, of which approximately 10% fall under the PIE category, and the number of listed companies is 1575. Large entities or larger have applied VAS and Circular 200/2014/TT-BTC to prepare financial statements. Also, SMEs are exempted from applying several VASs and Micro entities are subject to simplified requirements in respect of bookkeeping and presentation of financial statements and are not required to apply VAS. However, micro entities in Vietnam are permitted to apply VAS (i.e. the accounting regime for medium-sized and small entities) if that regime is appropriate for their business characteristics and managerial requirements.

Opinions of major stakeholders

In preparing this paper, interviews were conducted with major stakeholders regarding their views on the adoption of IFRS. In the interviews, opinions were exchanged on the viewpoint on IFRS introduction for each stakeholder and problems of IFRS introduction from the viewpoint of each stakeholder.

In the interviews, there were many cautious opinions on the application of IFRS because of the lack of knowledge about IFRS and the uncertainty about the impact of IFRS application. Therefore, it is considered necessary to consider the timing of IFRS application through sufficient dialogue with stakeholders, because stakeholders are not prepared for the mandatory adoption of IFRS either immediately or in the near future. Therefore it is recommended that the current roadmap for IFRS adoption which is described in Decision 345 should be reconsidered.

Table 6. Opinions from major stakeholders in Vietnam

Stakeholders	Summary of the Discussion	Issues identified
<p>State Bank of Vietnam – Finance and Accounting Department</p>	<p>Large banks and banks with sound financial conditions are considered to be able to adopt IFRS, but small and medium-sized banks face many challenges in adopting IFRS (e.g., human resources, etc.) based on SBV survey on 71 banks.</p> <p>IFRS adoption is important to ensure transparency, but it is extremely important to ensure the stability of systems and other aspects. There are challenges in ensuring fairness among banks and building databases for each bank’s financial information. Although IFRS adoption is feasible for large banks, it should not be applied yet from the standpoint of fairness.</p> <p>Some banks, such as Techcombank, prepare IFRS financial statements for their own purposes, but there is no policy within the SBV regarding the voluntary adoption of IFRS. Therefore, it is necessary to discuss this issue in the future.</p>	<p>IFRS is not well understood within the SBV and the bank is not ready for the application of IFRS to the bank.</p>
<p>State Securities Commission – Public Entity Supervision Department</p>	<p>The adoption of IFRS is considered difficult under the current laws and regulations due to the lack of legal development. First of all, it is necessary for AASD to establish the law at an early stage.</p> <p>Generally speaking, IFRS should be applied by large listed entities that can be covered in terms of resources, but there is no policy for selecting the application targets.</p> <p>IFRS should be applied sequentially starting with entities that can benefit from IFRS application, and it is necessary to raise awareness of the purpose of IFRS application. It is necessary to create and disseminate a roadmap according to the objectives.</p> <p>It is difficult for all listed entities + Upcom to apply IFRS. For listed entities, awareness of voluntary adoption is low. IFRS application requires resources, and therefore resource support is indispensable. Policies to promote the</p>	<p>Due to lack of legal framework, consolidated financial statements under IFRS cannot be used in the securities market.</p> <p>Due to the lack of interest of domestic investors in IFRS, there may be few entities that are willing to adopt IFRS.</p>

Stakeholders	Summary of the Discussion	Issues identified
	application are also necessary.	
Ministry of Finance – Corporate Finance Department	<p>CFD is researching and implementing state management responsibilities and promulgating legal framework for entities to apply IFRS.</p> <p>It is necessary to have a resolution of the National Assembly allowing the application to be enacted.</p> <p>Vietnam has a mandatory requirement to improve transparency.</p> <p>CFD manages about 80 large entities as entity group, accounting for 70% of the value of capital and assets, currently conducting a national program on: improve corporate governance capacity, promote digital transformation to improve efficiency and management capacity and converting the entity model into a listed entity to raise capital from the market.</p> <p>It is necessary to evaluate the impact more closely to avoid legal fluctuations, affecting other laws. At this point should stop at the voluntary level.</p>	Due to lack of legal development, CFD is concerned that the introduction of IFRS will affect the existing legal framework
Ministry of Finance – General Department of Taxation	<p>GDT does not want IFRS to be applied to FDI because they do not know the impact of IFRS application on tax reporting.</p> <p>In VAS, taxable income is adjusted from VAS to tax basis, but what would the relationship be if it is adjusted from IFRS. Better to have an accounting standard like VFERS.</p> <p>IFRS is necessary to increase the transparency of financial statements and IFRS should be applied for certain purposes, but IFRS should not be applied from a tax perspective.</p> <p>If IFRS is introduced, will the tax laws and regulations be revised? If the Ministry of Finance adopts IFRS, of course, the government will give instructions, and the tax laws and regulations will be changed in accordance with the instructions.</p>	Lack of knowledge of tax authorities on IFRS

Source: JICA Project Team

Analysis of Decision 345

A review of the currently published roadmap for IFRS adoption, Decision 345/QĐ-BTC, was conducted and the following findings were identified:

- The voluntary adoption period is set from 2022 to 2025, but at this point in time, there is no basis to enable the voluntary adoption of IFRS under domestic legislation. Also, it is not clear what should be achieved in the voluntary adoption period.
- Entities are less motivated to adopt IFRS voluntarily because it is not clear which entities will be required to adopt IFRS mandatorily in the future.
- It is not clear what IFRS voluntary adoption means. In other words, in Vietnam, there may be some companies who prepare privately IFRS financial statements for some stakeholders such as the parent entity or certain investors, however it is unclear whether such companies have prepared the full set of IFRS financial statements required by IFRS (for example, whether they have adopted IFRS1 and made the necessary disclosures), and if a full set of financial statements has not been prepared, it cannot be said that IFRS has been applied voluntarily.
- With respect to consolidated financial statements, in cases where regulator require to report additional consolidated financial information, the availability of IFRS consolidated figures is not mentioned, and the burden on IFRS voluntary adopters for their consolidated financial statements is unpredictable.
- With respect to non-consolidated financial statements, IFRS voluntary adopters are requested to provide fully information and explanations to tax authorities and other regulators, but the details of these requests are not clear, so the burden on IFRS voluntary adopters for their separate financial statement is unpredictable.
- In addition, with respect to separate financial statements, it is unclear whether calculations for taxation and distributable income will be based on IFRS-based financial figures or VAS-based financial figures, and therefore, the impact of IFRS adoption on income tax burden and dividend policy is unpredictable.

Currently, there are a number of issues that need to be resolved in order to enforce adoption of IFRS, as described below.

- Domestic laws and regulations to enable mandatory adoption have not been developed yet, and the introduction of IFRS is expected to cause conflicts with existing domestic laws and regulations. Therefore, measures such as revision or abolition of existing laws and regulations and establishment of new laws and regulations are required. (Perspective of

development of Laws and Regulations)

- The use of IFRS financial statements is likely to be very limited due to insufficient coordination with relevant stakeholders and a lack of consensus with stakeholders on the mandatory scope of IFRS and applicable entities. (Perspective of Coordination among Stakeholders)
- For listed entities, IFRS financial statements and VAS financial statements will be mixed within the same market segment, which may reduce comparability and cause confusion for investors when making investment decisions. Furthermore, in applying IFRS to non-consolidated financial statements, it is necessary to ensure the fairness of taxation and entity law and other laws and regulation between IFRS adopted entities and VAS adopted entities. (Perspective of fairness)

Case studies in other countries

Case of Switzerland

In Switzerland, non-consolidated financial statements must be prepared by all entities in accordance with the rules presented by the Swiss Code of Obligations. Those statements are the authoritative basis for the distribution of dividends, for tax purposes, and for determining liability. For consolidated financial statements, listed entities can choose IFRS, US GAAP, or Local GAAP, and foreign listed entities can choose IFRS, US GAAP, IFRS Standards as adopted by the European Union. Unlisted entities are permitted to prepare consolidated financial statements under IFRS. The availability of financial statements in accordance with IFRS is as follows:

Table 7. Availability of Financial Statements in Accordance with IFRS

Type	Non-consolidated financial statements	Consolidated financial statements
Listed entity	IFRS (However, entities are still required to prepare non-consolidated financial statements under the Swiss Code of Obligations.)	- IFRS - US-GAAP - Swiss GAAP FER - The financial reporting standard under the Swiss Banking Act
Unlisted entity	IFRS (However, entities are still required to prepare non-consolidated financial statements	- IFRS - Swiss GAAP FER - The financial reporting standard under the Swiss

	under the Swiss Code of Obligations.)	Banking Act
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Source: JICA Project Team

In Switzerland (Swiss stock exchange), though it was not EU member country in 2005, the market was divided into Main Standard market and Domestic Standard market, and the international financial reporting standard (i.e., IFRS, US GAAP) was applied mandatorily for the entities listed in Main Standard market, and the international financial reporting standard was applied voluntarily for the entities listed in Domestic Standard market. However, since then, many entities have changed their markets to the Domestic Standard market, which is a voluntary adoption of IFRS, and an increasing number of entities have changed their standards from IFRS to the local GAAP. In addition, Swatch Group, one of the largest entities in Switzerland, changed its standards from IFRS to the local GAAP in 2013. As a result, regulations were changed.

Currently, the available accounting standards differ based on the following market segments and Regulatory Standards: IPO entities that wish to go public choose a Segment, Regulatory Standards and Accounting Standards.

Table 8. Market Segments and Regulatory Standards

	Market segment		
	SIX Main Market		Sparks (SME segment)
Regulatory Standards	International Reporting Standard	- IFRS - US GAAP	- IFRS - US GAAP - Swiss GAAP FER
	Swiss Reporting Standard	- Swiss GAAP FER - The financial reporting standard under the Swiss Banking Act	- The financial reporting standard under the Swiss Banking Act
	Standard for Investment entities	- IFRS - US GAAP	
	Standard for Real estate entities	- IFRS - Swiss GAAP FER	

Source: JICA Project Team

The following table shows the financial reporting framework used by the 239 entities whose primary securities listings were on the SIX Main Market in August 2019:

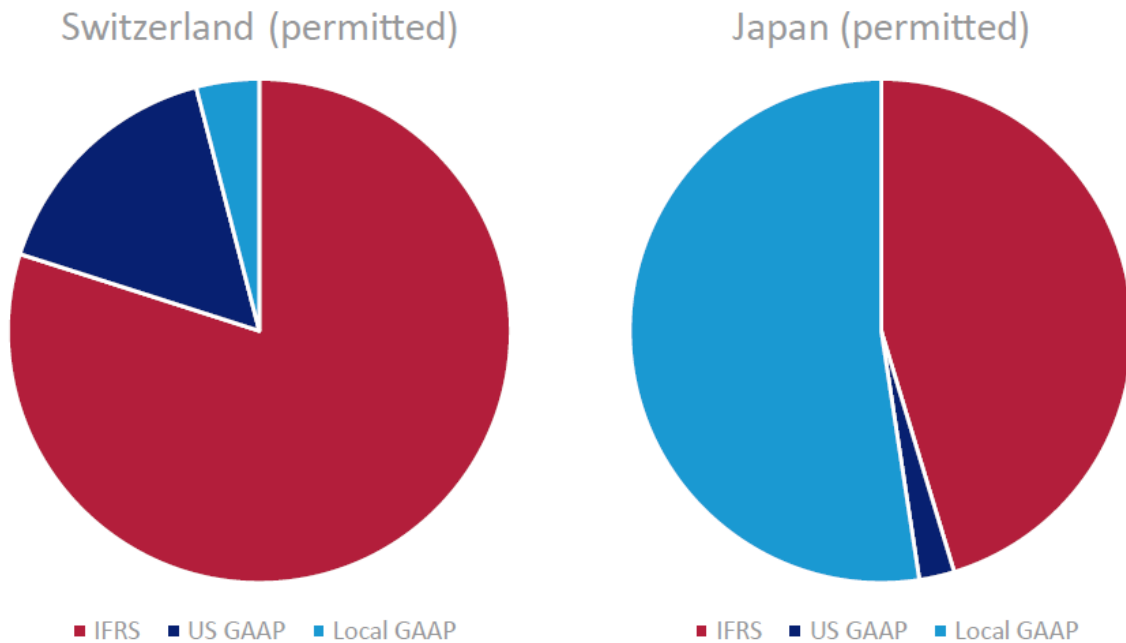
Table 9. Financial Reporting Framework used by the entities listed on the SIX Main Market

Type	Number of entities	Coverage
IFRS	133	56%
US GAAP	10	4%
Swiss GAAP FER	78	33%
The financial reporting standard under the Swiss Banking Ac	18	8%
Total	239	100%

Source: IFRS Foundation, “Who uses IFRS Accounting Standards? Switzerland,” July 22,2022, <https://www.ifrs.org/use-around-the-world/use-of-ifrs-standards-by-jurisdiction/view-jurisdiction/switzerland/>.

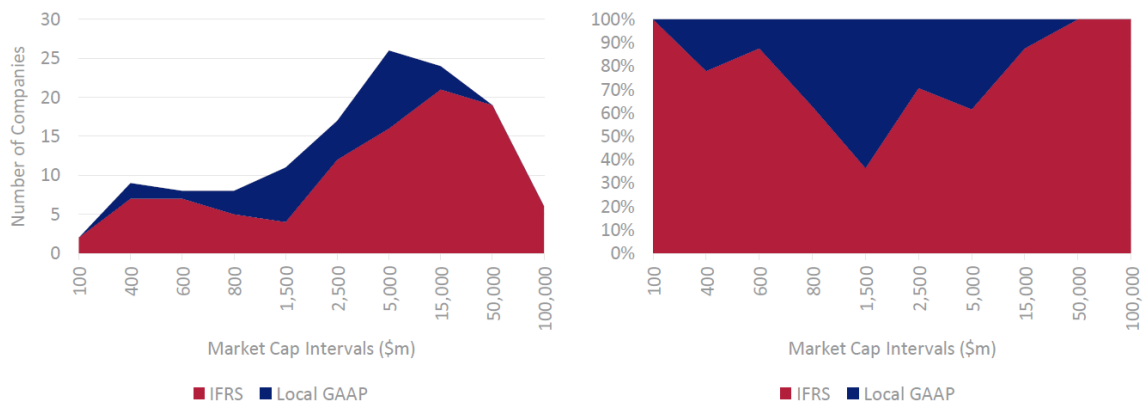
The following figure shows the accounting standard of all listed companies on the SIX Main Market by market capitalization compared to Japan: In the market in Switzerland, the vast majority of market cap (>80%) uses IFRS and US GAAP is used by some technology-oriented companies with peer groups in the US market. FER is used in mid-market with more local investors, however interestingly, over past decade, about 35 companies have switched from IFRS to FER.

Figure 3. Accounting standard of all listed companies by market cap



Source: IFRS Foundation, “IFRS or Local Standard International Experience” December 6,2023,

Figure 4. The number of entities and market capitalization by accounting standard



Source: IFRS Foundation, “IFRS or Local Standard International Experience” December 6,2023,

Case of Germany

In Germany, all entities are required to prepare non-consolidated financial statements based on the German Commercial Code. This was due to a request made under the German Commercial Code for the calculation of distributable income and for the calculation of taxable income under the tax law. On the other hand, the treatment of consolidated financial statements differs

between listed and non listed entities, and listed entities have been obliged to disclose their consolidated financial statements under IFRS since 2005 in principle. For non listed entities may voluntarily choose to prepare consolidated financial statements in accordance with IFRS or the German Commercial Code. The availability of financial statements in accordance with IFRS is as follows:

Table 10. Availability of Financial Statements in Accordance with IFRS

Type	Non-consolidated financial statements	Consolidated financial statements
Listed entity	Financial statements required under the German Commercial Code (*1)	IFRS (In principle)
Unlisted entity	Obligation to prepare financial statements based on the German Commercial Code	IFRS Local GAAP (*2).

Source: JICA Project Team

Notes: (*1) IFRS financial statements may be prepared for voluntary disclosure purposes. (*2) Entities applying for listing are, in principle, required to prepare IFRS financial statements.

The Frankfurt Stock Exchange, the largest stock exchange in Germany, has three market segments: Prime Standard (PS), General Standard (GS) and Scale (SME Growth Market). In Prime Standard and General Standard, IFRS is mandatory and in Scale, either IFRS or Local GAAP can be selected.

Table 11. Overview of Market Segments in Frankfurt Stock Exchange

	Prime Standard	General Standard	Scale
Targeted entity	Large entities	Large entities, and Medium-sized entities	SME, Growth
Accounting standard – Consolidated F/S	IFRS	IFRS	IFRS or Local GAAP
The number of domestic entity listed in the standard November 2018	292	123	48

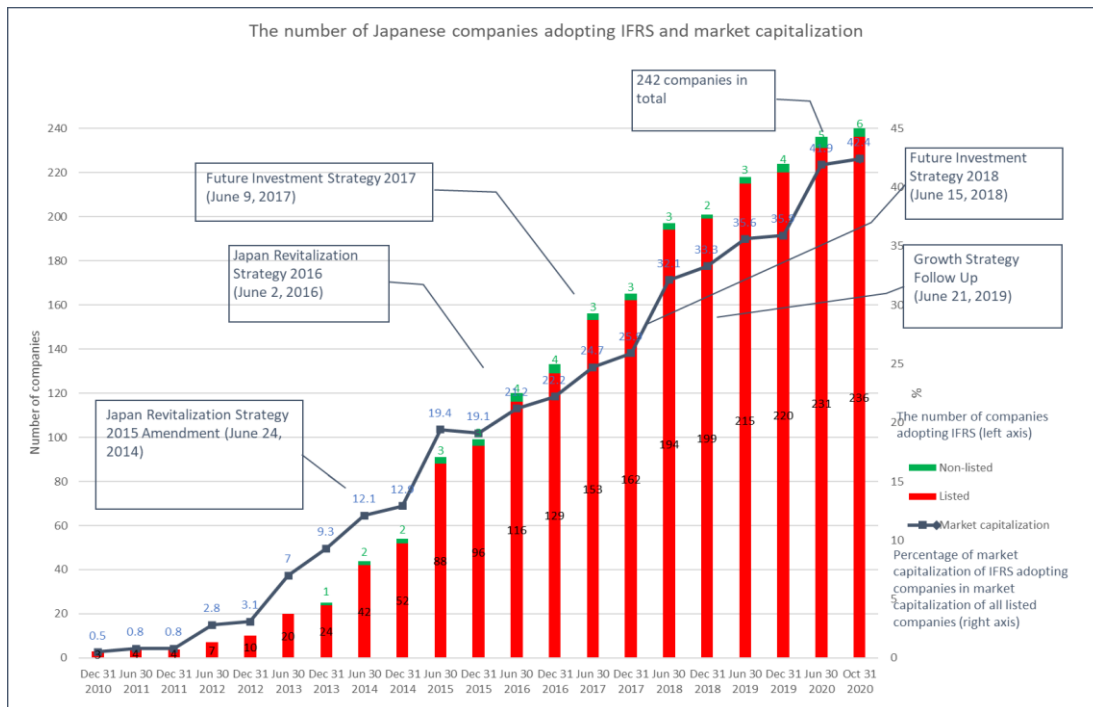
Notes	PS sets the highest transparency requirements at the Frankfurt Stock Exchange and in all of Europe.	GS applies the minimum mandatory stipulations for the Regulated Market.	Regulated informal market for startups to raise capital quickly
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Source: Deutsche Börse AG, Report: Listed Entities Frankfurt Stock Exchange – Prime Standard, General Standard & Scale, Deutsche Börse AG, 2018.

Case of Japan

In Japan’s experience, voluntary adoption of IFRS did not move in the fastest manner. It took slow from around 2009 to 2013, after the voluntary adoption of IFRS was approved, the preparers at the time were hesitant about switching to IFRS due to the unclearness of the government’s policy. However, the number of voluntary adoption entities increased rapidly after the change of administration. The government and the ruling parties, the Liberal Democratic Party, clarified their vision for the revitalization of Japan which led to the acceleration of the adoption of IFRS. This shows how important it is for the government to have clear goals at the beginning. The reason for this is that it makes it easier for entities to picture the future.

Figure 5. The Number of Japanese Entities Adopting IFRS and Market Capitalization



Source: Financial Service Agency 金融庁, “Kaikai-kijun wo meguru hensen to saikin no

kyokyo 会計基準を巡る変遷と最近の状況,“ Financial Service Agency 金融庁, November 6, 2020, https://www.fsa.go.jp/singi/singi_kigyousiryoushou/kaikei/20201106/5.pdf, 3.

As described above, the number of companies who adopt IFRS has increased. In the current Japanese stock market, Japanese GAAP, IFRS, US-GAAP and JMIS can be selected by listed entities, and as a result, entities who apply each standard are mixed in the market, and the comparability of each entity in the market is decreased due to the different accounting standards for investors’ investment decisions.

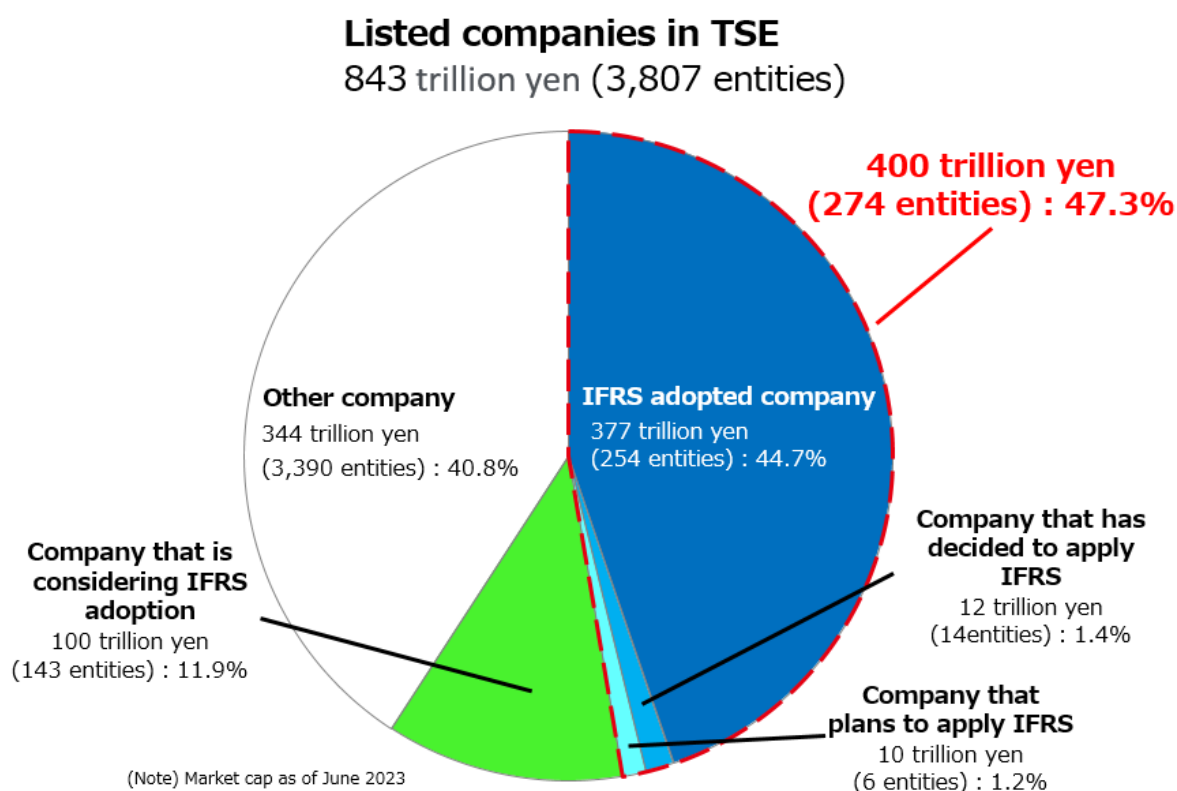
Table 12. Overview of the Market Segments in Japanese Stock Market

Market	Entities	Accounting standard
Prime Market	1,832	- IFRS 254
Standard Market	1,440	- US GAAP 7
Growth Market	535	- JMIS No entity - J GAAP 3,546
Total	3,807	

Source: (Number of Entities) Japan Exchange Group, Inc., “Number of Listed Entities/Shares,” accessed June 2023, <https://www.jpx.co.jp/english/listing/co/index.html>. (Number of Accounting Standards) Japan Exchange Group, Inc., “IFRS (International Financial Reporting Standards) Voluntary Adoption of IFRS (Current and scheduled),” <https://www.jpx.co.jp/english/equities/improvements/ifrs/02.html>. (Number of Entities applying US GAAP) TNFS, “米国基準を採用している上場企業,” accessed June 2023, https://xn--vckya7nx51ik9ay55a3l3a.com/analyses/gaap_adopted/%E7%B1%B3%E5%9B%BD%E5%9F%BA%E6%BA%96.

The following figure shows status of the adoption of IFRS by listed companies on the Tokyo Stock Exchange. As of June 2023, there were 254 companies adopting IFRS, 14 companies that have decided to adopt IFRS, 6 companies that planned to apply IFRS, and 143 companies considering adopting IFRS. Of these, 274 companies that are total number of companies adopting IFRS, companies that have decided to adopt IFRS and companies that plan to adopt IFRS, account for 47.3% of the market cap of the Tokyo Stock Exchange.

Figure 6. Status of adoption of IFRS (Listed company in TSE)



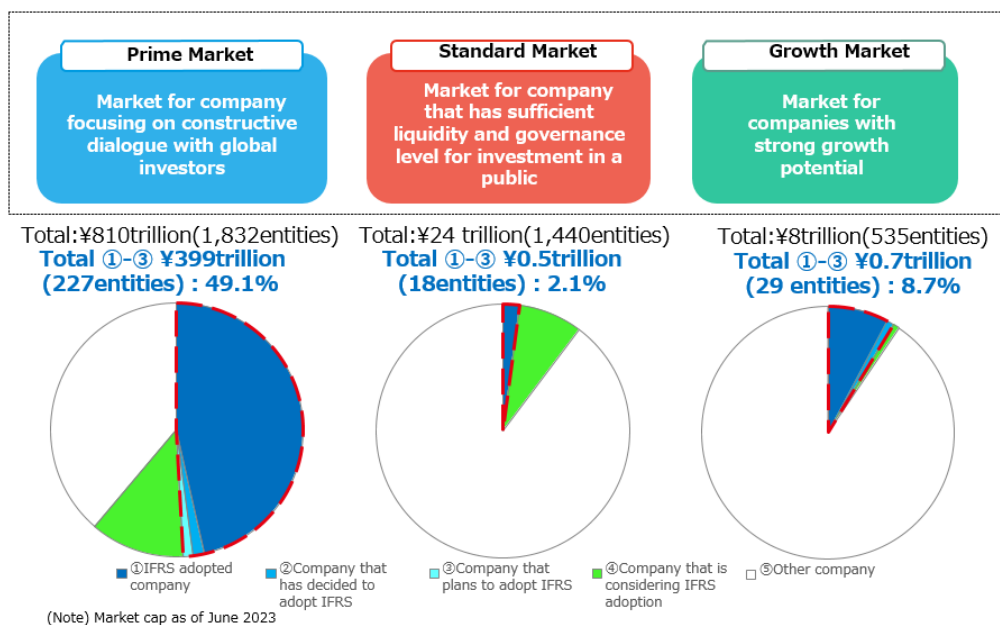
Source: Japan Exchange Group, Inc., “「会計基準の選択に関する基本的な考え方」の開示内容の分析,” July 24, 2023.

On April 4, 2022, the Japanese stock market was reorganized from the TSE First Section, TSE Second Section, Mothers, JASDAQ Standard Market, and JASDAQ Growth Market into three markets: Prime Market, Standard Market, and Growth Market. The target entities in each market are as follows. Prime is effectively the highest, with high equity liquidity and governance, and growth based on constructive dialogue with foreign investors, and Standard has a certain level of liquidity and basic governance. Growth is being positioned for an entity with high growth potential and for an entity that has a plan to realize high growth potential and is highly valued by the market. It is up to each listed entity to choose which of the three new markets. In reality, however, the result was different from the initial expectation, as 1,841 entities, or more than 80% of the 2,185 entities listed in the TSE’s first section, entered into the prime market and entities who apply Japanese GAAP, IFRS, US-GAAP and JMIS are still mixed in the prime market. The reason about failure of reorganization of the market is mainly that the requirement of entering the prime market is easily achievable for entities listed in the TSE’s first section.

The following figure shows status of the adoption of IFRS by market segment. In the prime market, companies with a market cap of 49.1% have applied IFRS or are planning to apply

IFRS, and many companies apply IFRS to attract investment from global investors, which is the aim of the prime market. On the other hand, in the standard and growth markets, the number of companies applying IFRS is limited, and there are many medium-sized companies mainly investing from investors in Japan, so the willingness to apply IFRS may be low.

Figure 7. Status of adoption of IFRS (by market segment)



Source: Japan Exchange Group, Inc., “「会計基準の選択に関する基本的な考え方」の開示内容の分析,” July 24, 2023

In Japan, the voluntary application model of IFRS has been introduced, and 247 companies have voluntarily applied IFRS. At first glance, the introduction of IFRS seems to have been successful. However, there are also some issues such as:

- a. Each industry applies IFRS to a different degree, and there are some industries in which no company applies IFRS.

The following are the number of companies subject to IFRS by industry and the market capitalization ratio of companies subject to IFRS.

Table 13. The number of IFRS adopted companies by each sector of TSE

TOPIX Sector Indices	Total number of companies	The number of IFRS adopted companies	Market capitalization ratio
Pharmaceutical	73	19	91.4%
Rubber Products	19	5	87.9%
Transportation Equipment	89	18	84.8%
Precision Instruments	49	7	73.8%
Wholesale Trade	306	13	67.5%
Information & Communication	579	43	65.2%
Iron and Steel	42	3	61.4%
Foods	124	13	61.4%
Electric Appliances	240	30	55.0%
Insurance	13	3	54.9%
Oil and Coal Products	10	1	51.3%
Textiles and Apparels	49	4	47.0%
Air Transportation	6	1	42.1%
Chemicals	213	16	39.4%
Services	520	37	34.3%
Nonferrous Metals	34	3	34.1%
Glass and Ceramics Products	54	3	31.4%
Retail Trade	341	13	28.3%
Machinery	221	18	28.0%
Other Financing Business	35	6	19.5%

TOPIX Sector Indices	Total number of companies	The number of IFRS adopted companies	Market capitalization ratio
Securities and Commodities Futures	41	2	18.4%
Metal Products	88	4	16.0%
Other Products	109	3	6.6%
Fishery, Agriculture & Forestry	12	1	5.8%
Real Estate	140	3	5.2%
Land Transportation	60	2	3.3%
Electric Power and Gas	25	2	3.1%
Construction	155	1	1.8%
Mining	6	0	N/A
Marine Transportation	11	0	N/A
Pulp and Paper	24	0	N/A
Warehousing and Harbor Transportation	36	0	N/A
Banks	81	0	N/A

Source: 株式会社東京証券取引所, 企業会計審議会第 10 回会計部会 資料 IFRS 任意適用の状況 2023 年 6 月 2 日, [3.pdf \(fsa.go.jp\)](https://www.fsa.go.jp/3.pdf)

As you can see, most major companies on a market capitalization basis adopt IFRS for pharmaceuticals, rubber products, and transportation equipment, while no or very limited companies adopt IFRS for banking, construction, and real estate. This is an adverse effect of Japan's choice of the voluntary application model, which is a method of applying IFRS that is left to the voluntary choice of companies, and is not internationally recognized as an IFRS country. In order for Japan to truly become an IFRS company, it will be necessary to increase the number of IFRS companies in all industries.

b. There is no plan to increase the number of IFRS companies.

In Japan, discussions on the mandatory adoption of IFRS had arisen, but due to the occurrence of the Great East Japan Earthquake and other factors, an indefinite voluntary application period has continued, during which the adoption of IFRS as issued, a pure IFRS, has progressed, but no vision for the future to be achieved by the introduction of IFRS or accounting standards has been presented. In addition, it is unlikely that the number of companies applying IFRS will increase dramatically in the future, as all companies that are generally willing to apply IFRS have shifted to IFRS.

c. Although the convergence of Japanese standards has progressed, significant differences with IFRS have not been resolved.

The adoption of IFRS in a pure manner and the convergence of the Japanese standard have been promoted, and the convergence of the lease standard has progressed, but the significant difference between the Japanese standard and IFRS has not been resolved. As for convergence, it is merely the development and improvement of accounting standards in Japan, and from the viewpoint of overseas stakeholders, the difference between Japanese standards and IFRS is not known, and it is difficult to obtain an international evaluation. After all, how and how many companies mandatorily apply IFRS as issued, which is an internationally common measure, is important.

Lessons for Vietnam from Japan's experiences

The Japanese case presented above will be a good lesson for Vietnam. First of all, the voluntary application model of IFRS in Japan is rare in the world, and in many countries, the mandatory application of IFRS is often carried out. The good thing about the Japanese model is that it simultaneously promotes the convergence of JGAAP, a domestic accounting standard, and the voluntary application of IFRS. In both IFRS and national accounting standards, the introduction of new accounting standards in the Big Bang all at once places a heavy burden on financial statement preparers, auditors and stakeholders. However, the convergence of domestic accounting standards alone will not be an international appeal, and it is necessary to ensure international recognition that IFRS is at least implemented without modification, regardless of the target scope of enterprises. And if it is voluntary application of IFRS, it is a balanced way and less likely to be resisted by companies because only companies that have IFRS needs and corresponding resources apply IFRS since it is completely voluntary for companies, and it is not enforced by the Government. One of the factors behind the success of voluntary application today is that there were originally companies in Japan that prepared financial statements based on U.S. GAAP. However, it can be said that there was a great need and effect for Japanese companies to apply IFRS. The number of companies that applied IFRS voluntarily increased steadily, and convergence has progressed over time.

On the other hand, as mentioned above, some problems have arisen. The root cause of the problem is that the adoption of IFRS was left to the discretion of the enterprise completely. In addition, the success of the voluntary application model has prevented the next mandatory application, and the Government does not have a clear vision for the future.

Therefore, in Vietnam, the current road map, Decision 345, has a policy of simultaneously implementing the IFRS implementation model starting from voluntary application and the convergence of IFRS, which is similar to Japan. As a lesson from Japan, keeping in mind the mandatory application of IFRS in the future and clarifying what kind of future vision Vietnam wants to achieve by the mandatory application of IFRS. It is desirable not to completely leave the voluntary application of IFRS to companies, but to closely monitor the situation of voluntary application and implement necessary policies to achieve the national vision.

Points of revision of the current roadmap derived from each analysis in this chapter

Based on the results of each analysis, it is considered that the following modifications should be made to the current roadmap.

- a. Based on the analysis of markets, companies and cases in other countries, it can be seen that the number of companies expected to apply mandatory application of IFRS in the future is expected at 150 -200 companies.

- b. Based on the impact analysis and discussions with stakeholders, it is considered that both companies and stakeholders are not fully prepared for the adoption of IFRS. There should therefore be a sufficient period of preparation, and mandatory application should be considered over a longer span.
- c. The application of IFRS to non-consolidated financial statements that have a significant impact on stakeholders should be considered after adequate consultation with stakeholders from time to time and coordination with stakeholders. Decision 345 allows FDI to have the need and resources to apply IFRS to non-consolidated financial statements, but currently, FDI-prepared financial statements are prepared separately to report financial data to the parent company and often do not apply IFRS 1 and may not fully apply the IFRS set. This is a group that aspires to apply IFRS to both separate financial statements and consolidated financial statements. after all, this will be a policy decision of the Government of Vietnam. The condition for doing this is to (1) obtain an audit opinion on the IFRS financial statements and (2) appropriately apply IFRS 1 for the first time.
- d. Based on the analysis of other countries, the development of VFRS should be built on the basis of the IFRS as issued. However, based on IFRS as issued, the VFRS construction time should be extended and more cautious.

RECOMMENDATIONS

Recommendation on the implementation of the adoption of IFRS

An ideal roadmap for Vietnam towards future adoption of IFRS

a. Two-pillar approach

Since the introduction of IFRS and institutional reform using IFRS entails a great deal of cost and labour, it is necessary to link them with national goals and the ideal image (vision) to be realized in the nation, so that the people can clearly understand why such a great deal of cost and labour for the introduction of IFRS is necessary. For example, the “Japan Revival Vision” published by the Liberal Democratic Party of Japan, which is the ruling party in Japan, in May 2014 included “Bold Financial Reform for Japanese Revival” as one of 7 pillars for “Japan Revival Vision”³. The Bold Financial Reform section includes a plan for accounting standards, which is about internationalization of entities and unification toward international standards. It also includes plans for creation by the Japan Exchange Group of a new index (originally TSE Global 300 Index, later named JPX Nikkei 400). Furthermore, the interaction between the General Objective and the Specific Objective needs to be clarified, and it needs to be easy for the people to understand so that they can agree and start concrete preparations.

Decision should make a clear distinction between objective that can be achieved only by taking advantage of the IFRS’ distinctive features of being an internationally understood standard (Short-Term objective: below i.) and goals that do not need IFRS’s distinctive features (Long-Term objective: below ii).

³ Liberal Democratic Party of Japan, Japan Economic Revival Headquarters, “Japan Revival Vision – Provisional Translation,” Liberal Democratic Party of Japan, Japan Economic Revival Headquarters, May 23, 2014, https://jimin.jp-east-2.storage.api.nifcloud.com/pdf/english/news/Japan_Revival_Vision-Provisional_Translation20140523.pdf, 45-46.

Table 14. Overview of Short and Long-term Objectives

	i. Short-term	ii. Long-term
Feature	Realized only by an entity's actual adoption of IFRS	Gradually realized by referring to IFRS, etc.
Specific Objectives	To strengthen international competitiveness of major Vietnamese companies (Key players), by increasing investments from foreign investors, opportunity for cross-border fund procurement, capital tie-ups and business collaborations, enhancing the quality of managerial infrastructure.	To improve transparency, the effectiveness and accountability of financial information of entities except small and medium enterprises, and to protect the economic and legal interests of each stakeholder, including the development of a business environment for investors.
Timing	Urgent, should be realized as soon as possible	Gradually realized and continued after sufficient discussion overtime.
Method	Voluntary adoption of IFRS	Development of VFRS by convergence with IFRS

Source: JICA Project Team

Objectives such as creating effective and competent management tools for regulatory oversight and protecting the business environment and legal interests of investors may be done by referring to IFRS but could be achieved without the adoption of IFRS. Also, it would not necessarily be achieved by only adopting IFRS. If i. and ii. Above are confused, market participants may be confused and face costs greater than expected or a backlash greater than necessary.

The general objective could be like this: strengthen international competitiveness of Vietnam, by increasing transparency, effectiveness of financial information and accountability of Vietnam entities and promoting integration of Vietnamese Economy with international economy. In short-term, promote internationalization of leading Vietnam entities, in long-term, create effective and capable tools for management, operation in entities and management, supervision of regulatory agencies in the new phase in order to successfully implement socio-economic development objectives.

In light of the above, the prerequisites for an ideal road map for Vietnam at the present time are as follows:

- The voluntary adoption of IFRS shall be feasible as soon as possible to achieve the short-term objective.
- With regard to the mandatory adoption of IFRS, the timing of adoption should be carefully

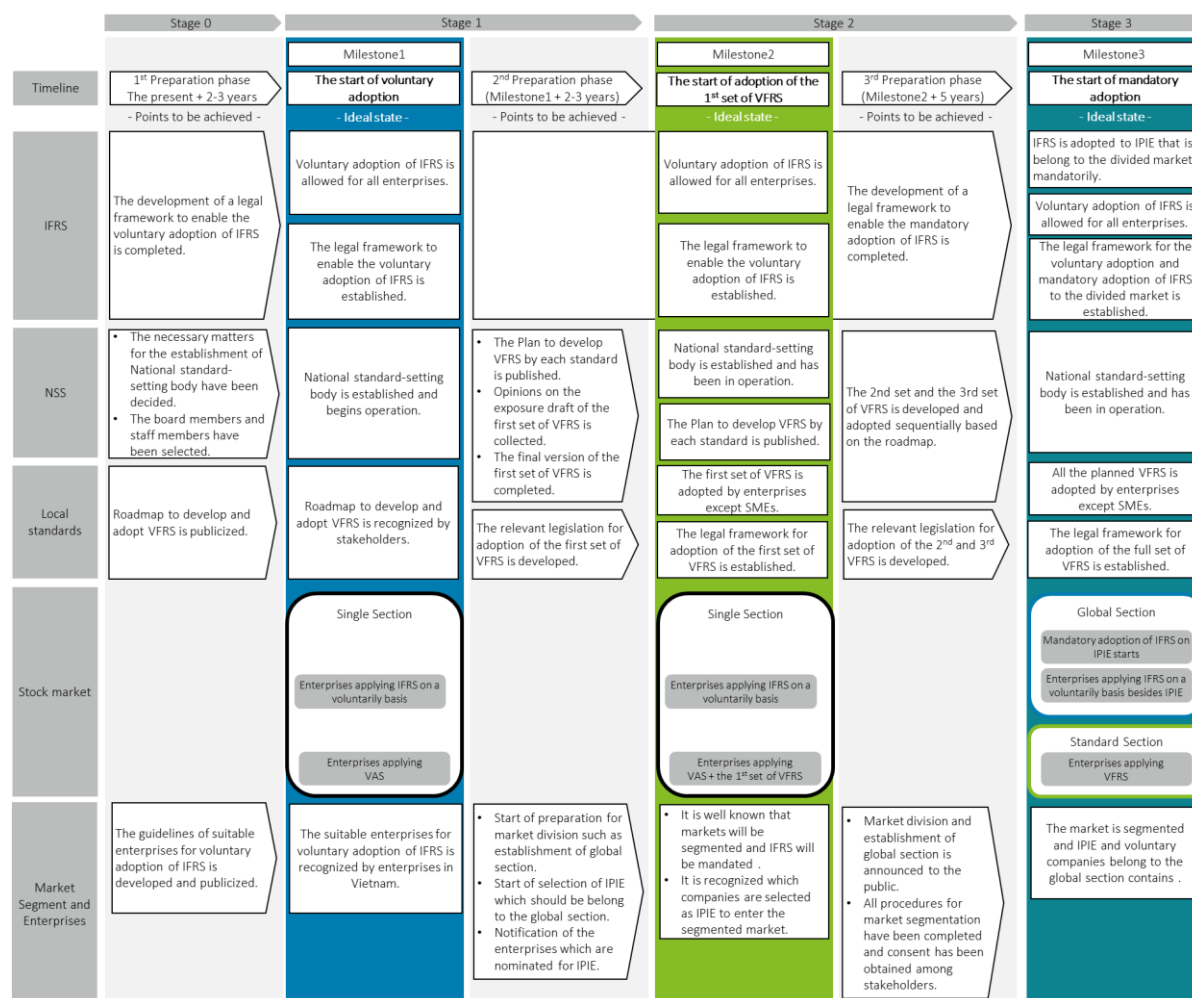
considered. Companies subject to compulsory application need to be selected based on certain criteria and have a limited scope.

- It is necessary to develop new local accounting standards based on IFRS as issued in order to achieve the long-term objective, and to build the ground for applying IFRS by reducing differences from IFRS at a level acceptable in Vietnam. In addition, if new local accounting standard would be developed based on IFRS as issued, the scope of application of the local accounting standards should be limited to large enterprises and enterprises that voluntarily apply IFRS, taking into account the burden on SMEs.
- An independent national standard setting body should be established and consistently reviewed by the body in the development of local accounting standards and the consideration of voluntary and compulsory application of IFRS.

b. Timeline of the roadmap

The following figure illustrates a conceptual diagram of the JICA project team's recommendations for ideal roadmap for adoption of IFRS based on the above prerequisites.

Figure 8 Conceptual Diagram of the Recommendations for an ideal roadmap



Source: JICA Project Team

The conceptual diagram above shows the ideal state of IFRS, National accounting setting body, local accounting standards and stock market on three important milestones and the points to be achieved during each preparation phases in order to achieve the milestones.

The overall pictures of the roadmap are as follows.

- Milestone1: Voluntary adoption of IFRS is started 2-3 years from the present.
- Milestone2: The first set of VFRS is adopted 2-3 years after Milestone 1,
- Milestone3: Mandatory adoption of IFRS to the divided stock market is started 5 years after Milestone 2

In other words, mandatory adoption of IFRS will be implemented approximately 10 years from the present.

The details of the preparation phases and Milestones are as follows.

- Stage0: The 1st preparation phase

The points for each item to be achieved during the 1st preparation period are as follows:

✧ IFRS

It is required to complete development of a legal basis to enable the voluntary adoption of IFRS, however it is desirable that the development of a legal basis for the voluntary adoption of IFRS should proceed immediately.

✧ NSSB

It is required to complete the preparation of establishment of NSSB, for example, decisions on organizational structures, financial schemes, organizations supporting NSSB and appointment of committee members, chairs and staffs etc.

✧ Local accounting standards

It is required to publish the comprehensive and concrete roadmap to develop and adopt VFRS, national accounting standards converged with IFRS.

✧ Stock market and the enterprises.

In order to promote the voluntary adoption of IFRS, the guidelines to provide suitable company for voluntary adoption of IFRS is publicized.

- Stage1: Milestone1

The ideal states for each item as of the achievement of milestone1 are as follows and it is desirable that Milestone1 is to be achieved 2-3 years from the present.

✧ IFRS

The voluntary adoption of IFRS is allowed for all enterprises and the legal basis for the voluntary adoption is established appropriately. Currently Decision 345 allows the specified companies to adopt IFRS voluntarily, however the legal basis for the voluntary adoption of IFRS has not been established. During the 1st preparation period, a legal basis to enable the voluntary adoption of IFRS is established, and full- fledged voluntary adoption of IFRS is launched as of Milestone1.

✧ NSSB

NSSB has been established and is in the operation for development of VFRS.

✧ Local accounting standards

The comprehensive and concrete roadmap to develop and adopt VFRS is well recognized by the related stakeholders.

✧ Stock market and the enterprises.

The suitable company for voluntary adoption of IFRS is well recognized by stakeholders and it is desirable that some enterprises start to adopt IFRS voluntarily.

▪ Stage1: The 2nd preparation phase

The points for each item to be achieved during the 2nd preparation period are as follows:

✧ IFRS

It is required to start development of a legal basis to enable the mandatory adoption of IFRS as of Milestone3, but it is not required that the legal basis completes to be developed during the 2nd preparation phase.

✧ NSSB

It is required to complete the preparation of establishment of NSSB, for example, decisions on organizational structures, financial schemes, organizations supporting NSSB and appointment of committee members, chairs and staffs etc.

✧ Local accounting standards

The following points requires to complete during the 2nd preparation phase.

- The plan of development of each VFRS standards are developed by NSSB and published.
- The exposure draft of the 1st set of VFRS is developed and published, and opinions from stakeholders on the exposure draft are collected and reflected to the 1st set of VFS.
- The final version of the first set of VFRS is developed and released to the public.
- The legal framework to enable the adoption of the 1st set of VFRS is developed.

✧ Stock market and the enterprises.

- The preparation of dividing the stock market to two sections at least is started.

- The selection of International Public Interest Entities (IPIE) started to be selected and notifications to the candidates of IPIE is sent and the result of selection is published.

- Stage2: Milestone2

The ideal states for each item as of the achievement of milestone2 are as follows and it is desirable that Milestone2 is to be achieved 2-3 years after the achievement of Milestone1.

- ✧ IFRS

The voluntary adoption of IFRS is allowed for all enterprises and the legal basis for the voluntary adoption is established appropriately. (Same as 1st Milestone)

- ✧ NSSB

NSSB has been established and is in the operation for development of VFERS. (Same as 1st Milestone)

- ✧ Local accounting standards

- The plan of development of each VFERS standards are published and well recognized by stakeholders.
- The 1st set of VFERS is developed and adopted to PIE and large enterprises in Vietnam.
- The legal framework to enable the adoption of the 1st set of VFERS is established.

- ✧ Stock market and the enterprises.

The followings are recognized by stakeholders in Vietnam.

- The stock market will be divided into at least two section i.e. Standard section and Global section, and IFRS will be mediated to the divided section, Global section, of the stock market. In the Global section, IPIE and the enterprises who adopt IFRS voluntarily belong to 5 years later.
- Which enterprises are selected as IPIE and the enterprises will be belonged to the divided Global section 4-5 years later.

▪ Stage2: The 3rd preparation phase

✧ IFRS

It is required to complete the development of a legal framework to enable the mandatory adoption of IFRS.

✧ NSSB

It is required to complete the development of the 2nd set of VFRS and the 3rd set of VFRS based on the roadmap as well as the plan of development.

✧ Local accounting standards

- It is required to adopt the 2nd set and the 3rd set of VFRS.
- It is required to complete the development of the legal framework to enable the adoption of the 2nd and 3rd set of VFRS.

✧ Stock market and the enterprises.

- Market division and establishment of global section is announced to the public. All procedures for market segmentation have been completed and consent has been obtained among stakeholders.

▪ Stage3: Milestone3

The ideal states for each item as of the achievement of milestone3 are as follows and it is desirable that Milestone1 is to be achieved 5 years from the achievement of Milestone2.

✧ IFRS

- The voluntary adoption of IFRS is allowed for all enterprises and the mandatory adoption of IFRS to the divided market is started.
- The legal framework for the voluntary adoption and the mandatory adoption of IFRS to the divided market is established appropriately.

✧ NSSB

NSSB has been established and has completed development of all the planned VFRS.

✧ Local accounting standards

- All the planned VFRS is adopted by PIE and large enterprises.
- The legal framework for adoption of all the VFRS is established.

◇ Stock market and the enterprises.

The stock market is divided into at least two sections i.e. Standard section and Global section, and IFRS is mandated to the divided section, Global section, of the stock market. IPIE and the enterprises who adopt IFRS voluntarily belong to the Global section.

The reasons for the timeline of the roadmap are as follows.

▪ Milestone1: 2-3 years from the present

The key achievement of Milestone1 is establishment of legal basis to enable the voluntary adoption of IFRS. This milestone should be achieved as soon as possible, and the establishment of a legal basis under the accounting law proposed in this paper will enable voluntary adoption of IFRS. However, taking into account the coordination with stakeholders and the actual work of law reform, it is expected that a period of at least two to three years from the present will be required.

▪ Milestone2: 2-3 years after Milestone1 (Totally 5 years from the present)

The key achievement of Milestone2 is adoption of the 1st set of VFRS and it means that the areas necessary for early convergence with IFRS as soon as possible are addressed. As of Milestone2, it is not required to develop all the necessary VFRS.

In Japan, convergence of JGAAP with IFRS started around 2006 and the convergence of accounting standards of leases and expected credit loss models of financial instrument, insurance contracts, etc., which emerged as a new standard of IFRS, is still ongoing. However, the accounting standard of fair value measurement was published in 2019, and the convergence of JGAAP with major IFRS standards has been completed.

Other countries have also been revising their accounting standards in the last 10 years or so, including IFRS convergence and IFRS adoptions.

Based on the case of Japan and other countries mentioned above, the first set of VFRS is a measure for areas where convergence should be implemented quickly and to a limited extent. Therefore, it is considered that it can be adopted in practice within 5 years from the present.

▪ Milestone3: 5 years after Milestone2 (Totally about 10 years from the present)

The key achievements of Milestone3 are mandatory adoption of IFRS to the divided stock market and adoption of the full set of VFRS.

In Japan, the voluntary adoption of IFRS started from 2010. 247 entities adopted/decided to

adopt IFRS in 2023 and the entities account for 47.3% of the market cap of the Tokyo Stock Exchange. Approximately half of the market cap is IFRS voluntary adopted company. Such companies that voluntarily adopt IFRS are key players in Japanese industries and economies. These companies are exactly the Japanese version of IPIE proposed in this paper. Ideally, Vietnamese companies equivalent to these companies should adopt IFRS in Vietnam, and should be subject to mandatory application. Since it was achieved in approximately 13 years from the start of voluntary application in Japan, the figure of 10 years in Vietnam is considered to be achievable in view of the prospects for economic growth in Vietnam in the future.

As mentioned above, the convergence of JGAAP with major IFRS standards has been completed for more than 10 years and the convergence with new IFRS accounting standards developed by the IASB is still ongoing. However, in Japan, the major differences between JGAAP and IFRS that existed at the time of planning the IFRS convergence has already been completed. Therefore, the major IFRS convergence has taken about 10 years. Therefore, it is considered achievable to complete the necessary convergence in Vietnam in about 10 years.

The above timeframe was prepared based on the experience of Japan and other countries. Based on that experience, the period of about 10 years is considered to be the number of years required to mandate the application of IFRS and the number of years required to achieve milestones. However, it should not be taken the view that achieving milestones is desirable as soon as possible, catching up with IFRS adoption countries is necessary but sufficient time is needed to adopt IFRS and develop VFRS.

c. Applicable accounting standards by types of entity

The following tables are the summary of applicable accounting standards by types of entity in each stage.

Table 15. The summary of applicable accounting standards by types of entity

Entity	Stage 1		Stage 2		Stage 3	
	Separate financial statement	Consolidated financial statement	Separate financial statement	Consolidated financial statement	Separate financial statement	Consolidated financial statement
Entities apply IFRS voluntarily	VAS	IFRS as issued	VAS + VFRS	IFRS as issued (English)	VAS + VFRS	IFRS as issued (Vietnamese language)

y						
PIE belong to GS other than entities apply IFRS voluntarily	VAS	VAS	VAS + VFRS	VAS + VFRS	VAS + VFRS	IFRS as issued (Vietnamese language)
Big entities and PIE other than the above	VAS	VAS	VAS + VFRS	VAS + VFRS	VAS + VFRS	VAS + VFRS
Small and Medium Entities	Simplified accounting standards		Simplified accounting standards		Simplified accounting standards	

(*) For FDI groups, refer to the IFRS application section of FDI

Source: JICA Project Team

In this paper, it is recommended that IFRS is applied only to consolidated financial statements in both cases of voluntary and mandatory adoption and new Vietnamese local accounting standards is applied to non-consolidated financial statement.

Voluntary adoption of IFRS should be allowed in all companies wishing to do so. In addition, the voluntary period is the necessary period for achieving this goal and it is not always necessary to set a deadline. Therefore, the voluntary period starts from the time when the law enabling the voluntary adoption is established, and the voluntary adoption period should be flexible depending on the number of voluntary IFRS adopters and the Vietnamese government's policy toward the long-term objectives.

Investors in general, including foreign investors, are generally interested only in consolidated financial statements. In the United States, which has the world's largest capital market, the global standard for securities market disclosure for investors is consolidated financial statements, as symbolized by the fact that companies disclose only consolidated financial

statements but not non-consolidated financial statements. In Japan, listed companies are required to prepare financial statements under both the Financial Instruments and Exchange Act and the Companies Act. Consolidated financial statements and non-consolidated financial statements are required to be prepared under the disclosure requirements of the respective laws, which was a burden on listed companies. In March 2014, the Financial Services Agency announced the “Cabinet Office Ordinance Partially Revising the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements, etc.” and simplified the disclosure based on the Financial Instruments and Exchange Act by exempting items that are fully disclosed in the consolidated financial statements from disclosure in this table of non-consolidated financial statements and making the disclosure the same as the disclosure of non-consolidated financial statements based on the Companies Act. Accordingly, only consolidated financial statements should be subject to IFRS adoption.

On the other hand, because separate financial statements based on a legal entity unit are normally targeted by regulatory supervision and therefore separate financial statements may be forced to have various roles by regulators, such as the calculation of taxable income and distributable profit, in addition to the role to provide information to investors. As such, IFRS adoption to separate financial statements should not be permitted easily, even for foreign invested entities, because that would incorporate externalities that are not controlled by the regulator into matters that should be controlled by the regulator. Of course, burdens on IFRS voluntary adopters increases, but because it is not directly related to the main goal of adopting IFRS, which is to improve the transparency of financial statements, this is an issue that should be resolved over the long term by minimizing the differences between Vietnamese Accounting Standards and IFRS through the development of VFRS, etc.

In addition, in cases where regulators independently require IFRS voluntary adopters to provide consolidated financial information, such voluntary adopters should report consolidated financial information on VAS basis (VAS+VFRS basis after VFRS will be introduced) in accordance with the requirements of the regulator in addition to the complete set of IFRS financial statements under the Securities Act or the Enterprise Act. This would mean increasing burdens on voluntary adopters. On the other hand, since long and sufficient discussion with regulators is required to resolve such issues, it is necessary to prioritize the short-term objectives first in order to promote foreign investment in internationally competitive Vietnamese entities (key players) as soon as possible.

The local accounting standards which are called as VFRS should be developed on the basis of IFRS as issued. VFRS (VAS+VFRS) should be adopted according to the size of the entity and the degree of accountability required for the entity, and the same accounting standards need not be applied to all Vietnamese entities. It is recommended that both VFRS and simplified accounting standards should be developed, and VFRS should be applied to the

classified entities according to size and degree of accountability.

d. Processing IFRS financial statements prepared separately by FDI

In this article, it is recommended that key actors should apply IFRS voluntarily and compulsorily in the future as described above, however, in Vietnam, one of the characteristics of the Vietnamese economy is State-owned enterprises (SOEs) and Foreign Direct Investment (FDI) plays an important role in the economy. Regarding whether IFRS should be applied to these enterprises, based on the concepts of short-term goals and long-term goals described above, it is assumed that some SOEs may have to adopt compulsory IFRS in the future, while FDI may not be subject to IFRS. In this article, for the FDI group, this is the group that aspires to apply IFRS to both separate financial statements and consolidated financial statements, after all, this will be a policy decision of the Government of Vietnam. The condition for doing this is to (1) obtain an audit opinion on the IFRS financial statements and (2) appropriately apply IFRS 1 for the first time. It is understood that FDI is looking for ways to avoid difficulties in preparing financial statements in accordance with both Vietnamese Accounting Standards and IFRS. The factor the Government needs to consider to meet these requirements is whether FDI-prepared IFRS separate financial statements should be recognized as equivalent to statutory financial statements and whether it can grant privileges exempting FDI from preparing financial statements based on Vietnamese Accounting Standards. In terms of accounting purposes, the purpose of statutory financial statements, non-consolidated financial statements is to prepare financial statements in accordance with Vietnamese accounting standards, as an adjustment of interests and governed by national laws on dividends and taxes. However, accounting and taxation have different purposes and financial reporting does not need to be prepared that way. Accounting and taxation should be considered separately. If IFRS is applied to FDI's non-consolidated financial statements, authorities such as tax authorities may need to issue their own tax guidance.

For requirement 2 above, such as when FDI has prepared IFRS-based financial information for the parent company's request separately from the statutory VAS-based financial information, decide to apply IFRS voluntarily in Vietnam, if the IFRS financial information for the parent company is not a full set of financial statements A complete set of financial statements required by all IFRS standards must be prepared. In addition, if an entity meets the requirements to apply IFRS 1 for the first time, it must prepare additional special disclosures required by IFRS 1 in the first year of voluntary IFRS application.

However, this seems to be unknown to the general public at present, which can lead to various misunderstandings about the voluntary application of IFRS (e.g. Because FDI is often required to submit IFRS-based financial information to the parent company according to its corporate accounting, they can easily convert to IFRS and can consider that such FDI can become an

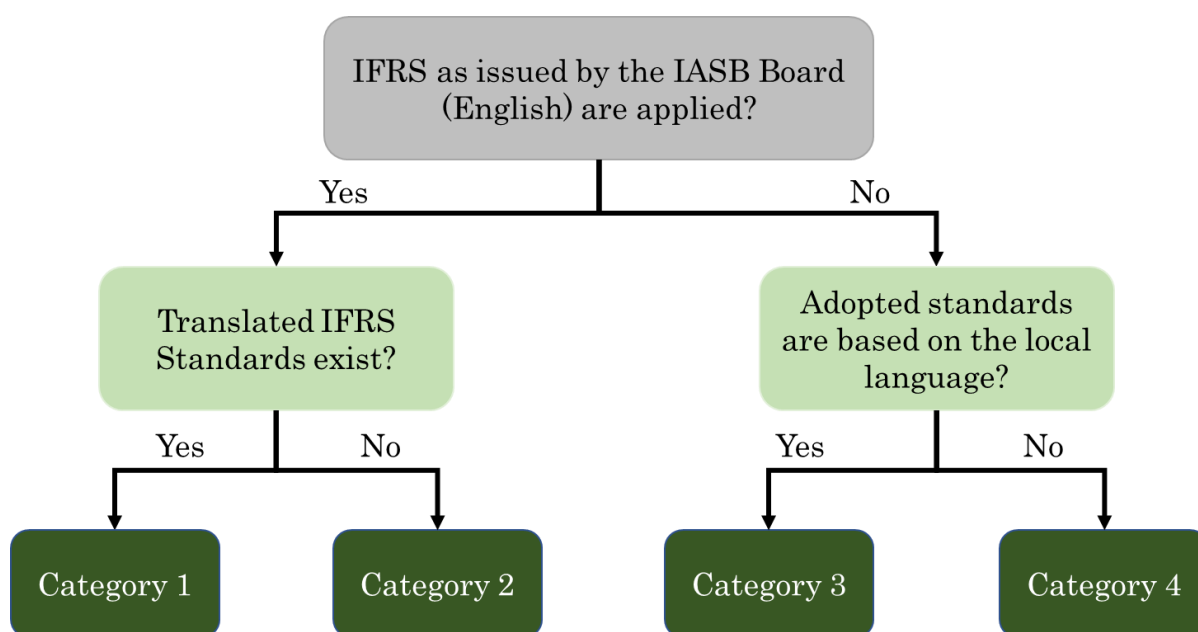
IFRS application entity in Vietnam without any adjustment after allowing voluntary application, but in principle, that FDI cannot be considered an IFRS application entity because that FDI has never prepared financial information as required by IFRS1. If such FDI enterprise wants to become a voluntary IFRS application unit in Vietnam, it must prepare IFRS financial statements that meet the requirements of IFRS1 as well as other IFRS.

e. Language of IFRS

When introducing IFRS, the question is whether the IFRS to be formally referred to should be an English version or a translated version translated into the national language. There are no rules set by the IASB as to which language should be treated as the formal version of IFRS, and decisions can be made at the discretion of each country. The following is the status of IFRS countries in the survey conducted in preparation of this paper.

According to the IFRS Foundation, IFRS has been adopted in various forms around the world. As of March 2024, 168 countries have disclosed their application status.⁴ The application of IFRS is classified into the following four categories based on the applied standards and existence of translation.⁵

Figure 9. IFRS Application Chart



⁴ IFRS Foundation 2024 “Who uses IFRS Accounting Standards?”

⁵ Based on the IFRS Foundation 2024 “Who uses IFRS Accounting Standards?”, if it defines the applied standards are “IFRS Standards as issued by the IASB Board”, the JICA project team assumed the language is in English.

Table 16. IFRS Application Categories

Category	Detail
1	IFRS Standards as issued by the IASB Board (English) are applied even though the standards translated into the local language exist
2	IFRS Standards as issued by the IASB Board (English) are applied and no translated IFRS Standards exist
3	Accounting standards endorsed by each country other than IFRS as issued by the IASB Board (English) are applied and are based on the local language.
4	Accounting standards endorsed by each country other than IFRS as issued by the IASB Board (English) are applied and are based on English.

Source: JICA Project Team

Based on the above classification, the following shows example of countries.

Table 17. IFRS standard and its legal basis

Category	Country	IFRS standard	Legal basis
IFRS Standards are required for domestic public entities			
1	Russia	The IFRS Standards as issued by the IASB Board (translation exists but not given legal basis)	the Federal Laws 208-FZ On Consolidated Financial Statements and 402-FZ On Accounting
1	Georgia	The IFRS Standards as issued by the IASB Board (translation exists but not given legal basis)	The Law on the Regulation of Accounting and Financial Reporting
1	Israel	The IFRS Standards as issued by the IASB Board (translation exists but not given legal basis)	the Securities Regulations (Annual Financial Statements), 2010
2	UAE	The IFRS Standards as issued by the IASB Board	UAE Commercial Entities Law No 2 of 2015
2	Australia	The IFRS Standards as issued by the IASB Board	Australian Accounting Standard
2	Bangladesh	The IFRS Standards as issued	Section 40 (1)(a) of Financial

		by the IASB Board	Reporting Act 2015 states
3	South Korea	Translated IFRS Standard endorsed by the government	The Act on External Audit of Stock Entities
3	Taipei	Translated IFRS Standards as endorsed by the Financial Supervisory Commission (FSC) or with approval of the FSC, IFRS Standards as issued by the IASB	The FSC issued a notification requiring entities whose securities are publicly traded to prepare IFRS financial statements
3	Thailand	Translated IFRS Standard endorsed by TFAC	No law or regulations are incorporated
4	Singapore	IFRS Standards as Singapore Financial Reporting Standards	No law or regulations are incorporated
4	Philippines	IFRS Standards as Philippine Financial Reporting Standards	The SEC adopted the standards as part of its rules and regulations on financial reporting
4	Malaysia	IFRS Standards as Malaysia Financial Reporting Standards	Section 7 of the Financial Reporting Act 1997 (FRA)
IFRS Standards are permitted but not required for domestic public entities			
1	Switzerland	The IFRS Standards as issued by the IASB Board	The Regulation on Recognized Accounting Standard
1	Japan	Designated IFRS which is identical with the IFRS Standards as issued by the IASB Board. (Translation exits but not given legal basis)	The Ordinance on Terminology, Forms and Preparations Methods of Consolidated Financial Statements.

Source: JICA Project Team based on data from IFRS Foundation 2022

As shown in the table above, since the IASB leaves it up to each country to decide whether IFRS countries use the English or translated version of IFRS, the situation of use of English version and translated versions varies by country. Next, the following shows Pros and Cons of use of the English version and translated version.

Table 17. Pros and Cons of use of the English version and the translated version.

	Option 1. English version	Option 2. Translated version
Pros	<ul style="list-style-type: none"> The English IFRS that the IASB has issued can be used as it is, and the new IFRS accounting standards can be applied without waiting for the translation to be completed. There is no risk of mistranslation and resources are not required for translation. (However, there are many cases in which translated versions are generally made for reference.) 	<ul style="list-style-type: none"> It is written in the native language for financial statement preparers and auditors, which facilitates understanding of the standards. The translated version of IFRS in the native language may be used where disputes and court decisions require consideration of the interpretation of IFRS accounting standards.
Cons	<ul style="list-style-type: none"> IFRS itself is esoteric and full understanding of the standards in foreign languages can be difficult for financial statement preparers and auditors. In cases where the interpretation of IFRS accounting standards needs to be considered in disputes and court decisions, it needs to be based on the English version of IFRS, and the burden is heavy on those who are not familiar with English. 	<ul style="list-style-type: none"> It is necessary to develop processes to ensure the accuracy of translations. If a mistranslation occurs and the effect of the mistranslation is significant, it is necessary to take measures. If the new IFRS accounting standard is introduced, the translation of the new IFRS accounting standard must be completed by the time the new standard is applied, and the resources necessary to translate are required.

Source: JICA Project Team

The issue of the translated version of the new IFRS accounting standard is often delayed among the countries using the translated version. In the case of Thailand, Thailand introduces IFRS as TFRS, but since the official language of TFRS is Thai, TFRS Standards are translations of the IFRS Accounting Standards with a one-year delay in effective date from that of the Standards with early adoption permitted, except for IFRS 17 which will be effective date on 1 January 2025 with early adoption permitted.

When using translated versions, challenges can arise not only in terms of translation delays, but also in terms of translation accuracy. In case of Korea, the issue of inconsistent accounting treatment due to different interpretations among users was raised. It led The Korean Accounting Standards Board (KASB) and the Australian Accounting Standards Board (AASB) have collaborated on a joint study to find a solution. This case implies that translation with a high degree of accuracy is not an easy work.

In Japan, English version is the official IFRS as Japan introduces the voluntary adoption of IFRS, however Japanese version of IFRS is used practically in Japan. For disputes/conflicts

between stakeholders, English version is referred.

In this paper based on the above analysis, it is recommended that English version should be used during the voluntary adoption period and that translated versions should be preferred during the mandatory adoption period. In the case of IFRS is adopted mandatorily to the limited scope such as the divided section of the market like Global Section, English version is considered acceptable. In the voluntary application period, IFRS is only applied voluntarily by companies, and companies with a high willingness to apply IFRS voluntarily can assume that there is no obstacle to communication in English, so the English version can be used and the translated version can be used as a reference. However, in the case of the mandatory application of IFRS, the government mandate IFRS to selected companies, and although it depends on the scope of the mandatory application, it is preferable to use the translated version because there are differences between companies in their understanding of English and IFRS.

f. Criteria of IPIE

In this paper, it is recommended to place the group of entities described below as an International Public Interest Entity (IPIE) and IFRS should be applied only to IPIE. The IPIE are selected based on the following three criteria. The number of IPIE is initially expected to be 150 to 200 entities. The reason why it is sufficient that 150 to 200 entities are expected to be IPIE is as follows:

- Japan has 247 entities who apply IFRS, and Switzerland has 133 entities and In Germany, 415 entities are subject to mandatory adoption of IFRS due to the structure of the market⁶.
- As there are 20 industry sectors in Vietnam according to White book: Enterprises in Vietnam (2023) – Ministry of Planning and Investment and if the top 5 in each sector will adopt IFRS, the number of entities who apply IFRS will be around 100. Comparing to the other countries cases, 100 entities who apply IFRS can be sufficient. There are some unlisted state-owned entities who are key player in the market and there are also some entities who are not key players but who are willing to apply IFRS. Total of these entities are expected to be 150 to 200 entities.

The criteria of IPIE should be considered based on the government policy carefully and the following is the criteria of IPIE as an example. The ratio used for the criteria, for example, needs to be carefully determined according to Vietnam's future plans.

⁶ Japan Exchange Group, Inc., “IFRS (kokusai zaimu houkoku kijyun) heno taiou IFRS (国際財務報告基準) への対応,” June 30, 2022, <https://www.jpx.co.jp/equities/improvements/ifrs/02.html>.

- (1) A Key player in its industry segment
- (2) An Entity which has international public accountability
- (3) An Entity which is operating internationally

The detailed explanations about three criteria are as follows:

(1) A Key player in its industry segment

- Here, the key player in its industry segment is, for example, an entity with which the average value of any of the following items for the past three years is within the top five or higher in its industry segment.
 - ✧ Market share in its industry segment
 - ✧ Revenue
 - ✧ Number of employees
- Ranking is done annually, but once an entity falls from fifth place, it is not excluded in principle. However, it may be excluded by individual judgment.
- An industry segment is an industry segment that is commonly used in securities trading in Vietnam. If there is an industry segment that is monopolized by a state own entity, AASD adds such industry segment by exercising judgment, and AASD defines the final industry segments. As a result, significant entities in all industry segments will apply IFRS, ensuring that there is no industry bias and avoiding the situation that none of the entities in a particular industry are applying IFRS.

(2) An Entity which has an international public accountability

- Here, International public accountability means that if entity's debts or equity instruments are traded in a public market outside of Vietnam, or it has significant loan from financial institutions outside of Vietnam, such entity has an international public accountability. Whether the loan is significant or not is determined by AASD. This criterion to determine the significance of the loan should not be an absolute amount.

(3) An Entity which is operating internationally.

- Here, operating internationally can be determined, for example, by indicators such as a ratio of exports to revenue is approximately 25% or more, a ratio of imports to purchases is approximately 25% or more, or a ratio of outside of Vietnam to operating expenses is approximately 25% or more in the past three years, but there are various other methods. However, if this index (3) is satisfied, it does not mean that it automatically become an

IPIE but has the property of a minimum condition for becoming an IPIE.

- In other words, if an entity falls under any of (1) or (2), even if it falls under only one of the indicators, the entity qualifies as IPIE, but if it falls under (3), but falls under neither (1) nor (2), AASD needs to decide whether to qualify that entity as IPIE.
- The purpose of this requirement is to reserve the possibility of recognizing future growth industries as IPIE.

During the voluntary adoption period, in order to encourage IPIE to adopt IFRS, the regulator for each IPIE is expected to notify to IPIE that they are categorized as IPIE and required to adopt IFRS mandatorily in the future. Such notification can motivate for IPIE to adoption IFRS voluntarily in advance to mandatory adoption in the future.

A legal framework for the adoption of IFRS

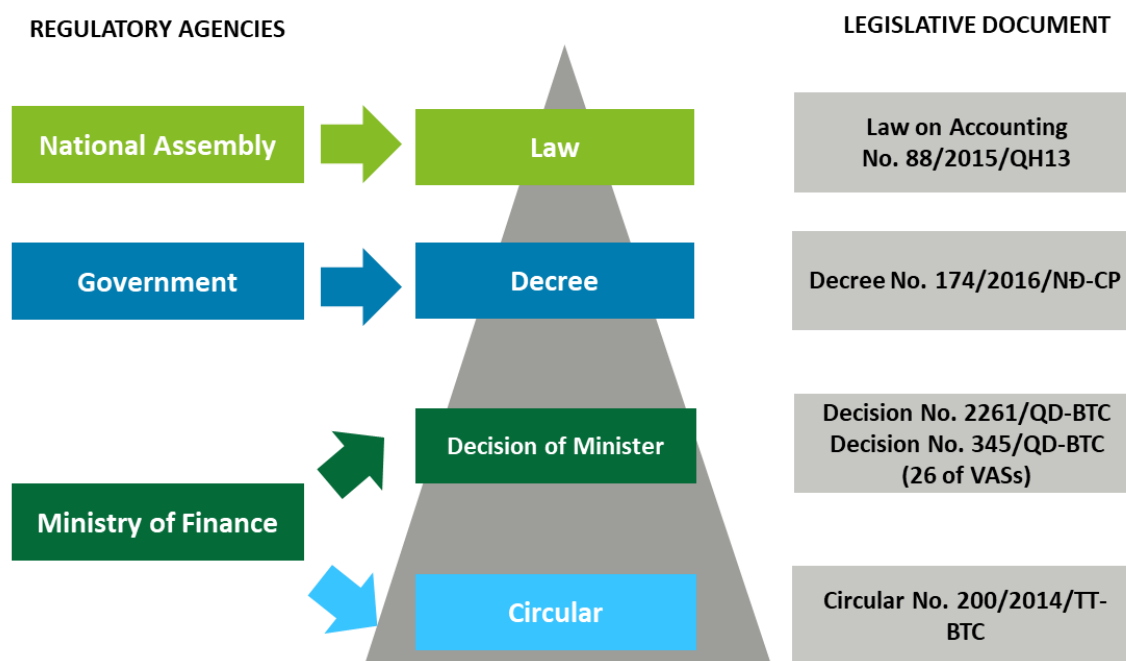
a. Comparison of legal framework between Vietnam and Japan

Generally, the legislative structure of Vietnamese financial reporting system comprises of several laws and regulations divided into four levels, in which:

- The highest level is the Law on Accounting passed by the National Assembly;
- The second level consists of decrees issued by the Government promulgating detailed guidance on the Law on Accounting and/or other regulations on accounting;
- The third level includes the Vietnamese Accounting Standards issued by the Ministry of Finance and Vietnamese Accounting Regime for enterprises and specific guidance for certain industries including banking, securities, insurance, investment funds and fund management companies, etc. issued by the Ministry of Finance and the State Bank of Vietnam (applicable to credit institutions); and
- The fourth level comprises circulars issued by the Ministry of Finance/State Bank of Vietnam (applicable for credit institutions) or other ministries or ministry – level agencies that provide guidance on Vietnamese Accounting Standards, Vietnamese Accounting System and other regulations on accounting subjects.

Following chart illustrates the four level hierarchy of the legal documents.

Figure 10. The legislative structure of Vietnamese financial reporting system



Source: JICA consultant team

- On the other hand, in Japan, rules related to accounting and presentation/disclosure are not stipulated by law. The law of Financial Instruments and Exchange Act delegates the establishment of accounting and presentation/disclosure rules to the Cabinet Office Ordinance according to Article 193 of Financial Instruments and Exchange Act. The Cabinet Office Ordinance establishes provisions on rules related to accounting and presentation/disclosure based on the mandate, but for those not stipulated in the Cabinet Office Ordinance, the generally accepted accounting principles shall be applied according to Article 1 of Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements. Currently, the development of generally accepted accounting principles is handled by private standard-setting organizations, ASBJ. The Commissioner of Financial Services Agency designates the rules developed by ASBJ as the generally accepted accounting standards based on the mandate of Cabinet Office Ordinance according to Financial Services Agency Notification No. 69.
- According to Article 3 of Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements, the generally accepted accounting standards are defined as follows:

Among the business accounting standards prepared and published by an organization that conducts research, research, and preparation of business accounting standards in the course of trade and that satisfies all of the following requirements, those specified by the

commissioner of the Financial Services Agency as those that are found to have been prepared and published under fair and proper procedures and are expected to be generally accepted as fair and appropriate business accounting standards shall fall under the generally accepted accounting standards:

- (1) it is a private organization independent of interested persons;*
 - (2) it is continuously provided with funds by a large number of persons without being biased against a specific person;*
 - (3) it has established a council system of persons with the ability to prepare business accounting standards from a highly professional viewpoint (referred to as the “Standards Committee” in the following item and item (v).);*
 - (4) the Standards Committee conducts its business in a fair and sincere manner;*
 - (5) that the Standards Committee continuously reviews the business environment surrounding the Company, etc. and appropriate responses to changes in the practice of the Company, etc. and from the viewpoint of international convergence;*
- The generally accepted accounting standards are a hierarchy of Accounting Standards (issued by the BAC or the ASBJ), Guidance on Accounting Standards and Reports of Practical Issues Task Force (issued by the ASBJ), Practical Guidelines on Accounting Standards and Q&As (issued by the JICPA), and generally accepted accounting practices.
 - In addition, the Cabinet Office Ordinance permits the application of designated International Financial Reporting Standards specified by the Commissioner of the Financial Services Agency as a separate standards from the domestic standards and consequently clarifies that entities that apply the designated International Financial Reporting Standards do not have to apply to the existing domestic accounting and presentation/disclosure rules according to Article 1 and 93 of the Regulations for Consolidated Financial Statements. The Commissioner of the Financial Services Agency, based on the mandate of the Cabinet Office Ordinance, designates IFRS issued by IASB without any modification including language according to Financial Services Agency Notification No. 69.
 - With regard to the designation process, this process enables the Commissioner of the Financial Services Agency not to exclude certain standard of IFRS from the designated IFRS. The designated International Accounting Standards shall be established by the Commissioner of the Financial Services Agency after confirming that the International Accounting Standards comply with the following points:
 - Whether the International Accounting Standards have been prepared and published under

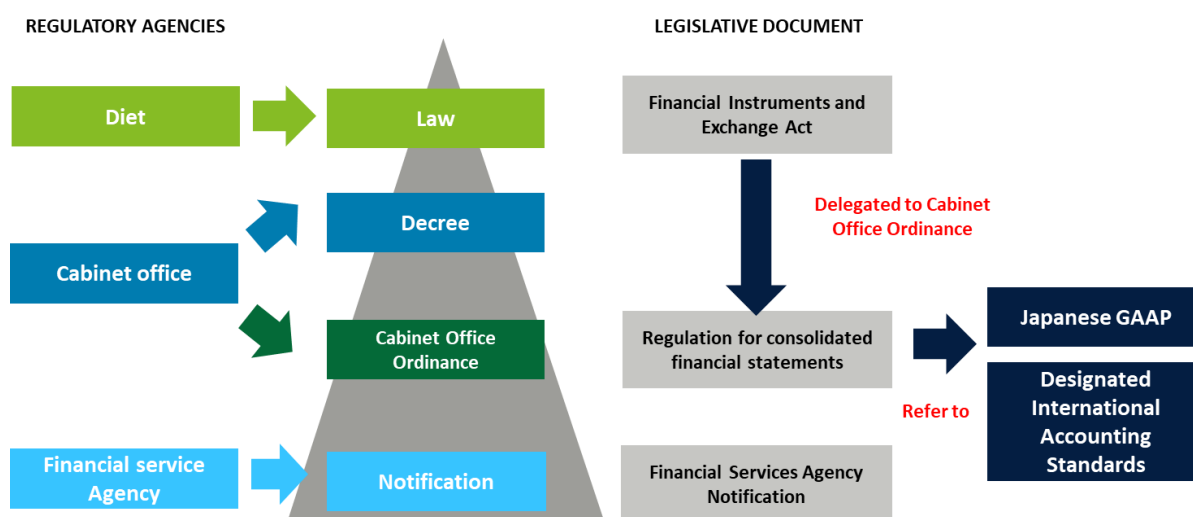
fair and appropriate procedures;

- Whether the International Accounting Standards are expected to be accepted as fair and appropriate business accounting standards;

This is a process to allow carve-outs to be considered when there are standards that are unacceptable to Japan, and to provide an opportunity for persons with the ability to formulate accounting standards to consider whether or not to accept individual IFRS standards.

Therefore, in Japan, Cabinet Office Ordinance allows IFRS adopters to apply the designated IFRS which is equivalent to IFRS as issued by the IASB to the consolidated financial statements independently from the existing domestic accounting and presentation/disclosure rules through designation by the Commissioner of the Financial Services Agency, as such there is no room to be blended IFRS and the domestic accounting and presentation/disclosure rules (Financial statements of IFRS adopters can be prepared in accordance with IFRS only).

Figure 11. The legislative structure of Japanese financial reporting system



Source: JICA consultant team

g. A legal framework for voluntary adoption of IFRS

It must be established a legal basis in domestic laws and regulations to enable IFRS voluntary adoption as soon as possible, however, if IFRS are incorporated into the Vietnamese legal system, conflicts will arise with the existing laws and regulations, and particular way must be made to establish the legal basis for applying IFRS voluntarily.

Therefore, in order to establish the legal basis, the designation method applied in Japan could be a good reference in order to position IFRS as an independent accounting standard that is

separate from existing Vietnamese standards.

In Japan, the following special provisions have been added to the Cabinet Office Ordinance.

(Special Provisions Pertaining to Designated International Accounting Standards)

Article 93 The terminology, forms, and preparation methods of consolidated financial statements that specified company which applies the designated International Accounting Standards submits may be in accordance with the designated International Accounting Standards (Omitted).

(Notes on the designated International Accounting Standards)

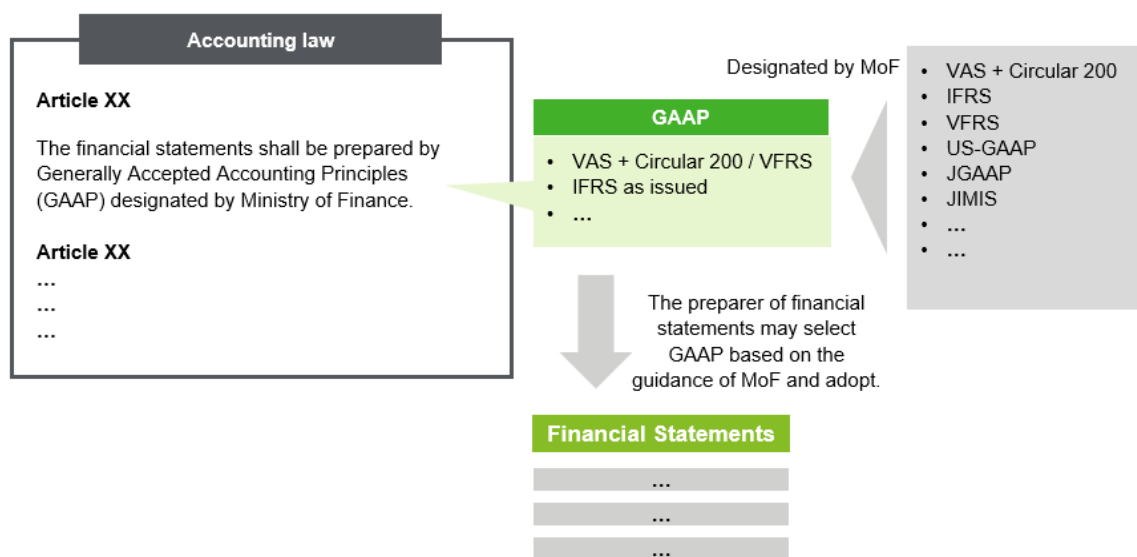
Article 93 (2) The following matters must be set down in the notes to Consolidated Financial Statements prepared in accordance with Designated International Accounting Standards:

(i) In cases where the designated International Accounting Standards are the same as International Accounting Standards, a statement to the effect that consolidated financial statements have been prepared in accordance with International Accounting Standards;

(ii) In cases where the designated International Accounting Standards are different from International Accounting Standards, a statement to the effect that consolidated financial statements have been prepared in accordance with Designated International Accounting Standards;

(iii) the fact that it falls under the category of specified company under the designated International Accounting Standards and the reason therefore;

Figure 12. Example of GAAP regulation in Accounting Law



Source: JICA consultant team

One possible approach for Vietnam is to add a provision for IFRS in the accounting law. Two cases can be assumed to specify IFRS in the legal framework for accounting, one is to directly incorporate IFRS into the legal framework, and the other is to specify IFRS as one of the generally accepted accounting principles (GAAP) and not to incorporate IFRS into the legal framework. The current Vietnamese accounting standard for Vietnam is the former case, but the latter method is recommended for IFRS. Specifically, the Accounting Law should stipulate that "The financial statements shall be prepared by GAAP designated by Ministry of Finance." And the GAAP designated by Ministry of Finance is assumed to be the current Vietnamese Accounting Standards (VAS and VFRS in the future) and IFRS at the current. Financial mechanisms have no impact on the preparation of financial statements.

The rationale for adopting this approach is that IFRS is developed and updated in accordance with international accounting practices, and therefore revisions to IFRS cannot necessarily be consistently introduced into the existing legal frameworks. In addition, if domestic accounting standards developed on the basis of IFRS are incorporated into the legal framework each time they are developed, there may be inconsistencies with the legal framework, which may be difficult to resolve or take much time to resolve and may not be able to converge with international accounting standards in a timely manner. Therefore, it is desirable that accounting standards remain independent of existing legal frameworks.

Another reason is that the preparation of accounting standards should preferably be undertaken by an accounting standard-setting body that is a specialized organization other than a

government. It has been becoming common internationally that the development of accounting standards is not undertaken by government but by private or professional organizations in many countries. Of course, an assessment process by Ministry of Finance is necessary to evaluate the appropriateness of accounting standards developed by an accounting standard setting body. Therefore, it is necessary to develop a process for designating accounting standards developed by an accounting standard setting body as GAAP by Ministry of Finance and a process for providing guidance in applying such accounting standards by Ministry of Finance.

In this way, the existence of IFRS can be defined in the highest law, the Accounting Act, thereby making the accounting standard an independent status. On the other hand, in Vietnam, there are accounting regimes that affect the preparation of financial statements other than the accounting standard. In principle, financial statements should be prepared in accordance with accounting standards, and it is not considered appropriate that accounting regimes or other provisions affect them. Therefore, if IFRS is to be applied voluntarily, accounting should be carried out in accordance with only one set of IFRS and financial statements should be prepared in accordance with IFRS. In addition, for IFRS financial statement, not only the accounting regimes, but also, for example, the existing regulation of presentation of financial statements, should no longer be adopted to the entities that adopt IFRS.

Lastly, it is assumed that the right of designation of GAAP should be given to the director of the AASD (the position equivalent to the commissioner of the Financial Services Agency of Japan).

In fact, in preparing the financial statements of IFRS, there may be differences between the legal systems after establishing the laws and regulations for the voluntary application of IFRS as described above and in starting the voluntary application of IFRS. The analysis conducted in the preparation of this paper also identifies a number of differences between IFRS and the current legal framework. Some differences can be resolved by the Ministry of Finance, while others require coordination with other stakeholders. For example, Ministry of Finance is accountable for a certain number of issues such as credit ranking of enterprises, guidance on IFRS adoption process etc. however, many other issues related to the market data and input for IFRS are subjected to responsibilities of other Ministry or different authorities and some of them may be subject to decisions by Prime Minister and National assembly of Vietnam.

c. A legal framework for VFRS and future mandatory adoption of IFRS

In the study conducted to prepare this paper, it is founded that the Vietnam Accounting Standards have been incorporated into the Vietnamese the existing laws and regulations and established as a legal system in Vietnam. Therefore, when new accounting standards are established or updated, conflicts with other laws and regulations are inevitable, and the resolution of conflicts may become substantially difficult.

Although the legal basis of accounting standards is handled differently depending on the legal system of each country, it will be easier to follow the development and internationalization of accounting standards by ensuring that legal documents generally follow GAAP without directly incorporating them into legal documents. In the case of establishing accounting standards that are generally fair and appropriate, it is necessary to consider the establishment of a national standard-setting body entity and as mentioned in the section of “A legal framework for voluntary adoption of IFRS”, the establishment of processes and systems that the director of AASD designates that are generally accepted as fair and appropriate accounting standards among the business accounting standards that the national standard-setting body entity has prepared and published under fair and appropriate procedures as GAAP.

With regard to GAAP, the concept is widely applied not only in Japan but also in the United States and the European Union, and if Vietnam assumes the future development of VFRS and the compulsory application mandatory adoption of IFRS, it will be necessary to introduce the system.

Establishment of national standard-setting bodies

Establishment of National Standard-Setting body is essential, and it will be responsible for the introduction of IFRS and the development, maintenance, and management of VFRS.

AASD is expected to provide overall operational support or jurisdiction, and the private sector, the Institute of Certified Public Accountants, stock exchanges, etc., are expected to become the support base of NSSB and are expected to provide human resources and funding to NSSB, and regulatory authorities such as SBV, GDT, CFD, and SSC should be involved as observers.

NSSB should be operated by full-time members as a permanent organization, and its membership consists of representatives selected from entities that prepare financial statements, certified public accountants such as the Institute of Certified Public Accountants that conduct audits, stock exchanges, etc., and regulatory authorities as observers. ASBJ, Japan’s national standard-setting body, has 4 board members on a full-time basis, 9 on a part-time basis, and about 25 staff members (about 3 of whom are dispatched to IASB).

The establishment of the NSSB shall determine mainly, but not limited to, the following basic policies:

- Decisions on organizational structures and financial schemes (Collection of membership fees from corporate and individual members or government assistance etc.), organizations supporting NSSB, etc.
- Appointment of committee members and chairs, ensuring transparency in the nomination process of committee members and chairs, and determining organizational management

policies

- Determining which full-time staff to recruit at NSSB
- Establishment of an office

As for ASBJ, ASBJ collects membership fees from all of Japanese listed companies JPY300,000 to JPY500,000 per company per year.

The VFRS Drafting Committee is considered to be a committee established when the VFRS is enacted. Since the VFRS is a tool to improve the transparency, effectiveness and accountability of financial information of all entities except small and micro entities, and to protect the business environment and legal interests of investors, it should be continuously maintained and revised in accordance with the development of Vietnam and the revision of IFRS.

National Standard-Setting body can be established as a further developed form of VFRS Drafting Committee who will be responsible for the introduction of IFRS and the development, maintenance, and management of VFRS.

It is desirable that the National standard-setting body should be a private organization from the viewpoint of independence because:

- Accounting standards are subject to the influence of the provisions of the tax laws and the Commercial Code, as well as the influence of financial administration. It is necessary to develop accounting standards by taking a balanced view of stakeholders from a standpoint independent of each regulatory authority.
- National Standard-Setting body in major countries such as the United States and the United Kingdom, as well as IASB, are private organization, and the organization who have liaison relationships with IASB Board members are strongly required to be independent from government agencies.
- Meanwhile, in China, the Ministry of Finance is responsible for setting accounting standards. Specifically, China Accounting Standards Committee (CASC), an internal organization of the Ministry of Finance, functions as an advisory body for setting accounting standards. The CASC is composed of more than 30 members representing authorities, corporations, academic societies and certified public accountants. It consists of three expert committees: (1) the Accounting Theory Expert Committee, (2) the Business Accounting Expert Committee, and (3) the Government and Non-Profit Organization Accounting Expert Committee.

Even if a part of a national organization such as the Ministry of Finance is to be the NSSB, the chairperson and members should be individuals independent from the government.

In the development of the VFRS, since the VFRS will partially or completely replace the VAS and will play two roles, one for providing information to investors and the other for coordinating interests, it will be necessary to develop laws and coordinate between stakeholders. Therefore, it is necessary to establish an independent organization, National standard-setting body, to address each issue. The national standard-setting body is responsible for the development, maintenance, and management of the VFRS, and updates the VFRS in conjunction with the development of IFRS.

Matters necessary for smooth implementation of the adoption of IFRS

a. Treatment of non-consolidated financial statement

Although this paper proposes the voluntary and mandatory adoption of IFRS to the consolidated financial statements, it is considered possible to promote the adoption of IFRS to the consolidated financial statements by applying VFRS developed on the basis of IFRS as issued to the non-consolidated financial statements and reducing the difference between the non-consolidated financial statements to which VFRS is applied and the consolidated financial statements to which IFRS is applied. Until the VFRS development is completed, IFRS is limited to voluntary adoption to consolidated financial statements, and reclassification from non-consolidated financial statements to which VAS is applied to consolidated financial statements to which IFRS is voluntarily applied, although cumbersome, is made to be voluntary adoption of IFRS by firms that have a demand for IFRS adoption, and the compulsory adoption of IFRS to consolidated financial statements of limited firms after the VFRS comes into effect, thereby limiting the burden and impact on practice broadly.

b. Development of an environment enabling financial statements under IFRS

Active market underlying the measurement of fair value measurement.

IFRS13 classifies fair value into the following three classes according to the content of input information used for fair value measurement.

- Level 1: Quoted price of identical asset or liability in an active market
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

In addition, IFRS requires fair value assessment in a number of situations, and the scope of fair value assessment extends to non-financial instruments as well as financial instruments. The major individual standards with the provisions of fair value are as follows: Please be noted that

the table below does not list all standards with the provisions of fair value.

IAS 16 — Property, Plant and Equipment	IAS 41 — Agriculture
IAS 36 — Impairment of Assets	IFRS 3 — Business Combinations
IAS 38 — Intangible Assets	IFRS 7 — Financial Instruments: Disclosures
IAS39 — Financial Instruments: Recognition and Measurement	IFRS9 — Financial Instruments
IAS 40 — Investment Property	IFRS 13 — Fair Value Measurement

Source: JICA Project Teams

In the measurement of fair value, level 1 inputs require an “active market,” but there would be an argument of whether or not the quoted price in the market satisfies the definition of level 1, for example, the quoted price when trading volume is not sufficient in the market for stocks, or the quoted price when trading volume is low compared to the market for stocks such as bonds. Therefore, the quoted price may not be used for fair value measurement without adjustment.

In Japan, the fair value of stocks listed on stock exchanges is often classified as Level 1, while the fair value of bonds and derivatives is sometimes classified as Level 2. Therefore, although the existence of an active market is not necessarily essential for the measurement of fair value, it is necessary to improve and develop the market in line with the introduction of IFRS.

c. Development of experts for estimates required by IFRS.

Under IFRS, estimates are required for many of the individual standards, but in the fair value measurement of financial and non-financial assets, there are cases where fair value is measured using Level 3 inputs, cases where value in use is calculated by requiring impairment of an asset under IAS36, and cases where the calculation of estimates is highly complex, such as IAS19, IFRS2, IFRS9, and IFRS17, and the involvement of a person with expert knowledge is indispensable. In addition, depending on the situation of each company applying IFRS, it is necessary to request such experts to perform calculations each term. In order to promote the adoption of IFRS, it is essential to develop experts and promote to utilize such experts.

d. Implementation of policies to promote adoption of IFRS

Indicators of companies applicable to adopt IFRS

The following indicators may indicate companies considered eligible for IFRS.

Table 4. Indicators for eligibility as an IFRS Adopter

Items	Indicators
Technology (System and process)	Has an entity established a system that can collect and store the data necessary to prepare IFRS financial statements?
Data availability	Can an entity access at least past three years of accounting book data and can an entity hold accounting book data of both VAS and IFRS in parallel?
Human resources	Does an entity have an accountant who has been involved in the preparation of IFRS financial statements?
Finance	Does an entity have the financial soundness to bear the investments and costs required to implement IFRS?
Economic situation	Economic conditions varies by industry and may not necessarily affect the transition to IFRS.

Source: JICA Project Teams

➤ Technology (System and process)

For a system, the key is to have a system that meets the following data availability requirements, but any system will do as long as it has the necessary data. In Japan, IFRS is voluntarily applied to the consolidated financial statements. In order to collect data necessary for the preparation of IFRS financial statements from domestic and overseas subsidiaries, IFRS companies in Japan have modified the consolidated accounting system and have prepared a system environment to collect data through a consolidated accounting system that complies with IFRS. In many cases, fixed asset management systems and sales systems have been modified in order to set the useful lives based on IFRS and to manage the information about the sales contracts, respectively. However, it is interesting to note that some companies have used spreadsheets like Excel to gather the information necessary to prepare IFRS financial statements and has not made system modifications.

With regard to processes, in many cases in Japan, additional processes are established for the preparation of IFRS financial statements in order to ensure completeness and accuracy of

information. J-SOX (Japanese internal control and reporting system) has been introduced in listed companies in Japan, and management is responsible for the development and operation of internal control over financial reporting. The introduction of IFRS often requires the creation of additional internal controls, primarily for the sales and financial reporting processes. The documentation and internal auditing required by J-SOX will also be required in addition to the newly established processes.

➤ Data availability

In the case of transition to IFRS, it is necessary to prepare B/S as of IFRS transition date, B/S and Profit/Loss as of the comparison year, and B/S and Profit/Loss as of the reporting year (in the case of transition to IFRS from the end of the reporting year), so it is necessary to enhance the data of previous years. In addition, most IFRS companies require data based on IFRS closing parameters in addition to data required by local accounting standards, such as PPE, Lease, Employee benefit, fair value information on financial instruments and calculation of expected credit losses. In the cases of IFRS application in Japan, multiple books such as those for local accounting standards, IFRS, and tax reporting were used to manage the data. In line with the transition to IFRS, the system was examined and in many cases IT systems were upgraded.

➤ Human resources

Human resources are very important. The accounting department needs a Chief Accountant and an accounting department who are familiar with the differences between IFRS and VAS and how to respond to such differences. IFRS is also continuously updated, so there is always a need to catch up on updates. In addition to the accounting division, the data underlying the IFRS accounting process are input data entered by the sales division and other divisions, and it is a prerequisite for the appropriate IFRS accounting process that the divisions should properly understand the IFRS accounting process and enter the data.

In this regard, it is generally considered that those who have experience in the practice of FDI that reports financial statements to overseas parent companies under IFRS or companies that prepare IFRS financial statements privately have a high understanding of IFRS because they have experience in preparing financial statements under IFRS.

➤ Finance

As mentioned above, the transition to IFRS will inevitably incur additional costs, such as upgrading systems for the necessary data collection, strengthening human resources, and expanding the accounting department, which will create additional investment and cost burdens for enterprises. Therefore, the strength and financial soundness of the company is required to be able to withstand the additional investment and cost burden. The examples

of additional costs are as follows.

- ◇ The fee for external advisor of IFRS introduction
- ◇ Audit fee for the audit of IFRS financial statements
- ◇ The fee for development and introduction of IT system
- ◇ Professional fee for calculation of retirement benefits and estimate of fair value etc.
- ◇ IFRS training fee for employees

➤ Economic situation

Although the economic situation varies by industry, the deterioration in market and economic conditions caused by the external factors such as coronavirus may slow the transition to IFRS, however between 2018, before the COVID-19 epidemic, and 2022, when the epidemic ended, 60 listed companies in Japan transitioned to IFRS, and of course, it has slowed down compared to the trend of IFRS transition up to 2018, but the reason may be that companies interested in IFRS have generally completed the transition to IFRS. There were 60 companies that moved to IFRS even during the period when the economy was stagnant throughout Japan due to the COVID-19 epidemic. Economic conditions may not necessarily affect the transition to IFRS.

Human resource development

In Japan, in order to promote the voluntary application of IFRS over the medium to long term, education and training of human resources supporting the application of IFRS have been promoted. In the Japan Revitalization Strategy 2016 issued by the Cabinet Office, the following is stated regarding human resource development, and IFRS human resource development is stated as a national strategy.

Development of human resources for international accounting

Build a pool of human resources capable of communicating opinions on IFRS in international forums in cooperation with relevant organizations, etc. In addition, through the Japan Institute of Certified Public Accountants, the GOJ will assess the status of human resources capable of carrying out accounting audit practices based on IFRS and audit firms involved in their development, and encourage audit firms to take appropriate measures.

The following initiatives for the development of IFRS human resources in the Financial Accounting Standards Board continue.

- Human Resources Network for International Accounting and Sustainability Disclosure
Purpose: To pool and develop human resources who can provide opinions on IFRS accounting standards and IFRS sustainability disclosure standards in international forums
- Accounting Human Resource Development Support Program

Purpose: To develop human resources who can directly participate in and discuss the activities of IASB and other organizations

In the "Issues and Future Directions for IFRS Education and Training" (October 15, 2015) published by the IFRS Education and Training Committee of the Japan Accounting Education and Training Institute, the following issues and future directions are discussed.

(Issues)

The main targets of IFRS education and training are considered to have been mainly accountants of companies that require direct measures for the voluntary application of IFRS, auditors in charge of audits of companies applying IFRS, consultants supporting the application, and securities analysts in charge of industries where IFRS is frequently applied. In addition, the opinion has been heard that there are few subjects related to IFRS in university education, etc. for training human resources who will be responsible for applying IFRS in the future.

(Future Direction)

- Increase in the handling of IFRS in accounting subjects such as universities
- Use of the Graduate School of Accounting Professionals as a place for recurrent education on IFRS
- Measures to increase handling, such as expanding the scope of questions on IFRS for accounting-related qualification examinations
- Enhancement of IFRS education and training for certified public accountant examinees (apprentices)
- Dissemination of information to a wide range of people through training for analysts in charge of industries where IFRS is becoming popular
- Development of human resources with the necessary knowledge to conduct IFRS audits
- Provision of opportunities to provide management, etc. with appropriate IFRS information in a timely manner

In Vietnam, the case of Japan is considered to be helpful. Japan aims to participate in the development and operation of IFRS through the development of human resources who can participate in organizations such as the IASB and the ISSB and share their opinions to the international. Next, in addition to those directly involved in IFRS disclosure, IFRS education will be promoted through university education and training for the development of certified public accountants, and information on IFRS will be disseminated to corporate management and analysts. It is desirable to promote the development of IFRS human resources through such

education and training.

On the other hand, it is assumed that the voluntary application of IFRS and the convergence of accounting standards will require the recruitment of IFRS personnel in the short term, not only at companies but also at NSSBs and regulatory agencies. In Japan, ASBJ and the Financial Services Agency accepted seconded personnel from accounting firms, especially the Big 4 global firm, to implement IFRS adoption and develop local accounting standards. IFRS is an international accounting standard, and each accounting firm develops guidance and audit policy for IFRS application globally and determines a consistent IFRS policy in each global HDQ. Therefore, the involvement of human resources who can collaborate with global firms is essential in the development of accounting standards and the consideration of IFRS application. Therefore, in terms of short-term human resource development at the NSSB and regulatory agencies, it would be useful to accumulate IFRS knowledge with the cooperation of human resources from each accounting firm.

Incentives

In Japan, the government does not provide any incentives to companies adopting IFRS and each company makes decisions to adopt IFRS voluntarily by comparing the merits and demerits of adopting IFRS and by taking into account trends in the industry to which the company belongs. Many of the companies that decided to apply IFRS did so from the viewpoint of comparability of financial figures with overseas companies in order to obtain investment from overseas. As the leading companies in the industry applied IFRS and the following companies applied IFRS in turn, the adoption of IFRS proceeded voluntarily.

Among the policies implemented by the government, the one that resulted in promoting the voluntary adoption of IFRS was the publication of a convergence plan of JGAAP to IFRS and the implementation of the plan. As a result of the initial public notification by the Japanese government of the plan under which the Japanese standard would be converged to IFRS in the future, it is considered that many large Japanese companies chose to transition to IFRS as a result of weighing the burden and costs of applying the new standard of the Japanese standard intermittently in the future against the burden and costs of the transition to IFRS.

In this paper, it is not recommended that the government provide any incentives for the purpose of promoting the voluntary adoption of IFRS. Rather, it would be more important that GOV provides a clear plan to the public for future convergence of Vietnam's accounting standards themselves with IFRS. In addition, if IFRS is to be forcibly applied to IPIE in the future, it would be better to promote the announcement and notification from an early stage, such as IPIE selection criteria, announcement of companies that may be selected as IPIE, and notification of companies that are eligible to apply IFRS, and to promote the voluntary transition of such companies to IFRS.

- e. Gather information about the intentions and interests of companies regarding the voluntary adoption of IFRS

It is necessary for GOV to understand in a timely manner how companies think about the voluntary adoption of IFRS, whether they have the interest and intention to transition to IFRS, or whether they are preparing to adopt IFRS, and implement the necessary policies according to the situation. In Japan the system on how to grasp the situation of company is introduced.

In order to promote the further expansion of companies that voluntarily apply IFRS, Japan stipulated in the revised 2014 of the Japan Revitalization Strategy on June 24, 2014, that "The Tokyo Stock Exchange will encourage listed companies to explain to investors their basic views on the selection of accounting standards (For example, are you considering applying IFRS?)." Listed companies are required to disclose the status of their consideration on the application of IFRS in the "Basic Approach to the Selection of Accounting Standards" in the Financial Results from the fiscal year ended March 2015.

The guidelines for preparing financial results require listed companies to disclose the following points:

- ◇ Please describe your basic approach to the selection of accounting standards.
- ◇ For example, it may indicate whether IFRS is being applied (the status of its review and the expected date of application).

And Tokyo Stock Exchange analysed the disclosures of all listed company and make the result disclosed to the public.

Please refer to the following example of Toyota Motor Corporation's disclosure of what Japanese companies have disclosed in response to such disclosure requests.

Toyota Motor Corporation has transited from U.S. GAAP to IFRS since the fiscal year ended March 2021.

Figure 13. Financial Summary of Toyota motor corporation FY2019-FY2021

	TOYOTA MOTOR CORPORATION FY2019 Financial Summary
	<p>2. Basic Concept Regarding the Selection of Accounting Standards</p> <p>Toyota prepares its consolidated financial statements in accordance with U.S. generally accepted accounting principles due to the listing of Toyota's common stock on the New York Stock Exchange. Toyota is examining adoption of International Financial Reporting Standards in light of the environment surrounding Toyota, as well as domestic and international trends.</p>
	TOYOTA MOTOR CORPORATION FY2020 Financial Summary
	<p>2. Basic Concept Regarding the Selection of Accounting Standards</p> <p>Toyota intends to replace the currently applied U.S. generally accepted accounting principles and voluntarily adopt IFRS for its consolidated financial statements in order to improve the international comparability of its financial information in the capital markets, among other reasons. The period for disclosure based on IFRS will begin with the first quarter of the fiscal year ending March 31, 2021.</p>
	TOYOTA MOTOR CORPORATION FY2021 Financial Summary
	<p>Basic Concept Regarding the Selection of Accounting Standards</p> <p>Toyota has adopted IFRS for its consolidated financial statements in order to improve the international comparability of its financial information in the capital markets, among other reasons, beginning with the first quarter of the fiscal year ended March 31, 2021.</p>

Source: TOYOTA MOTOR CORPORATION, [Financial Results | Shareholders & Investors News | Toyota Motor Corporation Official Global Website](#)

As in the case of Toyota Motor Corporation, companies applying IFRS in Japan have disclosed their interests and concerns regarding the transition even before the transition to IFRS is officially announced. By requiring companies to make such disclosures, it is possible to grasp the status of each company's review in a timely manner and implement policies to promote the voluntary adoption of IFRS in a timely manner. In addition, this information discloses the possibility of applying IFRS to a large number of stakeholders and the public. This disclosure may encourage other companies in the same industry to consider applying IFRS.

¥In Vietnam, after the establishment of the legal framework for the voluntary application of IFRS has been completed, it is possible to promote the voluntary application of IFRS, as well as the status of the voluntary application of IFRS, by requiring companies to state the status of their consideration of the voluntary application of IFRS and their intentions and interests every fiscal year in their public financial statements.

- f. The role of government authorities and business leadership to fulfil in the adoption of IFRS

In adopting IFRS, Ministry of Finance takes the lead in considering adoption, but the adoption of IFRS may affect areas under the jurisdiction of other agencies or other regulatory authorities, or the financial statements and disclosures of IFRS may be affected by other regulations. Therefore, other regulatory authorities are required to accumulate knowledge on IFRS.

Next is the role of the business leader. The introduction of IFRS into the enterprise is not easy and takes time. In addition, it is not necessary for companies to complete the adoption of IFRS only by the accounting department, but the involvement of other department is essential for the adoption of IFRS because other departments are involved in data input that is required for accounting. In such a long-term, company-wide task, business leaderships need to move the organization based on a clear vision and an appropriate action plan in order to adopt IFRS successfully. Without support from business leaderships, there will be no successful adoption of IFRS by companies.

Recommendation of the scheme of development of VFRS

The development of the VFRS will be carried out carefully over time, apart from the activity to upgrade Vietnam's accounting system for enhancing the transparency and reliability of the financial statements of Fast Track entities that voluntarily adopt IFRS. In the development and adoption of the VFRS, it is not necessary to introduce all the new standards at once in the certain target year, but new standards can be phased-in (like convergence), taking into account the situation in Vietnam. It is envisaged that VFRS will be developed in a phased convergence with IFRS as issued, that the first set of VFRS will be developed and introduced, and that VFRS will be replaced sequentially from VAS. Like the current relationship between IAS and IFRS, VAS and VFRS will coexist until VFRS that replace VAS will be developed. In accordance with the future development of IFRS, the development of VFRS will proceed and VAS will be replaced, like the case that IAS39 was replaced to IFRS9.

The Pros and Cons on the timing of the development and adoption of accounting standards are as follows:

Figure 19. Pros and Cons of the timing of the development and adoption of accounting standards

	Option 1. Introduced and enacted at once	Option 2. Introduced piecemeal and enacted at once	Option 3. Introduced and enacted piecemeal
Pros	<ul style="list-style-type: none"> It is possible to develop a complete set of accounting standards that are fully aligned between the standards. If sufficient resources are available and the development of accounting standards can be carried out on schedule, the required convergence can be carried out in the shortest time. 	<ul style="list-style-type: none"> The piecemeal development of accounting standards does not require more resources than the simultaneous development of accounting standards. Areas that require time to develop accounting standards or coordination among stakeholders can be deferred. 	<ul style="list-style-type: none"> The piecemeal development of accounting standards does not require more resources than the simultaneous development of accounting standards. It can address areas necessary for early convergence with IFRS as soon as possible. Areas that require time to develop accounting standards or coordination among stakeholders can be deferred. The burden on financial statement preparers and auditors is relatively light.
Cons	<ul style="list-style-type: none"> Since the development of all accounting standards starts simultaneously, a great number of resources are required at once. The adoption of accounting standards is not possible until the development of all accounting standards has been completed, which may prevent progress in the adoption of accounting standards if the development schedule is delayed. The burden on financial statement preparers and auditors is heavy because new accounting standards will be applied all at once. 	<ul style="list-style-type: none"> Depending on the content of the accounting standards to be developed later, it may be necessary to revise the previously developed accounting standards before they are applied. The adoption of accounting standards is not possible until the development of all accounting standards has been completed, which may prevent progress in the adoption of accounting standards if the development schedule is delayed. The burden on financial statement preparers and auditors is heavy because new accounting standards will be applied all at once. 	<ul style="list-style-type: none"> Revisions to previously applied accounting standards may be necessary, depending on the content of accounting standards developed later. Pending the development of all planned VFERS, some existing VAS may need to be revised to avoid inconsistencies between accounting standards because VAS and VFERS coexist.
Result	✓	✓✓	✓✓✓

Source: JICA Project Team

According to the Pros and Cons of the timing of the development and adoption of accounting standards, it is the best option that VFERS will be developed and adopted piecemeal.

Implementing a piecemeal approach can lead to inconsistencies between preconvergence standards (VAS) and post-convergence standards (VFERS). In this case, the question is whether preconvergence standards (VAS) should be revised accordingly or should convergence be adjusted to avoid contradictions. On this point, no major practical problems have arisen in Japan. Therefore, such differences are not a significant concern. With the desire for convergence to be as close as possible to IFRS, the content of accounting standards in the convergence process should not be changed just to avoid inconsistencies and should not give specific examples or guidelines in the convergence process.

For post-convergence accounting standards, a number of measures must be taken to ensure appropriate accounting in accordance with post-convergence standards, including exemptions from issuing account charts and Debt entries - Detailed as in Circular 200.

For the development of VFERS, two approaches can be considered to develop the actual criteria for VFERS.

Table 20. Approach A and B of development of VFRS

Approach	Explanation
A	As a general rule, the recognition and measurement portion of the accounting standard is the translation of current IFRS as issued into Vietnamese. In addition, minimum modifications for consistency with Vietnamese tax laws and corporate laws may be added as necessary, and the timing of adoption of individual standards may be delayed, if necessary, beyond the timing of IFRS as issued. In addition, if the disclosure requirements of IFRS as issued are judged to be excessive in light of the actual situation of Vietnamese entities, the disclosure may be simplified by referring to IFRS for SME.
B	Recognition and measurement will also be greatly simplified. In this approach, conceptual framework and major accounting standards such as revenue recognition, financial instruments and lease are based on current IFRS as issued. IFRS for SME may be used as a reference for simplification.

Source: JICA Project Team

VFRS is intended for entities in Vietnam other than SME that are expected to be large in terms of number of entities based on the conducted research, however the approach A is recommended. Approach A is that the development of VFRS should aim to make VFRS as similar as possible to IFRS as issued and the necessary modifications to harmonize Vietnam's tax law or other legal frameworks should be minimal. Approach A is necessary, in order for IPIE and companies which adopt IFRS voluntarily to reduce the double burden of applying different accounting standard to non-consolidated financial statements.

In Approach A, recognition and measurement will be generally the same as in IFRS. However, if the disclosure requirements of IFRS as issued are judged to be excessive in light of the actual situation of Vietnamese entities, it may be simplified by referring to IFRS for SME. Besides, the IASB is currently working on a project called Subsidiaries without public accountability: Disclosures, which is a project to be comply with IFRS for recognition and measurement but minimize disclosure by referring IFRS for SME.

The purpose is that in IFRS adopted country where financial statements needs to be prepared based on IFRS, when a statutory audit is required for a non-listed subsidiary of a consolidated group, it is required for the subsidiary to prepare the financial statements based on IFRS but

the burden on the subsidiary to prepare IFRS financial statements is heavy and ultimately, the subsidiary's financial statements themselves are not disclosed to the public. Therefore, the objective is to minimize unnecessary disclosure and reduce the burden on the subsidiary. This project is referable when the disclosure will be considered.

In addition, the application of individual standards may be delayed, if necessary, beyond the timing of IFRS as issued. However, it is important to always clarify the differences between IFRS and VFRS based on approach A, and to organize information so that differences between IFRS and VFRS can be easily reconciled. This does not mean that the recompile should be forced on the preparer, but rather that the differences between the standards should be clarified so that users of financial statements can make their own recompile estimates. By applying such information, the VFRS can be prevented from becoming a black box and transparency can be provided.

Technical recommendation

Points of convergence with IFRS as issued learned from Japanese Experience

An analysis of the current VAS was conducted, taking into account Japan's progress and experiences with convergence and it was concluded that it would be useful for Vietnam to apply the IFRS standards to the following three (3) categories and to use their different approaches for performing convergence through the development of VFRS [please consider referencing the detailed analysis results found in ANNEX1]. Each of these categories is explained below.

Table 3. Convergence approach

Types of convergence	Applicable IFRS Standard
Convergence should be promoted as a top priority	<p>IFRS 8 <i>Operating Segments</i></p> <p>IFRS 13 <i>Fair Value Measurement</i></p> <p>IFRS 15 <i>Revenue from Contracts with Customers</i></p> <p>IFRS 16 <i>Leases</i></p> <p>IAS 20 <i>Accounting for Government Grants and Disclosure of Government Assistance</i></p> <p>IAS 36 <i>Impairment of Assets</i></p> <p>IAS 41 <i>Agriculture</i></p> <p>IFRIC 1 <i>Changes in Existing Decommissioning,</i></p>

	<i>Restoration and Similar Liabilities (and other asset retirement obligation related rules)</i> <i>IFRIC 10 Interim Financial Reporting and Impairment</i> <i>IFRIC 12 Service Concession Arrangements</i> <i>SIC 29 Disclosure – Service Concession Arrangements</i>
Convergence should be achieved after discussions among domestic stakeholders on which and to what extent to adopt in combination with voluntary IFRS adoption.	<i>IFRS 3 Business Combinations</i> <i>IFRS 7 Financial Instruments: Disclosures</i> <i>IFRS 9 Financial Instruments</i> <i>IFRS 17 Insurance Contracts</i> <i>IAS 40 Investment Property</i>
Low priority for convergence	Criteria other than the above

Source: JICA Project Teams

IFRS standards that convergence should be promoted as a top priority

With regard to the following 9 standards, it is expected that Vietnam should move forward with convergence as quickly as possible.

- *IFRS8 Operating Segments*
- *IFRS13 Fair Value Measurement*
- *IFRS15 Revenue from Contracts with Customers*
- *IFRS16 Leases*
- *IAS20 Accounting for Government Grants and Disclosure of Government Assistance*
- *IAS36 Impairment of Assets*
- *IAS41 Agriculture*
- *IFRIC1 Changes in Existing Decommissioning, Restoration and Similar Liabilities and other asset retirement obligation related rules*
- *IFRIC 10 Interim Financial Reporting and Impairment*

- IFRIC 12 *Service Concession Arrangements*
- SIC 29 *Disclosure – Service Concession Arrangements*

The reason to come to this conclusion is because the areas prescribed under these standards relate to many of the entities found in Vietnam and because it is believed that convergence will be useful for investors both inside and outside Vietnam. For example, IFRS8 Operating Segments, IFRS13 Fair Value Measurement, IFRS15 Revenue from Contracts with Customers, IFRS16 Leases, IAS36 Impairment of Assets, IFRIC1 Changes in Existing Decommissioning, Restoration and Similar Liabilities and other asset retirement obligation related rules and IFRIC 10 Interim Financial Reporting and Impairment are standards that relates to almost all entities, regardless of industry. Japan has already finished or is currently performing convergence for these standards with the intent of providing relevant information to investors both inside and outside Japan and achieving international harmonization with IFRS or accounting standards in other major countries, such as US standards. The same could also be said about Vietnam, which is why convergence will be unavoidable and should be performed as soon as possible. Furthermore, while some rules are likely to take taxation, corporate, and industrial laws as well as practicality into consideration by establishing simplified rules and detailed guidelines similar to what is seen in Japanese standards, efforts must be made to ensure that the intent of these IFRS standards are not ignored. In contrast, there is currently no standard equivalent to IAS20 Accounting for Government Grants and Disclosure of Government Assistance, IAS41 Agriculture, IFRIC12 Service Concession Arrangements and SIC 29 Disclosure - Service Concession Arrangements in Vietnam. Given the structure of Vietnam's politics and industries, these are not areas that can be neglected, which is why accounting standards need to be developed as quickly as possible.

IFRS standards that convergence should be achieved after discussions among domestic stakeholders.

It is expected that the following 5 standards should undergo convergence after discussions among domestic stakeholders to what extent to adopt in combination with IFRS voluntary application.

- IFRS3 Business Combinations
- IFRS7 Financial Instruments: Disclosures
- IFRS9 Financial Instruments
- IFRS17 Insurance Contracts
- IAS40 Investment Property

These standards could exert a large influence on an entity's financial performance and financial position, including on the calculation of goodwill, impairment of financial instruments, or fair value, or relate to the core industries of Vietnam, such as finance or real estate. However, the

complexity of these standards means that entities are not always capable of easily addressing these standards and also many Vietnamese entities are expected to only engage in very simple transactions. Consequently, there will be questions on whether it is truly necessary to force such complex standards onto Vietnamese entities whose stakeholders primarily consist of domestic stakeholders. A decision on who and what is desirable to require should be made after a thorough discussion with domestic stakeholders. For example, whether to require all companies to comply with the expected credit loss model in IFRS 9 “Financial Instruments” or to limit the burden to financial institutions or among them, only those with global orientation could be an important decision point. Furthermore, As mentioned above, an important point in making this decision is whether entities that emphasis international accountability are given the option to voluntarily apply IFRS. For example, if VFRS requires amortization of goodwill, as in JGAAP, amortization of goodwill has the disadvantage that it reduces the incentive for managers to enter into business combinations, but entities that dislike this disadvantage can avoid it by applying IFRS voluntarily.

IFRS standards that are low priority for convergence

It is expected that standards other than those covered under the previous sections (“Convergence should be promoted as a top priority” and “Convergence should be achieved after discussions among domestic stakeholders to what extent to adopt in combination with IFRS voluntary application”) are low priority for convergence in Vietnam due to only applying to immaterial areas or not largely deviating from current accounting practices and so on. In addition, regarding the conceptual framework, it also does not prescribe specific accounting treatments and is not an accounting standard, meaning there is little need to introduce it.



Japan International Cooperation Agency



ベトナム国国際財務報告基準（IFRS）導入支援プロジェクト

英国視察の概要

英国視察の概要

プロジェクトにおける本視察の位置づけ及び目標

IFRS会計基準が国際的どのように運用されているかについて理解するため、IFRS会計基準を実際に策定しているIASB（The International Accounting Standards Board）を直接訪問し、IFRS会計基準策定・運用に関わっているスタッフや、主要な理事と面談し、IFRS会計基準の国際的運用の実態について学習する。これにより、PDMに掲げるプロジェクト目標の達成に貢献することに加え、IASBを通じて、ベトナム金融市場の透明性に向けた取組みについての国際的認知の向上を図ることが可能になる。

ゴール

- ✓ IFRS会計基準が国際的にどのように運用されているかを理解する。
- ✓ IASBが運営するIFRSの仕組みを理解する。
- ✓ ベトナムにおけるIFRSへの取組み状況について理解を深める。

参加者

財政省会計監査監督局(AASD)	8名
財政省税務政策局(TPD)	1名
財政省企業財務局(CFD)	1名
JICA	1名
JICAコンサルタント	5名

日程

2023/12/4から2023/12/8までの英国現地5日間の視察を実施

英国視察の主な実施事項と学び

IASBの議長及び副議長との会議



目的

- IASBの議長・副議長からベトナムにおけるIFRSへの取組み状況の認知を得る。



アプローチ

- ベトナムの会計の現状及び課題を説明する。
- IFRS会計基準導入に向けたロードマップを説明する。
- IASB議長、副議長と上記について意見交換を行う。



注目すべきコメント

1. ベトナムのIFRS導入ロードマップについて
 - カナダでは米国基準がIFRSの選択の末に、2005年にIFRS採用を仮決定したが、反対意見が多かった。2007年からIFRSの任意適用期間がスタートし、2011年によりやくIFRS強制適用が実現した。
 - ベトナムでは、もし、2025年にIFRSを強制適用するのであれば、2024年期首残高をIFRSで作成しなければならない。仮にIFRSを適用してもマーケットがそれを理解する迄に、他国のケースに基づけば、10年程度は必要なことに留意すべきである。
 - 1つのアイデアとして、ベトナムでは、2027年に大手企業がIFRSを適用し、その経験をその次のレベルの企業へ引継ぎ、2029年を目途にある程度の割合がIFRSを適用するようなペースや、IFRS for SMEを利用するという方法も考えられるだろう。
2. IFRSのナレッジの獲得方法について
 - IFRSのテクニカルな質問は、IFRICへsubmissionとして提出を依頼する。一方で、会計実務のナレッジは、グローバルでの様々なIFRSの適用経験を持ち、統一的な見解を持つグローバルネットワークを有する大手監査法人のナレッジを活用することも考えられる。

ドイツ及び韓国の基準設定主体との会議



目的

- 他国の基準設定主体がどのような活動をしているのか、またAASDがベトナムの基準設定主体としてどのようなことを検討・議論しなければならないのかを理解する。



アプローチ

- IFRS会計基準の導入に関する各国の状況について説明を受ける。
- 各国の会計基準設定主体の経験の共有を受ける。



注目すべきコメント

1. ドイツ基準設定主体（DRSC）のコメント
 - 現在ドイツでは、IFRSの適用を単体財務諸表には認めておらず、企業は実質的には2つの基準に基づく会計処理が必要である。ただし、近年IFRS適用を単体企業に対しても認めるかどうかの議論を始めている。IFRS第19号の公表により、議論が加速する可能性がある。
2. 韓国基準設定主体（KASB）のコメント
 - IFRS適用は当時の大統領のトップダウンにより導入された。当初、税法との調整などは全く行われておらず、現在にも解決されていない大きな問題が生じた。なぜならば、IFRSは連結財務諸表への適用を前提としており、単体財務諸表に適用した際の影響は、あまり考慮されていないことによる。IFRSの単体財務諸表への強制適用は課題が多いと感じる。
 - 韓国では、IFRSを適用しても、金融資本市場の透明度を測るスコアは改善されなかったが、プラスの影響として、会計基準に対する国家や政治的影響を排除することができた。
 - 韓国の事例に基づけば、政府が方針を示すことで、大手監査法人を中心にトレーニングが提供され、キャパシティビルディングのリソースは問題とならなかった。
 - 公式版IFRSの言語は韓国語としている。理論的には誤訳を原因とする適用問題が発生する可能性はあるが、実際に問題は起こっていない。

英国視察の主な実施事項と学び

IASB及びIFRS財団メンバーとの会議

IASB, Translation and Copyright team

IASB, Investor Liaison

IASB, member from Switzerland

AOSEC Board Members



目的

- IASBが国際的な基準設定機関としてどのように運営されているのかを理解し、ベトナムのIFRS適用に有用なアドバイスの提供を受ける。



アプローチ

- IASBの各チームに対し、ベトナムのIFRS適用上の課題を説明する。
- IASBの各チームとディスカッションを行う。



注目すべきコメント

【Translation and Copyright】

- IASBが管理するベトナムのJurisdiction profile は2016年から改訂されていないため、Decision 345の情報が織り込まれていない。ベトナムで正式にIFRSの任意適用が認められているのであれば、IASBは、ベトナムをIFRSの任意適用国として扱うことになる。そのためには外部組織によるチェックが必要となる。
- IASBがIFRSを適用していると認めるためには以下3つの条件があり、それらが満たされていればIFRSを適用している法域として取り扱われることになる。
 - ① 強制（適用範囲の限定は可）
 - ② 連結財務諸表
 - ③ 上場企業

【Investor Liaison】

- 世界各国からIASBに意見が寄せられるが、国や法域に隔たり無く、各国からの意見の反映に努めている。一方で、IFRSは国際的なマーケットで使用されており、米国や英国などの国際的な金融マーケットから影響を受けるケースもある。

【Member from Switzerland】

- ベトナムがIFRS適用国家として世界的に認知を得ることが重要である。しかしながら、投資の流れは資本市場の透明性だけでなく、複合的な要因により決定されることが一般的である。たとえば、IFRS適用国においても、MCAIインデックスがemergingである国も多く、必ずしもIFRSを適用することのみがすべての解決方法とはならない可能性がある。

【AOSEC Board Members】

- **オーストラリアの理事**：IASBは基準設定主体であり、個別のテクニカルな会計実務については、大手監査法人から協力を得られるとよい。
- **中国の理事**：中国では、IFRSを国内基準に取り込むために膨大な資金を投入している。当時の中国の財政部では、香港から多くのテクニカルエキスパートを招聘し、中国人のIFRSエキスパートを育成した。
- **イスラエルの理事**：イスラエルでは大手監査法人のグローバルデスクの協力を得て、イスラエルでのIFRS適用事例を積み重ねることにより、IFRSの知識や経験の蓄積を実施した。

英国視察の主な実施事項と学び

FCA/FRC、ICAEW、デロイトロンドンとの会議

FCA/FRC

ICAEW (The Institute of Chartered Accountants in England and Wales)

Deloitte London



目的

- 各組織の知見や経験の共有を受けることで、ベトナムの課題解決に有用なアドバイスの提供を受ける。



アプローチ

- 各組織とテーマに沿ったディスカッションを行う。



注目すべきコメント

【FCA/FRC】

- FCAの役割は、マーケット・レギュレーター、FRCの役割は会計基準の適用状況を管理、Endorsement Boardの役割は個別のIFRSを英国が適用するかどうかを審議する機関である。三機関がそれぞれの役割に基づき活動する。
- イギリスの会計基準は、FRS101とFRS102があり、FRS102はIFRS for SMEをベースに開発している。会計基準の適用にあたり、IFRSの解釈を提供することは行わないが、Statement of Recommended Practice (SORP) という会計実務のガイダンスを7個発行している（たとえば、慈善団体における適用方法など）

【ICAEW】

- 英国では約2,000社の上場企業がIFRSを適用している。英国の会計基準を全面改定して、IFRSの他にFRS101、FRS102、FRS104という三種類の会計基準を開発し、IFRSを使用しない場合は、FRS101あるいはFRS102を任意選択により適用することが可能である。
- このうち、FRS101は認識と測定がIFRSと同一であるが、開示は簡略されている。一方で、FRS102はIFRS for SMEをベースに開発した会計基準であり、いずれも新しい会計基準である。
- 2012年に当該新会計基準を公表し、実際の適用までに4年を要する大きな改訂であった。新会計基準の導入は、ピクバンアプローチであった。様々な議論を経て、従前の会計基準からFRS102に改訂した。会計基準の改訂の理由は、従前の会計基準が複雑化し過ぎており、体系的な統一ができていなかった。そのため、国際化を最重要視し、国際的に認知されたシンプルな会計基準に変更した。
- 金融機関の会計基準の選択について、銀行はPIEとして扱われるが、小規模の銀行はFRS102を適用することが可能である。
- FRS102はIFRS第15号及びIFRS第16号を導入しており、2026年からFRS102適用企業に対し強制適用することが決まっている。