

KOMAZAWA UNIVERSITY, GRADUATE SCHOOL  
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Doctoral Dissertation

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**ACCOUNTING REGULATIONS AND ACCOUNTING PRACTICES  
FOR SMES IN VIETNAM: FOCUS ON ACCOUNTING REGIMES  
AND ACCOUNTING FOR CORPORATE INCOME TAX**

Major: Financial Accounting

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## **LIST OF ABBREVIATIONS**

AFIT	Accounting For Income Tax
APEC	Asia – Pacific Economic Commission
ASEAN	Association of South-East Asian Nations
CIT	Corporate Income Tax
Co., Ltd	Limited liability Company
CPA	Certified Public Accountants
FDI	Foreign Direct Investment
FS	Financial Statements
GDP	Gross Domestic Product
GSO	General Statistic Office
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
ISFP	Institute of Strategy and Financial Policy
JSC	Join Stock Company
MoF	Ministry of Finance
MoJ	Ministry of Justice
MoPT	Ministry of Plant and Investment
OECD	Organization for Economic Cooperation and Development
SMEs	Small and Medium Enterprises
SOEs	State Owned Enterprises
TR	Tax Report
VASs	Vietnam Accounting Standards
VCCI	Vietnam Chamber of Commerce and Industry

VNA	Vietnamese National Assembly
VND	Vietnam Dong
WTO	World Trade Organization

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## ABSTRACTS

Small and Medium Enterprises (SMEs) have been significantly important in many countries including Vietnam because of its vital role for the country's economic growth. However, their accounting practice is a controversial matter because of the complexity and inconsistency of regulations on accounting. The Vietnamese accounting system for SMEs was established when Vietnam gained success in its economic revolution. Along with the process of economic development and reforms, the accounting system was also reformed.

With focusing on the framework of accounting regulations for SMEs in Vietnam, this study was conducted to analyze the factors affecting on accounting and taxation and to assess the applicability of Vietnamese Accounting Standard 17 (VAS 17) on SMEs in Vietnam. By comparing the accounting regulations and accounting practice for SMEs, the study made a contribution to the issuance of appropriate solutions to improve this situation.

The research design is based on combining document and data analysis, through using qualitative research methods, conducting expertise interviews and studying statements of the respondents. Research is done by conducting face to face a sample of randomly selected SMEs and experts working in different fields. The duration of the study covers from the beginning of 2017 to the end of 2019.

Contents of the dissertation consist of 7 chapters. Chapter 1 is the Introduction. The study proposed methodologies in Chapter 2. Contents of literature reviews are respectively presented in Chapters 3 and 4. The information of practical cases was put forward in Chapters 5 and 6. Finally, Chapter 7 presented the Conclusion of the research

Data used in this study was a result of a sample survey of 128 interviewees in total, including 94 SMEs and 34 experts outside of SMEs. The purposed samples comprised of 94 SMEs operating as manufacturing, trade, services and multi sectors firms. Accountants or managers were subjects of in depth interview. The experts outside of SMEs, who participated in this study include auditors, researchers, consultants, lecturers and bank staff, officials working at different organizations in Vietnam. By answering the questionnaires that were designed for each group of interviewees, the responders expressed their views on the practical side of accounting in SMEs. Apart from the literature review, these views contributed to defining the influencing factors.

The findings of this study indicate that the legal regulations on accounting for SMEs in Vietnam have some similarities compared with other countries in the world. However, accounting regimes play a significant role in regulating Vietnamese accounting practices instead of Accounting Law or Accounting standards. About accounting practice in SMEs, the main purpose of accounting information is disclosed for tax offices thus accounting recognition and measurement are often based on tax regulations. Research also indicates that size of an enterprise is not the most important factor for choosing accounting policy as the opinions of policymakers. The biggest influence factor is the accounting knowledge of accountants and managers on measuring and recognizing business transactions in Vietnam. Notably, the study provided compelling evidence regarding the

considerable gap between expert judgment and SMEs' awareness. This finding explains a part of the reason that the accounting policies issued in Vietnam are inconsistent with the operational practices of enterprises.

# Chapter 1: INTRODUCTION

## 1.1 RESEARCH PROBLEMS

### 1.1.1 The paradox for SMEs in Vietnam

SMEs play a vital role in the community of Association of South-East Asian Nations (ASEAN) countries, accounting for 89-99% of all enterprises in the Member States, creating 52-97% of employment, contributing 23-58% of Gross Domestic Product (GDP), contributing 10 - 30% of total exports (OECD, 2014; Tran, 2015a). In Vietnam, SMEs hold an important position in the success of employment, innovation, economic development, and diversity (Gangad et al., 2011). According to Business Development Agency - Ministry of Planning and Investment (MoPI), there are more than 600,000 SMEs operated at the end 2016 in Vietnam. Their contribution to society is enormous, attracting 52% of the workforce, contributing about 45% to GDP, 31% to total revenue, about 35% of community investment and nearly 50% to the annual national economic growth rate (GSO, 2016). Amount of taxes and fees, which has been paid by SMEs to the state, has increased 18.4 times in 10 years (To, 2014).

Despite this impressive achievement, Vietnam's SMEs remain weak in terms of internal and external networking, competitiveness, innovativeness, human resource, and readiness to globalization (Le, 2016). Following the Statistical data of Vietnam Chamber of Commerce and Industry (VCCI), at Final report in December 2016, only 30% of SMEs have access to bank capital and their loan accounts for only 3% of total lending banks in the economy in 2016 (Le, 2016). There is no denying that one of the big reasons for the SMEs' disadvantage comes from themselves. They are usually not very financially transparent (To, 2014). There are many SMEs maintaining two accounting systems, one for real books and one for dealing with tax authorities. What are the causes of those SMEs having two systems of accounting books?

SMEs' accounting practice is a controversial matter. SMEs are required to prepare their financial statements (FS) in accordance with a mix of complicated accounting regime, financial reporting regulations and accounting standards. However, they have often complained of the reporting burdens imposed by such laws and that they have to apply reporting standards (Dang, 2011). In order to improve SMEs' integration capacity, in recent years, Vietnamese government has proposed several solutions to support them in finance, credit, technology, and human resources. One of the essential policies supporting the development of SMEs is accounting policy. These changings in accounting policy was an important legal foundation for the Vietnamese accounting in carrying out activities and growing on a new high level in the trend of integration and opening (Tran, 2015a).

However, due to the lack of resources and requirement for accounting, the investment in facilities and human resources for accounting in SMEs is minimal. Furthermore, the business operations of SMEs typically concentrate on one main sector, unlike big companies with various sectors. The accounting practices in these companies are often associated with the central operating business sector, while complicated economic and financial relations of the company seldom occur.

These significantly affect the procedure of researching, imposing, amending and supplementing the accounting legislation for SMEs as well as the accounting practices in SMEs (Tran, 2015b)

### **1.1.2 Institutional accounting regulations in Vietnam**

Due to historical characteristics, Vietnam's accounting system was influenced by the French, the Soviet Union and China's accounting system (Chu, 2004; Bui, 2011; Phan, 2014; Phi, 2017). The legal system of Vietnam was criticized for its incompleteness and inconsistencies (Phan, 2014). The accounting system in Vietnam tends to prescribe specific and detailed regulations. Up to now, in Vietnam, the accounting regulations include many levels of documents: Law on accounting, Vietnamese Accounting Standards (VASs) and Vietnamese accounting regimes. To support to enterprises in understanding the content and application of their accounting regulations, the Ministry of Finance (MoF) continue to issue the Decree guiding the implementation of the Law and Circular guiding the implementation of VASs (Huynh et al., 2012; Tran, 2014; Phi, 2017).

Both of the Accounting Law and VASs present general orienting regulations to real-life accounting practices of SMEs in Vietnam. Especially, VASs exist in parallel with accounting regimes for the enterprise. This duplicity is a characteristic of Vietnamese accounting (Tran, 2013a; MoF, 2016a). In other words, accountants deploy either detailed guidance prescribed in the Decrees/Circulars or detailed regulations in the accounting regime. Consequently, the accounting regime is so far an indispensable part of the accounting legislation in Vietnam (Dang, 2011; Phi, 2015; MoF, 2016a). Although the government has implemented many reforms, current accounting regulations still have an asymmetric relationship with each other or inconsistency with the characteristics of the enterprises (Tran, 2015c; Phi, 2017).

### **1.1.3 Accounting for corporate income tax purpose of SMEs**

The reform of tax policy has been a vital part of the economic transition in Vietnam. The tax policy is leading to a fundamental change in the composition of taxpayers, from large State-owned enterprises (SOEs) and foreign directly invested (FDI) companies to a myriad of small and medium enterprises (SMEs). Economic transition is also leading to an equally significant change in the sources of government revenue, away from cross-border trade-related taxes and revenue collection from crude oil toward a more substantial share of domestic tax revenue, in particular taxation of business profits, labor income, and capital gains on land (Gangad et al., 2011).

The corporate income tax law was first introduced in Vietnam in 1990 and was levied on the income of all business enterprises of the private sector, State sector or foreign investment sector. This Law has undergone much time of improvements in 1999, 2003, 2008 and 2009. Up to now, the Law on Corporate Income Tax (CIT) version 2013 has been applied for all kinds of enterprises. The changes in the Law on CIT have focused mainly on (i) unifying and reducing the CIT rates; (ii) reforming the CIT base (e.g. deductions for reasonable expenses); (iii) "rationalizing" tax incentives and (iv) simplifying CIT administration (Assembly, 2013).

Since 2001, Vietnam has established the Vietnamese Accounting Standards (VASs) system



based on International Accounting Standards system (IASs). The VASs have been based on IASs with adjustments for economic, finance and accounting Vietnam's conditions (Gong and Nguyen, 2012). VAS 17 was issued in pursuance of the MoF Decision No. 12/2005/QD-BTC dated February 15<sup>th</sup>, 2005 under full implementation of IAS 12 and Vietnamese Accounting Law 2003 (MoF, 2005). Following VAS 17, the objective of this standard is to prescribe accounting principles and accounting treatment for income taxes. For the first time, Vietnam has an accounting standard that stipulates and guides in a full, specific and detailed manner under international accounting practices on CIT accounting principles and methods. Execution and compliance in the spirit of VAS 17 provide information on transparent and complete financial statements that are useful for making economic decisions of the intended beneficiaries. However, the issuance of accounting standards and enforcement as well as compliance often faces many difficulties and constraints (Nguyen, 2016). The accounting system and accounting standards will present conflicts, because the purpose and nature of accounting standards and regimes are very different (Nguyen, 2013).

The Vietnamese MoF issued Circular No. 133/2016/TT-BTC ( Circular 133) guiding the accounting regime for SMEs in replacement of Decision No. 48/2006/QD-BTC (Decision 48), valid from 1/1/2017. This circular has some points offer many options for SMEs. However, the implementation under this circular on the organization of accounting practice and financial statement form makes the compliance expense of SMEs heightened. In addition, the regime is also making it difficult for SMEs when it requires them to maintain an accounting book system and to apply in full with accounting principles and VASs (Nguyen, 2017). Especially, the full application of VAS17 - income tax in SMEs seems impossible because of the characteristics of SMEs and the status of their accounting work. So, what is the goal of accounting practice in SMEs? Is the application of accounting standards appropriate for SMEs? What are the difficulties of SMEs in accounting and tax compliance?

#### **1.1.4. The tendency of previous studies**

In the researches at both national and international levels, there have been few studies on accounting regulations for SMEs in Vietnam. There have not been studies on aspects of accounting practices and accounting for CIT purpose of SMEs. There were several studies that have been found but they are mainly articles of related topics. For example, the studies related to the process of formation, drafting and promulgation of accounting standards (Douglas, 2010; Sylvain and Anne, 2011; Tran, 2015c). Another research concerned with the application of IAS some countries (Daniel and Karim, 2006). Especially since the International Accounting Standard for SMEs (IFRS for SMEs) issued in 2009, SMEs' accounting has become a matter of great interest for researchers. There have been a lot of seminars, forums and research papers, which have focused on analyzing and discussing on the legal basis for SMEs. Accounting legal framework for SMEs has gradually been more interested. For example, Venus Ibarra & Suez-Sales (2011) researched on the trend of convergence with international accounting of some countries; or Fazneen Hussain et al (2012) and

Gregory and Kenneth (2012) studied the benefits and difficulties of IFRS for SMEs into several countries.

In Vietnam, there have been some articles and thesis related to the accounting legal framework for the enterprises in general. Vietnamese researchers have focused on studying the harmonization between Vietnamese accounting regulations and international accounting legal framework (Vo and Le, 2011; Tran, 2014a; Tran, 2013a) or the factors affecting the application of Vietnamese Accounting Standards (VASs) in SME (Dang, 2011). Chu (2012) analyzed the impact of some VASs on the determination and accounting of income tax. Tran (2014) studied the establishment of the legal framework for SMEs in Vietnam. Some authors involved the application of VAS 17 for SMEs in a specific area such as Da Nang (Tran, 2011; Nguyen, 2013). By the time of this study, very few studies (even without any research) directly considered the practical side of accounting regulations for SMEs in Vietnam (focus on accounting practice and accounting for CIT purposes). Therefore, this study has been conducted to provide a comprehensive picture of the accounting practices of SMEs in Vietnam. Since then, some recommendations will be suggested to improve Vietnamese accounting regulations to appropriate social conditions and international trends.

## **1.2 RESEARCH OBJECTIVES**

### **1.2.1 Objectives of the study**

#### ***General objective***

The overall purpose of this study is to identify the framework of accounting regulations for SMEs in Vietnam, to analyze the factors affecting on accounting and taxation and to assess the applicability of VAS 17 on SMEs in Vietnam. In addition, it is to propose the respective recommendation for improvement.

#### ***Specific objectives***

In order to achieve the general objective, the dissertation identified some issues to explicitly address as follows:

1. To analyze the framework of accounting regulations for Vietnamese SMEs
2. To analyze the real situation of SMEs' accounting regulation and their practices
3. To analyze the factors affecting the implementation and compliance with VAS 17
4. To propose the respective recommendation to improve the applicability of accounting regulations and VAS 17 on SMEs in Vietnam

### **1.2.2 Research questions and hypothesis**

#### ***Research questions***

Pursuing research's major objectives, some questions related to the study purpose are as follows:

1. What are the real situations of SMEs' accounting regulations and their practices?
2. What are the differences between Circular 200 and Circular 133?

3. What are the difficulties of SMEs on taxation and corporate income tax?
4. How are the difficulties of SMEs on accounting practice and accounting for CIT solved?

### ***Research hypothesis***

Based on the contents of national accounting and tax regulations as well as the actual situation of accounting practices of SMEs, the following hypotheses were applied in this study, including:

1. Hypothesis 1: Accounting for SMEs only to meet the requirements of the tax authorities, determine the tax payable.
2. Hypothesis 2: SMEs do not need to apply VASs fully as the requirement under accounting regimes.
3. Hypothesis 3: The choice of accounting regime used in SMEs does not depend on the scale of the enterprise.
4. Hypothesis 4: VAS 17 does not effect on accounting for income tax (AFIT) of SMEs.
5. Hypothesis 5: The knowledge of accountant is the most influential factor in the implementation and compliance of the VASs of SMEs in Vietnam.

## **1.3 RESEARCH SCOPE**

### **1.3.1 The scope of research content**

This dissertation is a study of the accounting regulations for SMEs in Vietnam. The research focuses on accounting practice and accounting for corporate income tax purpose of SMEs. Beside that, it also assesses the applicability of VAS 17 (income tax) on SMEs in Vietnam. An accounting regulation system has been often constellated in the relationships of three legal fields: company; securities and tax law (Nobes and Parker, 2016; Zimmermann and Werner, 2013; Phi, 2017). Wherein the company law often addresses the side of business organization, the security law contributes to efficient capital of investors, and the tax law presents the controlling role of the government in the national economy. Depending on each national objective, the form of an accounting system can be designed following the flexible ways in the different conjunctions of the three laws. It can be a result of the strong expression of one or two of three fields rather than one. However, the best accounting function is created by a rigorous combination with all of them (Zimmermann and Werner, 2013; Phi, 2017). Following this, most countries try to set up their accounting rules with fewest conflicts among the three sides: company, government and investor. With the separate conditions of each nation, this is also the main cause of the formation of different accounting systems in different countries. In Vietnam, the system of accounting regulations has also been improved based on mitigation of conflicts in various relevant laws (Phi, 2017).

This study examines the current situations of SMEs, which have been influencing to SMEs' accounting activities. The study provided a comprehensive view of the next improvement of accounting policies, and collected the comments on the accounting work of SMEs from SMEs themselves and the external professionals. Research is done by directly interviewing SMEs and the

experts that are working on many different fields. The duration of the study covers the period from the first 2017 to the end of 2019.

### **1.3.2 Limitations**

It is important to acknowledge the limitations associated with this study. Under the specific conditions of research time, region and objectives, the study has some limitations as follow:

Firstly, this study focuses on accounting practice and accounting for CIT purpose of SMEs. Therefore, other issues associated with the evaluation and assessments of an accounting system are not addressed in this study, for example, Vietnamese accounting and auditing standards.

Secondly, the selection of samples is purely randomized, which is based on the author's relationship. Thus, the business sector of surveyed SMEs is not necessarily similar to the current rate of ones in SMEs in Vietnam.

Thirdly, the small size of the samples was conducted. The total number of samples used is 104 SMEs and 35 interviewees of experts outside of SMEs.

Finally yet importantly, the respondents inside of SMEs cover the accountants, bookkeepers, managers, owner or any staff who work at the accounting department. There were some interviewees could not answer all the necessary questions, or their answers were not reliable enough. It is the reasons why some samples were removed. The number of discarded samples includes 10 SMEs and 1 specialist.

### **1.3.3 Research assumption**

All Vietnamese SMEs have applied VAS 17 under Circular 133's requirements or somehow they know about the VAS 17 but have not applied it yet.

## **1.4 EXPECTED RESULTS**

One of the significant expectations in this study is the identification of the factors that have effects on SMEs' accounting practice. It will help business managers make decisions with more suitable for their enterprises. Additionally, the results can be a guideline for policymakers to improve the legal framework for SMEs' accounting practices. Furthermore, the aim of this study is also to enrich the existing literature in several ways. With these findings, the study may be an invaluable reference for later researches on SMEs' accounting practices.

### **The outputs of the study**

Base on the expected results, some outputs of the study in the plan are as follow:

1. The list of main factors impacts on accounting practices and AFIT in Vietnamese SMEs.
2. The recommendations are proposed respectively to improve the status in Vietnam.
3. At least two articles related to the topic of study will be published.
4. The study will supply a documents system for researchers, lecturers, and students on the accounting regulations and SMEs' accounting practices.

## **1.5 THESIS STRUCTURE**

In order to achieve the study objectives, the study is organized into seven chapters including the introduction and the conclusion (as Figure 1.1). In which,

Chapter 1 gives some information about the role of SMEs in Vietnam, the accounting and tax regulations and the objectives of accounting in SMEs as a basis for the statement of problems. It also includes the research questions, objectives of the study, hypotheses, research scope, expected results and thesis structure.

Chapter 2 aims a review of research methodological framework. It focuses on the reason of how the researcher has adopted and used the mainstream methodology for research. The logical framework for data is also presented in this chapter as data collection.

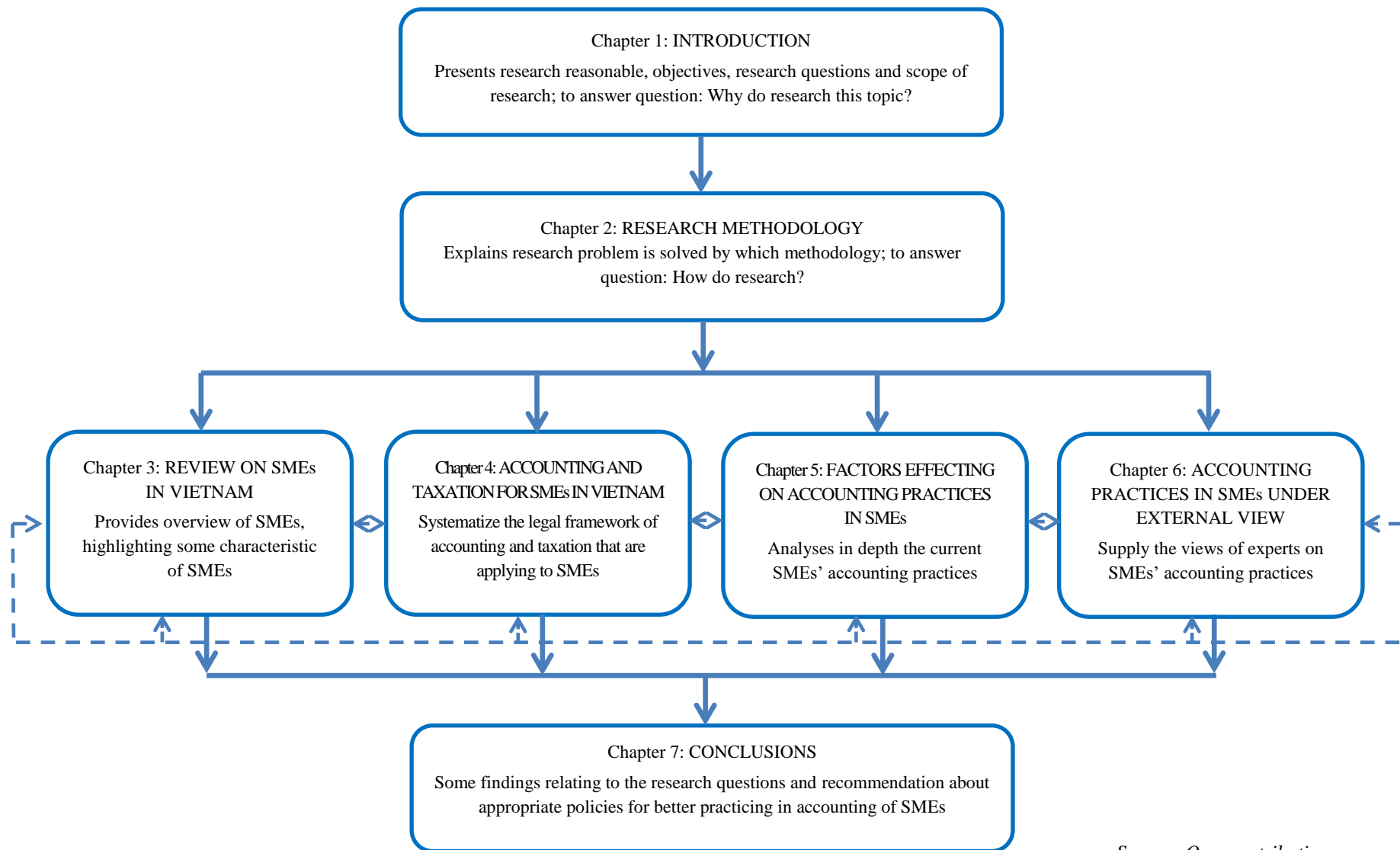
Chapter 3 provides an overview of SMEs, highlighting some characteristics of SMEs which will control their accounting practice.

Chapter 4 systematizes the legal framework of accounting and taxation that are applying to SMEs. The necessary information about the development of the accounting system and the main characteristics of an existing system of accounting and tax for SMEs is provided.

Chapter 5 analyses in depth the current SMEs' accounting practices, the factor is effecting on accounting practices and taxation under SMEs' opinions. Some issues have been pointed out, and a system of accounting and tax regulations is proposed by SMEs.

Chapter 6 supplies the views of experts outside on SMEs' accounting practices. Some views of experts agree with enterprises, and others are the opposite. Some solutions are also proposed under externals opinion.

Chapter 7 supplies a summary of the key findings and recommendations of the study. This chapter also states the actual contributions of research, and proposes further research.



Source: Own contribution

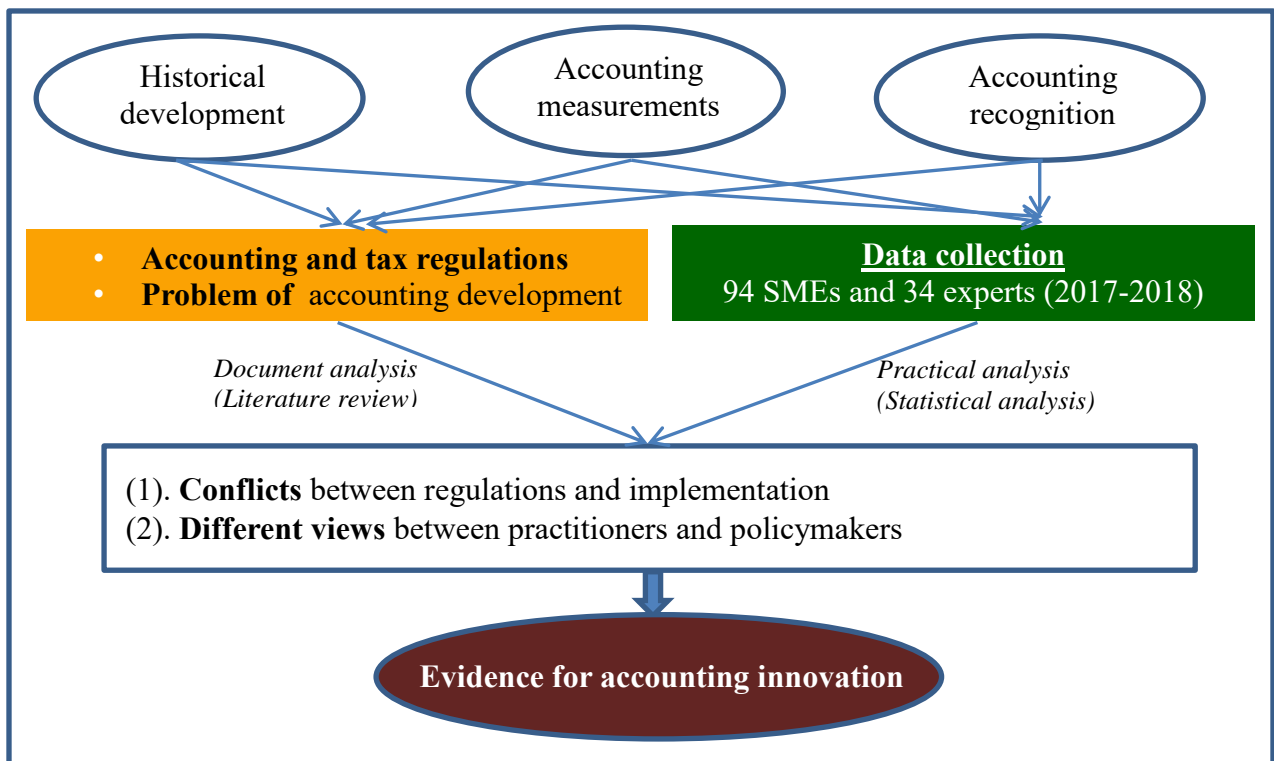
**Figure 1.1: Dissertation structure**

## Chapter 2: RESEARCH METHODOLOGY

### 2.1 METHODOLOGY FRAMEWORK

The research methodology of this study combines document analysis and practical analysis as two core elements. Regarding document analysis, many references to Vietnamese legislation were collected. Then, these references were clustered into different groups: laws, standards, policies, and regimes. Accounting regulations influencing the national economy should be described as the entire accounting map. Most studies about Vietnam accounting for enterprises were reviewed for drawing map. Thus, this study selects key points relevant to accounting implementation.

About practical analysis, this research collected data from real-world enterprise situations via SMEs interviews and the experts outside of the enterprises. Using a random selection, two samples were surveyed during 2017–2018, including 94 SMEs and 34 external professionals. The academic questionnaire was developed with two sections: one for general information and another for enterprise accounting and taxation. To avoid information loss, when the expected information was not collected with a formal question (e.g., misinformation or no answers), a sub-question list was used to derive applicable data.



Source: Own contribution

Figure 2.1: Methodology framework

## 2.2 DOCUMENT ANALYSIS

Document analysis focuses on reconstructing processes and events; evaluating documents in terms of author, target group, authenticity and clarity; identifying main topics; and comparing the document for internal consistency and coherence. The document analysis is the convenient, quick and effective way to collect the data for doing research (Le, 2012).

There is no doubt, at the macroeconomic level, that an appropriate regulation system is supposed to fulfill three primary objectives: mitigate conflicts between constituencies of business organizations; foster the efficiency of capital markets; and assist the state by means of taxation (Nobes and Parker, 2016). This requirement is also the reason that most countries set up their national legislation with the fewest conflicts among companies, investors, and government. Respectively, the enterprise legal system has been constellated in the three legal fields: company; securities; and tax law (Zimmermann and Werner, 2013). Company law often addresses the business side of organizations. Security law contributes to efficient investor capital. Tax law presents the controlling role of the government for the national economy. Depending on the national objective, a system of legislation can be designed flexibly to link the three laws. Whereas those fields are inclined to become imbalanced, the best system is created by the rigorous arrangement of them all (Phi, 2017).

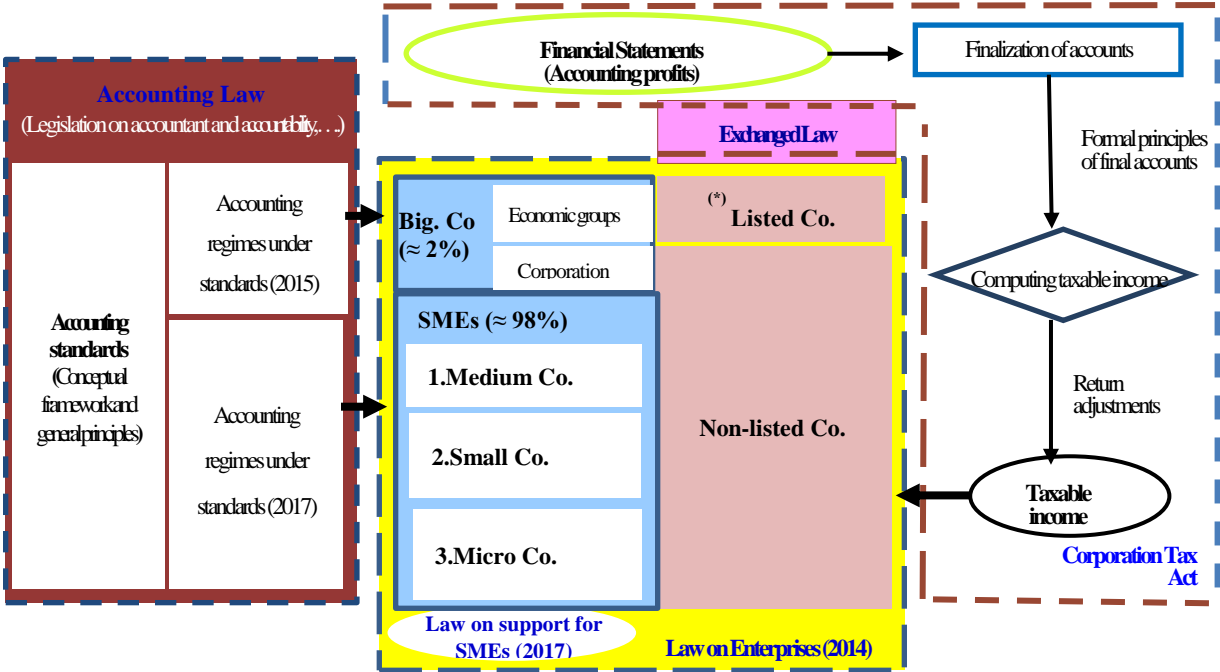
In the light of this tendency, Vietnam national legislation for enterprises has also attempted to reach a consensus among the Law on Enterprises, Exchanged Law, and the Corporation Tax Act, each having significant distinctive characteristics. The critical point, however, is that accounting adjustment has been conducted in the Accounting Law. Normally, one enterprise (not a listed company but a business entity) is controlled by the Law on Enterprises, the Corporation Tax Act, and the Accounting Law instead of Exchanged Law (see Figure 2).

From top to bottom, under the Communist Party, the Vietnam legal system comprises its Constitution, Codes, Laws, Ordinances, Decrees, Decisions, Circulars, Directives, and Official Letters. Laws can only be passed by the Vietnamese National Assembly (VNA), whereas the key regulations under the Law must be issued by the Ministry. The highest political body operating in both executive and judicial system belongs to the VNA. Through the VNA, the positions of the heads of the State and the government are elected. The President of the VNA has the authority to promulgate legislation (including constitutions and laws) passed by the VNA, whereas the Prime Minister of government clarifies laws and issues regulations under the law (e.g., decrees and decisions).

Regarding to document analysis in this research, at the first step, the study looked for accounting and CIT references, which include regulations, papers and thesis in the research worldwide. They also were compacted into the cases study of the accounting for SMEs in Vietnam. Therefore, various relevant documents have been found on accounting regulations and accounting for CIT purpose in SME in particular. In the next step, the documents are classified into (1) the groups



(accounting and tax regulations); (2) the levels under the National legislation (Law, Decree and Circular); and (3) the characteristic of accounting legal framework in Vietnam (Accounting law, standards and regimes). The final step, these documents are historically arranged to provide a complete and detailed picture of the accounting regulations for SMEs in Vietnam.



(Source: Tran and Phi, 2018)

**Figure 2.2: National legislation for enterprises in Vietnam**

**2.3 DATA COLLECTION**

**2.3.1 Overview of the methods**

*The secondary data:*

The secondary data (the general information about SMEs and CIT) is collected from different sources, including General department of tax, the yearly statistic book published by General statistics office of Vietnam and Department of tax administrations in several provinces. In order to get all the objects, the research combines the qualitative data as well as the quantitative one (main focusing are five-point Likert scale questions) with some open-ended questions. Internet data bank and information of public and private archives will be collated. In addition, the relative literatures review will be used to specify and to express the documents of the main theoretical framework.

*The primary data:*

According to the survey questionnaire, the primary data is collected to obtain information. Group discussion method and in-depth interview method will be used. Notably, the direct interview

with managers, accountants, tax officers, lecturers, researchers, auditors, and policymakers are set up as the main groups for collection data. Through the questionnaires, which are built for each group of the interviewee, the total number of interviews is expected to get around 100 interviewees.

## **2.3.2 Sample design**

### ***2.3.2.1 Selection respondents***

To identify the framework of accounting regulations and to focus on accounting practice and accounting for CIT on SMEs in Vietnam, the objects of the survey was defined to be the SMEs who are applying accounting regulations and VASs 17. Because these SMEs are using daily accounting and tax regulations, thus they deeply understand the advantages and disadvantages of these regulations. Therefore, their recommendations will be used to overcome the limitations of these legal frameworks in the future from the views of users.

In addition, to provide a comprehensive view of the future improvement of accounting policies, the opinion of outside experts also is significantly important. The experts outside the enterprise are often those, who have high levels of education, deep understanding of national and international accounting and tax policies. They catch the current situation of SMEs in Vietnam today. Therefore, they can advise the government to promulgate the accounting regulations that are suitable for the characteristics of Vietnam's SME and in line with the policy trends of the countries in the World.

It is necessary to base evaluations on the view of both inside and outside of the entities. The respondents were identified two groups, respectively: the first one is SMEs, and the second one is called experts. In SMEs, the study investigated the chief accountants, accounting staff, managers or owners of SMEs directly. This group will provide their comments on the current status of SMEs' accounting operations; the problems they are facing; the contents of the regulations that they find unreasonable and their desires for applicable accounting regulations.

The external professionals selected to interview are people who are working on the fields that are directly related to SMEs. Tax administration authorities represent local government agencies on the monitoring SMEs in compliance with accounting policies and in fulfillment of tax obligations. Bank employees are representatives of SMEs' lenders or investors. Lecturers and researchers are experienced in studying national and international accounting legal framework. Policymakers are indispensably because they are staffs of MoF, who directly promulgate accounting regulations. External group will bring their judgments about the accounting activities of SMEs and the standards for SMEs' accounting to meet the requirements of accounting information users.

The combination of two group opinions seems to bring a harmonized accounting regulations system to all users.

### ***2.3.2.2 Design questionnaires***

To obtain the necessary information for the research, the contents of questionnaire were significantly important. In this study, the questionnaire comprises of open-ended and closed-ended or multiple-choice questions. Open-ended questions are also referred to as free-response or free-answer questions. Closed-ended or multiple-choice questions ask the respondent to choose an answer from a list of alternatives. Multiple-choice questions limit the respondents to input into the wording of answers but ensure that the interviewer or anyone else does not influence or make suggestions for the answers. Multiple-choice questions are easier for respondents to answer. They are also more manageable to analyze and tabulate than open-ended questions (Hiray, 2008).

For the first interviewee group (SMEs), the questionnaire No. 1 was designed, which included over 310 criteria and set up in 47 questions (See Annex 4). It has two parts that are the general information of SMEs (for example: the type of organization, enterprise size, business sector, characteristics of enterprise, etc.) and specific information related accounting practice and accounting for CIT purpose (for instance: the accounting regulations applied, the contents of accounting activities, the purpose of accounting information or the recognition of CIT, etc.). For the second respondents group (experts group), the questionnaire No. 2 was formed with over 230 criteria put in 28 questions, in which general questions focus on the information of working experience, accounting basic knowledge, working skills of interviewees and specific questions concentrate on academic information similar to the questionnaire No. 1. The detail of the questionnaire No. 2 is provided in Annex 5.

The Likert scale is used to make several questions in this research because it is one of the most widely used itemized scales. The end-points of a Likert scale are typically ranged from 1 “strongly disagree/or no impact” to 5 “strongly agree/strongly impact”. The respondents are asked to indicate their degree of agreement by checking one of five response categories. The Likert scale has several advantages. It is easy for the researcher to construct and administer this scale, and it is easy for the respondent to understand (Hiray, 2008).

### **2.3.3 Interviews**

The survey method is one of the most common approaches used in the social sciences to empirically study the characteristics and interrelations of sociological and psychological variables. Its impact on research in accounting and related disciplines has been substantial (Roberts, 2002). To effectively conduct formal interviews, the interview content was carefully prepared through several steps. The first step of the study was based on the literature review to formulate the methodological framework and primary content dimensions (see Figure 2.1).

At the second step, the drafts of two questionnaires were verified by pre-interview under “snowballing” sample of around 10 interviewees (include 6 SMEs and 4 experts). Two official questionnaires were issued after the draft’s weaknesses were overcome. After success in forming the questionnaire, the formal interviews were conducted.

The third step is the connection with the interviewees. Generally, before the interview, the researcher made contact by email or telephone to have an appointment with interviewees. Under their acceptations, the time of discussion was planned and follow-up seeking an interview. To facilitate the researcher in dealing with various organizations such as MoF, the universities, the banks and a lot of SMEs in Vietnam, an introduction letter from Vietnam National University of Agriculture (where the researcher are working) was issued in Vietnamese. The introduction letter stated the purpose and benefit of the research program. It usually was sent to the participants after the phone call to set up the survey were made. However, not all of those interviewed needed it.

The interviews often took about 45 – 60 minutes in the participants' work office, or at their residence. The ethical considerations (such as the secretive information, advantage of discussion, the length of time for an interview, etc.) were presented to encourage the interviewees to feel comfortable about talking openly. During the interview, to ensure that the interviewee well understood each question, the researcher gave the guideline or sub-questions or not sub-questions depending on their answers in order to obtain the best outcome.

In this study, most of the samples were gotten by face-to-face interviews. However, there was also a few of respondents obtained via email or the internet. The interviews were conducted from middle of 2017 to the end of 2018. Most of them were done in 2018 and this was the golden time for the survey because the new accounting regime for SMEs has shown its advantages and disadvantages after one year effective. In total, 139 copies of the questionnaire were used, which included 104 questionnaires No. 1 and 35 questionnaires No. 2. The valid survey results were obtained from 94 enterprises and 34 experts, mainly in Ha Noi city, the largest national economical centre of Vietnam and also the home to a huge number of SMEs.

## **2.4 DATA ANALYSIS**

### **2.4.1 Descriptive analysis**

Quantitative research methods are used in this research through descriptive statistics processing to analyse statements of the respondents about the SMEs' accounting information provided as well as to assess the system of legal documents currently applied. This tool is most useful for considering the opinions of the respondents on the direction of establishing comprehensive accounting legislation for SMEs in Vietnam. It also was used to describe the characteristics of SMEs and experts, the enterprise's scale, characteristics of the business sector, the accountants and managers. Descriptive statistics such as totals, means, percentages and standard deviations were used to summarize and present data. That was complemented by tabular and graphical analysis.

### **2.4.2 Comparative analysis**

Comparative analysis is an old mode of research, widely used within many, if not all, fields of scientific inquiry. As a method strategy, comparison plays an important part in the most diverse

branches of the humanities and the social sciences (Azarian, 2011). Comparison is a fundamental tool of analysis. It sharpens our powers of description, and plays a central role in concept-formation by bringing into focus suggestive similarities and contrasts among cases. Routinely used in testing hypotheses, it can also contribute to the inductive discovery of new hypotheses and to theory-building (Collier, 1993). In more exact terms, however, comparison is a mode of scientific analysis that sets out to investigate systematically two or more entities with respect to their similarities and differences, in order to arrive at understanding, explanation and further conclusions (Azarian, 2011). In this study, comparative analysis is used to compare the variation of an entity over time or by multiple factors at the same time. Proportional comparison and absolute number comparisons have been used in almost main sections of the dissertation.

## **Chapter 3: REVIEW ON SMALL AND MEDIUM ENTERPRISES IN VIETNAM**

### **3.1 DEFINITIONS OF SMES IN VIETNAM**

Although commonly used, the term ‘small and medium-sized enterprises’, is nevertheless vague, suggesting mainly the idea of a firm which is not large, without being more specific (Goss, 1992; Shigang, 2015). There are qualitative and quantitative criteria to define SMEs (Jafari et al., 2007). Qualitative criteria refer to those enterprises with a relatively small-scale production and operation (Shigang, 2015). Specific quantitative criteria to classify SMEs that is differed between countries (Mai, 2011). According to the International Labor Organization (ILO, 1997), no single definition can capture all the dimensions of “micro”, “small”, “medium” or “large”. Nor can it expect to reflect the differences between firms, sectors or countries at different levels of development (Smitrat, 2013). Quantitative criteria have been widely used by most countries. Western countries usually take employment, sales, turnover and invested capital, as measuring standards. In Asia – Pacific Economic Commission (APEC) economies, the definition of an SME also varies, but is generally most commonly is based on the number of employees (Shigang, 2015).

In Vietnam, private sector had long been depressed and even eliminated in some economic domains in the Northern part of the country during the wars against France and the United States of America (from 1945 to 1975) and countrywide after its unification (in 1976) to 1985. The genesis of the private sector development in unified Vietnam started in 1986 when the government adopted the *Doi moi* (Economic renovation program commencing in 1986) policy and recognized multi-stakeholder economy. Another bold step made was the revision of the 1992 Constitution recognizing the private sector in the economy along with the commitment to protect private ownership and restructuring of state-owned enterprises (SOEs). It is worth noting that the promulgation of the Enterprise Law (1999) has created a breakthrough for the private sector’s development. To conform to World Trade Organization (WTO) rules and provisions, many law documents were amended and newly promulgated, creating a fairer competition in the country. Furthermore, Vietnam has adopted more in-depth reforms as committed after recent WTO accession (2006) contributing to the establishment of a level playing field, which is considered to be very important for private sector development in the country (Tran et al., 2008; Tambunan, 2009).

Vietnam’s official definition of an SME was slow arrived, coming as it did after more than 20 years of private sector reform (Nguyen, 2003). Before 1998, some provinces in Vietnam had defined their own SME criteria including: (1) number of regular laborers of less than 500; or (2) fixed assets of less than VND10 billion; or (3) mobilized capital or monthly revenue of less than VND 20 billion (Tran et al., 2008). In June, 1998, Vietnamese government issued Public Letter No. 681/CP-KTN on the policy and strategic directions in developing SMEs. According to this policy, a SME is defined as establishments with a registered capital of less than VND 5 billion or regular workforce of less than 200 laborers. This legal document had laid an initial legal ground for

implementing supporting measures to SMEs' development (Government, 1998).

In November 2001, Decree No. 90/2001/ND-CP (Decree 90) provided the first time an official definition of an SME as “a business establishment with registered capital of no more than Vietnam Dong (VND) 10 billion (equivalent to USD 630,000) or with an workforce of no more than 300 regular employees.” (Government, 2001). According to this degree, the SMEs include (i) enterprises registered and operating under the Enterprise Law of 1999; (ii) enterprises registered and operating under the Law on State-owned enterprises (SOEs); (iii) enterprises registered by the Law on Cooperatives of 1996; and (iv) householders registered under Degree No. 02/2000/ND-CP dated 2/2/2000. Under this definition, any enterprise that meets the requirements of the two criteria (the number of employees and the amount of capital) is considered an SME. Because SMEs are defined by size regardless of form of ownership, they can be private enterprises, SOEs or cooperatives (Nguyen, 2003).

Recognizing that the SMEs grouping by Decree 90 is too general to provide useful data for policy formulation, hence, in June 2005, the Agency for SME Development introduced a further size segmentation in its SME Development Plan for 2006-2010 period. According to the new segmentation, SME is categorized into micro enterprises (less than 10 persons), small enterprises (10 to 49 persons) and medium-sized enterprises (50 to 299 persons) (Tran et al., 2008; Tambunan, 2009).

However, as Tran et al., (2008) remark, the current SME categorization still suffers from some limitations. Firstly, it does not “separate” enterprise domains, which may need different amount of capital for production activities or employ different number of workforce. For instance, the services sector does not normally need as much capital as the production sector. The limitation can be a possible reason explaining for the fact that SMEs operating in trade and repair services occupy a big proportion in total number of SMEs. Secondly, the registered capital criterion is not “effective” in the sense that, at the moment of categorization, enterprises' working capital would increase much more than the initially registered capital.

In order to overcome limitations in the definition of SMEs as well as prescribes the policies and manage the support of State for the development of SMEs, in 2009, Vietnamese government promulgated Decree No. 56/2009/ND-CP (Decree 56) on support for the development of SMEs (Government, 2009). Untill January 1st, 2018, Decree 56 has been replaced by the Law on support SMEs No. 04/2017/QH14 (Assembly, 2017). To provide detailed guidance on the implementation of this law, the government has issued Decree 39/2018/ND-CP (Decree 39). According to this decree, SMEs comprise the businesses registered in accordance with the Enterprise Law, cooperatives and individual business households, of either micro, small, or medium size. There are two criteria for defining the type of SME, namely scale of annual revenue or total equity with less than VND 200 billion, and number of employees per year with less than 200 persons (total funding is the priority criteria). Table 3.1 shows the detail definition of SMEs in Vietnam under Decree 39 (Government, 2018).

**Table 3.1: Definition of SMEs in Vietnam**

Sector	Micro enterprises		Small-sized enterprises		Medium-sized enterprises	
	Annual revenue or total equity	Number of laborers	Annual revenue or total equity	Number of laborers	Annual revenue or total equity	Number of laborers
<b>I. Agriculture, forestry and fishery</b>	- Revenue is not exceed VND 3 billion	Not exceed 10 persons	- Revenue is not exceed VND 50 billion	Not exceed 100 persons	- Revenue is not exceed VND 200 billion	Not exceed 200 persons
	- Or total equity not exceed VND 3 billion		- Or total equity not exceed VND 20 billion		- Or total equity not exceed VND 100 billion	
<b>II. Industry and construction</b>	- Revenue is not exceed VND 3 billion	Not exceed 10 persons	- Revenue is not exceed VND 50 billion	Not exceed 100 persons	- Revenue is not exceed VND 200 billion	Not exceed 200 persons
	- Or total equity not exceed VND 3 billion		- Or total equity not exceed VND 20 billion		- Or total equity not exceed VND 100 billion	
<b>III. Trade and service</b>	- Revenue is not exceed VND 10 billion	Not exceed 10 persons	- Revenue is not exceed VND 100 billion	Not exceed 50 persons	- Revenue is not exceed VND 300 billion	Not exceed 100 persons
	- Or total equity not exceed VND 3 billion		- Or total equity not exceed VND 50 billion		- Or total equity not exceed VND 100 billion	

*Source: Decree No. 39/2018/ND-CP*

According to the Organization for Economic Cooperation and Development (OECD), the characteristic of SMEs not only reflects the economic patterns of a country but also the social and cultural dimensions. These differing patterns are noticeably reflected within different definitions and criteria of SMEs adopted by different countries: whereas some refer to the number of employees as their distinctive criteria for SMEs, others use invested capital, and some other use a combination of the number of employees, invested capital, sales and industry type. Among the ASEAN countries, all the member use the number of worker per establishment as a common criterion, but cut-off lines between SMEs and large enterprises vary from 100 to 300 persons. Only four countries are Brunei, Indonesia, Laos and Myanmar adopt a definition of SMEs as enterprises with fewer than 100 workers, which coincides with the standard OECD definition (Sato, 2015). In China, the new Classification Standards on the SMEs was published by relevant government agencies with the approval from the State Council on June 2011. The new standards replace the old classification standards, which came into effect in 2003. Major elements of consideration cover the payrolls, revenue and total assets of enterprises. According to this SMEs standard, specific criteria apply to the agriculture, industrial sector, construction, transportation, wholesale, retail business etc. The guidelines for the industrial sector requires SMEs to employ between 200 and 1,000 people with annual revenue between RMB 50 million and RMB 2000 million (Shigang, 2015). In Japan, based on the definition in the Article 2, Chapter I in SME Basic Act (revised in 1999), SME is entity which is a company whose capital or total amount of investment does not exceed three hundred million yen (300,000,000 yen), or a company or an individual whose regular workforce does not exceed three hundred persons. Specific criteria also are applied to the wholesale trade, service industry and retail trade. However, the



Japanese Corporation Tax Act define that SME is a company whose capital or total amount of investment does not exceed one hundred million yen (100,000,000 yen) (JENATP, 2016).

### 3.2 CHARACTERISTIC OF SMES IN VIETNAM

The characteristics of Vietnamese SMEs are influenced by and realized through the interactions between internal resources and external environment. Some factors, including small capital and labor size, low management level and weak competitiveness, have been reported as characteristics of SMEs in Vietnam.

- *SMEs take a high proportion of total enterprises in Vietnamese economy*

According to the definition of SMEs in Decree 56 on support for development of SMEs, at present; most enterprises in Vietnam are small and medium scale (VCCI, 2017). By the end of 2015, there were 535,920 active enterprises in Vietnam, in which approximately 98% are SMEs (MoPI, 2017). In the non-State sector, SMEs account for 98.74% and is followed by foreign direct investment (FDI) sector with 79.43% of them are SMEs and meanwhile only 58.17% state-owned enterprises (SOEs) were SMEs (see Table 3.2).

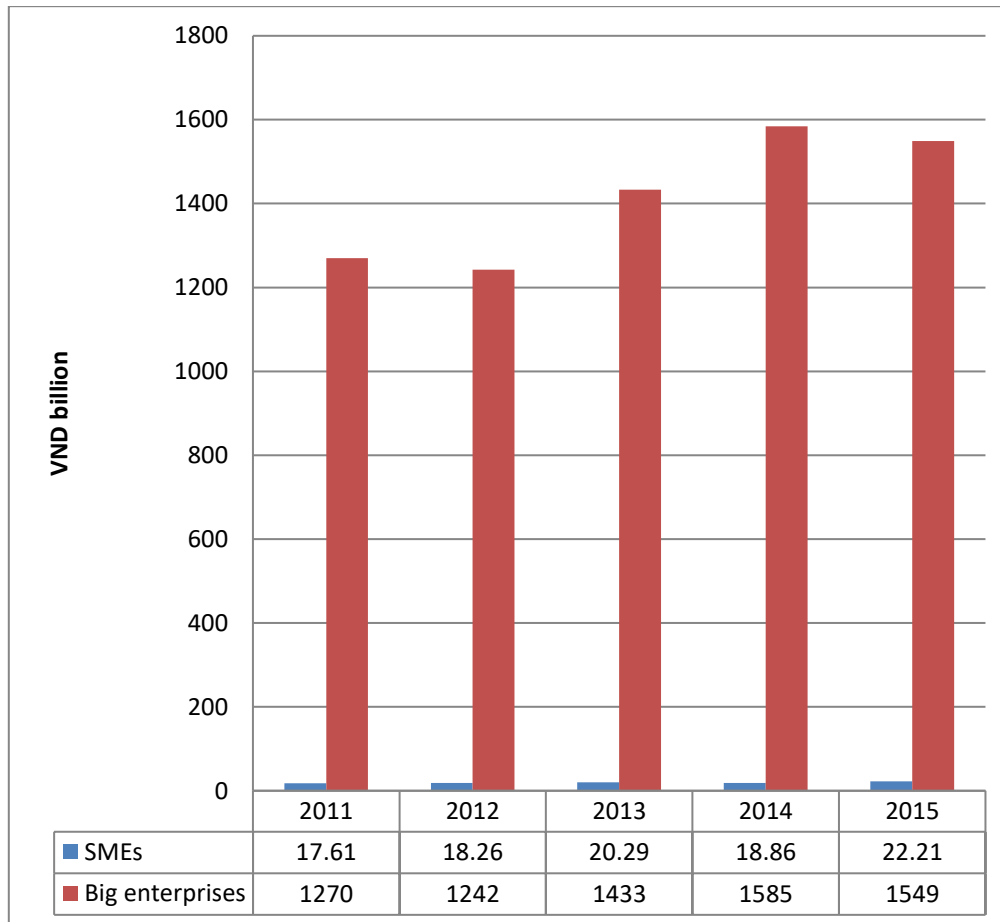
**Table 3.2: Classification of SMEs in 2015 (compared with 2014) in Vietnam**

	Active enterprises	Proportion				
		Big enterprises	Micro, small and medium enterprises	Separate		
				Medium	Small	Micro
<b>Total</b>	100 %	2,04% (-0,05%)	97,96% (+0,05%)	1,78 % (-0,03%)	23,40 % (-1%)	72,74 % (+1,04%)
Classified by type of ownership						
<b>SOEs</b>	100 %	41,83%	58,17%	14,46%	39,75%	3,95%
<b>Non - state sector</b>	100 %	1,26 %	98,74%	1,51%	22,72%	74,51%
<b>FDI</b>	100 %	20,57 %	79,43%	8,27%	45,48%	25,68%

Source: Statistical Yearbook, GSO, 2015-2016

- *SMEs have small capital size, low fixed assets and long-term investment*

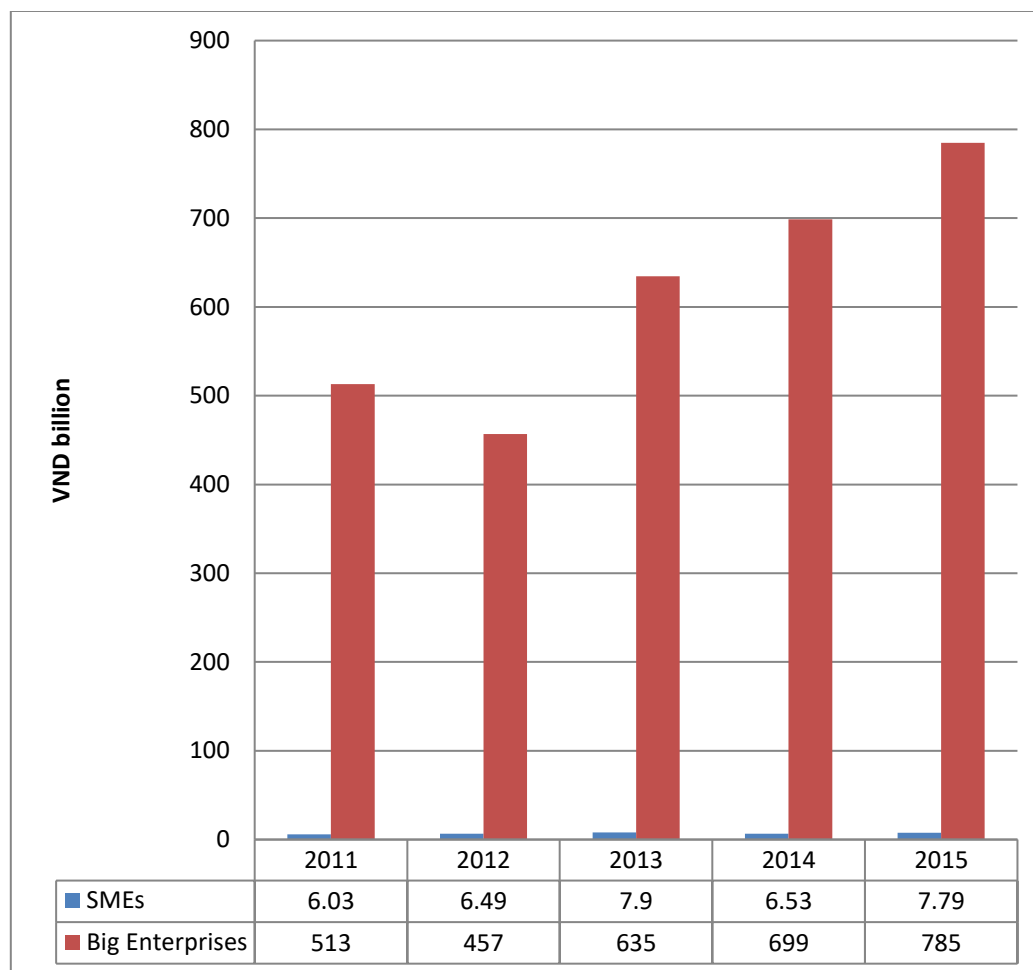
From 2011 to 2015, the average capital for production and business of SMEs were fluctuated slightly. By 2015, SMEs have an average capital of VND 22.21 billion while big enterprises have VND 1,549 billion (GSO, 2016). It means that, the total capital of a big enterprise was 70 times bigger than that of a SME. Figure 3.1 represents the comparison of average capital between SMEs and big enterprises.



*Source: Statistical Yearbook, GSO, 2012-2016*

**Figure 3.1: Comparison of average capital between SMEs and big enterprises**

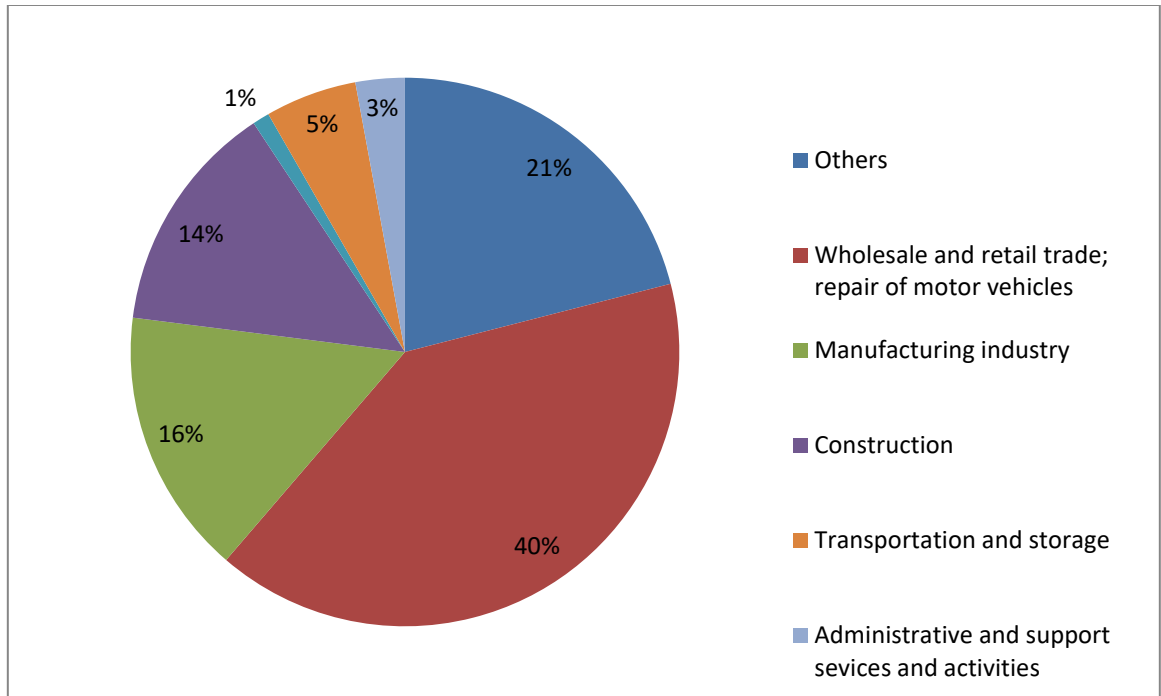
SMEs have been making long-term investments and investing fixed assets at a low level (MoPI, 2017). By the end of 2015, the average fixed asset and long-term investment of an SME is 7.79 billion VND, equivalent to nearly 1% of fixed assets and average long-term investment of a large company (VND 784.8 billion) (see Figure 3.2).



*Source: Statistical Yearbook, GSO, 2012-2016*

**Figure 3.2: Comparison of long-term investments and fixed assets between SMEs and big enterprises**

These problems partly reflect that SMEs have very limited resources and most of the capital has been used to invest in short-term (MoPI, 2017). However, another reason is that SMEs usually startup in areas that do not require long-term investment. Large proportion of SMEs located in the service sector, mainly wholesale and retail trade (Can, 2017) As seen in Figure 3.3, the distribution order of SMEs across sectors was highest proportion in wholesale and retail trade reached 40% in 2014. SMEs then located in others sector (21%), manufacturing sector (16%), construction sector (14%), transportation sector (5%) and administrative sector (3%). Nevertheless, the percentage of SMEs in agriculture sector showed that agriculture is not an attractive field of SMEs. There was only 1% of active SMEs in this sector in 2014.



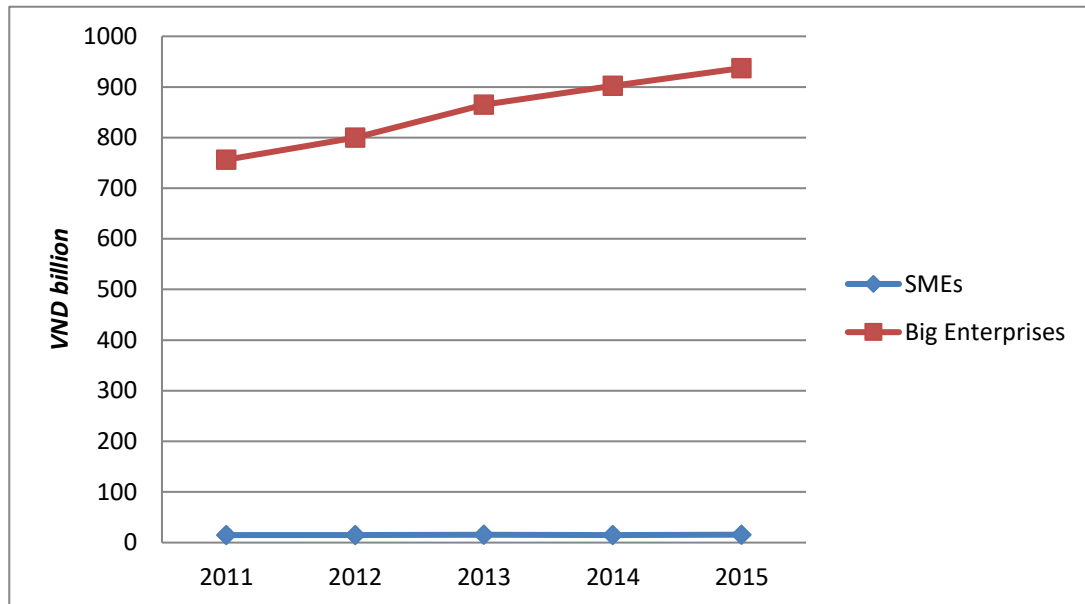
Source: Ho et al., 2014

**Figure 3.3: Business lines of Vietnamese SMEs (2014)**

- *Production and business activities results of SMEs*

Although SMEs account for around 98% of the total number of active enterprises in the Vietnamese economy, the performance outcomes of business activities through the targets of turnover and profit of SMEs is limited. The total net revenue of SMEs in 2015 were VND 6,775 trillion, equal to 44.45% of all enterprises's (VCCI, 2017).

Net revenue of SMEs in Vietnam was very low and did not change much in the last 5 years, accounting for about VND 15 billion per year. Meanwhile, the average revenue of a large business increased significantly from VND 756.31 billion in 2011 to VND 937.3 billion in 2015 (see Figure 3.4).



Source: Statistical Yearbook, GSO, 2012-2016

**Figure 3.4: Comparison of average annual revenue between SMEs and big enterprises**

- ***Profit before tax of SMEs tends to decrease and lower in comparison with big enterprises***

Profit before tax of SMEs was very low, which was only VND 65 trillion, equivalent to 13.3% of profit before tax of large enterprises in 2015 (GSO, 2016). On average, a SME earned only VND 150 million profit before tax while big enterprise obtained VND 913 billion (MoPI, 2017). This statistics reflects that the production efficiency of the SMEs has been very low, even many SMEs have suffered a loss. It also shows that the ability and capacity of governance, especially the cost management of SMEs has been very limited. High cost leads to low profit. There were not opportunity to reinvest in expanding the scale of business (Tri, 2016; Tran et al., 2008).

- ***Limited ability of SMEs in export***

SME's direct engagements in export are still limited. The studies conducted by Kokko and Sjöholm (2004), Le et al (2006), and Rand and Tarp (2007) revealed that direct export covered 3-6 percent of Vietnamese export enterprise in 2002-2005. SME's export aspects have largely concentrated in some agricultural commodities (rice, coffee, spices) and seafood commodities (crustaceans, shrimps); yarn and textile products; raw materials and some manufactured goods (rubber, wood products, furniture, electric machines) (VIXATHEP, 2013). SMEs were exporting which corresponds to 6.2 percent in 2013 (CIEM et al., 2014). According to MoPI (2017), there were only 7% of active SMEs engaging in export in 2015. Medium-sized enterprises have the largest share of exporters compared to non-exporters. The share of exporters is 48.2 percent for medium-sized

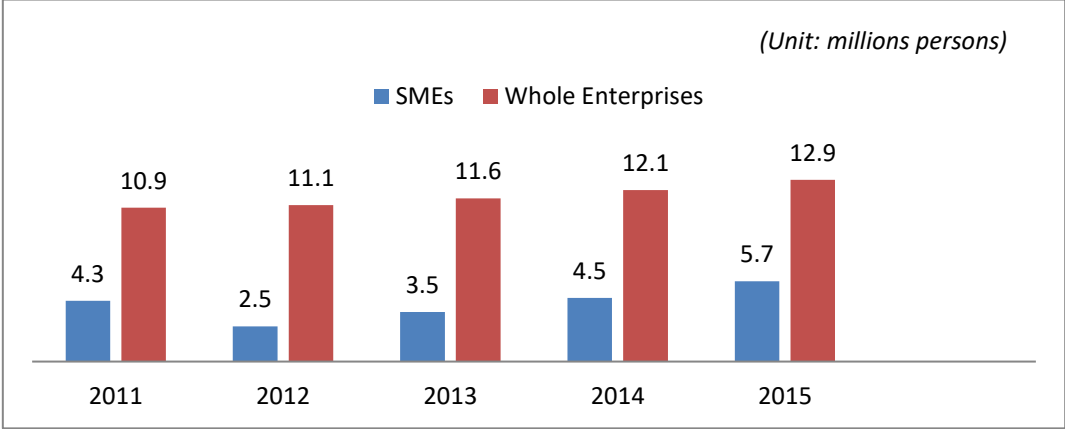
enterprises, which is substantially larger than that of exporters for micro and small enterprises. In 2015, only 1 percent of microenterprises was exporter, which was a decline from 1.8 percent in 2013 (CIEM et al., 2016). In the globalization trend, the number of SME’s exporters was very small and it means that Vietnamese SMEs have not yet joined the global value chain but responded to the domestic market.

**3.3 ROLE OF SMES IN VIETNAM**

SMEs play an important role in the economic and social development of Vietnam. Up to October 2016, Vietnam has 590,000 SMEs, accounting for 97% of the total number of enterprises (Can, 2017; VCCI, 2017). SMEs created over 5.7 million jobs, generating average income nearly 6.2 million per month per employee. SMEs contributed over VND 234 trillion in state budget and this was approximately about 33% of total state budget revenues from whole enterprises. They created 49% of the added value for the economy and 41% of GDP (Can, 2017). In addition, SMEs also contributed over VND 1,322 trillion in total social investment, accounting for 65% of the total social investment of enterprises (GSO, 2016).

- *SMEs contribute to reduce unemployment rate, alleviate poverty and promote social stability*

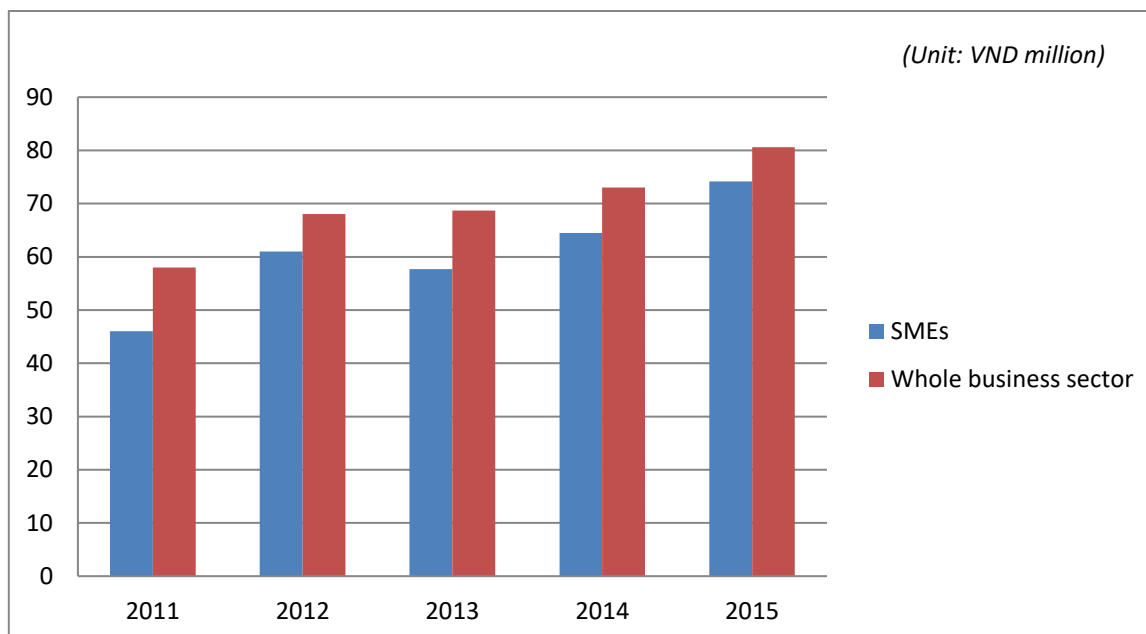
The common feature of SMEs is the use of less capital but more labor. This is suitable for the level of technology use of SMEs (Doan, 2016). In the conference discussed about Vietnamese SMEs which was organized in Danang in August 2016, Alango Rengasamy indicated that 7 out of 10 laborers work for SMEs. This fact not only happens in Vietnam, but also in Singapore and other countries (Alango, 2016). In Vietnam, SMEs have been attractive and created a lot of jobs for the economy. The number of employments in SMEs sector increased rapidly from 2.5 million in 2012 to 5.7 million in 2015, accounting for 44% of total employment in whole enterprises and raised by 26.7% in comparison with statistics in 2014 (see Figure 3.5) (GSO, 2016).



Source: Statistical Yearbook, GSO, 2012-2016

**Figure 3.5: Number of labor in SMEs**

Figure 3.6 shows the average income of laborers in SMEs and whole business. The average income of laborers in SMEs increased over 1.6 times from VND 46 million per year in 2011 to VND 74.16 million in 2015 but this still lower than the average income threshold of the whole business sector.



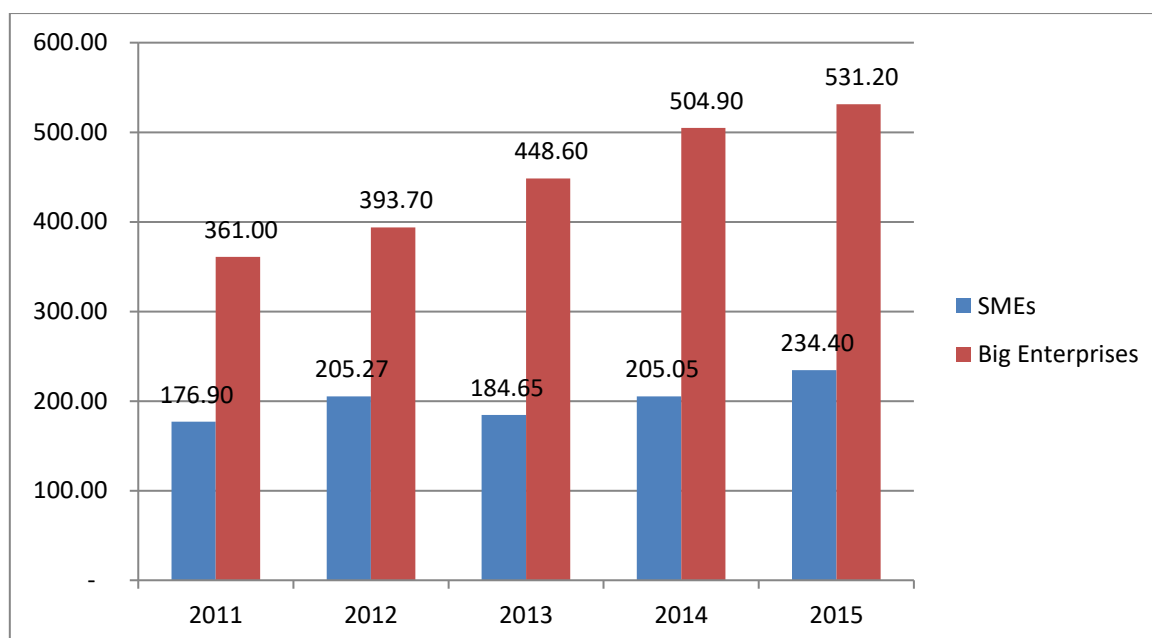
Source: Statistical Yearbook, GSO, 2012-2016

**Figure 3.6: Annual average income of laborers in SMEs and whole bussiness**

It can be seen that although having small scale, SMEs still play a very important role in creating jobs, generating stable income for employees and contributing to the stability and sustainability of the economy. This is also the reason why many countries consider polises supporting for SMEs as valuable solutions in the employment policies of their country (MoPI, 2017).

- ***Contribution of SMEs in the State budget***

Figure 3.7 illustrates the taxes and contribution to the State budget of the SME sector in Vietnam, which were increased slightly from VND 176,900 billion in 2011 to VND 234,400 billion in 2015 (GSO, 2016). The proportion of total taxes and contributions to the State budget of SMEs in the whole business sector maintained and estimated approximately 30% during the period of 2011-2015 (Can, 2017). However, the contribution of SMEs to the State budget compared to big enterprises is relatively limited. In 2015, big enterprises contributed VND 531.2 trillion to the State budged and this was 2.3 times higher than that of SMEs (GSO, 2016; MoPI, 2017).



Source: Owner-synthesized from Statistical Yearbook, GSO (2012-2016)

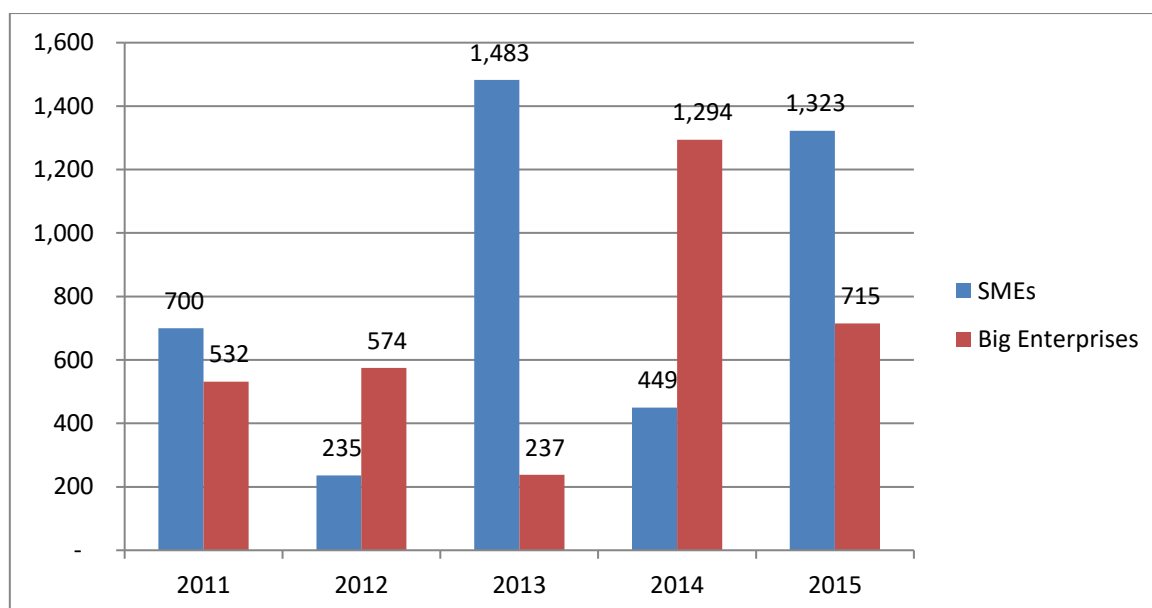
**Figure 3.7: SMEs contribution to the State Budget**

- ***SME's contribution to the invested capital for the whole society***

Invested capital in the society is the total amount of money spent to increase or maintain production capacity and resources in order to improve the material and spiritual well-being of the whole society over a period (month, quarter, year).

The essence of invested capital in the society included invested capital for the creation of fixed assets, invested capital for the augmentation of short-term assets and other invested capital (for example the investments for raising people's intellectual level, enhancing social welfare, improving the ecological environment, conservation programs, protection of rare animals, universal education, training and retraining of human resources, hunger eradication and poverty alleviation programs, etc. (GSO, 2017). The invested capital in the whole society is formed from various sources such as enterprises themselves, from the State budget or from non-governmental organizations. As can be seen in Figure 8, the contribution of SMEs to total invested capital in the social reached VND 1,323 trillion and was 1.8 times higher than that of large enterprises in 2015. On the average, each SME contributes VND 3.05 billion to the total investment capital in this time (GSO, 2016). It shows that SMEs play an important role in mobilizing capital, especially from private sector to serve production and business, creating added value for Vietnamese economy. However, SMEs usually only invest capital for their production development without paying attention to other non-profitable investments.





Source: Statistical Yearbook, GSO, 2012-2016

**Figure 3.8: Comparison of total invested capital between SMEs and big enterprises**

### 3.4 REMAINING CONSTRAINTS AND CHALLENGES FOR SMES DEVELOPMENT IN VIETNAM

The analyses in previous sections show that, SMEs have played an important role in promoting economy growth, expanding and creating job opportunities. Despite the surge in number of registered enterprises and capital, Vietnam's SMEs are still suffered from a number of constraints and challenges in the new normal stage to develop further.

#### 3.4.1 Constraints of SMEs

- *The first constraint for SMEs' development lays on little understanding of laws and regulations from the government and international.*

The awareness of the SMEs about the laws as well as regulations of the government and international is quite limited. Tran (2015a) shows that generally, above 50% of Vietnamese enterprises do not know or do not understand clearly the legal documents issued by the state. In details, 73.74% of them have a very limited insight in terms of the customer law, whilst the figures for gender equality, cooperative and investment laws are 65.62%, 64.17% and 62.82% in turn. All the aforementioned problems result in a great number of commercial business disputes which have been increasing exponentially and occupying a high proportion in dispute settlement under judicial agencies. Moreover, while entering foreign markets, the Vietnamese SMEs frequently face up with trading disputes, lawsuits or losing trademark copyrights. Additionally, they are also brought to court

and imposed under anti-dumping laws. In many cases, these enterprises confront frauds in information evaluation, legal status, and financial status due to the lack of information about foreign partners as well as their representatives, affecting their market-entering capacity, prestige and competitive edge (Tran., 2015a).

There are many reasons for this limited access including both subjective and objective. The objective was an internal economy of Vietnam, which has had slowly administrative reform, unstable macroeconomic policies, causing distrust for businesses (To, 2014). Despite improvements, the legal framework still suffers from overlapping, complexity, contradictions, implementation lagging, and absence of effective reliable mechanisms for resolution of commercial disputes (Tran et al., 2008; CIEM et al., 2014; To, 2014). However, the main reason was that SME's owners did not really understand international laws and practices to improve their own capacity in doing business (To, 2014).

- ***The second constraint of SMEs is backward technology***

SMEs are expect to be able to contribute to the development of supporting industries, or to serve as service providers, inputs to foreign firms or projects of the State. This process will motivate SMEs to become the backbone to develop supporting industries (To, 2014). According to To Hoai Nam, Vice President of Vietnam SME Association, at the 24th APEC Ministerial Meeting in Da Nang (September 2017). Vietnamese SMEs participated in the global value chain at a modest level. Currently, only 21% of Vietnam's SMEs linked with global value chains, while this figure in Thailand was approximately 30% and 46% in Malaysia (Nhung, 2017). In addition, the application of science, technology, and innovation capacity SME enterprises in Vietnam is still low (To, 2014; Le, 2016; Nhung, 2017; Can, 2017). There were about 8% of SMEs having advanced technology (mainly focus on foreign-invested enterprises). As for domestic enterprises, most of them are using old technology and backward (Nam, 2016). According to the survey results on SMEs in 2015, 36.4% of machines of SMEs have been used from 6 to 10 years. In particular, 5.1% of SMEs still use only hand-held tools in production (CIEM et al., 2016).

Therefore, due to SMEs weakness in scale and limitations in technology, management and especially financing, the development of these enterprises does not go smoothly. To promote employment, economic development and social stability, effective measurements and policies must be adopted to support to SMEs in Vietnam (SCNA, 2016).

### **3.4.2 Challenges of SMEs**

- ***The first challenge of SMEs is the financial and capital problem.***

Around 98% of SMEs are micro and small enterprises (VCCI, 2017), which have difficulty in access to finance or borrowing due to their small capital and weakness in collateral (VIXATHEP, 2013; Vo et al., 2011; Can, 2017). This group of SMEs is identified as a group of credit constrained enterprises. According to statistics of VCCI (2017), in the first 11 months of 2016, only 30% of SMEs

had access to bank capital and their loan capital was only 3% of total lending banks in the economy (Le., 2016). The percentage of SMEs accessing land in the industrial zone was very low (35% of the lands in the industrial zone belong to big enterprises, this proportion of medium enterprises was only 19%, small enterprises were 8% and microenterprise was 3%). SMEs have been currently taking advantage of land in residential areas where having daily activities of enterprise owners. In the long run, there will be inadequacies, especially for manufacturing enterprises (SCNA, 2016). Trinh Duc Chieu et al.,(2010) shows that the development of SMEs is determined by several factors such as land (production premises), taxes and fees, capital (finance), human resource, technology, market and the business environment. Capital is among the factors that significantly and usually affect to the business operations of SMEs as they have difficulty in accessing finance, particularly medium- and long-term loans.

Although the Vietnamese government and banks have implemented favorable loan and taxation policies to support SMEs, they still face with many difficulties in accessing capital (Le., 2016). In 2015, only 25% of SMEs submitted applications to get official loan and 15 percent of them have difficulty in obtaining loans (CIEM et al., 2016). Previous studies on SMEs have shown that the debt ratio of Vietnamese SMEs was very low (CIEM et al., 2016; 2014; Rand et al., 2008). The main reason is likely traceable to liquidity constraints and financial access barriers (Rand, 2007). There are 55% of SMEs found difficulty when they got a loan from a bank because of loan-complicated procedures. They are including complex loan application or collateral requirements (such as lack of high-value collateral). The banks did not diversify collateral such as inventory or receivables etc; 80% of SMEs thought that interest rates were not appropriate; In summary, conditions for borrowing are not consistent with the characteristics of SMEs (To, 2014).

Both the SMEs and the financial institutions caused these difficulties. On the one hand, the limitation in labor force and their ability of SMEs make them meet challenges in investing projects and business development plans, which are factors to persuade banks and financial institutions to grant loans (Vo et al., 2011). According to Hoang Duc Hung, the director for Earst&Young auditing company in Vietnam, financial transparency was critical for addressing a number of common obstacles facing SMEs in Vietnam and the region. They may prefer unclear and complicated bookkeeping in an effort to underestimate sales and under-report their profit to reduce tax liability as there is a lack of tax incentives for the sector (Vietnamnews, 2006). In addition, Vu Tan Thanh, Vice President of VCCI analyzed: (i) SMEs usually do not have collateral; (ii) SMEs often are not financial transparency. He also indicated that many enterprises maintain two bookkeeping systems, one for getting real information about their operation and the other for dealing with tax authorities. Rajeev Chalisgaonkar who is the Global director of corporate clients of Standard Chartered bank said that many SMEs provide insufficient data to carry out the checks for loans and SMEs need to be more transparent in their finances (Le., 2016).

On the other hand, many banks are fearful of giving loans to SMEs because loan-financed projects of SMEs are mainly small-scale, with higher risks than those of large enterprises, and

procedure fees are also high (Le, 2016; CIEM et al., 2016; Ho et al., 2014). The rejection of SMEs' loan requests rests on the following grounds: (i) riskiness (especially for young SMEs, with insufficiently credible credit profile); (ii) higher transaction costs than those of large enterprises; (iii) lack of collateral; and (iv) insufficient accounting record of loan applicants (Le, 2016; Vo et al., 2011).

- ***The second challenge of SMEs is the inadequacies of quality management and labor force.***

According to the statistics presented in the Labor Force Report 2016, only 20.6% of Vietnam's labor force has been trained. 9% of trained workers had university degrees or higher and only 5% of work force had been vocational training (GSO, 2017). In SMEs sector, the most common education level of the workforce was high school (26 %), followed by secondary school (19.2 %) and technical level without a certificate (14.8 %). Other groups of particular interest were the highly educated workers. Nearly 10 % of the employees hold a college degree or vocational college degree. However, the proportion of workers with university or higher education is 13%, higher than the average rate of the whole economy (CIEM et al., 2016). It is worth noting that the majority of business owners, even those who were educated from college and university or higher are still less well educated in economics, business administration or law for business (VCCI, 2015). In addition, most of the SMEs in Vietnam are private enterprises or family companies; most business owners cannot understand the FS. Most of them think that accounting and taxation work just to deal with the State agencies (Nhung, 2017; To, 2014; Doan, 2016). These difficulties have greatly affected on business development strategy, direction, and management as well as prevention legal risks of SMEs in Vietnam.

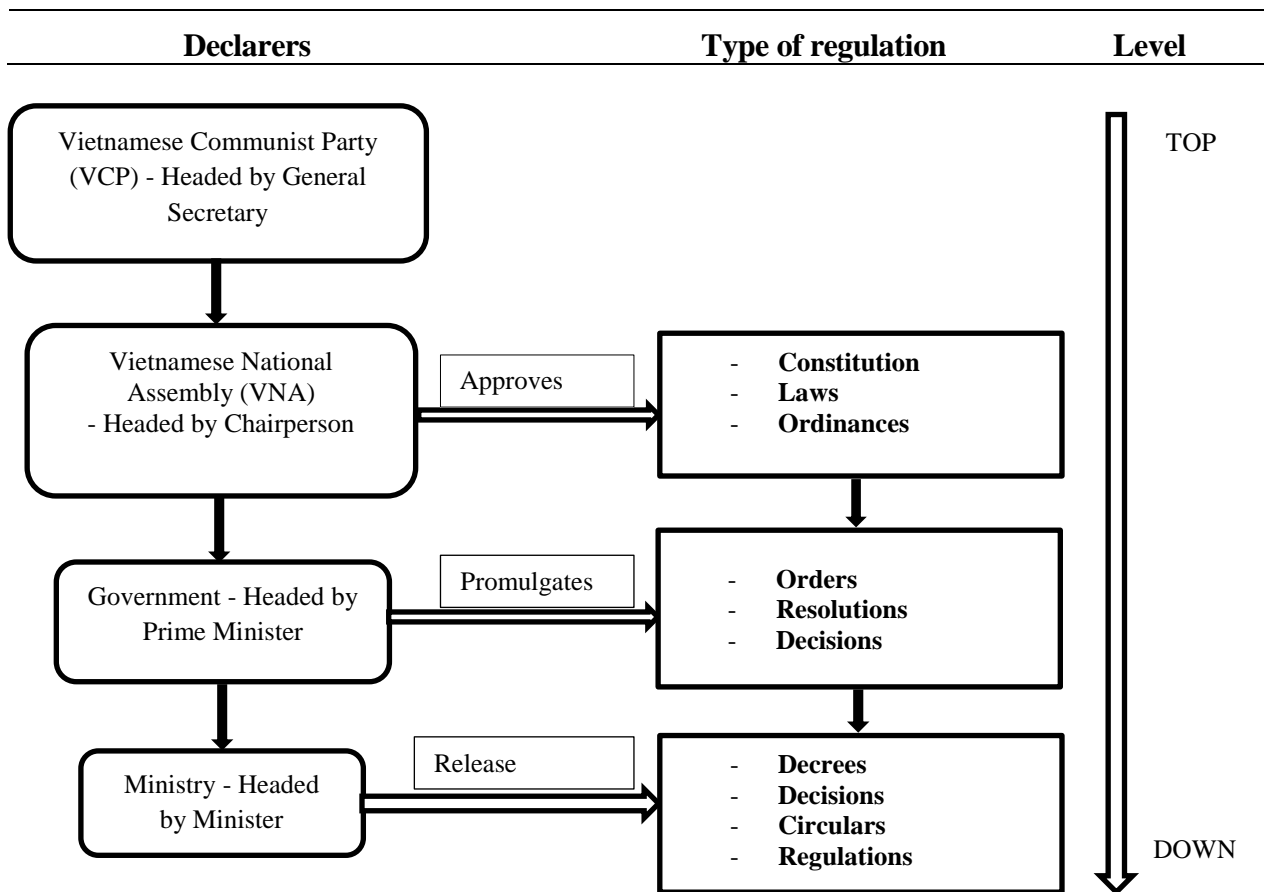
## **Chapter 4: ACCOUNTING REGULATIONS AND TAXATION FOR SMEs IN VIETNAM**

### **4.1 ACCOUNTING REGULATIONS FOR SMES IN VIETNAM**

#### **4.1.1 The framework of accounting regulations in Vietnam**

As per the official website of the Vietnamese government, the Vietnamese legal system consists of the Constitution, the Codes, the Laws, the Ordinances, the Decrees, the Decisions, the Circulars, the Directives, and the Official Letters. The Law can only be passed by VNA. The Ordinances are issued by the Standing Committee of the VNA, to regulate an area where a law is not yet promulgated and/or regulated. The government issues the Decrees, the Decisions, the Circulars or the Directives to implement the established Laws or Ordinances. The Codes, Laws and Ordinances are referred to by name, whereas the Decrees, the Decisions, and the Directives issued by the government are usually referred to by the number, signing year, and name of the issuer (for example Decision 15/2006/QD-BTC). Moreover, the Circulars, the Decisions and the Official Letters are normally issued by individual ministries and other State Agencies including People's Committees, with respect to subjects within their responsibility and the force of subordinate legislation (Phan, 2014).

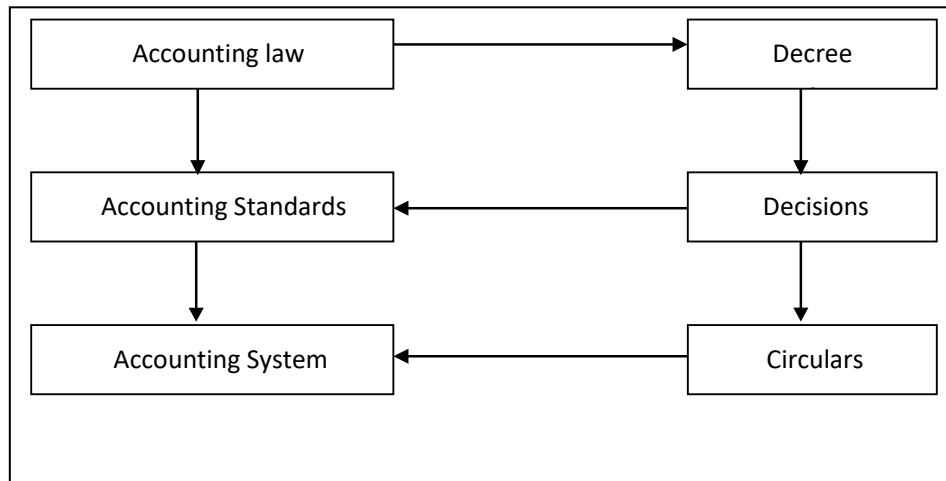
Due to historical characteristics, Vietnam's accounting system was influenced by French, Soviet Union and China's accounting system (Chu, 2004; Bui, 2011; Phan, 2014; Phi, 2017). The legal system of Vietnam was criticized for its incompleteness and inconsistencies (Phan, 2014). Concerning the legal system, at the national level, VNA has been the highest political body operating in both executive and judicial system. Through the VNA, the positions of heads of the State and the government have elected. The President has the authority to promulgate legislation (including Constitutions and Laws) passed by the VNA, while the government (headed by the Prime Minister) promulgate decrees and clarifies laws and regulations as the second level of the national system (Phi, 2017) (detailed in Figure 2.1). Under the government, there are many ministries whose heads are the ministers. Each ministry is being in charge of relevant areas such as Ministry of Finance (MoF), Ministry of Industry and Trade, Ministry of Agriculture and Rural Development, etc.



*Source: Assembly, 2013; Phi, 2017*

**Figure 4.1: National hierarchy of legal proclamation in Vietnam**

The VNA and the MoF are two State agencies, which regulate and be responsible for promulgating accounting legal framework. Under the MoF, the Department of Accounting and Auditing Policy and the General Department of Taxation are the two governance bodies most involved in the management of accounting and auditing service providers and users. The Department of Accounting and Auditing Policy currently plays the most significant role in the development of accounting and auditing activities. Up to now, in Vietnam, the accounting regulations include many levels of documents: Law on accounting; VASs and Vietnamese accounting regimes. However, in order to support to enterprises in understanding the content and application of their accounting regulations, the MoF continue issuing the Decree guiding the implementation of the Law and Circular guiding the implementation of VASs (Huynh et al., 2012; Tran, 2014; Phi, 2017). Especially VASs exist in parallel with accounting regimes for enterprise that is a characteristic of Vietnamese accounting (Tran, 2013).



Source: Huynh et al., 2012

**Figure 4.2: Current accounting regulatory framework**

Accounting Law is the highest legal document on accounting that was issued by the National Assembly. It regulates principles serving as a base and background to develop accounting standards and systems. Decrees provide specific regulation on and guidance on implementation to a number of articles of the Accounting Law applicable in business activities. Decisions and circulars regulate and guide specific accounting content and methods in general and provide special guidance in line with characteristics of some specific sectors or business activities in particular (Huynh et al., 2012). VASs were generally based on the pre-2003 International Accounting Standards (IAS) with some modifications to reflect the local accounting regulations and the business environment in Vietnam. However, neither IAS amendments after 2003 nor new International Financial Reporting Standards (IFRS) have been adopted. According to the Accounting Law (2015), the accounting regime means a set of regulation on accounting policy that is applied to certain fields or works promulgated by accounting authorities or organizations authorized by accounting authority. It is one of the components of the Vietnamese accounting system (Phi, 2015). The contents of an accounting regime usually include a unified system of chart of account which explained in detailed accounting guidelines, form of FS, accounting vouchers, and accounting books (MoF, 2006b; Tran, 2013; MoF, 2016a).

#### **4.1.2 History of accounting reform in Vietnam**

Along with the process of reform and economic development, Vietnamese accounting system has also been constantly changed (Huynh et al., 2012). Several Vietnamese and foreign authors were interested in the changes of the Vietnamese accounting such as Chu (2004); Bui (2011); Tran (2014); Tran (2015); Tran (2014); Nguyen and Gong (2012); Tran (2015c) and Phi (2017). They analyzed from a historical point of view the accounting regulations at different historical periods, as well as their historical sources of influence, which were French, Soviet Union, China and IAS.

It is important to analyze the consequences of the application of accounting regulations on SMEs, hence it will be distinguished between periods based on the issuance (and application) of accounting regulations for enterprises. Three periods of accounting reform as follow.

#### ***4.1.2.1 The first period from 1986 to 2006***

Result of the Vietnamese economic reform affected the nature and characteristics of the national accounting system. This was the first stage of innovating accounting works to serve for removing bureaucratic mechanism, and build new mechanism for managing the economy (Huynh et al., 2012). The first national conference on accounting was organized in 1984 and this event was a milestone for the course of Vietnamese accounting renewal. Purpose of the conference was building the first legal framework for the Vietnamese accounting system. However, until 1989 the first and the highest legal document of Vietnamese accounting was really promulgated by VNA. That was the ordinance on Accounting and Statistic. In order to complete accounting policies for private sectors and non-State owned enterprises, a number of policies on this area were issued by the Vietnamese government, including Decision No. 229/QĐ-CĐKT (December 1988) and Decision No. 598/QĐ-CĐKT (December 1990). The chart of accounts and accounting reports were amended through Decision No. 212/QĐ-CĐKT (December 1989), Decision No. 224/QĐ-CĐKT (April 1990), Decision No. 1205/TC-CĐKT and Decision No. 1206/TC-CĐKT (December 1994) respectively. The accounting reform had brought the new vitality for Vietnamese Accounting. However, it was not radical reform of accounting because it was issued to primary serve State owned enterprises and planning economy. This period might be regarded as intermediate stage to transition from a planned economy to the market economy and the initial integration into the world economy. Therefore, when the market mechanism became stable, it exposed many disadvantages. One hand, the accounting system did not meet requirements of users at that time. On the other hand, it limited the provision of information for economic management in the new conditions. Thus, a reform of accounting system that was appropriate for the economic development was necessary (Huynh et al., 2012).

In Nov 1995, the first Vietnamese accounting regime was promulgated in Decision No. 1141-TC/QĐ-CĐKT (Decision 1141) by the MoF that demonstrated the determination of Vietnam's government in reforming their accounting system towards international standards (IAS) at that time (Bui, 2011). Four components in the first accounting regime included: a unified chart of accounts with detailed accounting guidelines, form of financial reports, accounting vouchers, and accounting. The unified accounting system in Vietnam means that the system is uniformly applicable to all enterprises of economic sectors and industries in the entire country, except for those in the banking and financial industries books (MoF, 1995; Bui, 2011). Through influential role in accounting reforms and the issuance of accounting regulations, State retained its influence and maintained its control of the economy to achieve economic stability (Bui, 2011). Decision 1141 had played a very important role in the establishment of the Vietnamese accounting policy. The birth and application of this Decision officially opened a new page for the accounting profession in Vietnam, affirming the determination to integrate the market economy of Vietnam accounting for more than last 20 years (Tran, 2015).



Only after one year of issuing Decision 1141, in order to apply the accounting policy suitable with the management requirements, scale of production and business activities of SMEs, the MoF promulgated Decision No. 1177-TC/QĐ-CĐKT (Decision 1177). For the first time in Vietnam, an accounting regime that was only applied for SMEs was issued. This one was enforced from January 1<sup>st</sup>, 1997 to all private enterprises, private companies, limited liability companies, joint stock companies, economic organizations and administrations (MoF, 1996). This regime also had four sections, which was similar to Decision 1141, including the accounting vouchers; the unified chart of accounts with detailed accounting guidelines; the system of books and forms of accounting books; and financial reporting system. Because of being applied exclusively to SMEs, there were some differences in the content of Decision 1177 in comparison with Decision 1141. For example, SMEs were not required to make cash flow statements; three forms of accounting books were applied (big enterprises had four forms); and the number of accounts to reflect the economic content in SMEs in Decision 1177 was less than those in Decision 1141 (MoF, 1996).

In June 2003, the first Law on accounting (Accounting Law 2003) was promulgated by the VNA and effected on 1<sup>st</sup> Jan 2004. This was an important legal foundation for the Vietnamese accounting in carrying out activities and growing on a newly high level in the trend of integration and opening (Huynh et al., 2012; Nguyen and Gong, 2012; Phan, 2014). Following promulgation of the Law on accounting, the ordinance on Accounting and Statistic was ceased from the effective date of this Law. Accounting Law 2003 was built on reference to accounting laws of some countries such as Russia, China, the Philippines and Malaysia (Bui, 2011). It also based on the lessons learned in the period of applying the ordinance on Accounting and Statistics, in correspondence with other Laws, Regulations and the reality of accounting practice in Vietnam (Nguyen and Gong, 2012). This Law affirmed role and position of accounting in the economic management system as well as establishing and providing reliable financial information for making decisions, creating a transparent and healthy business environment (Bui, 2011; Nguyen and Gong, 2012; Huynh et al., 2012). Many accounting policies, accounting professions and organizations of accounting works have been legalized. The accounting profession and accounting job as a service activity have been recognized and legalized. In the Accounting Law 2003, management accounting was officially mentioned for the first time management accounting was officially mentioned for the first (Assembly, 2003a; Bui, 2011; Nguyen and Gong, 2012; Huynh et al., 2012).

In order to ensure that the accounting system achieves greater conformity with international accounting practice, Vietnamese Accounting Standards (VASs) were formed and issued by MoF. From 2001 to 2006, MoF formulated and released 26 VASs (see Table 4.1) that keeps up with the development of the Vietnamese market economy and is compatible with IFRS. Generally, the VASs are basically based on IAS that were issued up to 2003, with some modifications to reflect domestic accounting regulations, Vietnamese business environment and accountancy experience (Huynh et al., 2012; Nguyen and Gong, 2012; Phan, 2014; Tran, 2016).

**Table 4.1: The list of VASs promulgated by MoF**

Phase	Promulgated date	Decision No.	Vietnamese Accounting Standards (VASs) with codes and names	Guiding circular
1	Dec 31 <sup>st</sup> 2001	149/2001/QĐ-BTC (four standards)	1. Standard No. 02 - Inventories 2. Standard No. 03 - Tangible fixed assets; 3. Standard No. 04 - Intangible fixed assets; 4. Standard No. 14 - Turnover and other incomes	89/2002/TT-BTC of Oct 9 <sup>th</sup> 2002
2	Dec 31 <sup>st</sup> 2002	165/2002/QĐ-BTC (six standards)	5. Standard No. 01 - General standard; 6. Standard No. 06 - Leases; 7. Standard No. 10 - Effects of changes in foreign exchange rates; 8. Standard No. 15 - Construction contracts; 9. Standard No. 16 - Borrowing costs; 10. Standard No. 24 - Cash flow statements	105/2003/TT-BTC of Nov 4 <sup>th</sup> 2003
3	Dec 30 <sup>th</sup> 2003	234/2003/QĐ-BTC (six standards)	11. Standard No. 05 - Investment property 12. Standard No. 07 - Accounting for investment in associates 13. Standard No. 08 - Financial reporting of interests in joint ventures 14. Standard No. 21 - Presentation of financial statement 15. Standard No. 25 - Consolidated financial statements and accounting and accounting for investments in subsidiary 16. Standard No. 26 - Related party disclosures	23/2005/TT-BTC of Mar 30 <sup>th</sup> 2005
4	Feb 15 <sup>th</sup> 2005	12/2005/QĐ-BTC (six standards)	17. Standard No. 17 - Income taxes 18. Standard No. 22 - Disclosure in the financial statements of banks and similar financial institutions 19. Standard No. 23 - Events after the balance sheet date 20. Standard No. 27 - Interim financial reporting 21. Standard No. 28 - Segment reporting 22. Standard No. 29 - Changes in accounting policies, accounting estimates and errors	20/2006/TT-BTC of Mar 20 <sup>th</sup> 2006
5	Dec 28 <sup>th</sup> 2005	100/2005/QĐ-BTC (four standards)	23. Standard No. 11 - Business combinations 24. Standard No. 18 - Provisions, contingent asset and liabilities 25. Standard No. 19 - Insurance contracts 26. Standard No. 30 - Earning per share	21/2006/TT-BTC of Mar 20 <sup>th</sup> 2006

Source: Huynh et al., 2012

In summary, the issuance and application of accounting regulations have contributed significantly to the improvement of the legal system on accounting in Vietnam. This, in turn, has increased transparency of financial information and created a business environment that is internationally consistent, maintaining trust and attracting foreign investment in Vietnam during this period. However, the asymmetry between different levels of regulations still happened.

Although the Law on accounting has been unified for all Vietnamese companies, the contents of the VASs are set up to align with international economic integration. It is difficult for the accounting practitioners applying VASs (Phi, 2015). Accounting regimes for general enterprises and SMEs have been applied. However, to keep up the changes of domestic and international economic development, the MoF had issued many decisions, circulars and guiding documents on accounting for amendment and complement of these regimes continuously. These problems make SMEs difficult to implement and comply with accounting regulations because they have to adhere to many documents in the same operation (Tran, 2015).

#### ***4.1.2.2 The second period from 2006 to 2014***

Too many documentation guidelines make these accounting regimes more complicated; therefore, it is necessary to combine these guidelines for understanding easily (Tran, 2015). In 2006, the MoF published a new enterprise accounting regime (Decision No. 15/2006/QĐ-BTC/CDKT, 20/3/2006) to supersede the old ones (Decision 1141; Decision No. 167/2000/QĐ-BTC; Circular No. 10/1997/TC-CDKT; Circular No. 33/1998/TT-BTC; Circular No. 77/1998/TT-BTC, etc). Main objectives of Decision No. 15/2006/QĐ-BTC/CDKT (Decision 15) were the alignment of financial reporting requirements with VASs and the Law on accounting. All business organizations, which were incorporated in Vietnam, were required to comply with this accounting regime in spite of their ownership and listing status (MoF, 2006a; Nguyen and Gong, 2012; Phan, 2014; Tran, 2015). This new regime was enforced from April 25<sup>th</sup>, 2006 and had four parts, including a unified chart of accounts with detailed accounting guidelines, form of FS, accounting vouchers, and accounting books (MoF, 2006a). For the first time, Vietnamese accounting has provided guidance on accounting for corporate income tax such as "Deferred tax assets", "Deferred tax liabilities" and "Corporate income tax expenses". These accounts have used to adjust the difference between accounting and tax accounting (MoF, 2006a).

In parallel with the publication of the new Vietnamese accounting regime for general enterprises, an accounting policy for SMEs was promulgated (Decision No. 48/2006/QĐ-BTC/CDKT, 19/6/2006). It was applied to all SMEs and all economic sectors in the whole country, including limited liability companies, joint-stock company, partnership, private enterprises and cooperatives (MoF, 2006b). This Decision replaced two decisions issued by the MOF: the first one was Decision 1177 that promulgated "accounting policy for SMEs" and the second one was Decision No.144/2001/QĐ-BTC (Dec 2001) on "supplementation and amendment of accounting policy for SMEs issued under Decision No. 1177" (MoF, 2006b). However, SMEs could still apply the accounting system in accordance with Decision 15 if they were appropriate but they had to register with their tax administration and commit an implement during at least two financial years (MoF, 2006a). Decision No. 48/2006/QĐ-BTC/CDKT (Decision 48) was accounting regime for SMEs that includes five parts: General provisions; chart of accounts; forms of financial reporting system; regulations on accounting vouchers and accounting books. It was formulated based on

complete application of 7 common VASs, incomplete application of 12 VASs and non-application of 7 VASs. In accordance with Decision 48, tables 4.2, 4.3 and 4.4 are the applying accounting standards on SMEs (MoF, 2006b). From MoF's viewpoint, these standards were not provided or they were too complex and unsuitable for SMEs at that time (MoF, 2006b). Meanwhile, the accounting regime under Decision 15 was based on the principle of complete application all of 26 VASs. This was the biggest difference between two accounting regimes for general enterprises and SMEs.

**Table 4.2: Completely applied accounting standards**

No	Standard's code and name
1	Standard No.01 - Framework
2	Standard No.05 - Investment property
3	Standard No.14 - Revenue and other income
4	Standard No.16 - Borrowing costs
5	Standard No.18 - provisions, contingent assets and contingent liabilities
6	Standard No.23 - Events arising after the end of the accounting year
7	Standard No.26 - Related parties disclosures

*Source: MoF, Decision No. 48/2006/QĐ-BTC, 2006b*

**Table 4.3: Incompletely applied accounting standards**

No	Standard's code and name	Unapplied content
1	Standard No.02 - Inventories	Allocation of fixed overheads under normal capacity of machinery.
2	Standard No.03 - Tangible fixed assets	Depreciation period and method
3	Standard No.04 - Intangible fixed assets	
4	Standard No.06 -Leases	Selling and subleasing operating leased assets
5	Standard No.07 - Accounting for investment in associate companies	Equity capital method.
6	Standard No.08 - Financial reporting of interest in joint ventures	<p>- Equity method;</p> <p>- When a venturer contributes assets to a joint venture, if the joint-venture capital contributor has transferred ownership of assets, the venturer should recognise only that portion of the gain or loss which is attributable to the interests of the other venturers.</p> <p>- When a venturer sells assets to a joint venture: Where a venturer has transferred ownership and the assets are retained by the joint venture without selling to an independent third party, the venturer should recognise only that portion of the gain or loss which is attributable to the interests of the other venturers; Where the joint venture resells the assets to an independent third party, the venturer is entitled to recognise that portion of the actual gain or loss which arises from the sale of asset to Joint Venture.</p>
7	Standard No.10 - Effect of fluctuations in foreign exchange rates	Exchange rate differences arising upon conversion of financial statements of foreign-based establishments
8	Standard No.15 - Construction contracts	Recording revenues, expenses of construction contract in case contractor is paid according to the schedule.
9	Standard No.17 - Corporate Income Tax	Deferred income tax
10	Standard No.21 - Presentation of financial statements	Reducing the requirements for presentation in the report
11	Standard No.24 - Cash flow statement	Encouraging to apply, not required
12	Standard No.29 - changes of accounting policies, accounting estimates and errors	Applying retroactive to changes of accounting policy

Source: MoF, Decision No. 48/2006/QĐ-BTC, 2006b

**Table 4.4: Unapplied accounting standards**

No	Standard's code and name
1	Standard No. 11 - Amalgamation
2	Standard No. 19 - Insurance policies
3	Standard No. 22 - Supplementary contents of financial statements of banks and similar financial institutions
4	Standard No. 25 - Consolidated financial statement and accounting of investments in subsidiaries
5	Standard No. 27 - Mid-term financial statement
6	Standard No. 28 - Partial statement
7	Standard No. 30 - Interest on shares

*Source: MoF, Decision No. 48/2006/QĐ-BTC, 2006b*

Following Decision 48, mandatory FS that were provided by SMEs include Balance sheet (Form B01 – DNN); Income statement (Form B02 – DNN) and Note to financial statement (Form B09 – DNN). SMEs were encouraged to prepare Cash flow statement (Form B03-DNN). SMEs also did not have to make mid-term FS (MoF, 2006b).

Decision 48 shows that accounting regime regulating accounting activities in SMEs was designed according to the direction of accounting regime for general enterprises (Decision 15). In this regime, some principles, which were not suited to SMEs, have been removed without a scientific research. (Tran, 2013; Tran, 2014). The basic contents of VASs were shown through the instructions on how to record Debit-Credit of economic operations as well as the method of making FS in these accounting regimes. Meanwhile, guidelines on measurement of accounting objects were not specifically mentioned in these regimes but reflected in the guiding circulars of VASs (Tran, 2013).

The application of accounting standards in SMEs has been based on the viewpoint of using together 26 VASs but some of them were not applied and others were applied incompletely (MoF, 2006b). According to Mai (2011), while the Vietnamese accounting legal system has been improved, the selection of using together only one VASs system will ensure a united accounting legal framework. It will facilitate the State management in accounting as well as the enterprises implementation in accounting standards. In order to be suitable with characteristics of SMEs, there were 12 VASs applied incompletely in Decision 48. The maker policies cut off some of contents mechanically. Consequently, the systematization and consistency between accounting standards and accounting regime for SMEs have been reduced (Mai, 2011; Tran & Tran, 2014). Tran (2013) also said that, the consistency between VASs, accounting regimes and Law on accounting was assessed only at the lowest level. In another research, Think had found “the auditor as the most knowledgeable person on the application of standards in the FS is not high evaluation of the completeness of accounting standards. They also underestimate the consistency between VASs and Vietnamese accounting regimes and Law on accounting 2003 (Tran, 2016).

To sum up, the Vietnamese accounting regimes were still “rules-based” (Huynh et al., 2012). During the period from 2006 to 2014, Vietnamese accounting reform mainly focused on chart of accounts, accounting books, accounting rules, accounting documents and reports (Huynh et al., 2012; Phi, 2017). Although VASs were issued, accounting practice was still mainly based on accounting regimes. In these regimes, MoF enforced detailed accounting policies by guiding on how to use chart of accounts, record transaction in booking and predetermined format of FS. A research conducted by Huynh et al., 2012 has shown that accounting practitioners did not make judgments; they just practiced accounting as they found the business transactions occurring, matching with guiding decisions or circulars and recording them in accounting books. It is explicit that the most of content in Vietnamese accounting system focuses on uniform of accounts, source document, accounting books and form of FS while the regulation of identification, methods, presentation of financial reports are supplied inadequately (Phi, 2015). Meanwhile, the accounting system did not only provide information for the State but also for owner, stakeholders, banks, and so on. Furthermore, business transactions were more and more complex, and there were more new transactions occurring so particular guidance on accounting practice was no longer appropriate.

In order to integrate with regional and international accounting, Vietnamese accounting system must move from a “rules-based” to “principles-based” regime, in which accounting practitioners will have to base on VASs and accounting framework to make professional judgment (Huynh et al., 2012; Phan, 2014; Phi, 2017).

#### ***4.1.2.3 The third period from 2014 to present***

With requirements of the Vietnamese accounting reform aiming at being appropriate to the far-reaching global economic integration, the Vietnamese Prime Ministry adopted Decision No. 480/QĐ-TTg on approving the accounting-auditing strategy up to 2020, with a vision till 2030 (Mai & Nguyen, 2016; Nguyen, 2016). This decision was a plan to reform the accounting and auditing of Vietnam. One of the main contents of the strategy is building and developing a legal framework of accounting and auditing as the basis for absorbing of fundamental international common practices into specific conditions of Vietnam. This also creates a full, consistent and suitable legal environment in order to improve accounting and auditing development, and concurrently manage and improve the occupational quality and ethic (The Prime Minister, 2013; Mai & Nguyen, 2016). In that roadmap, the finalization of Accounting Law 2003, VASs and accounting regimes in 2006 was a necessary requirement.

The implementation of Vietnamese accounting regime issued under Decision 15 has revealed many problems, which were not in accordance with IAS and practices in Vietnam (Tran, 2015). In order to meet requirements of economic management in the new period and promote the business investment and international integration, MoF issued Circular No. 200/2014/TT-BTC (Circular 200) that has provided guidance for Vietnamese corporate accounting regime in December 2014. Circular 200 was used to replace Decision 15 and Circular No. 244/2009/TT-BTC and took effect from January 1<sup>st</sup>, 2015. It provides guidelines on accounting policies for both local and foreign

enterprises in Vietnam. Even SMEs can also apply the policies in this Circular on their accounting. This Circular stipulates bookkeeping, preparation and presentation of FS but it does not determine tax liabilities of enterprises to government budget (MoF, 2014).

Circular 200 has seen to reflect to local realities, and be more feasible, open and flexible than Decision 15 because of its changing. From the MoF's opinions, content of Circular 200 is based on the spirit of respect for nature rather than accounting form, which has been a completely new principle in Vietnamese accounting regimes. This Circular officially abolished the compulsory regulations on accounting documents and accounting book. Enterprise are allowed to flexibly design forms of their accounting documents which contain sufficient information as stipulated in Vietnamese law on accounting. If the enterprise cannot design its accounting documents, it can apply the forms provided in Circular 200. Enterprise's self also can design their accounting books as long as they provide information about transactions completely, clearly and in a way that is easy to check and control. Circular 200 provides a chart of accounts, in which some new accounts are introduced, some are abolished and some are amended. According to this accounting regime, an enterprise is allowed to supplement or amend name, code and content of accounts by obtaining written approval from the MoF (MoF, 2014). The principles for converting financial statement under Circular 200 have been more consistent to IFRS than that in last periods. Unlike the former Circular 244, which specified that all items in the FS of an enterprise must be converted using the average interbank exchange rate at the end of the accounting period, enterprises now may use different exchange rates for different items (MoF, 2014; Dang and Dezan, 2015). In addition, Circular 200 also has other changes, including: repealing last in first out method (LIFO) and introducing retail price method; giving up using the term "permanent differences" when calculating deferred tax; recording contributed capital based on actual contribution amount instead of charter capital that is recorded in the Business registration, etc (MoF, 2014). These changes bring Vietnamese accounting system to conform to the requirements of IFRS, increase comparability and transparency (Dang and Dezan, 2015).

Similar to accounting regime for general enterprises, after ten years of implementation, the accounting regime for SMEs has also revealed some limitations that need adjusting to practice. Therefore, the issuance of Circular No. 133/2016/TT-BTC (Circular 133) was very important for SMEs (Vu, 2016). Circular 133 was issued on August, 2016 by the MoF provides the guidance on Vietnamese accounting systems for SMEs. It takes effect for fiscal years commencing on or after January 1<sup>st</sup>, 2017 and is used to replace the contents applied to SMEs of both Decision 48 and Circular No. 138/2011/TT-BTC. SMEs are authorized to design the accounting system in line with their business and management under Circular 133 (MoF, 2016a). This Circular also provides instructions on bookkeeping, preparation of FS of SMEs and same to Circular 200, it is not applying for determination of enterprises' tax liability. Circular 133 has been the first accounting regime, which pursue to the new Vietnamese law on accounting No. 88/2015/QH13 dated on November 20, 2015 (Accounting Law 2015) (MoF, 2016a).



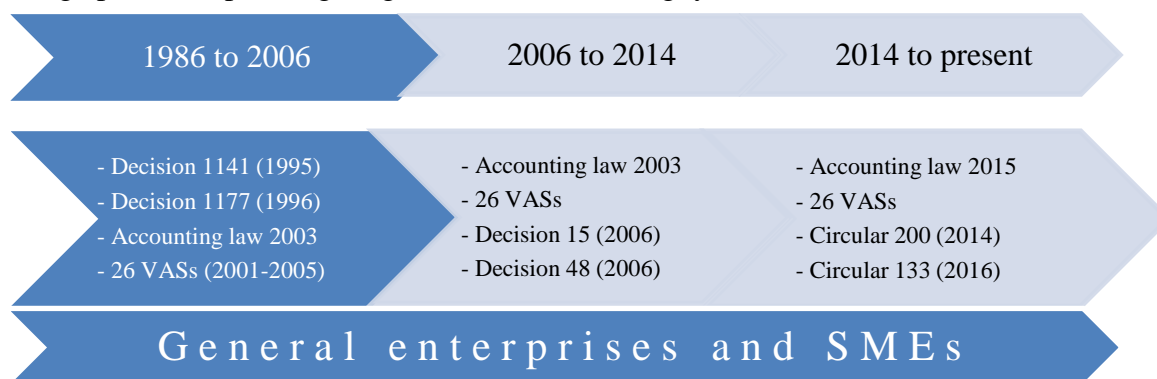
Besides the changing of accounting regimes, the renovation of the Law on accounting was also a milestone in accounting reform in Vietnam. Although there was a plan to revise the Law on Accounting since 2013, a revised version was submitted to the government by MoF in 2015. The amended law has made breakthrough changes aimed at increasing transparency, acceptance and recognition IAS as well as accounting and auditing practices in the countries of the region and in the world. In November 2015, an amended Law on Accounting was adopted by the National Assembly of the Socialist Republic of Vietnam with a majority of the votes (Nguyen, 2016).

The Law on accounting No. 88/2015/QH13 (Accounting Law 2015) was taken effect from January 1<sup>st</sup>, 2017 and superseded Accounting Law 2003. The significant change in Accounting Law 2015 was located in introducing formally fair value accounting principles. This was a fundamental difference from Accounting Law 2003, which provided that assets were stated at cost and an accounting entity was not allowed to revalue its assets unless stipulated by other laws and regulations. Accounting Law 2015 has been providing specific information of inspection as well as provision of accounting service. Moreover, accounting of currency and exchange rate for translation that differs from the version 2003 has been regulated clearly (KPMG, 2016; PwC, 2016a; Phi, 2017). In accordance with the Article 28 of Accounting Law 2015, assets and liabilities are initially recognized at the cost and then their value frequently fluctuating as per market price must be measured at fair value at the end of the financial reporting period. However, these recognition and measurement are accepted in several typical cases rather than for all assets and liabilities in the entity. They are situations of monetary items denominated in foreign currencies translated at actual exchange rates; financial instruments are required by accounting standard to be measured and recognized at fair value; and other assets and liabilities whose values fluctuate regularly, which are required to be measured at fair value in accordance with accounting standards (Phi, 2017).

Accounting Law 2015 also stipulates that FS must be prepared and presented in a manner that fairly reflects the substance of the transaction rather than its form. This is one of important accounting principles of the IFRS, which was not included in Accounting Law 2003, VASs or other relevant regulations issued previously (Assembly, 2015; KPMG, 2016). This is also the basis for the MoF issued the accounting principles in accounting regimes for SMEs (Circular 133) and for general enterprises (Circular 200).

In addition, Accounting Law 2015 completed some prohibited behaviors in accounting activities. It is strictly forbidden to rent, borrow or lend the Accountant certificate or the Certificate of Accounting Practice Registration. In addition, the establishment many accounting book systems or supplication, publication of FS that contain inconsistent data in the same accounting period is an act strictly prohibited by Accounting Law 2015. This issue was mentioned in the Law on Tax Administration, the Law on Bidding or the Law on Credit Institutions (Assembly, 2005b; Assembly, 2014b; Assembly, 2006), it has been still emphasized in Accounting Law 2015. Many experts

believed that in order to observe the prohibited acts by enterprises, there are many issues need be solving apart from promulgating the Laws (Ba and Nguyen, 2015a).



Source: Own contribution

**Figure 4.3: The map of accounting reform in Vietnam**

Economic reform affects strongly the present accounting system. The economic transition has led to the emergence of accounting interest groups alongside the state, such as entrepreneurs, foreign investors and bankers. Thus, the FS prepared following the accounting system should “provide useful economic and financial information for evaluation and predicting the financial performance and position of enterprise. Financial information is also useful to owners, managers, investors, and creditors in decision-making (Huynh et al., 2012). As can be seen from the Figure 4.3, the Vietnamese accounting reform has undergone three periods of change starting from 1986 to 2006; from 2006 to 2014 and from 2014 to presents. From the beginning, the Vietnamese accounting regimes had separated for both general and SME. Accounting Law is the highest legal document in accounting that was approved in 2003. In the period of 2001 and 2005, 26 Vietnamese Accounting Standards were promulgated. At present, accounting regulation for enterprises in Vietnam includes the revised Accounting Law in 2015, 26 VASs and 2 accounting regimes. The Law on accounting and VASs are applied as unification for all enterprises while accounting policies that presented in the accounting regimes are plentiful for kind of firm.

#### **4.1.3 The characteristic and the drawbacks of accounting practice in Vietnamese SMEs**

##### ***4.1.3.1 The characteristic of SMEs’ accounting in Vietnam***

The features of accounting system in Vietnam tend to prescribe specific provisions and details. Therefore, in both the Accounting law and Accounting standards, general guidelines have not been applied to accounting activities of the enterprises in Vietnam. In other words, accountants deploy either detailed guidance prescribed in the Decrees/Circulars or detailed regulations in the accounting regime. Consequently, the accounting regime is so far an indispensable part of the accounting legislation in Vietnam (Dang, 2011).

Being replaced Decision 48 and issued after Circular 200, Circular 133 replicates many points of Circular 200 and it has new points to simplify accounting works for SMEs (PwC, 2016b). There are some key changes of Circular 133 in comparison with Decision 48 and Circular 200 (see Table 4.5).

**Table 4.5: Comparing the content between Circular 200, Circular 133 and Decision 48**

No	Contents	Circular 200 (effected from 2015)	Circular 133 (effected from 2017)	Decision 48 (effected from 2006 to 2016)
1	Subjects of application	Enterprises of all sectors, all economic sectors do not distinguish the scale business	Applies to SMEs of all industries and sectors of economy in accordance with legal regulations on supporting SMEs	
2	General principles	This Circular promulgates accounting policies applying to enterprises in every business lines and every economic sector	SME may apply the accounting policies specified in Circular 200	SME may apply the accounting policies specified in Decision 15 (or Circular 200)
3	Application of accounting standards	26 VASs	19 VASs	7 VASs applied in full, 12 VASs applied inadequately and 7 VASs did not apply
4	Pricing principles	Historical cost and fair value (under Accounting Law 2015)	Historical cost and fair value (under Accounting Law 2015)	Historical cost and fair value (under Accounting Law 2003)
5	Accounting documentation and ledgers	Flexibility	Flexibility	Fixed forms
6	Accounting and taxation	Separation between accounting and taxation	Separation between accounting and taxation	Combination between accounting and taxation
7	Number of Account	76 accounts at level 1, include 144 accounts at level 2 and some of them at level 3	49 accounts at level 1, include 79 accounts at level 2, do not have accounts at level 3	58 accounts at level 1, include 67 accounts at level 2
8	Accounting currency unit	Enterprises can use other currency than VND if they mainly conduct transactions under this currency. When selecting the accounting currency, enterprises are required to notify the local Tax authorities.	SMEs can use other currency than VND if they mainly conduct transactions under this currency. When selecting the accounting currency, enterprises are required to notify the local Tax authorities.	Only use Vietnamese Dong (VND) in accounting currency
9	Principles of accounting and accounting entries	Only regulates accounting principles	Only regulates accounting principles	Provides detailed guidance on the accounting entries to be made
10	Annual financial reporting system.	- Balance Sheet (Form B01-DN) - Income statement (Form B02-DN) - Cash flow statement (Form B03-DN)	- Financial Statement (Form B01a-DNN or B01b-DNN) - Income statement (Form B02-DNN)	- Balance Sheet (Form B01a-DNN or B01b-DNN) - Income statement (Form B02-DNN)

		- Financial Statement Explanation (Form B09-DN)	- Financial Statement Explanation (Form B09-DNN) - Account Balance Sheet - Cash flow statement (Encourage, not Require) Form B03-DNN)	- Financial Statement Explanation (Form B09-DNN) - Cash flow statement (Encourage, not Require) Form B03-DNN)
11	Interim financial reporting system	- Balance Sheet (Form B02a/b-DN) - Income statement (Form B02a/b-DN) - Cash flow statement (Form B03a/b-DN) - Financial Statement Explanation (Form B09a/b-DN)	Unrequirement	Unrequirement
12	Where to submit financial statements	- Financial agency - Tax office - Statistics Agency - Business Registration Office - Superior business - Management boards of export processing zones, industrial parks and hi-tech parks, if so requested	- Tax office - Statistics Agency - Business Registration Office - Management boards of export processing zones, industrial parks and hi-tech parks, if so requested	- Tax office - Statistics Agency - Business Registration Office - Management boards of export processing zones, industrial parks and hi-tech parks, if so requested
13	Principles for making and presenting financial statements	Assets and liabilities on the balance sheet must be presented in both short and long term; In each short-term and long-term, the indexes are sorted by decreasing liquidity	Assets and liabilities on the Financial Statement may be presented in both short and long term OR are sorted by decreasing liquidity (very small companies)	Assets and liabilities on the balance sheet have to present in both short and long term.

Source: Own contribution from Decision 48, Circular 133 and Circular 200

Accounting regime under Circular 133 provides more options for SMEs. It directs to meet management's needs and operating purposes more than focus on the form and title of transactions. In accordance with Circular 200 and Circular 133, SMEs are allowed to prepare accounting documents that are suitable to their operational characteristics and management purposes. It means that accounting documents are not required to apply fixed forms that were guided by previous accounting regimes. However, these documents are required to comply with Accounting Law 2015 and current regulations. They also must ensure fundamental contents and compulsory information. Besides, each SME only has one accounting book system for an accounting period. Accounting books are used to record and systemize the enterprise's transactions in chronological order. SMEs can design their own accounting books as long as information about transactions is clear, sufficient and easy to verify and compare (MoF, 2016a).

In pricing principle, not only large enterprises but also SMEs are required to use both original prices and reasonable values (Article 6, Accounting Law 2015). This is different from the previous accounting regimes that only recognized the original prices (Article 6, Accounting Law 2003). However, Vietnamese enterprises have not been able to operate their fair values because there are not VASs or specific regulations to guide the determination of fair value (Duong, 2017).

In the comparison of Circular 133 with Decision 48, Circular 133 has clearly separated accounting and tax to meet the demands of management and business operations. The accounting principles of revenues and expenses are specified. Depending on each specific situation, time and basis of revenue/expense recognition in accounting and taxation may be different. Taxable income is only used to determine the amount of tax payable under relating regulations. Revenue/expense recognized in accounting ledgers or the preparation of the FS must be in accordance with accounting principles and depend on the practice, hereby, it may not be necessarily equal to the amount already in vouchers. In addition, Circular 133 also states that the FS have to reflect the economic substance of transactions and events, rather than their legal forms. SMEs have been not still required but encouraged to prepare a cash flow statement. The new accounting system for SMEs also provides guidance for microenterprises in the simplest way, guiding enterprises not to meet the assumption of continuous operation (when is inactivated due to dissolution or bankruptcy).

One of big differences between Decision 48 and Circular 133 are the number and the content of VASs application on SMEs (see Table 4.6).

**Table 4.6: Application of VASs for the enterprises in Vietnam under current accounting regimes**

No	Vietnam Accounting Standards		Big Companies Circular 200 (Applied since 2015)  Applied in full	SMEs				
				Circular 133 (Applied since 2017)		Decision 48/2006 (Applied since 2006-2016)		
				Applied in full	Do not apply	Applied in full	Applied inadequately	Do not apply
1	VAS 01	Frameworks	x	x		x		
2	VAS 02	Inventories	x	x			x	
3	VAS 03	Tangible Fixed Assets	x	x			x	
4	VAS 04	Intangible Fixed Assets	x	x			x	
5	VAS 05	Investment Properties	x	x		x		
6	VAS 06	Lease	x	x			x	
7	VAS 07	Accounting for Investment in Associates	x	x			x	
8	VAS 08	Financial Reporting of Interest in Joint Ventures	x	x			x	
9	VAS 10	Effects of Changes in Foreign Exchange Rate	x	x			x	
10	VAS 11	Business Combination	x		x			x
11	VAS 14	Turnover and Other Incomes	x	x		x		
12	VAS 15	Construction Contract	x	x			x	
13	VAS 16	Borrowing Cost	x	x		x		
14	VAS 17	Income Taxes	x	x			x	
15	VAS 18	Provisions, Contingent Assets and Liabilities	x	x		x		
16	VAS 19	Insurance Contracts	x		x			x
17	VAS 21	Presentation of Financial Statements	x	x			x	
18	VAS 22	Disclosure in Financial Statements of Banks and Similar Financial Institution	x		x			x
19	VAS 23	Events after Balance Sheet date	x	x		x		
20	VAS 24	Cash flow Statements	x	x			x	
21	VAS 25	Consolidation Financial Statements and Accounting for Investments in Subsidiaries	x		x			x
22	VAS 26	Related Parties Disclosures	x	x		x		

23	VAS 27	Interim Financial Statements	x		x			x
24	VAS 28	Segment Reporting	x		x			x
25	VAS 29	Change in Accounting Policies, Accounting Estimates and Errors	x	x			x	
26	VAS 30	Earning Per Share	x		x			x

*Source: Own contribution from Decision 48, Circular 133 and Circular 200*

According to Table 4.6, under Decision 48, SMEs were required to fully comply with 7 VASs, to inadequately comply with 12 VASs and do not apply 7 VASs in. However, under Circular 133, full compliance with 19 per 26 VASs is mandatory with SMEs. Under Circular 200 and Circular 133, there is little difference in the application of accounting standards for large enterprises and SMEs. In other words, Vietnamese government expects SMEs accounting to converge to international practices and international standards through the full implementation of VASs. Although, VASs were promulgated based on the basic IAS but they had a significant gap with IAS/IFRS because since VASs were issued, it has not been amended while IAS/IFRS has changed (Huynh et al., 2012).

A burden can be seen when SMEs must to apply full 19/26 VASs due to non-conformity between SMEs and the content of common accounting standards (Nguyen, 2016). SMEs are usually non-listed companies. Securities or financial instruments issued by these industries (if any) are not widely traded on the market. Main users of SMEs' accounting information are owners, current and potential creditors. As a result, legal disclosures of financial information of these enterprises have a certain limitation and are simpler than those of large scale public enterprises (Mai, 2011; Tran and Tran, 2014). Most banks, when considering the possibility of lending to SMEs, tend to rely on individual or collateral guarantees. Assurances are provided by directors and/or shareholders of SMEs rather than their FS (Mai, 2011; Tran and Tran, 2014; Nguyen, 2016). When fully applied 19 VASs, the financial information of SMEs will not be focused. In addition, some concepts and principles are not suitable for SMEs such as "net realizable value", "capitalized", "Deferred income tax", etc. However, Vietnamese accounting regime for SMEs linked more closely with international standards and practices because of these changes.

Due to improvements compared to the Decision 48, Circular 133 introduces the code of accounts at level 1 and level 2 but does not have level 3. There is also no separation in short term and long term accounts as in Decision 48. Some examples are shown in Table 4.7.



**Table 4.7: Examples about Chart of Accounts by Circular 133**

ACCOUNT CODE		ACCOUNT NAME	ACCOUNT CODE		ACCOUNT NAME
Level 1	Level 2		Level 1	Level 2	
<b>111</b>		<b>ASSETS</b>			<b>LIABILITIES</b>
		<b>Cash on hand</b>			.....
	1111	Vietnamese Dong			<b>OWNER'S EQUITY</b>
	1112	Foreign currencies	<b>411</b>		<b>Owner's equity</b>
<b>112</b>		<b>Cash in banks</b>		4111	Contributed capital
	1121	Vietnamese Dong		4112	Capital surplus
	1122	Foreign currencies		4118	Other capital
<b>121</b>		<b>Trading securities</b>	<b>413</b>		<b>Foreign exchange differences</b>
<b>128</b>		<b>Investments held to maturity</b>	<b>418</b>		<b>Other equity funds</b>
	1281	Term deposits	<b>419</b>		<b>Treasury stocks</b>
	1288	Other investments held to maturity	<b>421</b>		<b>Undistributed profit after tax</b>
<b>131</b>		<b>Trade receivables</b>		4211	Undistributed profit after tax of previous year
<b>133</b>		<b>Deductible VAT</b>		4212	Undistributed profit after tax of current year
	1331	Deductible VAT of goods and services			<b>REVENUE</b>
	1332	Deductible VAT of fixed assets	<b>511</b>		<b>Revenues</b>
<b>136</b>		<b>Internal receivables</b>		5111	Revenue from sales of merchandises
	1361	Working capital provided to sub-units		5112	Revenue from sales of finished goods
	1368	Other internal receivables		5113	Revenue from services rendered
<b>138</b>		<b>Other receivables</b>		5118	Other revenue
	1388	Others receivables	<b>515</b>		<b>Financial income</b>
<b>141</b>		<b>Advances</b>			<b>COSTS OF PRODUCTION &amp; BUSINESS</b>
<b>151</b>		<b>Goods in transit</b>	<b>611</b>		<b>Purchases</b>
<b>152</b>		<b>Raw materials</b>	<b>631</b>		<b>Production costs</b>
<b>153</b>		<b>Tools and supplies</b>	<b>632</b>		<b>Costs of goods sold</b>
<b>154</b>		<b>Work in progress</b>	<b>635</b>		<b>Financial expenses</b>
<b>155</b>		<b>Finished goods</b>	<b>642</b>		<b>General administration expenses</b>
<b>156</b>		<b>Merchandise goods</b>		6421	Selling expenses
<b>157</b>		<b>Outward goods on consignment</b>		6422	General administration expenses
<b>158</b>		<b>Goods in bonded warehouse</b>			<b>OTHER INCOME</b>
<b>211</b>		<b>Tangible fixed assets</b>	<b>711</b>		<b>Other Income</b>
	2111	Tangible fixed assets			<b>OTHER EXPENSES</b>
	2112	Finance lease tangible fixed assets	<b>811</b>		<b>Other Expenses</b>
	2113	Intangible fixed assets	<b>821</b>		<b>Income tax expense</b>
<b>214</b>		<b>Depreciation of fixed assets</b>	<b>911</b>		<b>INCOME SUMMARY</b>
		.....			<b>Income Summary</b>

Source: Own contribution from Circular 133

SMEs can either decide accounts by short term and long term or set up the detailed accounts in order to serve business management. However, when presented in the FS, assets and liabilities should be separated to the short term and long term according to the normal business operating cycle of the business. SMEs are allowed to supplement or amend the name, code, content and accounting approach of level-1 or level-2 accounts by obtaining written approval from the MoF (MoF, 2016a). In addition, Circular 133 only guides the accounting principles without providing details of accounting entry. By applying accounting principles, SMEs will freely decide the accounting entries that are suitable for business operation in order to ensure the preparation and presentation of FS will be in accordance with accounting regulations.

It can be said that Circular 133 with regulations on SMEs accounting system has created many new breakthroughs. It gives SMEs more autonomy in accounting activities. Circular 133 was changed from an accounting regime to serve the purpose of State management to a regime for the operation of the enterprises. These innovations not only facilitate SMEs in business but also meet the requirements of international integration (Vu, 2016).

#### ***4.1.3.2 The drawbacks of accounting practice in Vietnamese's SMEs.***

In order to develop the economy and international integration, the economic and the accounting reforms have been continuously implemented in parallel through the government's efforts to improve accounting regulations in recent years. To date, Vietnamese SMEs perform accounting activities in accordance with a variety of legal frameworks such as Accounting Law 2015, 26 VASs and accounting regimes, and thus they provide information to others via FS that have been available stipulated in patterns. However, this fact seems to be unsuitable for enterprises, especially SMEs because of existing too many problems in their accounting practices.

***The first problem is that some contents of Accounting regulations are outdated or do not match the characteristics of Vietnamese's SMEs.***

Even though the Law on Accounting 2015 allowed the fair value principle for accounting to work as mentioned in prior sections, Vietnam continues to apply the historical cost as a basic principle of accounting to assess the asset valuation of enterprises. It seems to become the greatest matter for Vietnam to harmonize on the IASs or IFRSs because the investors or shareholders may receive unfair information to make decisions, while the enterprises supply the financial information by publishing the financial statement in historical price (Phi, 2015).

On the other hand, the Vietnamese approach to accounting standard setting is also different from other transitional economies. Unlike some other neighbor countries such as Malaysia, Thailand or China, the Vietnam Ministry of Finance, which is authoritative body dealing with accounting regulations, develops accounting standards in the absence of a conceptual framework. The development of accounting standards was guided by two principles: the standards should be adapted to a socialist market economy and the standard setting should combine international standards and Vietnam's practices. However, little is known about whether the standards are

consistent with the International Accounting Standards for SMEs issued by the International Accounting Standards Board (Dang, 2011). In a short time, MoF completed and promulgated 26 Vietnamese Accounting Standards. These standards were largely based on the first version of IAS. Up to date, IAS/IFRS was revised, amended and updated in response to rapid changes of business environment, VASs still maintain the contents as the beginning. Therefore, VAS also has a significant gap with IAS/IFRS (Huynh et al, 2012). The studies relate to review of harmonization level of accounting standards in Vietnam with IFRS, which have been carried out by Pham (2010), Nguyen and Gong (2012), Phan (2013) and Phan (2014). Pham (2010) suggested that gaps still exists between VASs and IAS; her findings indicate that degree of harmonization of VAS with IAS is at 68%, in which measurement level reaches 81.2% and information presentation reaches 57% (Tran, 2016). In addition, the study conducted by Dang (2011) also pointed out that VASs were not suitable for SMEs in Vietnam. Although SMEs play a crucial role in the economy, it is surprising that little has been known about SMEs' compliance with accounting standards. Unlike large firms, SMEs have somewhat different objectives, motivations and actions. With the hypothesis, VASs were expected to influence the provision and use of financial information of SMEs. He found that 46,71% of the respondents perceiving VASs as suitable for SMEs, 36.84% of the respondents perceiving the VASs as not suitable and 16.45% of the respondents having no knowledge of the issue.

Furthermore, Phi's research (2017) also argues that the implementation of accounting standards under Decision 48 is very difficult for SMEs when the main subject of their financial statement is determination of tax. Meanwhile, accounting policy under Circular 133 requires SMEs to comply with 19 VASs. This seems to be an unreasonable issue which needs to be proved. The applying fixed system of VASs for all types of enterprises in Vietnam has led to disadvantages of their application because it can create the situation when one standards system is suitable for listed companies but unsuitable for non-listed companies of SMEs (Tran, 2014).

Another fascinating finding from Tran's study (2015) was that FS under the Decision 15 were considered to have more appropriate information than those under the Decision 48. This can explained the reason why in reality, many SMEs still register to apply the accounting principles under the Decision 15, whereas there have been unique accounting principles for SMEs.

***The second problem is the quality of accounting information published by Vietnamese SMEs.***

Many studies have shown that the main purpose of Vietnamese SMEs' FS was only for management agencies rather than for financial management or for communication channels of enterprises (Dang, 2011; Mai, 2011; Tran, 2015; Tran, 2015c; Tran, 2013). Phi (2015) also argues that almost enterprises in Vietnam provide their financial information on accounting reports for local government office as compulsory. This seems to create the conflict situation in the domestic market while the companies want to follow the accounting principles in a number of different ways. The government offices often get the taxation through the result of FS and tax report (TR) of enterprises. Consequently, it pushes the Vietnamese bookkeepers focus on the compliance with tax

regulation rather than accounting regulation (Nguyen (Lisa) et al, 2012; Phi, 2015). The results of this affect directly the quality of financial statement published by Vietnamese enterprises. The accounting recognition and measurement in SMEs often are based on tax regulations, leading to unclear distinction between accounting profit and tax. This perception has a huge impact on the accountant's behavior (Tran, 2013; Nguyen, 2016; Nguyen, 2017). Very few SMEs use the FS in making decisions but mainly are concerned with tax declarations. This somehow accurately reflects current situation when the FS from SMEs are not regarded as the main channel or reliable source of information in making economic decisions (Tran, 2013; Tran, 2015c; Nguyen, 2017). Moreover, the skills of local government officers are popular with good knowledge at taxation or bookkeeping rather than accounting (Chu, 2004; Nguyen (Lisa), 2013; Phi, 2015). In the purpose of tax payment, it has created the pressure for enterprises making the satisfied administrative procedures and they ignore the function of accounting in making the business decision. That is also the reason one enterprise prepare more than one accounting book system which is mentioned in the next section.

***The third problem is maintaining multiple accounting book systems at the same time in SMEs.***

Multiple accounting books are common phenomenon in Vietnam when an enterprise uses two accounting book systems to provide different accounting information at the same time. Normally, a system of accounting books will provide accounting information for business decision making, while the other one will supply the information for other purposes. On the writing of (Ba and Nguyen, 2015b, although the simultaneous creation of over one accounting books in a SME has been banned in Vietnam, but many SMEs still maintain this situation. This is a fraud that enterprises understand exactly. Enterprises also know that this form of the fraud is prohibited for the purpose of tax evasion, bank loans or bidding. The enterprises will face severe punishment of the laws in accordance with the Law on Tax Administration, the Law on Bidding or the Law on Credit Institutions.

According to the enterprises, depending on the purpose of the users, the establishment of two accounting books will be made in different ways by the enterprises' accountants (Phi, 2015; Ba and Nguyen, 2015a). The most common form is to evade taxes. SMEs create two sets of accounting books: one supplies accounting information for internal enterprises themselves (reflecting the real profit or loss) and another for tax authorities. The second books usually inform tax authorities about lowest profit or losses of SMEs' results. Some enterprises said that there are many types of expenses that they had to pay but they cannot be accounted into the accounting books under Law on corporate income tax. For example, they are un-official fees when carrying out administrative procedures or commissions for customers (Ba and Nguyen, 2015a). In order to compensate for those unrecorded costs, SMEs often create other bookkeeping systems.

In a business forum was held in Hanoi in Nov 2015, Dang Van Thanh who is the Chairman of Vietnam Accounting and Auditing Association pointed out many manifestations of SMEs' financial fraud. A common way is hiding the number of goods on the input and output bills. Then

on the tax report, enterprises may decrease revenue and tax payable. Another way, some SMEs choose to increase more expenses such as advertising costs, receiving guest costs, traveling costs, repair equipment fees, training fees, etc. In order to validate the documents, they will get the vouchers, which their value was higher than the actual cost; even they can purchase additional bills. In this way, the SMEs' FS always show huge costs, leading to less profit or loss to reduce tax payable. According to Dang Van Thanh, this situation has existed for a long time and it has been causing big losses for the State budget. On the contrary, in order to get bank loans or participate in the bidding, enterprises designed their accounting book that is high income, good paying ability and no outstanding debt. Finally, it is very difficult to pass the lack of transparency in accounting books of SMEs, many experts and researchers of VCCI and Word Bank have pointed out (Ba and Nguyen, 2015b).

“The problem of two accounting books systems in enterprises has existed for a long time. In order to solve this problem, in addition to the promulgation of the Law on Accounting, the State and businesses need to solve many other problems”, many members of the National Assembly said that in the 10th session of the 13th Congress when amending Accounting Law 2015. Many enterprises are always in the situation of declining revenue, increasing costs to reduce profit in order to reduce the payable income tax to the State budget. As a result, the compromise in the taxation period is a common problem. It creates an unhealthy and non-transparent business environment. It also makes the financial picture of the business distorted; shareholders are not fully informed about the value, profitability of their enterprises.

Some experts said that, in order to get transparent in finance, the public service activities must be clear and favorable for enterprises. Unofficial fees for administrative procedures must be eliminated. The bidding and the credit loan must be substantively public. The under the table costs, commission or kickbacks must be controlled. These are the necessary conditions for the transparency of SMEs in general and accounting books in particular.

According to Nguyen Quang Vinh, Deputy Director General, Director of the Office for Sustainable Development of VCCI, transparency in business is a matter that is receiving much attention. It is also regarded as a tool to prevent effective corruption in Vietnam. Enhancing transparency in business is an opportunity for businesses to improve their business environment. This will help SMEs gain trust from partners; receive the attachment from workers; improve on the sustainable development of SMEs.

In summary, financial accounting in Vietnam is no longer developed in a single, spontaneous and internal way. It is systematic and links to international accounting legal framework (Tran, 2015; Phi, 2017). Up to now, the Accounting regulations for SMEs includes one Law on Accounting (2003, revised 2015), 19/26 Vietnamese Accounting Standards (issued by the five times from 2001-2005), accounting regime (Circular 133 dated 2016) and some of the guidance documents. All of Accounting Law 2015 and Circular 133 take effect from 1<sup>st</sup> January 2017. With the change from historical cost accounting principle to fair value accounting principle and the

supplementation of the “substance over form” accounting principle, Accounting Law 2015 and Circular 133 are a step closer to the international accounting practice. However, it seems to be insufficient for the transition of SMEs’ accounting activities as desired by the government. Many SMEs still lack information transparency. Most of them maintain two accounting book systems. They often focus on providing accounting information for tax authorities rather than investors or for decision-making purposes.

## **4.2 OVERVIEW OF TAXATION IN VIETNAM**

Tax regulations have a major impact on the Vietnamese accounting field (Nguyen et al., 2012). The administration of the taxation system was the primary function of the Vietnamese accounting system. Thus, accounting information from financial reports was designed to serve mainly business management and the tax offices, by setting the standard forms and other disclosures for easy compilations and comparatives by the authorities (Doan and Nguyen, 2013; Bui, 2011). In order to understand the changing of accounting on tax, an overview of taxation in Vietnam is necessary.

### **4.2.1 Taxation in Vietnam from 1986 to 1995**

Following economic revolution (1986), there have been many important changes in Vietnam’s tax system over the last three decades. The scope and sequence of these reforms have been driven by the nature of the transition process. Focal points of tax reforms in Vietnam have been concentrated on broadening the tax bases, reducing tax rates and simplifying methods of tax calculation and declaration and payments (Oxfam and UN Women, 2016). Due to these reforms, tax system has contributed significantly to Vietnamese socio-economic development as it is considered “State’s important tool in macroeconomic adjustment, contributing to production promotion, encouraging investment and export, promoting changes in the economic structure and the tax revenue becomes the major revenue of state budget” (Nguyen, 2008).

Nguyen, (2008) has indicated that **the first phase** of tax reform (from 1990 to 1995) mainly aims at setting up a unified tax system in accordance with the multi-sector economy in order to ensure the state budget’s revenue. Before that, Vietnam applied different revenue collection policies to economic sectors and areas: the regime of state collection and profit transfer was carried out in the state-owned economic sector, and this was the most important source of budget revenue. For example, depending on the type of industry, field and specific condition, enterprises must pay from 0.5% to 40% of its revenue to State budget. If it makes profit, it must paid 30% of the profit to the State for the heavy industry, 40% for the light industry, and 50% for the trade and service sector. The non-state areas of industry, trade and services paid the enterprise tax and profit tax but these were collected by presumptive rates; meanwhile which private business households paid more than cooperatives. The agricultural sector paid from 10% to 20% of its annual harvesting yield to the State depending on the rank of the agricultural land used to cultivate. Individual farmers also paid higher tax than that belonging to cooperative. In this reform period, the tax system of Vietnam was initially taken shape

and uniformly applied to all economic sectors, including following tax laws and ordinances (see Table 4.8).

**Table 4.8: Tax system in the first phase of tax reform (from 1990 to 1995)**

Item	Tax law	Effective date	Main contents
1	Import-Export duty law	Jan 1988	36 tax rates
2	Turnover tax law	Oct 1990	11 tax rates
3	Special consumption tax law (SCT)	Oct 1990	For cigarettes, alcohols
4	Profit tax	Oct 1990	3 taxes rates based on industry
5	The agricultural land use tax law	Jan 1994	
6	The tax law on transferring land use right	Jan 1994	
7	The Ordinance on natural resource tax	Jan 1991	
8	The Ordinance on Income Tax for High Income Earners	April 1991	For high income earners
9	The Ordinance on housing and land tax	Feb 1992	For residential and construction land

*Source: Own contribution*

#### **4.2.2 Taxation in Vietnam from 1995 to 2005**

**The second phase** of reform took place in the late of the 1990s and early 2000s. In this period, tax system had also revealed its weaknesses, such as the overlapping of turnover tax, high tax rate and discrimination in profit tax. In order to tackle these issues, the second phase of tax reform was carried out mainly on issuing the value-added tax and corporate income tax (from May 1997, coming into effect from 1st January, 1999), concurrently rearrangement of special consumption tax (May, 1998) and taxes on import and export goods (Nguyen, 2008). According to 2nd reform, import goods must be subjected to import taxes and value-added tax. Some kinds of import goods must also be subjected to special consumption tax.

The issuance of value-added tax was considered as a milestone that overcame the fundamental weakness of the turnover tax, has been double taxed and affected negatively economic activities. In addition, value-added tax also helped to increase budget revenue because the tax base of VAT was widened. After several years of implementing, tax rates were amended from four levels (0%, 5%, 10%, and 20%) to three ones (leaving the tax rate of 20% out). At this time, VAT was applied to goods which belong to domain of goods levied by special consumption tax. However, VAT of Vietnam has still revealed many problems, which must be solved in the long-term. They included large domain of non-taxable goods, shortage of suitable tax exemption threshold on the

basis of turnover, concurrently application of two different approaches of tax calculation (tax deducting one and direct calculation one), condition and basis for tax deduction, tax refund to limit tax evasion and other illegal activities (Nguyen, 2008).

Similar to VAT, the CIT was promulgated in order to widen tax base, and this has established equality among economic sectors. A unique tax rate of 32% was applied instead of three rates of 25%, 35% and 45% as before. The notable point was that the personal income tax only applied to people who have a much higher income than social average level, thus business individuals which belong to the taxpaying will have to pay CIT. Although having many advantages, the CIT still revealed some shortcomings: unfair treatment between the domestic enterprises and FDI companies in terms of the regulation of foreign investment law in Vietnam. This regulation stipulates that the common tax rate of 25% and preferential rates of 10%, 15% or 20% were applied to newly established enterprises according to industries, fields or areas where needs encouragement of investment.

In order to facilitate the investment environment, in June 2003, the National Congress of Vietnam approved Corporate income tax Law No. 09/2003/QH11(modified law), on the basis of unifying tax rates and preferential tax between domestic enterprises and FDI ones. In accordance with this law, investors have two options. If they were receiving highly preferential tax rates, they have the right to maintain this application or may shift to apply a new preferential rate in the rest time of the projects if the new regulation is more profitable. However, before the Investment Law and the Business Law issued in 2005 and came into effect from 1<sup>st</sup> July 2006, the establishment of FDI projects had still given higher preferential treatment than domestic enterprises due to the government wanted to encourage and attract foreign investment.

The second phase of tax reform had highlights with the issuance of VAT and CIT. In addition, some taxes and fees had been remarkably adjusted to meet with requirements of economic development, such as the proposals on issuance of personal income tax in order to widen tax base; The proposal of tax reform that was concerned with land taxes has been being deployed; Issuance of the ordinance on fees and charges aimed at reordering rules in fee and charge management in the local and sub-localities. As a result of tax reforms, the Vietnamese tax system has been more and more comprehensive and gradually strengthened. The tax system has been applied synchronously to all economic sectors, to meet with requirements of market economic mechanism.

#### **4.2.3 Taxation in Vietnam from 2005 to present**

**The third phase** of tax reform was carried out from 2005 to 2010 (Phan, 2016). In this phase, the changes have been made in all of Vietnam's major tax legislation. Vietnamese government has undertaken a tax overhaul to meet the requirements of acceding to the World Trade Organization (WTO) (Oxfam and UN Women, 2016). The implementation of multilateral and bilateral international commitments led to a significant reduction in revenue from import tax, which was accounted for about 30% of total tax revenues in 2006 (GSO, 2012). In order to gradually increase



the proportion of direct taxes and reduce the proportion of indirect taxes respectively, some existing taxes were amended and some new ones were issued. There were the specific contents of this reform. This was a critical stage because of promulgation of many new kinds of Laws on tax. For example, they were Law on Tax Administration (2006); Law on Personal Income Tax (PIT) (2007); Law on Natural Resource Tax (2009), Law on Non-agricultural Land Tax (2010) and Law on Environmental Protection Tax (2010). The main contents of the third tax reform are shown in Table 4.9.

**Table 4.9: The change of Law on tax system in the third reform**

<b>Issued</b>	<b>Tax law</b>	<b>Effective date</b>	<b>Law on tax replaced</b>	<b>Amended/ Contents</b>
<b>Nov 29<sup>th</sup>, 2006</b>	The Law on Tax Administration No.78/2006/QH11 (Assembly, 2006)	Jul 1 <sup>st</sup> , 2007		The administration of taxes and other revenues of the State budget
<b>Jun 3<sup>rd</sup>, 2008</b>	The Law on Value-Added Tax No.13/2008/QH12 (Assembly, 2008a)	Jan 1 <sup>st</sup> , 2009	- The 1997 Law on Value-Added Tax; - The Law No. 07/2003/QH11 Amending and Supplementing some Articles of the Law on VAT 1997.	- Opening tax base by reducing the number of goods and services which are VAT exempted - Reforming tax rate structure (expanding scope of 10%, narrowing scope of 5%); and calculation method (set the requirement to input VAT deduction as to make payments through the banking system)
<b>Jun 3<sup>rd</sup>, 2008</b>	The Law on Corporate Income Tax (CIT) No.14/2008/QH12 (Assembly, 2008b)	April 1 <sup>st</sup> , 2009	The Law on Enterprise Income Tax No.9/2003/QH11	Reducing tax rate from 28% to 25% and simplify tax incentives: Narrowing the scope of tax exemptions and reductions
<b>Nov 21<sup>st</sup>, 2007</b>	The Law on Personal Income Tax (PIT) No. 04/2007/QH12 (Assembly, 2007a)	Jan 1 <sup>st</sup> , 2009	The Ordinance on Income Tax for High Income Earners (2004)	- Introducing Personal income tax Law; - Expanding tax base and taxpayer, and reassigning tax rates
<b>Jun 14<sup>th</sup>, 2005</b>	The Law on Export Tax and Import Tax No. 45/2005/QH11 (Assembly, 2005a)	January 1 <sup>st</sup> , 2006	The Law on Export Tax and Import Tax (2001)	In accordance with the international commitments on cutting import tariffs
<b>Nov 14<sup>th</sup>, 2007</b>	Law on Special Consumption Tax (SCT) No. 27/2008/QH12	April 1 <sup>st</sup> , 2009	The Law on Special Consumption Tax (1998)	- The legal framework was unified and fulfilled in line with the actual situation of National economic development.

	(Assembly, 2007b)			- Reforming tax rate and expanding the application of SCT for airplanes, yachts of personal use
<b>Nov 25<sup>th</sup>, 2009</b>	The Law on Natural Resource Tax No. 45/2009/QH12 (Assembly, 2009)	Jul 1 <sup>st</sup> , 2010	The Ordinance on natural resource tax (amended in 1998)	Changing regulations on dutiable and tax rates to increase revenue and help protect natural resources

*Source: Own contribution*

During this period, the tax reform program to 2010 basically completed the orientation of the government that was promulgation new taxes; amendment and supplement the contents of main current taxes in order to suitable with the economic integration and international commitments towards free trade.

**In the last seven years**, Vietnam has also embarked in another round of tax reform in line with the directions set in the Tax Reform Strategy 2011-2020, which was approved by the Prime Minister in the Decision 732/QD-TTg dated May 17th, 2011 (Oxfam and UN Women, 2016). The objective of this strategy is to create a tax system that (i) is comprehensive, fair, efficient and consistent with a socialist market economy; (ii) is simple and transparent; (ii) promotes competitiveness and exports; (iii) encourages investment, especially in high technology; and (iv) creates employment and growth (Minister, 2011). In accordance with these directions, all of Vietnam's major taxes have been amended and supplemented over the last seven years, including Law on VAT, Law on CIT; Law on PIT, and Law on SCT. Accordingly, Vietnam has reduced its CIT rate from 25% to 22% from 2014 and to 20% since January 1st, 2016 (Assembly, 2013). PIT deduction threshold for the taxpayer was increased by 2.25 times in 2012, from 4 million VND per month to 9 million VND per month (Assembly, 2012). This increase has contributed to a substantial reduction of the income tax burden for individuals in recent years. Vietnam has also set a three-year roadmap to increase the excise rates on cigarettes, beers and alcohol products, beginning from January 1st, 2016 (Assembly, 2014a). A new Law on fees and charges was also approved by the National Assembly in November 2015, which from January 1, 2017, replaced the Ordinance on Fees and Charges. By the end of 2017, most of the major types of taxes, which are considered as necessary for the functioning of a market-oriented economy, were presented in Vietnam's tax system (Table 4.10).

**Table 4.10: Types of taxes in Vietnam (as of January 2018)**

1. Value-added tax	2. Natural resource tax
3. Special consumption tax	4. Agricultural land use tax
5. Export-import tax	6. Non-agricultural land use tax
7. Corporate income tax	8. Environmental protection tax
9. Personal income tax	10. Various types of fees and charges

*Source: Own contribution*

In general, Vietnam's achievements in tax reform have been quite impressive and the country has recorded itself as one of strong performers in tax reform. Tax reform in Vietnam has yielded remarkable successes in term of revenue mobilization, especially up to the late 2010s (Oxfam and UN Women, 2016).

### **4.3. CORPORATE INCOME TAX IN VIETNAM**

#### **4.3.1 Historical of the corporate income tax in Vietnam**

A profits tax was first introduced in Vietnam in 1990 and was levied on the income of all business enterprises of private sector, state sector or established through foreign investment. The tax had a broad coverage with few exemptions. The corporate income tax in its present form was introduced in 1999. It was later amended in 2003 with a view of abolishing discrimination among different sectors of the economy, attracting more investment and enhancing tax revenues. It was amended again in 2008 effective January 1st, 2009 to remove certain anomalies and provide a more business-friendly tax environment. In 2013, in order to attract the foreign investment and to create conditions for enterprises to develop, CIT law has continued to be revised. Up to now, this law is applying for all kinds of enterprises. The changes in the Law on CIT have focused mainly on (i) unifying and reducing the CIT rates; (ii) reforming the CIT base (e.g. deductions for reasonable expenses); (iii) "rationalizing" tax incentives and (iv) simplifying CIT administration. Table 4.11 is a picture of the change of the CIT Law in Vietnam since it was issued so far.

**Table 4.11: Evolution of CIT Law in Vietnam**

Stage	Tax regulation	Issued date	Effective date	Main changes introduced
<b>1990-1998</b>	The Law on Profit tax (Council, 1990)	June 30 <sup>th</sup> , 1990	December 1 <sup>st</sup> , 1990	<ul style="list-style-type: none"> <li>- Profit tax was charged on the profits of both organizations and individuals who engaged in businesses and self-employed professions. Both of SOEs and non-state business entities were levied.</li> <li>- The taxable profit was defined as the difference between total revenue and total allowable expenses. However, compared to international norms, there were some restrictions.</li> <li>- Tax rate of 30% was applied to heavy industries, exploitation industry, construction, and transportation, rate of 40% to light industries, and rate of 50% to commerce and services sectors. From 1993 reduced each tax rates by 5% point to 25%, 35%, and 45% respectively.</li> <li>- The basic profit tax rate applied to foreign-invested enterprises was 25%.</li> </ul>
<b>1999-2003</b>	The Law on Corporate income tax (CIT Law 1997) (Assembly, 1997)	May 10 <sup>th</sup> , 1997	January 1 <sup>st</sup> , 1999	<ul style="list-style-type: none"> <li>- Taxpayers and Tax base of CIT Law 1997 are basically same as Profit tax.</li> <li>- The CIT Law 1997 did not admit other depreciation methods than a straight-line method; deductible expenses for advertisement, marketing, sales promotion etc. were restricted not to exceed 7% of total expenses; deductible interest payment was restricted not to exceed payment at the highest interest rate set by commercial banks in the local area at the time of borrowing.</li> <li>- The CIT Law 1999 removed such discrimination between domestic business entities and set the uniform tax rate of 32% for them.</li> <li>- Tax rate for foreign invested enterprises still was set at 25%.</li> <li>- Organization or individuals, domestic or foreign, engaging in the exploration of oil and gas, or other precious and rare natural resources were levied CIT at the rate of 28% to 50%, according to each project.</li> </ul>
<b>2004-2008</b>	The Law on Corporate income	June 17 <sup>th</sup> , 2003	January 1 <sup>st</sup> , 2004	<ul style="list-style-type: none"> <li>- The CIT Law 2003 was adopted with a non-discriminatory common tax rate of</li> </ul>

	tax No. 09/2003/QH11 (CIT Law 2003) (Assembly, 2003b)			28% applied to both domestic and foreign-invested enterprises. - Revising items of reasonable expenses to calculate taxable income, such as fixed asset depreciation allowance, or expenses for advertising, marketing, and trade promotion activities, in order to conform to the real situation of business and production activities of enterprises. Accepted method of accelerated depreciation of fixed assets.
<b>2009-2013</b>	The Law on Corporate income tax No. 14/2008/QH12 (CIT Law 2008) (Assembly, 2008b)	June 3 <sup>rd</sup> , 2008	January 1 <sup>st</sup> , 2009	- Business households have been the taxpayer to personal income tax from January 1 <sup>st</sup> , 2009. - CIT tax rate was 25%, which was applied to both domestic and foreign-invested enterprises. - Enterprises doing business in some specific areas such as exploitation of oil and rare natural resources were enjoyed tax rates ranging from 32 – 50% compared with 28 – 50% under the Law 2003. - The Law 2008 revokes a preferential tax rate of 15% under the 2003 Law, and accordingly, from January 1, 2009, there will be two preferred rates: 10% and 20%, enjoyed by enterprises that meet statutory criteria.
<b>2014-now</b>	The Law No. 32/2013/QH13 on amending and supplementing some articles of Corporate income tax 2008 (Assembly, 2013)	June 17 <sup>th</sup> , 2013	January 1 <sup>st</sup> , 2014	- Amending and supplementing a number of articles of the Law on CIT 2008. - The standard CIT rate was reduced to 22%, which was further reduced to 20%, effective 1 January 2016. - The 20% rate was applied from 1 January 2014 to entities having annual revenue not exceeding VND 20 billion (US\$ 950,000).
	The Law No. 71/2014/QH13 on amending and supplementing some articles of Corporate income tax 2008 (Assembly, 2014b)	November 26 <sup>th</sup> , 2014	January 1 <sup>st</sup> , 2015	- Amending and supplementing a number of articles of the Law on CIT 2008 and Law No 32/2013/QH.

### **4.3.2 Features of the corporate income tax in Vietnam**

Corporate income tax is levied on the income of business organizations and governed by the 2008 law on CIT, first amended on 2013 by Law 32/2013/QH13 and latest amended by Law 71/2014/QH13 dated 26th November 2014. The current tax rate applicable to corporate income is 20%. In contrast to common tax systems, the Vietnamese law on CIT does not focus only on enterprises. Sole proprietorships are also subject to CIT (WTS, 2017). According to these laws, CIT in Vietnam has some features.

#### ***Taxpayers***

Organizations engaged in goods production and trading or service provision are subject to CIT. These include state enterprises, limited liability companies, joint-stock companies, partnerships, private enterprises, cooperatives and foreign-invested enterprises.

Similarly, FDI companies doing business and earning incomes generated in Vietnam are subject to this tax. Taxable entities include resident establishments of FDI companies comprising manufacturing and business facilities through which the ones conduct a part or all of their production and business activities in Vietnam such as:

- (a) Branches, executive offices, factories, workshops, means of transportation, mining, oil and gas fields or other sites of extraction of natural resources in Vietnam;
- (b) Construction sites, works of construction, installation or assembly;
- (c) Establishments providing services, including consultancy services through employees or an organization or individual;
- (d) Agents for foreign enterprises;
- (e) Representatives in Vietnam authorized and empowered to sign contracts in the name of foreign enterprises or representatives not authorized to sign contracts in the name of foreign enterprises but regularly delivering goods or providing services in Vietnam.

#### ***Tax Exempt Income***

- (a) Income earned from agricultural production activities of Co-Operatives;
- (b) Income earned from performance of technical services directly serving agricultural production;
- (c) Income earned from performance of contracts for scientific research and technological development; from products during their period of test production, and from products made from new technology applied for the first time in Vietnam;
- (d) Incomes from the production and business of enterprises that employ disabled persons, detoxified people (former drug addicts now rehabilitated) and HIV sufferers. This excludes other incomes or income from activities outside the main business activities of the enterprise concerned. The number of these special category employees must be at least 30% of the average number of workers in a year employed by the enterprise. Enterprises engaged in financial activities or real

estate are not entitled to this exemption and neither are enterprises that employ less than an average of 20 persons during a year;

(e) Income earned from occupational training activities specially reserved for ethnic minority people, disabled people, children living in particularly difficult conditions and reformed offenders;

(f) Income distributed to an investing company that are in the nature of return for capital contribution, joint venture and/or association with a domestic enterprise after payment of CIT in accordance with CIT Law by the investee;

(g) Aid funds received for use in educational, scientific research, cultural, artistic, charitable, and humanitarian and other social activities in Vietnam.

### ***Taxable Income***

Taxable income from goods production and trading or service provision activities is the total turnover minus deductible expenses related to earning the income plus “other” income.

“Other” taxable incomes include income from capital transfers and from real property transfers; income from the ownership of or right to use assets; income from transfer, leasing out or liquidation of assets; interest on deposits, loans or sales of foreign currency; recoveries from contingency reserves; income earned from bad debts which were written-off and are now recoverable; debts payable to unidentifiable creditors; income from business omitted in previous years, and other income including income receivable from activities of production and/or business outside Vietnam.

### ***Permissible Expenses***

As mentioned above, taxable income is calculated from the gross income after deducting permissible expenses. The 2008 CIT law deems all expenses that meet two conditions as deductible (except for certain specified non-deductible expenses). Expenses must meet the following two conditions for being considered deductible.

- They are actually paid for and used in production and business activities;
- They are backed by adequate legally acceptable invoices and documents as prescribed by law.

Law No 32/2013/QH12 and Law No 71/2014/QH13 also have more detailed regulations on this issue.

### ***Turnover, Taxable Income and Tax Payable***

Turnover means total sales revenue, processing fees and fees for provision of services including price subsidies and additional charges and fees to which the enterprise is entitled, calculated in Vietnamese dong.

Assessable income = Turnover - deductible expenses + other incomes

Taxable income = Assessable income - exempt income - loss carry forward as permitted

CIT payable = {Taxable income - Deduction for payments into Science and Technology fund} \* applicable tax rate

### ***Tax Rates***

Currently, standard CIT rate is 20% that is applied for all kind of enterprises in the economy except for the cases in Clause 2 and Clause 3 of this Article 10 and beneficiaries of tax incentives defined in Article 13 of Law No 32/2013/QH12.

The tax rate applicable to business establishments conducting activities of prospecting, exploration and exploitation of oil and gas and other precious and rare natural resources are between 32% and 50%, depending on each project and business establishment. Public service units that are involved in the activities of goods and services business subject to enterprise income tax that can account for their revenue but cannot account and determine the cost and profits of the business operation declare and pay enterprise income tax on the revenue from sales of goods and services as follows:

- For services: 5%.
- For goods business: 1%.
- For other activities (including activities of education, health, art performance): 2%.

### ***Tax Incentives***

Investment projects or cooperatives enjoy reduced tax rates of 20% or 10% on setting up new production establishments in branches, trades, fields or geographical areas in which investment is encouraged. The preferential tax rate of 10% or 20% in different period is applicable in some special case, which the government stipulated

### ***Loss Carry Forward***

If businesses suffer losses, they are entitled to transfer such losses to the following year, which shall be offset against their taxable incomes. The duration eligible for the loss carry forward should not exceed 5 years.

It can be said that, CIT is one of the major sources of revenue in Vietnam. In 2017, revenue collected from CIT (exclude from oil and gas) accounted for 19.38 % of total government revenue (ISFP, 2018)



#### **4.4 FINANCIAL ACCOUNTING FOR COMPLIANCE WITH CORPORATE INCOME TAX IN SMES**

Although AFIT requires expertise in both financial accounting and taxation, it is important to understand that AFIT is a financial accounting system. No tax statute mandates or governs AFIT. The purpose of all financial accounting is to provide useful information to stakeholders, such as investors and creditors. The specific purpose of AFIT is to present information about the firm's taxes, using the same accounting framework (Graham.R et al., 2010). In Vietnam, accounting regulations for income tax include Vietnamese Accounting Standard No 17 – Income tax (VAS 17) and accounting regime for SMEs.

##### **4.4.1 Vietnamese Accounting Standard No. 17 – Income tax (VAS 17)**

Since 2001, Vietnam has established Vietnamese Accounting Standards system (VASs) based on IASs. The VASs have been based on IASs with adjustments for economic, finance and accounting Vietnam's conditions (Gong and Nguyen, 2012). VAS 17 was issued in pursuance of Decision No. 12/2005/QD-BTC dated 15 February 2005 under full implementation of IAS 12 and Accounting Law 2003 (MoF, 2005). Following VAS 17, the objective of this standard is to prescribe accounting principles and accounting treatment for income taxes. It includes accounting for the current and future income tax consequences of the future recovery or settlement of the carrying amount of assets or liabilities that are recognized in an enterprise's balance sheet; and the transactions and other events of the current period that are recognized in an enterprise's income statement.

This standard requires an enterprise to account for the tax consequences of transactions and other events in the same way that it accounts for the transactions and other events themselves. Thus, for transactions and other events recognized in the income statement, any related tax effects are also recognized in the income statement. For transactions and other events recognized directly in equity, any related tax effects are also recognized directly in equity.

This Standard also deals with the recognition of deferred tax assets arising from unused tax losses or unused tax credits and the presentation of income taxes in the FS and the disclosure of information relating to income taxes.

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries that the Socialist Republic of Vietnam has not signed any double tax relief agreement. Income taxes also include other related taxes, such as withholding taxes on foreign individuals or organizations with no permanent standing in Vietnam when they receives dividends or distribution from their partnership, associates, joint venture or subsidiary; or making a payment for services provided by foreign contractors in accordance with regulations of the prevailing Law on corporate income tax (Paragraph 2 – VAS 17).

VAS 17 also defines some key contents, which are the terminology used, tax base, recognition of current tax liabilities and current tax assets, recognition of deferred tax liabilities and deferred tax assets, taxable temporary differences, re-assessment of unrecognized deferred tax assets, measurement, income statement and items credited or charged directly to equity.

*Accounting profit* is net profit or loss for a period before deducting tax expense, determined in accordance with the rules of accounting standards and accounting system.

*Taxable profit* is the taxable profit for a period, determined in accordance with the rules of the current Law on Income taxes, upon which income taxes are payable or recoverable.

*Income tax expense (tax income)* is the aggregate amount of current income tax expense (income) and deferred income tax expense (income) included in the determination of profit or loss for the period.

*Current income tax* is the amount of income taxes payable or recoverable in respect of the current year taxable profit and the current tax rates.

*Deferred income tax liabilities* are the amounts of income taxes payable in future periods in respect of taxable temporary differences in the current year.

*Deferred income tax assets*: are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences; the carry forward of unused tax losses; and the carry forward of unused tax credits.

*Temporary differences* are differences between the carrying amount of an asset or liability in the balance sheet and its tax base. They may be either taxable temporary differences or deductible temporary differences.

*The tax base* of an asset or liability is the amount attributed to that asset or liability for tax purposes.

*Income tax expense* comprises current tax expense and deferred tax expense. Tax income comprises current tax income and deferred tax income.

Paragraph 4 and 5 of VAS 17 stipulate the tax base in detail. *The tax base of an asset* is the amount that will be deductible for tax purposes against any taxable economic benefits that will flow to an enterprise when it recovers the carrying amount of the asset. If those economic benefits will not be taxable, the tax base of the asset is equal to its carrying amount. *The tax base of a liability* is its carrying amount, less any amount that will be deductible for tax purposes in respect of that liability in future periods. In the case of revenue which is received in advance, the tax base of the resulting liability is its carrying amount, less any amount of the revenue that will not be taxable in future periods.

About the recognition of current tax liabilities and current tax assets, current tax for current and prior periods should, to the extent unpaid, be recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess

should be recognized as an asset (Paragraph 8 – VAS 17).

In the content of recognition of deferred tax liabilities and deferred tax assets, VAS 17 refers to taxable temporary differences and deductible temporary differences. A deferred tax liability should be recognized for all taxable temporary differences, unless the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither accounting profit nor taxable profit (tax loss) (Paragraph 9). A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction which at the time of transaction, affects neither accounting profit nor taxable profit (tax loss) (Paragraph 13). However, VAS 17 does not address temporary differences and deferred tax recognition, in respect of business combinations, assets carried at fair value, goodwill and government grants. Although VAS 17 fully implements IAS 12, these are major differences between VAS 17 and IAS 12.

In Measurement, VAS 17 indicate that current tax liabilities (assets) for the current and prior periods should be measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and liabilities should be measured at the tax rates that are expected to apply to the financial year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

There are two ways in accounting for current and deferred tax. Firstly, current and deferred tax should be recognized as income or an expense and included in profit or loss for the period. They are recognized in the income statement. Secondly, Current tax and deferred tax should be charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity. VASs require or permit certain items to be credited or charged to equity. For examples an adjustment to the opening balance of retained earnings resulting from either a change in accounting policies that is applied retrospectively or the correction of an error or exchange differences arises on the translation of the FS of a foreign entity and some other cases that was mentions in paragraph 45, 46 and 47.

For presentation, paragraph 48 and 49 – VAS 17 indicate that deferred tax assets and deferred tax liabilities should be presented separately from other assets and liabilities in the balance sheet. Deferred tax assets and deferred tax liabilities should be distinguished from current tax assets and current tax liabilities. When an enterprise classifies its assets and liabilities as current and non-current assets and liabilities in its FS, the enterprise should not classify deferred tax assets (liabilities) as current assets (liabilities). The tax expense (income) related to profit or loss from ordinary activities shall be presented in the income statement (Paragraph 54 – VAS 17).

#### **4.4.2 Accounting treatment for tax purpose under accounting regime for SMEs**

Circular 133 is an accounting regime, which provides instructions on bookkeeping, preparation of FS of small and medium enterprises (SMEs) and is not applied to the determination of enterprises' tax liability (MoF, 2016a). According to Article 4, Circular 133, SMEs are applied by the accounting policy specified in this Circular and relevant VASs except Standard 11 – Amalgamation; Standard 19 – Insurance policies; Standard 22 – Supplementary contents of FS of banks and similar financial institutions; Standard 25 – Consolidated financial statement and accounting of investments in subsidiaries; Standard 27 – Mid-term financial statement; Standard 28 – Partial statement; Standard 30 – Interest on shares. This means that SMEs must fully comply with VAS 17. This is a new point of the accounting policy applied to SMEs compared to the previous version. When fully compliant with VAS 17, SMEs will have to familiarize themselves with and determine the current income tax, deferred income tax (if any). Circular 133 also provides detail guidance when accounting CIT payable and CIT expense.

##### **a. Taxes and other payables to the State – Account 333**

According to Article 41 of Circular 133, this account reflects the record relation between the enterprise and the State in terms of taxes, fees, charges and other payables, and outstanding payables to State budget in the fiscal year.

The enterprise shall calculate and declare taxes, fees, charges and other payables to State in compliance with law; record taxes payable, paid taxes, deductible taxes and refunded taxes, etc. in accounting books.

The nature of indirect taxes including VAT (including using credit-invoice method or subtraction method), special excise tax, export duty, environmental protection tax and other indirect taxes is receipts on behalf of third parties. Therefore, these indirect taxes are removed from revenues stated in the financial statement or other statements.

Importers or buyers of goods or fixed assets which are subject to import duties, special excise tax or environmental protection tax may aggregate the taxes with the historical cost of goods purchased. In the cases where an enterprise imports goods on behalf of a third party without acquiring ownership of such goods, e.g. temporary import on behalf of a third party, the import duty payable shall not be included in the value of goods but as other receivables. Resource royalty shall be included in the enterprise's operating expenses. Land rents and real estate levies payable shall be included in administration expenses. VAT, special excise tax, environmental protection tax on goods used internally, donated goods, sale promotion goods not generating revenues shall be included in selling expenses or administration expenses on a case-by-case basis.

Regarding taxes eligible for refund or reduction, the accountant must determine whether the tax is paid during purchase or sale.

Liabilities to State budget in export-import entrustment transactions. Account 333 is only used by the trustor, not the trustee. The trustee shall record taxes payable to government budget as expenses on behalf of a third party in the account 3388 and receive the amounts paid on behalf of the trustor to account 138.

Each tax, fee, charge and other amounts payable, paid amounts and outstanding amounts payable shall be keep records in details.

**b. Corporate income tax expense – Account 821**

Following the Article 67 of Circular 133, this account reflects CIT earned in the year as the basis for determination of the enterprise after-tax outcome in the current fiscal year.

CIT recorded to this account is the amount of CIT on taxable income earned in the year and the applicable CIT rate.

Accountant shall record CIT payable quarterly according to tax payment documents. At the end of the fiscal year, according to the annual tax declaration, if the CIT paid in the year is smaller than the amount payable, accountants shall record the additional amount of CIT payable to this account.

Immaterial errors in the CIT payable of previous years may be recorded as increases or decreases in CIT payable in the year in which such errors are discovered.

In case of material errors, accountants shall make retroactive adjustments.

When preparing a financial statement, accounting shall transfer CIT to Account 911.

Account 821 does not have a closing balance.

The contents above are detailed instructions on financial accounting for CIT purposes in the SMEs. It can be seen that there is a contradiction in the accounting regulations for tax purposes under Circular 133. According to Article 4 of Circular 133, SMEs must fully comply with 19/26 VASs (including VAS 17). Conversely, following Article 41 and Article 67 of this Circular, it only guides the accounting treatment of two contents that are Taxes and other payables to the State (account 333) and CIT expense (account 821). These contents of deferred CIT expenses; deferred income tax assets and deferred income tax liabilities were not mentioned in Circular 133. Thus, it is not consistent with the fully applicable requirements of VAS 17 in SMEs. The existence of these conflicts will make difficult for SMEs to implement Circular 133 even though the content that is not mentioned is rarely (or does not exist) in SMEs.

## **Chapter 5: FACTORS EFFECTING ON ACCOUNTING PRACTICES IN SMES**

Via the presentation of the full picture of current accounting practices of SMEs, this chapter focuses on providing the actual situation of applying accounting and tax regulations by Vietnamese SMEs. Through the preliminarily data and from the views of SMEs, the contemporary conditions of practical aspects of accounting and accounting for CIT purposes of SMEs in Vietnam are discover.

### **5.1 OVERVIEW OF DATA COLLECTION**

This research collected data from real-world enterprise situations via business interviews. Using a random selection, a sample of 94 total enterprises was surveyed successfully during 2017–2018, including all of business sector such as commercial, manufacture, service and combination. The academic questionnaire was developed with two sections: one for general information and another for enterprise accounting. To avoid information loss, when the expected information was not collected with a formal question (e.g., misinformation or no answers), a sub-question list was used to derive applicable data.

#### **5.1.1 Characteristic of SMEs surveyed**

Based on these criteria, SMEs surveyed were classified according to their scale, ownership and sectors of activity. The primary data of this sample is shown in Table 5.1.

In total 94 surveyed enterprises, small enterprises held the largest proportion, which was 59.6%, followed by 26.6% of medium enterprises and micro enterprises took the least ratio with 13.8%. As for organizations' structure, most of the interviews were conducted in a limited liability company with 47.9%, the second is a joint stock company with 46.8%. Only three FDI companies and two private companies subjected in this survey accounted for 3.2% and 2.1% respectively. However, all of FDI companies have medium scale.

About business sector, the largest percentage of respondents was commercial enterprises, accounted for 37%. 29.8% of enterprises were doing their business in two business sectors or more. They often mix between manufacture and trade, trade and construction, trade and service, etc. Particularly, there are several of enterprises operating in all fields of manufacture, commerce and service. The next is 16% of the manufacturing enterprises and the lowest rate is 14.9% belong to service enterprises. In the manufacturing sector, medium entities accounted for biggest rate at over 50% because manufacturing is an area that requires high capital investments, long periods of payback and intensive use of labor. Thus, it is difficult for small and micro companies to meet these requirements.

**Table 5.1: Characteristic of SMEs surveyed**

	Medium		Small		Micro		Total	
	Quantity	Proportion	Quantity	Proportion	Quantity	Proportion	Quantity	Proportion
<b>1. Type of organization</b>	<b>25</b>	<b>26.6</b>	<b>56</b>	<b>59.6</b>	<b>13</b>	<b>13.8</b>	<b>94</b>	<b>100.0</b>
Limited liability company (Co., Ltd)	10	10.6	28	29.8	7	7.4	45	47.9
Private company	0	0.0	2	2.1	0	0.0	2	2.1
Join stock company (JSC)	12	12.8	26	27.7	6	6.4	44	46.8
FDI company	3	3.2	0	0.0	0	0.0	3	3.2
<b>2. Business sector</b>	<b>25</b>	<b>26.6</b>	<b>56</b>	<b>59.6</b>	<b>13</b>	<b>13.8</b>	<b>94</b>	<b>100.0</b>
Service	2	2.1	6	6.4	6	6.4	14	14.9
Manufacture	9	9.6	7	7.4	1	1.1	17	18.1
Commerce	4	4.3	25	26.6	6	6.4	35	37.2
Combine many sectors	10	10.6	18	19.1	0	0.0	28	29.8

*Source: Own survey (2017-2018)*

### 5.1.2 Accounting organization

Table 5.2 shows different types of accounting activity organization and supporting facility of SMEs in Vietnam. There are three options for them to organize their accounting activity. The first option is self-doing; the second one is using accounting service, which is supplied by accounting Service Company or a professional in accounting (it is accepted under Accounting Law 2015). The last one is the combination of both self-doing and hiring. According to the survey results, 78.7% of samples have organized their accounting work themselves and 21.3% of the interviews have had the combination of both self-doing and hiring. There was no answer of only using accounting services. All of SMEs that have sector combination are using accounting services to make financial statement and TRs. They often are the companies that have one or several accountants, who specialize in tracking their production activities to provide timely information for managers to make business decisions. However, these accountants often (1) do not understand the rules of tax, or the enterprises do not believe in their accountant's skills, or (3) they are in fear of tax-penalty related. Therefore, they choose to hire accounting services to make accounting books and to complete FS and TRs. In other words, accounting services companies will help them to prepare accounting information for external audiences. This also means that in order to provide accounting information for decision makers, it will be done by internal accountants. Commonly, it is different between internal and external accounting information in these enterprises.

**Table 5.2: Accounting organization**

	Medium		Small		Micro		Total	
	Quantity	Proportion	Quantity	Proportion	Quantity	Proportion	Quantity	Proportion
<b>Acc. information supply</b>	<b>25</b>	<b>26.6</b>	<b>56</b>	<b>59.6</b>	<b>13</b>	<b>13.8</b>	<b>94</b>	<b>100.0</b>
By Self-doing	23	24.5	43	45.7	8	8.5	74	78.7
By using accounting service	0	0.0	0	0.0	0	0.0	0	0.0
By both self-doing and hire	2	2.1	13	13.8	5	5.3	20	21.3

*Source: Own survey (2017-2018)*

### 5.1.3 Accounting facility and internal control

Table 5.3 presented about the supporting of accounting facility and internal control for accounting organization of SMEs in sample. About accounting facility, 88.3% of SMEs surveyed are using accounting software while only 11.7% are using excel tool or nothing in their accounting practices. The enterprises that do not use accounting software are (1) small or micro units, (2) having elementary business operations, (3) or based on their accountant habits. There are many different types of accounting software, which are being used in surveyed SMEs. They often are packaged software. The cost of using accounting software is also cheap. SMEs usually have to pay from VND 3 to 10M (about from USD 130 to USD 430) for a new software investment. Most software is free of maintenance and update annually.

Besides that, there were 97.9% of surveyed enterprises use internet and consider it an useful tool in support for accountants when they need to find out or look up relevant documents. Only 31.9% of the respondent use textbook and 37.2% of them got others facilities, such as getting advice from experts or tax officers.

Regarding internal control, there were 60.6% of samples having internal control, wherein 12.8% of medium enterprise, 45.7% of small ones and only 2.1% of micro enterprise had this system. In the samples, internal control systems are usually created by SME's self, some of them were built by ISO standard. In micro groups, there were only two enterprises setting up independent internal control. However, they said that their internal control system is just formed because they are micro joint-stock company have just been equitized from the State entities, where the internal control system is a mandatory part.



**Table 5.3: Accounting facility**

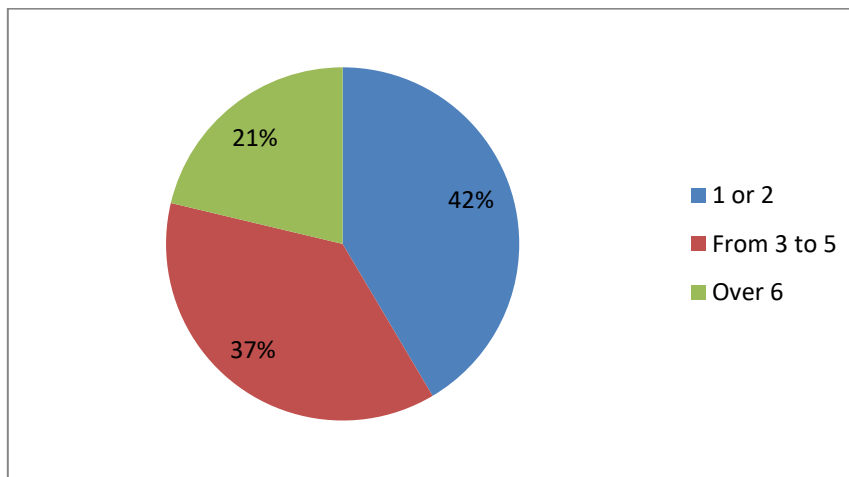
	Medium		Small		Micro		Total	
	Quantity	Proportion	Quantity	Proportion	Quantity	Proportion	Quantity	Proportion
<b>1. Acc. support facility</b>	<b>25</b>	<b>26.6</b>	<b>56</b>	<b>59.6</b>	<b>13</b>	<b>13.8</b>	<b>94</b>	<b>100</b>
Accounting software	25	26.6	49	52.1	9	9.6	83	88.3
Internet (Update and tutorials)	24	25.5	55	58.5	13	13.8	92	97.9
Textbook	11	11.7	13	13.8	6	6.4	30	31.9
Others facilities	10	10.6	20	21.3	5	5.3	35	37.2
<b>2. Application internal control</b>	<b>12</b>	<b>12.8</b>	<b>43</b>	<b>45.7</b>	<b>2</b>	<b>2.1</b>	<b>57</b>	<b>60.6</b>

*Source: Own survey (2017-2018)*

### 5.1.4 Accountant of surveyed SMEs

#### 5.1.4.1 The number of accountant in SMEs

Figure 5.1 shows the number of accountants in the surveyed SMEs, the study found out that 41.5% of the respondents had only from 1 or 2 accounting practitioners. 37.2% of interviewee had from 3 to 5 accountants and there were 21.3% of the samples had more than 6 accountants. The enterprises that are medium size or having many branches often use more accountant than the others. One accountant in SMEs often undertakes many activities of their enterprise rather than specialization. They are involved in other tasks such as clerical, labor management, treasurer, warehouse manager, and so on at the same time. It is the unprofessional job assignment that makes many accountants passive in their work. There is not enough time for them to focus on their accounting practice and to update the improvements of the accounting and tax regulations. It is one of the main reasons of many mistakes in SMEs' accounting practice.

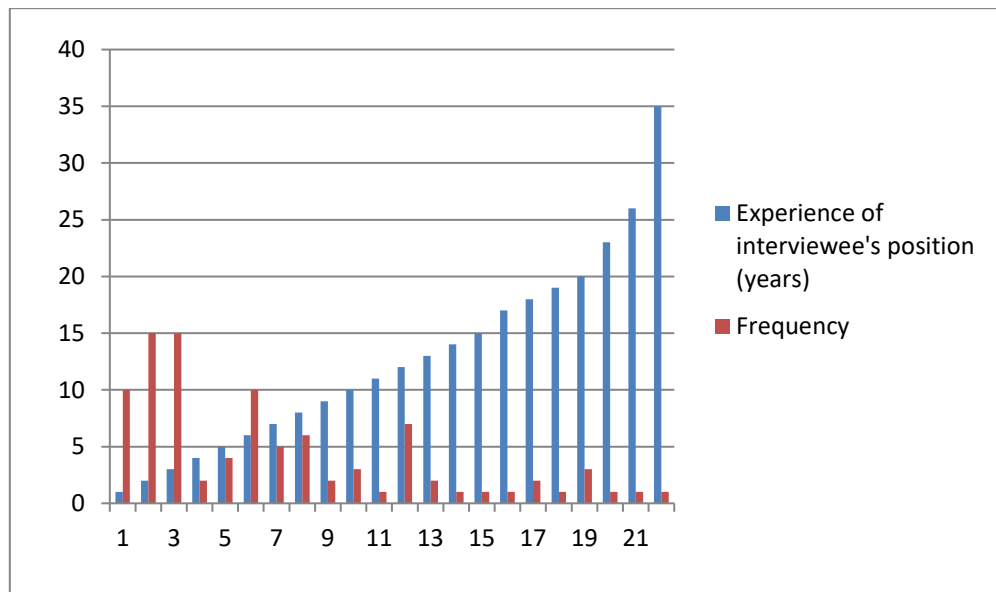


*Source: Own survey (2017-2018)*

**Figure 5.1: Number of accountant in surveyed SMEs**

#### 5.1.4.2 The experience of accountants in SMEs

Figure 5.2 illustrates the working experience of accountants in surveyed SMEs. The interviewee has the longest service of 35 years, while the lowest was 1 year. 53.2% of respondents having experience from 1 to 6 years equivalent to 50 SMEs in total samples. SME is an attractive and appropriate choice for students who have just graduated because their requirement in accounting practice often is not too high. Many surveyed SMEs are willing to accept new graduates to work in line with beginner salaries. Therefore, after a period of work at the SMEs to gain experience, these accountants tend to switch to other companies if they did not get higher salaries. In other words, the rotation of accountants in SMEs often takes place. It makes accounting work of SMEs become more difficult because accounting work needs to be continuous and inherited.



Source: Own survey (2017-2018)

**Figure 5.2: The experience of accountant in SMEs**

#### 5.1.4.3 The level of accountants' education in SMEs

In Table 5.4, the data shows the level of training of the accountants working at surveyed SMEs. The highest level of accountants is postgraduate; the lowest is college level. Even some staffs were not trained in accounting, they are still doing as the bookkeeper (others level). The accounting staff at graduate level is the main proportion at 91.5%, followed by 46.8% of them at college level. Accountant in postgraduate degrees and other qualifications accounted for respectively 11.7% and 9.6%. Understandable, accountants at the postgraduate level usually work at medium enterprises or FDI companies because of the complex task and higher salary for them. These tables indicate high level of qualified personnel in the implementation of accounting regulations for SMEs.

**Table 5.4: The education level of accountants in SMEs**

Education level of accountants in SMEs	Observation	
	Frequency	Percentage
College	44	46.8
Graduate	86	91.5
Postgraduate	11	11.7
Others	9	9.6

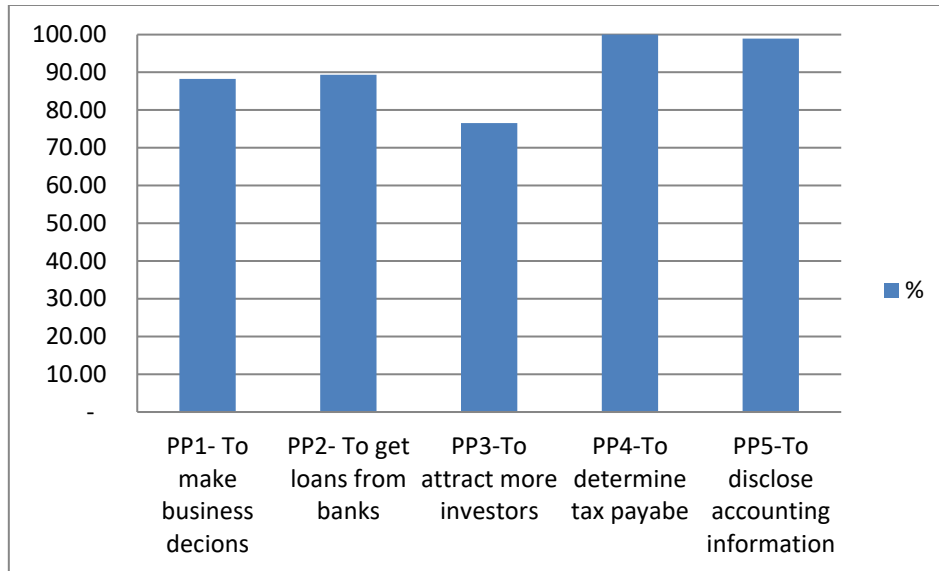
*Source: Own survey (2017-2018)*

## **5.2 THE SITUATION OF ACCOUNTING PRACTICE ON SMES IN VIETNAM**

For the time being, accounting operations at SMEs are being put under the influence of the Accounting Law, Vietnamese Accounting Standards (VASs) and accounting regimes together with other related governmental decrees and circulars. Thus, they have to provide information to others via FS which have been available stipulated in patterns. This survey stays focused mainly on 3 indispensable documents which are Accounting Law 2015, VASs and accounting regimes. In order to make a proper evaluation of the current legal documents regulating the accounting operations of SMEs, the characteristics and role of accounting information provided by SMEs are studied at first.

### **5.2.1 Accounting information supplying by SMEs**

From the data collection, five main purposes of using accounting information were found (see Figure 5.3). The most concern related to FS and TR, including determining payable taxes. The least one was to attract more investors. 100% of respondents used FS and TR to submit information to the tax authority and 98.94% of samples used to provide accounting information for local government agencies, such as the Department of Statistics or the Department of Planning and Investment. There were only 76.6% surveyed SMEs used their FS to attract more investors while 88.3% and 89.5% ones used the FS and TR for making business decisions and getting loans from banks respectively.



Source: Own survey (2017-2018)

**Figure 5.3: Purposes of accounting information supplying by SMEs**

Although FS and TR are used for all purposes of SMEs' activities, there is a big difference in level of accounting information's influence on each decision in each type of enterprise. Table 5.5 illustrates the impact of accounting information on the samples' activities. A Likert scale was used to measure the level of influence of accounting information on each business activity. The scale used five points. Point 1 is "no impact," Point 2 is "low impact," Point 3 is "medium impact," Point 4 is "high impact," and Point 5 is "very high impact." As a result, the impact of accounting information on tax determination is the biggest, receiving a score of 4.244 on the Likert scale. Meanwhile, the impact on business decision making was lowest at 2.457. This somehow accurately reflects the current situation when the FS from SMEs are not regarded as the main channel or reliable source of information in making economic decisions.

However, as the finding, most FSs were adjusted for tax purposes under the owners or chief accountants' opinions before submission. Thus, accounting information provided by SMEs does not often strongly reflect business reality, and it does not accurately reflect organization performance. According to the results of the survey, SMEs can reduce their tax payable by increasing expenses or decreasing back on sales. These results support the finding of Dang (2016), that many SMEs are using this method to offset the invalid expenses that they had to pay but are not considered being deductible under the tax regulations (Ba and Nguyen, 2015b).

Alternatively, SMEs accounting information cannot attract more investors because of two reasons: (1) SMEs are less likely to attract investment from investors, (2) investors also do not believe in the unaudited financial report provided by enterprises themselves.

Accounting information of SMEs also has a relatively important role in helping them obtain loans from banks (mean is 3.574 score on the Likert scale). In addition to having collateral for the loans, some banks also agree to provide a loan to SMEs if these SMEs provide a reliable FS, TR and a good business plan.

Disclosure information to local government agencies is a vital essential task for Vietnamese enterprises. However, the requirements for information disclosure are not necessary. As a result, the impact of accounting information on it is only moderate.

**Table 5.5: The influence of accounting information on SMEs' activities**

	<i>PP1- To make business decisions</i>	<i>PP2- To get loans from banks</i>	<i>PP3-To attract more investors</i>	<i>PP4-To determine tax payable</i>	<i>PP5-To disclose accounting information</i>
Mean	2.457446809	3.574468085	2.680851064	4.244680851	3.489361702
Median	2	4	2	4	3
Mode	2	4	2	4	3
Standard Deviation	0.771326098	1.102190992	1.305182111	0.713708627	0.839158319
Range	3	4	4	3	4
Minimum	1	1	1	2	1
Maximum	4	5	5	5	5
Sum	231	336	252	399	328
Count	94	94	94	94	94

*Source: Own survey (2017-2018)*

Basically, accounting information serves all purposes of SMEs' operations. However, the level of using and the reliability of accounting information for each activity are different. Applying accounting regulations is the ground for the making and effects to the quality of accounting information in the enterprise. The current situation of applying accounting regulations in surveyed SMEs is discussed in the following sections.

### **5.2.2 Application of Accounting Law in surveyd SMEs**

Accounting Law 2015 superseded Accounting Law 2003 and took effect on January 1<sup>st</sup>, 2017, which is highest accounting regulation in every Vietnamese enterprise. All businesses were required to understand the Accounting Law but only 62.8% of respondents understood and applied the Accounting Law. Out of this result, there were 76% of surveyed medium enterprises, 53.6 of surveyed small enterprises and 46.2% of surveyed micro-enterprises (see Table 5.6). There are some improvements in Accounting Law 2015 include introducing fair-value accounting principles; providing specific information about inspection and provisioning accounting services; and outlaw the use of multiple accounting books and the publication of multiple inconsistent FS in the same accounting period. However, all most of surveyed SMEs did not know these improvements. SMEs

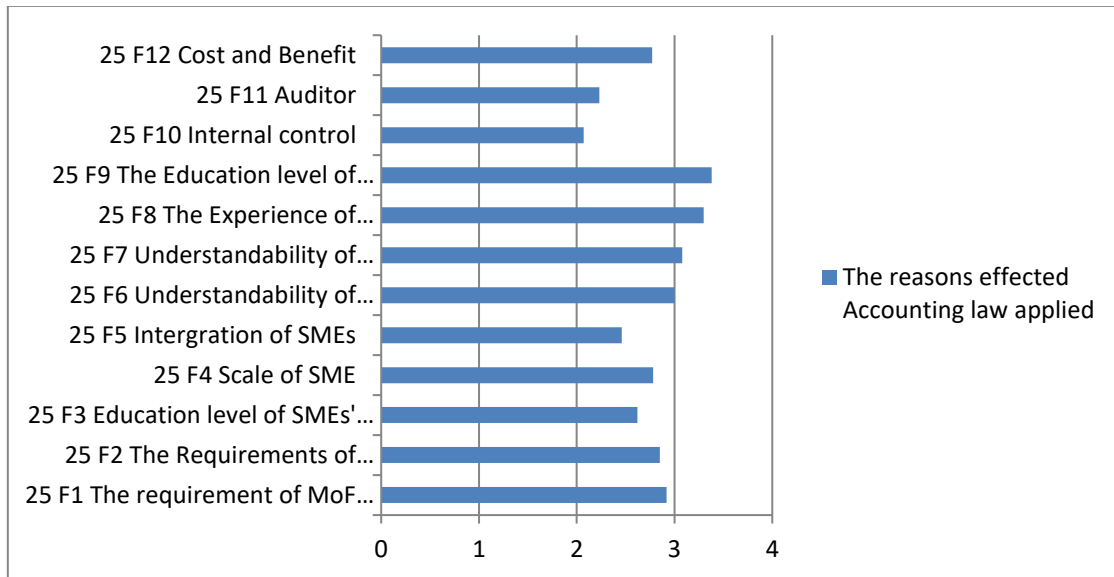
often catch the main contents of current Accounting Law as same as Accounting Law 2003. There were only two enterprises give the recommendations about Accounting Law 2015.

**Table 5.6: Application of Accounting Law in surveyed SMEs**

Accounting regulations being applied	Medium		Small		Micro		Total	
	Q	P	Q	P	Q	P	Q	P
Accounting Law (2015)	19	76.0	30	53.6	6	46.2	<b>59</b>	<b>62.8</b>

*Source: Own survey (2017-2018)*

A Likert scale was used to determine the reason of applying Accounting Law 2015 in surveyed SMEs. Figure 5.4 shows the reasons for application of the Accounting Law in surveyed SMEs. As the results, the most influential factor is the knowledge of the accountant (includes experience and level of education) in the application of the Accounting Law in SMEs. The second following is the understandability of the Accounting Law and its' guiding documents to implement Accounting Law 2015. The least impact is internal controls and audits. The results of this analysis are suitable with the current situation of SMEs in Vietnam when accountants work mainly on their experience, and there is almost no independent control in SMEs.



*Source: Own survey (2017-2018)*

**Figure 5.4: The reasons for application of Accounting Law in surveyed SMEs**

### 5.2 3 Application of Vietnamese Accounting Standards in surveyed SMEs

#### 5.2 3.1 The current situation of VASs applied in SMEs

According to the accounting policy for SMEs under Circular133, there are 19 VASs that SMEs have to apply and seven standards do not have to apply. Accounting policy for general

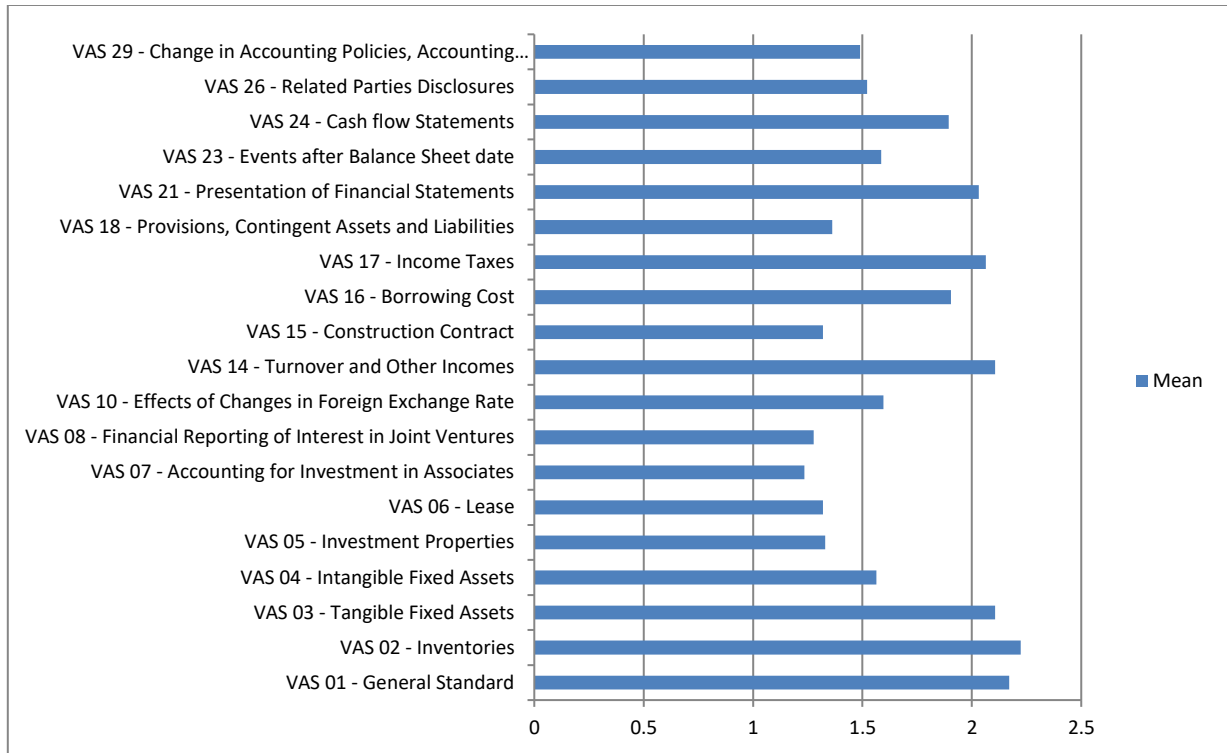
enterprises (Circular 200) requires the enterprises that applying this circular must fully comply with 26 VASs. However, the real situation does not like that. Table 5.7 indicates the proportion of VASs applying in surveyed SMEs. Out of the 94 sample enterprises, only 44.7% used VASs, which comprises 72% of medium enterprises and a very low proportion of micro-enterprises (23.1%). Most SMEs did not know about accounting standards or were confused between the content of VASs and accounting regimes. There were many evidences that SMEs tended to comply with some accounting standards than the others.

**Table 5.7: Application of Vietnamese Accounting Standards in surveyed SMEs**

Accounting regulations being applied	Medium		Small		Micro		Total	
	Q	P	Q	P	Q	P	Q	P
Vietnamese Accounting Standards (VASs)	18	72.0	21	37.5	3	23.1	42	44.7

*Source: Own survey (2017-2018)*

Figure 5.5 presents the level of applied VASs in surveyed SMEs. The Likert scale is used for SMEs to self-assess the application level of VASs into their businesses. The scale used five points. Point 1 is “not use,” Point 2 is “less use,” Point 3 is “medium use,” Point 4 is “regular use,” and Point 5 is “very often use”. The mean scores of most application level of applied VASs are in the range of 1-1.5 points. It means that in the samples, a lot of VASs were not used by SMEs. Some of VASs such as VAS 01, 02, 03, 14, 17 and 21 have a mean score higher than 2 scores. It is meaning that SMEs have understood and used them when having the relevant activities. However, when analyzing statistics, these standards are having SD (standard deviation) higher than 1.2, meaning that the dispersion of samples is not uniform, thus some of surveyed SMEs did not use these VASs but the others used more or regularly. In-depth analysis of the perceptions of the relevance of specific standards has shown that the respondents perceived measurement standards involving tangible fixed assets, inventories and income taxes are the most applicable to SMEs. Accounting standards dealing with investments in associates, lease, investment properties, investment in joint ventures and construction contract were perceived not relevant to SMEs, even though these standards were the subject of full compliance requirements.



Source: Own survey (2017-2018)

**Figure 5.5: The level of applying VASs in surveyed SMEs**

### 5.2 3.2 The reasons for the application of VASs in SMEs

There are many reasons for the low application of VASs in SMEs. According to respondents, the biggest reason is that there is no requirement for disclosure of FS in SMEs. The FS in SMEs is only used to submit to the tax authorities for the purpose of determining payable tax. It is also submitted to the local government as an obligation. This tends to support the findings of previous studies of Dang (2011) that the decision-usefulness theory might not be applicable to smaller firms since the external use of financial information provided by SME reporting practices is limited. Absolutely, there were not any surveyed SMEs need to attract investors from the stock market. Therefore, in order to easy for accounting practice, accountants in SMEs often obey accounting regimes rather than apply VASs.

The second reason is the simplicity of business operations of SMEs. Most surveyed SMEs usually have small scale business under one or two business sector (*see Table 5.1*). Main business activities are buying and selling, so a lot of complicated economic operations are not related to SMEs. Thus, VASs that regulate these contents will not be applied.

The third and last one is understandability of VASs and guiding documents. In the survey, SMEs said that, it is difficult to understand the contents of VASs and guiding documents. The development of VASs was considered to be the best way to make the accounting system achieve



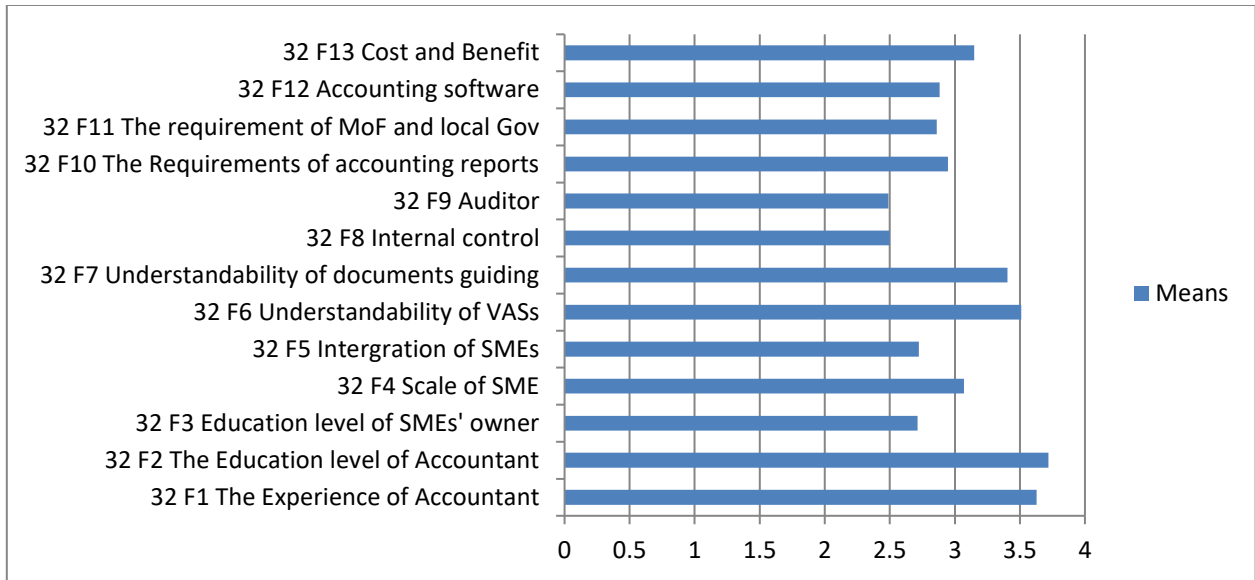
greater conformity with international accounting practice. The construction of VASs was on the basis of International Accounting Standards (IAS) in the period from 2001 to 2006 under adjustments for economic, finance and accounting of Vietnam's conditions. According to the respondents, the original translation from English to Vietnamese of VASs has been confusing for accountants of SMEs to apply them. Although, most accountants in surveyed SMEs is at the undergraduate and graduate levels respectively (*see Tables 5.4*). However, their level education does not seem to reflect their knowledge. Besides that, a lack of specific accounting treatment and disclosure requirements in VASs and guiding documents also make difficult to use VASs in SMEs.

### ***5.2 3.3 The factors effecting on the application of VASs in SMEs***

As suggested by the literature, the survey adopted a list of thirteen factors that may have an effect on VAS applying in SMEs. The interviewees were asked about which factors and what is the level of these factors' influence that may have an impact on their applying of VASs. These factors were presented to the respondents for their answers. Figure 5.6 presents the results. The samples showed that lack of experience and accounting education was perceived as having a negative impact on the application of accounting standards. This study tended to support Dang (2011) findings. Figure 5.6 reveals that legal requirements, understandability of VASs and accounting staff skills were perceived as the most important factors affecting the application of accounting standards. The auditor, internal control and level education of the owner were seen as having less effect on the provision of financial information than other factors.

Amongst the 44 respondents that are using national accounting standards, 27 interviewees (61.36% of the group) said that requirement of accounting regulations was the main motivation for the application of VASs. 88.63% of them perceived VASs is very difficult to understand. 68.18% believed VAS 01-General standard is the easiest standard to apply.

However, it is surprising that the international integration of SME is not one of the most affection for the application of accounting standards. Many of the respondents reported that this factor had a limited impact on the application of the national accounting standards. SMEs in Vietnam tend to inland.



Source: Own survey (2017-2018)

**Figure 5.6: The factor effecting on the VASs application in surveyed SMEs**

## 5.2.4 Accounting regime being applied in SMEs

### 5.2.4.1 Overview of accounting regimes being applied in SMEs

As mentioned in section 4.1, there are two accounting regimes have been applied to enterprises in Vietnam for a long time. One is applied to enterprises in general (include big companies and SMEs) and the other is only used in SMEs. The issuance of a unique accounting regime for SMEs is one of the important policies to support the development of SMEs by the Vietnamese government. According to policymakers, SMEs need a simple and easy accounting regime to apply. As such, normally, SMEs in the survey will apply a separate accounting regime for SMEs at 100%. However, result of the survey showed that 40.4% of enterprises applied the Circular 200 accounting regime, whereas 59.6% of them applied Circular 133 (see Table 5.8). Of the surveyed SMEs, most medium enterprises applied an accounting regime in accordance with Circular 200 without applying the unique accounting regime for SMEs. Otherwise, all most small and micro-enterprises chose Circular 133 as main accounting regulation for doing.

**Table 5.8: Application of accounting regimes in surveyed SMEs**

Accounting regimes being applied	Medium		Small		Micro		Total	
	Q	P	Q	P	Q	P	Q	P
Accounting regime for general enterprises (Circular 200)	14	56.0	21	37.5	3	23.1	<b>38</b>	<b>40.4</b>
Accounting regime for SMEs (Circular 133)	11	44.0	35	62.5	10	76.9	<b>56</b>	<b>59.6</b>

Source: Own survey (2017-2018)

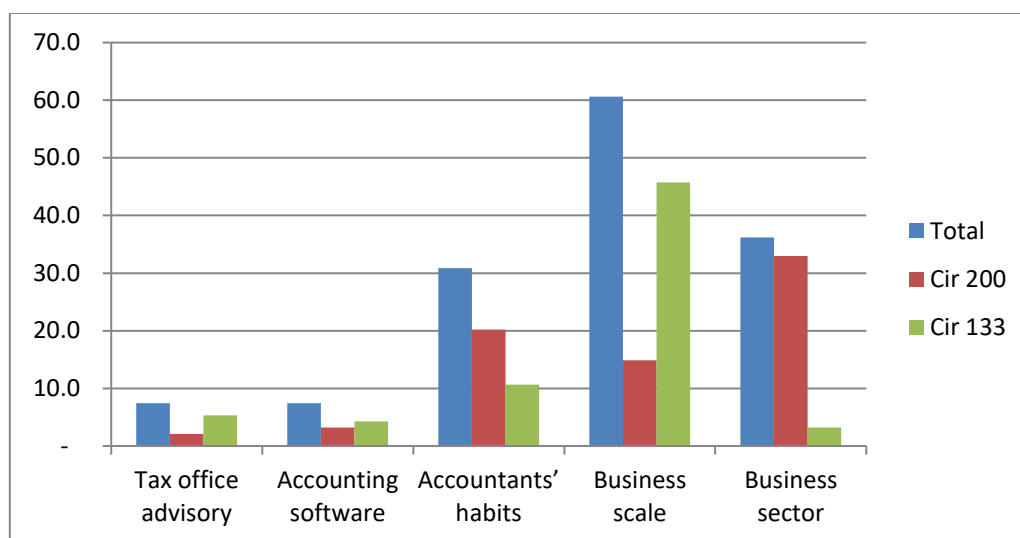
Understandably, medium enterprises usually diversify business sectors and tend to expand business scale, thus they often choose to apply an accounting regime for general enterprises (Circular 200). Meanwhile, micro and small enterprises having simple business activities would like to apply the unique accounting regime. It is a regulation about accounting policy, which simple, easy to understand, easy to apply and low cost. Therefore, they will choose Circular 133 to apply. Circular 133 has been improved from Decision 48, an accounting regime applicable to SMEs since 2006. After more than 10 years of application, it has become obsolete compared to the development of the enterprises. Thus, Circular 133 as an improvement is an indispensable and necessary for SMEs in current conditions.

#### ***5.2.4.2 The reasons for applying accounting regimes in SMEs***

Many SMEs believed that the choice of which accounting regimes to apply depends on five main factors. They are (1) Tax office advisory, (2) accounting software, (3) accountants' habits, (4) business scale and (5) business sector. Figure 5.7 illustrates five reasons for selecting the accounting regime to apply in SMEs. In the total sample size, 60.6% of respondents said that the business scale is the biggest reason for them to choose the accounting regime for applying. 36.2% of surveyed SMEs though that they use the accounting regime because of their business sector. 30.6% of the sample chose this accounting regime because their accountants were familiar with it. Meanwhile, the advice of tax officer and accounting software is the least influencing factor for their choice at 7.4% as equal. As mentioned above, the current accounting software satisfies the requirements of SMEs, they support SMEs regardless of whether they apply Circular 200 or Circular 133.

Surprisingly, some respondents did not know why their enterprise has such a choice of accounting regime. They said that the reason of their applying accounting regime is the historical process. It means that these SMEs choose the accounting regime from the first day of their establishment and the current accountant only complies and applies it to accounting practice. The historical process factor may include one or more of the above five factors. This factor is often obtained from SMEs that have established for a long time and experienced many times in changing accountant. However, no matter what the cause, it shows that the accounting level of SMEs is still low. In many cases, they only work as a bookkeeper without understand the nature of their job.

(unit: %)



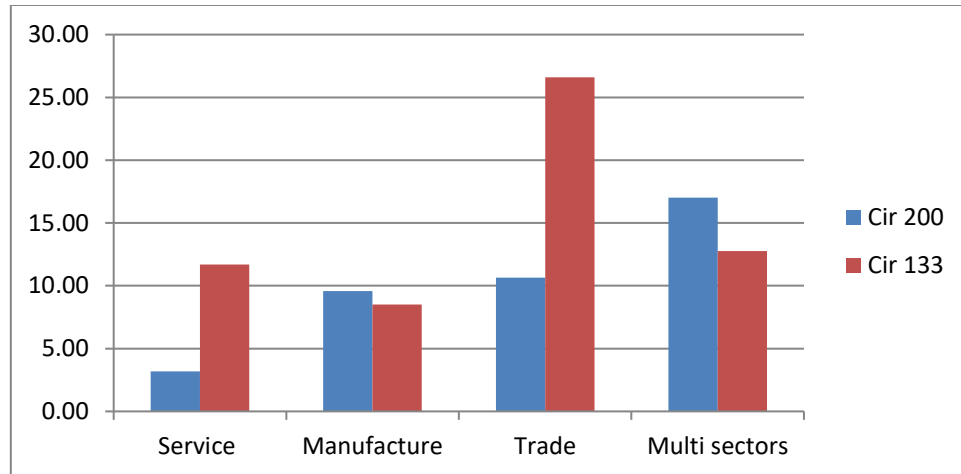
Source: Own survey (2017-2018)

**Figure 5.7: The reason to apply accounting regime in SMEs**

There are some different reasons in the choice among SMEs that are applying Circular 200 and Circular 133. Even so, the size of the enterprise is not the most important factor to apply an accounting regime in the SMEs that are using Circular 200. In the view of these enterprises, their business sector is the most influential factor for their choice of accounting regime to apply.

Figure 5.8 shows the relationship between the business sector and the accounting system applied at SMEs. As the finding, Circular 133 is often used by commercial and service enterprises. Meanwhile, in the manufacture, construction or multibusiness sector, using Circular 200 is common choice. There are two reasons for this issue. The first one is the suitability of the contents of each accounting regime for the business sectors of the enterprises. Manufacture and multi-sector enterprises often have more complex economic operations than commercial ones. And it seems that Circular 200 resolved these complex transactions easier than Circular 133. The knowledge and skill of accountants is the second reason for selecting which accounting regime to apply. As a result of interviews, most of accountants in SMEs work as bookkeepers. They adhere to the accounting regime and need very detailed instructions, especially in the chart of account. However, some changes have been made in the new version of accounting regime for SME, so when Circular 133 was promulgated, it makes difficult for some accountants to apply. According to surveyed SMEs, although this difficulty does not make them change the accounting regime applying from Circular 133 to Circular200, it also reduces the satisfaction of these enterprises about Circular 133.

(unit: %)



Source: Own survey (2017-2018)

**Figure 5.8: The accounting regime applied on surveyed SMEs under business sectors**

#### ***5.2.4.3 The concordance of applicable accounting regime in SMEs***

In order to make suggestions on some effective accounting regulations for SMEs, the respondents have been asked to assess the relevance, the advantages and disadvantages of the accounting regime that currently applies. Based on the content of the accounting regime, six contents were appraised, which are (1) chart of accounts, (2) forms of financial statement, (3) guidelines of accounting principle in general and details, (4) guidelines of accounting vouchers and accounting book, (5) contents of VASs were applied in SMEs and (6) contents of VASs were not applied in SMEs.

Likert 5 scale was used to measure the level of suitability of accounting regime on SMEs' accounting. Point 1 is "no suitability", Point 2 is "low suitability", Point 3 is "medium suitability", Point 4 is "high suitability" and Point 5 is "very high suitability". The survey results are shown in Table 5.9. As a result, surveyed SMEs said that four first contents of the accounting regime have nearly high suitability with their accounting practice, receiving from 3.72 to 3.81 score of mean on the Likert scale. Meanwhile, VASs' contents, which were applied or not in SMEs have the lowest suitability at 1.96 and 2.64 scores, respectively. This means the majority of respondents agree that a large of sections in the accounting regime is satisfied and the current VASs are inappropriate and obstructive to their application to SMEs. According to Decision 48, due to the nature of the business, SMEs are allowed to not fully comply with 12 VASs and not apply 7 VASs. Circular133 allows SMEs not to comply with 7 VASs but have to fully comply with other accounting standards. In other words, SMEs have to comply in full with 19 VASs at the moment. There are certain contradictions between the accounting standards and accounting regime; the language in the accounting standards is too formal; accounting practices in SMEs are simple, thus they are mainly under the influence of the accounting regime but not the accounting standards.

This finding is to a certain extent consistent with the current situation: many years have elapsed since VASs came into effect, these documents have yet to be modified or supplemented in accordance with the volatile socio-economic context and business activities. Meanwhile, the accounting regime has just been revised to suit the characteristics of SMEs. However, increasing the number of accounting standards applied in full in SMEs under Circular 133 seems to be a technical mistake of Vietnamese policymakers.

**Table 5.9: The level of suitability of accounting regime's content in SMEs**

	<i>20 F1. Chart of accounts</i>	<i>20 F2. Forms of Financial Statement</i>	<i>20 F3. Guidelines of accounting principle in general and details</i>	<i>20 F4. Guidelines of accounting vouchers and accounting book</i>	<i>20 F5. 19 VASs were applied in SMEs</i>	<i>20 F6. 07 VASs were not applied in SMEs</i>
Mean	3.808510638	3.787234043	3.723404255	3.765957447	1.957446809	2.638297872
Median	4	4	4	4	2	3
Mode	4	4	4	4	1	3
SD	0.470108561	0.483542938	0.575564339	0.594337653	1.046395694	1.055971894
Range	3	3	3	3	3	3
Minimum	2	2	2	2	1	1
Maximum	5	5	5	5	4	4
Sum	358	356	350	354	184	248
Count	94	94	94	94	94	94

*Source: Own survey (2017-2018)*

Compared to the old version of the accounting regime for SME (Decision 48), Circular133 has 11 points improved (PwC, 2016b; KPMG, 2016). They are including the flexibility in form of accounting books, accounting documents, exchange rate, the changing in the chart of account, no guidance for accounting entries, etc. However, according to the survey results, there was not any SMEs that has grasped thorough of these changes. They often catch from 2 to 4 parts per 11 contents of the improvements. Some of the respondents understand and apply 6 or 7 of them. Most of surveyed SMEs are interesting with the changing of accounting documents, accounting book, chart of account and the form of FS. They said that the current accounting regime is simple, easy to understand and implement or suitable for the type of SMEs.

A chief accountant of an SME said that:

*Circular133 suitable for the operation of the enterprise as well as the requirements of the business owner (Interviewee 15).*

An accountant of an SME believes that:

*The permission to design accounting books and accounting documents by SMEs-self as long as they provide information about transactions completely, clearly and under the Accounting*

*Law 2015 is opened policy for us because we do not waste a lot of time to get the voucher from the Tax authorities (Interviewee 39).*

Another chief accountant of an SME added that:

*For FDI enterprises, the application of the actual exchange rate is very convenient in accounting and determining the value of export and import goods (Interviewee 59).*

However, there are some contrary ideas. Some respondents said that Circular 133 did not change much compared to the decision 48. These above improvements were formalities, but their nature did not change. Thus, the application of Circular 133 did not affect their accounting practice.

An accountant added that:

*In order to provide information to tax administration agencies, SMEs should follow Circular 133 because it is simple and compact in the financial statement form. However, to provide information for business decision making, using Circular 200 will be better because of more details (interviewee 83).*

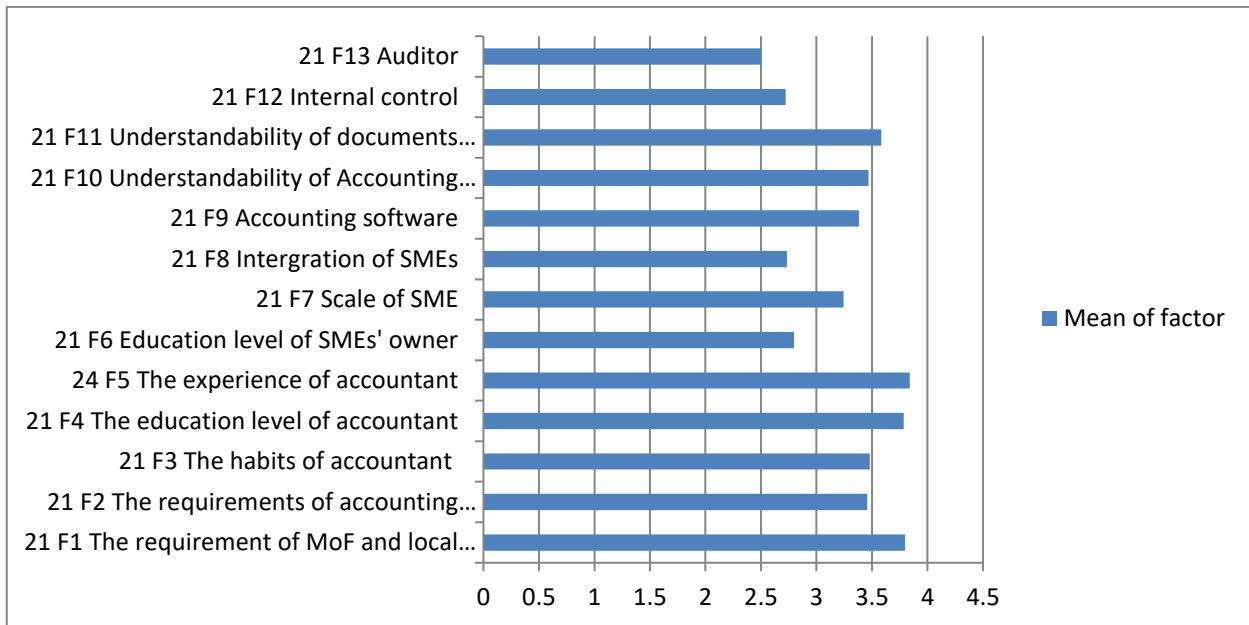
In summary, whether voting or not voting the application of Circular 133 in SME's accounting practice, no surveyed SMEs recognized any change in the number and content of VASs, which are required to apply in SME. It seems that VASs are not relevant to their accounting practice. The next section focuses on the factors affecting the application of accounting regime in SMEs

#### ***5.2.4.4 The factor affecting on the accounting regime application of SMEs***

Figure 5.9 shows the factors affecting the application of accounting regime in SMEs interviewed. As can be seen in Figure 5.9, the highest averages belong to the variables named 21F1, 21F4 and 21F5 whose means are around 3.8 and mode equal to 4. This means the majority of respondents agree that the requirements of MoF and local Gov (21F1) and the experience and education level of the accountant (21F4, 21F5) are most important factors influencing the application of accounting regime in surveyed SMEs. This finding is very consistent with the actual situation when most SMEs currently apply accounting regime because of compliance with government regulations, not from their own management needs. Secondly, the owners of SMEs who are almost not interested in the accounting practice of their enterprises, they only care about the payable tax. Therefore, the accounting work of SMEs usually depends entirely on accountants.

Also illustrated in Figure 5.9, the averages of 21F8, 21F12 and 21F13 are both below 3 (the level of 3 is equal to “medium influence”), which means most respondents believe that not only the auditor and internal control but also the international integration of surveyed SMEs did not impact on accounting regime applying in their accounting practice. It is easy to understand this situation because most samples have not yet to build internal control system or using an annual auditing service.

The remaining factors generally receive an above-average level of concurrence (the average value is approximately 3.5), such as the understandability of accounting regime; the understandability of documents guiding; the scale of SME and accounting software. In fact, the consistency in detailed guidance documents and their understandable language has made it easier for SMEs' accountants to implement accounting regulations. The bigger the business is, the more science is in the organization of accounting and compliance with accounting regulations.



Source: Own survey (2017-2018)

**Figure 5.9: The factor affecting on the accounting regime applied by SMEs**

The result of this survey reaffirms that there are several issues that need further improvement in the accounting regulations for SMEs so that the legal framework is complete and facilitates efficient accounting practices in SMEs.

### 5.3 TAXATION OF SMES FOCUSING ON VAS 17

#### 5.3.1 Overview of accounting for tax purpose in surveyed SMEs

##### 5.3.1.1 Taxation in SMEs

Depending on the business sector, Vietnamese enterprises are incurring ten types of taxes and fees. They are including Value-added tax; Corporate income tax; Personal income tax; Export-import tax; Special consumption tax; Environmental protection tax; Natural resource tax; Agricultural land use tax; Non-agricultural land use tax and various types of fees and charges. According to the survey results, at least, a SME must bear several types of taxes and fees. Most SMEs are subject to five types of taxes and fees include Corporate Income Tax (CIT), Value Added Tax (VAT), Personal Income Tax (PIT), License fees and Import Tax. License fees are an annual



fee based on the registered capital of each enterprise (MoF, 2016b). Enterprises have to pay this fee to the State budget in the 1st quarter every year. Because it is a fixed fee so it is not difficult in determination and accounts this type of tax. Therefore, it is not the tax that is most concerned by SMEs although it to be most frequently appears in the enterprises.

About the three types of taxes that SMEs are most interested in, the survey results are not beyond the researcher's expectations. Table 5.10 shows the level of SMEs' concern on these taxes. CIT, VAT, and PIT are the three taxes that are most interested in SMEs. 97.87% of SMEs choose CIT as the biggest concern taxes. Only 2.13% of SMEs (equivalent to 2 SMEs) are not interested in this tax because they do not have to pay CIT by tax incentives. Tax incentives are one of the policies to attract the investment of the Vietnamese government. There are many criteria for enterprises to receive tax incentives. These criteria are defined by the government or the provincial People's Committee. They are different between provinces and depend on the economic and social conditions of each locality. SMEs that have corporate income tax incentives are enterprises established in difficult areas, or using disabled workers, or operated in the public utility sector. 95.74% of the samples choose VAT and 53.19% choose PIT. They are considered the most important taxes because (1) these are the main taxes that arise regularly, (2) the amount of tax payable to the State budget often is big, (3) the amount of tax payable directly affect the enterprises' after-tax profits or employee incomes, and (4) SMEs usually have many mistakes that lead to being fined by these types of taxes. The reasons for these mistakes will be discussed in the next section.

**Table 5.10: The most interested tax in SMEs**

The most interested tax in SMEs	Observation	
	Frequency	Percentage
1. Corporate Income Tax (CIT)	92	97.87
2. Value Added Tax (VAT)	90	95.74
3. Personal Income Tax (PIT)	50	53.19
4. License fees	18	19.15
5. Special consumption tax	1	1.06
6. Export Tax	6	6.38
7. Import Tax	23	24.47
8. Environmental Protection Tax	1	1.06
9. Resource tax	1	1.06
<b>Total surveyed SMEs</b>	<b>94</b>	

*Source: Own survey (2017-2018)*

### 5.3.1.2 Organization of accounting activity for tax purpose in SMEs

As mentioned above (Table 5.2), 21.3% of surveyed SMEs have been using accounting services to complete accounting books, FS and TRs. 78.7% of samples have organized their accounting work themselves (include accounting for tax purpose). Table 5.11 below shows the allocation of accounting work for tax purposes in SMEs. 24.5% of firms separate the accountant for tax purpose. 29.8% of samples have chief accountant works as an accountant for tax purpose. Besides that, there were 17.0% of SMEs whose accounting treatment for the tax was done by a general accountant. Especially, there were only 7 enterprises, equivalent to 7.4% did not separate accounting for tax purposes. They are micro-enterprises, which have very few economic operations. They often have only one staff working as an accountant and other general parts of the entities. This proves that financial accounting for tax purpose and the provision of accounting information to tax authorities are of great concern of SMEs. Despite the different ways in the accounting activity between enterprises, 95.7% of SMEs interviewed said that they are maintaining two accounting books system. One accounting book system followed the requirement of accounting regimes, which provides accounting information for external users such as tax authority, bank, investor, etc. The other system is usually unofficial accounting book that supplies real information for the owners to make the business decision. Certainly, the accounting information provided by two accounting book systems is different.

**Table 5.11: Accounting organization for tax purpose**

Accounting organization for tax purpose	Observation	
	Frequency	Percentage
Separate accountant for taxes	23	24.5
No separate accountant for taxes	7	7.4
Using accounting service for taxes	20	21.3
Chief accountant for taxes	28	29.8
General accountant for taxes	16	17.0
<b>Total</b>	<b>94</b>	<b>100</b>

*Source: Own survey (2017-2018)*

### 5.3.2 Accounting practice for corporate income tax

In Vietnam, the tax declaration period is settled by the scale of enterprises. The tax declaration period of enterprises takes place monthly or quarterly based on their turnover in the previous year. According to the Law on VAT, the VAT taxpayers that earn total revenue of VND 50 billion (around 2.18 million USD) or less from the sale of goods and/or services in the preceding year shall be eligible to declare VAT quarterly. If they have total revenue higher, they shall submit their TR monthly. The taxpayer that has just begun his business shall declare VAT quarterly. In

the next calendar year after 12 months of business, VAT declarations shall be declared whether monthly or quarterly depending on the revenue from the sale of goods and/or services in the preceding calendar year (12 months) (MoF, 2014). Comparing with the standards of SMEs and the current status of SMEs in Vietnam (chapter 3), it can be said that SMEs which are having declared monthly VAT, are enterprises with high turnover and good operating results.

(1) Table 5.12 presented about accounting practice for CIT in surveyed SMEs. The survey found that there are 73.4% of SMEs quarterly tax declarations while only 26.6% declare monthly tax. This implies that 26.6% of the surveyed SMEs have had a turnover of over 50 billion VND in last year, which is a high level of revenues among SMEs.

(2) Regarding the CIT rate, from January 1st, 2016 to the present, Vietnamese enterprises have to pay CIT at the same tax rate of 20%, except for some enterprises eligible for tax incentives (MoF, 2014). This is a common tax rate and currently there is no tax rate priority for SMEs. It is also a shortcoming in the tax policy for SMEs which will be mentioned in next section. In the survey sample, 91 enterprises (equivalent to 96.81%) are subject to 20% tax rate. There are only 3 enterprises (equivalent to 3.19%) being entitled to tax incentives because they have built in the areas that need economic development or their business activities in priority field. In addition, these enterprises are not interested in CIT according to the data analysis results in Table 5.10.

(3) SMEs are usually interested in the amount of tax payable and worried about the result after tax finalization. Because of the fear of tax fines after tax finalization, SMEs usually close attention to the tax regulations rather than accounting policies. Therefore, during the survey, 41.49% of respondents said that there is no difference between the contents of financial accounting and accounting for tax purposes in their enterprises. In these entities, the accountants only record and account for economic operations accepted by tax regulations. They remove from the accounting books the economic operations that their contents are not acceptable under tax regulations. Thus, SMEs' accounting book did not fully reflect the business activities of the enterprises. The remaining 58.51% of samples realize that there is a difference between the contents of financial accounting and accounting for tax purpose. However, the difference usually only focus on deductible expenses. In the survey sample, there was no difference in revenue. More specifically, they often are the penalty of the enterprises, such as the fine for administrations, the fine for traffic violations and the fine for delayed tax payment. Whatever type of entities (same or different in the contents of accounting), SMEs in the survey usually would like to reduce CIT payable. Therefore, most of them often use counterfeit vouchers to offset permanent differences in revenue or deductible costs when determining tax payable.

(4) In the contents of CIT, 100% interviewees only have current CIT. SMEs do not have the temporary difference in revenue or expense, which is subject of deferred CIT. Under the provisions of the Law on CIT, from November 15th, 2014, based on production and business results, taxpayers shall temporarily pay the quarterly enterprise income tax amount by the 30th day of the subsequent quarter. For enterprises that have to prepare quarterly FS, their FSs and the role of tax regulations

are the foundation to determine the CIT prepaid quarterly; For enterprises that do not have to prepare quarterly FS, their business results are the basis to calculate the CIT prepaid quarterly (MoF, 2014). This is the current CIT expense. However, according to the survey results, the determination of CIT expense in SMEs usually is incorrect. It often bases on (1) SME's accounting profit, (2) the owner's opinion or (3) the tax paid in the previous period. In other words, SMEs did not apply truly the regulations on accounting and CIT when determining the amount of CIT temporarily paid into the State budget. They just wanted to minimize the tax amount to be paid.

**Table 5.12: Accounting practice for corporate income tax**

Criteria	Observation		Criteria	Observation	
	Frequency	Percentage		Frequency	Percentage
<b>1. Tax declaration period</b>			<b>2. Tax rate of CIT</b>		
Monthly	25	26.60	20%	91	96.81
Quarterly	69	73.40	Others (Tax incentives)	3	3.19
<b>Total</b>	<b>94</b>	<b>100.00</b>	<b>Total</b>	<b>94</b>	<b>100.00</b>
<b>3. The content of Financial Accounting and Accounting for tax purpose in SMEs</b>			<b>4. The contents of CIT in surveyed SMEs</b>		
Same	39	41.49	Only Current CIT	94	100.00
Different	55	58.51	Current & Deferred CIT	0	0.00
<b>Total</b>	<b>94</b>	<b>100.00</b>	<b>Total</b>	<b>94</b>	<b>100.00</b>

*Source: Own survey (2017-2018)*

### 5.3.3 The factors effecting to accounting for CIT purpose in SMEs

#### 5.3.3.1 The tax regulations applied in accounting for CIT

As mentioned above (section 4.1.1), the highest regulations in Vietnam are Laws, the second are Decrees and after are Decisions and Circulars. To determine the influence level of tax legislations on accounting for tax purposes, the basis regulations have been listed when interviewed SMEs. They included Law on Tax Administration No. 78, Law on Tax Administration No. 21, Law on CIT No. 14, Law on CIT No. 32, the guided Decrees, the guided Circulars and VAS 17. A Likert scale, which is same scale in section 5.2.1 was used to measure the level of influence of the regulations on accounting for corporate income tax in SMEs. Table 5.13 illustrates the affecting of each type of tax legislation on accounting for CIT purpose in SMEs surveyed. Most respondents said that circulars guiding CIT regulations have the most impact on their tax accounting (mean is 3.72 score in Likert scale). Under the explanation of interviewees, this is completely understandable because Circulars is detailed guides of Decrees and Laws, so they are easiest for understanding and applying. Most of samples agreed that they often use guiding circulars as the highest official regulations. As the results, the influence level of these circulars gets from 2 to 5 scores in Likert scale. It also has median and mode is 4. Meanwhile, other legislations such as the

Laws and Decrees have lower influence because of be less referenced. The Laws on Tax Administration and the Laws on CIT (50F1, 50F2, 50F3, 50F4 and 50F6) also have a medium impact on SME accounting for tax purpose (Mean around 3.2 but median and mode equal 3 score in Likert scale). VAS 17 has the lowest influence (mean in Likert scale is 2.6 score). The affection of VAS 17 is different from the expectations of policymakers when by negligible effects on CIT accounting of SMEs.

**Table 5.13: The tax regulations affecting on accounting for CIT purpose**

	50 F1 Law on Tax Administration No 78	50 F2 Law on Tax Administration No 21	50 F3 Law on CIT No 14	50 F4 Law on CIT No 32	50 F5 VAS 17	50 F6 The guided Decrees	50 F7 The guided Circulars
Mean	3.1170	3.2553	3.2447	3.3511	2.5957	3.1915	3.7234
Median	3	3	3	3	3	3	4
Mode	3	3	3	3	3	3	4
SD	0.7740	0.6710	0.7432	0.6832	1.0607	0.6439	0.6291
Minimum	1	1	1	1	1	1	2
Maximum	5	5	5	5	5	5	5
Sum	293	306	305	315	244	300	350
Count	94	94	94	94	94	94	94

*Source: Own survey (2017-2018)*

Table 5.14 shows the degree of influence of the regulations' understandability on the implementation of tax accounting. Most SMEs said that the understandability of the general tax documents affected the compliance with the regulations of SMEs (mean was 3.71 score on the Likert scale). However, when comparing between each types of regulations, circulars are the easiest to understand (mean is 3.21 score) and VAS 17 is the most confusing (mean is 2.40 score). The Law on CIT and guiding decrees are equally difficult to understand at 2.98 score.

The assessment of understandability depends on two factors. The first is the text itself. The second is the knowledge level of the reader. There is no separation in the application of these tax regulations to both big companies and SMEs. The low knowledge level of accountants and some managers of SMEs is a significant reason. Most interviewees said that they usually update the regulations on the internet when they need it. Although this update is quick and convenient, but SMEs are easily missing information in the context that the current legal documents are issued continuously in Vietnam. In addition, the training to improve the qualifications of accountants in SMEs is rarely done. Most accountants solve themselves by use the advice from their friends or relatives when they meet the trouble with tax or accounting regulations. A little of sample consults

with experts or tax officers. The role of professional associations for training and improving knowledge of accountants is still very weak.

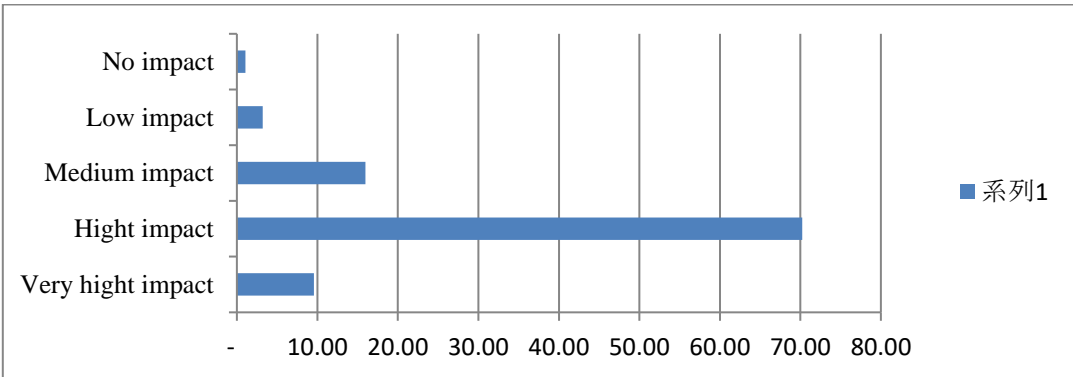
**Table 5.14: The understandability of legal framework to tax accounting**

	55. all regulations to tax accounting	55.1 VAS 17	55.2 CIT Law	55.3 Decrees guiding CIT Law	55.4 Circulars guiding the Decrees
Mean	3.71277	2.40426	2.97872	2.97872	3.21276
Mode	4	2	3	3	3
Standard Deviation	0.63284	0.49338	0.32721	0.3586	0.48354
Minimum	2	2	2	2	2
Maximum	5	3	4	4	4
Sum	349	226	280	280	302
Count	94	94	94	94	94

Source: Own survey (2017-2018)

**5.3.3.2 The quantity and contents of tax regulations**

As mentioned above, tax regulations have an essential role with SMEs. This results are also consistent with the research results of Tran (2017) on the opinions of the enterprises community with the reform of tax policy in recent years. According to Tran (2017), the satisfaction of enterprises with tax administrative procedure reforms are 71% in 2014 and 75% in 2016 respectively. In this research, 70% of sample believed that the adequacy of documents guiding the implementation of tax policies affects their CIT accounting at a high level (see Figure 5.10). This means that the adequacy of the quantity and suitability in the content of the tax documents will support for the implementation and compliant of the taxation of SMEs.



Source: Own survey (2017-2018)

**Figure 5.10: Influence of the adequacy of document guidelines to CIT accounting**

However, the diversity and complexity of tax regulations are also causing difficulties for SMEs. Table 5.15 indicates the comments of SMEs about the quantity and suitability in the content of the current tax documents. According to 61.7% of enterprises surveyed, the number of tax

regulations is a lot. Even 25.53% said that it is too much. There were only 10.64% thought that it is enough for them. Moreover, there were 60.64% of the sample agreed the contents of these documents overlapped. Many original documents are quickly outdated compared to the practical development of businesses, so MoF have to issue many amendments and update versions. For example, Circular 119/2014/TT-BTC amended and supplemented 07 Circular on tax, or Circular 151/2014/TT-BTC guided and implemented Decree No. 91/2014/ND-CP and Decree No. 12/2015/ND-CP of the government. Because having too many overlapping documents makes SMEs difficult for understanding and applying them.

**Table 5.15: The number and the contents of tax regulations**

Number of tax regulations	Total SMEs		Contents of tax regulations	Total SMEs	
	Q	P		Q	P
<b>Total</b>	<b>94</b>	<b>100</b>		<b>94</b>	
Too much	24	25.53	Overlapping	57	60.64
Much	58	61.70	To coordinate closely	29	30.85
Enough	10	10.64	To coordinate un-closely	11	11.70
Little	1	1.06	Complete	29	30.85
Not enough	1	1.06	Incomplete	10	10.64

*Source: Own survey (2017-2018)*

### 5.3.3.3 The appropriateness of full applying of VAS 17 in surveyed SMEs

Table 5.16 provides the opinions of entities on the appropriateness when fully applying VAS 17 in SMEs. The respondents include 56 entities are using Circular 133 and 38 ones are applying Circular 200 as a main accounting regulation. The table shows clearly that only 5.3% of respondents would like to apply VAS 17 fully in their income tax accounting. They believe that this situation will make the accounting information transparent and reflect exactly the business results of enterprises. However, up to 59.6% of SMEs think this application is inappropriate. SMEs are applying Circular 200 think that, although they still have to apply fully VAS 17 under Circular 200 requirement but the contents of VAS 17 do not usually occur in their transactions. Other entities, which are using Circular 133 cannot follow these contents of the improvement of this Cir. They have not yet updated the requirement to apply VAS 17 as well as the full contents of VAS 17. Especially, 35.1% of surveyed SMEs could not provide an answer because they did not understand the accounting information and accounting practice base on VAS 17. They often mix the contents of the tax payable account and income tax expense.

The majority of SMEs believe that the content of VAS 17 is not suitable for SMEs' practice if they must apply this standard fully. Besides, many accountants believe that the language of VASs is very academic, so they are difficult to understand and cannot be applied. According to VAS 17, income tax expense comprises current tax expense and deferred tax expense. Tax income comprises

current tax income and deferred tax income. There are two ways in accounting for current and deferred tax. First way, they should be recognized as income or an expense and included in profit or loss for the period. They are recognized in the income statement. Second way, current tax and deferred tax should be charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity. However, following the samples, 100% of SMEs recorded their income tax expense as a current tax expense in the income statement. Even, in some medium enterprises where having a lot of economical transactions, deferred income tax expense is still a new concept. In other words, all economic operations arising in SMEs are familiar, normal or be simplified.

**Table 5.16: The appropriateness of full applying of VAS 17 in surveyed SMEs**

	SMEs being apply Circular200		SMEs being apply Circular133		Total SMEs	
	Q	P	Q	P	Q	P
<b>Total</b>	<b>38</b>	<b>40.4</b>	<b>56</b>	<b>59.6</b>	<b>94</b>	<b>100.0</b>
Inappropriate	27	28.7	29	30.9	<b>56</b>	<b>59.6</b>
Appropriate	5	5.3	0	0.0	<b>5</b>	<b>5.3</b>
No answers	6	6.4	27	28.7	<b>33</b>	<b>35.1</b>

*Source: Own survey (2017-2018)*

#### **5.3.3.4 The result of tax finalization in surveyed SMEs**

As the results, on average from 2 to 3 years, SMEs will get tax finalization. In the survey samples, 68.09% of SMEs have ever been inspected or audited for tax, and 31.91% of them have never finalized. See Table 5.17, the content of tax finalization is an inspection of financial accounting activity, using vouchers, declaration and payment of taxes in SMEs by local tax authorities. An inspection usually takes 7-10 days at the office of an SME or at the office of the tax administration agency. Accountants have to prepare all documents to check and willing to answer every question by tax authorities. This shows that, regardless of how it is implemented, a tax inspection takes a lot of time for the enterprise, the accountant and the tax administration staff.

Although the main purpose of accounting information is tax payable determination to the tax office and accounting practice in SMEs under tax policies (as the survey results), however, 84.38% of SMEs have to adjust increase the current CIT expense and have been fined after the tax finalization. Only 9.38% of SMEs still keep the tax amount as declared and paid. No enterprise is given to a refund of the paid tax or an increase in the amount of tax-deductible after the inspection results. 6.25% of the sample has inspection results as others; they are enterprises that at the time of the interview they are in the process of tax inspection or have not received the results of the tax inspection.



There are many reasons why SMEs have paid more taxes and penalties after their tax finalization or audit. The first reason is the knowledge of SMEs accountants. They do not understand clearly the rules of accounting and tax, so their determination about revenue and cost is not correct leading to wrong profit and wrong taxes of the enterprises. When the tax administration agency discovers the mistakes, under the tax law, the enterprises will be fined on the delayed tax. The second reason is the knowledge of the owners of SMEs, they actively evade taxes. Through the survey results, most of the owners of SMEs are private and have not aware of tax in full; they always want to reduce the amount of tax payable to a minimum because they think it is their money. Therefore, all accountants must comply with the owner requirement to tax evasion.

**Table 5.17: Tax inspection in surveyed SMEs**

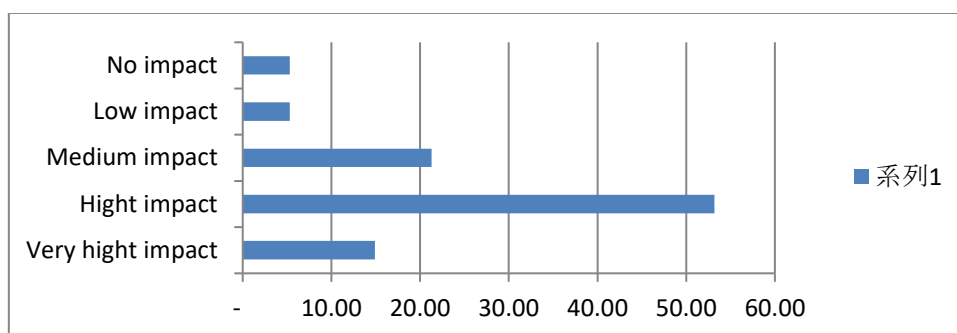
Criteria	Observation		Criteria	Observation	
	Frequency	Percentage		Frequency	Percentage
<b>1. Tax inspection, tax finalization or auditing</b>			<b>2. The result after tax inspection, tax finalization or auditing</b>		
Yes	64	68.09	Keep stable	6	9.38
No	30	31.91	Increase the payable tax and penalty	54	84.38
			Reduce the payable tax or deductible	0	0.00
			Others	4	6.25
<b>Total</b>	<b>94</b>	<b>100.0</b>	<b>Total</b>	<b>64</b>	<b>100.0</b>

*Source: Own survey (2017-2018)*

### ***5.3.3.5 The attitude of SMEs' owner in dealing with the tax***

The view of dealing with tax of business owners is really a significant factor influencing income tax accounting in SMEs. The view of dealing with tax of business owners is whether the business owner is interested in paying the tax; whether to comply with the tax regulations; or whether to minimize amount of tax payable. This question is intended for accountants in surveyed enterprises. As analyzed above, the majority of SMEs are limited liability companies and private companies, where the highest managers are business owners and an individual. Therefore, compliance with the direction of the business owners in all activities of the company seems to be evident in all situations. Figure 5.11 indicates the influence level of SMEs' owner attitude in dealing with the tax. 94.68 % of the sample confirmed that the attitude of dealing with tax of business owners affects the tax accounting of these enterprises. In particular, 53.19% of respondents said that the director's opinion affects the determination and accounting of high-level CIT; 14.89% said that this level is very high. Among the survey samples, up to 37.23% of business owners often direct the determination of payable CIT. There are many ways for accountants to adjust amount of payable tax under the requirements of the SMEs' owner. For example, they can decline sales

revenue (by selling goods without issuing invoices) or increase the payment of their enterprises (including cost and expense by using fake documents). All these things are done based on the subjective desire of these enterprises and the lack of strict policy on taxation and accounting.



Source: Own survey (2017-2018)

**Figure 5.11: The influence level of the attitude of SMEs' owner in dealing with the tax**

## 5.4 SOME SOLUTIONS TO RE-ESTABLISH ACCOUNTING AND TAX REGULATIONS UNDER SMES OPINIONS

### 5.4.1 Completing the accounting regimes

Due to the historical nature, accountants in Vietnamese are only familiar with detailed guidelines. Thus, the accounting system in Vietnam has a tendency to prescribe specific and detailed regulations. In both the Accounting Law and the Accounting standards, general orienting regulations have yet to be applied to real-life accounting practices in Vietnam, especially in SMEs. In other words, accountants obey detailed guidance prescribed in the accounting regimes. Consequently, the accounting regime is so far an indispensable part of the accounting legislation in Vietnam. Currently there is an accounting regime for SMEs as specified in the Circular 133 that has effected January 1st, 2018. Besides that, another accounting regime for general enterprises still be chose to use by SMEs (as mention above, there were 40.4% respondents are using Circular 200 and 59.6% of them are applying Circular 133). With the improvement of Circular 133, the MoF expects it becomes an unique accounting regime for SMEs. It will help reduce the time and resources of businesses, while ensuring sufficient information for the management needs of businesses and government agencies.

In fact, Circular 133 is not as good as expected by the government and SMEs. The increase in the number of VAS that must be fully applied in SMEs is not consistent with their practice. The abolition of detailed accounting guidelines and shown accounting principles bring a lot of difficult for SMEs' accountants, whose knowledge are not good. In the long term, 60.6% of the enterprises surveyed think that accounting regime should be separated for SMEs (see Table 5.18). However, a new unique accounting regime for SMEs still needs to be revised compared to Circular 133. It is necessary to take into account the demand of SMEs, especially micro-enterprises. 39.4% of SMEs think that the current co-existence of two accounting regimes should be converted into one

integrated accounting regime applicable to corporates of any scale. This is the opinion of most medium or small enterprises, which are operating in the field of manufacturing, construction or combination business. This combination of two accounting regimes not only meets the management of government agencies but also suitable the accounting practices of enterprises.

**Table 5.18: Accounting regime should be issue for SMEs**

	Medium		Small		Micro		Total	
	Q	P	Q	P	Q	P	Q	P
<b>Type of accounting regime should be apply</b>	<b>25</b>	<b>26.6</b>	<b>56</b>	<b>59.6</b>	<b>13</b>	<b>13.8</b>	<b>94</b>	<b>100</b>
Integrate one accounting regime	13	13.8	20	21.3	4	4.3	37	39.4
Separate accounting regime for SMEs	12	12.8	36	38.3	9	9.6	57	60.6

*Source: Own survey (2017-2018)*

#### 5.4.2 Completing the Accounting Law and the Accounting standards system

Accounting Law is the highest regulation in the accounting legal framework in Vietnam. With the strong improvement, Accounting Law 2015 applied from January 1st, 2017 has been a foundation for all accounting activities of entities. In the survey results, there has not been any opinion proposing the reform of Accounting Law 2015. In other words, Accounting Law 2015 is still effective in supporting for enterprises in the near future.

About the Accounting standards system, how to apply accounting standards in SMEs in Vietnam is a big question for many researchers. Table 5.19 shows the views of SMEs about whether or not to apply VAS in their accounting activities. 64.9% of respondents (mainly in small enterprises and microenterprise) said that SMEs do not need to apply accounting standards. By this group, the current request to apply VASs is only a formality on the documents. It is not meant for SMEs because they really do not understand and cannot apply VASs to their accounting practice. The applying accounting regime is enough to meet the requirement of accounting information supply of SMEs. In contrast, 35.1% of the sample (equivalent 33 medium and small enterprises) thought that VASs should be applied for SMEs to meet their international integration requirements. However, inside this group, 87.9% said that it is necessary to have a separate accounting standard system for SMEs (see Figure 5.12). There were only four enterprises (equivalent 12.1%) said that one accounting standard for all type of enterprises is suitable because of reducing the field to apply.

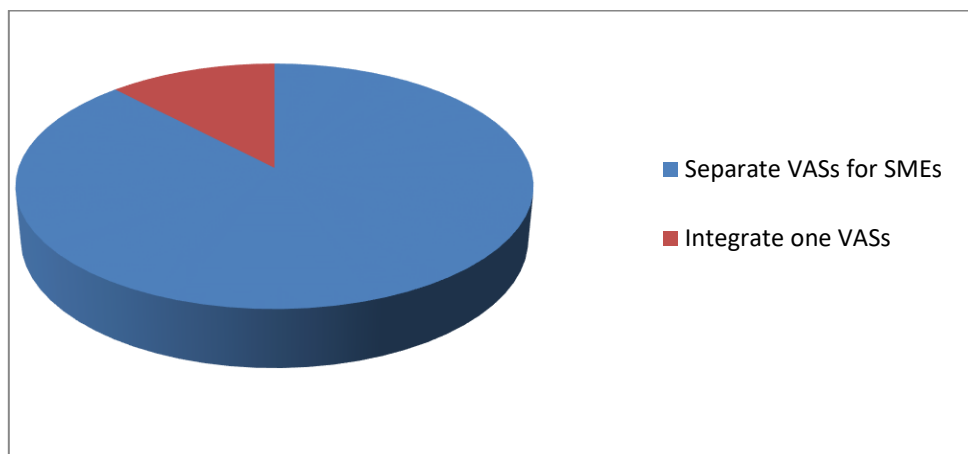
The Accounting standard system for SMEs needs to be simple, short and suitable with the characteristic of SMEs in Vietnam. It also needs to suitable for international accounting practice. Hence, in the long term, it is crucial to issue a separate standards system for SMEs which can assure the coherence between the information need, the purpose of using information and the regulations of accounting standards.

**Table 5.19: The opinions of surveyed SMEs about applying VASs**

	Medium		Small		Micro		Total	
	Q	P	Q	P	Q	P	Q	P
<b>Opinions</b>	<b>25</b>	<b>26.6</b>	<b>56</b>	<b>59.6</b>	<b>13</b>	<b>13.8</b>	<b>94</b>	<b>100</b>
Apply VAS	16	17.0	17	18.1	0	0.0	<b>33</b>	<b>35.1</b>
Do not apply VAS	9	9.6	39	41.5	13	13.8	<b>61</b>	<b>64.9</b>

*Source: Own survey (2017-2018)*

As regards SMEs, the compliance with a separate standards system with simple and suitable regulations will in turn facilitate accounting practice, save time and cost as well as elevate the professional efficiency. Finally, from the information users, transparent and appropriate regulations can generate reliable, understandable, helpful and cost-saving financial reports.



*Source: Own survey (2017-2018)*

**Figure 5.12: VASs should be issue for SMEs**

### 5.4.3 Completing the tax policies

The reform of tax policies has helped Vietnam to improve its business environment further. According to the 2018 "Business Environment" report published by the World Bank recently, Vietnam ranked the position of 68/190 economies on the business environment, increased by 14 steps compared to 2017; in which, the tax payment index increased by 81 grades (Luu, 2018).

Survey results of 94 SMEs also show that tax policies and tax regulations have changed towards creating favorable conditions for enterprises. However, a number of provisions in tax policy change constantly and quickly. Thus, it is too difficult for enterprises to catch up on the changing of tax policies. This result is also consistent with the survey of VCCI on 22,000 businesses in 2017 (Luu, 2018). Notably, the process of tax inspection and finalization is not fast, compact, troublesome for SMEs. The majority of samples are satisfied with the current common tax rate of CIT. A few think that the CIT rate should be reduced in order to favor SMEs. However,

this problem is also needed to discuss further because tax incentives by reducing tax rates will make SMEs always want to maintain their scale to enjoy the low tax rates.

## **Chapter 6: ACCOUNTING PRACTICE OF SMES UNDER EXTERNAL VIEW**

To appreciate the issuance and application of accounting regulations and tax policies for SMEs, this chapter focuses on the real-world situation of accounting activities, the implementation and compliance with accounting and tax regulations of SMEs by opinions of experts outside the enterprises. Many views contrary to the opinions of SMEs are explored.

### **6.1 BACKGROUND OF THE TARGET OUTSIDE SMES**

The interview group outside SMEs is defined including the lecturers, researchers, bank staffs (creditors or debt risk managers), auditors, tax administration officers and policymakers. It is important for this survey because they are very knowledgeable about accounting regulations and tax policies (forexample: the lecturers and researchers). They also understand the accounting practices of enterprises (for example: bank officials). They have been participating in controlling the compliance with accounting and tax policies of SMEs (for example: the auditors and tax officers). Especially, they also participate in compiling and promulgating the regulations that are useful for SMEs (policymakers). Therefore, based on the above criteria, the survey had collected 34 interviewees in total from 2017 to 2018. All of them are working in Vietnam but in different positions at different offices.

#### **6.1.1 Occupation and experience**

Table 6.1 shows the occupation and experience of interviewees. The highest rate of respondents was lectures and researchers, accounted for 38.24%. Their main job is a lecturer in accounting or auditing. However, most of them are also researchers in accounting and auditing sector. Currently, some of them are invited to revise VASs by the Ministry of Finance. With many years of experience in training and researching, they have significant influence to improve the accountant's knowledge and to advise for MoF issuing effective accounting regulations.

The second rate is 23.53% that belong to the group of bank staff. They include six credit officers and two debt risk managers. They are providing capital to SMEs through loan contracts with secured assets or no collateral. According to banks' regulations, SMEs must also provide sufficient FS and TRs to be accepted for all loans. However, depending on the size and type of bank's ownership, they have different loan control standards. In this group, bank staffs come from various banks and many job positions. Thus, their views and assessments on SMEs' accounting practice are also very different.

Moreover, the same rate (23.53%) was tax administration officers who are key people in the sample outside of SMEs. They are staff in several Departments of tax administration who are responsible for guiding, inspecting and monitoring SMEs in the implementation of accounting and tax policies. Therefore, more than anyone else, they understand clearly the rules of accounting and tax as well as the difficulties that SMEs are facing.

Follow the survey results, there are three auditors accounted for 8.82%. Among the auditors, there is one person who has many years of audit experience for SMEs; two of the auditors have Certified Public Accountants (CPA) certificates.

Holding the least percentage is belonging to the policymaker group. There are only two experts accounted for 5.88% of the sample. They are officers of the Department of Accounting and Auditing Management, which are under the MoF. According to the rule of Vietnamese government, the function of this department is to advise and to assist the Minister of MoF in performing the State management of accounting and auditing; directly managing and supervising the compliance of accounting and auditing standards and law provisions in the field of accounting and auditing by the firms. Another word, this is the highest government agency issuing accounting regulations such as VASs and accounting regimes.

**Table 6.1: Characteristic of interviewees**

1. Occupation	Total SMEs		2. Experience	Total SMEs	
	Frequency (Person)	Percent		Frequency (Person)	Percent
Auditor	3	8.82	Not exceed 1 year	1	2.94
Bank staff (creditor or risk manager)	8	23.53	Over 5 to 10 years	9	26.47
Lecturer and Researcher	13	38.24	Over 1 to 5 years	5	14.71
Tax administration officer	8	23.53	Over 10 to 15 years	6	17.65
Policy maker	2	5.88	Over 15 years	13	38.24
<b>Total</b>	<b>34</b>	<b>100</b>	<b>Total</b>	<b>34</b>	<b>100</b>

*Source: Own survey (2017-2018)*

For the working experience, the interviewee has the most extended service of 45 years, while the lowest was less than one year. It is popular with 38.24% of respondents having experience higher 15 years equivalent to 13 interviewees in the total sample. They include seven lecturers, three tax administration officers, two policymakers and one auditor (as the illustration on Table 6.2). Besides that, bank staff is the group that has working experience shortest. In that, half of them (4/8 staffs) have worked from five to ten years and one of them has experienced not exceed one year.

**Table 6.2: Working experience**

Experience	Year					Total
	Not exceed 1	1->5	5->10	10->15	Over 15	
Auditor	0	1	0	1	1	3
Bank staff (creditor or risk manager)	1	3	4	0	0	8
Lecturer and Researcher	0	0	2	4	7	13
Tax administration officer	0	1	3	1	3	8
Policy maker	0	0	0	0	2	2
<b>Total</b>	<b>1</b>	<b>5</b>	<b>9</b>	<b>6</b>	<b>13</b>	<b>34</b>

*Source: Own survey (2017-2018)*

### 6.1.2 The level of education

In Table 6.3, the data presents the education level of respondents in the group surveyed outside SMEs. The most popular are professionals having doctoral degrees, accounting for 41.18%. In this group, there are twelve lecturers and researchers (equivalent to 35.29% of the total sample) and two employees of the Ministry of Finance (equal to 5.88% of the total samples). In which, there are three associate professors who are lecturers and researchers with from 35 to 45 years of experience in accounting and auditing.

There are 35.29% of interviewee had master degree. A half of them are bank staff (17.65%). The next is 11.76% of tax administrations officer. The proportion of lecturers and auditors having a master's degree is equal at 2.94%.

In the total sample, the proportion of expert has bachelor degree is the lowest at 23.53%. They include four tax officers, two auditors and two bank staffs. However, these auditors have had CPA certificates and several bank staffs and tax officers have second bachelor degree.

**Table 6.3: The education level**

Occupation	Bachelor		Master		Doctoral		Total	
	Q	P	Q	P	Q	P	Q	P
Auditor	2	5.88	1	2.94	0	-	3	8.82
Bank staff (creditor or risk manager)	2	5.88	6	17.65	0	-	8	23.53
Lecturer of Researcher	0	-	1	2.94	12	35.29	13	38.24
Tax administration officer	4	11.76	4	11.76	0	-	8	23.53
Policy maker	0	-	0	-	2	5.88	2	5.88
<b>Total</b>	<b>8</b>	<b>23.53</b>	<b>12</b>	<b>35.29</b>	<b>14</b>	<b>41.18</b>	<b>34</b>	<b>100</b>

*Source: Own survey (2017-2018)*



## 6.2 ASSESSMENT OF TARGET OUTSIDE ON ACCOUNTING PRACTICES OF SMES

### 6.2.1 Most of accounting and tax regulations applying in SMEs

Table 6.4 shows the outsiders' opinions about the current regulations of accounting and taxation that are using in SMEs. The majority of experts said that all the provisions of accounting and taxation are applicable to SMEs. In particular, 82.4% of experts believed that SMEs apply accounting standards. 73.5% of them thought that SMEs still use Circular 200 as a main guide in their accounting practice. This statement is consistent with the SMEs' survey results (as mentions in section 5.2.4.1) when 40.4% of SMEs are applying Circular 200 instead of applying Circular 133 as a main incentive covered by MoF and Vietnamese government.

**Table 6.4: The application of accounting and tax regulations in SMEs**

Regulations	Observation	
	Frequency (Person)	Percent (in total sample)
1 Accounting Law 2015	34	100.0
2 VASs	28	82.4
3 Accounting regime for general enterprises (Circular200)	25	73.5
4 Accounting regime for SMEs (Circular133)	34	100.0
5 Corporate income tax (CIT) Law	32	94.1
6 Decrees for guide CIT Law	32	94.1
7 Circulars for guide the Decrees and CIT Law	32	94.1
8 Others	3	8.8

*Source: Own survey (2017-2018)*

Table 6.5 provides information about the main motivation for applying these accounting and tax regulations by SMEs under the view of external experts. Based on the preliminary survey results, experts said that there are five reasons why enterprises have to apply accounting and tax regulations. The first is the demand of SMEs, the second is the compulsoriness of Accounting Law 2015, the third is the requirement of tax administrations, the fourth is the requirement of creditors/banks and last one is the requirement of investors. However, according to the actual survey results, 100% of experts agreed that SMEs have to follow Accounting Law 2015. 97.1% said that SMEs must comply with the requirements of tax administration. Only 85.3% thought that SMEs use these regulations because of their demand. The requirements of banks are lower level at 35.3%. Especially, investors' requirements for SMEs are the lowest, at 29.4%. These low rates are

completely understandable because the attraction of investment in SMEs is very rare. In addition, the lending to SMEs relies heavily on collateral under the banks standards.

This analysis results show a great contradiction between the practical application of SMEs and the judgment of experts about the compulsion in using of Accounting Law 2015. 100% of experts believe that SMEs applying accounting and tax regulations are due to compliance with Accounting Law 2015. They think that the improvement of Accounting Law 2015 has made it become the highest legal document in the accounting legal system. This law is the basis for accounting practice, thus understanding and complying with the law is unavailability for SMEs. However, as the analysis in section 5.2.2, only 62.8% of SMEs are applying this law. This rate is a big surprise because nearly one-third of surveyed SMEs are not aware of the Accounting Law. They do not catch about the contents of Accounting Law 2015 or they do not know the contents are belonging to this Accounting Law. Limited knowledge of the accountants and practices based on their habits are main causes besides many reasons mentioned in chapter 5. This is also a source of some problems in applying other regulations that will be mentioned in next sections.

**Table 6.5: The reasons for the application of accounting and tax**

Regulations	Observation	
	Frequency (Person)	Percent
1 The demand of SMEs	29	85.3
2 The compulsoriness of Accounting Law 2015	34	100.0
3 The requirement of tax administrations	33	97.1
4 The requirement of creditors/banks	12	35.3
5 The requirement of investors	10	29.4

*Source: Own survey (2017-2018)*

## 6.2.2 The weakness of accounting information

Regarding accounting information, experts give their opinions on three contents. The first is the authenticity of the FS and TR, which is made by SMEs. Second is the importance of each type of reports for SMEs. And finally is the purpose to prepare the FS and TR of SMEs. In other words, the last one is the influence degree of the FS and TR on SMEs' activities.

### 6.2.2.1 The reliability and the importance of FS and TR in SMEs

Table 6.6 shows the reliability and the importance of FS and TR by SMEs. 73.5% of outside sample believe that FS and TR made by SMEs do not reflect the real situation of SMEs' business activities. According to experts, these reports are mostly followed the intention of SMEs' managers and SMEs only use them to deal with local government agencies.

A policymaker said that:

*Because of interested in the tax payable, SMEs' FS and TR often are adjusted according to the subjective intention of the managers.*

A banker commented that:

*Depending on the purpose of using FS, SMEs prepare different financial statements, so these financial statements cannot reflect the real business situation of the enterprises.*

A lecturer and researcher said that:

*FS in SMEs often do not originally reflect the enterprise's operation because it is usually dependent on the sense of SMEs' owner in the law compliance and the efficiency in the enterprises management of State agencies.*

An auditor added that:

*Due to the low level of accountants' qualifications and the purpose of tax evasion of SMEs, the financial statements were not accurately prepared.*

These opinions also coincide with the comments of SMEs themselves about their FS. As the mentions in section 5.2.1, although SMEs do not confirm that their reports have been no reality but unused accounting information to make business decisions attested this problem.

However, 26.5% of experts still believe that SME's FS and TR reflect their financial situation. There are several reasons for this view. Firstly, the experts think that SMEs preparing the FS and TR must rely on their actual data. Secondly, the preparation and presentation of these reports have to comply with the relevant regulations. Finally, in principle, when the enterprises have presented their accounting information, they must be responsible for the legal agencies about the reliability of that information.

**Table 6.6: The reliability and the importance of financial statements and tax reports of SMEs**

The reliability	Observation		The importance	Observation	
	Frequency (Person)	Percent		Frequency (Person)	Percent
Reliability	9	26.5	Same	23	67.6
Un-reliability	25	73.5	FS more important	5	14.7
			TR more important	6	17.6
<b>Total</b>	<b>34</b>	<b>100</b>	<b>Total</b>	<b>34</b>	<b>100</b>

*Source: Own survey (2017-2018)*

Regarding the importance of FS and TR for SMEs, the majority of samples (67.6%) think that two reports are equally important. The reason is that each report serves a different purpose of the enterprises, even though they have a close relationship with each other. The data on FS are the basis for making TR. In most cases, the information on SMEs' FS and TR is the same. This comment is similar to the opinion of SMEs that presented in chapter 5. They also believe that when

making TR, they usually get business results from FS, especially in accounting profit is same as tax profit. In other words, the ultimate goal of SMEs is to make tax reports. According to Circular 133 - the guidelines on SMEs' accounting regime, one of the improvements of this Circular is the separation between tax and accounting. However, in the implementation of SMEs as well as the views of outside experts, the improvement doesn't seem to have happened yet.

17.6% of respondents said that TR is more important than FS in SMEs. According to these views, because SMEs do not use their accounting information to make business decisions and they often focus on complying with the tax regulations, thus they have to submit FS to implement the requirement of tax administration authorities. In addition, some bank staffs believe that, in the procedure of lending capital, to assess the financial capacity of SMEs, the banks often base on TR rather than unaudited FS because the reliability of the TR submitted is higher.

There are only 14.7% commented that FS are more important than TR in SMEs. According to them, FS reflect the business results of SMEs that are the foundation to make TR. However, they are evaluating these FS in case they have been audited. It is almost impossible for most SMEs.

#### ***6.2.2.2 The impact of accounting information in SMEs' activities***

Similar to the self-assessment of SMEs, the experts also gave their opinions about the impact of accounting information on FS and TR to five business activities of SMEs. About evaluation method, a Likert scale was used to measure the level of influence of accounting information on each business activity. The scale used five points. Point 1 is "no impact", Point 2 is "low impact", Point 3 is "medium impact", Point 4 is "high impact", and Point 5 is "very high impact". Table 6.7 illustrates the impact of accounting information on SMEs' activities.

As the finding, the effect of accounting information on decision making is still the lowest at 3.09 points in Likert scale. Meanwhile, the impact of accounting information for determining tax payable is at the highest level, reaching 4.24 points. According to the comment of the tax officers and auditors, the FS and TR are a basis for SMEs to determine the tax to be paid into the State budget. However, these reports are not final results of the tax payable and the business results of these enterprises. The end result is only available after tax finalization.

Regarding the purpose to get loans from banks, the surveyed results show that, FS and TR are compulsory part of the loan procedures under the banks' requirements. The impact of accounting information in this activity is high level at 3.91 points. However various banks have several lending standards, so the procedures for loan application are also different. For example, Vietnam Bank for Agriculture and Rural Development requires SMEs to submit FS and TRs (the copied version submitted to tax authorities) when borrowing money. In other cases, Vietnam Bank for Investment and Development requests that these FS must be audited. In contrast, some private banks such as Tienphong bank or VIP bank only require SMEs to submit FS that are self-made when borrowing money. It can be said that the different loan standards of the banks lead to various assessments of experts about the role of FS and TR in getting loans from banks.

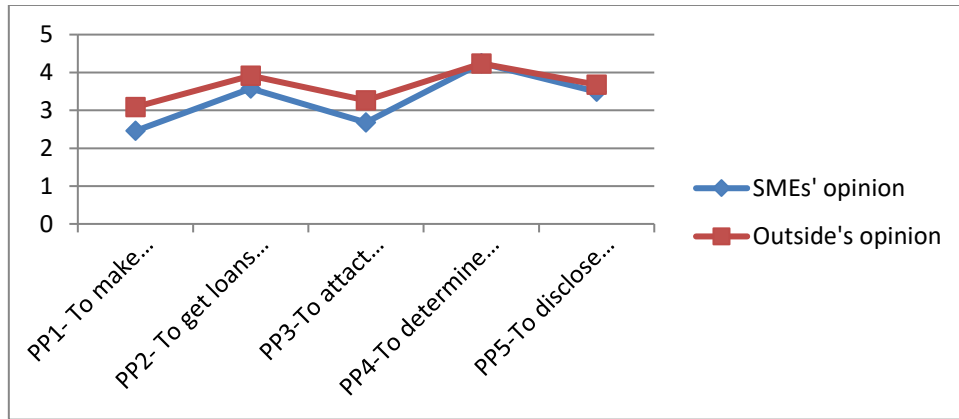
**Table 6.7: The impact of accounting information on SMEs' activities**

	<i>PP1- To make business decisions</i>	<i>PP2- To get loans from banks</i>	<i>PP3-To attract more investors</i>	<i>PP4-To determine tax payable</i>	<i>PP5-To disclose accounting information</i>
Mean	3.0882	3.9118	3.2647	4.2353	3.6765
Standard Error	0.1952	0.1708	0.1994	0.1583	0.2415
Median	3	4	3.5	4.5	4
Mode	4	4	4	5	4
Standard Deviation	1.1380	0.9960	1.1628	0.9231	1.4082
Minimum	1	1	1	2	1
Maximum	5	5	5	5	5
Sum	105	133	111	144	125
Count	34	34	34	34	34

*Source: Own survey (2017-2018)*

Figure 6.1 shows the trend of accounting information impact on SMEs' activities between the views of experts and SMEs. According to the analysis results, these two evaluation trends are similar although the average score of the accounting information effect to SMEs' activities under experts' view is higher than the self-assessment of SMEs by Likert scale.

The main reason for the differences between two views is the demand of SMEs' activities. For example, in attracting more investors, SMEs showed that most them would not like to attract outside investors (analyzed in chapter 5). They mainly follow the entities' model having one owner. Their capital is also suitable with enterprise's size. Therefore, the accounting information provided by them also does not focus to increase the reliability to attract the investment. Getting loans from banks is same situation. There are not too much SMEs that need to borrow from banks due to concerns about solvency and collateral security. Thus they have to find financial assistance from other sources. For enterprises that have ever borrowed money from banks, their FS and TR are judged enough reliable and have a high impact on the ability to obtain loans of them. Besides that, banks and investors think that they have the right to request SMEs to improve their accounting information if they want to invest or loans. However, it is difficult to control the authenticity of FS and TRs if they are not audited.



Source: Own survey (2017-2018)

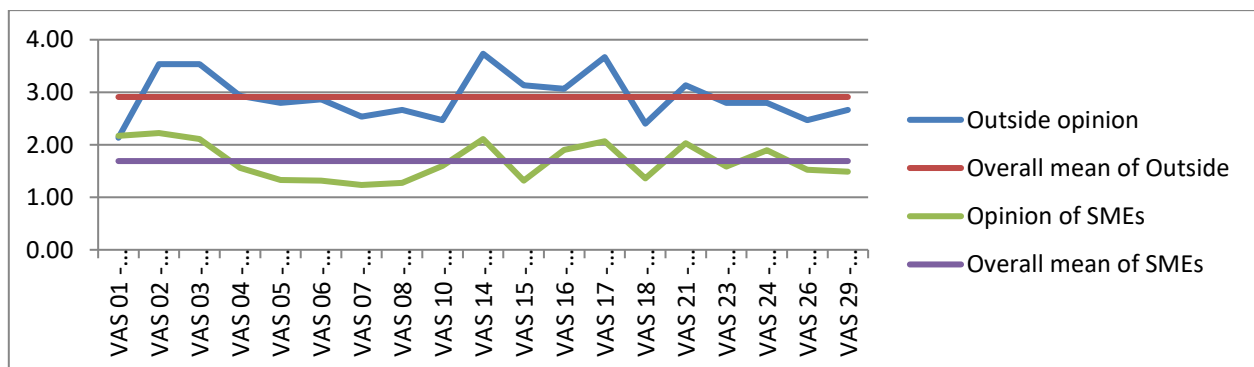
**Figure 6.1: Comparison of the views on the accounting information impact to SMEs' activities**

### 6.2.3 The application of accounting regulations in SMEs

In order to propose appropriate regulations on accounting and taxation for SMEs, besides the main recommendations from SMEs, the assessments and comments of experts on the application of these current regulations are necessary.

#### 6.2.3.1 The application of VASs in SMEs under external views

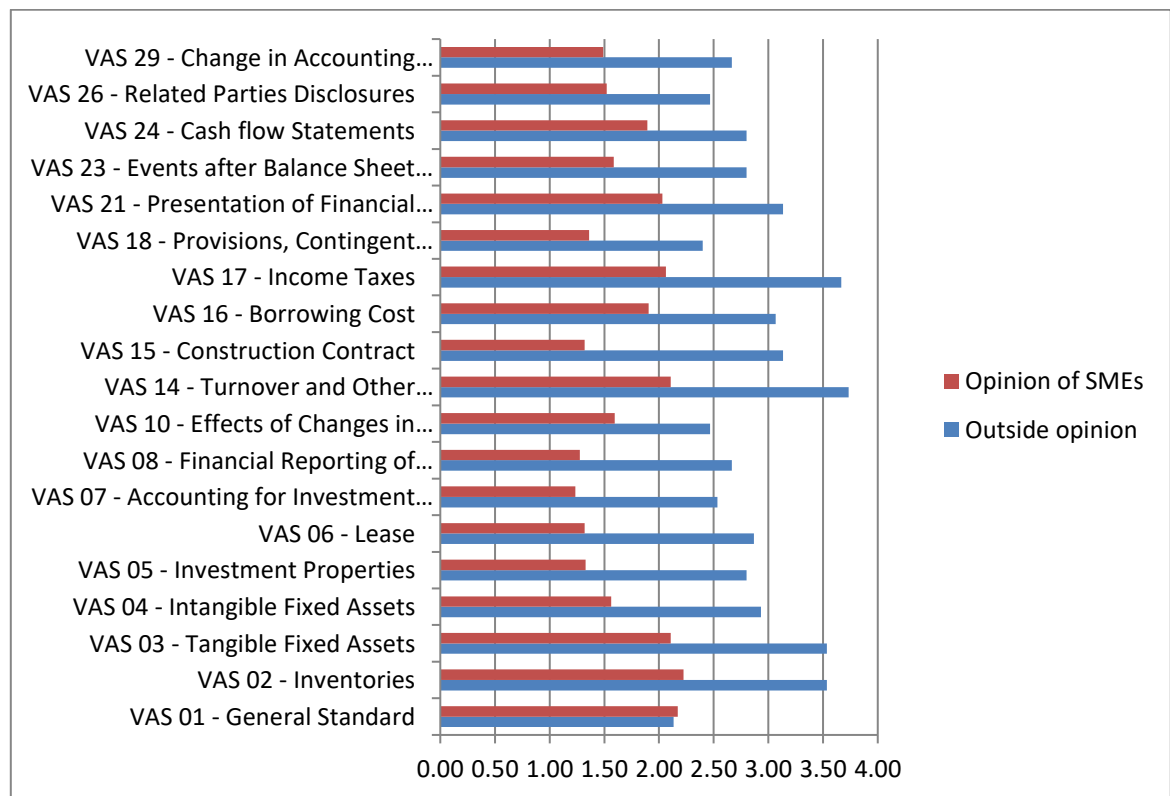
A real situation obtained after investigating SMEs is that they rarely apply VASs. As mentioned in section 5.2.3, there are 44.7% of SMEs have applied accounting standards while current accounting policy still requires all enterprises to apply. Figure 6.2 illustrates the trend of applying VASs under SMEs' opinions and expert's comments. The Likert scale similar to section 5.2.3 has been used for the experts assess the VASs application level in SMEs. Overall, there is a huge gap between the two opinions. According to SME, the overall average score for VASs application is 1.69 points on Likert scale, while experts thought that SMEs are applying VASs more frequently. Their average mark is 2.91 points.



Source: Own survey (2017-2018)

**Figure 6.2: The trend of applying VASs under two views of SMEs and experts**

Figure 6.3 presents the opinions of professionals in accounting and taxation on the application of each accounting standard by SMEs and compares them with the comments of SMEs about these contents. Blue bars are the outside views on the application of each VAS in SMEs. Red bars are the level of using them according to SMEs' self-assessment. Following the opinions of experts, all VASs are being applied by SMEs, however, the level of applying is high or low depending on the contents of each standard and business characteristics of SMEs. According to experts, VAS 02, VAS 03, VAS 14 and VAS 17 are the most applied standards. Their average score is greater than 3.5 points on the Likert scale. These points are meaning that these standards are applied regularly by SMEs. It is suitable with SME's opinions because SMEs said that some of VASs such as VAS 01, 02, 03, 14, 17 and 21 are used more than the others (as mentions in section 5.2.3). However, following external views, VAS 01 is the least applicable standard when only reaches 2.13 points. They said that SMEs apply the content of general standard in a little. In contrast to SMEs' responses, several standards are rarely applied by SMEs such as VAS 05, 06, 07, 08, 15, 18 (average score around 1.3 points) but according to outside views, they are applied by SMEs at medium level (average score around 2.5-3 points).



Source: Own survey (2017-2018)

**Figure 6.3: Applying level of VASs by SMEs**

There are many reasons for the difference in the assessment of the VASs application by the experts and the SMEs themselves. Firstly, they are professional in accounting and taxation, which

have high levels of education and good knowledge thus it is easier for them to catch the content of VASs in deep. They think that with these contents, SMEs are able to use VASs as the main guide in accounting regulations. Secondly, their evaluation about the SMEs' capacity may not accurate. Table 6.8 shows the view of outside about the difficulty or not in applying VASs by SMEs. 52.94 % of the sample said that SMEs had difficulty when applying VASs in their accounting practice. This opinion is usually belonging to lecturers, researchers, auditors and policy makers, who study VASs for long time and understand them in deeply. 35.29 % of respondents did not comment on this issue, while 11.76% said that SMEs had no difficulty in applying VASs. These views often belong to the group of bank officers and tax officers, who often use FS as the final result of accounting activities.

**Table 6.8: The view of outside on the application of VASs by SMEs**

<b>The difficulty of SMEs when using VASs</b>	<b>Frequency (Person)</b>	<b>Percent</b>
Yes	18	52.94
No	4	11.76
No answer	12	35.29
<b>Total</b>	<b>34</b>	<b>100</b>

*Source: Own survey (2017-2018)*

Experts believe that various causes are affecting the application of VASs in SMEs. Table 6.9 reviews the factors influencing on using VASs in SMEs. A Likert scale continues to be used so that experts estimate the impact level of each factor to apply VASs by SMEs.

The results show that there are four factors, which are the most influence in applying VASs by SMEs. They include (1) the education level of accountant; (2) the understandability of VASs; (3); understandability of guiding documents and (4) the experience of accountant. The average score of these factors revolves around 4 points, which means that the influence is much. According to experts, SMEs face difficulties in understanding VASs due to the weak capacity of their accountants. Besides that, SMEs' managers have not properly evaluated the role of accounting information, so they are not interested in applying VASs. In addition, VASs are provided in general and academic language, thus they are very difficult to understand compared to the knowledge level of accountants in SMEs. Moreover, these accountants are used to using detailed instructions like accounting regimes for a long time.

The second level impacts are the requirement of user using accounting information and the relationship between benefits and costs when SMEs apply VASs (average score of 3.5 points). According to external views, because of without the requirement of user using accounting information, SMEs did not apply VASs. In addition, it is difficult for SMEs to hire good accountants, who can apply accounting standards because they have to pay high salary for them while the benefits gained from the VASs application has not yet clearly. Besides, the frequency of



solving accounting activities related to VASs is also not much because the business operations of SMEs are often simple. Based on the Vietnamese accounting legal framework, VASs is put on in parallel with accounting regimes. SMEs' accountants are used to employing detailed instructions like accounting regimes for a long time, thus they often apply accounting regimes instead of applying VASs.

The requirements of banks and investors are the lowest impact on the application of VASs of SMEs (the average score is 3.03 points). As analyzed above, banks and investors are more interested in whether accounting information has been audited rather than the enterprise applied VASs or not.

**Table 6.9: The factors effecting on VASs application**

	Mean	Median	Mode	SD	Min	Max	Sum	Count
Experience of Accountant	3.912	4	4	0.753	3	5	133	34
Education level of accountant	4.176	4	4	0.673	3	5	142	34
Experience of the owner	3.147	3	2	1.019	2	5	107	34
Education level of the owner	3.382	3	4	0.954	2	5	115	34
Enterprise scale	3.441	3.5	4	0.705	2	5	117	34
Internal control	3.529	3.5	3	0.896	2	5	120	34
Integration of SMEs	3.118	3	3	0.913	1	5	106	34
Understandability of VASs	4.118	4	4	1.038	1	5	140	34
Understandability of guiding documents	4.000	4	4	1.015	1	5	136	34
The requirements of accounting information	3.676	4	4	0.976	2	5	125	34
The requirements of Auditing company	3.324	3	3	1.036	1	5	113	34
The requirements of creditors or investors	3.029	3	2	1.058	1	5	103	34
The requirements of local Gov officers	3.382	3.5	4	1.015	1	5	115	34
Cost for accounting software	3.088	3	3	0.965	1	5	105	34
Quality of accounting software	3.265	3	3	0.931	1	5	111	34
Cost-benefit relationship	3.529	4	4	0.929	1	5	120	34
Cost for high salary	3.559	4	4	0.746	1	4	121	34
Cost for update accounting policy	3.059	3	3	0.919	1	5	104	34
Benefits gained	3.353	3	3	0.734	1	5	114	34

*Source: Own survey (2017-2018)*

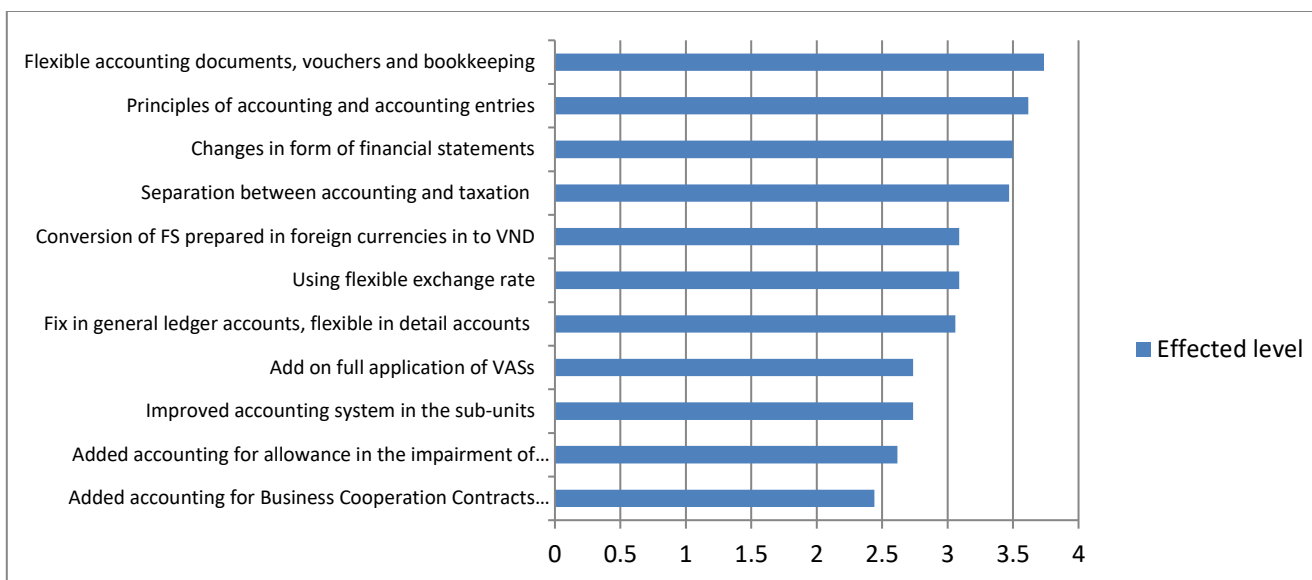
### **6.2.3.2 The necessity to apply accounting regime for SMEs**

There are two accounting regimes have been applied to enterprises in Vietnam. In which, a unique accounting regime is applying for SMEs is Circular 133. Circular 133 has been promulgated to replace old version (Decision 48) and has been effective from January 1st, 2018. As the SMEs' comments are presented in section 5.2.4.3, the majority of SMEs believe that the improvement of Circular 133 is only formal. All surveyed SMEs are not fully aware of all the changes compared to the old version. Not only that, several SMEs believe that this improvement reduces their satisfaction with the accounting regime and it is not needed.

In contrast, 94.12% of the experts said that these improvements were necessary for SMEs under current conditions. Circular 133 has reduced the mandatory regulations for SMEs, such as the cancellation fixed forms of voucher and accounting books. In addition, Circular133 also creates favorable conditions, increasing flexibility for SMEs by removing detailed instructions and making accounting principles. This new features also make the accounting regime closer to international practice. However, up to now, these improvements are making some difficulties for SMEs because they have been depended on detailed guides for a long time.

As mentioned in chapter 5, Circular 133 is concerned in eleven improvements. Surveyed SMEs are not fully aware of all changes and some of the external views are similar. However, based on their understanding about the content of Circular 133 and the current conditions of SMEs, the experts gave some comments about impact level of each improvement to SMEs' accounting practice (see in Figure 6.4).

In general, the improvement of Circular 133 to SMEs accounting activities is moderate under outside views. The overall average score is 3.01 points. In which, the changes to the flexibility of accounting documents, vouchers and accounting books are the greatest influences at 3.73 points in Likert scale. The keeping accounting principles and removing detailing accounting entries affect to SMEs accounting practice at the second level (gets 3.61 points). The least influential content is the supplementation of accounting for business cooperation contracts (average score is 2.44 points). Meanwhile, according to SMEs, the full application of VASs is the least influential content for them (average score is 1.96 points). In other words, SMEs said that they do not need to apply accounting standards, while the accounting professionals and policymakers thought that accounting standards still need to be applied in SMEs.



Source: Own survey (2017-2018)

**Figure 6.4: Influence of improvements by Circular 133 on SMEs' accounting activities**

## 6.2.4 Accounting for corporate income tax purpose

### 6.2.4.1 Taxation and tax regulations in SMEs

Regarding taxes that are affecting SMEs, Table 6.10 compares the interested level to each type of tax from two views of SMEs and the experts. Although there are different interest levels, but the evaluation trend of the two views is the same. Three types of taxes are the most concerned by SMEs are CIT, VAT and PIT. According to the experts, there are three reasons why these taxes are the top concern of SMEs. First, they are the most common taxes that SMEs have been incurred. All types of enterprises usually have to pay these three taxes. Second, they arises the most often. Every kind of economic activities lead to raise these three taxes. Finally, these taxes reduce the after-income tax of the enterprises and employees so SMEs in Vietnam always tend to declare incorrect tax payable on TRs to minimize tax payable.

Besides, experts believe that there are some taxes, which are very important for SMEs such as Export Tax, Special consumption tax, Environmental Protection Tax, and Resource tax but SMEs do not think so. This difference does not affect to accounting practice for tax purpose of SMEs because the externals' opinions based on their understanding on the business, the market and the trend of economy development. Meanwhile, SMEs give their opinions based on their business situation.

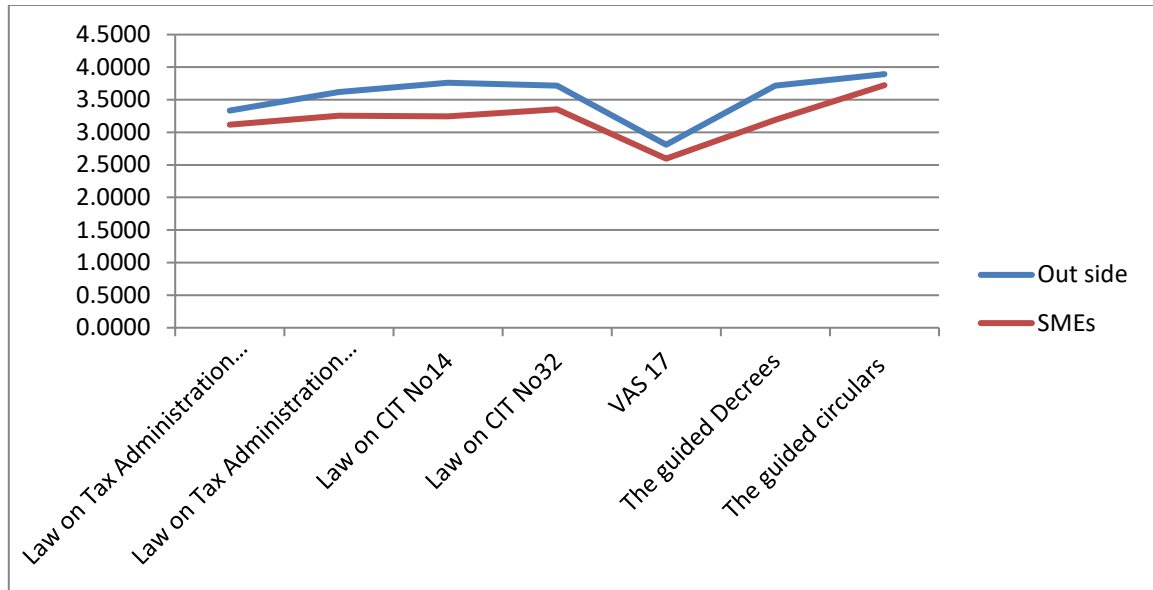
**Table 6.10: The most interested tax in SMEs**

The most interested tax in SMEs	Observation	
	SMEs	Out side
Corporate Income Tax (CIT)	97.87	100.00
Value Added Tax (VAT)	95.74	100.00
Personal Income Tax (PIT)	53.19	73.53
Business fees	19.15	23.53
Export Tax	6.38	32.35
Import Tax	24.47	17.65
Special consumption tax	1.06	11.76
Environmental Protection Tax	1.06	11.76
Resource tax	1.06	11.76

*Source: Own survey (2017-2018)*

About the tax regulations applied in SMEs, figure 6.15 illustrates the applying level of them accounting for CIT purpose under all of views. A Likert scale is used to estimate the degree of tax regulations influence. To assess the status of tax regulations application by SMEs, this question is not popularized to all outside sample. It only is used for the professionals, who are working in related fields such as tax administration officials, auditors, policymakers and some lecturers.

According to Figure 6.5, the experts provide higher levels of application of all regulations in comparison with SMEs' opinions. However, the trend of tax regulations' impact on SMEs' accounting activities is similar under both views. The regulations such as the Law on Tax Administration and the Law on CIT are often applied at an average level (mean score is around 3.5 points), while the Decrees and Circulars are used wider at around 4 points in Likert scale. Same as SMEs, experts also claim that VAS 17 is the least used among tax documents (average score is 2.8 points). The main reason is due to the understandability of regulations (as mentioned in section 5.3.3.1), in which VAS 17 is the most difficult for understand.



Source: Own survey (2017-2018)

**Figure 6.5: The applying level of tax regulations on CIT accounting**

#### **6.2.4.2 Accounting for corporate income tax in SMEs under external view**

##### **a. The determination of payable CIT**

Regarding the determination of payable CIT, Table 6.11 shows the ground of the determination CIT payable of SMEs under external view. All externals claim that the determination of payable CIT by SMEs is based on a combination of many factors, in which taxable profit and CIT policy is the most important factor (accounting for 82.35% of respondents). 64.71% of experts believe accounting profit is one of the main factors that SMEs rely on to calculate payable CIT. Besides, other subjective factors such as the owner's opinion, the chief accountant's opinion or the payable tax plan of SMEs also affect the determination of payable CIT. Experts have distinguished between accounting profits and taxable profits when evaluating these two factors differently. They also thought that there was a separation between financial accounting and accounting for tax purposes in SMEs. However, according to SMEs survey results that mentioned in chapter 5, accounting profits and taxable profits often coincide. In other words, in SMEs, financial accounting is usually based on accounting for tax purposes to make FS and TR.

**Table 6.11: The basis to determine CIT payable of SMEs**

Basis for determining CIT payable	Observation	
	Frequency	Percent
Based on the taxable profit and tax policy	28	82.35
Based on the business results (accounting profit)	22	64.71
Based on the owner's opinion	18	52.94
Based on the chief accountant's opinion	14	41.18
Based on the SMEs' plan	16	47.06
<b>Total sample</b>	<b>34</b>	

*Source: Own survey (2017-2018)*

**b. The content of CIT in SMEs**

Table 6.12 provides the opinions of experts about the content of CIT in SMEs. According to VAS 17, income tax expense is the aggregate amount of current income tax expense and deferred income tax expense that included in the determination of profit or loss for the period. As the surveyed result, 47.1% of sample believes that the CIT expense of SMEs is only the current CIT expense because of some reasons. Firstly, there is no deferred CIT because SMEs have not temporary difference. In order to delete temporary differences, SMEs often choose accounting policies that coincide with tax policies. For example, there are several ways of fixed asset depreciation policy under Circular 45 (2013) (MoF, 2013). However, SMEs usually chose the suitable way with tax policy to remove the temporary difference expense between accounting and taxation. Secondly, because business operations in SMEs are very simple or they are simplified by accountants, therefore there is no temporary difference. Finally, the content of deferred income tax expense is very complicated, so if it arises in SMEs, their accountants cannot understand and account, then they often avoid by simplifying the economic operations. This view is similar to the opinions of surveyed SMEs because 100% of SMEs said that they only have current CIT.

However, there are still 41.2% of outsiders believe that SMEs are fully applying VAS 17 because in these enterprises, income tax expense includes both current income tax expense and deferred income tax expense. They argue that the deferred income tax expense of SMEs arises from both types temporary difference. They are temporary difference in expense and temporary difference in revenue. However, temporary differences in expense occurs more due to the difference between tax policies and accounting policies of enterprises. They also believe that SMEs are fully complying with accounting and tax regulations. This view seems to be against the current status of accounting for CIT purpose in SMEs. It can be said that it is also the reason that policymakers require SMEs to fully apply VASs under Circular 133. In addition, 11.8% of experts cannot give the answers on this issue because they are not sure about the content of CIT and VAS 17.

**Table 6.12: Corporate income tax in SMEs**

The contents of CIT in surveyed SMEs	Observation	
	Frequency	Percent
Current & Deferred CIT	14	41.2
Only current CIT	16	47.1
No answer	4	11.8
<b>Total sample</b>	<b>34</b>	<b>100</b>

*Source: Own survey (2017-2018)*

Regarding permanent differences, most experts believe that SMEs are practicing in accordance with the guidelines of accounting regimes, VASs and tax policies. SMEs still maintain a permanent difference if they have, thus it makes different between accounting profits and taxable profits. In other words, there is a distinction between taxation and accounting as stipulated in Circular133. However, some other experts believe that SMEs often use fake vouchers to remove the permanent difference, so the accounting profit and taxable profit will be equal. Depending on the specific situations, SMEs have different behaviors with permanent differences.

Many experts have pointed out the mistakes of SMEs in CIT accounting practice. These infringements focus mainly on increasing expenses and reducing income to reduce taxes payable by many different ways. In addition, the main cause of these problems is due to the weak tax awareness of SMEs' owner, lack of strict regulations and non-compliance with the rules of accountants and managers.

### **c. The full application of VAS 17 in SMEs under Circular133**

One of the advancements of the accounting regime under Circular 133 compared with Decision 48 is the full application of VAS 17 on CIT in SMEs. After one year of applying Circular 133 in SMEs, experts have disputed the appropriateness and complication of these improved circulars, especially in entirely administering VAS 17 in SMEs. Accordingly, Table 6.13 presents the appropriateness and complication of the full application of VAS 17 in SMEs under Circular 133. In the results given in the table, 61.8% of interviewees indicated that this improvement was appropriate because it was based on the accounting principle and suitable to international accounting treaties. Thoroughly applying VAS 17 will helps SMEs reflect more accurately their tax obligations.

In contrast, 32.4% of experts believe that this content of Circular 133 is not appropriate. Notably, some experts agree that this is a policy makers' fault. They are a fewer number of specialists, who did not support this modifying the content of Circular 133. According to these experts' evidence, they have provided many strong arguments, which need to be considered. First of all, those specialists recognized that an increasing number of accounting standards to apply for SMEs have not only to make negative influences but also makes complex and challenging issues for SMEs. Further, SMEs have never performed deferred corporate income tax entries. Consequently, it would not be practical to apply for SMEs. Besides, all the accountants in SMEs

have reported business entries based on income tax regulations, instead of using accounting standards, by the reason that most of the employees in SMEs have not achieved to the high level of accounting expertise. As a result, it is challenging to apply VAS 17 in SMEs with the necessary level of knowledge for this issue. Finally, only 5.9% of specialists did not provide their opinions because they could not comprehend the content of reform.

For estimating the feasibility of full application of VAS 17 in SMEs, there are some indications from the experts. 47.1% of experts agree that it is intricate to apply VAS 17 in SMEs because their accounting staffs have limited level of knowledge and ability. Likewise, other specialists argued that specific guidance documents were lack and the content of accounting standards were ambiguous; hence, SMEs cannot fully apply VAS 17. Besides, they also indicated that VAS 17 is a rigorous standard because of many unaccustomed contents that SMEs in Vietnam have inexperienced. These opinions came from the groups both who have supported the full application of VASs and not supported. It means that those who argued the full implementation of VAS17 in SMEs also recognized difficulties in this application. However, to solve these complications, it is necessary to have many solutions from different views that will be discussed in next sections. By comparison, 38.2% of experts thought that SMEs would not have any difficulties with the enhanced content of Circular 133 because SMEs are not using VAS 17 and SMEs only are following accounting regimes and Income Tax Regulations. Furthermore, a policymaker argued that if SMEs are not applying fully VAS 17, it would lead to less practicality and the uselessness of Circular 133. While other experts believed that SMEs could apply VAS17, however, VAS 17 is not a mandatory regulation. Hence, accountants would not like to administer VAS 17. In addition, nearly 14.7% of interviewers did not provide their opinions on this problem.

**Table 6.13: The appropriateness of the VAS 17 full application under Circular133**

The appropriateness of the VAS 17 full application under Circular133	Observation		The difficulty of the VAS 17 full application in SMEs	Observation	
	Frequency	Percent		Frequency	Percent
Appropriate	21	61.8	Difficult	12	35.3
			Non-difficult	6	17.6
			No answer	3	8.8
Non-appropriate	11	32.4	Difficult	4	11.8
			Non-difficult	7	20.6
			No answer	0	0
No answer	2	5.9	No answer	2	5.9
<b>Total sample</b>	<b>34</b>	<b>100</b>	<b>Total sample</b>	<b>34</b>	<b>100</b>

*Source: Own survey (2017-2018)*

### 6.3 RECOMMENDATION OF TARGET OUTSIDE SMES



### 6.3.1. Accounting standards system for SMEs

The views of experts on the application of accounting standards for SMEs and a system of accounting standards appropriate to SMEs are shown in Table 6.14. Wherein, more than 79% of answers claim that SMEs in Vietnam need to apply accounting standards. They believe that a suitable system of accounting standards for SMEs will help these enterprises easily implement it. It also helps the enterprises make accounting information transparent and ensure that the accounting information can be comparable. Since then, it can create conditions for SMEs to attract investment, to expand their scale and to integrate into the international market. In contrast, 20.6% of experts say that with SMEs in Vietnam, an accounting regime is sufficient for guidelines on their accounting practices. They argue that small-scale businesses have limited knowledge of the accountants and simple economic operations, thus it is not necessary to apply accounting standards in Vietnamese SMEs.

In the group voting for the application of an accounting standards system in SMEs, 66.7% of respondents said that this system should be specific accounting standards only for SMEs. The accounting standards for Vietnam's SMEs must ensure compliance with their characteristics, for example: explicit content; non-academic words; easy understanding and associating with SMEs' operations. In addition, the accounting standards for SMEs should be consulted and complied with the international accounting standards for SMEs to match the integration trend.

Meanwhile, 25.9% of experts said that MoF should maintain the current VASs and require SMEs to apply fully. It seems that this opinion is not suitable for practice because the results of analysis in chapters 5 and 6 show that the policy's inability to require SMEs to apply VASs fully. Only 7.4% said that it should apply international accounting standards for SMEs for Vietnamese SMEs. These ideas may not seem feasible when the characteristics of Vietnamese SMEs and other countries in the world are very different.

**Table 6.14: The opinions of experts about accounting standard system for SMEs**

The application accounting standards in SMEs	Observation		The applicable accounting standards for SMEs	Observation	
	Frequency	Percent		Frequency	Percent
Yes	27	79.4	Unique accounting standards for SMEs (*)	18	66.7
			Full current VASs for SMEs (*)	7	25.9
			International Accounting standards for SMEs (*)	2	7.4
No	7	20.6			
<b>Total sample</b>	<b>34</b>	<b>100</b>	<b>Total sample</b>	<b>27</b>	<b>100</b>

Note: (\*) calculation bases on total applied accounting standard answers.

Source: Own survey (2017-2018)

### 6.3.2 A unique accounting regime for SMEs needs to be promulgated

In parallel with the requirement to apply separate accounting standards, experts believe that an accounting regime is still essential for SMEs in the current conditions. Table 6.15 shows the views of experts on the content of the accounting regime that should be applied in SMEs. Most comments (equivalent to 67.6% of the sample) said that MoF should separate accounting regimes, one for large and medium enterprises and another for small and micro-enterprises. Because the demand for accounting information that is provided by large enterprises and small enterprises is different, thus the accounting practice needs to be guided by different regimes. These separate accounting regimes should be based on a common foundation of Accounting Law 2015 and specific accounting standards. The new accounting regime for SMEs needs to be improved compared to Circular133 on some inappropriate contents for SMEs, such as to remove the application of some VASs or accounting treatment for Business Cooperation Contracts.

In contrast, 32.4% of experts said that there is no need for a separate accounting regime. The MoF only needs to issue a general accounting regime to ensure the content consistency. Each type of enterprises depending on their characteristics can apply the general regime to suit the size of their enterprises. This common regime will be based on Accounting Law 2015, International Accounting Standards and Vietnamese Accounting Standards.

**Table 6.15: The external views about accounting regime for SMEs**

The application accounting regime in SMEs	Observation	
	Frequency	Percent
Separate accounting regimes	23	67.6
Combined into one accounting regime	11	32.4
<b>Total sample</b>	<b>34</b>	<b>100</b>

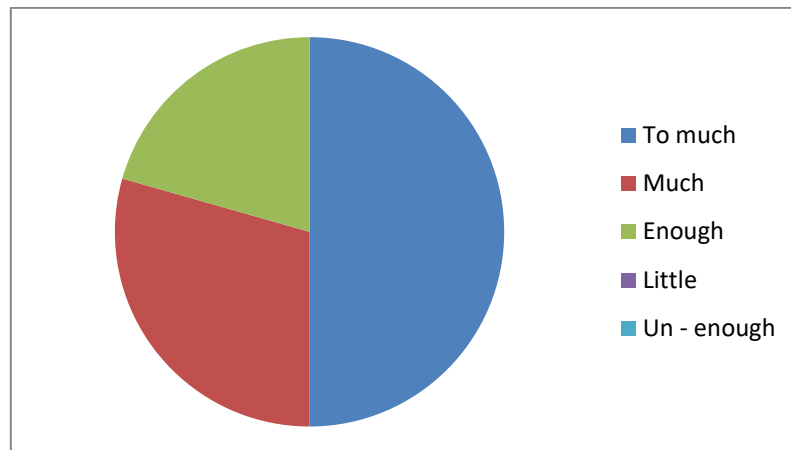
*Source: Own survey (2017-2018)*

### 6.3.3 Unified and sustainable tax regulations

Figure 6.6 presents the experts' opinions on the number of tax regulations applied in Vietnamese enterprises. There are 50% of comments suggest that the total of tax regulations is too much. The tax documents are continually promulgated. The content of tax regulations sometimes overlaps. Later versions often modify or supplement a specific content of the previous version, so SMEs are difficult to follow and very confused when applying. Therefore, to facilitate SMEs to implement and comply with tax laws, experts believe that tax regulations need to be improved. Tax policy reform should pay attention to the compatibility with the characteristics of SMEs and international tax commitments in the integration process of Vietnam. The issued tax documents should agree on the content and reduce the quantity. Tax policies need to be maintained in long-

term to attract the investment of enterprises. In addition, the majority of experts said that the current CIT rate is appropriate with SMEs. However, a few others believe that the CIT rate should be reduced to help SMEs increase their competitiveness.

About the working methods of tax administration agencies, the survey results showed that the tax inspection or finalization and audit have a positive impact on the accounting practice of SMEs. That means, the more inspected SMEs are, the less repetitive errors they have. However, with the total of enterprises and the number of tax administration officer now, regular tax finalizations are extremely difficult. Therefore, experts believe that tax administration agencies need to increase the detailed and timely guidance for SMEs to avoid errors in their accounting practices.



*Source: Own survey (2017-2018)*

**Figure 6.6: The number of tax ragulations**

In short summary, most experts believe that the accounting practice of SMEs is often simplified. SMEs usually pay more attention to tax policies and accounting regimes rather than comply with VASs. The causes of these problems include the characteristics of SMEs; the human resources of SMEs (managers and accountants) and the concordance of accounting and tax regulations. Some recommendations have been suggested by experts. However, to consider the feasibility of these policies, it is necessary to combine with the proposals of SMEs. This content will be mentioned in chapter 7.

## **Chapter 7: CONCLUSIONS**

Beginning with document analysis, the historical and developing process of accounting and taxation systems was reviewed to identify the research questions. Then based on these questions, the hypotheses (H1-H5) were issued to define the key areas for sample survey. Through the interviews by research questionnaires, the study successfully collected data with 128 answers in total during the period of 2017-2018. After data processing and analysis, the views from both inside and outside of SMEs bring a complete picture of accounting regulations and accounting practices for SMEs in Vietnam. Some key findings as follow.

### **7.1 FINDINGS**

#### **7.1.1. Important role of accounting regimes in SMEs**

In general, the legal regulations on accounting for SMEs in Vietnam have some similarities compared with other countries in the world under the goal of providing useful information and the trend of international accounting convergence. The accounting regulation system in Vietnam has three levels. The highest level is the Accounting Law, promulgated by the VNA. Accounting Law 2015 is the newest version, which has several improvements and is applied to all economic entities. The second level includes VASs and two accounting regimes, issued by the Ministry of Finance. In which, Circular 133 is a unique accounting regime for SMEs. The third level is the accounting guidance, which comprises many documents and is issued regularly by local government.

Accounting regimes play a significant role in regulating Vietnamese accounting practices instead of the Accounting Law or Vietnamese Accounting Standards. Whereas the government expectation is full implementation of VASs, there remain non-conformists, especially SMEs. Moreover, the fair-value still has not been fully utilized by enterprises as a requirement of Accounting Law 2015. To maintain the legislation, accounting practitioners tend to obey the accounting regimes that directly control and fit their accounting works rather than other accounting regulations.

Some factors influence the selection of an accounting regime to apply in SMEs. Many SMEs believed that the option to apply accounting regimes depended on their business sectors and the habits of accountants. Although Vietnamese government (in particular the MoF) based on the size of the enterprises to guide the application of accounting, SMEs believe that their scale is not the most important factor to decide an accounting regime for applying. Several SMEs said that their accounting practices are better when applying accounting systems to general enterprises. In SMEs view, it is not necessary to have a separate accounting regime for SMEs.

#### **7.1.2 Accounting practice following tax purpose in SMEs**

There are different purposes for accounting information. Most enterprises that participated in the survey used accounting information for tax office or local government agencies as their main goals. Accounting recognition and measurement are often based on tax regulations. Most FS were adjusted

for tax purposes under the owners or chief accountants' opinions before submission. Thus, accounting information provided by SMEs often does not strongly reflect business reality, and it does not accurately reflect organization performance. Then, an enormous of SMEs cannot use their accounting information to make business decisions. Two accounting book systems (tax declaration and internal management) were maintained by 95.7% of SMEs.

As a consequence of inconsistent regulation, the local government officers focus on payable tax amounts rather than other financial statement information. Their attention is to encourage businesses to become tax compliant, and they strictly adjust accounting numbers via the Taxation Law. Therefore, most SMEs tend to supply insufficient accounting information, which is not transparent and not compliant with other laws (Law on Bidding and Credit Institutions, etc.).

### **7.1.3. Limited knowledge of accounting staffs**

The current accounting system includes two streams of businesses based on size (i.e., BigCos and SMEs). However, the size of the enterprise is not the most important factor for choosing accounting policy. The accounting knowledge of staffs and managers is the biggest influence on measuring and recognizing business transactions in Vietnam. However, low academic knowledge and lacking fitness for integration are common in most enterprises. Many accounting practitioners have good knowledge of taxation and bookkeeping, but their work is governed strongly by the opinions of their directors. Unfortunately, in the views of most of those directors, accounting adjustments are designed to comply with tax laws at minimum number as much as possible, instead of supporting the true nature of business transactions. This is why many surveyed enterprises have to pay extra fees for tax punishment.

Many enterprises select an accounting regime to fit their situation depending on the abilities of their accounting staff. In SMEs surveyed, almost accounting staffs do bookkeeping and are not compelled to increase their academic knowledge.

### **7.1.4. The low level in tax compliance of SMEs' owners**

Although accounting activities in SMEs tend to be controlled by tax purposes, however, the tax compliance of the taxpayers is often low.

SMEs are usually established by an individual. All activities of SMEs are always deeply dominated by business owners' opinions, including tax compliance. Meanwhile, most of the owners tend to avoid taxes or to evade tax because they think that tax payable reduces their equity. Therefore, the accounting practice of SMEs is often distorted according to the tax purpose proposed by the enterprises' owner. However, the directors' level of awareness is very different between medium enterprises and small, or micro-enterprises. Thus, the compliance with accounting policies and taxes of these entities is also different.

The low level of SMEs' tax compliance also brings down the income of the State budget, reduces the competitiveness of SMEs in the market and decrease the reliability of investors.

Vietnamese government sets up some solutions to prevent tax avoidance and tax evasion by SMEs. To rectify the wrong behavior of SMEs in the accounting practice and in the determination tax payable, the tax administration authorities usually organize the tax finalizations every year in SMEs. However, these activities are not enough with an enormous number of SMEs and a few tax officers. The knowledge and the tax compliance of SMEs' owner are vital problems that need to be improved.

#### **7.1.5 Nonconformity of VAS 17 with SMEs accounting**

Although there are no separate accounting standards for SMEs, Vietnam has also considered limiting the scope of application of VASs for SMEs. One of the improvements of Circular 133 compared with Decision 48 is the full application of 19 VASs for SMEs, including VAS 17. Under the survey results, this improvement seems to be unreasonable and to makes it more difficult for SMEs if they comply with the circular because SMEs' business is very simple, while the full content of VAS 17 is to meet the complex content of large enterprises. Moreover, the limitation of accountants' knowledge is also an obstacle in applying VAS 17. They are only familiar with rule-based in accounting regimes and guiding documents rather than principle-based presented in accounting standards. In fact, the accounting practice of SMEs is not governed by many VASs, including VAS 17 as required by Circular 133. Only a few VASs are meaningful to SMEs. In other words, the contents of Circular 133 requiring to full apply 19 VASs need to be further improved to suit the actual conditions of SMEs in Vietnam.

#### **7.1.6 The considerable gap between expert judgment and SMEs' awareness**

There is an enormous gap between the current situation of SMEs and the experts' opinions about the accounting practice and accounting regulation applied by SMEs. As analyzed in Chapter 5, production and business activities of SMEs are often less complex. Most of their employees, especially accountants, often have a low and unprofessional level of awareness because of many reasons. In which, the salary to attract good employees is a prominent issue. SMEs often have the management characteristics of family businesses. Every business activity usually depends on the behavior of an individual who is the SMEs' owner. Under the above reasons, compliance with the laws in general and accounting regulations in particular of SMEs is still low.

However, a serious problem is that policymakers do not seem to correctly assess this situation of SMEs. According to the survey results that were analyzed in Chapter 6, all indicators of SMEs such as the accountant qualifications, the tax compliance, the application of accounting and tax regulations in SMEs are appreciated under experts' views. Their assessments often are higher several levels in Likert scale compared to SMEs self-assessment. It is the main reason for the promulgation of policies, which is not associated with reality. The regulations are regularly updated and supplemented to compensate for the irrational points. The overlap of documents makes it difficult for implementers.

In order to have sustainable and suitable legal regulations for SMEs, it is necessary to have a harmonious combination of the strategic vision of experts, the correct assessment of the SMEs' situation and the improved capacity of SMEs themselves.

## **7.2 RECOMMENDATIONS**

Based on the findings, the study offers some recommendations for improvement of current situation as follows.

### **7.2.1 Capacity building of the managers and the accounting staffs of SMEs**

Following the primary data in chapters 5 and 6, the knowledge of both accounting staffs and managers about the compliance of accounting and tax policies usually is at a low level. Therefore, it is necessary to change the thinking of SMEs' owner and to improve the capacity of their accountants. Changing the perception of SMEs' owners about the role of accounting information will impact the full application of accounting principles and standards in SMEs' accounting practice. The managers need to change their opinions about the vital purpose of the FS. The financial statements not only provide accounting information for the determination of the tax payable and disclosures the information with government agencies but also present the status of the enterprises' financial situation. The owners need to understand the significant role of the transparency of accounting information. In other words, compliance with accounting policies and tax ones will bring many good opportunities for SMEs in bank loans, attract investment and expand their business combination.

In addition, SMEs should pay attention in training to improve the capacity of their accountants. SMEs need to have some motivation policies for their employees, especially accountants. For example, SMEs facilitate accounting staff in studying to improve their qualifications and to update new regulations continuously.

About the education, the changing in the contents of accounting training is required in the undergraduate program. As the survey results, most of the accountants in SMEs have a bachelor's degree in accounting. However, they are currently working as bookkeepers, not real accountants. Therefore, accounting education in the universities and colleges in Vietnam needs to change from focusing on accounting books to accounting principles. Training institutions need to develop accounting training strategies for international accounting convergence. In which, the training program must spend an appropriate amount of time for accounting training for SMEs because of their vital role in Vietnam economy today as well as in the long term. Besides that, the ability to use English and professionalism of accounting staff also need to be improved.

Domestic and foreign professional organizations operating in Vietnam need to expand the program to update knowledge about accounting practices for different types of businesses, especially SMEs through regular training programs. These courses will enhance practical skills, professionalism and professional judgment ability for accountants as required by accounting standards.

### **7.2.2 Simple accounting regulations system for small and microenterprises**

Accounting practitioners in SMEs are influenced by accounting regimes, in which accounting rules for guiding implementation are often specific and detailed. Thus, the concepts and contents are presented in the Accounting Law and VASs have not been applied much to the accounting activities in Vietnam. According to the survey results, most experts and enterprises believe that a separate accounting regime for small enterprises and micro-enterprises is necessary. The reform of accounting regime for SMEs under Circular 133 has met the majority of the requirements such as providing information to stakeholders and the necessary macroeconomic control of State, excepted for some unreasonable points. However, under small enterprises and microenterprises' opinions, they need a simple and understandable accounting regime that is vital to clear and detailed instructions. The accounting contents relating to economic operations that occur regularly in small enterprises and microenterprises should be specifically instructed. It will help the accounting staff easily complies with the rules. In addition, this regime also does not need to require the application of accounting standards, which is more suitable to them. Besides that, the system of accounting regulations needs to have consistency when regulating the same content. The concepts and terms need to strictly comply with Accounting Law 2015 because it is the highest legal document in the accounting legal framework in Vietnam. In particular, the issuance of in-depth guidance on accounting for tax purposes is necessary because the accounting information on SMEs' financial statements is usually disclosed for tax purposes. Improving some unreasonable points of Circular 133 will be an optimal solution in the current conditions because this regime is familiarity with SMEs.

With medium enterprises and small enterprises that are doing multi-sector business, the government and MoF should empower them in actively choosing accounting policies to apply. It is more suitable for them because these enterprises will have a high level of knowledge and a trend to expand their business. A lot of them would like to apply accounting standards for SMEs to be able to provide transparency and comparable accounting information. It is one of the bases for them to attract investment and to open integration with other enterprises in the World. In some cases, if they cannot apply accounting standards for SMEs, they still use an accounting regime as other SMEs.

### **7.2.3 Gradually issued accounting standards for SMEs**

In the trend of integration and convergence with international accounting taking place on the global, Vietnamese accounting regulations also need to change. As the findings, both experts and SMEs believe that an accounting standard system for SMEs should become more appropriate than current regulations. However, the application of all International Accounting Standards (IFRS /IAS) in general or International Financial Reporting Standards for SMEs (IFRS for SMEs) in particular in Vietnam is not feasible due to the difference in the environment of politics, legal, business, culture, and education. Therefore, the development of accounting standards for Vietnamese SMEs under the contents of IFRS for SMEs will be an optimal solution in current



conditions in Vietnam. In order to build an accounting standard system for SMEs to deeply fit the operational characteristics of Vietnamese SMEs and to gradually approach IFRS for SMEs, the process must be some preparation steps including:

Firstly, it is necessary to develop a system of specific standards for SMEs under choosing some main contents from IFRS for SMEs. This system must ensure very simple content, easy to understand, easy to apply, and suitable to the operation situation of SMEs in Vietnam in the current period. This way will be the fastest, the most cost-effective and the most suitable method for a developing country like Vietnam. A new system of the accounting standard for SMEs will facilitate access to IFRS for SMEs in the basic contents and the characteristic of SMEs in Vietnam.

Second, MoF needs to give the right of option for SMEs to select accounting regulation to apply. They can choose the new accounting standards or continue to comply with the accounting regime for SMEs. Getting benefits when applying accounting standards for SMEs will be a significant motivation for SMEs to take initiative in implementing these standards.

Last but not least, besides government reforms, SME managers need to pay more attention to the quality of the accounting information. In terms of economic integration, accounting information not only meets the management requirements for the enterprise itself but it also serves extensively for many related subjects in the national as well as international. Therefore, the application of accounting standards is necessary. However, if the enterprises themselves determine their position as a "closed business", it means that they do not have the demand to expand their business, to attract investors and to borrow money, they can select compliance with accounting regime is sufficient. In addition, creating conditions for accountants to update their knowledge and improve their professional qualifications is important for the implementation of accounting work as required by the promulgated accounting standards. The qualifications and understanding of accountants on the accounting standards applied to SMEs will be an important basis to ensure that the accounting information compiled and presented meets the requirements of accounting standards.

### **7.3. FURTHER CONSIDERATIONS**

Besides adding an academic reference to research worldwide, the study analyzed the real situation of accounting practices and the factors affecting the implementation and compliance with United National Industrial Development Organization 17 by SMEs. Although the primary data presented the evidence of some influencing factors to accounting practice and accounting for corporate income tax purpose by SMEs, it may be quite defective to conclude that the findings of this study are correct for SMEs in Vietnam. Because the questions collected through the network are the author's personal relationships, the responses received come mainly from SMEs in Hanoi, Thai Binh and Cao Bang, which the northern provinces of Vietnam. It is possible that the survey results will not generalize to all Vietnamese SMEs, especially for SMEs located in other provinces. Thus, further studies could be conducted for SMEs and extend the geographic locations to ascertain whether the findings of this study generalize to all Vietnamese SMEs. Further research in the same

topic also should be conducted soon, especially in the level of influence by each factor in depth. To complement the findings of this dissertation, further research in the same topic could also be undertaken, especially in the level of influence by each factor in depth. Again, the uses of both quantitative and qualitative methods are appropriate and will lead to a better understanding of the relevance of accounting regulations in emerging economies like Vietnam.

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## **APPENDIX**

### Annex 1: The level of applied VASs in surveyed SMEs

Name of VASs	Mean	Standard Error	Median	Mode	Standard Deviation	Sample Variance	Kurtosis	Skewness	Range	Minimum	Maximum	Sum	Count
<i>VAS 01 - General Standard</i>	2.1702	0.1341	1.5	1	1.3004	1.6911	-1.2132	0.5157	4	1	5	204	94
<i>VAS 02 - Inventories</i>	2.2234	0.1428	1	1	1.3847	1.9173	-1.4478	0.4819	4	1	5	209	94
<i>VAS 03 - Tangible Fixed Assets</i>	2.1064	0.1314	1.5	1	1.2740	1.6230	-1.1327	0.6255	4	1	5	198	94
<i>VAS 04 - Intangible Fixed Assets</i>	1.5638	0.1054	1	1	1.0219	1.0443	1.7193	1.7078	4	1	5	147	94
<i>VAS 05 - Investment Properties</i>	1.3298	0.0834	1	1	0.8084	0.6535	9.1353	2.9426	4	1	5	125	94
<i>VAS 06 - Lease</i>	1.3191	0.0803	1	1	0.7789	0.6067	7.4094	2.7180	4	1	5	124	94
<i>VAS 07 - Accounting for Investment in Associates</i>	1.2340	0.0594	1	1	0.5760	0.3317	7.4746	2.7102	3	1	4	116	94
<i>VAS 08 - Financial Reporting of Interest in Joint Ventures</i>	1.2766	0.0683	1	1	0.6624	0.4388	6.2717	2.5758	3	1	4	120	94
<i>VAS 10 - Effects of Changes in Foreign Exchange Rate</i>	1.5957	0.1175	1	1	1.1389	1.2972	1.7157	1.7439	4	1	5	150	94
<i>VAS 14 - Turnover and Other Incomes</i>	2.1064	0.1423	1	1	1.3793	1.9025	-0.9168	0.7595	4	1	5	198	94
<i>VAS 15 - Construction Contract</i>	1.3191	0.0713	1	1	0.6912	0.4777	4.6684	2.2764	3	1	4	124	94
<i>VAS 16 - Borrowing Cost</i>	1.9043	0.1220	1	1	1.1829	1.3993	-0.7458	0.8659	4	1	5	179	94
<i>VAS 17 - Income Taxes</i>	2.0638	0.1385	1	1	1.3425	1.8023	-0.8167	0.8077	4	1	5	194	94



<i>VAS 18 - Provisions, Contingent Assets and Liabilities</i>	1.3617	0.0826	1	1	0.8012	0.6420	5.9591	2.4514	4	1	5	128	94
<i>VAS 21 - Presentation of Financial Statements</i>	2.0319	0.1340	1	1	1.2989	1.6871	-1.0940	0.7218	4	1	5	191	94
<i>VAS 23 - Events after Balance Sheet date</i>	1.5851	0.1063	1	1	1.0308	1.0626	0.3175	1.3913	3	1	4	149	94
<i>VAS 24 - Cash flow Statements</i>	1.8936	0.1314	1	1	1.2740	1.6230	-0.5134	1.0005	4	1	5	178	94
<i>VAS 26 - Related Parties Disclosures</i>	1.5213	0.0989	1	1	0.9586	0.9189	1.8595	1.6968	4	1	5	143	94
<i>VAS 29 - Change in Accounting Policies, Accounting Estimates and Errors</i>	1.4894	0.1023	1	1	0.9918	0.9838	2.4836	1.9217	4	1	5	140	94

## Annex 2: The level of applied VASs in surveyed SMEs

<b>Factors</b>	<b>Mean</b>	<b>Median</b>	<b>Mode</b>	<b>SD</b>	<b>Min</b>	<b>Max</b>	<b>Sum</b>	<b>Count</b>
<i>21 F1 The requirement of MoF and local Gov</i>	3.80	4	4	0.78	2	5	357	94
<i>21 F2 The requirements of accounting reports</i>	3.46	3.5	4	0.77	1	5	325	94
<i>21 F3 The habits of accountant</i>	3.48	4	4	0.71	2	5	327	94
<i>21 F4 The education level of accountant</i>	3.79	4	4	0.69	2	5	356	94
<i>24 F5 The experience of accountant</i>	3.84	4	4	0.66	2	5	361	94
<i>21 F6 Education level of SMEs' owner</i>	2.80	3	3	1.30	1	5	263	94
<i>21 F7 Scale of SME</i>	3.24	3	3	0.81	1	5	305	94
<i>21 F8 Integration of SMEs</i>	2.73	3	3	0.82	1	5	257	94
<i>21 F9 Accounting software</i>	3.38	3	3	0.80	1	5	318	94
<i>21 F10 Understandability of Accounting regime</i>	3.47	3	3	0.77	2	5	326	94
<i>21 F11 Understandability of documents guiding</i>	3.59	4	3	0.74	2	5	337	94
<i>21 F12 Internal control</i>	2.72	3	3	1.07	1	5	256	94
<i>21 F13 Auditor</i>	2.50	3	3	1.07	1	5	235	94

**Annex 3: The tax legislation affecting accounting for CIT purpose  
in surveyed SMEs**

	50 F1 Law on Tax Administration No 78	50 F2 Law on Tax Administration No 21	50 F3 Law on CIT No14	50 F4 Law on CIT No32	50 F5 VAS 17	50 F6 The guided Decreets	50 F7 The guided circulars
Mean	3.1170	3.2553	3.2447	3.3511	2.5957	3.1915	3.7234
Standard Error	0.0798	0.0692	0.0767	0.0705	0.1094	0.0664	0.0649
Median	3	3	3	3	3	3	4
Mode	3	3	3	3	3	3	4
Standard Deviation	0.7740	0.6710	0.7432	0.6832	1.0607	0.6439	0.6291
Sample Variance	0.5991	0.4502	0.5524	0.4668	1.1251	0.4146	0.3958
Kurtosis	0.7132	0.5820	0.9633	0.9109	-0.9580	0.9768	0.5517
Skewness	-0.3485	-0.3505	-0.2699	-0.1650	-0.1739	-0.1979	-0.5060
Range	4	4	4	4	4	4	3
Minimum	1	1	1	1	1	1	2
Maximum	5	5	5	5	5	5	5
Sum	293	306	305	315	244	300	350
Count	94	94	94	94	94	94	94

## Annex 4: Questionnaire – Type 1

### PHIẾU PHỎNG VẤN SỐ 1 – QUESTIONNAIRE No 1

(Dành cho cán bộ quản lý/kế toán doanh nghiệp - applying for manager or accountant in SMEs)

Toàn bộ thông tin được cung cấp dưới đây để phục vụ nghiên cứu khoa học, không sử dụng cho bất cứ mục đích nào khác. Xin chân thành cảm ơn Ông/Bà đã cung cấp thông tin

The information which is provided below only use for scientific research, do not apply for any other purposes. Thank you so much for your supporting.

#### PHẦN 1- THÔNG TIN CHUNG (Part 1: General information)

##### Câu 1- Question 1 (Q1)

1.1 Tên Doanh nghiệp (DN) được phỏng vấn (Name of organization): .....

1.2 Địa chỉ (Address): .....

1.3 Số điện thoại/ email của DN (telephone number or email address of organization): .....

1.4 Tên người được phỏng vấn (Name of interviewee)<sup>(1)</sup>: .....

1.5 Chức vụ, vị trí công việc /position:

1.5.1. Quản lý/Manager

1.5.2. Kế toán/Accountant

1.6 Số năm kinh nghiệm trong vị trí công tác / Experiences on your position: .....năm (years)

##### Câu 2-Q2: Loại hình đơn vị đăng ký kinh doanh/Type of organization?

2.1. Công ty TNHH 1 thành viên/Limited liability company (1 owner)

2.2. Công ty TNHH có từ 2 thành viên trở lên/Limited liability company has 2 or more owners)

2.3. DN tư nhân/Private enterprise

2.4. Công ty Cổ phần/Join stock company

2.5. Khác/Others (please give more detail):.....

##### Câu 3-Q3: Lĩnh vực kinh doanh của DN là gì? What is your organization in the below categories?

3a.1. Sản xuất /Manufacture  3a.2. Thương mại/Commerce

3a.3. Dịch vụ/Service  3a.4. Kinh doanh tổng hợp (Multi sectors)

##### Câu 4-Q4: DN đã được thành lập trong thời gian bao lâu? How long has your company been established? .....năm/years

##### Câu 5-Q5: Đặc điểm của DN/ Characteristics of your enterprise?

5.1 Mức vốn ghi trên Đăng ký kinh doanh của DN? What is level of the equity which is recorded in Certificate of Business registration? .....tỷ đồng/ billion VND

5.2 Số lượng lao động của DN? How many people are working in your enterprise? .....người/persons

Trong đó/Include:

Lao động trực tiếp/Direct labor: .....người/persons

Lao động gián tiếp/ Indirect labor: .....người/persons

**Câu 6-Q6: DN có xây dựng bộ máy kiểm soát nội bộ hay không/which internal controls do your enterprise has?**

6.1. Không /No

6.2. Có/Yes. Đó là/That are:

Kiểm toán nội bộ/ Internal audit

Kiểm soát nội bộ độc lập/ Independent internal control

Khác/Others (detail.....)

## **PHẦN 2- THÔNG TIN CHUYÊN MÔN (Part 2: Specific information)**

### **2.1 Đánh giá công tác kế toán tài chính (information about Financial Accounting)**

**Câu 7-Q7: Hình thức tổ chức bộ máy kế toán của DN? What is kind of accounting organization in your enterprise?**

7.1. DN tự tổ chức công tác kế toán/Your enterprise organizing the accounting activities by yourself

*7.1.1 Hình thức tổ chức công tác kế toán của DN? What is kind of accounting activities in your enterprise?*

7.1.1.1 Tập trung/ Concentrate

7.1.1.2 Phân tán/ Dispersal

7.1.1.3 Vừa tập trung vừa phân tán/ Combine Concentrate and Dispersal

*7.1.2 Số nhân viên kế toán của DN? How many accountants are there in your enterprise?.....người/persons*

*7.1.3 Trình độ kế toán của DN? What is level of accountant's education in your enterprise?*

7.1.3.1 Cao đẳng, trung cấp kế toán (college, Intermediate): .....người/persons

7.1.3.2 Đại học (Under graduated): .....người/persons.

7.1.3.3 Trên đại học (Graduated): .....người/persons.

*7.1.4 Nội dung công việc kế toán của DN? What is content of accounting work on your enterprise?(có thể chọn nhiều đáp án/please choose multiple answers)*

7.1.4.1 Ghi sổ kế toán, Lập báo cáo tài chính, báo cáo quản trị, báo cáo thuế và các báo cáo khác liên quan để cung cấp thông tin cho Chủ doanh nghiệp, cơ quan Thuế, Ngân hàng, Cơ quan Thống kê, Sở kế hoạch đầu tư (Bookkeeping, make financial statements, report on accounting and taxation. They are supplied for the owners, Tax Department, Bank, Statistic Office, Department of Investment and Plan).

7.1.4.2 Chỉ ghi sổ kế toán của đơn vị, cung cấp thông tin cho nhà quản lý. Sử dụng dịch vụ kế toán để làm báo cáo tài chính, báo cáo thuế và các báo cáo khác. (Work as accountant, supply real information for the owners. Use accounting services to make financial reports, tax reports)

7.1.5 Tại sao DN của ông/bà lại chọn tổ chức công tác kế toán theo hình thức này/Why your enterprise chose this kind of accounting organization?(có thể chọn nhiều đáp án/please choose multiple answers)

- 7.1.5.1 Vì yêu cầu quản lý của DN (Your enterprise's managing requirements)
- 7.1.5.2 Vì muốn thông tin kế toán phản ánh hoạt động của DN được cập nhật liên tục (Usually update accounting information on inventory, expense, income...)
- 7.1.5.3 Tiết kiệm chi phí (Save expense)
- 7.1.5.4 Vì tin vào trình độ kế toán của DN (have professional accountants)
- 7.1.5.5 Vì không muốn lệ thuộc vào đơn vị cung cấp dịch vụ (Not dependent on the service provider)
- 7.1.5.6 Tuân thủ Luật Kế toán 2015 (Comply with Accounting Law 2015)

7.1.6 DN áp dụng công nghệ tin học trong kế toán không? (Does your enterprise use accounting software?)

- 7.1.6.1 Không/ No
- 7.1.6.2 Có/Yes

7.1.6.2.1 Đó là phần mềm gì/What is your accounting software's name?.....

7.1.6.2.2 Phần mềm đó có đáp ứng được các yêu cầu trong công tác kế toán của DN hay không/ how does the software satisfy your enterprise's requirements in accounting?

- Có/yes
- Không/No

Tại sao/why?.....

7.1.7 Tại DN của ông/bà, kế toán thường sử dụng tài liệu hướng dẫn dưới dạng nào sau đây/what are materials supporting for accountants?(có thể lựa chọn nhiều đáp án/multiple choice answers)

- 7.1.7.1 Sách/Text book
- 7.1.7.2 Phần mềm/Software
- 7.1.7.3 Tài liệu trên internet/Documents on the internet
- 7.1.7.4 Khác/Others (details.....)

**-> Chuyển đến câu 8/ Move to Q8**

[ ] 7.2. Thuê ngoài dịch vụ kế toán (DVKT)/ Your enterprise uses accounting services.

7.2.1 Đối tượng thuê ngoài của DN? Which is kind of servicer?

- 7.2.1.1 Công ty dịch vụ kế toán, kiểm toán của Việt nam/ A Vietnamese company of Accounting/Auditing service)
- 7.2.1.2 Cá nhân / (A professional accountant/auditor)
- 7.2.1.3 Khác/ Others (Please give more detail information.....)

7.2.2 *Phí dịch vụ thuê ngoài? How much does accounting service cost?*

..... triệu đồng/tháng (billion VND per month)

7.2.4 *Nội dung dịch vụ kế toán thuê ngoài/What is content of accounting services?(có thể chọn nhiều đáp án/please choose multiple answers)*

○ 7.2.4.1 Làm báo cáo tài chính, báo cáo thuế và các báo cáo khác liên quan đến Thuế, Ngân hàng, Cơ quan thống kê, Sở kế hoạch đầu tư (make financial statements and tax report)

○ 7.2.4.2 Ghi sổ kế toán, cung cấp thông tin cho nhà quản lý (Bookeeping, work as accountant, supply information for managers)

○ 7.2.4.3 Cả 2 phương án trên (All of above answers)

○ 7.2.4.4 Khác/ Others (Please give more detail information.....)

7.2.5 *Tại sao DN của Ông/Bà lại chọn thuê dịch vụ kế toán/ Why did your enterprise choose accounting services when organize accounting?(có thể chọn nhiều đáp án/please choose multiple answers)*

○ 7.2.5.1 Vì chi phí thấp hơn tự tổ chức BMKT (Cost of accounting service is low)

○ 7.2.5.2 Vì không có kế toán giỏi (Do not have professional accountants)

○ 7.2.5.3 Vì không nắm chắc các căn cứ quy định liên quan đến kế toán và thuế (Do not know exactly about accounting regulations and taxation)

○ 7.2.5.4 Vì không muốn bị phạt liên quan đến thuế (do not want to be fined for taxation)

○ 7.2.5.5 Khác/ Others (Please give more detail information.....)

**Chuyển đến câu 8/ Move to Q8**

**Câu 8-Q8: Công tác kế toán của DN đang dựa trên những căn cứ pháp lý nào dưới đây? which accounting legal frameworks do your enterprise have to comply?**

Luật Kế toán số 88/2015/QH13 (Law on Accounting No 88/2015/QH13)

Chuẩn mực kế toán của Việt nam (Vietnamese Accounting standards)

Chế độ kế toán theo Thông tư 200/2014/TT-BTC (Circular 200/2014/TT-BTC)

Chế độ kế toán theo Thông tư 133/2016/TT-BTC (Circular 133/2016/TT-BTC)

Các văn bản hướng dẫn khác/ Other regulations (ghi chi tiết/detail.....)

**Câu 9-Q9: Tại sao DN lại lựa chọn áp dụng Chế độ kế toán theo Thông tư này? Why did your enterprise choose to apply accounting regime in this Circular? (Có thể chọn nhiều đáp án/Multiple choices)**

Do DN đăng ký từ khi thành lập/ Due to enterprises registered since establishment

Do thói quen của kế toán/ Due to the accountants' habits

Do cơ quan Thuế tư vấn/ Due to the tax agency advisory

Do Chế độ kế toán quy định/ Due to the accounting system regulations

Do phần mềm kế toán/ Due to accounting software

Lý do khác/Others .....

**Câu 10-Q10: Những Báo cáo tài chính (BCTC) mà DN của ông/bà phải nộp là gì? thời gian nộp những loại báo cáo này?/ What kinds of financial statements that your enterprise have to submit? When do you submit?**

	<b>Yearly</b>	<b>Quarterly</b>
<input type="checkbox"/> 10.1 Balance Sheet (Form B 01 - DN)	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 10.2 Income statement (Form B 02 - DN)	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 10.3 Cash flow statement (Form B 03 - DN)	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 10.4 Financial Statement Explanation (Form No B09-DN)	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 10.5 Financial Statement (Form B01a - DNN or B01b - DNN)	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 10.6 Income statement (Form B 02 - DNN)	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 10.7 Cash flow statement (Form B 03 - DNN)	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 10.8 Financial Statement Explanation (Form No B09-DNN)	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 10.9 Account Balance Sheet	<input type="checkbox"/>	<input type="checkbox"/>

**Câu 11-Q11: Đối tượng sử dụng thông tin kế toán do DN cung cấp/ Who are users of your enterprise's accounting information?**

- 11.1 Chủ doanh nghiệp và quản lý doanh nghiệp/Owner and manager of your enterprise
- 11.2 Phòng hoặc Sở Tài chính/Financial agency
- 11.3 Cơ quan Quản lý thuế/Tax office
- 11.4 Cơ quan Thống kê/Statistics Agency
- 11.5 Sở kế hoạch đầu tư/Business Registration Office
- 11.6 Ngân hàng/Bank
- 11.7 Nhà đầu tư/Investors
- 11.8 Khác/others (detail.....)

**Câu 12-Q12: Với DN của ông/bà, Chế độ kế toán đang áp dụng có ưu điểm gì? Tại sao?/ With your enterprise, what are the advantages of the accounting regime? Why?**

.....

**Câu 13-Q13: Với DN của ông/bà, Chế độ kế toán đang áp dụng có nhược điểm gì? Tại sao/ with your enterprise, what are the disadvantages of the accounting regime? Why?**

.....



**Câu 14-Q14: Ông/bà hãy cho biết mức độ ảnh hưởng của thông tin trên BCTC và BCT với những hoạt động sau của DN/ Please indicate the impact of information on the financial statements and tax report to following activities of your enterprise?**

- 1: Không ảnh hưởng/ no impact      2: Ít ảnh hưởng/ low impact  
 3: Ảnh hưởng ở mức trung bình/ medium impact  
 4: Ảnh hưởng nhiều/ high impact      5: Ảnh hưởng rất nhiều/ very high impact

Nội dung hoạt động (Activities)	Không ảnh hưởng (1)	Ít ảnh hưởng (2)	Ảnh hưởng ở mức TB (3)	Ảnh hưởng nhiều (3)	Ảnh hưởng rất nhiều (5)	Lý do tại sao lại ảnh hưởng ở mức độ như vậy? (Why)
Ra quyết định trong sản xuất kinh doanh/ To make a decision production and business						
Vay vốn ngân hàng/ To get loans from banks						
Thu hút các nhà đầu tư/ To attract investors						
Xác định thuế phải nộp/ To determine the tax payable						
Khai báo thông tin với các cơ quan có liên quan/ To declare information to local Government agencies						

**Câu 15-Q15: Ông/bà cho biết những nội dung chính của Chế độ kế toán đang áp dụng vào công tác kế toán của DN phù hợp ở mức độ nào?/ What is level of suitability of accounting regime's content in your enterprise?**

- 1: Không phù hợp/ no suitability      2: Ít phù hợp/ low suitability  
 3: Phù hợp ở mức trung bình/ medium suitability  
 4: Phù hợp ở mức cao/ high suitability      5: Phù hợp ở mức cao / very high suitability

Yếu tố (Factors)	Không phù hợp (1)	Ít phù hợp (2)	Phù hợp ở mức TB (3)	Phù hợp (4)	Rất phù hợp (5)	Lý do tại sao lại phù hợp ở mức độ như vậy? (Why)
Hệ thống tài khoản (General ledger accounts)						
Biểu mẫu Báo cáo tài chính (Financial statements)						
Hướng dẫn hạch toán tổng hợp và chi tiết (Comprehensive and detailed of accounting guidance)						
Hướng dẫn về chứng từ và sổ kế toán (Instructions on vouchers and accounting books)						

19 CMKT bắt buộc DN NVV thực hiện (The mandatory 19 VASs implementation)						
07 CMKT không phải thực hiện (07 VASs are not implemented)						

**Câu 16-Q16: Các yếu tố sau đây ảnh hưởng như thế nào đến việc vận dụng Chế độ kế toán (đang áp dụng) vào công tác kế toán trong DN của ông/bà/ How do these factors affect on your enterprise applying the accounting regime in accounting?**

1: Không ảnh hưởng/No impact    2: Ít ảnh hưởng/ Little impact

3: Ảnh hưởng ở mức trung bình/Impact at medium level

4: Ảnh hưởng nhiều/ Impact at high level    5: Ảnh hưởng rất nhiều/ Impact at very high level

Yếu tố (Factors)	Không ảnh hưởng (1)	Ít ảnh hưởng (2)	Ảnh hưởng ở mức TB (3)	Ảnh hưởng nhiều (3)	Ảnh hưởng rất nhiều (5)	Lý do tại sao lại ảnh hưởng ở mức độ như vậy? (Why)
Quy định của Bộ Tài chính (Ministry of Finance's Requirement)						
Yêu cầu của các cơ quan chức năng như Thuế, Sở KHĐT, Thống kê (Requirements of Tax Department, Financial Agency, Static Office)						
Thói quen của Kế toán viên (Accountant's habits)						
Trình độ của kế toán viên (Level of accountant' knowledge )						
Kinh nghiệm của kế toán viên (Experiment of Accountant)						
Phần mềm kế toán (Accounting software)						
Yêu cầu của các báo cáo kế toán (Requirements of accounting reports)						
Trình độ của chủ doanh nghiệp (Level of owner, manager's knowledge)						
Quy mô của doanh nghiệp (Enterprise scale)						
Hội nhập của DN với khu vực và quốc tế (Integration of your enterprise with regional and international)						
Tính dễ hiểu của chế độ (Understandability of Accounting regime)						
Các văn bản hướng dẫn đầy đủ, dễ hiểu (Regulations guiding)						
Chế độ kiểm soát nội bộ của DN (Internal control)						
Kiểm toán viên (Auditor)						
Khác (Others, detail.....)						

**Câu 17-Q17: Ông/bà cho biết những điểm khác biệt của Chế độ kế toán theo Thông tư 133/2016 và Quyết định 48/2006/ Do you know the difference between Circular 133/2016 and Decision 48/2006?**

**17.1 Không biết vì DN không áp dụng Thông tư 133/ No answer because the enterprise does not apply Circular 133 (move to Q24)**

**17.2 Không có sự khác biệt/ No differences**

Tại sao/Why (please give more detail.....)

**17.3 Có sự khác biệt/ Yes**

**17.3.1 Nội dung chính của những thay đổi/ what is the main content of the changes? (Chọn nhiều nội dung/ Can choose multiple choices)**

- Bổ sung thêm CMKT bắt buộc áp dụng (lên 19 CM) / Add on full application of VASs
- Sử dụng linh hoạt đơn vị tiền tệ trong kế toán/ using exchange rate
- Thay đổi trong sử dụng tỷ giá hạch toán/ Conversion of FS prepared in foreign currencies in to Vietnamese Dong
- Chỉ quy định nguyên tắc kế toán, không hướng dẫn chi tiết các bút toán định khoản, các DN chỉ cần hạch toán đúng nguyên tắc kế toán/ Principles of accounting and accounting entries
- Chủ yếu quy định đến Tài khoản cấp 1, DN có thể đăng ký mở TK cấp 2,3 theo nhu cầu/ Fix with general ledger accounts, flexible with detail accounts
- Thay đổi về báo cáo tài chính/ Changes in financial statements
- Dỡ bỏ tính bắt buộc với chứng từ và sổ kế toán/ Flexibility in accounting documentations, vouchers and bookkeeping.
- Tách biệt Kế toán và Thuế/ Separation between accounting and taxation
- Quy định mới về tổ chức hạch toán tại các đơn vị hạch toán phụ thuộc/ Accounting system in the sub-units without legal status (as “dependent accounting units”)
- Bổ sung kế toán giao dịch Hợp đồng hợp tác kinh doanh/ Accounting for Business Cooperation Contracts (BCC)
- Bổ sung thêm các khoản mục tài sản cần lập dự phòng tổn thất/ New items required to make allowance for the impairment of assets.
- Tất cả các phương án trên/ All above answers.
- Nội dung khác/others (details.....).

**17.3.2. Những thay đổi của TT 133/2016 ảnh hưởng đến công tác kế toán của DN của Ông/Bà ở mức độ như thế nào/ How are these changes affecting on your accounting work?**

- Không ảnh hưởng/No Impact. Tại sao/ Why?.....
- Ít ảnh hưởng/ Little Impact. Tại sao/Why?.....
- Ảnh hưởng ở mức trung bình/Impact at medium level. Tại sao/Why?.....
- Ảnh hưởng nhiều/ Impact at high level. Tại sao/Why?.....
- Ảnh hưởng rất nhiều/ Impact at very high level. Tại sao/Why?.....

**Câu 18-Q18: Theo ông/bà, DNNVV có cần thiết phải có chế độ kế toán riêng không/ In your opinion, do SMEs need to have their own accounting regime?**

**Có/Yes**

Chế độ kế toán cho DNNVV nên được xây dựng như thế nào (so với Thông tư 133 hiện đang áp dụng)/How should the accounting regime for SMEs be developed (compared to Circular 133 currently in use)?

- Về CMKT áp dụng/Regarding the applied accounting standards.....
- Về hệ thống tài khoản/ Regarding chart of account: .....
- Về nguyên tắc hạch toán/ Regarding Principles of accounting: .....
- Về phương pháp tính giá/ Regarding the method of the price calculating: .....
- Về báo cáo tài chính/ Regarding the financial statement : .....
- Về biểu mẫu sổ kế toán và chứng từ/ Regarding forms of accounting books and vouchers: .....
- Khác/others: .....

**Không/No**

Tại sao không cần chế độ kế toán riêng cho DNNVV/ Why does not need separate accounting regime for SMEs?.....

**Câu 19-Q19: Ông/bà cho biết Luật Kế toán số 88/2015/QH13 quy định những nội dung gì liên quan đến DN của ông/bà (What are contents of Accounting Law No 88/2015/QH13 influencing to your enterprise? (Kể tên ít nhất 5 nội dung/Details at least 5 contents)?**

.....  
.....  
.....

**Câu 20-Q20: Các yếu tố sau đây ảnh hưởng như thế nào đến việc vận dụng Luật kế toán trong DN của ông/bà (How do these factors affect your enterprise applying Law on Accounting?)**

- 1: Không ảnh hưởng/No Impact    2: Ít ảnh hưởng/ Little Impact  
 3: Ảnh hưởng ở mức trung bình/Impact at medium level  
 4: Ảnh hưởng nhiều/ Impact at high level    5: Ảnh hưởng rất nhiều/ Impact at very high level

<b>Yếu tố (Factors)</b>	<i>Không ảnh hưởng</i>	<i>Ít ảnh hưởng</i>	<i>Ảnh hưởng ở mức TB</i>	<i>Ảnh hưởng nhiều</i>	<i>Ảnh hưởng rất nhiều</i>	<b>Lý do tại sao lại ảnh hưởng ở mức độ như vậy? (Why is it so influential)</b>
Yêu cầu của các cơ quan chức năng như Thuế, Sở KHĐT, cơ quan Thống kê...(Requirements of Tax Department, Financial Agency, Static Office)						
Yêu cầu của các báo cáo kế toán (Requirements of accounting reports)						
Trình độ của chủ doanh nghiệp (Level of knowledge of owner, manager)						
Quy mô của doanh nghiệp (Enterprise scale)						
Hội nhập của DN với khu vực và quốc tế (Integration of your enterprise with regional and international)						
Tính dễ hiểu của văn bản Luật (Understandability of Law on Accounting)						
Các văn bản hướng dẫn thực hiện (Regulations guiding)						
Kinh nghiệm của kế toán viên (Experiment of Accountant)						
Trình độ của kế toán viên (Level of knowledge of accountant)						
Chế độ kiểm soát nội bộ của DN (Internal control)						
Kiểm toán viên (Auditor)						
Phần mềm kế toán (Accounting software)						
Khác (Others, detail.....)						

**Câu 21-Q21: Theo ông/bà, Luật Kế toán số 88/2015/QH13 có nội dung nào cần sửa đổi cho phù hợp với sự phát triển của các DN/ According to you, which contents of Accounting Law 88/2015 / QH13 need to be amended to suit the development of enterprises?**

.....

**Câu 22-Q22: DN của ông/bà có áp dụng CMKT không? Do your enterprise apply VASs?**

[ ]: Có/Yes

[ ]: Không/No Tại sao không/Why not?.....

**Câu 23-Q23: Những CMKT nào sau đây được áp dụng ở DN của bạn và mức độ áp dụng/ How are VASs applied in your enterprises's financial accounting?**

1: Không vận dụng/Donot applies 2: Ít Vận dụng /applying inadequate

3: Vận dụng ở mức trung bình/ Moderate applied.

4: Vận dụng nhiều/ Applied on a regular basis

5: Vận dụng rất nhiều/ Applied very often

Legal framework	Không vận dụng	Ít Vận dụng	Vận dụng ở mức trung bình	Vận dụng nhiều	Vận dụng rất nhiều	Lý do tại sao vận dụng ở mức độ như vậy? (Why applied at such the level)
Chuẩn mực chung/ VAS 01- General framework						
CMKT số 02-Hàng tồn kho/ VAS 02- Inventories						
CMKT số 03- TSCĐ hữu hình/ VAS 03- Tangible Fixed Assets						
CMKT số 04 – TSCĐ vô hình/ VAS 04 - Intangible Fixed Assets						
CMKT số 05 – Bất động sản đầu tư/ VAS 05- Investment Properties						
CMKT số 06 – Thuê tài sản/ VAS 06 – Lease						
CMKT số 07 – Kế toán các khoản đầu tư vào công ty liên kết/ VAS 07- Accounting for Investment in Associates						
CMKT số 08 - Thông tin tài chính về những khoản vốn góp LD/ VAS 08- Financial Reporting of Interest in Joint Ventures						
CMKT số 10 - Ảnh hưởng của việc thay đổi tỷ giá hối đoái/ VAS 10 - Effects of Changes in Foreign Exchange Rate						
CMKT số 14 – Doanh thu và thu nhập khác/ VAS 16 - Turnover and Other Incomes						
CMKT số 15 – Hợp đồng xây dựng/ VAS 15 - Construction Contract						

CMKT số 16 – Chi phí đi vay/ VAS 16 - Borrowing Cost						
CMKT số 17 – Thuế TNDN/ VAS 17 - Income Taxes						
CMKT số 18 - Các khoản dự phòng, tài sản và nợ tiềm tàng/ VAS 18 - Provisions, Contingent Assets and Liabilities						
CMKT số 21 – Trình bày BCTC/ VAS 21 - Presentation of Financial Statements						
CMKT số 23 - Các sự kiện phát sinh sau ngày kết thúc kỳ kế toán năm/ VAS 23- Events after Balance Sheet date						
CMKT số 24 – Báo cáo lưu chuyển tiền tệ/VAS 24 - Cash flow Statements						
CMKT số 26 – Thông tin về các bên liên quan/ VAS 26 - Related Parties Disclosures						
CMKT số 29 - Thay đổi chính sách kế toán, ước tính kế toán và các sai sót/ VAS 29 - Change in Accounting Policies, Accounting Estimates and Errors						

**Câu 24-Q24: Trong DN của ông/bà, CMKT nào dễ áp dụng nhất/ Which accounting standards are easiest to apply? Tại sao/ Why?**

.....

**Câu 25-Q25: Trong DN của ông/bà, CMKT nào khó áp dụng nhất? Tại sao?/ Which accounting standards are the most difficult to apply?**

.....

**Câu 26-Q26: Tại DN của ông/bà, việc vận dụng CMKT VN vào công tác kế toán gặp những khó khăn gì?(What are the difficulties when applying VASs in your enterprise?) Nguyên nhân của những khó khăn đó?(What are the causes of these difficulties?)**

Những khó khăn khi vận dụng CMKT (The difficulties when applying VASs)	Nguyên nhân (The reasons)
1.	
2.	
3.	
4.	
5.	

**Câu 27-Q27: Các yếu tố sau đây ảnh hưởng như thế nào đến việc vận dụng chuẩn mực kế toán trong DN của ông/bà/ How do these factors affect your enterprise applying VAS in accounting?**

1: Không ảnh hưởng/No Impact    2: Ít ảnh hưởng/ Little Impact

3: Ảnh hưởng ở mức trung bình/Impact at medium level

4: Ảnh hưởng nhiều/ Impact at high level    5: Ảnh hưởng rất nhiều/ Impact at very high level

<b>Yếu tố (Factors)</b>	<i>Không ảnh hưởng (1)</i>	<i>Ít ảnh hưởng (2)</i>	<i>Ảnh hưởng ở mức TB (3)</i>	<i>Ảnh hưởng nhiều (4)</i>	<i>Ảnh hưởng rất nhiều (5)</i>	<b>Lý do tại sao lại ảnh hưởng ở mức độ như vậy? (Why is it so influential)</b>
Kinh nghiệm của kế toán viên (Experiment of Accountant)						
Trình độ của kế toán viên (Level of knowledge of accountant)						
Trình độ của chủ doanh nghiệp (Level of knowledge of owner, manager)						
Quy mô của doanh nghiệp (Enterprise scale)						
Hội nhập của DN với khu vực và quốc tế (Integration of your enterprise with regional and international)						
Tính dễ hiểu của chuẩn mực (Understandability of VASs)						
Các văn bản hướng dẫn thực hiện chuẩn mực (Regulations guiding)						
Chế độ kiểm soát nội bộ của DN (Internal control)						
Kiểm toán viên (Auditor)						
Yêu cầu về thông tin của các báo cáo kế toán (Information requirements of accounting reports)						
Yêu cầu thực hiện của các cơ quan chức năng như Thuế, Sở KHĐT, Thống kê...(Requirements to apply VAS of Tax Department, Financial Agency, Static Office)						
Phần mềm kế toán (Accounting software)						
Lợi ích-chi phí khi áp dụng (Cost-benefit relationship)						
Khác (Others, detail.....)						

**Câu 28-Q28: Theo ông/bà, DNNVV có cần phải áp dụng CMKE không? (In your opinion, Do SMEs need to apply VASs?)**

28.1 Không/No

Tại sao/Why (Ghi rõ lý do/ please give more detail.....)

28.2 Có/Yes



- Tại sao/Why (Ghi rõ lý do/ please give more detail.....)
- Nên áp dụng như thế nào/ Should we apply?
  - Ban hành CMKT riêng cho phù hợp đặc điểm DNNVV và thông lệ quốc tế/ To issue separate accounting standards suitable to the characteristics of SMEs and international practices.
  - Dùng chung các CMKT với DN lớn, cắt bỏ những chuẩn mực không liên quan, những nội dung không phù hợp/ to use VASs and cut the benchmark irrelevant, inappropriate content
  - Khác/ Others:.....

**2.2 Đánh giá công tác kế toán thuế và xác định chi phí thuế TNDN của (information about Tax Accounting and determination corporate income tax)**

**Câu 29-Q29: DN của Ông/Bà phải nộp những loại thuế nào?What kind of tax do your enterprise have to pay?**

- 29.1 Lệ phí môn bài/Business tax
- 29.2 Thuế Giá trị gia tăng (GTGT)/ Value Added Tax (VAT)
- 29.3 Thuế Thu nhập doanh nghiệp (TNDN)/ Corporate Income Tax (CIT)
- 29.4 Thuế Xuất khẩu/ Export Tax
- 29.5 Thuế Nhập khẩu/ Import Tax
- 29.6 Thuế Tiêu thụ đặc biệt/ Special consumption tax
- 29.7 Thuế Thu nhập cá nhân/ Personal Income Tax
- 29.8 Thuế Bảo vệ môi trường/ Environmental Protection Tax
- 29.9 Thuế Tài nguyên/ Resource tax
- 29.10 Thuế khác/Others (detail.....)

**Câu 30-Q30: Ông/Bà cho biết 3 loại thuế được DN Ông/Bà quan tâm nhất, xếp theo thứ tự 1,2,3/ Please indicate 3 kinds of tax which are most concerned in your enterprise, in order of 1,2,3?**

- 30.1 Thuế/ The first interested tax is .....
- 30.2 Thuế/ The second interested tax is .....
- 30.3 Thuế/ The third interested tax is .....

Tại sao/Why? (Detail.....)

**Câu 31-Q31: Trong bộ máy kế toán của DN có nhân viên kế toán phụ trách riêng công tác Kế toán thuế hay không/ Do your enterprise separate accountant for taxation and financial?**

- 31.1 Có/Yes
- 31.2 Không/No

Nếu không có riêng kế toán thuế, vậy ai sẽ phụ trách công tác kế toán thuế trong DN/Who is person work as accountant for taxation?

- 31.2.1 Kế toán trưởng/ Chief accountant     31.2.2 Kế toán tổng hợp/ General accountant  
 31.2.3 Kế toán viên/ Accountant                       31.2.4 Khác/Others (detail.....)

**Câu 32-Q32: Nội dung Kế toán tài chính và Kế toán thuế trong DN của Ông/Bà giống nhau hay khác nhau/ Is the content of Financial Accounting and Tax Accounting in your enterprise same or different?**

- 32.1 Giống nhau/The same  
 32.2 Khác nhau/The different

*Những điểm khác nhau giữa kế toán tài chính và kế toán thuế/ what are differences between Financial Accounting and Tax Accounting in your enterprise? .....*

**Câu 33-Q33: Kỳ kê khai thuế của DN của Ông/Bà là/ What is your enterprise's tax declaration period?**

- 33.1 Hàng tháng/Monthly                       33.2 Hàng quý/Quarterly                       33.3 Hàng năm/Yearly

**Câu 34-Q34: DN đã tiếp đoàn thanh tra, quyết toán thuế hay kiểm toán bao giờ chưa/ Have your enterprise ever received inspection, tax finalization or auditing?**

34.1 Chưa bao giờ/Never

34.2 Đã từng/Used to

34.2.1 Lần gần đây nhất là khi nào/When was last time?.....

34.2.2 Thời gian đoàn thanh tra làm việc với DN/ How many days inspection team works with your enterprise?..... ngày/days.

34.2.3 Tần suất các đoàn thanh tra quyết toán thuế DN? How is frequency inspection team works with your enterprise?

- 34.2.3.1 Hàng năm /yearly
- 34.2.3.2 Từ 2-3 năm/lần (from 2 to 3 years/once)
- 34.2.3.3 Trên 4 năm/lần (More than 4 years /once)

34.2.4 Nội dung thanh, kiểm tra/What are contents of the inspection?

- 34.2.4.1 Công tác hạch toán kế toán/ Financial Accounting
- 34.2.4.2 Sử dụng hóa đơn, chứng từ/ Use invoices, vouchers
- 34.2.4.3 Công tác kê khai và nộp các loại thuế/declaration and payment of taxes
- 34.2.4.4 Tất cả các phương án trên/All of them
- 34.2.4.5 Khác/Others (detail.....)

34.2.5 Số thuế phải nộp của DN sau thanh, kiểm tra như thế nào/ How is your tax payable after checking?

- 34.2.5.1 Giữ nguyên/ Keep stable
- 34.2.5.2 Tăng thuế phải nộp + bị phạt/ Increase the payable tax and penalty

34.2.5.3 Giảm thuế phải nộp hoặc được khấu trừ/ Reduce the payable tax or deductible

34.2.5.4 Khác/Others (detail.....)

**Câu 35-Q35: Căn cứ nào để DN ước tính số thuế TNDN phải nộp hàng quý/ What is the formula for enterprise to determine the CIT payable quarterly?**

35.1 Dựa trên Lợi nhuận kế toán kỳ này (quý) x Thuế suất (Base on accounting profit of this quarter x income tax rate)

35.2 Dựa trên số thuế phải nộp của kỳ trước/ Based on the amount of tax paid in the previous period

35.3 Dựa trên ý muốn chủ quan của chủ DN/ Based on the subjective desire of the owner

35.4 Dựa trên ý muốn chủ quan của Kế toán trưởng/ Base on the subjective desire of chief accountant

35.5 Khác/ Others (Detail.....)

**Câu 36-Q36: Thuế suất thuế TNDN của đơn vị Ông/Bà(What is CIT rate applying your enterprise?**

36.1: 20%       36.2: 17%       36.3: 22%     31.4: Khác/ Others :.....%

**Câu 37-Q37: Thuế TNDN của đơn vị Ông/Bà bao gồm những loại nào/ What types of CIT does your enterprise have?**

37.1 Thuế TNDN hiện hành/ Current CIT (*Chuyển đến câu 39/ Move to Q39*)

37.2 Thuế TNDN hoãn lại/ Deferred CIT (*Chuyển đến câu 38/ Move to Q38*)

37.3 Cả 2 loại trên (*Chuyển đến câu 38/ Move to Q38*)

**Câu 38-Q38: Ở DN của Ông/bà, khoản mục nào phát sinh Thuế TNDN hoãn lại? (Which items are subject of deferred CIT in your enterprise?**

38.1 Do chênh lệch tạm thời của doanh thu/ Due to the temporary difference of revenue.

Tại sao có chênh lệch này/ Why is there a difference?.....

38.2 Do chênh lệch tạm thời của chi phí/ Due to the temporary difference of expenses.

Tại sao có chênh lệch này/ Why is there a difference?.....

38.3 Cả 2 loại trên/ All of them

Tại sao có chênh lệch này/ Why are there differences?.....

38.4 Khác /Others (Detail.....)

**Câu 39-Q39: Thuế TNDN của đơn vị Ông/Bà (gồm cả thuế TNDN hiện hành và thuế TNDN hoãn lại) được ghi nhận như thế nào trong kế toán tài chính/ What is CIT of your enterprise (including current CIT and deferred CIT) recorded in financial accounting?**

39.1 Thuế TNDN được ghi nhận là thu nhập hay chi phí trên báo cáo kết quả kinh doanh để tính lãi, lỗ của kỳ phát sinh/ CIT should be recognized as income or an expense in income statement and included in profit or loss for the period.

39.2 Thuế TNDN được ghi thẳng vào vốn chủ sở hữu/ CIT should be charged or credited directly to equity

39.3 Cả 2 loại trên/ All of them

**Câu 40-Q40: Khi DN của ông/bà có các khoản chênh lệch tạm thời về DT hoặc CP, kế toán thường xử lý như thế nào/ When your enterprise has temporary differences, how do accountants often solve them?**

Hạch toán theo đúng hướng dẫn của chế độ kế toán và CMKT, để tồn tại chênh lệch tạm thời/ Accounting in accordance with the guidance of the accounting regime and VASs, to survive the temporary differences.

Lựa chọn lại chính sách kế toán để xóa bỏ chênh lệch tạm thời/ Selecting accounting policies in accordance with tax policies to eliminate temporary differences

Khác/Others (ghi chi tiết/details.....)

**Câu 41-Q41: Khi DN của ông/bà có các khoản chênh lệch vĩnh viễn, kế toán thường xử lý như thế nào/ When your enterprise has permanent differences, how do accountants often solve them?**

Hạch toán theo đúng hướng dẫn của chế độ kế toán. CMKT và chính sách thuế. Để tồn tại chênh lệch vĩnh viễn/ Accounting in accordance with the guidance of the accounting regime, VASs and tax policies, to survive the permanent differences.

Hợp lý hóa chứng từ để xóa bỏ chênh lệch vĩnh viễn/ Rationalize documents and vouchers to eliminate permanent differences

Khác/Others (ghi chi tiết/details.....)

**Câu 42-Q42 Tại DN của Ông/Bà, khi tự quyết toán Thuế TNDN, lợi nhuận kế toán và lợi nhuận tính thuế có khác nhau hay không/ Do you have the difference between accounting profit and taxable profit when finalization of CIT your self?**

42.1 Không/ No

Tại sao/Why?.....

42.2 Có/ Yes

42.2.1 Nguyên nhân của sự khác nhau/ What are causes of the difference?

Do doanh thu của kế toán và thuế ghi nhận khác nhau/ The revenue is different between accounting and taxation.

Đó là doanh thu của những hoạt động gì/What is revenue of activities?.....

Do chi phí của kế toán và chi phí được trừ khác nhau/Due to the cost of accounting and deductible costs vary.

Đó là chi phí gì/ What is kind of expense? .....

42.2.2 Kế toán giải quyết như thế nào khi có sự chênh lệch này/What are your solutions?

Tuân thủ theo chính sách thuế/ Compliance with tax policies

○ Hợp lý hóa chứng từ để toàn bộ số liệu kế toán được thuế chấp nhận/ Streamline vouchers to all financial accounting data is accepted by tax policies.

○ Khác/Others .....

**Câu 43-Q43: Những căn cứ pháp lý sau đây ảnh hưởng như thế nào đến công tác kế toán thuế TNDN của DN của Ông/bà (How do these legal frameworks applying on your accounting for CIT)?**

1: Không ảnh hưởng/No Impact    2: Ít ảnh hưởng/ Little Impact

3: Ảnh hưởng ở mức trung bình/Impact at medium level

4: Ảnh hưởng nhiều/ Impact at high level    5: Ảnh hưởng rất nhiều/ Impact at very high level

<b>Yếu tố (Factors)</b>	<b>Không ảnh hưởng (1)</b>	<b>Ít ảnh hưởng (2)</b>	<b>Ảnh hưởng ở mức TB (3)</b>	<b>Ảnh hưởng nhiều (4)</b>	<b>Ảnh hưởng rất nhiều (5)</b>
[ ] 18.1 Luật quản lý thuế số 78/2006/QH11 (Law on Tax Administration No 78/2006/QH11)					
[ ] 18.2 Luật quản lý thuế số 21/2012/QH12 (Law on Tax Administration No 21/2012/QH12)					
[ ] 18.3 Luật thuế TNDN số 14/2008/QH12 (Law on CIT No 14/2008/QH12)					
[ ] 18.4 Luật thuế TNDN số 32/2013/QH13 (Law on CIT No 32/2013/QH13)					
[ ] 18.5 CMKT số 17 về Thuế TNDN (VAS 17 – income tax)					
[ ] 18.6 Nghị định 12/2015/NĐ-CP quy định chi tiết Luật thuế TNDN (Decree 12/2015/ND-CP)					
[ ] 18.7 Thông tư 78/2014/TT-BTC (Circular 78/2014/TT-BTC)					
[ ] 18.8 Thông tư 119/2014/TT-BTC (Circular 119/2014/TT-BTC)					
[ ] 18.9 Thông tư 151/2014/TT-BTC (Circular 151/2014/TT-BTC)					
[ ] 18.10 Thông tư 96/2015/TT-BTC (Circular 96/2015/TT-BTC)					
[ ] 18.11 Các quy định khác/other regulations (detail.....)					

**Câu 44-Q44: Chế độ kế toán theo TT133/2016 có điểm mới so với QĐ48/2006 là vận dụng đầy đủ CMKT số 17 về thuế TNDN với DNNVV. Vậy theo Ông/Bà quy định này có phù hợp hay không/ The accounting regime in circular 133/2016/TT-BTC has a new point compared with Decision 48/2006, that is the full application of VAS 17 on CIT in SMEs. So according to you, this regulation is appropriate with your enterprise or not?**

[ ] 44.1 Không/ No

Tại sao/Why? (Xin vui lòng ghi rõ lý do/ Please give more detail).....

[ ] 44.2 Có/ Yes

Tại sao/Why? (Xin vui lòng ghi rõ lý do/ Please give more detail).....

**Câu 45-Q45: Theo Ông/Bà, các yếu tố nào sau đây ảnh hưởng và mức độ ảnh hưởng như thế nào đến công tác kế toán thuế TNDN/ What is factor influencing and how do they affect your accounting for CIT?**

1: Không ảnh hưởng/No Impact

2: Ít ảnh hưởng/ Little Impact

3: Ảnh hưởng ở mức trung bình/Impact at medium level

4: Ảnh hưởng nhiều/ Impact at high level    5: Ảnh hưởng rất nhiều/ Impact at very high level

[ ] **45.1 Quan điểm ứng xử với thuế của chủ doanh nghiệp (The attitude of the business owner to deal with taxes):**    1    2    3    4    5

45.1.1 Giám đốc có quan tâm đến số thuế phải nộp của DN không/ Is your director interested in amount of tax payable?

- 45.1.1.1 Có/Yes
- 45.1.1.2 Không/No

45.1.2 Giám đốc có “chỉ đạo” việc xác định số thuế phải nộp của DN không/ Does your director determine amount of tax payable in the enterprise?

- 45.1.2.1 Có/Yes
- 45.1.2.2 Không/No

43.1.3 DN đã bao giờ chậm nộp thuế hay chưa? Has your enterprise ever delay to pay tax payable?

- 45.1.3.1 Có/Yes
  - Thường xuyên/Ussually
  - Thỉnh thoảng/ Some time
- 45.1.3.2 Chưa bao giờ/ Never

[ ] **45.2 Quy mô của doanh nghiệp (Enterprise scale):**    1    2    3    4    5

[ ] **45.3 Tính đầy đủ của các văn bản hướng dẫn thực hiện (The adequacy of the implementation guidelines)**    1    2    3    4    5

45.3.1 Số lượng các văn bản quy định về thuế TNDN hiện nay như thế nào/ What is the current number of CIT regulations?

- 45.3.1.1 Quá nhiều/Too much
- 45.3.1.2 Nhiều/much
- 45.3.1.2 Đầy đủ/Full
- 45.3.1.4 Ít/little
- 43.3.1.5 Thiếu/Missing
- 45.3.1.6 Khác/Others (Detail....)

45.3.2 Nội dung của các quy định về thuế TNDN hiện nay như thế nào? How is the content of CIT regulations

- 45.3.2.1 Đầy đủ, chặt chẽ/ Full, tight
- 45.3.2.2 Không đầy đủ/Not enough
- 45.3.2.3 Chồng chéo/ Overlapping
- 45.3.2.4 Khác/Others (Detail....)

45.3.3 DN có thường xuyên cập nhật các chính sách về Thuế và Kế toán không/ Does your enterprise regularly update the Tax and Accounting policies?

- 45.3.3.1 Không/No
- 45.3.2.3 Có/Yes

Hình thức cập nhật/ What is the update mode?

- Kế toán tự cập nhật qua internet/ Accountant updates our self on the internet
- Tham dự các buổi tập huấn/Attend training sessions

Đơn vị tổ chức/ Who is the Organizer?

- Cơ quan Thuế/Department of Tax
- Hiệp hội nghề nghiệp/ Professional association
- Các công ty tư vấn, kế toán, kiểm toán/ Consulting, accounting and

auditing companies

[ ] 45.4 **Tính dễ hiểu của các văn bản (Understandability of legal frameworks)**

- 1   2   3   4   5

45.4.1 Hãy cho điểm về tính dễ hiểu của từ ngữ trong các văn bản dưới đây/ Please give a score on the comprehension of words in the following text

(1/Không thể hiểu- Can not understand; 2/có thể hiểu được một chút- understand a little; 3/ Bình thường- Normal; 4/ Dễ hiểu – Easy to understand; 5/ Rất dễ hiểu – very easy to understand)

<b>Văn bản (legal frameworks)</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Chuẩn mực kế toán số 17 (VAS 17)					
Luật Thuế TNDN (Law on CIT)					
Các Nghị định hướng dẫn thực hiện Luật ( Degrees)					
Các Thông tư hướng dẫn (Circular)					

43.4.2 Khi không thể hiểu được 1 trong những văn bản trên, Ông/Bà thường làm thế nào/ What did you do when they do not understand one of above regulations?

- 43.4.2.1 Bỏ qua/ Ignore
- 43.4.2.2 Hỏi cán bộ quản lý thuế/Ask your tax manager
- 43.4.2.3 Hỏi các chuyên gia về kế toán, kiểm toán/ Ask the accounting and auditing experts

[ ] 45.5 **Chế độ kiểm soát nội bộ của DN (Internal control)**

- 1   2   3   4   5

[ ] 45.6 **Kiểm toán viên hoặc thanh tra thuế (Auditor and )**

- 1   2   3   4   5

[ ] 45.7 **Yêu cầu về thông tin của các báo cáo thuế (Information requirements of Tax reports)**

- 1   2   3   4   5

[ ] 45.8 **Yêu cầu thực hiện báo cáo của các cơ quan chức năng như Thuế, Sở KHĐT, Thống kê...(Requirements to submit Tax report of Tax Department, Financial Agency, Static Office)**

- 1   2   3   4   5

[ ] 45.9 **Sự trợ giúp của Phần mềm kế toán và phần mềm kê khai thuế (HTKK)/ The useful of accounting software and taxation software (HTKK)**

- 1   2   3   4   5

[ ] 45.10 Khác/Others (Detail).....

**Câu 46-Q46: Theo Ông/Bà, để tạo điều kiện cho DNNVV phát triển, chính sách kế toán cần thay đổi như thế nào/In your opinion, What accounting policies do we need to change in order to improve SMEs?**

[ ] 46.1 Về nội dung (giữ nguyên hay thay đổi, thay đổi thì đổi như thế nào? Tại sao?)/ Regarding the content (Keep stable or change, What do you want to change? Why?)

Regulations	Keep stable	Change	Contents need to keep or change
[ ] 46.1.1 CMKT/VAS			
[ ] 46.1.2 Luật Kế toán/ Law on Accounting			
[ ] 46.1.3 Chế độ kế toán/ Accounting regime			

[ ] 46.2 Về hình thức (giữ nguyên hay thay đổi, thay đổi thì đổi như thế nào? Tại sao?)/ Regarding the form (Keep stable or change, What do you want to change? Why?)

Regulations	Keep stable	Change	Contents need to keep or change
[ ] 46.2.1 CMKT/VAS			
[ ] 46.2.2 Luật Kế toán/ Law on Accounting			
[ ] 46.2.3 Chế độ kế toán/ Accounting regime			

**Câu 47-Q47: Theo Ông/Bà, để tạo điều kiện cho DNNVV phát triển, chính sách thuế cần thay đổi như thế nào/ In your opinion, What tax policies do we need to change in order to improve SMEs?**

Taxation	Keep stable	Change	Contents need to keep or change
[ ] 47.1.1 Các căn cứ pháp lý về thuế/ Legal framework on Tax			
[ ] 47.1.2 Thuế suất / Tax rate			
[ ] 47.1.3 Cơ quan quản lý thuế/ Department of Tax administration			
[ ] 47.1.4 Cơ sở hạ tầng về quản lý thuế/ Tax administration infrastructure			

-----End-----

Xin chân thành cảm ơn Ông/Bà đã trả lời bản hỏi này/ Thank you so much for your time



## Annex 5: Questionnaire-Type 2

### PHIẾU PHỎNG VẤN số 2- QUESTIONNAIRE No 2

(Dành cho chuyên gia/ nhà nghiên cứu/ cán bộ kiểm toán, thuế và ngân hàng - Applying for accounting professor/ accounting researcher/ auditor/ Tax administration official and bank staff)

Toàn bộ thông tin được cung cấp dưới đây để phục vụ nghiên cứu khoa học, không sử dụng cho bất cứ mục đích nào khác. Xin chân thành cảm ơn Ông/Bà đã cung cấp thông tin

The information which is provided below only use for scientific research, do not apply for any other purposes. Thank you so much for your supporting.

#### PHẦN 1- THÔNG TIN CHUNG (Part 1: General information)

##### Câu 1- Question 1 (Q1)

1.2 Tên người được phỏng vấn (Name of interviewee):.....

Địa chỉ (Address): .....

Số điện thoại/ email (telephone number or email address): .....

1.2 Tên đơn vị công tác (Name of organization)<sup>(1)</sup>:.....

Chức vụ /position: .....

**Câu 2-Q2: Công việc chính của Ông/Bà liên quan đến kế toán là gì/What is your work in the below categories?**

2.1. Nhà nghiên cứu/Researcher

2.4. Nhân viên tín dụng NH/creditor

2.2. Giảng viên kế toán/Lecturer

2.1. Cán bộ quản lý thuế/ Tax administration official

2.3. Kiểm toán viên/Auditor

2.1. Khác/Others  
(Detail.....)

**Câu 3-Q3: Số năm kinh nghiệm trong vị trí công tác của Ông/Bà/How many years of experience do you have? .....năm/years**

**Câu 4-Q4: Trình độ đào tạo cao nhất mà ông (bà) đạt được/What is the highest level of training you have achieved?**

4.1. Đại học, cao đẳng/ Bachelor degree

4.3. Tiến sĩ/ Doctoral degree

4.2. Thạc sĩ/Master degree

4.4. Khác/Others

(Detail.....)

#### PHẦN 2- THÔNG TIN CHUYÊN MÔN (Part 2: Specific information)

**Câu 5-Q5: Ông/bà cho biết những căn cứ pháp lý nào đang được áp dụng cho công tác kế toán và kế toán thuế TNDN của DN/NV hiện nay/What are legal frameworks applying on financial accounting and accounting for corporate income tax (CIT) in SMEs?**

9.1. Luật Kế toán số 88/2015/QH13 (Law on Accounting No 88/2015/QH13)

- 9.2. Chuẩn mực kế toán Việt Nam(CMKT)/(VASs)
  - 9.2.1 CMKT Việt nam số 17 về thuế TNDN/VAS 17-income tax
  - 9.2.2 Khác/Others: (detail.....)
- 9.3 Chế độ kế toán theo Thông tư 200/2014 (Circular 200/2014)
- 9.4 Chế độ kế toán theo Thông tư 133/2016 (Circular 133/2016)
- 9.5 Luật Thuế TNDN/Law on CIT
- 9.6 Các Nghị định hướng dẫn thi hành Luật thuế TNDN/ Decrees are guiding the implementation of the Law on CIT
- 9.7 Các Thông tư hướng dẫn thực hiện Nghị định và Luật thuế TNDN/ Circulars are guiding the implementation of the Decrees and the Law on CIT
- 9.8 Khác/Others: (detail.....)

**Câu 6-Q6: Theo Ông/bà, những lý do chính để DNNVV áp dụng các căn cứ pháp lý trên là gì/What are the main reasons SMEs applied above legal frameworks on their accounting and accounting for CIT? (Có thể chọn nhiều đáp án/ Multiple choice answers)**

- 10.1. Do nhu cầu của DN để phục vụ quản lý kinh doanh/It is demand of SME
- 10.2. Quy định của Luật kế toán 2015/ the compulsory Accounting Law 2015
- 10.4. Yêu cầu của cơ quan quản lý thuế/give information for Tax Office
- 10.5. Yêu cầu của ngân hàng, nhà đầu tư/requirement of creditors or investors
- 10.6. Tất cả đáp án trên/All of these answers
- 10.7. Khác/Others: (detail.....)

**Câu 7-Q7: Theo quan điểm của ông (bà), trong DNNVV Báo cáo tài chính (BCTC) hay Báo cáo thuế (BCT) quan trọng hơn/Which is important in the financial statements or Tax Reporting of SMEs?**

- BCT quan trọng hơn BCTC/ Tax Reporting is more important than financial statements.  
Tại sao/Why?.....
- BCTC quan trọng hơn BCT/ Financial statement is more important than Tax Reporting.  
Tại sao/Why?.....
- Tầm quan trọng của hai loại BCTC, BCT là như nhau/ The importance of two types is the same.  
Tại sao/Why?.....

**Câu 8-Q8: Theo ông/bà, thông tin trên BCTC và BCT do DNNVV cung cấp có phản ánh đúng thực trạng hoạt động sản xuất kinh doanh của DNNVV hay không/In your opinion, Does the information on the financial statement and tax report which is provided by SMEs reflect the real situation of SME's business activities or not?**

- 7.1 Có/Yes. Tại sao/Why.....
- 7.2 Không/No. Tại sao/Why.....

**Câu 9-Q9: Ông/bà hãy cho biết mức độ ảnh hưởng của thông tin trên BCTC và BCT với những hoạt động sau của DNNVV/ Please indicate the impact of information on the financial statements and tax report to following activities of SMEs?**

1: Không ảnh hưởng/No impact      2: Ít ảnh hưởng/ Little impact

3: Ảnh hưởng ở mức trung bình/Impact at medium level

4: Ảnh hưởng nhiều/ Impact at high level      5: Ảnh hưởng rất nhiều/ Impact at very high level

Nội dung hoạt động (Activities)	Không ảnh hưởng (1)	Ít ảnh hưởng (2)	Ảnh hưởng ở mức TB (3)	Ảnh hưởng nhiều (3)	Ảnh hưởng rất nhiều (5)	Lý do tại sao lại ảnh hưởng ở mức độ như vậy? (Why)
Ra quyết định trong sản xuất kinh doanh/ To make a decision production and business						
Vay vốn ngân hàng/ To borrow money from banks						
Thu hút các nhà đầu tư/ To attract investors						
Xác định thuế phải nộp/ To determine the tax payable						
Khai báo thông tin với các cơ quan có liên quan/ To declare information to relevant agencies						

**Câu 10-Q10: Ông/bà có biết về CMKT Việt nam hay không? Do you know about VASs?**

Không/No

Có/Yes

- Hiện Việt Nam có bao nhiêu CMKT/How many accounting standard in Vietnam?  
 30       24       26       19
- Số lượng CMKT được áp dụng ở DNNVV/ How many accounting standard applying on SMEs in Vietnam?  
 30       12       26       19

**Câu 11-Q11: Theo ông/bà, mức độ vận dụng các CMKT VN trong công tác kế toán của DNNVV như thế nào/In your opinion, What is level of VASs application in SME's financial accounting?**

1: Không vận dụng/Donot apply      2: Ít vận dụng /applying inadequate

3: Vận dụng ở mức trung bình/ Moderate applied.

4: Vận dụng nhiều/ Applied on a regular basis      5: Vận dụng rất nhiều/ Applied very often

Legal framework	Không vận dụng (1)	Ít vận dụng (2)	Vận dụng ở mức trung bình (3)	Vận dụng nhiều (4)	Vận dụng rất nhiều (5)	Lý do tại sao vận dụng ở mức độ như vậy? (Why applied at such the level)

Chuẩn mực chung/ VAS 01- General framework						
CMKT số 02-Hàng tồn kho/ VAS 02- Inventories						
CMKT số 03- TSCĐ hữu hình/ VAS 03- Tangible Fixed Assets						
CMKT số 04 – TSCĐ vô hình/ VAS 04 - Intangible Fixed Assets						
CMKT số 05 – Bất động sản đầu tư/ VAS 05- Investment Properties						
CMKT số 06 – Thuê tài sản/ VAS 06 – Lease						
CMKT số 07 – Kế toán các khoản đầu tư vào công ty liên kết/ VAS 07- Accounting for Investment in Associates						
CMKT số 08 - Thông tin tài chính về những khoản vốn góp LD/ VAS 08- Financial Reporting of Interest in Joint Ventures						
CMKT số 10 - Ảnh hưởng của việc thay đổi tỷ giá hối đoái/ VAS 10 - Effects of Changes in Foreign Exchange Rate						
CMKT số 14 – Doanh thu và thu nhập khác/ VAS 16 - Turnover and Other Incomes						
CMKT số 15 – Hợp đồng xây dựng/ VAS 15 - Construction Contract						
CMKT số 16 – Chi phí đi vay/ VAS 16 - Borrowing Cost						
CMKT số 17 – Thuế TNDN/ VAS 17 - Income Taxes						
CMKT số 18 - Các khoản dự phòng, tài sản và nợ tiềm tàng/ VAS 18 - Provisions, Contingent Assets and Liabilities						
CMKT số 21 – Trình bày BCTC/ VAS 21 - Presentation of Financial Statements						
CMKT số 23 - Các sự kiện phát sinh sau ngày kết thúc kỳ kế toán năm/ VAS 23- Events after Balance Sheet date						
CMKT số 24 – Báo cáo lưu chuyển tiền tệ/VAS 24 - Cash flow Statements						
CMKT số 26 – Thông tin về các bên liên quan/ VAS 26 - Related Parties Disclosures						
CMKT số 29 - Thay đổi chính sách kế toán, ước tính kế toán và các sai sót/ VAS 29 - Change in Accounting Policies, Accounting Estimates and Errors						

**Câu12-Q12: Theo Ông/bà, khi DNNVV áp dụng CMKT thì có gặp khó khăn hay không/ In your opinion, when SMEs apply VASs, do they have difficulty or not?**

12.1 Không/No

12.2 Không có ý kiến/No answer

12.3 Có/ Yes

*Những khó khăn đó là gì/What are the difficulties? .....*

**Câu 13-Q13: Theo ông/bà, những yếu tố sau ảnh hưởng như thế nào đến việc vận dụng CMKT của DNNVV/In your opinion, How are these factors affecting the VASs application of SMEs?**

1: Không ảnh hưởng/No Impact    2: Ít ảnh hưởng/ Little Impact

3: Ảnh hưởng ở mức trung bình/Impact at medium level

4: Ảnh hưởng nhiều/ Impact at high level    5: Ảnh hưởng rất nhiều/ Impact at very high level

<b>Yếu tố (Factors)</b>	<i>Không ảnh hưởng (1)</i>	<i>Ít ảnh hưởng (2)</i>	<i>Ảnh hưởng ở mức TB (3)</i>	<i>Ảnh hưởng nhiều (4)</i>	<i>Ảnh hưởng rất nhiều (5)</i>	<b>Lý do tại sao lại ảnh hưởng ở mức độ như vậy? (Why is it so influential)</b>
<input type="checkbox"/> <b>13.1 Kế toán của DNNVV/ Accountant</b>						
13.1.1 Kinh nghiệm của kế toán (Experience of Accountant)						
13.1.2 Trình độ của kế toán (Education level of accountant)						
<input type="checkbox"/> <b>13.2 Chủ doanh nghiệp</b>						
13.2.1 Trình độ của chủ doanh nghiệp (Education level of owner, manager)						
13.2.2 Kinh nghiệm của chủ doanh nghiệp (Experience of owner, manager)						
<input type="checkbox"/> <b>13.3 Đặc điểm của doanh nghiệp (Characteristic of enterprise)</b>						
13.3.1 Quy mô của doanh nghiệp (Enterprise scale)						
13.3.2 Chế độ kiểm soát nội bộ của DN (Internal control)						
<input type="checkbox"/> <b>13.4 Đặc điểm của CMKT (Characteristic of VASs)</b>						
13.4.1 Từ ngữ hàn lâm, khó hiểu (Academic words and difficult to understand)						

13.4.2 Nội dung CMKT không phù hợp với đặc điểm DNNVV (Content of VAS not suited to SME characteristics)						
<b>[ ] 13.5 Yêu cầu thực hiện CMKT (Mandatory compliance)</b>						
13.5.1 Thiếu các văn bản hướng dẫn thực hiện chuẩn mực (Lack of Regulations guiding)						
13.5.2 Yêu cầu của Luật kế toán (Requirements of Law on Accounting)						
13.5.3 Yêu cầu về thông tin của các báo cáo kế toán (Information requirements of accounting reports)						
13.5.4 Yêu cầu thực hiện của các cơ quan chức năng như Thuế, Sở KHĐT, Thống kê...(Requirements to apply VAS of Tax Department, Financial Agency, Static Office)						
<b>[ ] 13.6 Phần mềm kế toán(PMKT) /Accounting software</b>						
13.6.1 Chi phí mua và duy trì PMKT/ Cost of purchasing and maintaining Accounting software						
13.6.2 Mức độ đáp ứng yêu cầu thực hiện CMKT của PMKT/ Quality of accounting software						
<b>[ ] 13.7 Chi phí – lợi ích DNNVV thu được khi áp dụng CMKT (Cost-benefit relationship)</b>						
13.7.1 Chi phí trả lương cho kế toán có trình độ cao (Cost for High salary for accountant at high level of education)						
13.7.2 Chi phí cập nhật thay đổi của thông tin (cost for update information)						
13.7.4 Lợi ích thu được khi công tác kế toán thực hiện theo CMKT (Benefits gained when accounting work is performed according to VASs)						
<b>[ ] 13.8 Yêu cầu của người sử dụng thông tin (Requirement of users)</b>						
13.8.1 Yêu cầu của chính DN (Requirements of manager)						
13.8.2 Yêu cầu của công ty kiểm toán (Requirements of auditor)						

13.8.3 Yêu cầu của ngân hàng, nhà đầu tư (requirement of creditors or investors)						
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**Câu 14-Q14: Từ 1/1/2017, chế độ kế toán áp dụng cho DNNVV chuyển từ QĐ 48/2006/QĐ-BTC sang Thông tư 133/2016/TT-BTC. Theo ông/bà sự thay đổi này có cần thiết hay không/Since 1<sup>st</sup> Jan 2017, the accounting system applied for SMEs replaced from Decision 48/2006 /QD-BTC to Circular 133/2016/TT-BTC. Do you think this change is necessary?**

**[ ] 14.1 Không cần thiết/ Do not necessary (Chọn nhiều phương án/Multiple choice answers)**

Tại sao không cần sự thay đổi này/ Why do not need this change?

[ ] 14.1.1 Vì nó gây khó khăn, phức tạp hơn cho công tác kế toán của DNNVV/ because it makes more difficult for the accounting work of SMEs

[ ] 14.1.2 Vì sự thay đổi này cũng không ảnh hưởng đến công tác kế toán của DNNVV. DN vẫn làm như QĐ 48/ because this changing did not influence accounting activities on SMEs.

[ ] 14.1.3 Vì các DNNVV thực hiện chế độ kế toán theo Thông tư 200/2014/TT-BTC/ because SME applied Circular 200/2014/TT-BTC

[ ] 14.1.4 Vì không phù hợp với đặc điểm ngành nghề của DNNVV/because it does not match with the characteristics of SMEs

[ ] 14.1.5 Vì không phù hợp với nhu cầu quản lý và ra quyết định của DNNVV/because it does not match with the management and decision making of SME's owner

[ ] 14.1.6 Vì DNNVV có phần mềm kế toán hỗ trợ nên không bị ảnh hưởng/because SMEs are supported by Accounting software so they were not effected.

[ ] 14.1.6 Khác/Others (detail.....)

**[ ] 14.2 Có cần thiết/ Yes, necessary**

**14.2.1 Những nội dung nào của TT133 thay đổi có ảnh hưởng lớn nhất đến DNNVV? Hãy xếp theo thứ tự từ 1,2,3...(trong đó 1 là thay đổi quan trọng nhất)/ What changes in Circular 133 have the greatest impact on SMEs? Please indicate from 1,2,3, ect (where 1 is the most important changes)**

○ Bổ sung thêm CMKT bắt buộc áp dụng (lên 19 CM) / Add on full application of VASs

○ Sử dụng linh hoạt đơn vị tiền tệ trong kế toán/ using flexible exchange rate

○ Thay đổi trong sử dụng tỷ giá hạch toán/ Conversion of FS prepared in foreign currencies in to Vietnamese Dong

○ Chỉ quy định nguyên tắc kế toán, không hướng dẫn chi tiết các bút toán định khoản, các DNNVV chỉ cần hạch toán đúng nguyên tắc kế toán/ Principles of accounting and accounting entries

○ Chủ yếu quy định đến Tài khoản cấp 1, DN có thể đăng ký mở TK cấp 2,3 theo nhu cầu/ Fix with general ledger accounts, flexible with detail accounts

○ Thay đổi về mẫu báo cáo tài chính/ Changes in form of financial statements

- Dỡ bỏ tính bắt buộc với chứng từ và sổ kế toán/ Flexible accounting documents, vouchers and bookkeeping.
- Tách biệt Kế toán và Thuế/ Separation between accounting and taxation
- Quy định mới về tổ chức hạch toán tại các đơn vị hạch toán phụ thuộc/ Accounting system in the sub-units without legal status (as “dependent accounting units”)
- Bổ sung kế toán giao dịch Hợp đồng hợp tác kinh doanh/ Accounting for Business Cooperation Contracts (BCC)
- Bổ sung thêm các khoản mục tài sản cần lập dự phòng tổn thất/ New items required to make allowance for the impairment of assets.

*14.2.2 Những sự thay đổi này giúp cho DNNVV như thế nào/ How do these changes impact on SMEs? (Chọn nhiều phương án/Multiple choice answers)*

- Giảm bớt các quy định bắt buộc đối với DNNVV/ Reduction of compulsory regulations for SMEs
- Tạo điều kiện thuận lợi trong hạch toán kế toán của DNNVV, tăng tính linh hoạt, đưa ra nhiều lựa chọn cho DN/ Creating favorable conditions for SME accounting, flexibility, offering multiple options for businesses.
- Hướng đến phục vụ công tác quản trị, điều hành DN/ Oriented to serve the management and operation of enterprises
- Tiếp cận gần hơn thông lệ quốc tế/ Approaching closer to international practice
- Tất cả các phương án trên/ All above answers.
- Khác/Others (detail.....)

*14.2.3 Theo ông, bà những thay đổi trên ảnh hưởng đến công tác kế toán của DNNVV ở mức độ như thế nào/In your view, how are these changes affecting on SME’s accounting work?*

1: Không ảnh hưởng/No Impact    2: Ít ảnh hưởng/ Little Impact

3: Ảnh hưởng ở mức trung bình/Impact at medium level

4: Ảnh hưởng nhiều/ Impact at high level    5: Ảnh hưởng rất nhiều/ Impact at very high level

<b>Yếu tố (Factors)</b>	<b>Không ảnh hưởng (1)</b>	<b>Ít ảnh hưởng (2)</b>	<b>Ảnh hưởng ở mức TB (3)</b>	<b>Ảnh hưởng nhiều (4)</b>	<b>Ảnh hưởng rất nhiều (5)</b>	<b>Lý do tại sao lại ảnh hưởng ở mức độ như vậy? (Why is it so influential)</b>
Bổ sung thêm CMKT bắt buộc áp dụng (lên 19 CM) / Add on full application of VASs						
Sử dụng linh hoạt đơn vị tiền tệ trong kế toán/ using flexible exchange rate						
Thay đổi trong sử dụng tỷ giá hạch toán/ Conversion of FS prepared in foreign currencies in to Vietnamese Dong						



Chỉ quy định nguyên tắc kế toán, không hướng dẫn chi tiết các bút toán định khoản, các DNNVV chỉ cần hạch toán đúng nguyên tắc kế toán/ Principles of accounting and accounting entries						
Chủ yếu quy định đến Tài khoản cấp 1, DN có thể đăng ký mở TK cấp 2,3 theo nhu cầu/ Fix with general ledger accounts, flexible with detail accounts						
Thay đổi về mẫu báo cáo tài chính/ Changes in form of financial statements						
Dễ bỏ tính bắt buộc với chứng từ và sổ kế toán/ Flexibility in accounting documentations, vouchers and bookkeeping						
Tách biệt Kế toán và Thuế/ Separation between accounting and taxation						
Quy định mới về tổ chức hạch toán tại các đơn vị hạch toán phụ thuộc/ Accounting system in the sub-units without legal status (as “dependent accounting units”)						
Bổ sung kế toán giao dịch Hợp đồng hợp tác kinh doanh/ Accounting for Business Cooperation Contracts (BCC)						
Bổ sung thêm các khoản mục tài sản cần lập dự phòng tổn thất/ New items required to make allowance for the impairment of assets						

**Câu 15-Q15: Những thay đổi của chế độ kế toán dành cho DNNVV khiến cho chế độ này (TT133/2016) “tiên gần hơn” với chế độ kế toán cho các DN nói chung-DN lớn (TT200/2014). Hay nói cách khác là sự khác nhau giữa hai chế độ kế toán này ít đi. Theo ông, bà vậy có cần thiết phải xây dựng chế độ kế toán riêng cho DNNVV/ The changes of accounting regime for SMEs make this regime (circular 133/2016/TT-BTC) "is closer" with the accounting regime for general enterprises –big companies (circular 200/2014/TT-BTC). In other words, the differences between two regimes become less. Do you think it is necessary to separate accounting regime for SMEs and big companies?**

15.1 Có/yes

Khi xây dựng chế độ kế toán riêng cho 2 loại hình DN thì cần dựa trên những căn cứ pháp lý nào? Những căn cứ này nên dùng chung hay riêng/When developing a separate accounting regime for two types of enterprises, what legal framework should be based on? Should be used it together or separately?

**Use together                  Use separately**

15.1.1 Law on accounting No88/2015

15.1.2 International accounting standards

- 15.1.3 Vietnam accounting standards
- 15.1.4 Khác/Others (detail.....)

**15.2 Không cần chế độ kế toán riêng cho các loại hình DN/do not necessary special accounting regime for each kind of enterprise.**

15.2.1 Chế độ kế toán dùng chung cho tất cả các loại hình DN nên được xây dựng như thế nào/Which accounting regime should be used for all types of enterprises?.....

15.2.3 Hướng áp dụng chế độ chung này cho DNNVV/ How to apply general accounting regime for SMEs?.....

**Câu 16-Q16: Theo ông/bà, DNNVV có cần phải áp dụng CMKT không/ In your opinion, do SMEs need to apply VASs or not?**

**16.1 Có/Yes.**

Áp dụng như thế nào/ how accounting standards for SMEs should be apply? (có thể chọn nhiều đáp án/multiple-choice answers)

16.1.1 Áp dụng CMKT quốc tế cho phù hợp với xu hướng phát triển chung của TG/ Applying International Accounting Standard in accordance with the trend of global development.

16.1.2 Giữ nguyên các CMKT như hiện nay và áp dụng đầy đủ/ Remain the current VASs and apply all of them in full.

16.1.3 Giảm bớt số lượng CMKT áp dụng với DNNVV, chỉ giữ lại những CMKT mà nhiều DN cần sử dụng/ Reduce the number of VAS which are applying for SME, only retain VAS that many businesses need to use.

16.1.4 Giảm bớt nội dung áp dụng của những CMKT liên quan (áp dụng không đầy đủ)/ Reduce the quantity of contents of VAS which are applying for SME, only apply inadequate.

16.1.5 Ban hành CMKT riêng cho DNNVV/ Issue special VAS for SME

16.1.6 Khác/others (detail.....)

**16.2 Không/No**

Tại sao không /Why do not apply VAS for SMEs ?

16.2.1 Do tính chất đơn giản trong hoạt động sản xuất kinh doanh của DNNVV/because production and business activities of SMEs is very simple

16.2.2 Do nội dung CMKT không phù hợp với đặc điểm DNNVV/because the content of VAS is not suitable with the characteristics of SME

16.2.3 Do hướng dẫn của Chế độ kế toán đã rất đầy đủ, không cần phải có CMKT nữa/because the guidance of accounting regime is fully.

16.2.4 Khác/others (detail.....)

**Câu 17-Q17: Theo Ông/Bà, DNVVN hiện nay thường quan tâm những loại thuế nào?What kind of tax are SMEs interest in? (Chọn 3 loại thuế được quan tâm nhất của DNNVV/please indicate 3 types of most important taxation)**

- 17.1 Lệ phí môn bài/Business rates
- 17.2 Thuế Giá trị gia tăng (GTGT)/ Value Added Tax (VAT)
- 17.3 Thuế Thu nhập doanh nghiệp (TNDN)/ Corporate Income Tax (CIT)
- 17.4 Thuế Xuất khẩu/ Export Tax
- 17.5 Thuế Nhập khẩu/ Import Tax
- 17.6 Thuế Tiêu thụ đặc biệt/ Excise Tax
- 17.7 Thuế Thu nhập cá nhân/ Personal Income Tax
- 17.8 Thuế Bảo vệ môi trường/ Environmental Protection Tax
- 17.9 Thuế Tài nguyên/ Resource tax
- 17.10 Thuế khác/Others (detail.....)

**Câu 18-Q18: Theo ông/bà, Những căn cứ pháp lý nào được vận dụng và vận dụng như thế nào trong công tác kế toán thuế TNDN của DN/ VV? (In your opinion, What are legal framework applying for taxation of SMEs? and How do they affect on SME’s accounting for CIT)?**

1: Không vận dụng/Donot apply    2: Ít vận dụng /applying inadequate

3: Vận dụng ở mức trung bình/ Moderate applied.

4: Vận dụng nhiều/ Applied on a regular basis    5: Vận dụng rất nhiều/ Applied very often

<b>Yếu tố (Factors)</b>	<i>Không ảnh hưởng (1)</i>	<i>Ít ảnh hưởng (2)</i>	<i>Ảnh hưởng ở mức TB (3)</i>	<i>Ảnh hưởng nhiều (4)</i>	<i>Ảnh hưởng rất nhiều (5)</i>
<input type="checkbox"/> 18.1 Luật quản lý thuế số 78/2006/QH11 (Law on Tax Administration No 78/2006/QH11)					
<input type="checkbox"/> 18.2 Luật quản lý thuế số 21/2012/QH12 (Law on Tax Administration No 21/2012/QH12)					
<input type="checkbox"/> 18.3 Luật thuế TNDN số 14/2008/QH12 (Law on CIT No 14/2008/QH12)					
<input type="checkbox"/> 18.4 Luật thuế TNDN số 32/2013/QH13 (Law on CIT No 32/2013/QH13)					
<input type="checkbox"/> 18.5 CMKT số 17 về Thuế TNDN (VAS 17 – income tax)					
<input type="checkbox"/> 18.6 Nghị định 12/2015/NĐ-CP quy định chi tiết Luật thuế TNDN (Decree 12/2015/ND-CP)					
<input type="checkbox"/> 18.7 Thông tư 78/2014/TT-BTC (Circular 78/2014/TT-BTC)					
<input type="checkbox"/> 18.8 Thông tư 119/2014/TT-BTC (Circular 119/2014/TT-BTC)					
<input type="checkbox"/> 18.9 Thông tư 151/2014/TT-BTC (Circular 151/2014/TT-BTC)					
<input type="checkbox"/> 18.10 Thông tư 96/2015/TT-BTC (Circular 96/2015/TT-BTC)					

[ ] 18.11 Các quy định khác/other regulations (detail.....)					
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**Câu 19-Q19: Theo ông/bà, căn cứ nào để DNNVV xác định thuế TNDN phải nộp?/in your opinion, How does an SME determine the CIT payable?**

19.1 Dựa trên số liệu do kế toán tài chính cung cấp và chính sách thuế TNDN/ Base on the taxable profit and tax policy

19.2 Dựa trên ý muốn chủ quan của chủ DN/ Base on the owner's opinion

19.3 Dựa trên ý muốn chủ quan của Kế toán trưởng/ Base on the chief accountant's opinion

19.4 Dựa trên kết quả hoạt động sản xuất kinh doanh của DN/ Based on the business results (accounting profit) of SMEs

19.5 Dựa trên kế hoạch của DN/ Based on the SMEs' plan.

19.5 Khác/ Others (Detail.....)

**Câu 20-Q20: Theo ông/bà, ở DNNVV có xuất hiện khoản mục thuế TNDN hoãn lại không? gồm những loại nào/ Do SMEs have deferred?**

20.1 Không/ No. Tại sao/why (detail.....)

20.2 Có/Yes.

Nội dung nào phát sinh Thuế TNDN hoãn lại trong DNNVV/ which items are subject to deferred CIT in SMEs?

20.2.1 Do chênh lệch tạm thời của doanh thu/ Due to the temporary difference of revenue. Tại sao có chênh lệch này/ Why is there a difference?.....

20.2.2 Do chênh lệch tạm thời của chi phí/ Due to the temporary difference of expenses. Tại sao có chênh lệch này/ Why is there a difference?.....

21.2.3 Cả 2 loại trên/All of them.

Tại sao có chênh lệch này/ Why are there differences?.....

21.2.4 Khác /Others (Detail.....)

**Câu 21-Q21: Theo ông/bà, khi DNNVV có các khoản chênh lệch tạm thời về DT hoặc CP, kế toán thường xử lý như thế nào/in your opinion, When SMEs have temporary differences, how do accountants often solve them?**

21.1 Hạch toán theo đúng hướng dẫn của chế độ kế toán và CMKT, để tồn tại chênh lệch tạm thời/ Accounting in accordance with the guidance of the accounting regime and VASs, to survive the temporary differences.

21.2 Lựa chọn lại chính sách kế toán để xóa bỏ chênh lệch tạm thời/ Selecting accounting policies in accordance with tax policies to eliminate temporary differences

21.3 Khác/Others (ghi chi tiết/details.....)

**Câu 22-Q22: Theo ông/bà, khi DNNVV có các khoản chênh lệch vĩnh viễn, kế toán thường xử lý như thế nào/in your opinion, When SMEs have permanent differences, how do accountants often solve them?**

22.1 Hạch toán theo đúng hướng dẫn của chế độ kế toán. CMKT và chính sách thuế. Để tồn tại chênh lệch vĩnh viễn/ Accounting in accordance with the guidance of the accounting regime, VASs and tax policies, to survive the permanent differences.

22.2 Hợp lý hóa chứng từ để xóa bỏ chênh lệch vĩnh viễn/ Rationalize documents and vouchers to eliminate permanent differences

22.3 Khác/Others (ghi chi tiết/details.....)

**Câu 23-Q23: Theo ông/bà, những sai phạm thường mắc phải của DNNVV trong công tác kế toán thuế TNDN là gì /in your opinion, What are the common misconceptions of SMEs in CIT accounting?.....**

**Câu 24-Q24: Một trong những điểm mới của Chế độ kế toán theo TT133/2016 so với QĐ48/2006 là vận dụng đầy đủ CMKT số 17 về thuế TNDN với DNNVV. Vậy theo Ông/Bà quy định này có phù hợp hay không/One of improvements of the accounting regime under circular 133/2016/TT-BTC compare with Decision 48/2006 is the full application of VAS 17 on CIT in SMEs. So according to you, this regulation is appropriate or not?**

24.1 Không/ No. Tại sao/Why? (Xin vui lòng ghi rõ lý do/ Please give more detail).....

24.2 Có/ Yes. Tại sao/Why? (Xin vui lòng ghi rõ lý do/ Please give more detail).....

**Câu 25-Q25: Theo ông/bà, DNNVV có gặp khó khăn gì trong công tác kế toán thuế TNDN khi áp dụng đầy đủ CMKT số 17/in your opinion, what are difficulties for SMEs in CIT accounting when fully applying VAS 17?**

25.1 Không/ No

Tại sao/Why? (Xin vui lòng ghi rõ lý do/ Please give more detail).....

25.2 Có/ Yes

Tại sao/Why? (Xin vui lòng ghi rõ lý do/ Please give more detail).....

**Câu 26-Q26: Theo ông/bà, đâu là những nguyên nhân của các sai sót và khó khăn trong công tác kế toán thuế TNDN của DNNVV/what are the causes of errors and difficulties in accounting on CIT of SMEs?**

**Nguyên nhân chủ quan/Internal factors**

26.1 Nhận thức về thuế của chủ doanh nghiệp (The attitude of the business owner to deal with taxes):

26.2 Quy mô của doanh nghiệp (Enterprise scale)

26.3 Thiếu sự cập nhật các chính sách về Thuế và Kế toán của DNVVN/ Lack of an update on policy about Taxation and Accounting.

26.4 Thiếu chế độ kiểm soát nội bộ của các DNVVN (Lack of Internal control)

26.5 Khác/Others.....

**Nguyên nhân khách quan/External factors**

26.6 Tính đầy đủ của các văn bản hướng dẫn thực hiện (The adequacy of documents guidelines)

26.6.1 Theo ông/bà số lượng các văn bản quy định về thuế TNDN hiện nay như thế nào/in your opinion, what is the number of CIT regulations?

26.6.1.1 Quá nhiều/Too much

26.6.1.2 Nhiều/much

26.6.1.2 Đầy đủ/Enough

26.6.1.4 Ít/little

26.6.1.5 Thiếu/Un-enough

26.6.1.6 Khác/Others (Detail.....)

27.6.2 Nội dung của các quy định về thuế TNDN hiện nay/ in your opinion, how is the content of CIT regulations? (Chọn nhiều đáp án/ Multiple choice)

26.6.2.1 Đầy đủ/Full

26.6.2.2 Không đầy đủ/Not enough

26.6.2.1 Chặt chẽ/Tight

26.6.2.2 Không chặt chẽ/Lax

26.6.2.3 Chồng chéo/ Overlapping

26.6.2.4 Khác/Others (Detail....)

26.7 Tính dễ hiểu của các văn bản (Understandability of legal frameworks)

26.8 Kiểm toán viên hoặc thanh tra thuế (Auditor and )

26.9 Yêu cầu về thông tin của các báo cáo thuế (Information requirements of Tax reports)

26.10 Yêu cầu thực hiện báo cáo của các cơ quan chức năng như Thuế, Sở KHĐT, Thống kê...(Requirements to submit Tax report of Tax Department, Financial Agency, Static Office)

26.11 Sự trợ giúp của Phần mềm kế toán và phần mềm kê khai thuế (HTKK)/ The useful of accounting software and taxation software (HTKK)

26.12 Khác/Others (Detail.....)

**Câu 27-Q27: Theo Ông/Bà, để tạo điều kiện cho DNNVV phát triển, chính sách kế toán cần thay đổi như thế nào/In your opinion, What accounting policies do we need to change in order to improve SMEs?**

*[ ] 27.1 Về nội dung (giữ nguyên hay thay đổi, thay đổi thì đổi như thế nào? Tại sao?)/ Regarding the content (Keep stable or change, What do you want to change? Why?)*

Regulations	Keep stable	Change	Contents need to keep or change
<input type="checkbox"/> 27.1.1 CMKT/VAS			
<input type="checkbox"/> 27.1.2 Luật Kế toán/ Law on Accounting			
<input type="checkbox"/> 27.1.3Chế độ kế toán/ Accounting regime			

*[ ] 27.2 Về hình thức (giữ nguyên hay thay đổi, thay đổi thì đổi như thế nào? Tại sao?)/ Regarding the form (Keep stable or change, What do you want to change? Why?)*

Regulations	Keep stable	Change	Contents need to keep or change
<input type="checkbox"/> 27.1.1 CMKT/VAS			
<input type="checkbox"/> 27.1.2 Luật Kế toán/ Law on Accounting			

<input type="checkbox"/> 27.1.3 Chế độ kế toán/ Accounting regime			
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**Câu 28-Q28: Theo Ông/Bà, để tạo điều kiện cho DNNVV phát triển, chính sách thuế cần thay đổi như thế nào/ In your opinion, What tax policies do we need to change in order to improve SMEs?**

<b>Taxation</b>	<b>Keep stable</b>	<b>Change</b>	<b>Contents need to keep or change</b>
<input type="checkbox"/> 28.1 Các căn cứ pháp lý về thuế/ Legal framework on Tax			
<input type="checkbox"/> 28.2 Thuế suất / Tax rate			
<input type="checkbox"/> 28.3 Cơ quan quản lý thuế/ Department of Tax administration			
<input type="checkbox"/> 28.4 Cơ sở hạ tầng về quản lý thuế/ Tax administration infrastructure			

-----End-----

Xin chân thành cảm ơn Ông/Bà đã trả lời bản hỏi này/ Thank you so much for your time



**Annex 6: List of SMEs in research sample (Interviewees of Questionnaire Type 1)**

<b>No</b>	<b>Name in English</b>	<b>Name in Vietnamese</b>	<b>Address</b>
1	Thang Long Hanoi Trade and Investment Development JSC	Công ty Cổ phần thương mại đầu tư phát triển Thăng Long Hà Nội	Trau Quy town, Gia Lam district, Hanoi city, Vietnam
2	Hoang Ha Construction and Trade Investment JSC	Công ty cổ phần xây dựng và đầu tư thương mại Hoàng Hà	95b Hue street, Hai Ba Trung district, Hanoi city, Vietnam
3	Minh Cuong Trade and Tourism JSC	Công ty cổ phần thương mại du lịch Minh Cường	Uy No commune, Dong Anh district, Hanoi city, Vietnam
4	Samco Thang Long Co.,Ltd	Công ty TNHH Samco Thăng Long	467 Nguyen Van Linh street, Long Bien district, Hanoi city, Vietnam
5	Br24 VIETNAM Co.,Ltd	Công ty TNHH Br24 VIETNAM	Phuong Liet ward, Thanh Xuan district, Hanoi city, Vietnam
6	HQC Equipment and Industrial JSC	Công ty CP thiết bị và công nghiệp HQC	36 Ly Nam De street, Hoan Kiem district, Hanoi city, Vietnam
7	RFTECH Thai Nguyen Co.,Ltd	Công ty TNHH RFTECH Thái Nguyên	Diem Thuy commune, Phu Binh district, Thai Nguyen province, Vietnam
8	Gredmann Vietnam Co.,Ltd	Công ty TNHH Gredmann Việt Nam	Group 6, Phu Do ward, Nam Tu Liem district, Hanoi city, Vietnam
9	KSi Vietnam Auditing Co.,Ltd - Hanoi Branch	Công ty TNHH Kiểm toán KSi Việt Nam - Chi nhánh Hà Nội	78 lane, Duy Tan street, Cau Giay district, Hanoi city, Vietnam
10	An Lap Plastic Co.,Ltd	Công Ty TNHH Nhựa An Lập	40 Vu Xuan Thieu street, Long Bien district, Hanoi city, Vietnam
11	Manh Hung Phat Trading and Service JSC	Công ty CP Thương Mại và Dịch Vụ Mạnh Hưng Phát	354 Ngo Gia Tu street, Long Bien district, Hanoi city, Vietnam
12	Thanh Chuong Co.,Ltd	Công ty TNHH Thanh Chương	No 22, Trau Quy town, Gia Lam district, Hanoi city, Vietnam
13	ACP Tax Consulting and Services Co.,Ltd	Công ty TNHH dịch vụ và tư vấn thuế ACP	Khuong Trung ward, Thanh Xuan district, Hanoi city, Vietnam
14	Phan Lien Construction Material Company	Công ty VLXD Phan Liên	157 Hoang Nhu Tiep street, Long Bien district, Hanoi city, Vietnam
15	Geological and Mineral JSC	Công ty Cổ phần Địa chất Khoáng sản và Môi trường	Tan Quang commune, Van Lam district, Hung Yen province, Vietnam

16	An Viet Finance and Tax Agent JSC	Công ty Cổ phần Tài chính và Đại lý thuế An Việt	No 1, Lenin boulevard, Vinh city, Nghệ An province, Vietnam
17	Camos Vietnam JSC	Công ty cổ phần Camos Việt Nam (Chị Hoài Mintá 12)	52 Le Dai Hanh street, Hai Ba Trung district, Hanoi city, Vietnam
18	Dai Phu Powder Coating Co.,Ltd	Công ty TNHH sơn bột Đại Phú	Street B4, Van Lam district, Hung Yen province, Vietnam
19	Minh Anh Khoai Chau Garment JSC	Công ty CP may Minh Anh Khoái Châu	Phung Hung commune, Khoai Chau district, Hung yen province, Vietnam
20	Nghe An General Trading and Construction JSC	Công ty CP kinh doanh tổng hợp và xây lắp nghệ an	Vinh city, Nghe An province, Vietnam
21	General Business Services JSC No. 1	Cty CP Dịch Vụ Kinh doanh Tổng hợp Số 1	Tay Mo ward, Nam Tu Liem district, Hanoi city, Vietnam
22	OMINSU Vietnam Production and Trading JSC	Công ty CP SX và TM OMINSU Việt nam	Yen Thuong commune, Gia Lam district, Hanoi city, Vietnam
23	Bac Ninh Garment JSC	Công ty CP May Bắc Ninh	Lien Bao commune, Tien Du district, Bac Ninh province, Vietnam
24	North Commercial JSC	Công ty CP Nội thương Bắc	96 Lo Duc street, Hanoi city, Vietnam
25	Hai Thanh Construction and Trading JSC	Công ty CP TM và XD Hải Thanh	Tan Truong commune, Cam Giang district, Hai Duong province, Vietnam
26	Phong Vu Construction and Trading JSC	Cty CP XD và TM Phong Vũ	Group 3, Cam Thinh ward, Cam Pha city, Quang Ninh province, Vietnam
27	Gia Dinh Gas JSC	Công ty CP khí đốt Gia Định	Ninh Hiep commune, Gia Lam district, Hanoi city, Vietnam
28	Son Tung Trading Co.,Ltd	Công ty TNHH TM Sơn Tùng	Group 33, Dong Anh town, Dong Anh district, Hanoi city, Vietnam
29	Unitechpharm Vietnam Pharmaceutical JSC	Công ty CP dược phẩm Unitechpharm Vietnam	Bat Trang commune, Gia Lam district, Hanoi city, Vietnam
30	Construction JSC No. 5	Công ty CP Xây lắp 5	Tran Hung Dao Street, Thai Binh city, Vietnam
31	Hong Mai Co.,Ltd	Công ty TNHH Hồng Mai	Tien Hai District, Thai Binh Province, Vietnam
32	Duy Phuong Construction and Investment Co.,Ltd	Công ty TNHH ĐT XD Duy Phương	Thai Binh city, Thai Binh province, Vietnam

33	Nam Phuong Thai Binh Real Estate JSC	Công ty CP BĐS Nam Phuong Thái Bình	Thai Binh city, Thai Binh province, Vietnam
34	Thai Ha - Thanh Dat Trading JSC	Công ty CP TM Thái Hà - Thành Đạt	Thai Binh city, Thai Binh province, Vietnam
35	Kevin Vietnam Electric Cable Co.,Ltd	Công ty TNHH cáp điện lực Kevin Việt Nam	116 Ha Huy Tap street, Yen Vien town, Gia Lam district, Hanoi city, Vietnam
36	Nam Bac Automobile Service JSC	Cty CP dịch vụ ô tô Nam Bắc	90 Khuat Duy Tien street, Thanh Xuan district, Hanoi city, Vietnam
37	Vinatax Service and Tax Agency JSC	Công ty cổ phần dịch vụ và đại lý thuế Vinatax	Gia Quat street, Long Bien district, Hanoi city, Vietnam
38	TDH Vietnam Industrial Equipment Trading and Manufacturing JSC	Công ty CP TM và SX thiết bị công nghiệp TDH Việt Nam	Group 5, Ha Dinh ward, Thanh Xuan district, Hanoi city, Vietnam
39	Quang Minh Medical JSC	Công Ty Cp y tế Quang Minh	Hoang Mai street, Hai Ba Trung district, Hanoi city, Vietnam
40	Golden Lotus Trading and Services JSC	Công ty Cổ phần thương mại dịch vụ Sen Vàng	No 33, Vinh Tuy ward, Hai Ba Trung district, Hanoi city, Vietnam
41	SHE Vietnam Co.,Ltd	Công ty TNHH SHE Việt Nam	51 Nguyen Khoai lane, Bach Danh ward, Hai Ba Trung district, Hanoi city, Vietnam
42	DSS Vietnam Technology JSC	Công ty Cổ phần công nghệ DSS Việt nam	Nam Tu Liem district, Hanoi city, Vietnam
43	Sufat Vietnam Co.,Ltd	Công ty TNHH Sufat Việt Nam	Nghia Hiep commune, Yen My district, Hung Yen province, Vietnam
44	Hai Phong Trade Development JSC	Công ty Cổ phần phát triển thương mại Hải Phong	8 Ton That Thuyet street, My Dinh ward, Hanoi city, Vietnam
45	OMIZU International Import-Export Trading Co.,Ltd	CTy TNHH MTV TM XNK quốc tế OMIZU	Ngo Gia Tu street, Viet Hung ward, Long Bien district, Vietnam
46	Truong Dat Import-Export Trading Co.,Ltd	Công ty TNHH TM XNK Trường Đạt	Kim Thanh district, Hai Duong province, Vietnam
47	HQ ENPLA Co.,Ltd	Cty TNHH HQ ENPLA	Tien Du district, Bac Ninh province, Vietnam
48	Tan An Pharmaceutical Co.,Ltd	Công ty TNHH Dược phẩm Tân An	Van Phuc ward, Ha Dong district, Hanoi city, Vietnam

49	Vinaremon Monument Remodeling JSC	Công ty CP tu bổ di tích trung ương Vinaremon	343 Nguyen Trai street, Thanh Xuan ward, Thanh Xuan district, Hanoi city, Vietnam
50	ARTDNA Vietnam JSC	Công ty Cổ phần ARTDNA Việt Nam	66 lane, De To Hoang street, Cau Den ward, Hai Ba Trung district, Hanoi city, Vietnam
51	Centrifugal concrete factory - Hanoi Construction Concrete JSC	Xí nghiệp bê tông ly tâm – Công ty CP bê tông xây dựng Hà Nội	Group 1, Duc Thang ward, Bac Tu Liem district, Hanoi city, Vietnam
52	Trade and Investment Construction JSC No. 516	Công ty CP Thương Mại và đầu tư xây dựng số 516	Group 22, Tien Phong ward, Thai Binh city, Vietnam
53	Bac Ha Construction and Trading Services Co.,Ltd	Công ty TNHH Xây dựng và dịch vụ Thương mại Bắc Hà	Group 18, Chan Quang Khai street, Tien Phong ward, Thai Binh city, Vietnam
54	Công Thai Binh Road Management JSC	Công ty CP Quản lý đường bộ Thái Bình	No 370, Long Hung street, Hoang Dieu ward, Thai Binh city, Vietnam
55	Vien Dong Urban and House JSC	Công ty cổ phần nhà và đô thị Viễn Đông	No 39, Cat linh ward, Dong Da district, Hanoi city, Vietnam
56	Truong Phat Electrical Mechanical Equipment Co.,Ltd	Công ty TNHH Thiết Bị Cơ Điện Trường Phát	Phu La ward, Ha Dong district, Hanoi city, Vietnam
57	Medical Investment and Development Co.,Ltd	Công ty TNHH đầu tư và phát triển y tế.	Trung Hoa ward, Cau Giay district, Hanoi city, Vietnam
58	Ha Thanh Trading Service and Investment JSC	Công ty Cổ phần thương mại dịch vụ và đầu tư Hà Thành.	Ha Dinh street, Thanh Xuan Trung ward, Thanh Xuan district, Hanoi city, Vietnam
59	Azuma Safety Co.,Ltd	Công ty TNHH Azuma Safety	Yen My district, Hung Yen province, Vietnam
60	Khanh Long Food Co.,Ltd	Công ty TNHH thực phẩm Khánh Long	109 lane, Truong Chinh street, Thanh Xuan district, Hanoi city, Vietnam
61	AVAC Viet Nam Co.,Ltd	Công ty TNHH MTV AVAC Việt Nam	Trung Trac commune, Van Lam district, Hung Yen province, Vietnam
62	Power Construction JSC No 1	Công ty cổ phần xây lắp điện lực 1	Yen Phu ward, Tay Ho district, Hanoi city, Vietnam
63	Xuan Anh Composite Co.,Ltd	Công ty TNHH Xuân Anh Composite	Vu Le commune, Kien Xuong district, Thai Binh province, Vietnam

64	Hai Cuong Trading Co.,Ltd	Công ty TNHH TM Hải Cường	505 Tran Thai Tong street, Thai Binh city, Vietnam
65	Công ty TNHH TM điện kỹ thuật Trường Sinh	Công ty TNHH TM điện kỹ thuật Trường Sinh	Bo Xuyen ward, Thai Binh city, Vietnam
66	Lam Linh Co.,Ltd	Công ty TNHH Lâm Linh	Hoang Dieu ward, Thai Binh city, Vietnam
67	Thien Quang Plastic Co.,Ltd	Công ty TNHH Nhựa Thiên Quang	Phu Khanh ward, Thai Binh city, Vietnam
68	Truong Hung Trading and Service Co.,Ltd	Công ty TNHH TM và DV Trường Hưng	Ky Ba ward, Thai Binh city, Vietnam
69	CNC An Thai Thai Binh Agricultural Co.,Ltd	Công ty TNHH nông nghiệp CNC An Thái Thái Bình	De Tham ward, Thai Binh city, Hanoi
70	Dai Viet Computer and Machine Technology Co.,Ltd	Công ty TNHH máy tính và công nghệ máy Đại Việt	Tran Thai Tong street, Thai Binh city, Vietnam
71	Phuong Linh General Trading and Business Co.,Ltd	Công ty TNHH kinh doanh TMTH Phương Linh	109 Tran Hung Dao street, Thai Binh city, Vietnam
72	Thanh Cong Construction Consultancy JSC	Công ty CP tư vấn xây dựng Thành Công	Quang Trung street, Thai Binh city, Vietnam
73	Phuc Khanh Department Store	Công ty TNHH Bách hóa Phúc Khánh	Thai Binh city, Vietnam
74	Thai Binh Seed JSC	Công ty CP tổng công ty giống cây trồng Thái Bình	Tran Hung Dao street, Thai Binh city, Vietnam
75	Toan Van General Trading JSC	Công ty CP TM TH Toan Vân	Nguyen Dinh Chinh street, Chan Lam ward, Thai Binh city, Vietnam
76	Thuong Lan Service and Trading Co.,Ltd	Công ty TNHH TMDV Thương Lan	Group 17, Ky Ba ward, Thai Binh city, Vietnam
77	Lien Hoang Hai Trading Co.,Ltd	Công ty TNHH TM Liên Hoàng Hải	Group 16, Le Hong Phong ward, Thai Binh city, Vietnam
78	Hang Ha Trading and Service Co.,Ltd	Công ty TNHH DV TM Hằng Hà	Group 22, Tien Phong ward, Thai Binh city, Vietnam
79	Aidi Electrical Engineering Co.,Ltd	Công ty TNHH Điện Cơ Aidi	Thai Binh city, Vietnam
80	Thai Binh Construction Design Surveying and Consultancy JSC	Công ty CP tư vấn quy hoạch khảo sát thiết kế XD Thái Bình	188 Hai Ba Trung street, Vietnam

81	Bao Long Investment and General Trading Co.,Ltd	Công ty TNHH ĐT và TM Tổng hợp Bảo Long	Group 2, Quach Dinh Bao street, Phu Xuan commune, Thai Binh city, Vietnam
82	Hoang Tu GB Co.,Ltd	Công ty TNHH Hoàng Tú GB	Hamlet 11, Xuan Quan commune, Van Giang district, Hung Yen province, Vietnam
83	Hoa Lan JSC	Công ty CP Hoa Lan	Vinh Khuc commune, Van Giang district, Hung Yen province, Hanoi, Vietnam
84	Thanh Son JSC	Công ty cổ phần sơn Thành Sơn	197 Phu Vien street, Bo De ward, Long Bien district, Hanoi city, Vietnam
85	An Thy Environment Technology Co.,Ltd	Công ty TNHH Công nghệ môi trường An Thy	Dang Xa commune, Gia Lam district, hanoi city, Vietnam
86	Thanh Kha Construction Private Enterprise	DN tư nhân xây dựng Thanh Kha	Group 4, Song Hien ward, Cao Bang city, Vietnam
87	Ngoc Truong Trading and Construction Co.,Ltd	Công ty TNHH TM và XD Ngọc Trường	Group 2, Song Bang ward, Cao Bang city, Vietnam
88	Thien An Construction Co.,Ltd	Cty TNHH Xây dựng Thiên Ân	Group 17, Tan Giang ward, Cao Bang city, Vietnam
89	2TH Informatics Trading Co.,Ltd	Công ty TNHH TM tin học 2TH	Hop Giang ward, Cao Bang city, Vietnam
90	Viet Thanh Trading and Service Co.,Ltd	Công ty TNHH TM và DV Việt Thành	Hop Giang ward, Cao Bang city, Vietnam
91	Phiet Hoc Trading, Service and Transport Co.,Ltd	Công ty TNHH TM DV vận tải Phiệt Học	Group 2, Phu Xuan commune, Thai Binh city, Vietnam
92	Lam Huong Services And Trading Co.,Ltd	Công Ty TNHH Thương Mại Và Dịch Vụ Lâm Hương	Group 21, Ky Ba ward, Thai Binh city, Vietnam
93	Bac Nghe Trading, Service and Manufacturing Co.,Ltd	Công ty TNHH MTV Thương mại, DV và Sản xuất Bắc Nghệ	Trung Liet ward, Dong Da district, Hanoi city, Vietnam
94	Van Ha Stationery Co.,Ltd	Công ty TNHH Văn phòng phẩm Văn Hà	Cua Dong ward, Hoan Kiem district, Hanoi city, Vietnam

**Annex 7: List of experts in research sample (Interviewees of Questionnaire Type 2)**

<b>No</b>	<b>Name in English</b>	<b>Current Occupation</b>	<b>Place of Office</b>
1	Lai Phuong Thao	Lecturer/Researcher	Vietnam National University of Agriculture
2	Pham Viet Quan	Bank staff	BIDV - Thanh Do branch
3	Bui Minh Quang	Bank staff	BIDV - North Hanoi branch
4	Ha Le Huong	Tax administration officer	Cao Bang Tax Department
5	Nguyen Thi Mai	Tax administration officer	Ha Noi Tax Department
6	Tran Minh Tuan	Bank staff	BIDV – No 3 branch
7	Nguyen Dinh Duc	Bank staff	BIDV - Ha Thanh branch
8	Nguyen Tran Trung	Bank staff	BIDV - Center office
9	Tran Phuc Long	Bank staff	BIDV - Gia Lam branch
10	Phan Thi Xuan	Auditor	AIT auditing company limited
11	Ngo Viet Thanh	Auditor	An Viet auditing company limited
12	Le Van Tuan	Auditor	Ha Noi auditing company limited
13	Vu Thuy Nhu	Bank staff	BIDV - branch Quang Trung
14	Pham Anh Lan	Bank staff	Sacombank East branch
15	Nguyen Phuong Mai	Tax administration officer	Cao Bang Tax Department
16	Le Thi Hung	Tax administration officer	Cao Bang Tax Department
17	Ngo Thi Thu Hang	Lecturer/Researcher	Vietnam National University of Agriculture
18	Nguyen Thi Van	Policymaker	Ministry of Finance
19	Tran Thu Quynh	Policymaker	Ministry of Finance
20	Nguyen Van Luc	Tax administration officer	Thai Binh Tax Department
21	Dao Van Dong	Tax administration officer	Thai Binh Tax Department
22	Pham Thi Toan	Tax administration officer	Kien Xuong District tax department
23	Dang Ngoc Hung	Lecturer/Researcher	Hanoi University of Industry
24	Nguyen Thi Tam	Lecturer/Researcher	Hung Yen University of Technology and Education

25	Nguyen Thi Minh Tho	Lecturer/Researcher	Viet Bac University
26	Vien Thi An	Lecturer/Researcher	Thai Binh University
27	Vu Thuy Linh	Lecturer/Researcher	Academy of Finance
28	Nguyen Thi Tha	Lecturer/Researcher	Academy of Finance
29	Nguyen Thi Hong Ngoc	Lecturer/Researcher	Hanoi University of Industry
30	Pham Duc Cuong	Lecturer/Researcher	National Economics University
31	Giang Thi Xuyen	Lecturer/Researcher	Academy of Finance
32	Tran The Nu	Lecturer/Researcher	VNU University of Economics and Business
33	Vu Thi Kim Anh	Lecturer/Researcher	Trade Union University
34	Nguyen Van Thuy	Tax administration officer	Quynh Phu District tax department