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# ACCOUNTING FREQUENTLY ASKED QUESTIONS

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## ACCOUNTING FREQUENTLY ASKED QUESTIONS (cont.)

Questions	Answer	Reference
<b>1. Distinguish between unearned revenue and prepayment by the buyer</b>	<p>In essence, both unearned revenue and advance payments from buyers reflect the amount of money received in advance from customers but at the end of the accounting period, the enterprise has not completed the supply of goods or services. for that customer.</p> <p>Regarding the difference, money received in advance from customers is only recorded as unearned revenue if that amount is paid in advance for a single service or for services performed in one or more accounting periods. The seller's remaining obligation is to provide corresponding services as committed.</p> <p>Depending on the characteristics of each type and business field, the seller will require the buyer to pay a single service fee or services related to one or more periods, including property rental services; passenger and goods transportation services; Software account registration service; subscription services to publications, periodicals... before providing the corresponding service.</p> <p>On the other hand, money received in advance from the customer is only accounted for in the buyer's advance payment account if the seller requests payment in advance of part of the value of the goods supply or service provision transaction to ensure the satisfaction of customers. Buyer's performance commitment. The buyer is obliged to pay the remaining value of the contract when the seller completes the supply of goods and services to the customer.</p>	



## ACCOUNTING FREQUENTLY ASKED QUESTIONS (cont.)

Questions	Answer	Reference
<b>2. Instructions for accounting for land rent paid in one lump sum</b>	<p>According to the provisions of Clause 2d, Article 4 of Circular No. 45/2013/TT-BTC dated April 25, 2013 of the Ministry of Finance Guiding the management, use and depreciation of fixed assets</p> <p>To be able to account the one-time land rent as an intangible fixed asset, the following two conditions must be met:</p> <ul style="list-style-type: none"><li>- Renting land before the effective date of the 2003 Land Law (specifically July 1, 2004).</li><li>- Have a Certificate of land use rights.</li></ul> <p>In case the company leases land after July 1, 2004 and the land rental is paid in installments:</p> <ul style="list-style-type: none"><li>- The prepaid land rental amount is accounted for in account 242 - Prepaid expenses and is gradually allocated to business expenses over the land rental period and is not accounted for in intangible fixed assets.</li></ul>	<p><a href="#">Circular No. 45/2013/TT-BTC</a></p> <p><a href="#">Land Law 2003 13/2003/QH11</a></p>
<b>3. Special cases are recorded as investment property.</b>	<ul style="list-style-type: none"><li>- For real estate that part of the enterprise holds for the purpose of earning profits from operating leases or waiting for price increases and part is used for production, provision of goods, services or for management. If these assets are sold separately (or leased separately under one or more operating lease contracts), the enterprise will account the assets used for rent or for price increase as investment real estate. The assets used for production and management are accounted for as tangible fixed assets or intangible fixed assets.</li></ul> <p>In case the real estate cannot be sold separately and the portion used for business or management is insignificant (less than 20% of the area), it will be accounted as investment real estate. For example: An enterprise has a building with more than 80% of the area for operating leases and less than 20% of the area used as corporate offices, then that building is accounted for as investment property.</p>	



## ACCOUNTING FREQUENTLY ASKED QUESTIONS (cont.)

Questions	Answer	Reference
<b>3. Special cases are recorded as investment property (cont.)</b>	<ul style="list-style-type: none"><li>- In case an enterprise provides related services to users of real estate owned by the enterprise as a relatively small part of the entire agreement, the enterprise will account for this asset as investment real estate. private. For example: An enterprise owns a building that is rented to other units as offices (operating lease) and provides maintenance and security services for this leased building.</li><li>- In case a Subsidiary Company leases or uses and holds a real estate to the Parent Company or another Subsidiary in the same Group, that real estate is accounted for as investment real estate in the Report. separate financial statements of the Subsidiary that owns the real estate or the separate financial statements of the Parent Company if the Parent Company leases it to Subsidiaries (if it meets the definition of investment property), but must not be reflected. reflected as investment real estate in the Consolidated Financial Statements.</li></ul>	



## ACCOUNTING FREQUENTLY ASKED QUESTIONS (cont.)

Questions	Answer	Reference
<b>4. Special cases are recorded as investment property.</b>	<p>In case an enterprise incurs costs for repairing or renovating rented offices to support the production process, they can be accounted for as expenses or gradually allocated to expenses (maximum not exceeding 03 years).</p> <p>Input value-added tax on fees for repairing and renovating rented offices to support business activities can be declared and deducted if the conditions specified in Article 15 of Circular 219/2013/TT-BTC are met. Clause 10, Article 1, Circular 26/2015/TT-BTC of the Ministry of Finance stipulates above.</p>	<a href="#">Official letter 47485/CT-TTHT</a>
<b>5. Cost of installing rented office equipment</b>	<p>In case the enterprise is a newly established organization that, according to the presentation, carries out construction, design, and assembly of items such as flooring, tempered glass, electrical systems, etc. for the enterprise's rented office, then can be accounted for as expenses or allocated to business expenses (maximum not to exceed 03 years).</p>	<a href="#">Official letter 4066/CT-TTHT</a>