

NEWSLETTER ICL

Tax & Legal updates

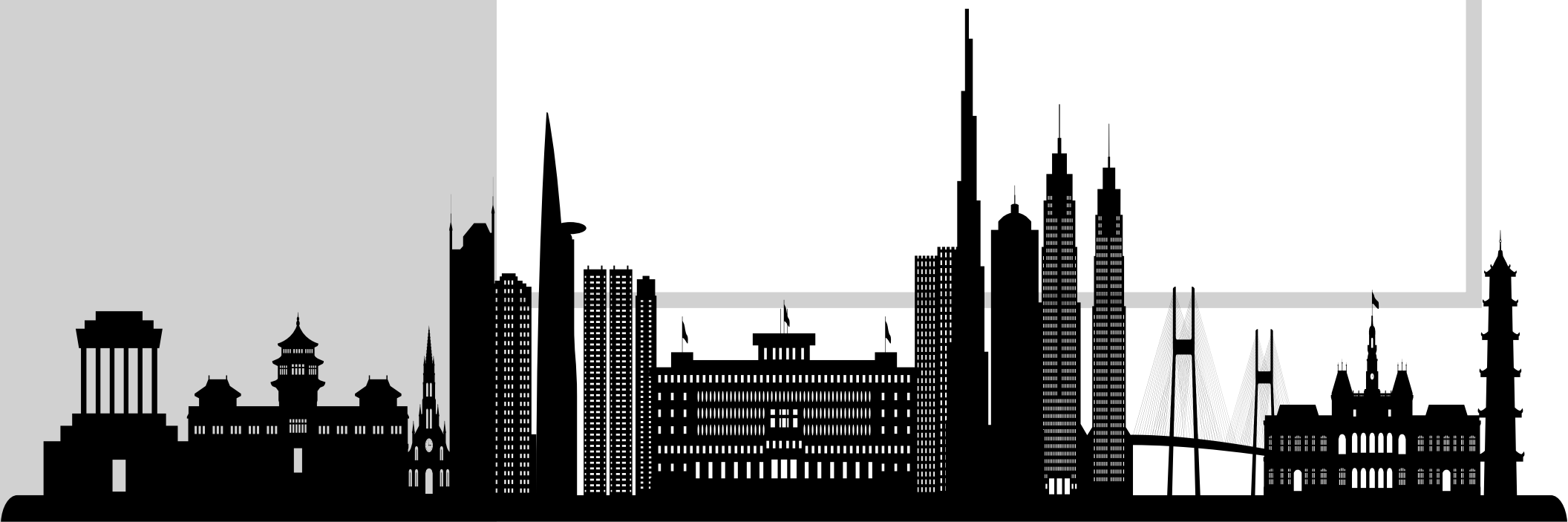
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Accelerate to breakthrough



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Draft Circular providing accounting guidance for investors and PPP project enterprises issued by the Minister of Finance (1/3)

Article 1: Scope of regulation

1. This Circular provides guidance on a number of contents on accounting accounts, accounting principles and methods, and financial reporting forms applicable to investors and PPP project enterprises. The determination of tax obligations of investors and PPP enterprises related to PPP project contracts to the State Budget is implemented in accordance with the law on tax.
2. For accounting contents not guided in this Circular, investors and PPP project enterprises shall follow the guidance in the current Enterprise Accounting Regime; Circulars guiding the implementation of Accounting Standards and amendments, supplements, and replacements (if any).

Article 2. Contents not covered by the scope of regulation

1. This Circular does not regulate:
 - a) Accounting of competent authorities and agencies signing PPP project contracts.
 - b) Accounting for infrastructure works and systems (hereinafter referred to as infrastructure) that have been held and recorded as tangible fixed assets by investors and PPP project enterprises before participating in PPP project contracts.
2. The signing and implementation of PPP project contracts, the establishment and operation of investors and PPP project enterprises, the rights, obligations and responsibilities of agencies, organizations and individuals related to investment activities under the public-private partnership method shall be carried out in accordance with the provisions of the law on investment under the public-private partnership method and other relevant laws.

Draft Circular providing accounting guidance for investors and PPP project enterprises issued by the Minister of Finance (2/3)

Article 3. Subjects of application

This Circular provides accounting guidance applicable to investors and PPP project enterprises in each specific case as follows:

1. In case the PPP project contract of the investor or the PPP project enterprise has all the characteristics of the agreement on the transfer of public service provision as guided in Article 4 of this Circular, the accounting for these PPP project contracts shall be carried out in accordance with the guidance in this Circular.
2. In case the PPP project contract of the investor or the PPP project enterprise does not have the characteristics of the agreement on the transfer of public service provision as guided in Article 4 of this Circular, the investor or the PPP project enterprise shall base on the nature of each type of PPP project contract and the current accounting standards and enterprise accounting regime to carry out the accounting for these PPP project contracts.

Article 5. Steps for accounting for the agreement on the transfer of public service provision

1. Identify PPP project contracts that have the characteristics of the Agreement on the transfer of public service provision.
2. Determine the total value for each PPP project contract and in case there are many contract components or many performance obligations, allocate the total contract value to each contract or each performance obligation.
3. Actual investment costs for each contract or each performance obligation.
4. Record revenue and cost of construction and infrastructure operation services according to the financial asset model or intangible fixed asset model or mixed model.
5. Record revenue, cost of construction and infrastructure reconstruction costs according to the financial asset model or intangible fixed asset model or mixed model

Draft Circular providing accounting guidance for investors and PPP project enterprises issued by the Minister of Finance (3/3)

Article 7. Accounting accounts

Add account 139 - Receivables from contracts to reflect the current value and the increase and decrease of receivables from PPP project contracts of investors and PPP project enterprises with the following specific structure and content:

Debit side: Reflects the amount that investors and PPP project enterprises receive from PPP project contracts.

Credit side: Other amounts of money or assets that investors and PPP project enterprises have received from PPP project contracts.

Debit balance: The remaining amount receivable from PPP project contracts at the end of the period of investors and PPP project enterprises.

Article 8. Accounting methods for some main transactions

1. In case the agreement to transfer the provision of public services is essentially a financial asset model;
2. In case the agreement to transfer the provision of public services is essentially an intangible fixed asset model;
3. In case the agreement to transfer the provision of public services is of a mixed nature (partly financial assets, partly intangible fixed assets);
4. Accounting for costs of recreating or restoring infrastructure before transferring to the competent authority;

Article 9. Financial statements

1. Investors and PPP project enterprises shall prepare and present financial statements according to the current enterprise accounting regime.
2. When preparing and presenting the Financial Status Report, investors and PPP project enterprises shall follow the form prescribed in Appendix 1 of this Circular and shall add the indicator "Short-term receivables from PPP project contracts" (Code 138) to be presented in the indicator "Short-term receivables" (Code 130) and add the indicator "Long-term receivables from PPP project contracts" (Code 218) to be presented in the indicator "Long-term receivables" (Code 210).

Draft Decree amending Decree 146/2018/ND-CP and Decree 75/2023/ND-CP amending Decree 146/2018/ND-CP guiding the Law on Health Insurance(1/1)

Article 1. Scope of regulation

This Decree amends and supplements a number of articles of Decree No. 146/2018/ND-CP dated October 18, 2018 and Decree No. 75/2023/ND-CP dated October 19, 2023 amending and supplementing a number of articles of Decree No. 146/2018/ND-CP dated October 18, 2018 detailing and guiding measures for implementing the Law on Health Insurance; detailing a number of articles of the Law amending and supplementing a number of articles of the Law on Health Insurance on:

1. Amending regulations on technical professional levels, abolishing regulations on hospital grades.
2. Amending and supplementing regulations on payment of transportation costs.
3. Supplementing instructions on health insurance payment for cases where medical examination and treatment facilities adjust their operating licenses when changing the size of hospital beds according to the provisions of law on medical examination and treatment; For cases where health insurance participants go for medical examination and treatment upon request.

Article 2. Amending and supplementing a number of articles of Decree No. 146/2018/ND-CP dated October 18, 2018 and Decree No. 75/2023/ND-CP dated October 19, 2023 amending and supplementing a number of articles of Decree No. 146/2018/ND-CP dated October 18, 2018 detailing and guiding measures to implement the Law on Health Insurance.

Guidance on issuing warranty component invoices (1/1)

On August 07, 2024, the Bac Ninh Provincial Tax Department issued Official Letter No. 3868/CTBNI-TTHT regarding the guidance on issuing warranty component invoices

Article 4. Rules for issuance, management and use of invoices and records¹. When selling goods or providing services, the seller shall issue and send invoices to buyers (including goods/services used for sales promotion, advertising or as samples, goods/services gifted, donated, exchanged or used as salary payment to employees and internal use (except goods which are internally rotated in production process), and goods rented, lent or returned). Such invoices shall have adequate contents written according to the provisions in Article 10 hereof, except e-invoices which must follow the standard format prescribed by tax authorities as prescribed in Article 12 hereof.”Based on the above regulations, in the case where the Company issues components and materials for the purpose of product warranty (within the warranty period) according to the warranty obligations stipulated in the sales contract between the Company and the customer, the Company is not obligated to issue invoices for the components and materials provided. The Company should fully retain documents and evidence proving the legality and reasonableness of the product warranty activities to present when requested by the relevant state authorities.

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