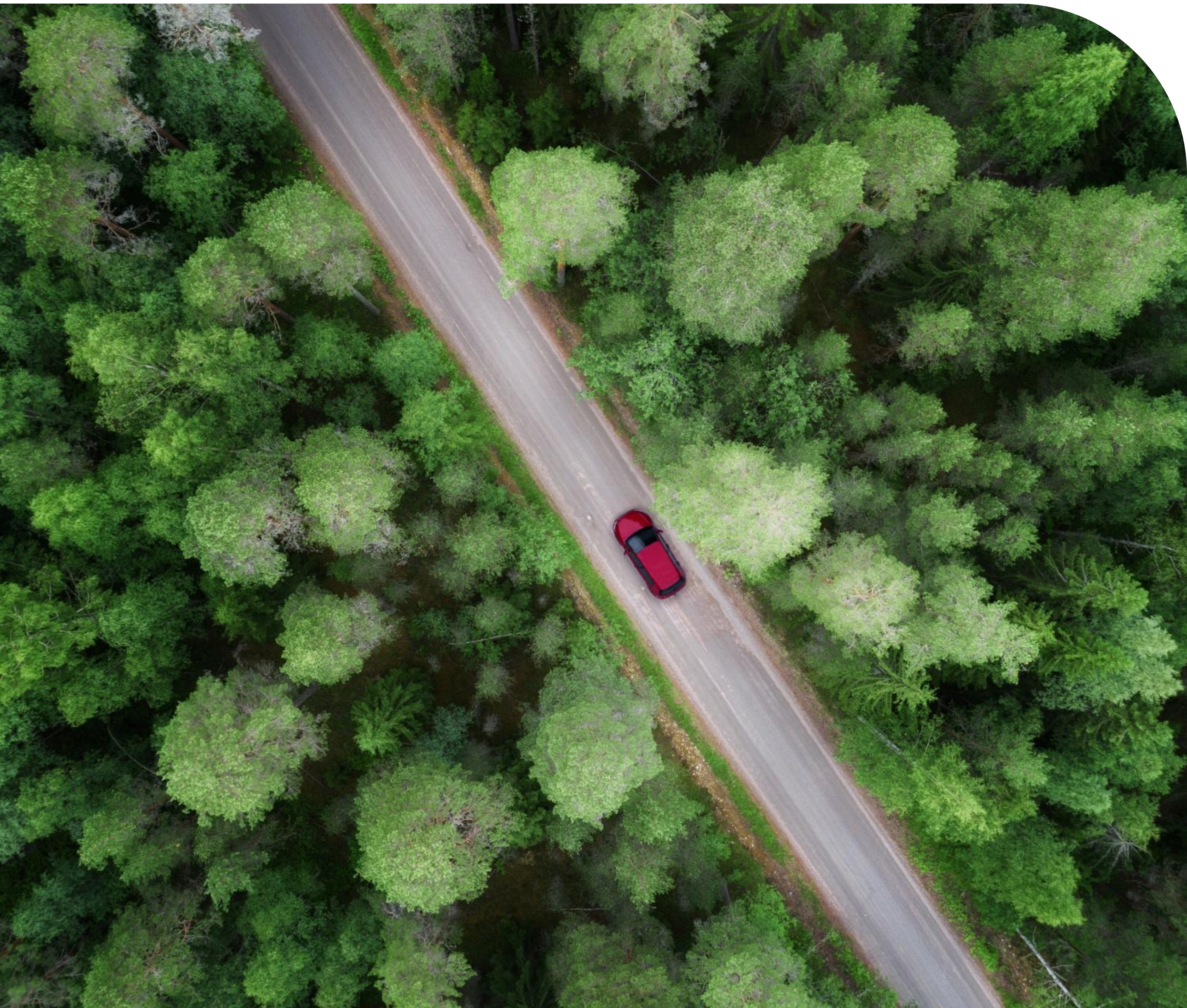
IFRS viewpoint

Circular 99/2025/TT-BTC replaces Circular 200 and the level of similarities to IFRS requirements



Introduction

Circular 99/2025/TT-BTC (Circular 99) is a significant reform of Vietnam's accounting system, replacing Circular 200 after more than a decade of application. Circular 99 clearly reflects the IFRS orientation, shifting from an accounting model heavily reliant on detailed regulations to one based on principles, emphasizing the transactional nature and professional judgment.

Compared to Circular 200, Circular 99 significantly expands the scope of application of fair value, improves the structure of financial statements in line with IAS 1, adjusts revenue recognition according to the fulfillment of performance obligations under IFRS 15, adds content on financial instruments, biological assets, deferred income tax, and empowers businesses to design their own accounting systems. These changes significantly reduce the gap between VAS and IFRS.

This publication compares Circular 99 with IFRS, highlighting similarities and remaining gaps across key standards. Our analysis concludes that Circular 99 serves as a transitional framework, enabling businesses to move toward IFRS with reduced cost, lower risk, and a defined roadmap.

Context and significance of Circular 99

In the context of capital market globalization, IFRS has become the common language of international financial reporting. Vietnam, aiming to upgrade its stock market and attract foreign investment, is compelled to significantly reform its accounting system.

Circular 200, despite playing an important role in the earlier period, gradually revealed its limitations: it was rigid, focused on formal compliance, did not fully reflect the economic nature of transactions, and was difficult to convert to IFRS. Circular 99 was issued to overcome these limitations.

Circular 99 provides a legal foundation for IFRS adoption in Vietnam (2025–2030), enhancing transparency and comparability of the financial statements while reducing the cost and complexity of transition.

Basis for drafting Circular 99

Circular 99 covers many areas, but its fundamental objective is to align with IFRS in a way that minimizes disruption for businesses. Accordingly, Circular 99 gives companies greater flexibility in accounting judgment and places more emphasis on disclosures and qualitative information.

Key IFRS principles reflected in Circular 99:
• Substance over form
• Principles-based approach, not rigid rules
• Focus on fair value

Degree of IFRS Alignment Across Standard Group

This section analyzes how closely Circular 99 aligns with IFRS across key standards, using three criteria: (i) recognition and measurement principles, (ii) presentation and disclosure compatibility, and (iii) ease of application when converting to IFRS.

Readers of this publication should note that the following assessment focuses only on the changes to accounting requirements in Circular 99 compared to the previous Circular 200 and does not address the existing similarities and differences between IFRS and the previous Circular 200.

Group of standards with high IFRS alignment

Circular 99 strongly aligns with IFRS in these areas, reducing the need for significant adjustments during preparation of the financial statements.

Presentation of Financial Statements – IAS 1

Circular 99 closely mirrors IAS 1 in financial statement structure. Report names align with IFRS, improving comparability and consistency. Asset and liability classification as short- and long term is clearer, and disclosure requirements for key accounting policies and significant accounting estimates are strengthened.

Assessment: High level of approach, an important foundation for IFRS.

Functional currency and foreign exchange conversions– IAS 21

Under Circular 99, companies can select an appropriate functional currency, and exchange rate differences are handled in a manner consistent with IFRS.

Assessment: High level of IFRS alignment, supporting companies engaged in international transactions.

Deferred Corporate Income Tax – IAS 12

Under Circular 99, deferred tax assets and liabilities must be recognized based on temporary differences, with standardized accounting and presentation requirement.

Assessment: High IFRS alignment, minimizing the need for adjustments.

Group of standards with medium IFRS alignment

Standards in this group indicate a positive shift toward IFRS, though differences in measurement models and detail remain.

Revenue from contracts with customers – IFRS 15

Circular 99 shifts from a risk-benefit revenue recognition approach to the principle of fulfilling contractual obligations. Accordingly, Circular 99 addresses performance obligations and the timing of revenue recognition . However, Circular 99 does not fully specify the five-step model and other complex aspects.

Assessment: Moderate IFRS alignment; Companies need to develop internal policies aligned with IFRS 15 during the transition process.

Fair Value Measurements – IFRS 13

Circular 99 expands the use of fair value to many types of assets. However, Circular 99 does not require the classification of valuation levels from 1 to 3 and technical explanations for valuation.

Assessment: This area shows partial IFRS alignment. Companies need to enhance valuation processes to meet IFRS requirements

Biological assets – IAS 41

Circular 99 was the first to introduce biological assets into the accounting system and requires significantly improved recognition and presentation compared to Circular 200. However, measurement at fair value remains limited.

Rating: Moderate IFRS alignment; additional guidance is required for valuation principles.

Group of standards with low IFRS alignment

Circular 99 offers guidance in these areas, yet full IFRS compatibility is still lacking.

Financial instruments – IFRS 9

Circular 99 lacks provisions for the expected credit loss model and derivative accounting.

Assessment: Minimal IFRS alignment, requiring companies to develop internal models during transition.

Leases – IFRS 16

Circular 99 does not require recognition of right-of-use assets or lease liabilities, creating a significant gap from IFRS 16.

Assessment: Low IFRS alignment; this represents the most significant adjustment in the transition process to IFRS.

Disclosure of Risk Information – IFRS 7

Circular 99 limits risk disclosure to basic explanations, lacking the quantitative analysis required by IFRS

Assessment: Alignment is low; companies must make substantial expansion to meet IFRS disclosure and reporting requirements.

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Comparing the differences between Circular 99 and IFRS

Although Circular 99 has moved closer to IFRS standards, key differences remain. These gaps increase the adjustments, costs, and complexity involved in transitioning from Circular 99 to IFRS.

Content	IFRS requirements	Regulations of Circular 99	Compatibility level	Recommendations for businesses
1. Presentation of Financial Statements (IAS 1)	IAS 1: requires a complete set of financial statements, presentation principles, comparability, visible nature nature, and full disclosure.	Circular 99 renames/restructures the regulations accordingly, requires expanded explanations, provides more flexible report templates, and allows for data comparison.	High formal compatibility ; however, sufficient detail in the explanation is required (IFRS demands more detail for certain items).	Standardize internal reporting templates according to the structure of IAS1; improve the quality of explanatory notes to prepare for a full transition to IFRS.
2. Revenue — IFRS 15	The recognition follows a 5-step model: (i) contract (ii) performance obligation (iii) transaction price (iv) allocation of transaction price (v) revenue recognition and detailed explanation is required.	Circular 99 encourages revenue recognition based on the fulfillment of contractual obligations and provides guidance that is closer to IFRS 15.	While closely aligned, Circular does not incorporate all of the complex requirements of IFRS 15.	Review revenue contracts and update revenue policies using the 5-step model.
3. Financial Instruments — IFRS 9	IFRS 9: Classification and Measurement Requirements and assessment of impairment, disclosure and accounting of derivatives.	Circular 99 allows for a more realistic classification of financial items, requiring greater transparency in classification and recognition; however, there are differences in details regarding impairment assessment and derivative accounting.	There have been some advances in classification, but there may still be differences in the ECL method and the scope of derivative accounting compared to IFRS 9.	Review the classification of financial assets/liabilities; apply the appropriate impairment method (refer to IFRS 9).
4. Lease — IFRS 16	IFRS 16: Leases must recognize the right to use the asset and the lease obligations for most long-term leases.	Circular 99 provides updated guidance on lease accounting, supporting recognition based on a model similar to IFRS 16 but without recognizing the right to use and the lease liability.	Circular 99 allows/recommends a treatment approach close to IFRS 16, but there are still many differences regarding asset recognition and lease obligations.	Develop a lease masterfile, quantify IFRS 16 impacts and configure the accounting system to automatically calculate the lease liabilities, ROU assets, interest, and depreciation.
5. Accounting currency — IAS 21	IAS 21: Reporting in functional currencies reflects the primary economic environment; conversion rules, recognition of exchange rate differences.	Circular 99 allows businesses to choose a suitable accounting currency (not limited to VND) and clearly defines responsibilities and conversion procedures.	Strong alignment with IFRS facilitates easier adoption by multinational companies.	Identify the official functional currency; update policy, account for exchange rate differences, and provide disclosures in accordance with IAS 21.

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Comparing the differences between Circular 99 and IFRS (continued)

Content	IFRS requirements	Regulations of Circular 99	Compatibility level	Recommendations for businesses
6. Deferred income tax — IAS 12	IAS 12 requires recognition of deferred income tax on temporary differences and disclosure of estimates.	Circular 99 clarifies the requirements for recording deferred taxes (and related accounts/groups), requiring businesses to provide more detailed information.	Approximate ; actual application may differ (level of detail, calculation method) — relevant VAS guidance should be consulted.	Prepare a provisional table of differences to record deferred tax under IAS 12, update the accounting records and disclosures.
7. Biological assets — IAS 41	IAS 41: Definition, requirements for measuring fair value for biological assets unless there is no active market; disclosure of biological change.	Circular 99 adds account 215 - Biological assets, providing guidance on reflecting value and changes (harvest, agricultural products). This is a new addition compared to Circular 200.	This is a major step forward in Vietnam (incorporating IAS 41 into the accounting system). However, the lack of a requirement for fair value accounting is a significant difference from IAS 41.	Businesses prepare accounting and measurement policies , establish procedures for collecting market data, and provide explanations of biological changes.
8. Measurement according to fair value (IFRS 13)	Fair Value Measurement Framework , Input Hierarchy (Levels 1–3) and Disclosure Requirements.	Circular 99 expands the possibility of using fair value measurement for some items and requires more disclosure; however, it is not as detailed as IFRS 13.	Additional technical guidance/explanatory notes are needed to ensure high compatibility with IFRS 13.	Identify items to be measured at fair value; establish valuation procedures and hierarchical levels of input information; maintain evidence and explanatory reports in accordance with IFRS 13.
9. Accounts System (CoA) & Business Autonomy	IFRS: does not mandate a system of accounts, but requires them to reflect the economic nature of the account.	Circular 99 allows for the liberalization/design of the accounting system to suit operations and adds accounts for new business activities.	Increased compatibility with IFRS (because IFRS prioritizes substance over form).	Redesign the accounting system to be closer to the IFRS model.
10. Transparency and risk management (IFRS 7)	IFRS emphasizes risk disclosure, accounting policies, and significant estimates of financial risks.	Circular 99 expands the requirements for presenting and explaining risks (exchange rates, credit, liquidity) and internal policies, requiring businesses to clarify their accounting judgments further.	Approaching the spirit of IFRS; details of the explanation (specifically the models and levels) may vary.	Upgrade the risk disclosures, judgment, and other analysis to meet both TT99 and IFRS requirements.

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Conclusion

Circular 99 represents a strategic milestone in Vietnam's IFRS adoption journey. While it does not fully align with IFRS, it provides a strong foundation that helps businesses mitigate costs and risks and accelerate the transition process. Companies that apply Circular 99 proactively will have a clear competitive advantage as IFRS is becoming the dominant standard in regional and global financial markets.

Contact

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