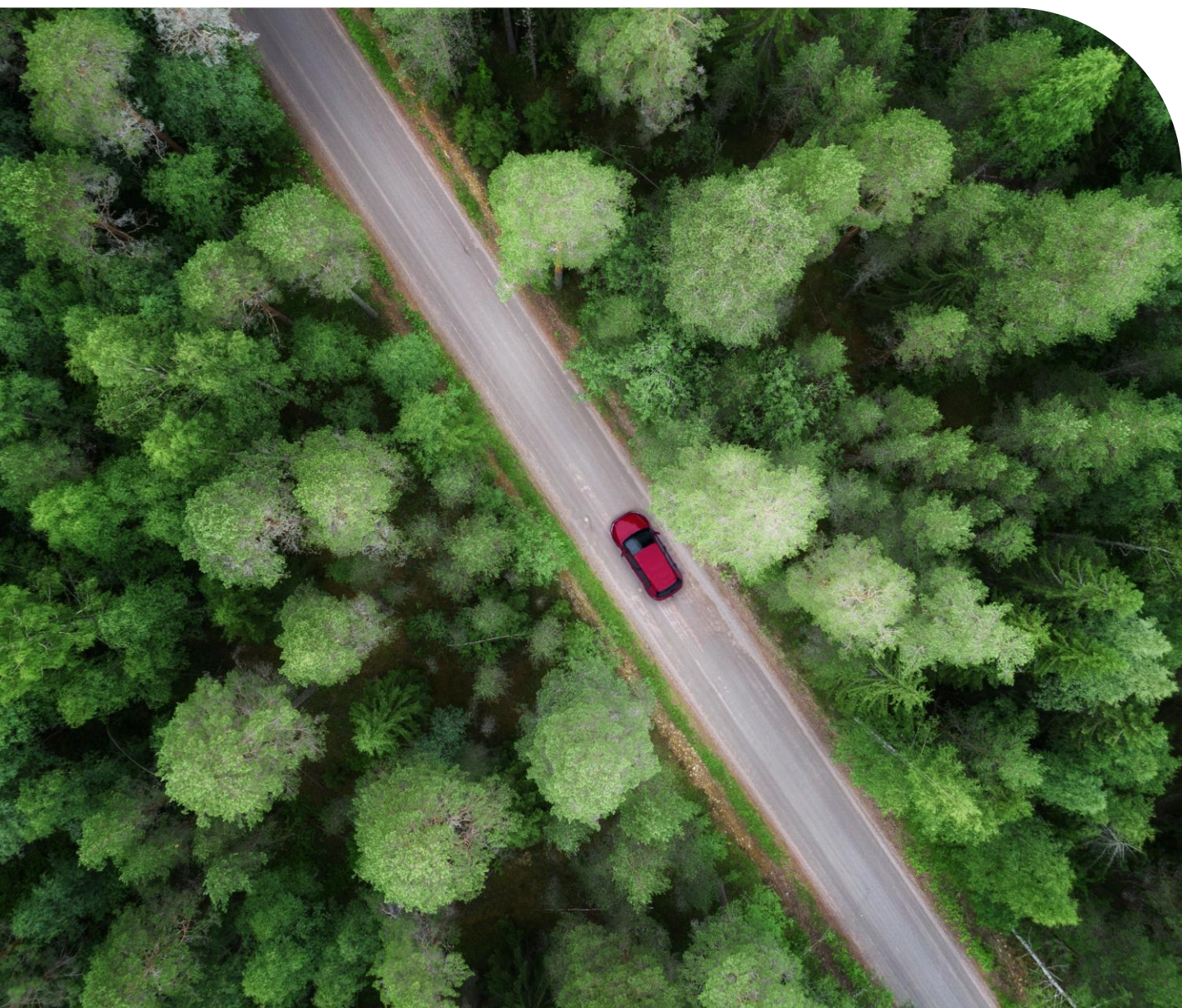


IFRS viewpoint

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 synthesizes and analyzes the content of Circular 99 from a comparative IFRS perspective, assessing the degree of closeness according to each group of standards and pointing out the remaining gaps. The main conclusion shows that Circular 99 acts as a transitional accounting regulation, helping Vietnamese businesses transition to IFRS with lower costs, lower risks, and a clearer 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.

Accordingly, Circular 99 serves as a legal stepping stone for the roadmap to apply IFRS in Vietnam for the period 2025-2030, while increasing the transparency and comparability of financial statements and reducing costs and complexity when businesses transition to IFRS.

Basis for drafting Circular 99

Circular 99 encompasses many aspects; however, its fundamental objective is to align with IFRS without causing a shock to businesses. Accordingly, Circular 99 has empowered businesses with greater accounting judgment and increased the role of disclosures and non-arithmetic information.

Circular 99 clearly outlines the fundamental principles of IFRS:

- Substance is more important than form.
- principles rather than rigid regulations.
- Aiming for fair value.

Level of IFRS proximity by standards group

To enable IFRS financial reporting professionals to assess the degree of closeness between Circular 99 and IFRS, the following content will analyze each group of key standards based on three main criteria: (i) the degree of similarity in recognition and measurement principles, (ii) the degree of compatibility in presentation and disclosure, and (iii) the ability of the enterprise to directly apply them 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.

The group of standards has a high degree of approximation

These are the aspects that Circular 99 has quite fully reflected the spirit of IFRS, helping businesses to almost avoid major adjustments when preparing financial statements according to IFRS.

Presentation of Financial Statements – IAS 1

The financial statement structure under Circular 99 has been designed to be nearly identical to IAS 1. Accordingly, the names of the component reports are similar to IFRS, ensuring comparability and consistency in reporting format. The classification of assets and liabilities as short-term/long-term is clearer. Circular 99 also increases the requirements for disclosure of key accounting policies and significant accounting estimates.



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

Functional currencies and foreign exchange convertibility – IAS 21

Circular 99 allows businesses to determine the functional currency appropriate to the nature of their operations. The handling of exchange rate differences is essentially compatible with IFRS.



Assessment: High proximity, favorable for businesses with international transactions.

Deferred Corporate Income Tax – IAS 12

Circular 99 requires the recognition of deferred tax assets and liabilities based on temporary differences. Accordingly, the accounting system and presentation of deferred taxes have been standardized.



Assessment: Approaching high, significantly reducing the need for IFRS adjustments.

The group of standards has a medium level of asymptoticism

This group reflects a positive transition to IFRS but still shows significant differences in measurement models or levels of detail.

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: Approaching average; the company needs to develop internal policies in accordance with IFRS 15 when transitioning.

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: Approaching average; valuation processes need upgrading when applying IFRS.

Biological assets – IAS 41

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



Rating: Near average; further support is needed regarding pricing.

The group of standards has a low degree of approximation

These are aspects where Circular 99 only provides guidance and has not yet created a substantive compatibility with IFRS.

Financial instruments – IFRS 9

Circular 99 has not yet applied the expected credit loss model, and the requirements for derivative accounting have not been incorporated into the accounting framework.



Assessment: Low proximity; businesses must develop their own models when applying IFRS.

Leases – IFRS 16

Circular 99 does not mandate the recognition of asset use rights and lease liabilities. Therefore, accounting for leases still differs significantly from IFRS 16.



Assessment: Approaching low; this is the biggest adjustment involved in the IFRS transition.

Disclosure of Risk Information – IFRS 7

Circular 99 only requires basic explanations and does not yet require quantitative analysis of financial risks.



Assessment: Low approach; requires significant expansion when preparing IFRS financial statements.



Comparing the differences between Circular 99 and IFRS

Although Circular 99 has significantly approached IFRS, many fundamental differences still exist. These differences directly affect the volume of adjustments, costs, and complexity when businesses transition 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, tangible 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 IAS 1 structure; 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 close to it , Circular 99 does not fully replicate all the complex requirements of IFRS 15.	Review standard 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 obligation to lease.	Approach : Circular 99 allows/recommends a treatment approach close to IFRS 16, but there are still many differences regarding asset recognition and lease obligations.	Create a lease masterfile, assess the impact, and update the accounting system to automate the calculation of lease obligations, 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.	Good compatibility (making it easier for multinational companies to adopt IFRS).	Identify the official functional currency; update policy, account for exchange rate differences, and provide disclosures in accordance with IAS 21.

Comparing the differences between Circular 99 and IFRS (cont)

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 books 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 economy .	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 emphasizes risk disclosure, accounting policies, and significant estimates of financial risk.	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 disclosure, judgment, and other analysis to meet both TT99 and IFRS requirements.

Conclusion

Circular 99 is a strategic step in the IFRS adoption process in Vietnam. Although it has not completely replaced IFRS, Circular 99 has created a solid foundation, helping businesses significantly reduce costs, risks, and time when transitioning to IFRS. Businesses that proactively utilize Circular 99 will have a clear competitive advantage in the context of IFRS increasingly becoming an essential standard in regional and global financial markets.



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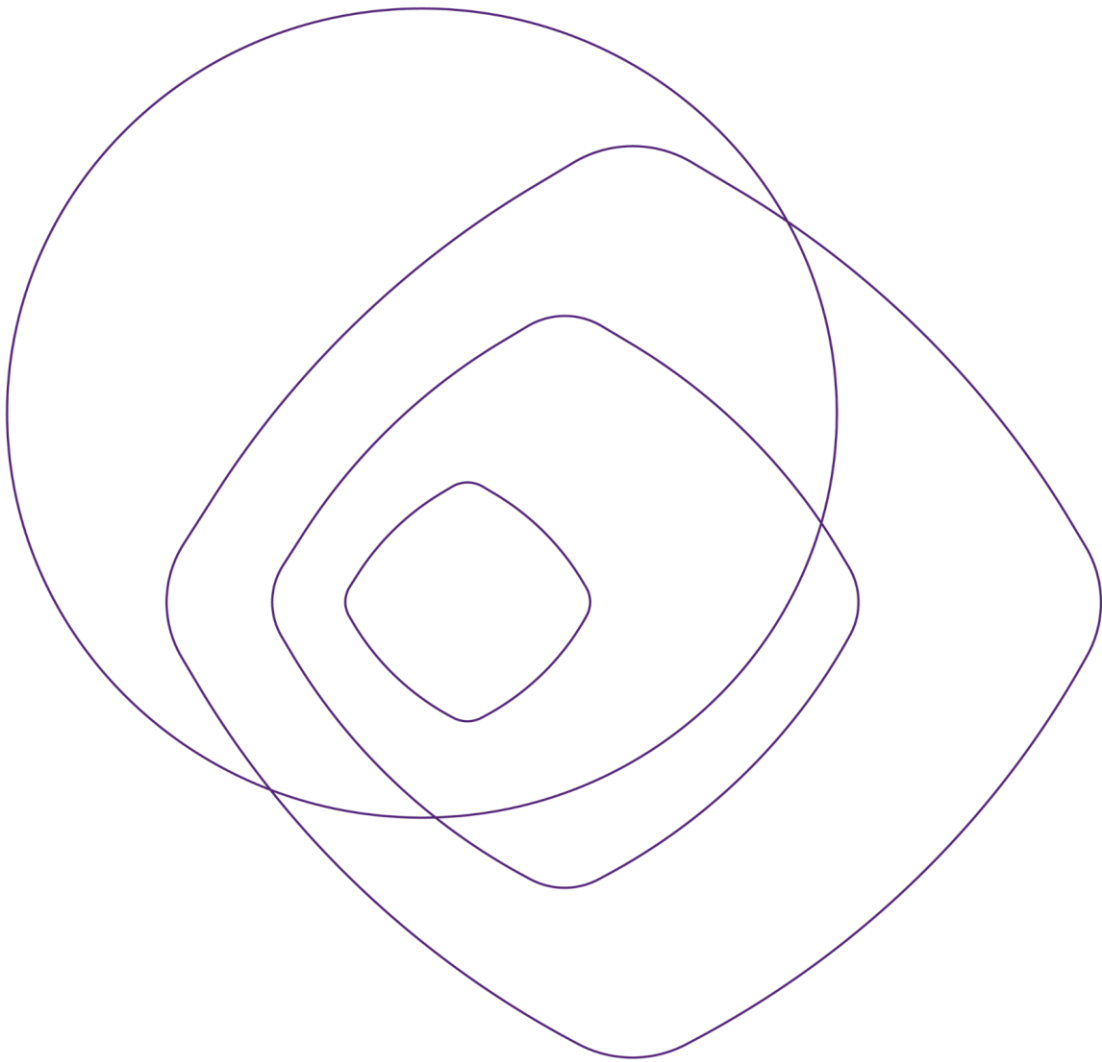


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