

**VIETNAM ELECTRICITY  
NORTHERN POWER CORPORATIONS**

**SOCIALIST REPUBLIC OF VIETNAM  
Independence – Freedom – Happiness**

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No: 2274/EVNNPC-KD

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Hanoi, June 5<sup>th</sup> 2019

Regarding guidelines on accounting revenues  
and costs related to rooftop solar projects

Respectfully to: Member units of the EVNNPC

Based on Documents No. 1530/EVN-KD and No. 1532/EVN-KD dated 27<sup>th</sup> March 2019 by the Vietnam Electricity regarding guidelines on the implementation of rooftop solar (RTS) projects.

Based on Document No. 2266/EVN-KD dated 3<sup>rd</sup> May 2019 by the Vietnam Electricity (EVN) regarding guidelines on addressing difficulties in RTS projects.

The Corporation has made copies of the above EVN's documents and would like to send them to you, as while providing you with guidelines on accounting revenues and costs and recording power output purchased from RTS projects as follows:

**1. For RTS projects whose investors are electricity companies (including electricity one-member companies):**

Electricity companies **do not** issue invoices and account revenues gained from solar power output exported to the grid and only monitor the accounting of arisen costs of RTS. This output is recorded as **self-produced power** of electricity companies. The accounting of power production and business is coded 1182: "solar energy".

**2. For RTS projects whose investors are other units under the EVNNPC (joint stock companies, NPCETC, NPSC, project management board and so on):** The projects will sign power purchase agreements (PPAs) with electricity companies.

- For project investors: Based on VAT invoices issued for local electricity companies, the units account revenues from selling solar power. The accounting of power production and business is coded 1182: "solar energy". The direct production and business costs for RTS managed and operated by the units are accounted to power production and business item coded 1182: "solar energy". Regarding general costs for production and business activities of the units, including RTS, the units shall distribute such costs for each kind of activity based on appropriate criteria.

- For electricity companies: Such RTS output shall be recorded as **power output bought from the original source** and accounted to **independent power purchase cost** of the units.

**3. For RTS projects whose investors are external organizations, individuals and households:**

The units shall sign PPAs to buy power from RTS projects with organizations, individuals and households.

- For the case that investors are organizations: Based on VAT invoices which investors issue for the units, the units shall record the RTS output as *power output bought from the original source* and accounted to their *independent power purchase costs*. The units shall declare tax withholding in accordance with regulations.

- For the case that investor are households or individuals who cannot issue invoices:

+ Monthly, the business departments of electricity companies develop the specification of power payments on the CMIS system (based on the confirmation report signed with individuals or households (investors)), submit it to their leaders for approval and then send it to the financial and accounting department for making payments (excluding VAT) to the investors.

+ By the end of the financial year or PPAs (if the agreement period is under one year), based on the confirmation report on meter reading, electricity output delivered and received and bill payment, both sides shall settle the VAT in compliance with regulations (if any). The method of calculating VAT for investors, who are individuals or households will be applied in accordance with regulations at Document No. 1534/BTC-CST dated 31<sup>st</sup> January 2019 by the Ministry of Finance (see the attachment).

+ If individuals or households implementing the projects yield the revenue of over VND 100 million/year, the ratio of income tax to income regulated for the production at point 2.b.1 of Article 2 in Circular No. 92/2015/TT-BTC dated 15<sup>th</sup> June 2015 by the Ministry of Finance shall be applicable.

#### **4. Accounting of the Enterprise Resource Planning (ERP) Program:**

- For revenues: Currently, the ERP accounting program does not code the account 5111-revenues from power production and business and report templates on the system do not classify modes of revenues from power production and business.

- For costs: The units temporarily account the cost for buying power from RTS projects to the independent power purchase cost.

- For output: The units temporarily record the power output bought from RTS projects to code C160 in template 01 (the code for independently purchased power output).

The Corporation is sending the document to request the EVN to study, guide and update the software classifying forms of RTS for the implementation of units.

After the EVN provides guidelines on and update the software classifying forms of RTS, the Corporation shall inform about and provide guidelines on the implementation of units later.

During the implementation, if any difficulties arise, units are requested to send their issues in written form to the Corporation for timely solutions!

***Recipients:***

- As above (E-copy);
- General Director (for report) (E-copy);
- Vice President Ho Manh Tuan (for promulgation);
- Corporate Planning Department, Inspection Department, Examination and Supervision Department (E-copy);
- Legal Department, Financial and Accounting Department, Communication Department, Business Department;
- Archive: Office of the EVN, Financial and Accounting Department.

**ON BEHALF OF THE  
GENERAL DIRECTOR**

**VICE PRESIDENT**

**(signed and sealed)**

**Le Quang Thai**

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