



HKBAV – Updates – Resilient financial leadership during the time of Covid-19

15 May 2020



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IMPACT THAT
MATTERS**
since 1845



Resilient financial leadership



279

respondents

75% corporate sector

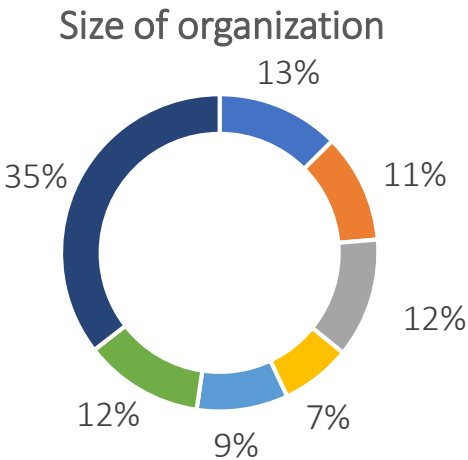
22% public practice

134 leaders in finance

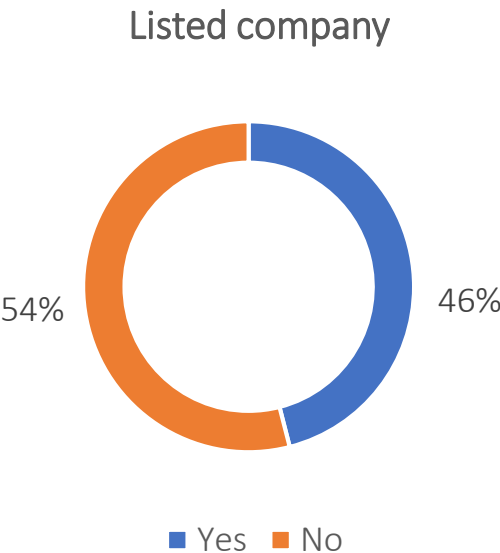
42 leaders in public practice

63%

leaders in finance
and public practice



- Less than 50 people
- 50 to 100 people
- 101 to 200 people
- 201 to 300 people
- 300-500 people
- 500-1000 people
- more than 1000 people



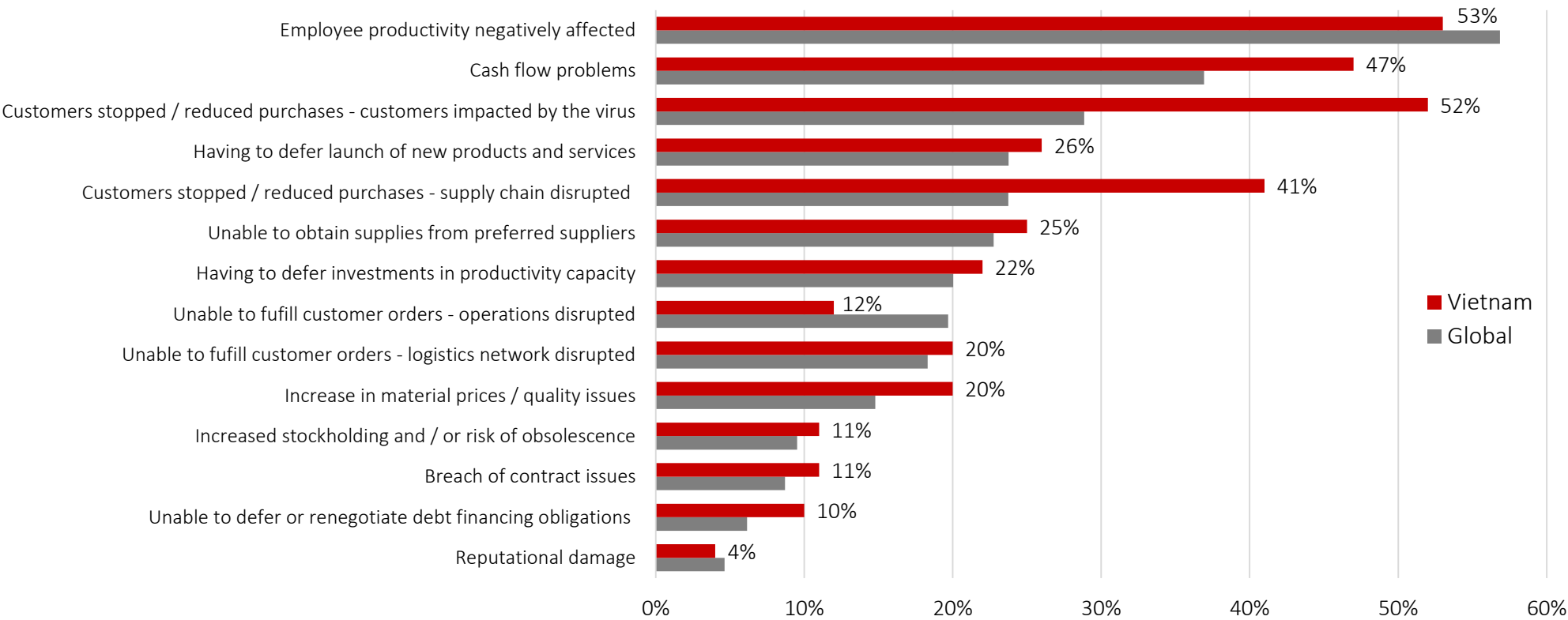
- Yes
- No



- ACCA member
- Not ACCA member

Impact felt right across the value chain.

What business impact has your organisation faced due to the outbreak of Covid 19?



Employee productivity, customer purchases and cash flow were the most often cited impact.

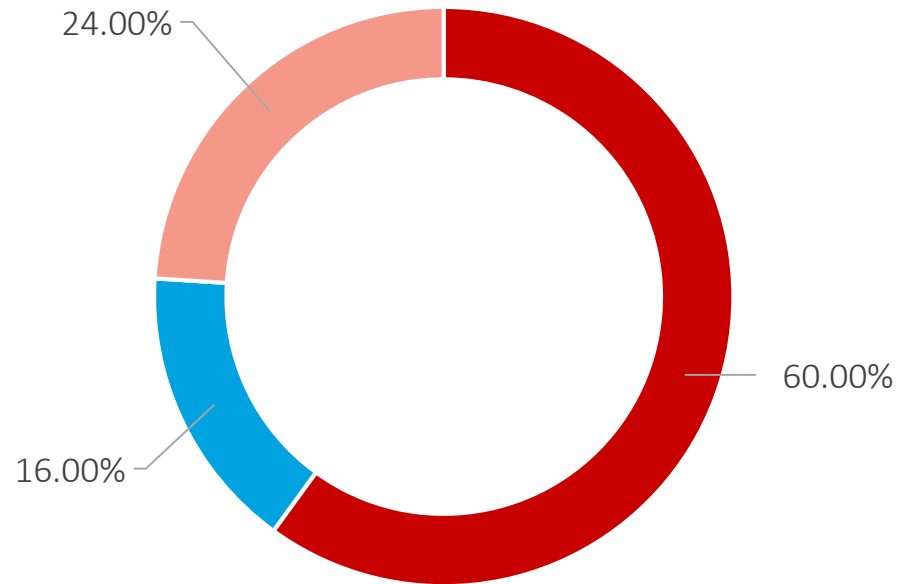
Relative to global peers, the impact on customers has been more pronounced in Vietnam

Respondents chose the five that have had most impact

Total percentage of responses (excluding public practice)

Worrying lack of effectiveness and absence of Business Continuity programmes

Effectiveness of BCP



- We had in place a BCP plan and it has been effective
- We had in place a BCP plan but it has been ineffective
- We did not have a BCP plan in place.

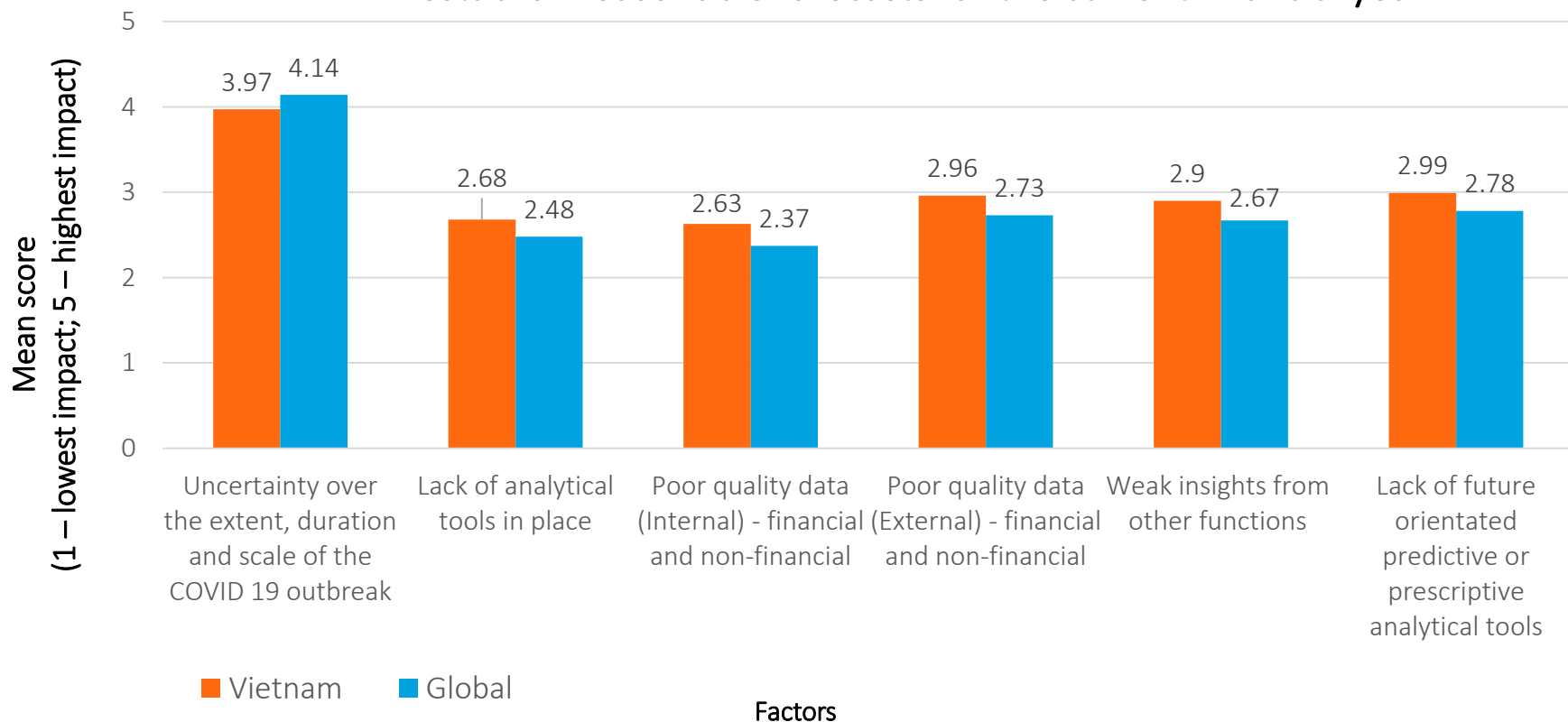
2 out of 5 respondents either rated their BCP as ineffective or did not have one in place.

This significantly places a lot of lives at risk – physically and economically.

As crises are not uncommon - finance leaders have a role to play in building greater resilience in their organizations

Unprecedented uncertainties combine with lack of advanced analytics to create significant blind-spots to forward-based insights

How much does each of the following impact your ability to establish reasonable forecasts for the current financial year?



The evolving scale and duration of the COVID-19 pandemic have created vast uncertainties which make it inherently difficult for accountants to provide meaningful forward looking insights. While analytical tools appear to be in place, there is a greater need to scale up analytical and predictive capabilities in order to raise the quality of business partnering.

RESILIENT LEADERSHIP – RESILIENT CFO



DESIGN FROM
HEART AND HEAD



PUT THE MISSION
FIRST



SPEED OVER
ELEGANCE



OWN THE
NARRATIVES



EMBRACE THE
LONG VIEW

Deloitte.
Insights



The heart of resilient leadership

Responding to COVID-19

Deloitte.
Insights



The essence of resilient leadership

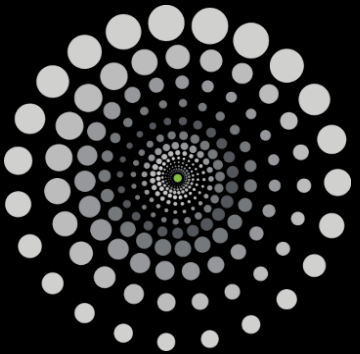
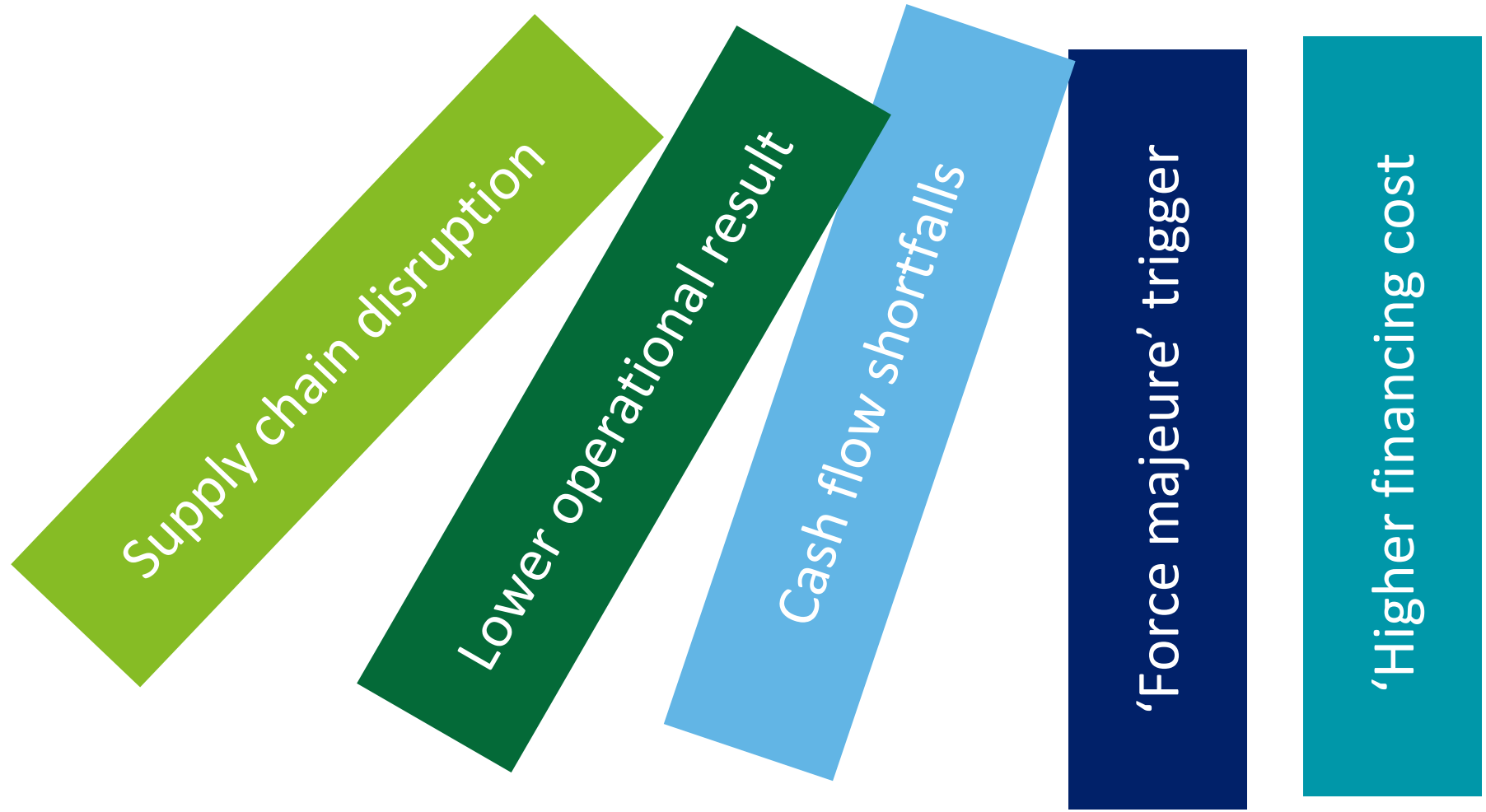
Business recovery from COVID-19



Covid-19 impacts on intra-group financial transactions



Market behavior during Covid-19

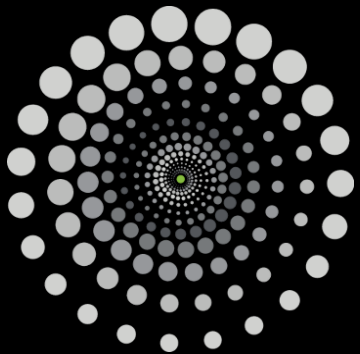



Covid-19 impact on intra-group financial transactions

Matters of concern & Proposed action plans


ISSUES	PROPOSED SOLUTIONS
<ul style="list-style-type: none">▶ Unexpected/ negative business performance results leading to tightened cash flow▶ Unable to fulfil the existing contract obligations (including tangible goods and financial transactions)▶ Need for additional financing through intra-group and third party arrangements arise.▶ Need to have parent guarantee given increased credit risk and FX risk.	<ul style="list-style-type: none">▶ Step 1 - Re-assessment of functional and risk profile emphasizing credit risk and financial capacity▶ Step 2 – Review the existing intra-group financial arrangements and assess if re-negotiation needed.▶ Step 3 – Review and update the Transfer pricing policy e.g. setting interest rates taking into account increased credit risk.▶ Step 4 – Utilize local government financial stimulus policy made available to the subsidiaries▶ Step 5 – Documentation to address special events and specific TP analysis corresponding to TP policy update and business result in FY20.

May 2020





Covid-19 – Decree 41 about
deferral of deadlines for tax
and land rental payment



Directions and Actions of Government and Ministries to support affected enterprises

98%
of active
enterprises

Manufacturing sectors



Agriculture,
forestry and
fishery

Manufacturing and processing (*)



Construction



Small and
micro enterprises

Business sectors

Group 1

- Warehousing and support activities for transportation;
- Accommodation and catering services;
- Education and Training;
- Healthcare and Social assistance activities;
- Real Estate.



Group 2

- Employment activities;
- Travel agents;
- Tour operators and support services related to tourism promotion and organization

Group 3

Creative, arts and entertainment activities; sports activities; Botanical and zoological gardens and nature reserves activities; activities of amusement parks and theme parks; motion picture projection activities.



Supporting Industry

Corporates, individuals, group of individuals/ household manufacturing supporting industry products; key mechanical products,...

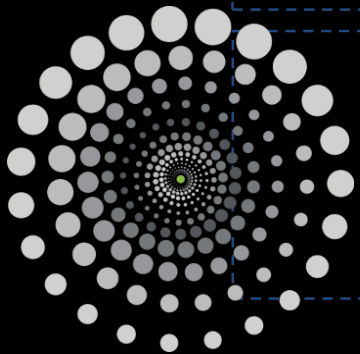


Credit institutions, branch of foreign banks

conducting measures to support clients affected by Covid-19 under regulations of State Bank

(*) Manufacturing and processing food; Weaving; Producing costumes; Manufacture of leather and related products; Manufacture of wood and of products of wood and cork, except furniture; Manufacture of products of straw and plaiting materials; Manufacture of paper and paper products; Producing rubber and plastics products; Manufacture of other non-metallic mineral products; Manufacture of metals; Machining; treatment and coating of metals; Manufacture of computer, electronic and optical products; Manufacture of motor vehicles and other motor vehicles; Manufacture of furniture.

May 2020



Actions of Tax Authorities

- For enterprises and organizations operating in sectors mentioned in the previous slide: extend the payment deadline for qualified objects - 05 months

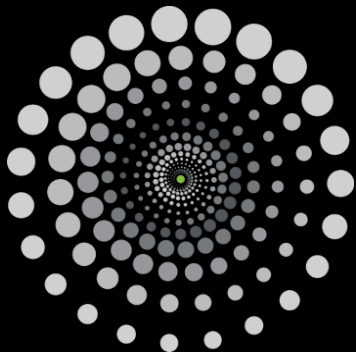
Corporate Income Tax

Declaration period	New deadline for tax payment
CIT finalization for FY19	30/08/2020
Quarterly provisional payment of CIT	
QI/2020	30/09/2020
QII/2020	30/12/2020

Value Added Tax

Declaration period	New deadline for tax payment
Monthly declaration	
3/2020	20/09/2020
4/2020	20/10/2020
5/2020	20/11/2020
6/2020	20/12/2020
Quarterly declaration	
QI/2020	30/09/2020
QII/2020	30/12/2020

- For individual, group of individuals and household operating in sectors mentioned in the previous slide: Extend the VAT and PIT payment deadline for the qualified objects – 31 December 2020.
- Extend the payment deadline of land lease fee: up to 5 months from 31 May 2020 for 1st payable amounts of 2020.
- The deadline for submitting the written request for extension to the tax office: 30 July 2020





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