

DIGITAL TRANSFORMATION IN HOUSEHOLD BUSINESS ACCOUNTING IN VIETNAM: AN INEVITABLE TREND IN THE DIGITAL ECONOMY

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ABSTRACT

In the context of the rapidly developing digital economy, digital transformation has become an urgent requirement across all sectors, including household business accounting, which accounts for a significant proportion of Vietnam's economy. The application of digital technology in accounting not only improves the efficiency of recording, storing and reporting financial information but also contributes to greater transparency, reduces risks and supports tax authorities in supervising financial activities. However, the process of digital transformation in household business accounting still faces many challenges, such as limited awareness, financial constraints, inadequate technological infrastructure and insufficient digital skills. This paper analyzes the current situation of digital transformation in household business accounting in Vietnam, identifies the main challenges and proposes several solutions to promote a more effective and sustainable transformation in the coming period.

Keyword: Digital transformation, household business accounting, digital economy, information technology, financial transparency

1. INTRODUCTION

In recent years, Vietnam's economy has been undergoing a strong transformation toward digitalization, driven by the rapid development of information technology, e-commerce and online platforms. The process of digital transformation not only creates new growth momentum for the economy but also has a profound impact on all sectors, including accounting and financial management. Household businesses, which play an important role in job creation, contributing to the state budget and stimulating domestic consumption, still primarily operate using traditional methods, recording and managing income and expenses manually. This leads to various limitations, such as inaccurate data, difficulties in cost control and a lack of transparency in financial reporting. In this context, digital transformation in household business accounting is considered an inevitable trend, contributing to the modernization of financial management, improving operational efficiency and meeting the requirements of the digital economy.

The Vietnamese government has issued multiple policies to support digital transformation for small enterprises and household businesses, such as the National Digital Transformation Program toward 2025 with a vision to 2030, along with guidelines from the Ministry of Finance on the application of accounting software and electronic invoices. However, practical implementation still faces many barriers, including investment costs, the awareness of business owners and the lack of coordination in the legal framework and technological infrastructure. Therefore, this paper focuses on analyzing the trends and current status of digital transformation in household business accounting in Vietnam, clarifying its role, benefits and challenges and proposing directions and solutions to promote an effective and sustainable digital transformation process that is suitable for the specific characteristics of household businesses in the era of economic integration and digital economy development.

2. CURRENT STATUS OF DIGITAL TRANSFORMATION IN HOUSEHOLD BUSINESS ACCOUNTING IN VIETNAM

2.1. General Overview

As of 2025, Vietnam has over 5 million active household businesses. This sector is a dynamic economic force, present across most production, trade and service areas, with a wide distribution from urban to rural regions. Household businesses play a crucial role in job creation, income generation, poverty reduction and social security. However, due to their small scale, limited capital and relatively low management and information technology capabilities, most household businesses still operate using traditional methods and have limited access to digital tools. These limitations have created significant barriers to the adoption of modern accounting models and digital transformation, despite the substantial potential and demand.

2.2. Current Situation of Household Business Accounting

In recent years, the accounting practices of household businesses in Vietnam have generally not met the requirements of modern financial management. Many households maintain records mainly for tax declaration purposes, often in a formal or superficial manner. Most businesses still use manual bookkeeping, without maintaining a full accounting system or only record basic daily or monthly revenue and expenses. This situation makes the aggregation and analysis of financial data for internal management almost non-existent.

The flat-rate tax remains the most common taxation method for individual household businesses. However, statistics from tax authorities show that actual tax declarations often yield significantly higher revenue than flat-rate taxes, highlighting a considerable discrepancy between actual revenue and reported revenue. This indicates low transparency in the household business sector and underscores the urgent need to shift toward data-driven accounting and management mechanisms rather than estimations.

In response, the Ministry of Finance has proposed a comprehensive reform of tax management methods for households and individual businesses, focusing on enhanced information

technology application, simplified administrative procedures and a shift from flat-rate taxation to data- and risk-based management. The policy aims both to increase transparency, fairness and efficiency in tax management and to provide conditions for stable business development, in line with the government's goal of promoting the private economic sector under Resolution No. 68-NQ/TW of the Party Central Committee.

2.3. Positive Developments in the Digital Transformation Process

Despite existing limitations, household business accounting has made notable progress in recent years thanks to national digital transformation efforts. The implementation of electronic invoices under Decree 123/2020/ND-CP and Circular 78/2021/TT-BTC has standardized and increased the transparency of financial transactions for household businesses. Starting from June 1, 2025, the government requires large-revenue household businesses to use electronic invoices connected directly to tax authorities, with the goal of completely abolishing flat-rate taxation from January 1, 2026. This is considered a strategic milestone in modernizing accounting and tax management for household businesses, while helping prevent tax losses and improve financial transparency.

At the same time, many simple and low-cost electronic accounting software solutions have been deployed for household businesses by technology companies and authorities, including MISA eSign, AMIS Accounting, Fast Accounting Online, VNPT Invoice, among others. These applications allow users to record revenue and expenses, issue invoices and submit electronic reports directly via smartphones, reducing time, costs and errors associated with manual record-keeping.

Moreover, the synchronization of data between accounting software, electronic invoicing systems and tax authority portals is gradually forming a digital ecosystem in household business financial management, improving labor productivity and supporting more effective tax risk management.

2.4. Current Limitations and Challenges

Despite positive signals, household business accounting still faces several systemic challenges. First, business owners' awareness of the role of accounting remains limited. Many still view

accounting merely as a tool for fulfilling tax obligations rather than as a financial management tool that helps control costs, calculate profits and support business decision-making.

Second, technological infrastructure and access remain weak in many areas, especially in rural and mountainous regions. Internet speed is often unstable, terminal devices are limited and although electronic accounting software is relatively affordable, it can still be a burden for low-revenue households.

Third, the lack of proper guidance and technical support presents another major barrier. Many business owners have not received formal training in electronic accounting, are unfamiliar with software usage procedures or lack knowledge on issuing electronic invoices. This leads to hesitation and reluctance to adopt digital accounting systems.

Additionally, policy mechanisms remain fragmented, with overlapping regulations regarding accounting, invoices and taxation creating difficulties for both household businesses and regulatory authorities. A social-psychological issue also persists: some household businesses are reluctant to maintain full transparency, fearing that accurate record-keeping and reporting could increase their tax obligations. This non-technical factor strongly affects the speed and effectiveness of digital transformation in household business accounting.

2.5. Overall Assessment

Overall, household business accounting in Vietnam is in a transitional phase, gradually shifting from manual to partial digitalization. Although the pace of transformation remains slow and uneven across different sectors and localities, the trend of applying digital technology in accounting is inevitable and irreversible. This process aligns with the National Digital Transformation Strategy toward 2030 and contributes to achieving the target of the digital economy accounting for 30% of GDP by 2030.

Step-by-step modernization of accounting practices not only helps household businesses enhance management capacity and improve access to credit but also enables regulatory authorities to build a unified financial database, serving macroeconomic policy planning and tax reform. However, for digital transformation to be

truly effective and sustainable, coordinated efforts are required among the government, technology service providers, professional accounting organizations and the household businesses themselves in terms of awareness, investment and practical implementation.

3. SOLUTIONS TO PROMOTE DIGITAL TRANSFORMATION IN HOUSEHOLD BUSINESS ACCOUNTING IN VIETNAM

Digital transformation in household business accounting is an inevitable trend aimed at enhancing transparency, management efficiency and competitiveness in the digital economy. However, for this process to occur in a synchronized and sustainable manner, a comprehensive system of solutions needs to be implemented by the government, supporting organizations, technology companies and the household businesses themselves.

3.1. Improving the Legal Framework and Supportive Policies

One of the key prerequisites for promoting digital transformation in household business accounting is to improve the legal framework and policy mechanisms tailored to the specific characteristics of this economic sector. Currently, the legal system related to accounting, taxation and electronic invoices has made certain progress, but it remains fragmented and lacks consistency, causing difficulties for household businesses in practical implementation. Therefore, the government needs to review, revise and issue a simplified accounting regime specifically for household businesses, aiming to encourage voluntary and transparent financial record-keeping and reporting without creating administrative burdens.

Specifically, accounting procedures should be simplified, with clear regulations on the types of documents and minimum bookkeeping requirements for household businesses, while allowing electronic storage of documents to reduce printing costs and data loss risks. The government and Ministry of Finance should implement tax incentives for businesses adopting digital transformation, such as reducing income tax in the first year of using electronic invoices or subsidizing the cost of electronic accounting software. In addition, technical and financial support mechanisms should be provided through the state budget or SME support programs,

enabling household businesses to access digital tools without cost barriers.

The improvement of legal policies should align with the development orientation of the private economy under Resolution No. 68-NQ/TW of the Party Central Committee, recognizing household businesses as a dynamic part of the economy. With a clear, transparent, stable legal framework that encourages technology adoption, household businesses will gain more motivation and confidence to transition from manual management to modern, transparent and efficient digital accounting.

3.2. Enhancing Training, Awareness and Digital Skills

One of the biggest barriers to the digital transformation of household businesses is the limited awareness, technological capacity and digital accounting skills of business owners. Most household businesses in Vietnam are small, operate based on personal experience and have limited access to formal training in accounting and information technology. Many owners perceive accounting software or electronic invoices as complex, costly and unnecessary for small-scale operations. Therefore, raising awareness and digital competence among this group is a crucial solution to promote the transformation process.

Government authorities, especially the General Department of Taxation and the Ministry of Finance, together with professional organizations such as the Vietnam Association of Accountants and Auditors, should regularly organize training courses, workshops and community outreach programs on digital accounting. These programs should be flexible, use simple language suitable for business owners' skill levels and combine theory with practical exercises on electronic accounting software.

Additionally, online learning platforms (e-learning) should be developed to allow household businesses to self-study and update their knowledge through instructional videos, interactive materials and simulations of real-world scenarios. Local tax authorities can establish "digital guides" to directly support household businesses in markets and residential areas, helping them familiarize themselves with electronic bookkeeping, issuing e-invoices and submitting tax reports online.

At the same time, awareness campaigns should emphasize the benefits of digital accounting, not only for tax compliance but also for enhancing management capacity, business planning and credit access. When business owners understand that digital accounting helps control costs, calculate profits accurately and improve credibility with banks, they will be more proactive in investing in accounting technology.

3.3. Developing Technological Infrastructure and a Digital Accounting Ecosystem

Digital transformation in accounting cannot succeed without a modern, stable and widespread information technology infrastructure. Many household businesses, especially in rural and mountainous areas, still face difficulties due to weak internet connectivity, outdated devices or lack of access to licensed software. Therefore, investing in upgrading digital infrastructure is a foundational solution.

The government should continue implementing the national telecommunications infrastructure development strategy, expanding 4G/5G networks, bringing high-speed internet to remote areas and supporting telecom companies to offer low-cost services for small household businesses. Simultaneously, a digital accounting ecosystem should be developed, including software providers, regulatory authorities, banks and training institutions, to create a connected environment for unified, secure and transparent financial data.

Technology companies need to focus on developing user-friendly accounting software that can run on smartphones or tablets. These applications should be integrated with electronic invoicing systems, online tax filing and automated financial reporting, enabling household businesses to operate efficiently without deep accounting knowledge. Additionally, cloud-based data storage and security solutions should be provided to ensure the safety of household business financial information.

Creating a data connectivity portal linking household businesses, tax authorities, banks and software providers will reduce manual operations, minimize errors and increase transparency in financial management. With standardized and synchronized data, government agencies can leverage information for tax risk management, while household businesses benefit from faster,

more convenient reporting, tax submission and credit access.

3.4. Promoting Collaboration between Government, Enterprises and Household Businesses

For digital transformation to be effective and sustainable, a three-party cooperation model among the government, technology enterprises and household businesses needs to be established. In this model, the government plays the role of policy planning, oversight and creating a favorable legal environment; technology enterprises provide technical solutions, accounting software and technical support; while household businesses are the direct implementers, providing feedback to improve the system.

Specifically, regulatory agencies such as the Ministry of Finance and the General Department of Taxation can collaborate with accounting software companies like MISA, FAST, VNPT, AMIS and Mobifone to implement a “Digital Accounting for Household Businesses” program. Through this program, household businesses can receive free or subsidized software installation, guidance on usage and direct integration with the electronic tax management system. Additionally, commercial banks can participate by offering preferential credit packages or short-term interest-free loans to help household businesses invest in technology and digital tools.

Building a network of public-private partners will help create wide-reaching impact, reduce the administrative burden on regulatory agencies and accelerate the adoption of digital transformation across the household business sector. This approach aligns with the spirit of the National Digital Transformation Strategy toward 2030, which emphasizes the role of public-private partnerships in developing digital infrastructure and services.

3.5. Changing Mindsets and Promoting a Culture of Transparent Business

Finally, human factors remain the core determinant of successful digital transformation in household business accounting. In practice, many household businesses are reluctant to adopt transparency due to concerns that accurate record-keeping and reporting could increase tax obligations. Therefore, solutions are needed to

shift mindsets and establish a culture of professional and transparent business practices.

First, communication should emphasize the long-term benefits of digital accounting, not only for legal compliance but also for enhancing financial management, access to capital and business expansion. Transparent accounting data allows household businesses to demonstrate financial capacity to banks or partners, improve credibility and open opportunities for sustainable growth.

Moreover, the government should recognize and honor pioneer household businesses that apply digital accounting technologies, creating a ripple effect and gradually changing mindsets within the community. Professional organizations and industry associations can play a role in inspiring and promoting models of “digital household businesses” and “transparent household businesses” as exemplary approaches to modern, integrated and civilized business development.

Changing mindsets is not instantaneous, but once household businesses realize that digital accounting provides tangible benefits, the transformation process will become a self-driven need rather than merely an administrative obligation.

4. CONCLUSION

Digital transformation in household business accounting in Vietnam is not only an inevitable trend but also a critical requirement for the development of the digital economy. Household businesses account for a significant portion of the private sector, contributing substantially to GDP growth, job creation and social welfare stability. However, most still operate using traditional, manual bookkeeping methods, with limited transparency in financial management, restricting access to capital, strategic planning and tax compliance. In this context, promoting the application of information technology and digitization in accounting is a fundamental solution to modernize this sector, moving toward a transparent, efficient and sustainable economy. Recent experience shows that the government has made notable efforts in implementing electronic invoices, encouraging the use of online accounting software and gradually replacing flat-rate taxation with electronic data management. These initiatives have enhanced tax management efficiency and laid the foundation for a digital accounting system for household businesses.

However, challenges remain, particularly in awareness, digital skills, technology infrastructure and the lack of coordination between existing legal regulations. For digital transformation in household business accounting to be truly effective, close coordination among stakeholders is essential. The government must improve the legal framework, simplify procedures and implement appropriate incentive mechanisms; technology enterprises must provide user-friendly, low-cost and accessible software solutions; and household businesses themselves need to proactively change their mindset, viewing digital accounting not only as a legal obligation but also as a tool for management and sustainable development. In the long term, successful digital transformation in household business accounting will contribute to building a transparent, modern and integrated household business economy, aligning with the roadmap of the National Digital Transformation Strategy toward 2030. This includes building a digital government, digital economy and digital society in Vietnam. Therefore, digital transformation in household business accounting is not just the responsibility of a specific group but is an essential part of modernizing Vietnam's economy in the era of global digitalization.

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