

Be prepared to the new version of the Standard Chart of Accounts

10 July 2018

In brief

A preliminary draft Grand-ducal regulation (“GDR”) foreseeing the revised version of the Standard Chart of Accounts (“SCA”) has been issued. With nearly 10 years’ experience, the aim of this revision is to provide a better adaptation to the needs of practitioners and a more efficient use for public administration without changing its guiding principles.

This new SCA will be applicable for companies for financial years beginning as from 1 January 2020, giving time to practitioners to adapt accordingly.

In detail

If this draft GDR is neither changing the scope of undertakings having to report their trial balance under the SCA, nor preventing from the use to convert their trial balance under the SCA at year-end for compliance purposes, the main changes concern the introduction of a proposed mapping between the trial balance and the balance sheet and profit and loss account of each undertaking, the simplification of the SCA and its adaptation to the new current financial statements layouts, as well as reinforced validation rules upon upload of the trial balance and balance sheet and profit and loss account on the eCDF platform.

- **Mapping between the SCA and the balance sheet and profit and loss account**

In order to improve the preparation and collection of standardised data, companies will be required to map their trial balance to the balance sheet and profit and loss account to provide a clearer link between these documents. Such mapping will be automatically proposed when filing the trial balance but companies will have the possibility to adapt the allocation when it does not accurately reflect the transaction shown in the balance sheet and/or the profit and loss account.

- **Simplification of the SCA and adaptation to the new current layouts**

For simplification purposes, the SCA has been subject to additional modification and transfer of accounts as well as deletion of accounts that were either not frequently used by undertakings or not considered as relevant by public administrations, taken also into account the fact that if there is a need to have specific sub-account not foreseen by the SCA, undertakings have the flexibility to create those for their internal purposes. To provide a clearer view of all the changes, the comments of the articles of the GDR foresee that a document comparing previous and new SCA will be available on the website of the “Commission des Normes Comptables”.

It is to be noted that a new distinction between two types of accounts has to be made: the lowest-level accounts, the sole ones that can and must be completed by the practitioner (the so-called imputation accounts), and the ones which are intermediaries or higher accounts (the so-called regrouping accounts) which consist in sub-total or total accounts and that are automatically computed by the sum of the amounts of the lowest-level accounts.

The modification to the SCA is also driven by the adaptation to the new layout of balance sheet and profit and loss account introduced by the Grand-ducal regulation issued on 18 December 2015 and already used to prepare financial statements since 2016.

- **Consistency test between the trial balance and the balance sheet and profit and loss account on the eCDF platform**

Together with the implementation of the new SCA, systematic controls will be put in place on the eCDF platform to ensure consistency checks between the SCA itself and also between the SCA and the balance sheet and profit and loss account. This will prevent some companies to file documents with nil figures or trial balance inconsistent with financial statements.

Date of enforcement

This GDR is expected to be effective for financial year starting as from 1 January 2020; which gives you the time to adapt your system until then.

In conclusion

Learning from the past decade, the SCA has now matured to a next level, requesting companies to have a mapping between their trial balance and their balance sheet and profit and loss account, having consistency checks to improve the quality of the data and helping practitioners to fill it in adequately.

Companies will have to adapt their current chart of accounts to this new one. PwC Luxembourg can assist you in this shift by implementing these changes in your accounting system or to guide you in the process. Our experts are organising training sessions detailing the upcoming changes and their impact on your accounting practice (available soon on PwC Academy website: www.pwccademy.lu).

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Anne-Sophie Preud'homme	Partner	+352 49 48 48 2126	anne.sophie.preudhomme@lu.pwc.com
Luc Trivaudey	Partner	+352 49 48 48 5055	luc.trivaudey@lu.pwc.com
Alexandre Leleux	Partner	+352 49 48 48 2884	alexandre.leleux@lu.pwc.com

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