

International Experience and Lessons for Vietnam on Tax Administration for Tax Compliance

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Abstract:

The objective of the article is to analyze the experiences of countries around the world on the current situation of tax administration and tax compliance, thereby drawing lessons for Vietnam. In addition, we also analyze the tax administration and tax compliance situation of some provinces in Vietnam. Finally, we offer solutions to help improve tax administration and tax compliance in Vietnam.

Keywords: Tax administration, tax compliance, Vietnam.

1. Introduction

Tax is a compulsory payment that natural persons and legal entities are obliged to make to the State, arising on the basis of legal documents promulgated by the State, which are not of a price and refund nature. directly to taxpayers. Tax is not a natural phenomenon but a social phenomenon defined by people and it is associated with the category of State and law. The advent and existence of taxes is associated with the division of society into opposing classes and the emergence of the State-law. Tax is a legal entity, but its birth and existence are not only dependent on human will but also on socio-economic conditions of each certain historical period.

The appearance of the State requires the necessary material wealth and expenditure for the regular operation of the State apparatus to ensure the existence of the State, maintain its power and perform the social management functions of the State. me. In the context of classes, the existence of a private ownership regime along with the expanding scope of State activities, the voluntary mode of contribution of the population in the original communist regime is no longer suitable. more suitable. In order to obtain the necessary amount of wealth, the State used its power to enact laws, mandating that natural and juridical persons must contribute to the State part of the wealth they generate and form. centralized monetary funds of the State. Initially these material possessions were collected and paid in kind, gradually tax was converted to monetary form. At the same time with imposing obligations on the collection and payment of material wealth to the population, the State ensures the fulfillment of those obligations by the State's mechanism.

The presence of a surplus product in society is the main basis for tax survival and development. Thus, tax is a historical category and an objective indispensable, tax is born from the need to meet the functions of the State and the existence of tax is inseparable from State power. Taxes are issued by the highest state authority.

The Constitution of the Socialist Republic of Vietnam states that: The National Assembly has the duties and powers to regulate, amend or annul tax laws. However, due to the requirement to adjust tax legal relations, the National Assembly may assign the Standing Committee of the National Assembly to regulate, amend or cancel a number of taxes through the issuance of Ordinance or Decree. tax decisions.

Tax is a compulsory payment of legal entities and natural persons to the State that is not directly refunded.

Tax is a payment obligation that natural persons and legal entities, when having signs and conditions specified in the Law on Taxation, must be fulfilled by the State and guaranteed to be performed by the State's coercion. .

Tax is a tool reflecting the redistributive relationship of material wealth in the form of value between the State and other entities in society.

2. Experience of countries in the world in tax administration and tax compliance

2.1. Australia

The Australian Tax Authority has successfully built one of the most effective tax compliance models used in tax administration, commonly known as the ATO Compliance Model. The ATO model was built in the 1990s, based on Braithwaite's tax compliance behavior study (Braithwaite et al., 1994) [54]. This model was reformed many times to apply tax administration according to the compliance level of taxpayers.

Compliance management is the management based on a taxpayer's sense of law compliance. This principle is expressed in two main aspects: If the taxpayer willingly and voluntarily complies with the tax law, the tax authority will create maximum favorable conditions through activities and support services, incentives for these subjects to comply with the most favorable tax. If the taxpayer does not intend to comply, the tax authorities will apply the legal sanctions to force these subjects to comply.

The tax compliance model consists of two parts. The left side of the model reflects factors affecting taxpayers' compliance behavior, including five main groups of factors: business characteristics (Business), industry characteristics (Industry), social characteristics. (Socialological), Economic and Psychological - referred to as BISEP. The right-hand pyramid shows the attitudes and behavior of the taxpayer (from willingness to comply to the level of non-compliance decisions), and the tax authorities' responses and responses (from favorable conditions for compliance to applying all legal measures).

The purpose of applying the model is to closely study the dynamics, circumstances and characteristics of taxpayers' attitudes and behaviors so that the tax authority to adjust corresponding measures to each level of compliance, in order to promote tax compliance. The appropriate response measures by the tax authorities will have a positive impact on the tax compliance behavior of taxpayers. The ultimate goal of the tax authority is to push more and more taxpayers to the bottom of the model's pyramid - the level of voluntary compliance. The model will create an environment that promotes tax compliance and contributes to higher tax compliance in the long run (Morris and Lonsdale, 2004).

Experience in applying the ATO tax compliance model has been shared and learned by many countries in tax administration, including the UK, New Zealand, Canada, Bulgaria, Thailand, and Asian Commonwealth countries. Africa, South Pacific (Braithwaite, 2003) [54]. Some of the above countries have applied or applied this model in tax administration.

2.2. New Zealand

The New Zealand tax authority identifies taxpayers as their customers, and sets strategic goals to improve efficiency and efficiency in tax administration by employing tax administration models and the application of modern technology. to provide better tax services.

New Zealand has learned and applied the ATO tax compliance model in tax administration since 2001. Applying tax compliance model helps tax authorities to achieve the goals of increasing voluntary tax compliance, minimizing cost compliance, manage tax revenues more effectively, drive the long-term sustainability of the tax system and gain community trust in tax administration (Morris and Lonsdale, 2004).

On the other hand, New Zealand tax authority actively applies information technology in tax administration. Typically, the accounting software project that helps businesses file Goods and Service Tax (GST) online was successfully piloted in 2015. In a survey of 422 pilot enterprises, 64% of businesses believe that the software reduces tax compliance costs and 76% of businesses say that this software helps them ensure more convenient tax payment information accuracy. The software was officially put into use in mid-2016 (OECD, 2017). In addition, the New Zealand tax authority also applies many management software and supports the tax process to facilitate tax authorities to effectively manage and pay tax easily and smoothly.

2.3. United Kingdom

One of the contents that the UK tax authority focuses on tax administration is investment in converting electronic tax management systems. The UK Tax Authority invests 1.3 billion GBP to develop and apply a more convenient, faster and simpler tax management program (OECD, 2017) [111]. The electronic tax administration program brings many benefits to the tax authorities and reduces the compliance cost burden of taxpayers who are considered customers of tax services.

Taxpayers use electronic tax accounts to perform transactions with tax authorities. Customers provide tax information and quarterly updates on their electronic tax accounts. The electronic tax account will automatically calculate the tax payable, based on the information provided, at the time of receipt, without having to wait until the deadline for tax finalization (HMRC, 2017).). This function helps taxpayers avoid many mistakes in tax calculation and can plan to fulfill tax obligations ahead of time. This program helps improve the voluntary compliance of customers, reduce errors in tax returns, as well as create a favorable environment for businesses to grow and grow.

Besides, the electronic tax management system also plays a very important role in the application of risk management in the inspection and inspection of taxpayers. The electronic tax management system helps tax authorities to manage taxpayers' data fully and promptly, as a basis for analyzing and detecting risks in compliance of taxpayers, so that the authorities can take measures. timely response. Compliance risk management contributes to improving management efficiency, reducing costs and time of regulators, and at the same time promoting taxpayers to voluntarily comply with tax laws.

2.4. Canada

The Canadian Tax Authority has set a strategic goal of facilitating the voluntary compliance of taxpayers by providing sufficient and timely necessary information and services. Tax authorities associate and place themselves in the role of taxpayers to understand and meet the needs of their tax services, treating taxpayers as service customers. The core values that Canada's Tax Agency aims to be are clean, professional, respectful and cooperative.

One of the notable points is that the country's tax authority provides a separate support service to SMEs, by providing support and training on key business life cycle contents for enterprises since 2015 (OECD, 2017) [111]. Tax officials directly meet to guide and support businesses, to create a close relationship between tax authorities and businesses. By responding directly and promptly to questions and problems that arise from the very early stages of business development, businesses have a well-prepared tax knowledge and have an advantage in strictly complying with tax service. Through this support service, the Canadian tax authority changed its solution to improve tax compliance, from dealing with non-compliance to a more proactive approach, by focusing on addressing possible causes. to non-compliance.

At the same time, the Canadian Tax Authority has always focused on strengthening tax services in general to ensure the needs of taxpayers, and towards achieving the preference of taxpayers. At the same time, tax administration agencies strengthen trust and always want to maintain good relationships with taxpayers to increase the efficiency and effectiveness of tax administration.

2.5. Asian Association for Tax Research and Administration

SGATAR, currently has 17 members, including Australia, Cambodia, China, Taiwan, Hong Kong, Indonesia, Japan, Macao Special Administrative Region, Malaysia, Mongolia. , New Zealand, Papua New Guinea, Philippines, Korea, Singapore, Thailand and Vietnam.

SGATAR activities focus on supporting administrative reform through the sharing of information, ideas and experiences on tax related matters. The association also strives to facilitate linkage of the various tax systems in the Asia-Pacific region to promote favorable tax conditions for trade and investment growth.

The problems and challenges facing SGATAR members are related to tax administration and have the potential to have a significant impact on tax administration effectiveness, and members of the organization are involved in discussing solutions. , mainly include:

First, tax base erosion and profit transfer (BEPS): Address tax administration challenges posed by globalization and erosion of tax bases.

Strive to increase transparency by implementing transfer pricing regulations that take into account the costs of compliance for the business and the manageability of tax authorities; Practical issues in transfer pricing include: comparable data profiles, financial arrangements, intangible assets, losses, restructuring and services.

BEPS 'Actions 8-10 on Transfer Pricing Determination includes three elements: Intangible assets; Risk and Capital; High-risk transactions.

Second, the risk of multinationals: Reviewing global business structures and agreements between multinational companies to minimize tax liabilities, while on the outside makes sense such as compliance. tax obligations.

Third, information sharing: Standardizing mass sharing of information among tax authorities in efforts to combat tax evasion. The problem of foreign tax evasion is a serious problem for all jurisdictions, and tax authorities are increasingly focusing on finding solutions. Recently, international leaders have focused on automated tax information exchanges with the aim of limiting routes to foreign tax evasion. Automated communications allow tax administration to detect and resolve evasion in the absence of previous signs or evidence of noncompliance.

The tax authorities of countries create conditions for financial institutions to comply with the provisions of the Common Reporting Standards Implementation: The Common Reporting Standards Implementation: Global Reporting Standards for Automated Information Exchange (Global Automatic Exchange of Information - G-AEOI) on non-resident's financial accounts with tax authorities in the country where the account holder resides, in order to enhance global tax transparency, cooperation and accountability. submission between financial institutions and tax administration agencies.

Global CRS adoption is expected to significantly increase mass data exchange between jurisdictions. This raises a number of questions as to how the data can be used for compliance purposes and international cooperation efforts, and more broadly, tax authorities.

Fourth, SME compliance: seeks to reduce compliance costs for small and medium enterprises, and improve their compliance.

The tax authorities of many countries advocate changing the role of the tax service provider in the tax compliance of SMEs. Small and medium enterprises are seen as customers of tax services. In addition to the public services of the tax authorities, the private tax-related services (consulting, reviewing, filing, calculating taxes) are encouraged to be developed and closely coordinated with tax authorities and taxpayers. tax.

Fifth, services for taxpayers: Improve taxpayer experience with tax authorities and come up with strategies and plans to manage service demand effectively and effectively.

The point of view of taxpayers as customers is popularized and applied as a basis for improving public services to taxpayers. Focusing on developing the role of tax service providers to promote tax compliance and improve business environment.

New technological advances that lead to new services such as accounting, online declaration, and machine-to-machine communication have affected tax authorities' interaction with taxpayers and tax service providers. providing new tax compliance opportunities for small and medium businesses.

3. Lessons learned for Vietnam

From the contents of tax administration towards improving tax compliance in other countries, Vietnam can learn some experiences in the process of improving tax administration as follows:

First, focus on researching and implementing tax administration according to the compliance level of taxpayers.

Researching the causes and factors affecting tax compliance helps tax authorities to understand the reasons for tax compliance or non-compliance behavior of taxpayers. On that basis, the tax authorities classify taxpayers according to their compliance level to design and implement support strategies and plans, improve voluntary tax compliance and prevent and handle these vi do not comply. Compliance management creates fairness for taxpayers and is also an effective method of risk management for tax authorities.

Second, identify taxpayers as customers.

The view of taxpayers as customers receiving services from tax authorities has been widely adopted in developed countries. This viewpoint is consistent with the development trend of public services in other countries. When determining taxpayers as customers, who bring revenue to the state budget, the tax authorities

will improve their attitude and behavior in the tax administration process. To facilitate compliance for customers, tax authorities need to improve service quality by providing timely necessary information, specific instructions, simple easy-to-understand declaration forms, and timely assistance.

Third, increase investment in information technology development in tax administration.

Along with the strong development of the industrial revolution, information technology applied in all industries, tax administration is no exception. Tax administration systems of many developed countries are modernized, mainly risk management software, compliance management, taxpayer information management, steps in the tax administration process. ... The application of a modern tax administration system makes it easier for tax authorities to manage risks and handle violations, help taxpayers reduce compliance costs and reduce errors in declaration. , taxpayer. Consequently, voluntary tax compliance is also raised.

Fourth, increase the initiative to support taxpayers.

To improve voluntary tax compliance, taxpayers need adequate information support from arising tax obligations to declaring and completing tax obligations. The direct and timely support from the tax authorities will help taxpayers to have full knowledge and confidence in the process of implementing tax obligations, while increasing the efficiency of support services, minimizing spending. information access fees and the promotion of voluntary tax compliance.

Fifthly, strengthening tax management methods through increasing application of focused and focused management and inspection (risk management), allowing to reduce inspection but still detect taxpayers' violations and non-compliance. prime. In order to apply and effectively implement risk management methods, it is necessary to carefully study the processes, principles and experiences of countries in risk management in tax compliance management. Risk management always goes hand in hand with modern IT application to build database, analyze, evaluate risks, assess compliance level of taxpayers. This is one of the effective solutions to improve the voluntary compliance of taxpayers.

4. Conclusion

Tax administration is one of the most important duties of the state. Tax administration is not only a duty of the tax agency, but also requires close coordination of state management agencies and related parties to achieve effective management.

First, the Government performs unified state management of tax administration, ensuring close coordination between sector and local authorities in tax administration. At the same time, the Government shall report to the National Assembly, the National Assembly Standing Committee and the State President on the tax administration as required. The Government Office shall advise the Government to check and urge enterprises to receive complaints, petitions and denunciations about acts of harassment by officials and public employees at all levels; Develop modern tools to receive complaints, petitions and denunciations from businesses and people about harassment behaviors of officials and civil servants (e.g. smartphone software, social media forums festival).

Second, the Ministry of Finance is in charge of assisting the Government in unifying the state management of tax administration, with the following tasks: promulgating according to its competence or submitting to competent authorities for promulgation of legal documents. law on tax administration; organize the implementation of tax administration according to the provisions of this Law and other relevant law provisions; organize the formulation and implementation of state budget revenue estimates; to examine and inspect the observance of tax laws and other relevant laws; to handle law violations and settle complaints and denunciations related to the implementation of the tax law according to their competence; organizing the implementation of international tax cooperation; coordinate with other relevant ministries.

Third, ministries, ministerial-level agencies and government-attached agencies are responsible for coordinating with the Ministry of Finance in performing the task of state management of tax administration according to the Government's regulations. In which, it is important

(1) The Ministry of Public Security is responsible for organizing the receipt, handling and settlement of criminal reports and denunciations and petitioning for prosecution, receiving documents detected by tax administration agencies. criminal signs in the tax domain are transferred to, investigate and handle crimes in the tax domain according to the provisions of law;

(2) The Ministry of Industry and Trade is responsible for directing and guiding relevant authorities to connect and provide relevant information to coordinate with the Ministry of Finance and tax administration agencies in tax administration. organizations and individuals engaged in e-commerce, commercial franchising and related activities;

(3) The Ministry of Information and Communications is responsible for directing and guiding functional agencies to coordinate with tax administration agencies to manage tax on the provision and use of Internet services, the above information. network, online video games;

(4) The State Bank of Vietnam is responsible for directing and guiding credit institutions in connecting and providing information with tax authorities related to banking transactions of organizations and individuals. to multiply and coordinate with tax administration agencies in implementing coercive measures in accordance with the Law on Tax Administration; and establish a mechanism to manage and monitor payment transactions to support tax administration for cross-border service provision in e-commerce;

(5) The Ministry of Planning and Investment is responsible for directing and guiding functional agencies to coordinate with tax authorities in issuing and revoking business registration certificates and business registration certificates. business, certificate of investment registration, certificate of tax registration and other certificates of registration of taxpayers under the one-stop shop mechanism.

Fourthly, People's Councils at all levels, within the scope of their duties and powers, decide on the tasks of annual revenue collection and supervise the implementation of tax laws in their localities.

Fifth, State Audit shall audit activities of tax administration agencies and taxpayers in accordance with the law on state audit, tax law and other relevant laws concerned.

Sixth, the State Inspector shall inspect the activities of tax administration agencies and taxpayers according to the provisions of the inspection law, tax law and other relevant laws. In addition, the Inspector builds a special protection and support mechanism for businesses reporting harassing acts during the case handling and 2 years after the enterprises denounce to prevent fraudulent acts. Enterprise stamping (if any). Direct inspector concludes the negative, harassment, properly handling negative cases, corruption.

Seventh, investigation authorities, procuracies, courts, within the scope of their respective duties and powers, are responsible for receiving, processing and handling reports, criminal denunciations and petitions for prosecution, to promptly and strictly prosecute, investigate, prosecute and adjudicate crimes in the tax domain in accordance with law and notify handling results to tax administration agencies.

Eighth, socio-political organizations - professional, social organizations, socio-professional organizations coordinate with tax administration agencies in propagating, disseminating and educating about tax law to associations. member, and provide information related to tax administration.

Ninth, the information and press agencies propagate and disseminate tax policies and laws, set an example for organizations and individuals to well implement tax laws, and reflect and criticize violations of the law. on tax, and at the same time coordinate with tax administration agencies in posting and supplying information in accordance with law.

Tenth, commercial banks, when participating in the coordination of tax collection and collection of other state budget revenues, have the following responsibilities: to coordinate with tax administration agencies and the State Treasury in tax payment. electronic, electronic tax refund for taxpayers; processing and collating data on electronic tax payment, electronic tax refund; assisting taxpayers in the process of electronic tax payment; deduction of money for tax payment from taxpayers 'accounts, blockade of taxpayers' accounts subject to enforcement of administrative decisions on tax administration at the request of tax administration agencies.

In addition, other organizations and individuals are responsible for providing information related to the determination of tax obligations at the request of tax authorities; to coordinate with tax administration agencies

in implementing decisions on sanctioning administrative violations of tax administration; denounce acts of tax law violation to tax administration agencies or competent state agencies; require sellers and service providers to hand over invoices and vouchers to sell goods and services with the correct quantity, type and value of the payment when buying goods or services.

Thus, tax administration is one of the most important tasks of the state. Good implementation of tax administration tasks not only ensures the smooth operation of the system of state agencies, but also has a positive impact on the process of tax collection and payment and the state budget. Therefore, in addition to the tax authority that plays a key role in tax administration, state authorities and other relevant organizations and individuals need to demonstrate the task of effectively coordinating with regulatory agencies. tax, to help tax authorities implement more and more effective management.

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