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**THE INTERNATIONAL TAX COOPERATION IN
THE CURRENT CONDITIONS OF VIETNAM**

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SUMMARY OF DOCTORAL THESIS IN ECONOMICS

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INTRODUCTION

1. Urgency of the thesis topic

Along with the comprehensive international integration process of countries around the world, international tax cooperation activities have been strongly implemented over the years at different levels and scales. International tax cooperation also helps national tax authorities work together to provide information to prevent and detect tax frauds committed by multinational companies. Therefore, for many years, countries around the world have made great efforts in international tax cooperation. Understanding these trends in the world helps Vietnam to select appropriate international cooperation policies. To this end, it is necessary to systematize and develop theories on international tax cooperation as well as study the experience of countries in order to maximize the benefits of integration and minimize its negative impact.

Vietnam's international tax cooperation activities has gained many important achievements over the years, making practical contributions to combating tax losses and creating favorable conditions for trade and foreign investment activities (attracting capital into Vietnam and promoting offshore investment). However, Vietnam's international tax cooperation activities still have certain limitations such as: the process of negotiating and signing bilateral tax treaties is still slow; the content of tax agreements that Vietnam has signed has not fully covered the relationships that may result in tax obligations between taxpayers in Vietnam and partner countries in the new integration conditions; the implementation of tax treaties is still ineffective; information exchange between Vietnamese tax authorities and tax authorities in other countries is still slow etc. This raises practical requirements to study and understand the subjective and objective causes of the above situation and find solutions to promote international tax cooperation of Vietnam in the new situation. In addition, Vietnam has signed and became the 100th member of the OECD/G20 Base Erosion and Profit Shifting (BEPS) Project. One of the important things that must be done to implement BEPS is to negotiate and sign the Multilateral Tax Agreement (MTA) as one of the BEPS minimum standards. This requires research to select the most reasonable and most appropriate terms when negotiating and signing the MTA.

In addition, along with the strong development of information technology (IT), internet and other smart technologies in all fields of science and technology, the Fourth Industrial Revolution will affect many aspects of the socio-economic life of countries, including the field of international tax cooperation. This raises the need for practical reviews to develop and improve the theoretical issues of international tax cooperation as well as to clarify the models and operation of the new international cooperation system.

Based on the above reasons, the PhD student has chosen "*International tax cooperation in the current conditions of Vietnam*" as the topic of the doctoral thesis which has both theoretical and practical significance.

2. Research objective

The thesis aims to:

- Systematize and develop theoretical issues on international tax cooperation.
- Assess the reality of Vietnam's international tax cooperation activities in the period of 2012-2018 and its impact on Vietnam's tax administration.
- Proposing solutions to promote international tax cooperation activities of Vietnam in the new integration conditions until 2025

3. Research objects and scope

The object of the thesis is international tax cooperation of domestic tax authorities.

Scope of time: The thesis focuses on assessing the reality of international tax cooperation activities of Vietnam in the period of 2012-2018 and proposes solutions to 2025.

Scope of space: The thesis studies international tax cooperation activities by domestic tax authorities (General Department of Taxation).

4. Research methodology

The thesis uses dialectical materialism, historical materialism and the following specific research methods:

- *Methods of statistical analysis*: The thesis uses statistical analysis methods such as factor analysis, correlation analysis, analysis by main components.
- *Method of comparison*: The thesis compares information and data to see the similarities and differences and find out the cause and rule.
- *Method of comparative law*: This method is used to compare concepts, legal provisions and other contents on international tax cooperation specified in conventions, agreements and legal systems of many countries in the world.
- *Case study method*: Thesis tests the research hypotheses through case study in Vietnam's international tax cooperation with some countries in the world. At the same time, the thesis studies a number of case studies in tax cooperation in some countries around the world to draw lessons for Vietnam.
- *Survey method*: This method is used to examine the reality of Vietnam's international tax cooperation activities and influencing factors with four research hypotheses and a Likert 5-level scale.

5. New contributions of the thesis

Firstly, on the basis of analysis and synthesis, the thesis has systemized and clarified *the implications of some theoretical issues* on international tax cooperation from the concept, objectives to principles, content of cooperation

and criteria for evaluating the results of international tax. The thesis *has added* a number of factors affecting international tax cooperation, criteria for evaluating the results of international tax cooperation and also *added the theory* of international tax cooperation *models*.

Secondly, the thesis has summarized experiences of some countries in international tax cooperation and drawn lessons that can be applied in Vietnam.

Thirdly, the thesis has analyzed and clarified the reality of international tax cooperation activities of Vietnam in recent years, made observations, analyzed and assessed the achieved results, and pointed out limitations and causes of these limitations. The subjective causes of the limitations in international tax cooperation activities pointed out by the thesis are: slow proactive proposal for participation and discussion with relevant ministries and industries; the dissemination and propagation of tax treaties have not met practical requirements; no close coordination between the functional departments of the General Department of Taxation with the district tax departments to ensure the processing and application of tax treaty application documents are effective; IT application activities for international cooperation on taxes have not met practical requirements; a database of taxpayers have not been built and completed; the capability of tax officers involved in international tax cooperation is generally limited etc. Objective causes of the limitations identified by the thesis includes: goodwill and national interests of partner countries in international tax cooperation; when negotiating, signing, and organizing the implementation of international tax agreements, in some cases, there are difficulties due to national security and individual confidentiality regulations in Vietnam and foreign countries; the strong development of science and technology and the methods of transaction, cooperation and international business cooperation are posing challenges to tax authorities in understanding economic activities in new forms in many countries.

Fourthly, the thesis has proposed two groups of solutions to promote international tax cooperation activities of Vietnam in the new integration period from 2020 to 2025, notably: prioritize negotiation and determine the appropriate content when signing the MTA; upgrade and speed up the negotiation of bilateral tax agreements; improve the efficiency of agreement implementation; take advantage of international tax cooperation to strengthen control of transfer pricing activities, combat tax losses etc.

6. Structure of the thesis

In addition to the introduction and conclusion, the list of tables, appendices and the list of references, the thesis consists of 4 chapters as follows:

Chapter 1: Literature review on international tax cooperation.

Chapter 2: Theoretical and practical basis of international tax cooperation.

Chapter 3: Reality of international tax cooperation activities in Vietnam.

Chapter 4: Solutions to promote international tax cooperation activities of Vietnam.

CHAPTER 1

LITERATURE REVIEW ON INTERNATIONAL TAX COOPERATION

1.1. Overview of foreign studies

The thesis has summarized results of published foreign scientific research works by classifying them into 2 groups. The first group includes general research studies and studies of many aspects of international tax cooperation. The second group includes in-depth studies of one issue or several issues in international tax cooperation.

1.2. Overview of studies in Vietnam

In recent years in Vietnam, there have been a number of scientific works directly related to the thesis topic or related to the research contents of the thesis topic. The thesis presents summary of research results in 3 groups. The first group includes general research studies and studies of many aspects of international tax cooperation. The second group specializes in one or several issues in international tax cooperation. The third group includes broad studies that are partly related to international tax cooperation.

1.3. General assessment of the research situation related to the thesis

Many research contents on international tax cooperation gets the consensus of many researchers on clarifying the theoretical and practical basis of international tax cooperation, which has hold true in the current context. They are some basic contents of international tax cooperation such as: the concept of international tax cooperation, the majority of international tax cooperation contents, the principles of international tax cooperation, the majority of factors affecting international tax cooperation.

Some issues related to international tax cooperation have been studied and reached the consensus among the authors; however they are no longer consistent with today's context, namely: assessment on the role of bilateral tax treaties; methods to handle problems that arise when implementing a bilateral tax agreement; methods of amending and supplementing bilateral tax treaties to suit the new conditions.

A very hot issue of international tax cooperation has been mentioned and agreed upon by some authors in terms of necessity and general orientation but not yet agreed on specific contents and methods: studying Vietnam's ability to participate in the MTA and cooperation actions to combat tax base erosion and

transfer of profits.

1.4. Research gap

From the analysis of the research results of the above-mentioned scientific works, the research gaps will be studied by this thesis are:

◆ *In terms of theory*

- There are no studies on clarifying factors affecting international tax cooperation in the context of industrial revolution 4.0, especially the impact on international tax cooperation in the condition that countries must coordinate to combat eroding tax base and shifting profits in the context of the increase of cross-border e-commerce transactions.

- There have been no theoretical studies on multilateral tax treaties as a content of international tax cooperation.

- Further studies are required to clarify the theoretical and practical basis of the role of the bilateral tax agreement and methods to handle problems arising when implementing the bilateral tax agreement.

- No analysis of international tax cooperation models is available.

- Criteria for evaluating the results of international tax cooperation have not been pointed out.

◆ *In terms of practice*

- Existing studies have not yet comprehensively assessed the reality of international tax cooperation of Vietnam in the context of increasingly deeper integration into the world economy. A comprehensive and complete assessment of the limitations and causes of limitations in international tax cooperation activities of Vietnam in recent years is required.

- Existing studies have not clarified the context affecting international tax cooperation or determined the right direction and key contents in Vietnam's international tax cooperation.

- It is necessary to study and clarify the practical basis of the selection of specific methods and contents of Vietnam to participate in the MTA.

Chapter 2

THEORETICAL AND PRACTICAL BASIS OF INTERNATIONAL TAX COOPERATION

2.1. THEORETICAL BASIS OF INTERNATIONAL TAX COOPERATION

2.1.1. Concept of tax and international tax cooperation

2.1.1.1. Concept of tax

After stating some tax concepts, the author uses the tax concept presented in the tax course book of the Finance Academy as follows: “Tax is a compulsory contribution from individuals and legal entities to the government according to the extent and duration prescribed by law for public use”.

2.1.1.2. Concept of international tax cooperation

International tax cooperation is the cooperation, coordination to help each other, to share common tasks in the field of taxation of countries to achieve the goals of socio-economic development in general and tax administration in particular of each country on the basis of the agreements signed between countries.

2.1.2. Objective of international tax cooperation activities

The thesis analyzes two objectives of international tax cooperation activities: (1) Promote national socio-economic development; (2) Improve the efficiency of tax administration.

2.1.3. Basic principles of international tax cooperation

- Reciprocity and mutual benefits.
- Protection of national and ethnic interests.
- Voluntariness.
- Consensus.

2.1.4. Models of international tax cooperation

2.1.4.1. *Bilateral model*

The bilateral model is a model of cooperation between the two governments in the field of taxation. Under this model, the governments of the two countries conduct negotiations and sign a bilateral tax cooperation agreement on taxes.

2.1.4.2. *Multilateral model*

The multilateral model is a model of cooperation between governments of many countries in the tax field. Under this model, governments negotiate and conclude a separate multilateral cooperation agreement on taxation or the content of tax cooperation is part of multilateral trade and investment agreements.

2.1.5. Basic contents of international cooperation on tax

Firstly, negotiate and sign bilateral agreements on avoidance of double taxation and prevention and combat of tax evasion.

The Agreement on avoidance of double taxation and the prevention and combat of tax evasion are among the documents showing the official agreement on cooperation in the field of taxation between the two countries signing the agreement. The bilateral tax treaty is the legal basis for the competent authorities of the two signatories to deal with the problems of determining tax obligations and tax administration when there are businesses or citizens of one country work, conduct business or have income in the other country.

The main objective of bilateral tax treaties is to facilitate cross-border trade and investment by eliminating tax barriers to these activities, of which, most importantly, eliminating double taxation.

The second objective of the bilateral tax treaty is to prevent tax evasion through international transactions or other events and to prevent the avoidance of financial obligations.

In addition to the above two important goals, the bilateral tax treaty also aims at a number of other goals, namely: (i) Eliminating discrimination against foreign citizens and non-residents; (ii) Facilitate administrative cooperation between competent tax authorities of the countries that have signed the tax treaty on three main areas: information exchange, tax collection assistance and dispute resolution.

The basic content of double tax avoidance agreements covers the following major issues:

- *The scope of the agreement* specifies which taxes apply.
- *Important definitions* such as: permanent establishment, residence as the basis for applying taxation principles.
- *Specific regulations on the taxing rights* of the signatory countries with respect to each type of income and property related to the application of tax rules according to residence or source.
- *Measures to avoid double taxation* when there is a single object who is simultaneously subject to tax in both signatory countries in accordance with the law and specific provisions on the right of taxation of the signatory countries stated in the agreement.
- *The coordination mechanism between tax administration agencies* of the two countries is signed in order to *prevent tax evasion*.

Secondly, negotiate and sign the MTA. With the previous approach, while trade agreements or investment trade agreements can be signed bilaterally or multilaterally, the agreements to avoid double taxation are always bilateral agreements. However, according to the OECD proposal in BEPS, in the coming time, countries will need to study and sign the MTA.

The dominant content of the MTA is *based on the idea of "one-time negotiation, signing and ratification"*.

The *approach* used in the MTA complies with the general legal principle, whereby, when there are two rules applied together to handle a problem, the rule issued later will have a higher value.

The MTA amends bilateral tax *treaties in the form of a combination of three types of provisions*: (i) Compatibility; (ii) Reservation; (iii) Notice. The MTA has 7 parts with 39 articles.

Thirdly, organize the implementation of tax treaties. Based on content of the agreements on avoidance of double taxation, the tax authorities of countries must organize the implementation of the agreement by specific activities:

(1) Disseminate the agreement and train the contents of the agreement for civil servants in the industry and taxpayers so that they understand and apply the agreement.

(2) The central tax authorities must advise competent agencies in detailing dossiers and procedures for taxpayers to declare and determine tax obligations strictly according to the signed contents of treaties.

(3) Central tax authorities must clearly define the processes and procedures in the industry to organize the implementation of the agreement.

(4) When performing tax administration operations (management of tax declaration, tax inspection, tax examination and tax refund), tax authorities at all levels have to strictly comply with the contents of signed agreements.

Fourthly, coordinate training according to international cooperation programs. In implementing the content of this international cooperation, a country can offer scholarships to help other countries to conduct intensive courses on international tax and tax administration skills. Training courses may also be sponsored by an international organization and organized at a host country.

Fifthly, exchange tax expertise and collaborate on international tax scientific research. Exchanges in tax expertise and experience in tax administration can be organized between two countries or among many countries; usually, there are exchanging activities between tax authorities of the two countries. Tax authorities of one country send tax officers to another country to study, exchange experiences and vice versa.

Sixthly, coordinate to negotiate bilateral and multilateral advance pricing agreement

Seventhly, coordinate to organize international tax forums

2.1.6. The role of international tax cooperation

2.1.6.1. The role of international tax cooperation in tax administration

Firstly, international tax cooperation contributes to preventing tax losses and improving tax administration efficiency.

Secondly, international tax cooperation contributes to promoting the completion of tax policies and laws of nations.

Thirdly, international tax cooperation contributes to improving the capability of tax officers.

2.1.6.2. The role of international tax cooperation in socio-economic development

Firstly, international tax cooperation contributes to promoting investment and trade between countries.

Secondly, international tax cooperation contributes to enhancing the contributes to enhancing the international prestige of nations.

2.1.7. Indicator for evaluating the results of international tax cooperation activities

2.1.7.1. Quantitative indicators

Firstly, the number of tax treaties that are signed.

Secondly, the number of international tax-related activities / events that are presided over or joined in organizing the implementation.

Thirdly, the number of sources of information or databases exchanged.

Fourthly, the amount of tax fraud prevented thanks to international cooperation information.

Fifthly, the number of signed bilateral and multilateral advanced pricing agreements (APA).

Sixthly, the number of tax officers benefiting from international cooperation activities.

2.1.7.2. Qualitative indicators

Firstly, the quality of signed tax agreements.

Secondly, the quality of hosted international cooperation conferences or events.

Thirdly, national prestige and position in international tax cooperation.

Fourthly, the satisfaction of tax officers after participating in international tax cooperation activities.

Fifthly, the satisfaction of taxpayers when negotiating and signing APA.

2.1.8. Factors affecting international tax cooperation

2.1.8.1. Domestic factors

Firstly, factors belonging to the national legal basis for international tax cooperation.

Secondly, factors belonging to the cooperation capability of tax authorities and national financial agencies.

Thirdly, the direction and management of the government.

2.1.8.2. International factors

Firstly, factors related to the regional and international political environment.

Secondly, the goodwill of the partners in international tax cooperation.

Thirdly, differences in culture, politics and economic development

2.2. INTERNATIONAL TAX COOPERATION EXPERIENCE OF SOME COUNTRIES AND LESSONS FOR VIETNAM

The thesis introduces experiences of Singapore, Malaysia, Indonesia, India, and the Netherlands, then draws lessons for Vietnam in international tax cooperation as follows:

Firstly, it is necessary have high determination and will in implementing international tax cooperation.

Secondly, it is necessary to promote the benefit of information sharing.

Thirdly, strengthening the expansion of multilateral and bilateral tax cooperation is very important in tax administration.

Fourthly, it is necessary to promote the application of transparent standards in global cooperation on tax information exchange. Information is received through automatic exchange of common reporting standard (CRS) and country-by-country reporting (CbCr).

Fifthly, it is necessary to promote the reform of the national legal system and the administrative system.

Sixthly, it is necessary to carefully study and select the appropriate plan to enter into the signing of the MTA as this is an effective tool and helps reduce the time for negotiating amendments to bilateral tax agreements.

Chapter 3

THE REALITY OF INTERNATIONAL TAX COOPERATION ACTIVITIES IN VIETNAM

3.1. SOCIO-ECONOMIC CONTEXT IN VIETNAM THE IN THE WORLD IN THE PERIOD OF 2012 – 2018

The thesis analyzes the socio-economic context in the period of 2012-2018 and concludes that: The socio-economic situation has multidimensional impacts, both positive and negative, to the adjustment process of international tax cooperation of Vietnam, specifically as follows:

Firstly, an economy with a low starting point is disadvantageous for international tax integration because the ability to obtain modern technology is not high, the capability of economic management in general and tax administration is low compared to the common level of the world. As a result, the ability to withstand negative impact of integration in many fields, including tax administration, is low.

Secondly, the Vietnamese economy has newly joined the integration process so it is a potential market for developed countries seeking to expand the product consumption market. Therefore, Vietnam has opportunities for economic cooperation in general and economic cooperation with developed countries; this provides an advantage in negotiating multilateral and bilateral agreements.

Thirdly, as a latecomer in integration, Vietnam is often at a disadvantage in negotiating multilateral and bilateral investment and trade agreements.

Fourthly, as a transitional economy, so far, Vietnam has not been recognized by capitalist countries as a full market economy. Therefore, when handling some tax issues in the process of integration and international tax cooperation, Vietnam is often forced to accept disadvantages.

3.2. OVERVIEW OF INTERNATIONAL TAX COOPERATION ACTIVITIES OF VIETNAM

The international tax cooperation activities of Vietnam have complied with the Communist Party's general guidelines and policies as well as government's policies on foreign affairs. International cooperation activities of Vietnam in recent years have contributed positively to promoting the integration process of Vietnam with the region and the world. Accordingly, international cooperation activities have contributed to promoting the signing and signing of bilateral and multilateral trade and investment agreements.

Over the past years, Vietnam has gradually negotiated and organized agreements on double taxation avoidance and tax evasion prevention (hereinafter referred to as tax treaties) with countries as well as effectively organizing the implementation of tax agreements to contribute to promoting economic relations between Vietnam and countries around the world.

Vietnam has proactively and actively participated in the activities of providing and exchanging information to help other countries and receive effective assistance from tax authorities of other countries in tax administration.

Vietnam has proactively and actively participated and made good use of the assistance of tax authorities of other countries and international organizations in training officers and in cooperative research activities in the tax field.

3.3. RESULTS OF INTERNATIONAL TAX COOPERATION ACTIVITIES OF VIETNAM IN THE PERIOD OF 2012 – 2018

3.3.1. Negotiating and signing double tax avoidance agreements and preventing and combating tax evasion

The average number of tax agreements conducted per year (including the ones inherited from the previous year and the number of new ones generated) is around 6. The number of annual tax agreements that are signed is at least 1 and the maximum is 5, averaging nearly 3 tax agreements that are signed each year (including new and amended and supplemented).

Thus, by the end of 2018, Vietnam has signed 80 treaties and 03 tax protocols, of which more than half were signed in the last 17 years.

The results of the author's survey on assessing the results of the negotiation for the signing of tax treaties show that 67.6% of the respondents rated the results as effective (of which 10.4% is very effective), 2.8% as ineffective and 1.2% as very ineffective. This result shows that most of the tax administration officers and experts think the negotiation and signing of tax agreements of Vietnam were effective (with more than 10% of respondents considered the results as very effective). Very few respondents said that this activity was ineffective or very ineffective.

The successful signing of tax agreements has created an international legal corridor to promote foreign direct investment activities in Vietnam as well as promote investment activities of Vietnamese enterprises abroad. Together with other state policies, the successful signing of tax agreements with partner countries has contributed to promoting foreign investment in Vietnam

3.3.2. Preparing for multilateral tax treaty negotiations

In 2017, Vietnam became the 100th member of the OECD Initiative to combat with BEPS. This also means that Vietnam needs to comply with the four minimum standards of the BEPS, two of which are implemented through the MTA. To fulfill this commitment, over the past two years, Vietnam has step by step carried out research on the contents of the MTA and studied the possibilities and options to participate in the MTA; activities are held at the expert level by the Ministry of Finance. However, by the end of 2018, no specific plans have been submitted to the competent authorities for approval of the MTA.

3.3.3. Organizing the implementation of tax treaties

In the period of 2012 - 2018, local tax departments actively guided businesses, especially enterprises with many foreigners coming to work in Vietnam in implementing tax treaties. For a number of complicated cases, the local tax departments sent the written request and was promptly guided by the General Department of Taxation.

The exchange of information within the framework of tax authorities of Vietnam with tax authorities of countries is carried out on the basis of the

framework of signed tax agreements. Initially, this helps to ensure the provision of sufficient information to partners upon their request and the same time, promptly request the partner to provide information upon the request of the local tax authority. Between 2012 and 2018, there were about 30 cases of information exchange on average each year under tax treaties.

In the last 5 years, the number of automatic information exchanges is not much; the number of foreign countries requesting Vietnam to provide information is often more than the number of cases that Vietnam requests information from foreign countries (except 2016 and 2017).

Among the subjects tested on the basis of information exchange through tax treaties, a number of cases of tax law violations and tax arrears were identified, mainly related to personal income tax.

From the perspective of the tax administration practitioners and experts from the author's survey results, 57.8% of respondents rated the implementation of tax treaties as effective (of which 7.6% is very effective), 2.8% as ineffective and 1.8% as very ineffective. This shows that compared to the evaluation of the results of negotiations and the signing of tax treaties, the organization of the implementation of the agreement is not rated as good but it is considered as effective by more than half of the respondents. Very few respondents rated the implementation as ineffective and very ineffective.

3.3.4. Coordinate training under international cooperation programs

In the period of 2012 - 2018, Vietnam has conducted many professional training activities under international tax cooperation programs. In recent years, Vietnam has made good use of the support of international organizations such as OECD, WB, JICA, Eurocham to train and enhance capability for tax officers, including who are policy makers and those organize the implementation of tax administration. Along with that, Vietnam has made good use of the support of Japan, Korea and Malaysia for training activities.

International cooperation activities on training and improving capability of officers during 2012 - 2018 have achieved many important results. The number of training courses is quite large, the content is diverse and meets the most important issues on the professional capacity of tax officers. Through these training courses, tax officers improved both in terms of professional qualifications, working skills and the ability to use foreign languages in professional activities. This contributes to improving the efficiency of the implementation of tax administration tasks.

3.3.5. Exchanging tax expertise and collaborating on international tax research

In the period of 2012-2018, Vietnam focused on tax exchange and international cooperation on scientific tax research; these cooperative activities

tend to increase in the number of partners, intensity and also the quality. Vietnam collaborated in professional exchange and scientific research with many international organizations and many countries around the world. The most prominent activities are cooperative activities with international organizations such as IMF, WB, EU, OECD, SGATAR, Japan and Korea. However, Vietnam mainly participated in these activities rather than to preside them. At the same time, not many major international scientific research projects were carried out in this period.

According to the author's survey results, 50% of the respondents considered these activities as effective (5.8% as very effective). 4.6% and 1.5% of respondents considered them as ineffective and very ineffective, respectively.

3.3.6. Coordinate negotiation of a bilateral and multilateral advanced pricing agreement

APA is a rather new issue in Vietnam. Regarding the legal corridor, based on the Law No.21/2012/QH13 dated November 20, 2012 on the amendments to the Law on Tax administration dated November 20, 2012 and Decree No. 83/2013/ND-CP dated July 22, 2013 on the implementation of a number of articles of the Law on Tax Administration and the Law on amendments to the Law on Tax Administration, the Ministry of Finance issued Circular No. 201/2013/TT-BTC. December 20, 2013, guiding the application of the Advance Pricing Agreement to tax administration. This is the first legal document in Vietnam that provides a legal basis for organizing the implementation of APA in Vietnam.

Based on that law, in the past 3 years, the General Department of Taxation has actively implemented APA in the following aspects: building a staff to implement APA, develop APA implementation process, and prepare APA negotiation database.

Although there have been 15 APA proposals from businesses, after 5 years of official implementation of APA, no APA has been officially signed between Vietnam tax authorities and businesses and tax authorities of related countries.

3.3.7. Coordinate the organization of international tax forums

In the period of 2012- 2018, Vietnam actively and proactively participated in international tax forums. In addition to activities at the national level, a number of local tax departments also actively organized dialogues, exchanges and tax forums with local tax authorities of relevant countries of close relations in the region (Laos, China, Thailand).

The tax administration officers and experts surveyed by the author highly appreciated the results of the joint activities of organizing international tax forums. Accordingly, the number of people who rated this activity as effective

or higher accounted for 53.4% (of which 8.9% is very effective); 4.9% and 2.1% rate the activity as ineffective, respectively.

3.4. LIMITATIONS AND THE CAUSE OF LIMITATIONS IN VIETNAM'S INTERNATIONAL TAX COOPERATION ACTIVITIES IN PERIOD OF 2012-2018

3.4.1. Limitations

Besides the above-mentioned results, there are still some limitations in Vietnam's international tax cooperation activities. Those are:

Firstly, the process of negotiating and signing agreements to avoid double taxation and tax evasion prevention and control *is still slow*.

Secondly, the contents of the tax agreement that Vietnam has signed did *not fully cover the relationships that may give rise to tax obligations* between taxpayers in Vietnam and partner countries in the new integration conditions with issues related to cross-border e-commerce and tax havens.

Thirdly, the *implementation of tax agreements was not effective*. Specifically, the process of applying tax treaties at local tax authorities is confusing. On average, there are nearly 20 cases of obstacles in the implementation of tax agreements every year.

Fourthly, information exchange between tax authorities of Vietnam and tax authorities of other countries was *still behind schedule*, not on time in accordance with the procedure; *the role of tax treaties in fighting tax evasion has not been brought into play*. There were many cases in which information sent by Vietnam did not get a response. Except for some partners that automatically provide information to Vietnam (Australia, Finland, Denmark, Japan, South Korea), the exchange of information is still limited to the extent that Vietnam provides information foreign partners other than foreign partners provide to Vietnam.

Fifthly, the coordination of training under international tax cooperation programs *still had certain limitations*, namely: some training courses in Vietnam did not have the training content prepared by foreign experts and did not have practical examples in line with the conditions in Vietnam; some officers sent to study abroad did not receive suitable training for their professional qualifications, so they have not brought into play their learning results to professional work etc.

Sixthly, the activities of exchanging tax expertise and international scientific research cooperation, coordinating the organization of international tax forums of Vietnam with the countries are *insufficient, failing to meet the reality's requirements*.

Seventhly, the progress of bilateral and multilateral APA negotiation is *still very slow*.

Eighthly, despite achieving many positive results, the coordination of organizing international tax forums is *still limited in the quality of participation with few initiatives and accepted proposals*. Rather than being proactive in proposing topics and methods of organizing international tax forums, Vietnam has mainly actively participated in these activities only.

Ninthly, the identification of scientific research objects by the local tax authorities to guide the practical problems of tax administration in Vietnam is *not close to reality*.

3.4.2. Causes of limitations

3.4.2.1. Subjective causes

Firstly, the capability of tax authorities in organizing international tax cooperation activities has not met practical requirements.

Secondly, the General Department of Taxation has not been paid attention on guiding the digitization of previously signed tax treaties when electronic documents were not available as in recent years.

Thirdly, there is no close coordination between functional departments of the General Department of Taxation with the local tax departments to ensure the effective handling and application of tax treaty applications.

Fourthly, IT application for international tax cooperation has not met practical requirements.

Fifthly, database of taxpayers has not been built and completed.

Sixthly, the capability of the tax officers involved in international tax cooperation activities is generally limited.

Seventhly, training activities to meet the requirements of international tax cooperation have not been met the requirements of reality.

3.4.2.2. Objective causes

Firstly, the rapidly changing regional and international political environment, strong cooperation and cooperation between countries are creating pressure on Vietnam to conduct liberalization and opening up the door to stronger and faster integration through enhanced cooperation and links with countries and international organizations.

Secondly, regarding goodwill and national interests of partner: in international tax cooperation activities between Vietnam and other countries, the exchange of information and training support of countries with Vietnam are based on the willingness of cooperation and voluntary exchange of countries.

Thirdly, national security and personal confidentiality issues: When negotiating, signing and implementing international tax treaties, in some cases,

there are difficulties due to regulations on national information security and confidentiality of Vietnam and foreign countries.

Fourthly, the strong development of science and technology and the methods of transaction, cooperation and international business cooperation are posing challenges to tax authorities in capturing economic activities that takes place in many countries, in many new forms.

Chapter 4

SOLUTIONS TO PROMOTE INTERNATIONAL TAX COOPERATION ACTIVITIES OF VIETNAM

4.1. CHARACTERISTICS OF INTERNATIONAL INTEGRATION, TAX REFORM TRENDS IN THE WORLD AND THEIR IMPACT ON INTERNATIONAL TAX COOPERATION OF VIETNAM TILL 2025

4.1.1. Basic characteristics of the new international integration until 2025 and the impact on Vietnam

Based on the forecast of the new international integration context until 2025, the author believes that international integration has some outstanding features affecting Vietnam's tax policy and international tax cooperation activities as follows:

Firstly, from 2020 onward, Vietnam will enter the final stage of the roadmap for reducing tariffs on goods that have not been implemented in the previous periods. Strengthening and improving the efficiency of international tax cooperation are among the factors that help to prevent tax evasion and tax avoidance, thereby contributing to the fight against tax losses and ensuring the state budget's revenue in the context of integration.

Secondly, the specific content of international negotiations on tariff cut, other tax commitments and adjustments to the domestic tax system must be reinforced, requiring enhanced international tax cooperation with stricter constraints.

Thirdly, international integration in the coming years and decades will be strongly influenced by the Industry 4.0. In particular, the direct requirement is to amend and supplement tax agreements to ensure the possibility of cooperating to fight tax evasion for cross-border digital services.

Fourthly, with deepening division of international based on the global value chain, each country will become more dependent on the global economy. This requires international tax cooperation to promote Vietnamese businesses to invest in areas of advantage and high value in the global value chain.

Fifthly, along with the whole political system, international cooperation activities in the context of new integration must focus on in-depth growth and the nature of economic growth to be able to overcome middle income trap.

Sixthly, sustainable development, creativity and dealing with global challenges are important implications of international integration as well as international tax cooperation in the new times.

4.1.2. International tax cooperation trends and impacts on Vietnam

Firstly, enhance information exchange and cooperation against tax evasion through international forums and bilateral and multilateral cooperation activities.

Secondly, renegotiate to amend and supplement the contents of tax agreement to suit the action plan against tax base erosion and transfer of profits.

Thirdly, negotiate multilateral tax agreements.

4.2. BASIC VIEWPOINTS FOR INTERNATIONAL TAX COOPERATION FOR THE 2020 – 2025 PERIOD WITH A VISION TO 2030

Firstly, international tax cooperation activities must conform to the external views of the Communist Party and the government. According to this viewpoint, the guideline, content, method of organizing the implementation of international tax cooperation activities must thoroughly grasp the viewpoint of "Diversification and multilateralization in foreign relations; proactive and active international integration; becoming a friend, a reliable partner and responsible member of the international community.

Secondly, Vietnam modernizes international tax cooperation in the direction of maximizing the achievements of the Industry 4.0. This viewpoint requires the organization of international tax cooperation activities to develop cooperation contents and modes of cooperation on the basis of integrating modern technologies with information technology in Internet environment. At the same time, international tax cooperation must combine efforts to strengthen the signing of new tax treaties with the review, negotiation and signing of protocols to amend and supplement previously signed tax treaties in the direction of updating, modernizing and taking into account the impacts of the Industry 4.0 while applying tax treaties.

Thirdly, Vietnam must promote the role of international tax cooperation in tax administration better. Accordingly, it is necessary to make the most of international tax cooperation activities towards control of transfer pricing, tax avoidance and tax evasion prevention based on the completion of tax treaties and good implementation of tax agreements and other international tax cooperation activities. Vietnamese tax authorities actively support tax authorities in other countries in tax administration and actively, proactively enlist the support of tax authorities of other countries in tax administration.

4.3. SOLUTIONS TO PROMOTE INTERNATIONAL TAX COOPERATION ACTIVITIES OF VIETNAM

4.3.1. Group of solutions for negotiating and signing tax agreements

4.3.1.1. Priority for negotiation and selection of appropriate terms when signing the Multilateral Tax Agreement

For developing countries like Vietnam, the signing of this Agreement is necessary because it will not only minimize and prevent tax evasion, tax avoidance and improve taxpayers' compliance, but also create a *stable and transparent legal basis and investment environment* for foreign investors to do business in Vietnam as well as to initially promote overseas investment for Vietnamese companies.

The signing of the MTA is *a quick, compact, effective solution for negotiation and conclusion*, ensuring the principle of unity and consistency for all current tax agreements without bilateral renegotiation of each agreement in the agreement system that Vietnam has signed.

The MTA is reflected in the 15th Action Program called the "Multilateral Tool" with the main content is to *build a multilateral tool to simultaneously amend multiple bilateral tax agreements*.

The thesis analyzes Vietnam's participation ability and proposes options in participating in the MTA in the following specific areas: (1) Prevention of tax avoidance through financial instruments ; (2) Provisions on Abuse of Agreement; (3) Prevention of the establishment of permanent establishments; (4) Strengthening of dispute resolution; (5) Arbitration mechanism.

Some important issues to note in the process of negotiating and signing the MTA:

Firstly, it is necessary to select applicable and appropriate terms of application and reservations. When choosing the terms that benefits Vietnam's application, it is necessary to consider the benefits of partner countries as well to make the most appropriate choice.

Secondly, it is necessary to actively discuss with countries that have signed bilateral tax treaties to determine incompatible provisions of the MTA (the two countries have different options and reservations). From which, choose the most reasonable plan for partner countries and Vietnam.

4.3.1.2. Upgrade the content and speeding up the negotiation of bilateral tax agreements

The negotiation of bilateral tax treaties in the coming time should focus on the negotiations to sign agreements with countries that have not signed tax agreements, but generate economic and trade relations with Vietnam, the negotiation of amendment and supplementation of signed tax agreements. The signing of a protocol for amending and supplementing the signed tax treaties

should give priority to negotiating with countries that have not signed the MTA in order to activate the provisions of the MTA to which Vietnam will enter.

There are *three basic issues that need to be renewed in terms of the content of bilateral tax treaties*, namely:

Firstly, it is necessary to supplement the contents so that the tax treaties *cover all the relationships that may generate tax obligations* between taxpayers in Vietnam and partner countries in the context of new integration with issued related to cross-border e-commerce and tax havens.

Secondly, it is necessary to specify methods of information exchange in tax treaties with special emphasis on automatic information exchange to further promote the role of information exchange in combating evasion and tax fraud.

Thirdly, in the coming time, when negotiating the contents of tax treaties, it is necessary for Vietnam to *include the content of tax collection support provisions* in tax treaties with other countries/territories around the world.

In order to *accelerate the negotiation and conclusion of tax treaties*, it is necessary to focus on the following major solutions:

- The General Department of Taxation should actively contact partner countries, especially countries that have official diplomatic relations with Vietnam and WTO member countries but have not signed tax treaties to invite exchanges and negotiate the signing of tax treaties.

- Through the ASEAN Secretariat, Vietnam needs to proactively propose negotiations for the signing of the ASEAN + 3 multilateral tax agreement with specific ideas and thorough preparation, clarifies the need and and benefits of all countries when signing this multilateral tax agreement.

- In the negotiation process, the overall benefits should be considered so that there can be mutual concessions on the contents that are still inconsistent in the contents of the draft tax agreement.

4.3.2. Group of solutions for organizing the implementation of tax agreements and other international tax cooperation activities

4.3.2.1. Improve the implementation efficiency of tax agreements

In order to improve the implementation efficiency of tax agreements in the coming time, it is necessary to perform the following tasks well:

Firstly, it is necessary to deeply handle the exchange of information on the implementation of tax agreements provided by foreign tax authorities. Vietnam should study and apply modern IT to the implementation process towards maximizing information data from the integrated Tax Management System (TMS) software and other tax management software to provide information to partners automatically or upon request. The form of information provision need to be modified to facilitate the IT application to the synthesis and processing of

information provided in a manner that ensures uniformity, consistency, and comparability according to tax treaties.

Secondly, it is necessary to conduct researches on experience of some countries (Australia, Japan) to plan and gradually *build an automatic information exchange system* of Vietnam to contribute to prevention of revenue loss and tax evasion.

Thirdly, it is necessary to strengthen training of officers to improve the understanding of tax treaties and international practices in the organization of implementation of tax agreements.

Fourthly, in order to promptly handle cases of application of tax treaties, it is necessary to decentralize the handling of documents between the General Department of Taxation and local tax offices. Accordingly, it is possible to select the tax value threshold to decentralize the processing of documents when applying tax treaties, for example: value from VND 2 billion or more is under the authority of the General Department of Taxation, value under VND 2 billion is handled by local tax departments.

Fifthly, it is necessary to carry out specialized internal inspection programs on the implementation of tax treaties in localities.

Sixthly, a channel should be established for information support and exchange on processing tax treaty application documents with local tax authorities.

Seventhly, it is necessary to organize a specialized unit to handle the application of tax treaties at the tax departments.

Eighthly, it is necessary to review and evaluate the situation of the organization of application and exchange of information about tax agreements at the tax departments annually.

4.3.2.2. Take advantage of international tax cooperation to strengthen control of transfer pricing activities and combat tax losses

To take full advantage of international tax cooperation to control transfer pricing, the following specific solutions should be implemented:

Firstly, Vietnam needs to agree on specific contents and ways with partner countries on the exchange of information related to inter-country profit reports of multinational corporations between Vietnam and other partner countries.

Secondly, it is necessary to negotiate more with partner countries on information related to tax obligations of multinational companies.

Thirdly, negotiating and exchanging information related to business transactions of enterprises between Vietnam and countries with close investment and trade relations.

Fourthly, accelerate APA negotiation and ensure the validity of APA agreements which is analyzed in detail in section 4.3.2.5 below

4.3.2.3. Improving international cooperation on training of tax officers

Firstly, it is necessary to take the initiative in proposing to partners about the needs of Vietnam's specialized training content and learn from training experience of other countries to build appropriate and effective training programs rather than just waiting for the partner's announcement program and then choosing to send officers to attend training courses.

Secondly, for training courses organized by international organizations specifically for Vietnam, it is necessary to not only proactively require the general theme of the training courses, but also need to work with experts and lecturers to contribute and suggest the teaching outline, contents, practical examples and practical situations to fit in with the reality of Vietnam.

Thirdly, regarding the selection of officers sent to attend training courses abroad which are sponsored by foreign tax authorities or international organizations, besides foreign language requirements, it is necessary to consider suitable professional knowledge and working position in the future to bring into play the training results.

Fourthly, in addition to selecting tax officers to attend international tax training courses, it is necessary to coordinate with training institutions in the financial sector and select more lecturers to participate in international tax training courses so that these lecturers can continue to coordinate with foreign experts in deepening training for the workforce in the tax industry.

Fifthly, it is necessary to have the methods for testing the knowledge, skills and application ability of officers who have participated in international tax training courses to create pressure on them to study seriously.

4.3.2.4. Strengthen international exchange of expertise and scientific research on taxation

Firstly, it is necessary to seek funding from international organizations in combination with state budget to increase topics, projects, research projects on tax policy and tax administration.

Secondly, for identifying the subject of scientific research, it is necessary to conduct field surveys at local tax authorities to find out actual problems of tax administration in Vietnam, then request domestic and foreign experts to coordinate research and implementation.

4.3.2.5. Speeding up APA negotiation on the basis of ensuring the harmony of interests between the government, taxpayers and tax agencies

Firstly, focus on prioritizing APA negotiation in areas where the tax authorities have sufficient officers of good capability and in-depth knowledge of the taxpayers' production and business fields, and have adequate databases for APA negotiation.

Secondly, require taxpayers proposing APA negotiations to provide adequate information as much as possible for the APA negotiation.

Thirdly, associate the assignment of responsibility to the head and group of APA dossier appraisal and negotiator with assessment, employment, appointment, commendation and reward to motivate public officers.

Fourthly, focus on coordination within the industry, other sectors and partner tax agencies, especially countries that have signed a tax agreement to build and complete the database of taxpayers.

Fifthly, because APA in particular and tax administration for associated transactions is a new field in Vietnam, we have very little knowledge and experience in APA negotiation. Therefore, it is necessary to continue taking advantage of international cooperation activities to train and foster knowledge for officers specialized in APA negotiation.

4.3.2.6. Actively organizing and participating in international tax forums

Firstly, proactively propose to tax authorities in partner countries about organizing conferences on tax and tax administration and organizing tax forums between tax authorities in countries and enterprises.

Secondly, proactively propose and participate in the organization of extended online tax forums with the support of IT and internet.

Thirdly, replicate the Korean business dialogue model (organized by the Vietnamese tax authority in cooperation with the Korean Embassy) by coordinating with the Embassy (or Consulate or diplomatic representative agency) of countries or territories with many businesses investing in Vietnam to organize dialogues with enterprises by countries (Japan, Taiwan, China ...).

CONCLUSION

Vietnam's increasingly in-depth integration process is reflected by the increasing number of bilateral and multilateral agreements it has signed as well as greater participation in international and regional organizations. In this context, Vietnam's international tax cooperation activities play a very important role.

In addition to systematizing the theoretical issues of international tax cooperation, the thesis has developed, supplemented and completed the theoretical basis for international tax cooperation. Accordingly, the thesis has clarified the concept and implication of the concept of international tax cooperation and clearly analyzed the goals of international tax cooperation. The thesis introduces models and criteria for evaluating the results of international tax cooperation. Some domestic and international factors affecting international tax cooperation are shown in chapter 2 to identify theories, based on which they are tested and evaluated based on statistical data through survey activities in chapter 3. The thesis introduces some experience in international tax cooperation of some countries in the world such as Singapore, Indonesia, Malaysia, India, Netherlands to draw some useful experiences for the international tax cooperation activities of Vietnam.

Based on the theoretical analysis, chapter 3 of the thesis has analyzed and clarified the reality of international tax cooperation activities in Vietnam, giving insights, analysis and evaluation of achieved results, limitations and the causes of these limitations. The analysis is made on the basis of secondary data and documents of the Ministry of Finance, the General Department of Taxation, competent state agencies and the results of the author's survey.

Chapter 4 of the thesis has proposed solutions to promote international tax cooperation activities of Vietnam in the new integration period from 2020 to 2025, in which, notably solutions are: prioritizing negotiation and identification of suitable content when signing the MTA; upgrading the content and speeding up the negotiation of bilateral tax agreements; improving the effectiveness of the implementation of tax agreements; taking advantage of international tax cooperation to strengthen control of transfer pricing activities, combat tax losses etc.

Although this thesis has studied and achieved important results mentioned above, due to certain subjective and objective conditions, some issues related to the research topic have not been clarified, which requires further studies, namely: Further clarifying the quantitative impact of international tax cooperation on tax administration efficiency; studying the impact of international tax cooperation on green growth and sustainable development; studying the degree of quantitative impact of international tax cooperation on foreign investment etc.

LIST OF THE AUTHOR’S PUBLISHED WORKS RELATED TO THE THESIS TOPIC

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