

BEPS AND VIETNAM

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Overview of the tax reform in Vietnam

- First phase of tax reform (1990-1995): introduced the market oriented tax system
- Second phase of tax reform (1997-2005): reformed the tax system in accordance with the requirements to facilitate the accession of Vietnam into the WTO
- Third phase of tax reform (2006-2010): increased tax administration capacity
- Tax reform strategy from 2011-2020 (Decision 732/QĐ-TTg): modernize tax system to integrate the world economy



Technical assistants

Vietnam was determined not to have advisers from just one organization or country setting its tax law reform agenda

- International organizations: IMF, World Bank, ADB (Asian Development Bank) WTO
- Countries: Sweden, the Philippines, Singapore, Indonesia, Thailand, China, Malaysia, South Korea and Hungary, the Netherlands, Australia...
- Private organizations such as IBFD



The current tax system

- Ten Tax Acts:
 - Personal Income Tax; Corporate Income Tax
 - VAT; Excise; Import, export tax; Environmental Protection Tax; Natural Resource Tax
 - Tax on the right to use agricultural land; Tax on the right to use non-agricultural land
 - Tax on business license
- Tax administrative law
- Law on Fees



Problems

- Complex system, high compliance cost
 - Corruption, morality of taxpayers
 - Lack of transparency of legislation and implementation; lack of rule of law
 - General anti-evasion and anti-avoidance rules are regulated but the judges cannot directly apply these rules without the government's guidance. Courts do not use case law, legal doctrine to judge the cases
 - Tax treaties are rarely used, many tax treaties are not updated
 - Attracting FDI may lead to harmful tax competition
- => Capacity problems



BEPS and Vietnam: opportunities

- BEPS creates possibilities for Vietnam to improve its tax system:
 - Have a fair share of tax,
 - Integrate into the international tax administration' standard,
 - Modernize its tax system, tax administration



BEPS and Vietnam: challenges

- How to transplants BEPS Action Plan into the Vietnamese tax system?
- How to prevent profit shifting through too many (wasteful) tax incentives?
- How to build tax administrative capacity?



Statement 1

Attracting foreign investment is important, but tax incentives cost too much capacity of the tax administration. It is better to use this capacity for reducing compliance cost



Tax incentives cost too much capacity of the tax administration. It is better to use this capacity for reducing compliance cost

A. Agree

B. Disagree

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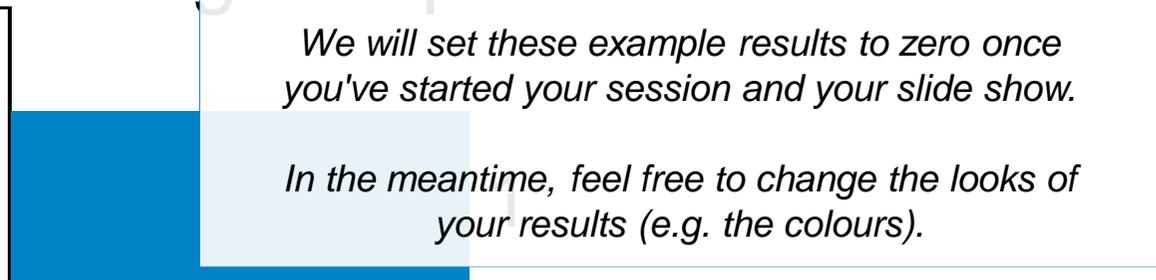
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Tax incentives cost too much capacity of the tax administration. It is better to use this capacity for reducing compliance cost

A. Agree



B. Disagree

2

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Statement 2

Joint audit is an effective way of training staff for developing countries



Joint audit is an effective way of training staff for developing countries

A. Agree

B. Disagree

The question will open when you start your session and slideshow.

votes: 0

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Joint audit is an effective way of training staff for developing countries

A. Agree

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B. Disagree

2

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