

DOCTORAL THESIS IN BRIEF

Lý Phương Duyên. *Manage Personal Income tax in Vietnam in the context of international economic integration*

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Laws on Personal Income Tax (PIT) in Vietnam officially effected and implemented in social, economic life on 01/01/2009. However, management of PIT is posing big challenges on managers. First of all, the law includes some new points as compared to Ordinance of Personal Income tax on high income people, especially the regulation related to family situation to calculate taxable income. The implementation started in context of economic recession, investment stagnation, unemployment increasing, citizen income reducing. Besides is problems related to bilateral and multilateral commitments among countries about range for levying PIT. Due to those reasons, the author chose topic "*Manage personal income tax in Vietnam in the context of international economic integration*" for his doctor thesis. Main contents of the thesis include three chapters.

Chapter 1, *Some main issues about management of personal income tax in conditions of international economic integration* (pg.5-51).

Tax management, according to the author, is the organization, control the

control the tax collection activities of a country to perform tax policies to achieved planned target. Manage PIT is not outside that content, meanwhile, goal of management on PIT is narrower than the general target of tax management. Specific characteristic of PIT management is sensitiveness and it is easy to be reacted by taxpayer. It is also a complex activity, requires high and general management standard, it connects closely to income distribution and management direction of the Government in specific period of time.

PIT management includes three main contents: building tax management model; implement law on tax; inspect, check tax activities; and coerce, deal with procedural on tax.

PIT management is under the impact of many objective and PIT management is under the impact of many objective and subjective elements. Among them, we can mention some subjective elements: machinery and process to manage PIT; technical, material conditions of tax bodies; tax information propaganda and popularization activities; knowledge, working manner, professional ethics of tax official. Besides are objective elements such as: macro-economic policy, regulation document system about tax of state, economic conditions, legal environment of each country in each period of economic integration and knowledge, awareness to follow the law of people.

In the condition of international economic integration, PIT management requires compliance of international regulations. On the other hand, range of PIT management is larger in term of object and basis to calculate the tax, therefore, it must be a closer coordination between domestic and abroad tax agencies. At the same time, it needs efficient support of information technology in management, knowledge of managers should be improved.

Chapter 2, *Reality of PIT management in Vietnam from up 1990 to now* (pg. 52-120).

Through analyzing the policy of management and the implementation of content and method to manage PIT from 1990-2008 (before the effective date of PIT), with number to prove the tax code registration, tax declaration and manage tax payers, control, instruct, supervise and speed up tax collection and payment and PIT inspection, we can see that: Tax collected from high income people is not equal between provinces and cities nationwide, it shows the dependence of this kind of tax on income of citizen. Income structure is different between Vietnamese and foreigner. Tax collected from foreigners is often increased while number of foreigners who have to pay for personal income tax is less than Vietnamese. Rate of business income tax from domestic business among budget is humble. Collection from land use right transferring contributes small rate out of state budget but it intends to increase. This amount depends mostly on urbanization and mainly at large cities and provinces – where real estate transaction is more eventful.

Some prominent problems around the PIT management in Vietnam at this time are: *First*, tax management agencies organized as kind of tax so the management on PIT payers is not concentrated, there is no general, united management procedure. *Second*, tax self-declaration and self-payment of free practice business is limited and is not carried on voluntarily. *Next*, mechanism to control income is not comprehensive and it faces many difficulties in implementation, tax evasion is popular. *After that*, human resources for inspection is deficient, inspection activities is not effective enough. *Fifth*, tax coercion mechanism is not clear and low feasibility.

Move to new period, *since 2009*, when PIT comes to effect, as authors opinion, PIT management in Vietnam has many issues to be solved. First of all, the tax agencies organization with overlap model, distribution and treatment to tax officials is not effective. In addition are the implementation and method to control PIT. Management of tax payers and taxable income, issue tax code is facing many difficulties. The inspection, supervision PIT with spread range leads to lack in evaluating risk and level of tax violation of tax payers to timely set up inspection, supervision plan, ensure inspecting right object. Sources for inspection are limited, information collection is not united and without coordination of relevant agencies such as banks, population management agencies, public securities and tax agencies of other countries. Management mechanism of debt

collection and payment coercion through treasury, bank or credit organization is difficult to implement when citizens have many deposit account at different banks. In the condition of integration, non-residential subjects, free practice persons without account in Vietnam, they do not arise transaction in Vietnam then the coercion needs to be paid attention.

From analysis and evaluation above, in chapter 3, the author proposes *solution to reform PIT management in Vietnam in context of international economic integration*. (pg.121-166)

To reform PIT management in Vietnam in current condition, according to the author, firstly we have to focus on solution of *organization and management* as:

- 1/ Complete organization, structure, strengthens function, task of tax agencies toward order, streamline, ability and effectiveness of management.
- 2/ Improve advantages of management model toward kind of tax, gradually apply functional tax management model.
- 3/ Build up a PIT management model clearly, effectively including: propaganda, support tax payers, register, and issue tax code, declare and pay for tax, draw tax balance, and tax return.
- 4/ Implement inspection, supervision methods to increase effectiveness of tax management

In addition to the basic methods mentioned above, the author also needs *other supplemental methods*, for example: create high consensus in implementing the PIT law, steeply socialize tax management; develop service to support tax payers and develop accounting service system, consult tax declaration. Among those, socialize tax management is considered the breakthrough solution in current Vietnam socio-economic conditions.

However, to implement such solution, as author's opinion, it needs fixed conditions. Specifically: Improve legal documents for implementation of PIT law. Improve knowledge of tax managers; ensure human resources to satisfy general requirements of tax management in time of integration. Expand and develop information technology application to PIT management toward building data base for tax payers and tax management software, coming to electric tax declaration. Open and develop payment method without cash. Strengthen and speed up cooperation between relevant agencies to implement PIT law.

The thesis was successfully defended before National Thesis Evaluation Council, at Academy of Finance, in 2010.

Introduced by
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