



Improve Tax Compliance of Taxpayers in Hanoi

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ABSTRACT:

The promulgation and implementation of the Tax Administration Law is an important step forward, creating uniformity, clarity, and transparency; Strengthen the inspection and supervision role of the State and society in tax management; Creating a favorable environment for taxpayers to comply with tax laws, implement the mechanism of self-declaration and self-payment of taxes into the state budget, towards a modern tax management mechanism. This study was conducted to evaluate the level of tax compliance of taxpayers in Hanoi. The author surveyed taxpayers who are businesses with production and business activities in Hanoi, with 135 survey questionnaires sent to 135 taxpayers in the late 2023 period. Survey data shows that the level of tax compliance of taxpayers is only at an average level, there is still the phenomenon of non-submission and late submission of tax returns; Errors, mistakes, and fraud in tax declaration and calculation. To improve taxpayer compliance, tax authorities need to successfully implement reform and modernization of the tax industry. It is necessary to build an advanced, modern, and professional tax industry in Vietnam to ensure good implementation of tax laws; and ensure fair, transparent and effective tax administration.

KEYWORDS: Tax compliance, efficiency, taxpayers.

1. INTRODUCTION

In Vietnam, the promulgation and implementation of the Tax Administration Law is an important step forward, creating uniformity, clarity and transparency; Strengthen the inspection and supervision role of the State and society in tax management; Create a favorable environment for taxpayers to comply with tax laws, implement the mechanism of self-declaration and self-payment of taxes into the state budget, towards a modern tax management mechanism. The amended Tax Administration Law (Tax Administration Law No. 38/2019/QH14) includes 17 chapters, 152 articles, effective from July 1, 2020. The law has amended the scope of regulation, ensuring coverage of the management of taxes and other revenues belonging to the state budget; Amend regulations to create a legal basis for modern tax management, access to international standards and practices, create favorable conditions for taxpayers, and ensure the legitimate rights and interests of taxpayers. taxpayer; clearly stipulate the duties and powers of tax administration agencies as well as agencies, organizations and individuals involved in tax administration. Added content that taxpayers will not be handled for tax violations and will not be charged late payment interest for cases made by taxpayers according to written instructions and handling decisions of tax authorities and state agencies has authority related to the content of determining the taxpayer's tax obligations. This regulation creates conditions for taxpayers to fulfill their obligations, while enhancing the role and responsibility of tax authorities when performing public duties.

In a developed, deeply integrated and highly demanding economic environment, it is necessary to improve tax awareness and compliance capacity so that taxpayers can understand, correctly understand and do the right thing to meet the requirements of tax administration. When taxpayers comply with tax laws, the tax system will be strictly enforced, mobilizing revenue for the state budget and regulating the macro economy. Therefore, improving tax compliance of taxpayers is always considered a key content and the top goal of tax management. Hanoi is an area with many businesses engaged in production and business activities, so tax management in Hanoi is an issue of concern to state agencies. This article aims to evaluate the level of tax compliance of businesses in Hanoi in terms of compliance in tax registration, compliance in submitting tax declarations, and compliance in reporting complete and accurate information. accuracy and compliance in tax payment.

2. LITERATURE REVIEW

According to Hamm (1995), "Tax compliance is the taxpayer's declaration of necessary tax declaration documents at the appropriate time and accurate performance of tax obligations according to the provisions of tax laws and decisions of the court". Similarly, James & Alley (1999) affirmed that tax compliance in the simplest terms is the extent to which taxpayers comply with tax obligations prescribed in tax law.

James & Alley (2002) posed the question: Is "compliance" due to voluntary or mandatory behavior? If a taxpayer "complies" only because of threats or administrative measures, or both, this is not considered full compliance even if tax revenues reach 100% of payable according to law. Andreoni and colleagues (1998) argue that voluntary compliance by taxpayers without resorting to inspections, inquiries, reminders or fear of administrative measures

is also a component. in the definition of tax compliance by the payer. According to the OECD Practical Guide on Measuring Compliance (2001), a question has been asked: "How is compliance defined – is it compliance in interpretation of tax laws and how they are applied by the tax authorities or how the taxpayers understand them? Or is this concept defined in a more neutral way? Tax compliance is also defined as a process in which taxpayers submit all required tax returns by accurately reporting all income and paying tax liabilities accurately using laws and regulations. Current tax regulations (Palil & Mustapha, 2011).

According to the view of the OECD Center for Tax Policy and Management Research, tax compliance is divided into two groups. Administrative compliance group is the taxpayer's compliance with administrative regulations on declaring and paying taxes on time. Technical compliance group is when taxpayers calculate and pay taxes correctly according to the provisions of tax law.

In addition, based on compliance content, tax compliance is classified into: compliance in tax registration, compliance in submitting tax declarations, compliance in reporting complete and accurate information accuracy and compliance in tax payment.

Thus, tax compliance is the taxpayer's full compliance with tax obligations in accordance with the law, including tax registration, tax declaration, tax calculation, tax payment and compliance with other tax requirements. Tax administration according to the provisions of law.

Tax compliance by taxpayers is divided into two main groups. A group of subjective factors that affect taxpayers' tax compliance behavior include: the complexity of the tax system, the integrity of tax officials, and the effectiveness of the agency's inspection and control system. A group of objective factors affecting tax compliance behavior of taxpayers, including: educational level, accountability of government public spending, scale of the informal economy.

3. RESEARCH METHOD

Data for research is collected within 4 months from July 1, 2023 - November 30, 2023. Respondents to the survey were businesses in Hanoi (considered taxpayers) using the random sampling method. The total number of ballots sent was 150, sent to 150 businesses operating in Hanoi city. After classifying and cleaning the data, 135 votes were obtained for analysis. Collected data were entered into descriptive statistical analysis on SPSS software.

The questionnaire is designed for online surveys and is printed on paper. The online survey form is sent via a link to the email. Paper-printed ballots are sent by post. Questions about assessing the level of tax compliance in the survey apply a 5-level Likert scale: 1- Strongly disagree; 2 - Disagree, 3 - Neutral, 4 - Agree, 5- Strongly agree.

4. RESULT

Research sample statistics

The author sent ballots to 150 manufacturing enterprises in Hanoi with 150 votes, and received information from 135 enterprises with 135 votes. According to the survey results, of the 135 responding businesses, 59.3% are joint stock companies and 40.7% are limited liability companies. This result also shows that the number of limited liability companies accounts for a large proportion of businesses in Hanoi City.

Table 1. Characteristics of surveyed enterprises

Characteristics		N = 135	Percentage (%)
Type	Joint Stock Company	55	40.7
	Limited liability company	80	59.3
Number of employees	< 10 persons	30	22.2
	10- 200 persons	65	48.2
	200-300 persons	30	22.2
	> 300 persons	10	7.4
Capital	< 20 billion VND	80	59.4
	20 – 100 billion VND	40	29.6
	> 100 billion VND	15	11.1

Regarding the results of business capital, the number of enterprises with capital under 20 billion accounts for a large proportion (59.4% of enterprises), enterprises with capital scale from 20 billion to 100 billion have 40 enterprises with the proportion 29.6%, businesses with capital over 100 billion account for 11.1%. According to survey results on the number of employees, 22.2% of companies have fewer than 10 employees, 48.2% of companies have 10 - 200 employees, 22.2% of companies have 200-300 employees, and only 7.4% have more than 300 employees.

Tax compliance on registration

The author conducts a survey of non-compliance behaviors in tax registration according to 6 contents, including: Failure to register tax, Failure to submit tax registration documents on time, Incomplete tax registration documents, False declaration, Missing items on the tax registration dossier, Failure to make additional declarations or changes to tax registration information, Untimely declaration of additional declarations or changes to tax registration

information. Table 1 shows the results of registration irregularities for taxpayers. The level of non-compliance for non-tax registration is the lowest with a mean of 2.85. Meanwhile, the level of non-compliance for false declaration and misrepresentation of indicators on tax registration documents is the highest with a mean of 4.45.

Table 2. Survey of tax non-compliance regarding registration

Code	Behavior	Mean
TC1	No tax registration	2.85
TC2	Failure to submit tax registration documents on time	3.75
TC3	Tax registration documents are incomplete	3.89
TC4	Wrong declaration or omission of criteria on tax registration dossier	4.45
TC5	Do not make additional declarations or changes to tax registration information	3.90
TC6	Untimely additional declaration or change of tax registration information	4.12

Tax compliance regarding tax declaration and calculation

The compliance with tax declaration and calculation procedures is surveyed through indicators on periodic declaration and tax finalization declaration. Indicators of tax non-compliance with regard to periodic declaration include the following indicators: Failure to submit tax declarations, Failure to submit tax declarations on time, Incomplete tax declarations, Inaccurate declaration of tax declarations. items on the tax declaration, Failure to declare additional tax declaration documents, Other errors in periodic tax declaration. The level of non-compliance with periodic tax declaration is lower than the level of non-compliance with tax registration. Regarding the act of misdeclaring and omitting items on tax declarations, many taxpayers encounter the most with mea 4.5. For periodic declarations, the number of taxpayers who do not file is low. Thus, taxpayers have proactively learned about the types of declarations and submission times, leading to fewer cases of omission or non-submission of tax declarations. However, many taxpayers still declare incorrectly or miss items on their tax declarations.

Table 3. Survey of tax non-compliance behavior regarding periodic tax declaration

Code	Behavior	Mean
TC7	Failure to submit tax returns	2.87
TC8	Failure to submit tax returns on time	3.69
TC9	Incomplete tax returns	3.70
TC10	Misdeclaring or missing items on the tax declaration	4.50
TC11	Do not file additional tax returns	3.97
TC12	Other errors in periodic tax declaration	2.88

The author also conducted a survey on tax non-compliance regarding tax declaration and finalization, including indicators: Failure to submit tax finalization declaration documents, Failure to submit tax finalization declaration documents on time, Documents Incomplete tax finalization declaration, Inaccurate declaration of items on the tax finalization declaration, and Other errors in tax finalization declaration. The survey results are similar to non-compliance with periodic tax declarations. The error rate due to incorrect declaration or omission of items on the tax finalization declaration is still the highest with a mean of 4.83. Many taxpayers still forget, do not submit tax finalization declarations or do pay but do not pay on time with means of 3.06 and 3.90 respectively. Besides, incomplete settlement declaration documents still occur frequently with a fairly large mean of 4.03.

Table 4. Survey of tax non-compliance behavior regarding tax declaration and settlement

Code	Behavior	Mean
TC13	Failure to submit tax finalization documents	3.06
TC14	Failure to submit tax finalization documents on time	3.90
TC15	Tax declaration dossier is incomplete	4.03
TC16	Wrong declaration or omission of items on the tax finalization declaration	4.83
TC17	Other errors in tax declaration and finalization	3.30

Compliance with tax payment

The author conducts a survey of non-compliance behaviors in tax payment according to 5 contents, including: Submitting the wrong state budget index, Not paying the full determined tax amount, Not paying tax on time, Not paying taxes, and other errors in tax payment. The highest level of error belongs to the behavior of not paying taxes on time (mean 3.92) and not paying the full amount of tax determined (3.70). Meanwhile, the act of not paying taxes occurs very low with a mean of 2.45. Thus, taxpayers are aware of paying taxes but do not pay much attention to the regulations on tax payment deadlines, leading to not paying taxes on time as prescribed by tax law.

Table 5. Survey of tax non-compliance behavior regarding tax payment

Code	Behavior	Mean
TC18	Submitting the wrong state budget table of contents	3.31
TC19	Failure to fully pay the determined tax amount	3.70

TC20	Not paying taxes on time	3.92
TC21	Do not pay taxes	2.45
TC22	Other errors in tax payment	2.97

Comply with other tax regulations

Regarding compliance with other tax regulations, the author evaluates through 5 behaviors: Failure to prepare complete invoices and documents according to regulations; Accounting is not complete and in accordance with regulations; Not providing complete records and documents to tax authorities upon request; Have not complied with tax authorities' decisions to urge tax debt collection; and have not complied with other administrative decisions of the tax authorities. The level of violations of compliance with other tax regulations is higher than other types of tax compliance with a mean ranging from 3.25 to 4.25. Taxpayers who have not accounted fully and properly according to regulations are the most violated violations with a mean of 4.25. Next is the violation of not preparing complete invoices and documents according to regulations. The least erroneous behavior is not complying with tax authorities' decisions to urge tax debt collection with a mean of 3.25..

Table 6. Survey of non-compliance with other tax regulations

Code	Behavior	Mean
TC23	Failure to prepare complete invoices and documents according to regulations	4.20
TC24	Accounting is not complete or in accordance with regulations	4.25
TC25	Not providing complete records and documents to tax authorities upon request	4.08
TC26	Have not complied with tax authorities' decisions to urge tax debt collection	3.85
TC27	Have not complied with other administrative decisions of tax authorities	3.25

5. CONCLUSION

Through the data analyzed above, it shows that taxpayers are fully aware of their tax compliance obligations. Taxpayers are aware of the importance and significance of tax policy and tax policy compliance for the country's socio-economic development. At the same time, taxpayers understand that tax policy is one of the macro policies of the state, and paying taxes is the right and obligation of taxpayers. However, survey data shows that taxpayers' tax compliance level is only at an average level. Regarding tax registration regulations, there is still a situation of non-compliance by taxpayers. In some cases, taxpayers do not declare tax registration, or register tax later than the prescribed deadline, or do not report when tax registration information changes. Tax registration is the first step for taxpayers to fulfill their tax obligations to the state. In recent times, tax registration procedures have been significantly reformed by tax authorities, creating openness and convenience for taxpayers to exercise their rights and obligations. Thanks to reforms in tax registration procedures, taxpayers have been proactive and self-conscious in registering taxes. Taxpayers must declare and determine the amount of tax payable into the state budget according to regulations, so taxpayers must declare accurately, truthfully, and fully complete the contents on the declaration according to the prescribed form and Submit declarations and pay taxes in accordance with the law. However, the survey results showed that the phenomenon of non-submission and late submission of tax returns still exists; Errors, mistakes, fraud in tax declaration and calculation. Besides, many taxpayers do not really consciously calculate the correct and full amount of tax payable. Other provisions of tax law have not been fully complied with by taxpayers. Survey results show that there are still many cases of non-compliance with accounting and statistical regulations; Failure to comply with tax administrative decisions...

To improve taxpayer compliance, tax authorities need to successfully implement reform and modernization of the tax industry. It is necessary to build an advanced, modern and professional tax industry in Vietnam to ensure good implementation of tax laws; ensure fair, transparent, effective and efficient tax administration according to international standards; Serve taxpayers well, increase taxpayers' self-discipline in compliance with tax laws; ensure revenue for the state budget to serve the cause of industrialization and modernization of the country. At that time, it is necessary to improve the tax policy system in a simple, clear, transparent and feasible way. Modernize tax management in terms of management methods, administrative procedures, organizational apparatus, staff, and widely apply science and technology...

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