

TAX ADMINISTRATIVE PROCEDURES REFORM THAI NGUYEN PROVINCE UNDER THE VIEW OF FOREIGN DIRECT INVESTMENT ENTERPRISE (FDI)

Nguyen Tien Long

Thai Nguyen University of Economics and
Business Administration, Thai Nguyen University

VIET NAM

nguyentienlong@tueba.edu.vn

Dam Phuong Lan

Thai Nguyen University of Economics and
Business Administration, Thai Nguyen University

VIET NAM

landamphuong@tueba.edu.vn

ABSTRACT

Reform of tax administrative procedures is an important task, positively affecting the business environment and increasing revenue to the State budget. The article analyzes the current situation of tax administrative procedure reform in Thai Nguyen province in the period of 2020 - 2022 in tax registration and declaration; Tax payment and tax debt management from the perspective of foreign-invested enterprises. The article also proposes orientations for reforming tax administrative procedures in the coming time to further facilitate enterprises in general and foreign direct investment enterprises in particular in complying with the law. tax law and in accordance with international standards.

Keywords: Tax administrative procedure reform, foreign direct investment (FDI) enterprises, Thai Nguyen province.

INTRODUCTION

Along with the transformation of the economy, meeting the requirements of integration of the tax sector has promoted reform, modernization, and renewal of the management mechanism in the spirit of cooperation, accompanying people, businesses, contributing to creating an equal and favorable business environment, promoting production and business development. Administrative procedure reform is one of the important requirements in the process of institutional building of the tax sector, to facilitate and increase management efficiency, reduce time and costs for businesses and taxpayers. With the motto "enterprises, people are the center, is the driving force in the implementation of reform", the Tax Department of Thai Nguyen province has focused on drastically implementing tax administrative reform, with the focus on reforming tax administration. administrative procedures, meet the requirements of modern tax management, well serve the needs of taxpayers. The evaluation results show that the success in PAR in general is shown by the higher-ranking position of Thai Nguyen province in the order of 63 provinces (according to the People's Satisfaction Index, organization for the service of state administrative agencies - SIPAS), including contributions from the tax sector.

As one of the leading localities in attracting FDI in the country, Thai Nguyen province is always interested in administrative reform, taking the satisfaction of people and businesses as a measure of efficiency in solving problems. administrative. The satisfaction of FDI enterprises on administrative reform, especially in the tax field, will be one of the keys to attracting investment from this partner.

OVERVIEW OF FDI ENTERPRISES IN THAI NGUYEN PROVINCE

According to statistics of Thai Nguyen province, as of December 31, 2022, the total number of valid FDI projects in the province is 172 projects with a total registered capital of nearly 10.3 billion USD (equivalent to about 10.3 billion USD). 237.3 trillion VND). From a locality that has no strength in attracting FDI (with 45/63 position of the whole country in 2010), Thai Nguyen has now become one of the leading localities in FDI capital.

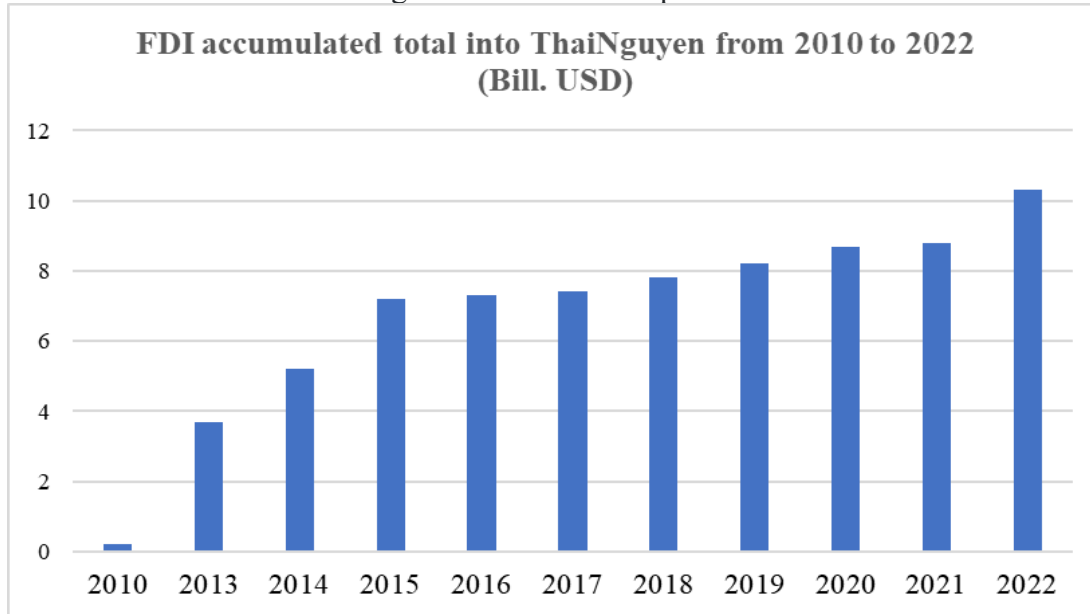


Figure 1: FDI Accumulated total in Thai Nguyen from 2010 -2022

(Source: Ministry of Planning and Investment)

In recent years, the trend of shifting investment to form a new global supply chain has occurred due to economic groups' policies of optimizing investment resources and spreading risks. Seizing that opportunity, Thai Nguyen province has determined that foreign investors will be interested in the investment market in countries that are stable in terms of politics, legal environment and macroeconomics; mechanisms and policies are consistent, little changeable and predictable; information is open, transparent, accessible, easy to look up and also to help reduce opportunities for corruption; simple and compact administrative procedures, quick decision-making, both reduce administrative costs and reduce opportunity costs.

In 2022, the total number of valid foreign direct investment (FDI) projects in the province is 171 projects with registered capital of 10,314.6 million USD. In the past year, the province has also granted investment registration certificates for 05 FDI projects with a total registered capital of 320 million USD in the field of processing and manufacturing industry. With the attention and facilitation of the local government of Thai Nguyen province and efforts in production and business activities, in 2022, the total revenue of FDI projects will reach over 33 million USD, an increase of 9.67% compared to 2021; total export value reached 30,907.44 million USD, up 20.71% compared to 2021; total import value reached 17,637.9 million USD, up 0.81% compared to 2021; the number of employees equals 91.76% of the total number of employees in FDI enterprises; contribution to the state budget will reach 159 million USD, equaling 87.76% in 2021. In 2022, the value of industrial production (according to 2010 constant prices) the economic sector

with FDI capital will reach over 860.5 trillion VND, increased by 10.7% over the same period and accounted for 93% of industrial production value of the province; export value reached over 31.4 billion USD, accounting for over 97% of the province's export value.

EVALUATION OF FDI ENTERPRISES ON TAX ADMINISTRATIVE PROCEDURE REFORM IN THAI NGUYEN PROVINCE

In the period of 2020 - 2022, the provincial tax sector has synchronously implemented programs and solutions to promote the control of administrative procedures in all areas: tax registration, tax declaration, tax payment, tax exemption, tax reduction, tax refund...; regularly inspect and review tax administrative procedures to propose changes or delete procedures that are no longer suitable to create favorable conditions for taxpayers.

Measures of study

Tax administrative procedure reform is evaluated on three aspects: (1) Tax registration and declaration; (2) Tax payment, tax refund; (3) Tax debt management; The scale is inherited from the evaluation surveys of the business community in Vietnam on tax administrative procedures as well as the efforts of the authorities related to tax administrative procedures in the period. The 2016-2020 period is implemented by the Vietnam Chamber of Commerce and Industry (VCCI) and the General Department of Taxation. The study uses a 5-point Likert scale from 1 to 5, respectively, with a meaning of 1 - completely disagree; 5 – totally agree.

Sample size

Based on the list of 171 FDI projects, the research conducted a survey via google form link to 171 projects, the results collected 128 votes were cleaned. The sample survey results are as follows:

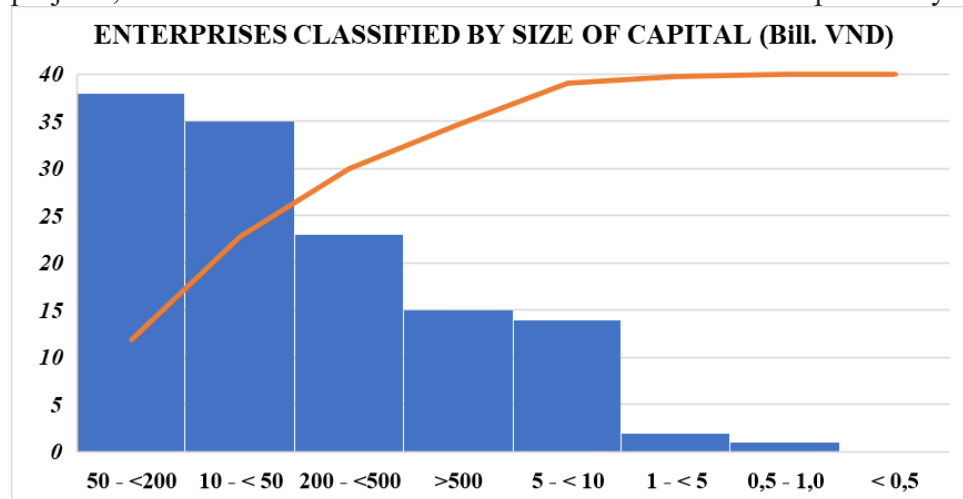


Chart 2: FDI enterprises classified by size of capital

(Source: Survey's result)

Respondents to the survey include: General Director (2.3%), Chief Financial Officer (6.3%), Chief Accountant (42.2%). tax accounting (49.2%).

RESULT

Reform of administrative procedures in tax registration and declaration

Online support is still considered the main method by the tax sector, because of its fast transmission capacity and wide coverage. Accordingly, the websites of the General Department of Taxation and of the Thai Nguyen Tax Department are the official channels for taxpayers to look up information, consult legal documents and guiding documents.

Up to now, the services of electronic tax declaration, electronic tax payment, electronic tax refund have been deployed at all tax authorities, businesses, and individuals. In particular, the implementation of the electronic invoice system and the eTax Mobile application has contributed to building a transparent and convenient digital society, thereby reducing time, costs, and risks for taxpayers. Besides, to create more advantages and conveniences for businesses in carrying out tax procedures, the General Department of Taxation has activated the eTax system including 479 information channels to support taxpayers uniformly from the General Department of Taxation to Thai Nguyen Tax Department and affiliated tax branches, operating regularly, continuously and smoothly 24/7.

In tax registration, it has been agreed to apply tax identification numbers between tax offices and customs offices, and to unify business registration and tax registration numbers into a single enterprise code under the one-stop-shop mechanism liaising with the Ministry of Planning and Investment and the Ministry of Public Security; thereby shortening the time for granting a previous tax code from 30 days to 2 - 5 days. In some places, when it has been done, the electronic code point will be issued, and the results will be returned immediately. In tax declaration work, the tax industry has promoted the electronic tax declaration system on the platform thuedientu.gdt.gov.vn.

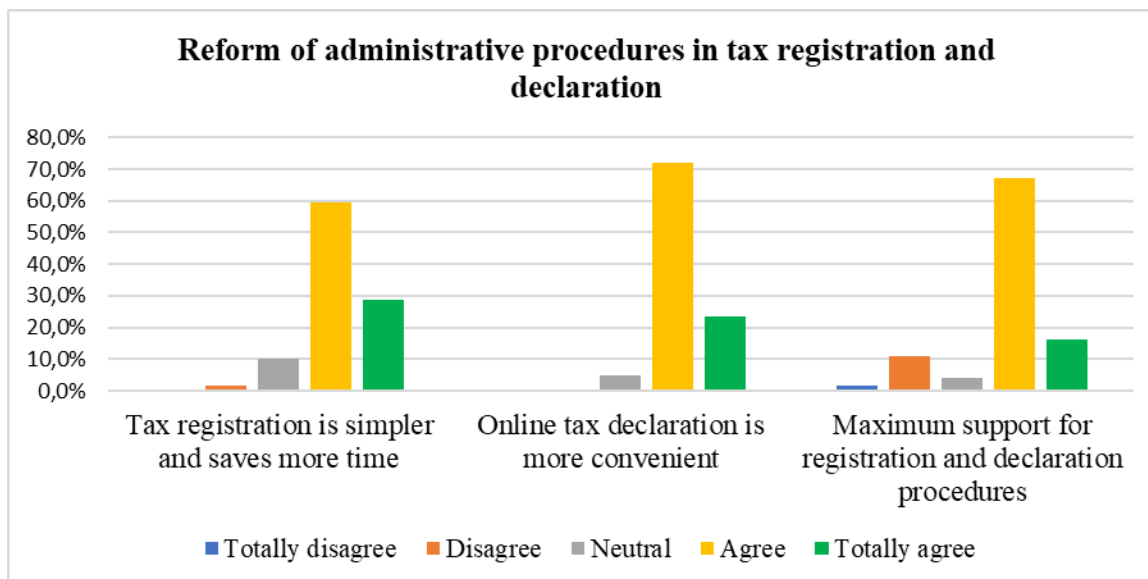


Chart 3: Reform of administrative procedures in tax registration and declaration

(Source: Survey's result)

Research results show that most FDI enterprises highly appreciate the results of reforming administrative procedures for tax declaration and registration. 88.3% of businesses confirmed that the tax registration process is simpler and more time efficient for businesses. Only 4.7% of enterprises have no opinion on the advantages of online tax registration. However, the assessment

of tax authorities' support for FDI enterprises in tax registration and declaration still shows that 12.5% of FDI enterprises are not satisfied. The cause may stem from the qualifications, experience, and attitude of tax officials.

Reform of administrative procedures in the stage of tax payment and tax refund

The Tax sector has synchronously implemented programs and solutions to promote control of administrative procedures in all areas: tax registration, tax declaration, tax payment, tax exemption, tax reduction, tax refund...; regularly inspect and review tax administrative procedures to propose changes or delete procedures that are no longer suitable to create favorable conditions for taxpayers.

In tax payment, tax payment methods are diversified. Taxpayers can pay at the state treasury, at tax administration agencies, through commercial banks, through authorized collection agencies, etc. Pay special attention to and promote the electronic tax payment method. In fact, the electronic tax payment service not only helps taxpayers reduce time and money, and simplifies paperwork when performing tax obligations, but also helps the tax industry to enhance work efficiency. tax management, processing tax collection and payment information quickly and accurately.

Projects to modernize tax collection and payment have been vigorously implemented. As a result, 100% of FDI enterprises declare tax electronically and sign agreements with commercial banks to pay taxes electronically. In addition to modernizing the industry from the application of information technology, this agency also resolutely handles the existence so that businesses always feel equal, without discrimination in the matter of paying tax obligations.

The application of a global minimum tax (15%) will have many effects on the effectiveness of the corporate income tax incentives of FDI enterprises. At that time, Thai Nguyen province must have solutions to support breakthroughs in the competition to attract foreign investment. In addition to preferential policies on land use tax, import and export tax, corporate income tax, Thai Nguyen province always has its own support policies for FDI enterprises, especially new investment projects.

Extending the tax payment time, accelerating the turnaround time, and extending the tax exemption margin are the policies that Thai Nguyen province favors for FDI enterprises. In the period of 2020 - 2022, FDI enterprises in Thai Nguyen province made 826 electronic tax payment transactions with the amount of VND 6,198 billion and USD 9,075,021. Also during this time, 89 enterprises participated in electronic tax refund. The system has received and processed refunds for 251 applications with a total amount of more than 436 billion VND.

The evaluation results of administrative procedure reform in tax payment and tax refund are shown in the following chart:

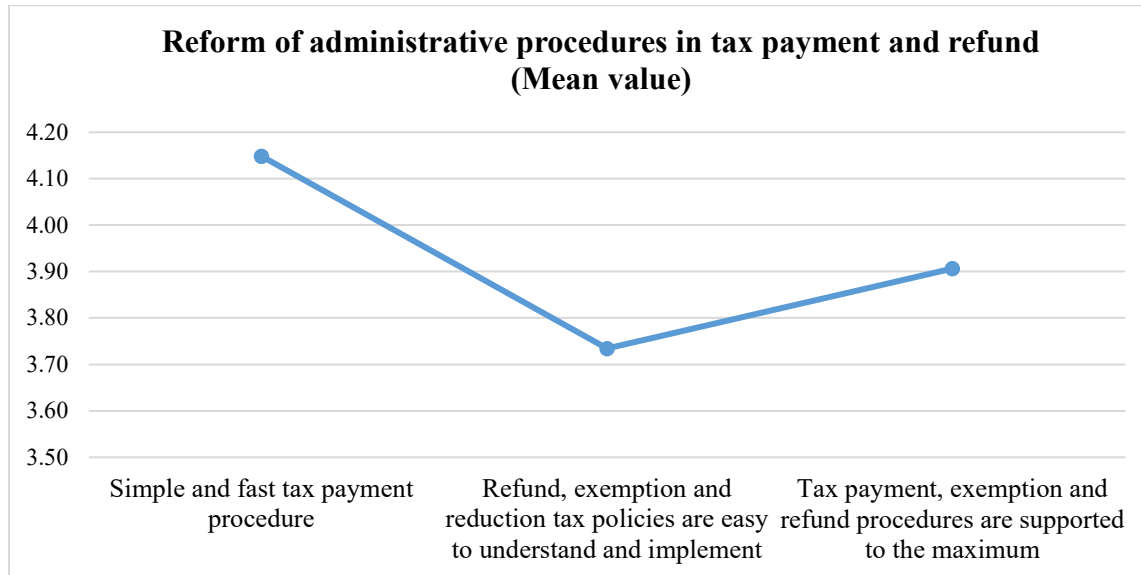


Chart 4: Reform of administrative procedures in tax payment and refund

(Source: Survey's result)

The average score of the simple and quick nature of the tax payment procedure is highly appreciated by FDI enterprises (4.2 points), this is the result of implementing the online tax management process in recent 3 years. However, the policies on tax payment, tax exemption and tax refund still have many unclear and complicated points for taxpayers. Besides, the support to solve problems about procedures, especially procedures for tax exemption, reduction and refund for FDI enterprises is not timely, 15.6% of surveyed enterprises are not satisfied. Although Thai Nguyen Tax Department is always interested in mechanisms and policies to attract and retain foreign investors, strengthen support and advice on tax legal policies, create favorable conditions for foreign investors, still 30/128 FDI enterprises believe that the tax exemption and tax refund policy is still complicated and difficult to understand. That is mainly related to procedures, import and export tax refund policy, contractor tax and excise tax.

Reform of administrative procedures in tax debt management

In tax debt management, the tax industry has built information technology applications to centrally manage the taxpayer's database, thereby recording the declared, paid, and paid tax amounts. thereby accurately determining the amount of tax owed, automatically calculating late tax payment according to regulations.

In tax inspection and examination, the tax sector has researched and applied risk management methods based on information technology application according to the issued set of criteria; gradually move from comprehensive inspection and examination to inspection and examination according to the selection criteria system, going into depth according to topics and areas prone to violations (themes, fields such as enterprises with high risk of violations). foreign investment capital (FDI), enterprises showing signs of transfer pricing; loss-making enterprises; enterprises with large tax debts, etc...).

Strengthen coordination with relevant sectors in tax inspection and examination (General Department of Customs, Anti-Money Laundering Department of the State Bank, General

Department of Police, Government Inspectorate, State Auditor countries, ministries, branches...) in sharing information for tax administration.

For the management of debt collection and enforcement of tax debts, the Tax sector has proposed to amend and supplement the debt management institution in line with international practices in the direction of simplifying administrative procedures, specifically as follows: reduce the rate of late payment tax from 0.05%/day to 0.03%/day; supplementing regulations on freezing tax debt; specifying the handling of principal debt, administrative fines and fines for late payment according to each level and subject; clearly define responsibilities and powers of relevant agencies in handling tax arrears; stipulate the principles of applying flexible coercive measures to enhance the efficiency of debt collection enforcement and simplify administrative procedures. Thai Nguyen Tax Department assigned the tax debt management and enforcement department and tax branches to drastically implement measures to urge and coerce the collection of tax debts according to regulations, especially for large debts and land use levy debt projects, previous year outstanding debts...

The evaluation results of administrative procedure reform in tax debt management are shown in the following chart:

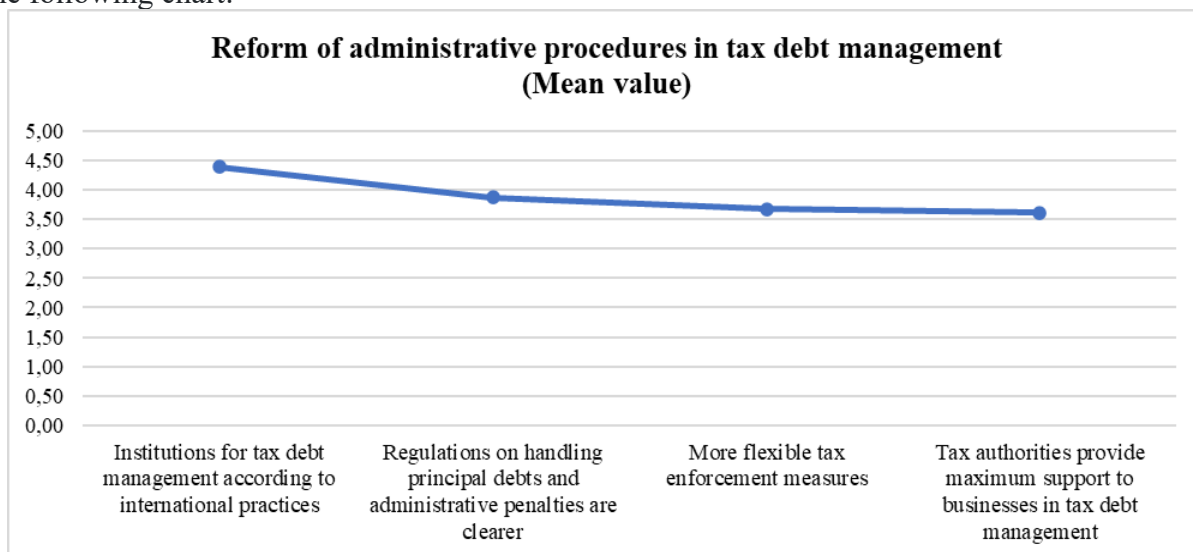


Chart 5: Reform of administrative procedures in tax debt management

(Source: Survey's result)

Tax debt management institutions after reform are closer to international practices, these are positive comments about the results of reform of tax administration institutions. 96% of surveyed FDI enterprises are satisfied with these changes. Compared with previous administrative procedures on tax debt management, the reform gives 85% of FDI enterprises clarity and detail. However, support from tax authorities is still a weak point in all management stages, not only for tax debt management. With an average rating of 3.62 points, it proves that FDI enterprises are not really satisfied with the service of tax authorities in the field of support and advice. The Tax Department of Thai Nguyen province has also had many activities to promote the effectiveness of supporting businesses, such as: raising awareness of tax officials, organizing training to update knowledge, and quality requirements in tax assessment. work efficiency...

CONCLUSION AND DIRECTION

Determining the source of FDI investment has a positive impact on the economic growth of the province in general and the industry, continuously for the past 30 years, Thai Nguyen province's leaders have always pondered and sought solutions. methods to attract FDI. In particular, the reform and control of administrative procedures is one of the top key tasks, over the past time with great determination and efforts, the tax sector of Thai Nguyen province has achieved many outstanding results., authorities and taxpayers recognize and appreciate. Besides the achieved results, FDI enterprises highly appreciate the results of administrative procedure reform in general and the tax sector. However, administrative procedure reform is a long process, requiring companionship from many sides. From the perspective of State management, the study proposes several orientations to improve the efficiency of tax administrative procedure reform:

Firstly, comprehensively complete regulations on content, authority, and responsibility; reduce and simplify the intermediary stages, cumbersome administrative processes and procedures, clearly define responsibilities and be transparent in implementation in order to limit negativity, corruption, and group interests, including corruption. corruption in the implementation organization; ensure the facilitation and simplification of administrative procedures for taxpayers that are easy to understand, approach, implement, inspect and supervise.

Secondly, continue to build a contingent of tax officials and employees in the direction of "professionalism, responsibility, dynamism, transparency and efficiency"; evaluate civil servants and public employees based on the results of task performance and associated with the job position, through the quality of job solving and specific products.

Third, continue to research, review, and submit to competent authorities to perfect the institutions to serve the construction and development of e-government and digital government.

Fourthly, study and develop projects to improve the state budget collection institutions, strengthen tax inspection and examination, handle tax arrears, ensure correct, adequate and timely collection of taxes and fees., fees and other revenues into the state budget. Promote cooperation activities and proactively integrate international tax; strengthen the monitoring and supervision of the implementation of the international tax cooperation process; research and propose international cooperation programs on administrative reform in the tax field.

REFERENCES

1. Thai Nguyen Tax Department (2020) Report on administrative reform work
2. Thai Nguyen Tax Department (2021) Report on administrative reform work
3. Thai Nguyen Tax Department (2022) Report on administrative reform work
4. Vietnam Chamber of Commerce and Industry (2019), Tax Administration Reform Assessment Report: Level of Business Satisfaction in 2019.
5. Vietnam Chamber of Commerce and Industry (2020), Tax Administration Reform Assessment Report: Level of Business Satisfaction 2020
6. <https://thainguyen.gov.vn/van-ban-ve-cchc>