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**COUNTERACTING TRANSFER PRICING IN CORPORATE
INCOME TAX IN VIET NAM**

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SUMMURY OF ECONOMIC DOCTOR THESIS

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INTRODUCTION

1. Urgency of the researching topic

With the policy of developing a multi-component economy, actively and proactively integrating into the international economy, Vietnam's international relations with other countries in the world have been increasingly expanded, with the source of capital investment from economic components having been gradually canalized. Putting to invest in production and business activities, creating a solid motivation for the development of the economy

In addition to the achievements of international economic integration, the impacts from the negative side of the market economy when penetrating into Vietnam and continuing to develop complexly. One of these impacts is the phenomenon of enterprises transferring prices, evading taxes, causing losses to the State budget and creating an unequal environment in business.

Transfer pricing activities in enterprises in our country takes place continuously, everywhere, at all times, causing great losses to the State budget and causing many consequences for the economy. Although State Agencies have been making efforts to improve institutions and organizing coordination in the inspection and checking of transfer pricing. However, the achieved results are still very low. Transfer pricing activities have not yet been prevented, pushed back, causing many negative effects in the society.

In the context of the mentioned situation, the author decided to choose the thesis topic: "Anti - transfer pricing in corporate income tax management in Vietnam", with the desire to research and propose some theoretical solutions based on practical science and in accordance with Vietnamese situation, contributing to strengthening anti-transfer pricing in corporate income tax (CIT) management in Vietnam in the near future. With this meaning, the research of the thesis topic is very necessary and highly topical.

2. Objectives and tasks of researching the topic

Overall objectives:

Researching and proposing a number of solutions with scientific arguments and being suitable with Vietnamese reality, in order to enhance anti-transfer pricing in the management of corporate income tax in Vietnam in the coming time.

Detail goal:

- Systematize and clarify some basic theoretical issues on transfer pricing and anti-transfer pricing in corporate income tax management, as a foundation for analyzing, assessing the situation and proposing solutions of the strengthening anti-transfer pricing in corporate income tax management in Vietnam in the coming period.
- Refer to the experience of anti-transfer pricing of some countries in the world to apply in corporate income tax management in Vietnam.
- Analyze and evaluate the status of transfer pricing and anti-transfer pricing in corporate income tax management in Vietnam.
- Proposing some solutions with scientific and suitable with the actual situation of Vietnam arguments in order to strengthen the anti-transfer pricing in corporate income tax management in our country in the coming time.

3. Subject and scale of research

Research subject of the topic:

Transfer pricing and anti-transfer pricing in corporate income tax management.

Research scope:

- Regarding content: This topic only focuses on researching transfer pricing activities and anti-transfer pricing activities in corporate income tax management.
- Regarding time: The thesis focuses on transfer pricing and anti-transfer pricing activities from 2010 to 2019, after the determination of market prices in transactions between affiliated parties in Vietnam. Follow the instructions in Circular 66/2010 / TT-BTC. Proposing some solutions to apply for the period from 2020 to 2025 and vision to 2030.
- In terms of space: The research focuses on transfer pricing and anti-transfer pricing of tax authorities in some major cities such as Hanoi, Hai

Phong, Ho Chi Minh ... are concentrated areas and There are many typical models of the whole country on transfer pricing and anti-transfer pricing in corporate income tax management.

4. Data and research methods

Research data:

The figures in the thesis include the macro data on Vietnam's economy, the micro data of annual surveying enterprises of the General Statistics Office, the Ministry of Planning and Investment, and the General Department of Taxation.

Research Methods: The thesis uses a combination of scientific research methods, taking dialectical materialism, historical materialism as the methodological foundation. At the same time, using a combination of research methods to achieve research objectives. Specifically:

- Dialectical materialism and historical materialism: are used to better clarify the issues of transfer pricing and anti-transfer pricing.

- Methods of collecting and processing information: used to collect primary and secondary documents. These are financial statements of enterprises having associated transaction relations, reports on inspection results, specializing seminars of transfer prices of the General Department of Taxation and some local Tax Departments; a number of conclusions on inspection of violations of tax obligations in general, doubts of transfer pricing in particular of the Ministry of Finance and the State Audit; relevant legal documents, related reports, schemes and programs of the Ministry of Finance, the Ministry of Planning and Investment, the General Department of Taxation, the General Department of Statistics and tax offices of a number of provinces and cities city. Along with that are projects, scientific researches, domestic and foreign articles related to transfer pricing and anti-transfer pricing.

- Statistical method (tables, graphs ...): is used to synthesize and organize the collected data to more visually reflect the reality of the research issues.

- Qualitative analysis method: is used on the basis of awareness of theories, analysis results, assessment of the real situation, limited

problems, causes ... to interpret and recommend, proposing some solutions to the research problem.

- Expert method: used in reference to the views and opinions of experts who are experienced tax officials and tax officials with professional knowledge in the field of inspection of anti-transfer pricing; indirectly quoting experts' points posted on relevant research topics and articles.

- Quantitative method: The thesis uses quantitative research methods to assess the impact of the anti-transfer pricing inspectorate in the management of corporate income tax on transfer pricing activities of enterprises.

Based on the application of the Servperf model, the dissertation has built a questionnaire and consulted some experts who are tax officials with experience in anti-transfer pricing inspections and opinions of some scientists. Under the support of SPSS application version 20 (Statistical Package for the Social Sciences), being a computer application that is used quite commonly in sociological statistical analysis, primary data through quantitative surveys, clearly showing the factors affecting the results of anti-transfer pricing inspections from tax officials. From the empirical results, the author will give implications for proposing solutions to enhance the effectiveness of the anti-transfer pricing inspection.

5. New contributions of the thesis

The dissertation topic has the following new contributions:

- The dissertation summarizes and systematizes some basic theoretical issues on transfer pricing and anti-transfer pricing in corporate income tax management.

- The thesis comprehensively and objectively analyzes and assesses the current situation of transfer pricing and anti-transfer pricing in corporate income tax management in Vietnam from 2010 to 2019. On that basis, showing the achieved results, limitations and causes of restrictions on transfer pricing in corporate income tax management in our country. Typical content of the new contributions of the thesis was discovered through the survey of assessments of tax officials on the impact of tax inspection in anti-transfer pricing in corporate income tax management,

identifying the factors affecting the results. anti-transfer inspection results, the level of impact of those factors.

- Proposing a number of solutions with scientific arguments, suitable to the reality of Vietnam's socio-economic situation in order to promote anti-transfer activities in the management of corporate income tax in the coming time. In particular, the key solution was studied by the dissertation on skills in anti-transfer pricing inspections in corporate income tax management so that the inspection can be highly effective, promoting the prevention of transfer pricing of enterprises.

6. Scientific and practical significance of the thesis

Scientific significance: Systematic research thesis with theoretical content about transfer pricing and anti-transfer pricing, helps to evaluate and delve into achieved results, analyze limitations, and the cause of the limitations to propose solutions to combat transfer pricing in corporate income tax management in the period of 2020 to 2025 and vision to 2030.

Practical significance: On the basis of analyzing and assessing the true situation of anti-transfer pricing in corporate income tax management in Vietnam today, the thesis proposes a number of realistic solutions to combat transfer pricing in corporate income tax management. in the coming time, directly contributing to limit the loss of State budget revenue

7. The structure of the thesis topic

In addition to the introduction, conclusion and appendices, the content of the thesis consists of 4 chapters:

***Chapter 1:** Overview of research on transfer pricing and anti-transfer pricing*

***Chapter 2:** Basic theory of transfer pricing and anti-transfer pricing in corporate income tax management*

***Chapter 3:** Current situation of transfer pricing and anti-transfer pricing in corporate income tax management in Vietnam*

***Chapter 4:** Some solutions to enhance anti-transfer pricing in corporate income tax management in Vietnam*

CHAPTER 1

OVERVIEW OF RESEARCH ON TRANSFER PRICING AND ANTI-TRANSFER PRICING

1.1. Research works on transfer pricing and anti-transfer pricing activities

The thesis has referred to a number of typical works the author has studied: 6 works of monographs, 3 foreign scientific newspapers; 2 textbooks, monographs, 7 theses, desertation, 4 in-depth research articles on transfer pricing and domestic anti-transfer price transfer. In addition, there are many research articles on transfer pricing and anti-transfer pricing issues from different perspectives.

1.2. Research works on corporate income tax and management of corporate income tax

The in-depth studies on corporate income tax and corporate income tax management have been studied by the author for the thesis: 3 foreign research projects; 9 works reseracing in the country. There are also a number of other directly related documents and articles.

1.3. General assessment of related research works

The research is an important document that helps the author to inherit and clarify the transfer pricing issue and the impact of transfer pricing in corporate income tax management in Vietnam. However, it is necessary to have more specific research on the impact of transfer pricing on corporate income tax and the issue of anti-transfer pricing in the management of corporate income tax in Vietnam in the context of Vietnam having been intergrated deeply and widely. In the context of the world economy, there are many complicated changes like the current period. On the basis of continuing selection of inherited research results. The thesis focuses on clarifying a number of unresolved issues in previous studies, namely:

- Regarding to theory: (1) The thesis continues to inherit systematically the theoretical issues of transfer pricing and anti-transfer pricing to reinforce and clarify the issues of transfer pricing and anti-transfer pricing in management. CIT. (2) dissertation systematize and

provide theoretical basis to evaluate the impact of factors affecting agents in the economy. Develop econometric models to analyze the impact of anti-transfer pricing inspections in corporate income tax management.

-Regarding to practice: (1) The dissertation systematizes international experiences of some countries on anti-transfer pricing as a basis for reference for Vietnam. (2) The thesis analyzes and assesses the status of transfer pricing and anti-transfer pricing in corporate income tax management in Vietnam through primary and secondary data. (3) The thesis proposes a number of measures to enhance anti-transfer pricing in corporate income tax management in Vietnam in the coming time, in accordance with the international and Vietnamese economic context.

1.4. Research questions and research content

In order to carry out the research objectives, the thesis needs to answer the following questions: (1) How does price transfer affect corporate income tax management in Vietnam? (2) What are the experiences of countries in tax administration to prevent transfer of prices among associated businesses? (3) What is the current situation of transfer pricing and anti-transfer pricing activities in corporate income tax management in Vietnam over the past time? (4) What solutions are needed to limit transfer pricing enterprises causing loss of corporate income tax in Vietnam in the current context? How to deploy an anti-transfer pricing inspection to be effective, convincing and deterrent of transfer pricing enterprises to usurp CIT in Vietnam?

CHAPTER 2

BASIC THEORY OF TRANSFER AND ANTI- TRANSFORMATION IN CIT MANAGEMENT

2.1. Theories about transfer pricing

2.1.1. Concept of transfer pricing

Transfer pricing is the implementation of the price policy in transactions between related parties that do not follow the market price in order to achieve many different targets, in which the main target is to minimize the payable tax liability to maximize profits of corporations, multinational companies, associated businesses.

2.1.2. Characteristics of transfer pricing

Transfer pricing in associated party transactions has the following basic characteristics: (i) Only happens among associated enterprises; (ii) Transaction prices are not based on market prices; (iii) After transferring, the corporate income tax of the whole group decreases, the total profit of the whole group increases. (iv) Control and prevention of transfer pricing are difficult due to the enterprise's permission freely to decide on prices.

2.1.3. The cause of transfer pricing

Associated businesses may redefine prices in goods in exchange transactions for the following reasons: (i) The right to freely determine the prices of goods and services of the enterprise; (ii) The corporate income tax obligations of the whole system will change, leading to a change of profit after tax of the whole system; (iii) Transfer pricing occurs when there are certain conditions related to the components of CIT, such as differences in CIT rates, CIT incentives, accounting systems, and views to determine CIT. between businesses with associated relations.

2.1.4. Forms of transfer pricing in associated businesses

2.1.5. Impact of transfer pricing

- The impact of price transfer to associated businesses
- The impact of price transfer to the country or region where having the businesses are transferred profit.
- The impact of price transfer to countries and localities where businesses receive investment.

2.2. Anti-transfer pricing in corporate income tax management

2.2.1. Enterprise income tax management

Tax administration is understood as the operation of the tax administration agency in order to influence and manage the compliance with tax laws of taxpayers.

2.2.2. Anti-transfer pricing in corporate income tax management

Anti-transfer pricing in corporate income tax management is the application of appropriate methods by the authorities to restrict and proceed to eliminate the transfer pricing activities of associated businesses in order to limit loss of corporate income tax.

Anti-transfer pricing in corporate income tax management is implemented by re-determining transfer prices between associated transactions that do not follow independent transaction prices, falsifying grounds for determining CIT.

2.3. Experience of anti-transfer pricing in corporate income tax management in a number of countries around the world

The dissertation researches the experience of anti-transfer pricing of a number of countries with many economic groups, many multinational companies such as the US, UK, France, China ... summarizing some experiences on anti-transfer pricing of National anti-transfer pricing:

- There must be a complete and reasonable legal corridor to serve as a basis for controlling and combating transfer pricing activities.
- The method of determining transfer prices must be selected in accordance with the domestic socio-economic situation and speeding up the signing of tax treaties with other countries.
- There should be severe sanctions, clearly defined and strictly enforced.
- Organizing a force of anti-transfer pricing in tax offices strong enough in both quantity and quality.
- Developing and perfecting the database system and data link so tax authorities can refer and compare when there is a question about transfer pricing.
- Limiting the factors that create an environment stimulating transfer pricing activities in attracting investment.
- The business income tax contributed by businesses always plays an important role in the total State budget revenue, always stable from 15% to 17% of the total domestic revenue of the tax industry.

CHAPTER 3

CURRENT SITUATION OF TRANSFER AND ANTI-TRANSFER IN THE MANAGEMENT OF CIT IN VIETNAM

3.1. Situation of attracting investment capital in Vietnam over time

3.1.1. *These achievements*

- Investment capital putted into production and business activities in recent years have been increasing , forcing economic development. From 2010 to 2019, Vietnam's economy continued to maintain at an average annual growth rate of 6.35% while the world economic growth rate averaged 3.48%.

- The business contribution to social products is increasing. According to statistics of the total revenue of businesses in the country in 2019 increased by 4 times the total revenue in 2010, the total profit before tax of the businesses in 2019 increased by 100 times compared to the profits of enterprises in the year. 2010.

- Corporate income tax contributed by businesses always plays an important role in the total State budget revenue, always stable from 15% to 17% of the total domestic revenue of the tax industry.

3.1.2. *The existence*

- The feasibility and efficiency of production and business of some projects, some enterprises are not high, the rate of enterprises declaring losses is from 40.89% (2014) to 46.25% (2017) number of active businesses. In particular, the proportion of FDI enterprises reported the highest losses in all economic sectors, accounting for 48.59% (in 2018) to 53.78% (in 2012).

- The structure of investment capital is still unreasonable compared to the orientation of investment for socio-economic development of the country: the proportion of investment capital for agriculture, forestry and fishery tends to decrease; poor socio-economic areas with few investment projects.

- The proportion of foreign investment projects using high technology, source of technology is still low, the added value of products created in Vietnam is not high.

- The impact of spillover, connection and creating value chains with domestic enterprises has not been as expected. Technology transfer to domestic enterprises is very limited.

3.2. Actual situation of transfer pricing among related businesses Vietnam

3.2.1. Transfer pricing through interest payments

The form of transferring price through interest payment has been found to be quite common among associated businesses in Vietnam, especially FDI enterprises. Instead of foreign having to invest more capital in the Vietnamese associated party, the foreign party will switch to the way to lend more capital with the high interest rate. A typical example of transfer pricing through interest payment has been discovered in the past case of Keangnam Vina Co., Ltd. The company has been discovered by the tax authorities to transfer prices through interest expenses, 43.67 billion VND of tax arrears; administrative fine of VND 2.1 billion; slow payment of VND 5,344 billion.

3.2.2. Transfer pricing by raising the value of assets upon establishment or capital contribution

This type of transfer pricing is often done by foreign investors due to the advantages of modern machinery, equipment and technology. On the other hand, because the Vietnamese lacks the capacity, qualifications and information to appraisal; moreover, evaluating the types of equipment and technology contributed by the foreign party to the joint venture often have to accept the value setted by the partner.

3.2.3. Transfer prices by putting unprecisely the value of initial fixed assets

Taking advantage of the advantages of foreign new technologies, along with limitations on Vietnam's price appraisal, when receiving investment, the Vietnamese often has to accept the prices setted by foreign partners. Many foreign enterprises investing in Vietnam have implemented transfer pricing by the way of raising the value of machinery and equipment higher than the actual price, with a purpose of enhancing the value of capital

contribution, causing chronic losses in Vietnam by the way of not paying corporate income tax in Vietnam.

3.2.4. Transfer pricing via commercial license fees

The phenomenon of FDI enterprises in Vietnam cooperating with their parent companies in foreign countries to calculate the cost of franchising with high costs has also occurred in Vietnam; for example for the case of Metro Cash & Carry Vietnam.

3.2.5. Transfer prices via input materials

In some specific fields, input materials depend on foreign suppliers, foreign-linked enterprises who do transfer prices through raw material prices which have been discovered in Vietnam. But many cases are difficult to handle because the Vietnamese tax authorities lack an independent price for comparison. Typically, like the case of Coca Cola Vietnam Co., Ltd.

3.2.6. Transfer prices by declaring large selling expenses

Many commercial enterprises distribute exclusive products to foreign businesses to increase selling costs both to compete with domestic goods and to increase costs so that they do not have to pay corporate income tax in Vietnam.

3.2.7. Transfer pricing by declaring too much of intermediary input cost

With the increase of intermediary input costs from the parent enterprise to the subsidiary in Vietnam is not true and unrealistic, leading to the fact that the subsidiary enterprises in Vietnam suffer losses and do not have to pay CIT for many years.

3.2.8. Transfer prices from enterprises that are no longer eligible for tax incentives, to those that are eligible for CIT incentives

The phenomenon of transfer pricing among enterprises be favored CIT incentives and also carrying forward losses, has been found not only in FDI enterprises but also among enterprises having association with domestic capital.

3.2.9. Transferring prices from production and exploitation enterprises to circulating consuming enterprises

There have been cases of domestic enterprises producing and exploiting natural resources transferring prices to each other.

3.2.10. Transfer pricing of enterprises in the real estate business that has a linkage between foreign businesses and domestic businesses

Foreign investors invest in Vietnamese real estate in three main ways: capital contribution, enterprises stake purchase and investment loan. In particular, the model associated with domestic enterprises is the "favorite" cooperation mode of foreign FDI enterprises. Through this way, businesses transfer prices to minimize the amount of CIT payable in Vietnam

3.3. The situation of anti-transfer pricing in corporate income tax management in Vietnam

3.3.1. These achievements

-The legal provisions related to anti-transfer pricing in corporate income tax management have issued many documents related to anti-transfer pricing issued to guide anti-transfer pricing in accordance with international practice, in accordance with fact in Vietnam.

-The implementation of anti-transfer pricing in corporate income tax management has been widely implemented by the tax industry, investment, and human resources increase from the General Department of Taxation to a number of localities.

- Step by step build infrastructure and environment to build the database system of tax industry

- Deploying step by step for businesses to apply the method of price determination in associated transactions (APA) in Vietnam. There have been 31 applications for APA application, of which 24 are in the consultation stage and 07 have moved to the official application stage of APA application.

-The inspection of anti-transfer pricing has been strengthened, there have been many cases of transfer pricing detected, collecting a lot of tax money back to the State budget.

Table 3.1: Results of anti-transfer price inspections*Currency: VND billion*

YEAR	NUMBER OF INSPECTION	A MOUNT OF CIT INCREASING COLLECTION, PENALTY	REDUCTION OF LOSS
2012	1	78,10	956,40
2013	31	499,60	1.383,61
2014	42	625,00	9.126,00
2015	320	563,00	2.238,23
2016	315	747,55	5.568,15
2017	546	2.020,00	9.001,00
2018	758	1.908,30	8.558,58
2019 <i>(First 6 months of the year)</i>	80	1444,03	947,24

(Source: General Department of Taxation)

3.3.2. Evaluating the effectiveness of anti-transfer pricing in corporate income tax management through tax inspection

The objectives of this content are: Indicate the theoretical basis of the factors affecting the effectiveness of the anti-transfer pricing inspection in corporate income tax management; Develop an effective impact assessment model for anti-transfer pricing audits in corporate income tax management; Assess the impact of factors to have more bases to propose anti-transfer pricing solutions in corporate income tax management in Vietnam.

*** Theoretical basis:**

The effectiveness of anti-price transfer in corporate income tax management through tax inspection depends on many different factors: the provisions of law; organize anti-transfer pricing's apparatus; databases serving for comparison and contrast; the cooperation of domestic and foreign agencies, organizations ... and the object making transfer pricing itself is the enterprises.

Model and a preliminary scale

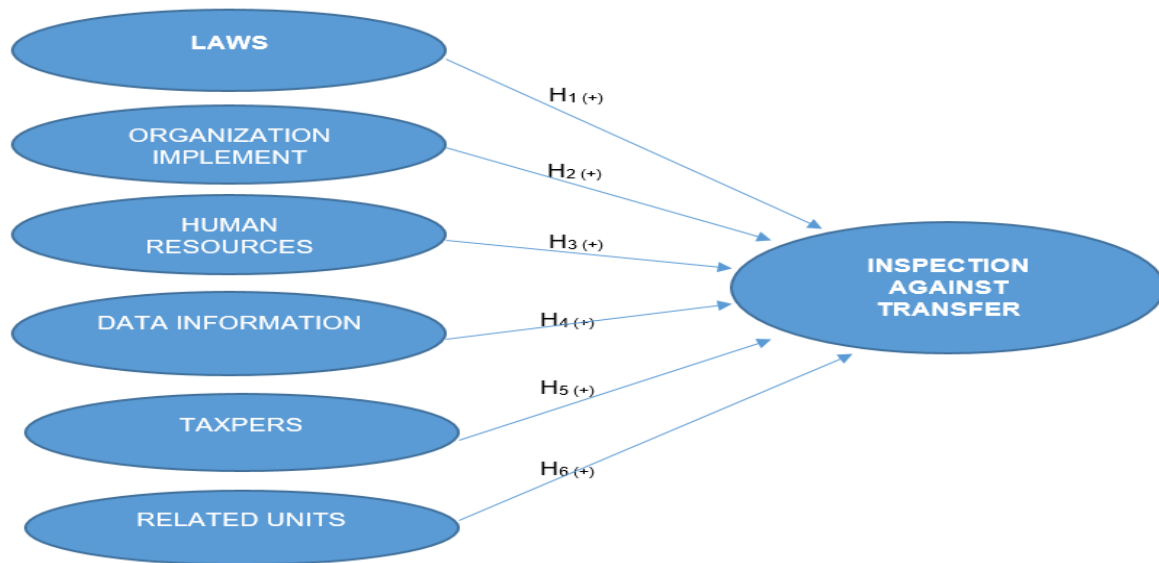


Figure 3.1-Model study of the impact of anti-transfer pricing factors in corporate income tax management through tax inspection

(Source: Research synthesis of many authors)

- H1: System of legal documents related to tax administration, related to anti-transfer pricing inspections;
- H2: Organizing the implementation of the anti-transfer pricing inspection;
- H3: Human resources for tax inspection officers;
- H4: Information source for inspection;
- H5: Coordination of taxpayers;
- H6: Coordination of functional agencies, related organizations.

***Qualitative research methods**

Researching the factors affecting the effectiveness of anti-transfer pricing inspection in the corporate income tax management was consulted by the author through direct interviews with experts who are experienced in anti-transfer pricing inspections of the industry. tax; through the advice of scientists.

***Quantitative research model**

On the basis of applying the Servperf model, the thesis has built a questionnaire of 6 independent variables and 1 dependent variable with 30 component scales.

- The prescribed composition of the law (PL) is measured by 5 observed variables, from the observed variable PL1 to PL5;
- The composition of organization of the implementing the anti-transfer pricing (TC) inspection is measured by 5 observed variables, from the observed variable TC1 to TC5;
- Human resource for anti-transfer pricing (NL) inspection is measured by 5 observed variables, from NL1 to NL5;
- The composition of data and information in service of the anti-transfer pricing inspection (TT) is measured by 4 observed variables, from TT1 to TT4;
- The composition of the taxpayer's coordination (DN) is measured by 4 observed variables, from DN1 to DN4;
- The composition of the coordination of related agencies and units (PH) is measured by 4 observed variables, from PH1 to PH4;
- The results of the anti-transfer inspection activities in corporate income tax (KQ) management are measured by 3 observed variables.

Component questions use a 5-point Likert scale of 1 to 5 (1-Strongly Disagree; 2- Disagree; 3- Reward; 4- Agree; 5- Strongly Agree).

*** Sample design and data collection**

The questionnaire was sent to 300 tax officials working in the 20 major tax departments of cities and provinces through the internal tax email system. The result was 230 valid votes.

***Descriptive statistics**

(1) Regarding the effectiveness of the anti-transfer pricing inspections: over 64% of tax officials participating in the survey assessed the results of anti-transfer inspection activities and found significant violations of transfer pricing. In addition to the law, the transfer pricing was detected in accordance with the law, through the inspection against transfer pricing, the tax administration also detected limitations and always recommended and supplemented. So that the policy of anti-transfer pricing is suitable for the practical situation in Vietnam.

(2) Regarding the content of tax officials expected to improve the effectiveness of anti-transfer pricing in corporate income tax management

Through the survey, the author has collected some contents. The surveyed opinions serve as a basis for reference to suggest anti-transfer pricing solutions in corporate income tax management.

***Result of implement**

The questionnaires were updated, assessed to determine the reliability, analyzed the impact of influencing factors on SPSS 2.0 sociological survey software. Results obtained standardized regression equation:

$$\mathbf{KQ = 0.387TC + 0.380TT + 0.375PL + 0.3304NL + 0.081PH + a}$$

In which: KQ: Effective against transfer pricing through inspection; TC: Organization of inspection implementation; TT: Information and data serving the inspection against transfer pricing; PL: System of legal documents; NL: Human resources inspector; PH: Coordination of agencies and organizations involved in anti-transfer pricing.

Therefore, it can be said that: with the reliability of 72.3%, it is possible to evaluate the results of anti-transfer pricing in corporate income tax management through tax inspectors which are mainly affected by 5 factors arranged in descending order according to Importance of these factors to the effectiveness of anti-transfer pricing inspectors in corporate income tax management. They are: Organizing the implementation of the inspection (TC); Information to serve the anti-transfer pricing (TT) inspection; The system of legal documents (PL); Human resources for inspection (NL); The coordination of agencies and organizations involved in anti-transfer pricing (PH). This conclusion is an important basis for the next chapter to recommend measures to strengthen anti-transfer pricing in corporate income tax management.

3.3.3. Limitation

Firstly, transfer pricing activities are increasing in both quantity and scale, increasingly sophisticated in form and large in content but have not been prevented and repulsed, the number of businesses having a related relationship. There are still few inspections.

Secondly, the number of associated businesses that self-declare association information is limited.

Thirdly, the scope of the inspection and anti-transfer pricing control in corporate income tax management is still limited to the scope of enterprises having decisions on inspection and examination.

Fourth, the quality of many anti-transfer pricing inspections and checks remains low.

Fifthly, in the inspection and examination work, it is still embarrassing to identify related parties, compare prices and handle transfer pricing inspection results.

Sixth, the results of APA implementation are still limited.

3.3.4. The reason causing limitation

*** Objective reasons**

Starting from the economy of Vietnam since the international economic integration was still low, the material and technical facilities in service of state management are still backward not meeting the management requirements.

There is a lack of cooperation of related units to join hands to combat transfer pricing.

*** Subjective reasons**

Firstly, the legal framework is still not perfect, completed for serving for the struggle against transfer pricing.

Second, incentives in corporate income tax policy create fertile land for transfer pricing activities of associated businesses.

Thirdly, the organization of the professional anti-transfer inspection force is still lacking in quantity and quality.

Fourthly, the database for detecting and combating transfer pricing is still limited in terms of data of related parties and price basis.

Fifth, the coordination and cooperation between domestic and foreign units is limited

Sixth, funding for anti-transfer pricing activities is limited.

CHAPTER 4

SOME SOLUTIONS TO STRENGTHENING TRANSFER IN THE MANAGEMENT OF CIT IN VIETNAM IN THE NEXT TIME

4.1. The context of the world and Vietnam economy in the coming time and the issues raised for the anti-transfer pricing in corporate income tax management

4.1.1. International and Vietnam economic context in the period of 2020-2025

According to forecasts of economic experts on the development of the global economy in the future: The scale of global foreign investment flows tends to decrease. The rise of protectionism and anti-liberalization of multilateral trade in some developed countries. The occurrence of the Covid-19 epidemic caused many production stages in different countries to be reconsidered. The development of the technological revolution will create many changes in production. Competition to attract investment among countries in the region continues to increase.

The trend of developing the world economy that will affect Vietnam's economy is: attracting investment in the direction of paying more attention to efficiency and quality; The policy-making thinking about investment and technology transfer also needs to be renewed so that it can keep pace with the constant changes of technology life.

4.1.2. Issues raised against anti-transfer pricing activities in corporate income tax management

- The pressure from deeper and deeper international economic integration has created opportunities and challenges for businesses in Vietnam.

- Increasing competition in production and business activities will lead to the development of affiliated enterprises, large economic groups and multinational companies. .

- The spread of the Covid-19 pandemic will change the investment form of multinational companies, economic groups, warning the increase in transfer pricing activities in Vietnam in the near future.

- Policy of attracting investment increases the transfer pricing activities of businesses.

- Increasing specialization in production makes price transfer more complicated.

- The increase in the development of prestige values, brands, intellectual property in goods and services makes the transfer operation more difficult to control.

- Pressure on business profits makes transfer pricing activities increasingly

- The tax incentive policy to attract investment makes Vietnam's tax policy complicated, and there are gaps for associated companies to take advantage to avoid taxes through transfer pricing.

- Pressure on the rapid development of associated businesses will increase the complexity of transfer pricing between businesses.

- Requirements to replace tariffs with domestic taxes are always accompanied by growing concerns about transfer pricing activities between businesses.

- The trend of converting joint-venture companies into enterprises with 100% foreign capital is increasing, leading to an increase in price transfer.

4.2. Views on anti-transfer pricing in corporate income tax management

- Need to eliminate the view to attract investment at all costs.

- Measures to cope with transfer pricing must ensure the harmony between the interests of the State and enterprises, without reducing the attractiveness of the environment attracting investment in Vietnam.

- The anti-price movement is a long-term, persistent struggle on the basis of legal and convincing evidence.

- Measures to fight against transfer pricing in corporate income tax management must be both consistent with international practices and practical conditions and capabilities of Vietnam.

4.3. Some solutions to strengthen anti-transfer pricing in corporate income tax management in Vietnam in the coming time

4.3.1. Complete the legal framework related to transfer pricing

Researching to amend and supplement a number of legal documents, creating a synchronization between legal documents on anti-transfer pricing with international practices in anti-transfer pricing, it is easy to implement and ensure. protect the strictness of the law in anti-transfer pricing.

4.3.2. Improve the effectiveness of anti-transfer pricing inspections

According to the survey evaluation results in Chapter 3, the results of the anti-transfer pricing inspection in corporate income tax management are greatly influenced by the organization of the inspection. The thesis summarizes a number of skills to implement in an inspection against transfer pricing in corporate income tax management. The anti-transfer pricing inspection in CIT management is carefully prepared and implemented as follows:

- The preparation, collection and analysis of information at the table
- Inspection at the business
- Make inspection records at the enterprise
- Submitting to leaders for signing inspection conclusions, inspections and making decision to handle.

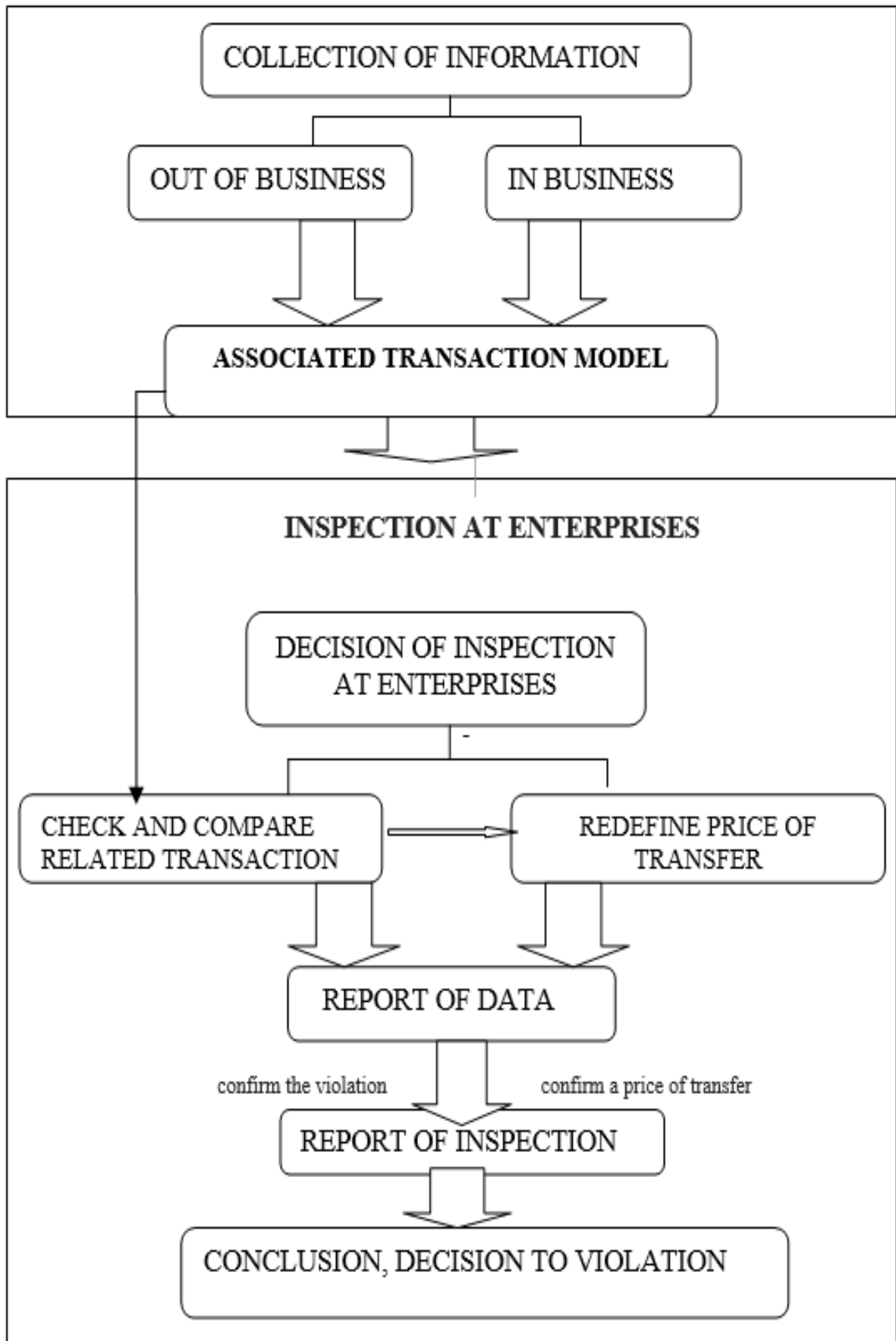


Figure 4.1- Steps to be taken when inspecting anti-transfer pricing in management CIT

4.3.3. Strengthen cooperation, tax inspection at the same time

Tax examination is also a form of bilateral assistance, applied in international issues in large scale, which facilitates two or more tax authorities of countries to cooperate in tax investigations. Simultaneous tax examinations are especially necessary in the event that important information related to tax investigations is collected from a third country, so tax inspections also help to communicate effectively, precisely. The results of the tax examination are also a useful measure to determine the exact tax liability of associated businesses.

4.3.4. Pay attention to investing resources, especially developing human resources for anti-transfer pricing activities

Firstly, the investment in funding for anti-transfer activities commensurate with the benefits that it can bring.

Secondly, promoting the development of human resources in anti-transfer pricing activities through training, training, learning experiences ...

Third, the study established a special task force responsible for combating transfer pricing at the tax office

4.3.5. Continuing to invest in upgrading the database system on enterprises, prices and transactions

Tax database system includes information and data about taxpayers such as information about organizations and individuals contributing capital, supporting legal entities of enterprises and information and transaction data, market prices ... are related others

For database of business information: through a communication exchange between business licensing agencies

For transaction and price data: the exchange of information between tax authorities and customs offices and tax authorities of different countries needs to be strengthened.

Building a system to collect information on the economy abroad

4.3.6. Strengthening the signing of agreements on avoidance of double taxation, international treaties with countries and international trade organizations

Vietnam should quickly study and apply measures against of avoidance tax and not paying tax currently applied in advanced countries in the world such as the Anti-tax Avoidance Directive (ATAD); Tax Facility Eradication and Profit Shift Program (BEPS); Global Tax Fair Network.

-As ASEAN chair in 2020, Vietnam should add issues of tax competition, tax incentives, and prevent tax avoidance and not paying tax in the agenda.

-Strengthen the signing of agreements on avoidance of double taxation with other countries to protect the legitimate interests of foreign investors and limit multinational companies from tax evasion and avoidance.

CONCLUSION

From an independent scientific research perspective, the doctoral thesis of the PhD student has achieved the following results:

Affirmation of transfer pricing is a subjective operation of businesses having associated relation. The deeper and broader the integration, the more price transfer activities become and increasingly sophisticated and complex. Mainly the transfer pricing activity in Vietnam causes a loss of Vietnam's CIT.

The thesis outlines the typical transfer pricing patterns that are taking place in Vietnam, the efforts of the tax authorities in preventing, controlling, and reversing transfer pricing activities, the results in the fight against transfer pricing in corporate income tax management that tax authorities have achieved, limitations and causes of limitations in controlling transfer pricing activities. The dissertation examines the opinion of tax officials on factors affecting the results of the anti-transfer pricing inspection in corporate income tax management, analyzes quantitatively of the influence level of factors as a basis for proposing a number of solutions to restrict and prevent transfer pricing activities that cause tax losses to Vietnam. The focus of the anti-transfer pricing solutions proposed by the author is focused on the anti-transfer inspection in the management of corporate income tax through summarizing the experience and skills of leading industry experts in tax file on transfer

pricing audits and is implemented in accordance with the practical management conditions in Vietnam.

With the results of their research, the graduate students hope that the proposed ideas in the thesis will be feasible positive contributions to the tax authorities and functional agencies to improve the effectiveness of anti-transfer pricing. in corporate income tax management in our country in the future.

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