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**THE SOLUTIONS TO PREVENT CORPORATE
INCOME TAX LOSSES IN HAI PHONG CITY**

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INTRODUCTION

1. The rationale of the research topic

In the tax system, corporate income tax is a tax that regulates directly on taxable income of businesses and often accounts for a large proportion of the total state budget revenue. As the main goal of business is to increase profits and benefits after taxes, firms often apply various measures to save costs and reduce the amount of tax payable to the state budget, including the practice of tax fraud, tax evasion and tax avoidance. Hai Phong city is a port and industrial city in Northern Vietnam and a coastal city located in the Northern coastal region. In the past few years, implementing the multi-sectoral economic development policy and the introduction of the 2005 Enterprise Law, the number of enterprises in the city has increased rapidly. According to summarized reports from 2014 to 2019, the situation of loss of corporate income tax is still a problem due to limitations in policies, mechanisms and implementation procedures in Hai Phong city. Therefore, solutions to administer tax in general and prevent tax losses in particular are not only effective for Hai Phong City's tax industry but also important solutions for tax administration in Vietnam as well as in other localities. As mentioned above, the thesis topic: "Solutions to prevent corporate income tax losses in Hai Phong city" has scientific and practical contribution to the existing field.

2. Research objectives

General objective: Proposing a system of solutions to prevent the loss of corporate income tax in Hai Phong city to 2025, vision to 2030.

Specific objectives:

1. Systematizing, developing and supplementing theoretical issues on loss of corporate income tax, clarifies the forms of corporate income tax fraud leading to the loss of corporate income tax, points out the cause of the loss of corporate income tax. Also, the thesis studies theoretical issues on anti-loss of corporate income tax and clearly specifying the contents and factors affecting the anti-tax revenue reduction activities of tax agencies.

2. Drawing lessons on preventing the loss of corporate income tax in Vietnam as well as for tax administration in general and Hai Phong Tax Department in particular on the basis of researching international experience in combating the loss of corporate income tax of a number of countries in the world.

3. Analyzing the current situation of corporate income tax fraud and anti-loss of corporate income tax in Hai Phong city in the period of 2014 – 2019 and depicting the successes, limitations and causes of limitations in this work.

4. Proposing effective solutions to prevent the loss of corporate income tax in Hai Phong city to the year 2025, with vision to 2030.

3. Research questions

To achieve the objectives, the author focuses on answering the following questions:

(1) What are the causes of the loss of corporate income tax and how to measure the level of the loss of corporate income taxes? What is the main content and factors affecting to prevent the loss of corporate income tax of the tax authorities?

(2) What are the measures to prevent the loss of corporate income tax in some countries in the world and specific conditions to implement these measures?

(3) What is the current situation of the loss of taxes and corporate income tax in Hai Phong city?

(4) What has Hai Phong tax authority done to reduce the loss of corporate income tax? What are the results? What are the limitations that needed to be overcome and its causes?

(5) What should tax authorities and related agencies do and how to limit the loss of corporate income tax in Hai Phong city in the near future?

4. Research subject and scope of study

4.1. Research subject

The subject of the research is theoretical and practical issues to prevent losses of corporate income tax.

4.2. Scope of study

- Content: Anti-loss of corporate income tax includes real anti-loss and potential anti-loss. However, within the scope of the dissertation, it only delves into the study of real tax revenue loss.

- Limitation on space and time: The thesis focuses on assessing the situation of anti-loss of corporate income tax in Hai Phong city in the period of 2014 - 2019. Also, the solutions to anti-loss of corporate income tax were mainly approached from the perspective of Hai Phong tax authority office.

5. Methodology

The thesis uses general research methods which are dialectical materialism and historical materialism of Marxist – Leninism. Specific research methods

are synthesis, survey, analysis, comparison...

In addition, the author has used the two most common methods: (1) Assessment by tax administration data; and (2) Assessing through the results of surveys and questionnaires.

6. Scientific and practical significance of the research topic

- In terms of science, the thesis focuses on systematizing and supplementing theoretical issues on corporate income tax and the role of corporate income tax. The study clarifies the basic theoretical issues about the loss of corporate income tax, the forms of corporate income tax fraud leading to the loss of corporate income tax, points out the cause of the loss of corporate income tax, and international experience on preventing the loss of corporate income tax of some countries in the world.

- In practice, the thesis applies theories to analyze the situation of corporate income tax fraud and anti-loss of corporate income tax in Hai Phong city and to show achievement, limitation and causes of the situation. Thus, the thesis focuses on proposing effective and feasible solutions to minimize the loss of state budget revenues in order to limit the situation of losses in Hai Phong city in the context of difficult economic situation in the next few years. The solutions to prevent the loss of corporate income tax are based on the compliance of international standards and adhered to the orientation and viewpoints of the goal of modernization of the tax industry which is approved by the Ministry of Finance and the Prime Minister. The solutions stem from the current situation of the activities of anti-loss of corporate income tax of Hai Phong city. In particular, the application of modern tax management methods is a new approach in the current context and in the future.

7. The structure of the thesis

Apart from the introduction and conclusion, the thesis is divided into 4 chapters:

Chapter 1: *Overview of researches on corporate income tax losses and anti-loss of corporate income tax.*

Chapter 2: *Theoretical basis on loss of corporate income tax and anti-loss for corporate income tax.*

Chapter 3: *Current situation of loss of corporate income tax and anti-loss of corporate income tax in Hai Phong city in the period of 2014 - 2019.*

Chapter 4: *Solutions to prevent corporate income tax losses in Hai Phong city to the year 2025, vision to the year 2030.*

CHAPTER 1

OVERVIEW OF RESEARCHES ON CORPORATE INCOME TAX LOSSES AND ANTI-LOSS OF CORPORATE INCOME TAX

1.1. OVERVIEW OF RESEARCHES

1.1.1. Foreign researches

There are 8 foreign researches about corporate income tax losses and anti-loss of corporate income tax.

1.1.2. Existing researches in Vietnam context

In recent years, there have been many domestic studies on corporate income tax loss in the form of doctoral theses, scientific researches or scientific articles published on specialized journals. There are 06 doctoral theses, 04 scientific researches related to tax losses and anti-loss of corporate income tax.

1.1.3. General assessment of published scientific research works related to the research topic of the thesis

Although all of the existing researches have heterogeneous scope, content, and objectives, all have a certain relationship with each other and suggest many major contents related to the topic. These are all important references for the thesis, so the thesis can develop, supplement and complete the theoretical basis for anti-loss of corporate income tax as well as this research field in Vietnam.

In summary, the theoretical and practical basis on the loss of corporate income tax and the anti-loss of corporate income tax loss have been mentioned in a lot of researches. However, there thus far have been no researches that studied the anti-loss of corporate income tax in a specific area. Therefore, the thesis's topic "Solutions to prevent loss of corporate income tax in Hai Phong city" does not coincide with any published scientific work.

1.2. Research gap

In theory:

There has not been a comprehensive research project on the theoretical content of the loss of corporate income tax and the anti-loss of corporate income tax in recent years, especially in the context of the taxpayers' self-declaration and self-payment tax.

In practice:

Firstly, there has not been a general study on the situation of tax revenue loss and loss of corporate income tax in Hai Phong recently.

Secondly, there has not been any comprehensive and detailed work

presenting solutions to prevent the loss of corporate income tax in Hai Phong city from the perspective of tax administration from now to 2025, with a vision to 2030.

CHAPTER 2

THEORETICAL BASIS ON LOSS OF CORPORATE INCOME TAX AND ANTI-LOSS FOR CORPORATE INCOME TAX

2.1. OVERVIEW OF CORPORATE INCOME TAX

2.1.1. Definition and characteristics of corporate income tax

2.1.1.1. Definition

Corporate income tax is a direct tax, collected on the results of production and business activities of the enterprise.

2.1.1.2. Characteristics

Firstly, corporate income tax (CIT) is a direct tax, directly taxed on the taxable income of enterprises.

Secondly, corporate income tax depends on income of enterprises or investors. CIT is determined on the basis of taxable income, so businesses or investors pay CIT only when they have profits.

Thirdly, CIT usually applies a fixed rate. Unlike personal income taxes which are often designed with progressive tax rates, corporate income tax rate usually stipulates a certain general tax rate to be used for all income levels. In other cases, other tax rates would be applied but not based on size of income.

2.1.2. Principles and requirements for setting up corporate income tax

2.1.2.1. Rules for establishing corporate income tax

Although each country has different scope of coverage, subjects of application, tax rates or CIT incentives, all have common ways of establishing CIT such as *Taxing according to the principle of residence; Taxing income-deducted income; Determine the independence of the tax.*

2.1.2.2. Requirements for corporate income tax

- Corporate income tax must cover all income generated in the operation of enterprises.
- Agree on how to determine taxable income.
- Determine the appropriate corporate income tax rate.

2.1.3. Roles of corporate income tax

In countries around the world and in Vietnam, CIT plays an extremely important role in securing the state budget revenue, and is an important tool of the government in regulating the macroeconomy and income distribution implementation.

2.2. SOME THEORETICAL CONCEPTS ABOUT CORPORATE INCOME TAX

2.2.1. Definition, types of loss of corporate income tax

2.2.1.1. The definition of loss of corporate income tax

Loss of corporate income tax is the amount of corporate income tax that is not collected into the state budget revenue from taxpayers in accordance with the law on corporate income tax. This amount is appropriated or not fully paid by taxpayers. This amount of tax should have been collected in the state budget but not because the CIT law is not tight or not fully covered.

2.2.1.2. Types of loss of corporate income tax

Currently, there are many ways to classify CIT losses, but the most basic and comprehensive classification, that is always mentioned in these studies, is based on the nature of the loss of CIT. CIT losses can be divided into two main types:

- Potential loss of CIT: A phenomenon where actual state revenues are lower than the potential amount, which are potential tax returns in the economy that should be mobilized on the state budget revenue but not prescribed in the Law on Corporate Income Tax.

- Real loss of corporate income tax: A phenomenon that the actually collected CIT amount is lower than the compulsory amount. It is the the amounts of CIT payable to the state budget which are specified in the legal documents but, it is not remitted into the state budget. These are losses of CIT incurred by taxpayers intentionally evading corporate tax obligations or due to ineffective management of tax authorities. corporate income tax amount

2.2.2. The causes and consequences of loss of corporate income tax

2.2.2.1. Causes of loss of corporate income tax

Tax evasion and tax avoidance are the two most important causes of revenue loss. Taxpayers are considered tax evasion when they use illegal means to reduce their tax liability. And in the case of tax avoidance, taxpayers abuse the loopholes in the current regime to reduce tax obligations. These behaviors of taxpayers are influenced by many interrelated factors, including both subjective and objective causes stemming from tax policies, tax authorities, and tax authorities and taxpayers themselves.

2.2.2.2. Consequences of loss of corporate income tax

The loss of corporate income tax will make the efficiency of the State's socio-economic management through tax tools become inefficient, especially in the current market mechanism. It does not only affect the revenue of the state budget but also does not ensure fair competition between enterprises. It also fails to fulfill fair requirements in enhancement policies and weaken the State's disciplines.

2.2.3. Criteria for assessing the level of loss of corporate income tax

There are two different practical approaches to measure the level of CIT losses.

Method 1: Establish a model for calculating the potential income tax revenue that is likely to be collected, the degree of compliance with and non-compliance with the CIT (level of loss of CIT).

In the case of Vietnam has to rely on the concept of operating surplus in business activities and apply national accounting standards to estimate the potential revenue from CIT and the level of compliance with CIT. Gross Operating Surplus (GOS) is taken from the input-output tables, used as a basis to calculate the basis of CIT-liable basis in an approximate manner. From the income approach, GDP is defined as:

$$\text{GDP} = \sum \text{VA} = \text{W} + \text{GOS} + \text{TSP}$$

$\sum \text{VA}$ = total value added in all economic sectors.

W = salary paid to employees, including salaries and other labor costs (social insurance premiums paid by employers and employees).

GOS = total operating surplus of an enterprise (including profit, tax, interest and depreciation).

TSP = Taxes subtract (-) subsidies for products.

The estimated operating surplus (OS), less depreciation, is used as an approximation of CIT taxable income. From the total OS (calculated from input-output tables and official annual GDP data for each economic sector), the estimate of OS distribution by types of enterprise (state, non-state and FDI) will be calculated. After that, the estimated CIT compliance with the proceeds from the potential CI is estimated based on the prescribed CIT rate.

Method 2: Estimate the level of compliance and non-compliance with corporate income tax (loss of corporate income tax) based on data on tax administration.

Based on tax administration data, CIT compliance level is often estimated for three main periods or for the main tax administration functions (tax declaration, tax calculation, and tax payment/collection).

Compliance with CIT declaration:

The level of compliance with CIT declaration can be divided into three different indicators. The first is compliance in filing taxpayers' returns. This index measures the ratio between the number of tax returns filed and the actual number of taxpayers registered at the tax office. Filed returns may include both timely and delayed returns. Second, compliance with the filing of deadlines is measured by the ratio of the number of returns filed on time to the total number

of submissions filed. The third is the level of compliance in general filing of returns, which is the ratio of the number of declarations filed on time to the total number of registered taxpayers. This aggregate level of overall compliance is estimated to be the result of the first two indicators.

Compliance with corporate income tax returns refers to the honest, complete of the criteria on the CIT return in the prescribed form. Besides filing a complete and timely tax return, the full declaration of the prescribed criteria is also used to assess the taxpayer's compliance with the tax declaration. Compliance in the declaration can be detected during tax calculation and accounting. Compliance in filing a CIT return only reflects a part of the tax compliance but the depth of compliance with the CIT has not been measured yet.

Compliance with calculating CIT: Compliance with the procedures for CIT declaration only considers the number of declarations filed and the number of declarations submitted on time, compliance with CIT calculation refers to the honest declaration of grounds tax. Compliance in the calculation of CIT is the taxpayer's full, honest and accurate declaration of the bases for calculating corporate income tax in accordance with their actual production and business practices arising in the tax period. Compliance with CIT calculation can be detected during the inspection and examination of corporate income tax. Compliance with calculation is the most basic reflection of corporate income tax compliance. Nevertheless, whether this measure of compliance is accurate or not depends heavily on the data used to estimate taxpayers' declared revenue.

Compliance with CIT payment: The degree of compliance with corporate income tax payment is referring to the timely payment of corporate income tax in accordance with the law. This level of compliance is defined as the ratio between the amount of CIT paid on time and the full amount of CIT payable by taxpayers.

In the framework of this thesis, in order to assess the situation of the loss of corporate income tax and anti-loss of corporate income tax in Hai Phong city, the author used the method of assessing the loss of corporate income tax by tax management data. After that, the author analyzed tax administration data to measure the level of loss of corporate income tax in key functions, especially tax declaration, calculation and payment of corporate income tax. In addition, the author also used the investigation and survey of related subjects including tax officials and businesses to recognize and assess the level of loss of corporate income tax and the factors affecting the loss. This was to get more

practical information for the analysis of the extent and causes of the loss of corporate income tax in Hai Phong city in recent years.

2.3. SOME THEORETICAL ISSUES ON ANTI-LOSS OF CORPORATE INCOME TAX

2.3.1. Definition and nature of anti-loss of corporate income tax

2.3.1.1. Definition

Anti-loss of corporate income tax is considered as activities of tax authorities and related agencies on entities and acts that cause the loss of corporate income tax. These activities are done in order to detect, prevent and handle in time and proceed to eliminate loss of corporate income tax.

2.3.1.2. Nature of anti-loss of corporate income tax

- Anti-loss of corporate income tax is an important activity of tax authorities in the management of tax collection in general and management of corporate income tax in particular.

- Anti-loss of corporate income tax is a very difficult and complex task that requires good management capacity of tax authorities as well as the coordination of the relevant state management agencies.

- Anti-loss of common corporate income tax that occurs in any social regime and at any time.

- Anti-loss of corporate income tax that happens regularly in most industries such as commerce, services, state and non-state economic sectors, even in each taxpayer and each stage of tax collection management.

- Anti-loss of corporate income tax must be comprehensive from taxable revenue, operating expenses to tax exemption and reduction policy.

2.3.2. Content of anti-loss of corporate income tax

2.3.2.1. Potential anti-loss

It is the improvement of the CIT law, ensuring that this law manages and regulates all income earned and will arise in all business and production activities of an enterprise. Content of potential anti-loss is often directly implemented by the legislature when researching and promulgating tax laws.

2.3.2.2. Real anti-loss

Các nội dung chủ yếu trong chống thất thu thuế thực thông qua việc tổ chức thực hiện các chức năng quản lý thuế của cơ quan thuế, bao gồm chống thất thu qua các hoạt động: Tuyên truyền, hỗ trợ người nộp thuế; quản lý kê khai thuế của người nộp thuế; quản lý quá trình thu nộp thuế, quản lý nợ thuế và cưỡng chế nợ thuế; thanh tra, kiểm tra thuế.

The main contents in preventing real tax losses are through organizing the

implementation of tax administration functions of tax agencies, including activities: Propagating and supporting taxpayers; manage tax declaration of taxpayers; management of tax collection and payment, tax debt management and tax debt enforcement; tax inspection.

2.3.3. Factors affecting the loss of corporate income tax collection

2.3.3.1. Objective factors

Firstly, the socio-economic situation; Second, the characteristics of the economy; Third, policies and laws; Fourth, the promulgation and implementation of tax administration processes; Fifth, accounting, accounting, management and use of invoices and documents; Sixth, awareness of business owners and qualifications of business accountants.

2.3.3.2. Subjective factors

Firstly, the implementation of tax administration processes; Secondly, application of information technology to tax administration support tools; Third, the coordination of the concerned agencies with the tax authorities; Fourthly, professional and ethical qualifications of officials in charge of tax administration; Fifth, the effectiveness of organizing the implementation of tax administration functions

2.4. EXPERIENCE IN PREVENTING CORPORATE INCOME TAX LOSS IN A NUMBER OF COUNTRIES AROUND THE WORLD AND LESSONS LEARNED

2.4.1. Experience in preventing corporate income tax loss in a number of countries around the world

Within the scope of its research, the thesis deals with the experience of nations in implementing the contents of tax administration activities to prevent the loss of actual corporate income tax, including:

- Preventing the loss of corporate income tax through building a model of management of corporate income tax and the method of declaration and payment of corporate income tax.
- Preventing the loss of corporate income tax through management and handling of tax debts.
- Preventing the loss of corporate income tax through tax inspection.
- Preventing the loss of corporate income tax through propaganda and assistance to taxpayers.
- Preventing the loss of corporate income tax through the sanctioning of tax law violation.

2.4.2. Lessons learned

Firstly, on the organizational structure; Second, implementing drastically measures to urge tax debt collection and enforcement of corporate income tax debt collection in accordance with legal order; Third, to emphasize the importance and to improve the efficiency of inspection's quality and by many measures; Fourthly, it is necessary to promote the role of propaganda and support for taxpayers; Fifth, modernize tax administration based on the application of information technology system associated with the modernization of technical infrastructure.

CHAPTER 3
**REAL SITUATION OF CORPORATE INCOME TAX AND ANTI-
LOSS OF CORPORATE INCOME TAX IN HAI PHONG CITY IN THE
PERIOD OF 2014-2019**

3.1. OVERVIEW OF TAX COLLECTION MANAGEMENT IN HAI PHONG CITY IN THE PERIOD OF 2014-2019

3.1.1. Overview of socio-economic characteristics and enterprises in Hai Phong city

3.1.1.1. An overview of the socio-economic characteristics of Hai Phong city

- Hai Phong is a coastal city located in the Northeast, 102 km from Hanoi, with a total natural area of over 152,300 ha, accounting for 0.45% of the country's natural area. Today, Hai Phong city consists of 15 subordinate administrative units including 7 districts (Hong Bang, Le Chan, Ngo Quyen, Kien An, Hai An, Do Son, Duong Kinh) and 8 districts (An Duong, An Lao, Bach Long Vi, Cat Hai, Kien Thuy, Tien Lang, Thuy Nguyen and Vinh Bao). The current city population is over 2,028,514, of which urban population is over 935,303 and rural population is over 1,093,211. Population density is 1,299 people / km².

- Some achievements of Hai Phong city are socio-economic development; trade and service activities, investment development; business management and development.

3.1.1.2. Overview of enterprises in Hai Phong city

With its geographical location and favorable investment environment, Hai Phong city has been an attractive destination for many domestic and foreign businesses for many years. The number of enterprises in Hai Phong city increased gradually from 2014 to 2019 with an average annual growth rate of 11.66%. This proves a strong growth in the number and size of operations for businesses in the area.

3.1.2. Organizing tax collection management in Hai Phong city

3.1.2.1. Organizational structure of Hai Phong City Tax Department

Hai Phong City Tax Department, which was established on October 1st, 1990, is an organization directly under the General Department of Taxation, functioning to organize the management of taxes, fees, charges and other revenues of the State Bank. The Tax Department operates within the scope of tax industry according to the provisions of law. Hai Phong City Tax Department performs duties, powers and responsibilities in accordance with the Law on Tax Administration, Tax Laws, and other relevant laws according to Decision No. 1836 / QĐ-BTC dated 08/10/2018.

The decision promulgated functions, tasks, powers and organizational structure of the Tax Department under the General Department of Taxation. The organizational structure of the Tax Department of Hai Phong City is structured with the head of the Director, 01 Deputy Director assigned to monitor and inspect the work of the functional departments assigned by the Director.

Before June 1st, 2019, Hai Phong City Tax Department Office had 14 functional rooms. Since June 1st, 2019, the office has been restructured from 14 rooms to 13 functional rooms to specify Resolution 18-NQ / TW. Duties of functional rooms are specified in Decision No. 211 / QD-TCT dated 12th March 2019 of the Director of the General Department of Taxation. The Decision defined functions, tasks and powers of the department and rooms of the Tax Department.

Before October 7th, 2019, Hai Phong City Tax Department had 15 sub-departments located in 15 districts of the city. Sub-departments of Tax Department have functions and duties that comply with Decision No. 110 / QD-BTC of January 14, 2019 of the Ministry of Finance. Decision No. 110 defined functions, tasks, powers and organizational structure of urban districts, rural districts, towns, cities and regional tax offices directly attached to provincial / municipal Tax Departments.

From October 7th, 2019, implementing the Minister of Finance's Decision No. 1878 / QD-BTC of September 20th, 2019, merging 08 district-level Tax Departments of Hai Phong City Tax Department into 04 Regional Tax Departments and their names were changed as follows: Do Son District Tax Department and Kien Thuy District Tax Department were merged into Do Son - Kien Thuy District Tax Department; Vinh Bao District Tax Department and Tien Lang District Tax Department are merged into Vinh Bao - Tien Lang District Tax Department; Kien An District Tax Department and An Lao District Tax Department were merged into Kien An - An Lao District Tax Department; Hong Bang District Tax Department and An Duong District Tax Department are merged into the Hong Bang - An Duong District Tax Department.

From March 2nd, 2020, implementing the Minister of Finance's Decision No. 2801 / QD-BTC of December 31, 2019, merging 04 district-level Tax Departments of Hai Phong City Tax Department into 02 Regional Tax Departments and their names were changed as follows: Le Chan District Tax Department and Duong Kinh District Tax Department were merged into Le Chan - Duong Kinh District Tax Department; Ngo Quyen District Tax Office and Hai An District Tax Department are merged into Ngo Quyen - Hai An District Tax Office.

Thus, Tax Department of Hai Phong City now has 03 District Tax

Departments (Thuy Nguyen District, Cat Hai District, Bach Long Vy Island District) and 06 Regional Tax Departments as above. Teams under the General Department of Taxation shall perform their functions and tasks under Decision No. 245 / QD-TCT of March 25th, 2019 of the General Director of Taxation, defining the functions and tasks of teams of Sub-departments.

3.1.2.2. Results of tax collection at Hai Phong City Tax Department

In an effort to exceed the annual revenue plan, the Tax Department of Hai Phong City has taken measures to manage and urge taxpayers to fulfill their obligations to the State. The management of tax collection for businesses in Hai Phong city has been positively changed as shown by the results of state budget collection in Hai Phong city in the period of 2014 - 2019. Contributing to the results of tax collection in the city recently, CIT plays a very important role in the total state budget revenue. The results of state budget revenues from CIT in Hai Phong city in the period of 2014 - 2019 showed that the number of CIT from enterprises always accounted for a relatively high proportion in the revenue structure of Tax Department of Hai Phong city, ensured revenues for the state budget and always tended to increase in the context of the domestic economy facing many difficulties and challenges due to the influence of world economy. CIT rate is reduced from 25% to 20%. In the past few years, the total estimated tax revenue of the following year was always higher than the previous year under the ordinance of Hai Phong city. Results of corporate income tax collection in the period of 2014 - 2019 almost always completed the ordinance. and Tax revenues of following years was higher than those of previous years. This shows efforts to complete the plan of Tax Department of Hai Phong city.

In general, CIT has an important contribution to the state budget. However, Hai Phong is a port city with large urban population and a large number of companies, but corporate income tax revenue in the area is still inadequate, showing signs of loss of CIT. To clarify this issue, the thesis continues to research deeply the situation of tax fraud and tax evasion acts that cause loss of corporate income tax in Hai Phong city in recent years.

3.2. CURRENT SITUATION OF CORPORATE INCOME TAX LOSS IN HAI PHONG CITY PERIOD 2014-2019

Hai Phong is an important port city, an industrial center, the largest seaport in the North of Vietnam, and also an economic, cultural, medical, educational, scientific, commercial and technological center of Northern coastal region. Therefore, firms which operates in the field of shipping, import-export, logistics in the city are increasingly growing in number and size. These firms not only

contribute to increase revenues for the state budget, create jobs for workers but also a typical enterprise type, which plays an important role in the fields of economic sector in Hai Phong city. Thus, when assessing the situation of tax revenue loss and anti-loss of corporate income tax in Hai Phong, the thesis has mentioned more about this type of businesses. To better understand the situation of loss of corporate income tax in Hai Phong city, it is necessary to examine specifically the loss of corporate income tax according to the following contents:

3.2.1. Loss of collect corporate income tax on tax bases

- Loss of corporate income tax due to incorrect determination of turnover for calculating taxable income.

- Loss of corporate income tax due to incorrect determination of deductible expenses when calculating CIT.

- Loss of corporate income tax due to wrong determination of other income.

3.2.2. Loss of corporate income tax on tax incentives

3.2.3. Loss of corporate income tax through tax arrears

3.3. CURRENT SITUATION OF ANTI-LOSS OF CORPORATE INCOME TAX IN HAI PHONG CITY IN THE PERIOD OF 2014-2019

3.3.1. The situation of anti-loss of corporate income tax through propaganda and tax support

3.3.2. The situation of anti-loss of corporate income tax through management of corporate income tax declaration

3.3.3. The situation of anti-loss of corporate income tax through tax arrears management

3.3.4. The situation of anti-loss of corporate income tax through tax inspection and examination

3.4. GENERAL ASSESSMENT ON ACTIONS OF ANTI-LOSS OF CORPORATE INCOME TAX

3.4.1. Achievements

3.4.1.1. General achievements

It can be said that the anti-loss of corporate income tax in Hai Phong city has achieved satisfactory results and made positive changes. Although many difficulties and challenges have arisen, Tax Department of Hai Phong City always strives to fulfill the revenue target in accordance with the ordinance over each year. In addition, the awareness of taxpayers' tax compliance obligations has made clear changes in a positive direction, most taxpayers have complied with tax obligations as prescribed by law. Therefore, the results in anti-loss of corporate income tax in the period of 2014 - 2019 at the Tax Department of Hai Phong City were

remarkable. It created a favorable environment for businesses to operate smoothly and contribute to increasing revenues for the budget.

3.4.1.2. Achievements of tax administration by functions

a. Propaganda and support for taxpayers

- Regularly improving the quality of service under the direction of the General Department of Taxation;

- Diversifying forms of propaganda and support for taxpayers;

- Deploying well and regularly maintaining the implementation of the one-stop mechanism and one-stop shopping in handling administrative procedures.

b. The management of declaration and accounting of corporate income tax

- Implementing the granting of tax codes according to instructions;

- Expanding the application of tax declaration support and electronic payment in tax administration;

- Organize well the accounting work of taxpayers;

- Regularly reviewing notices of enterprises adjusting wrong amounts of accounts paid to the budget or wrong contents of the budget table, urging for comparison, sending confirmation of the state budget declaration and payment.

c. The management of corporate income tax debt

Develop and implement a plan for collecting corporate income tax debts in accordance with tax administration process.

d. Inspection and examination of corporate income tax

The results of the inspection and control against loss of corporate income tax in the recent period are as follows:

- Regarding examination and inspection planning: The outstanding progress of inspection planning is that Tax Department of Hai Phong city has deployed informatics applications to apply risk scoring to exploit all data of taxpayers since 2012.

- Regarding the implementation of inspection and examination: With drastic direction and synchronous implementation, tax inspection and examination has made positive changes. The focus of inspection and examination on specialized topics has identified the forms and tricks of fraud, handling violations in each field, promptly corrected tax declaration of enterprises.

- Regarding the results of anti-transfer pricing inspection: The strengthening of anti-transfer pricing inspection has initially made an impact on businesses, whereby a number of businesses have adjusted accounting themselves to reduce losses and have taxable income. It also positively contributes to raise taxpayers' sense of law observance and prevent loss of state budget revenues. The forms of transfer pricing

have been discovered through typical affiliate transactions through inspection.

However, besides the results mentioned above, the anti-loss of tax collection in general and anti-loss of corporate income tax in Hai Phong city in particular still exists certain limitations.

3.4.2. Restrictions on the anti-loss of corporate income tax

Some basic limitations still exist in the fight against loss of corporate income tax as follows:

Firstly, there are no close coordination among the divisions within the Hai Phong tax office. Secondly, the propaganda and support of tax authorities still faces many difficulties. Thirdly, the management of tax declaration of taxpayers still reveals many issues to be overcome. Fourthly, the enforcement and collection of tax debts still face some difficulties, although the Tax Department of Hai Phong city has applied many measures to recover outstanding debts and enforce corporate income tax. Fifth, the inspection and examination of CIT has not met the requirements set out.

3.4.3. Reasons for the limitations of activities of anti-loss of corporate income tax in Hai Phong city in the period of 2014 - 2019

3.4.3.1. Subjective reasons

Firstly, the direction and administration work has not been continuous.

Second, about databases, information technology applications.

Thirdly, the coordination has not been highly effective with the police and industry units.

Fourthly, in terms of human resources.

3.4.3.2. Objective reasons

Firstly, in terms of policies, including corporate income tax policy and other policies.

Secondly, about the taxpayer's sense of law compliance.

Third, consumer buying habits.

Fourth, the general effects of the economy.

CHAPTER 4

SOLUTIONS TO PREVENT LOSS OF CORPORATE INCOME TAX IN HAI PHONG CITY TO 2025, WITH A VISION TO 2030

4.1. SOCIO-ECONOMIC FORECAST OF VIETNAM UNTIL 2025 AND IMPACTS ON ANTI-LOSS OF CORPORATE INCOME TAX IN HAI PHONG CITY

4.1.1. Socio-economic forecast of Vietnam until 2025

The socio-economic development plan of Vietnam in the period of 2016-2020 has come almost all the way, although there are still many difficulties, Vietnam's economy has achieved impressive results. In the period of 2021 - 2025, Vietnam's economy is entering an important transition period associated with restructuring, changing growth model and improving competitiveness of the economy. The transition is based on breakthroughs on institutions, human resources, infrastructure and science and technology with advantages and difficulties intertwined. As world economy is moving into the digital era and the 4th industrial revolution, Vietnam is focusing on economic reforms in the direction of promoting innovation, and creativity, promoting development of non-state economy, reforming business environment, ensuring social security and sustainable development.

Economic growth: It is forecasted that in the period of 2021 - 2025, Vietnam's GDP growth rate will be maintained at a relatively high level, about 7% and still depends on the industry - construction and service sectors. In which, there are two important industry groups which are processing and manufacturing industry and wholesale and retail industry.

Investment capital for the economy: Vietnam is becoming a bright spot in attracting FDI capital compared to other countries in the region.

Import and export: In the period of 2021 - 2025, import and export is expected to continue to maintain a good growth rate. Specifically, exports to the US market increased sharply in the context of declining international trade. .

Consumer consumption: In the context of not much external fluctuations, government will continue to stabilize the market. It is forecasted that consumption in the upcoming period will continue to grow positively and lead to higher economic growth.

Besides, there are still some difficulties and challenges for Vietnam's economy in the period of 2021 – 2025 as follows:

- Economic growth is still largely dependent on capital, the ratio of investment capital / GDP remains high, the contribution of capital factor in growth still

accounts for a large proportion.

- The economic structure has shifted too quickly into the service sector while the industrial base is weak.

- Vietnam continues to be negatively affected by global economy slowing as trade protectionism and trade conflict increase, the trend of trade liberalization continues.

- Inside the economy, structural issues such as: growth model has not escaped growth inertia in width; the efficiency of using capital, especially the efficiency of public investment is not high; weak competitiveness; low innovation capacity are the obstacles for maintaining a sustainable growth in the future.

4.1.2. Impacts of Vietnam's socio-economic background on the anti-loss of corporate income tax in Hai Phong city

Firstly, the increase in population income has a positive impact on reducing the loss of corporate income tax.

Secondly, the increase in people's intellectual level and legal knowledge helps them to comply with tax better and prevent the loss of corporate income tax more effectively.

Thirdly, the development of information technology has created both favorable conditions for monitoring the observance of tax laws and also poses significant challenges in preventing CIT fraud.

Fourthly, international integration is associated with the introduction of both progressive factors that contribute to better management of corporate income tax, but there are also more sophisticated and complicated corporate fraud schemes.

The socio-economic background has both positive and negative impacts on the anti-loss of corporate income tax in Vietnam in general and in Hai Phong city in particular. It is needed to clarifying those impacts to give views and requirements to propose solutions to prevent the loss of corporate income tax in Hai Phong city from now to 2025, with a vision to 2030.

4.2. VIEWPOINTS AND REQUIREMENTS OF ANTI-LOSS OFF CORPORATE INCOME TAX IN HAI PHONG CITY

Loss of corporate income tax is common and caused by many reasons. It not only stems from taxpayers, tax officials and tax authorities, but also from the State when designing the tax system. Therefore, in order to prevent the loss of tax revenue in all aspects to ensure that the anti-loss is highly effective, it is necessary to fully grasp the views and basic requirements in the anti-loss of corporate income tax.

4.2.1. Viewpoints on the anti-loss of corporate income tax in Hai Phong

city

4.2.1.1. Preventing loss of corporate income tax on the basis of tax laws, ensuring revenue of the state budget and taxpayers' rights

4.2.1.2. Applying comprehensive measures to prevent loss of corporate income tax, especially modern tax administration methods

4.2.1.3. Promote the combined strength of industries and levels in preventing the loss of corporate income tax

4.2.1.4. Implement in accordance with the management level and local socio-economic conditions

4.2.1.5. Strengthen and improve the effectiveness and efficiency of tax administration

4.2.2. Requirements of anti-loss of corporate income tax in Hai Phong city

Firstly, the anti-loss of CIT must have accuracy, objectivity, honesty, publicity, democracy and timeliness.

Second, anti-loss of CIT must harmonize the settlement of benefits and social justice.

Thirdly, the State must ensure the role of regulating its macro economy as well as creating favorable conditions and encouraging enterprises to get rich and legitimate to pay CIT to the State.

Fourthly, the anti-loss of corporate income tax must be based on democracy, respect and compliance with the law and improvement of the effectiveness of state management.

4.3. SOLUTIONS TO PREVENT CORPORATE INCOME TAX LOSSES IN HAI PHONG CITY TO 2025, WITH A VISION TO 2030

In order to achieve the goal of preventing loss of taxes in general and CIT in particular in Hai Phong city, it is necessary to study and implement synchronously the following solutions.

4.3.1. Promote propaganda and support for taxpayers

4.3.2. Strengthen management of corporate income tax declaration

4.3.3. Strengthening the management of collection, payment and settlement of outstanding corporate income tax debts

4.3.4. Strengthen inspection and examination of corporate income tax

4.3.5. Training, improving the capacity, qualifications and quality for tax officials

4.3.6. Develop electronic tax services in tax management currently

4.3.7. Other solutions

4.3.7.1. Strengthen coordination in tax administration

4.3.7.2. Encouraging and creating favorable conditions for developing tax consultancy activities

4.3.7.3. Modernizing technical facilities, applying information technology in the management of corporate income tax collection

The anti-loss of tax revenue in general and corporate income tax in particular is a complex and difficult task. Therefore, in order to effectively prevent corporate income tax losses, it is not possible to apply only one solution, but it is necessary to incorporate the above solutions. If above solutions are implemented, the anti-loss of corporate income tax may be most effective. The above solutions are proposed in the perspective of a local tax authority. These solutions may be useful suggestions, important prerequisite conditions for Hai Phong tax authorities to study and implement to prevent the loss of CIT.

4.4. Recommendations

To achieve effective implementation of above specific solution, there must be some certain conditions. These are conditions on tax law policies, material and technical facilities, conditions on people, conditions on legal environment and especially the attention, direction and facilitation of unions and governments on the tax work.

4.4.1. For the Congress

4.4.2. For the Government

4.4.3. For the Ministry of Finance

4.4.4. For the General Department of Taxation

4.4.5. For local government

In a nutshell, management of corporate income tax of Hai Phong tax industry in the current condition is gradually being improved to ensure the requirements of the state budget revenue and the role of management and regulation of production and business, ensuring fairness in tax obligations. The uniform implementation of solutions on the basis of the above conditions will surely meet that requirement. However, with the development of the economy, the continuous increase in the number of taxpayers, the increasing requirement of tax administration in the context of international economic integration, clearly the management work. CIT must be constantly researched, supplemented and completed.

CONCLUSIONS

Preventing the loss of corporate income tax in Vietnam in general and in Hai Phong city in particular is absolutely necessary to increase revenues for the state budget, limit the negatives arising in tax collection management and ensure social justice. Within the framework of a PhD thesis, the main contributions of the this work are:

Firstly, the thesis has systematized and clarified theoretical issues on corporate income tax and the anti-loss of corporate income tax in the current socio-economic conditions. One of the important contents of the thesis is to clarify general theoretical issues on corporate income tax, loss of corporate income tax and the anti-loss of corporate income tax..

Secondly, the thesis has studied experiences of anti-loss of corporate income tax in some countries in the world such as Australia, Singapore, England, Korea, France, and the US ... From that, lessons were drawn for the tax industry in Vietnam tax industry in general and Hai Phong tax authority in particular in preventing the loss of corporate income tax.

Thirdly, the thesis analyzes the situation of revenue loss and anti-loss of corporate income tax in Hai Phong city in the period of 2014 – 2019. It also assesses the situation of anti-loss of CIT, shows results, limitations and causes. The research method was conducted on the basis of understanding the actual situation through reports and secondary data combined with conducting field surveys for taxpayers and tax officials. These studies of the thesis are an important practical basis to propose necessary solutions to improve the effectiveness of the anti-loss of corporate income tax in the upcoming period.

Fourthly, on some points of view, goals and requirements of the anti-loss of corporate income tax in Hai Phong city, the thesis has proposed basic solutions towards research objectives such as: Promoting propaganda and support taxpayers; strengthening management of tax declaration; strengthening the management of collection, payment and settlement of tax debts; strengthening tax inspection and examination; train, improve capacity, qualifications and quality for tax officials; developing electronic tax services in current tax management... At the same time, it is necessary to strengthen the coordination in tax administration, encourage and create favorable conditions to develop tax consultancy, modernize facilities and information technology application in tax management.

Fifth, the thesis also proposes a number of recommendations to effectively

implement the above solutions.

In the current context, the solutions are relatively appropriate. Synchronous implementation of the above-mentioned solutions will greatly contribute to the reform, perfect tax policies and tax administration, and raise effectiveness of anti-loss of corporate income tax in Vietnam in general and in Hai Phong city in particular in the near future.

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