International Journal of Research in Finance and Management

P-ISSN: 2617-5754
E-ISSN: 2617-5762
IJRFM 2022; 5(2): 165-166
Received: 12-07-2022
Accepted: 15-08-2022

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Research methods and measures to avoid double taxing law of Vietnam

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DOI: https://doi.org/10.33545/26175754.2022.v5.i2b.166

Abstract
Avoiding double taxation is an indispensable requirement in international economic trade, creating a hip investment environment for investors. There are many methods and methods to avoid double taxation depending on the choice of each country. Within the scope of the article, the author focuses on analyzing methods and measures to avoid double taxation under Vietnamese law.

Keywords: Chhani, consumption, fuel-wood, households, Lanchaan

Introduction

General overview of double taxation avoidance

Definition: Double taxation (double taxation) in international tax law is the phenomenon of two or more countries (territories) applying the same tax on the same taxable object or calculated tax value.

Characteristics: This phenomenon occurs in international investment activities. Because in international investment activities, companies of one country will invest in other countries. The above investment activities seek for profit mainly. When there is a profit, the country generate tax as a source of income. At the same time, the country in which the company is a national also requires the company to pay tax on the profits derived from foreign investment activities based on the nationality factor. Thus, the same income is subject to tax adjustments from the two countries. That is why there is a situation of double taxation on the same income.

This phenomenon occurs for direct taxes. Because, for indirect taxes, tax money constitutes the price of goods and services. While most countries tend to encourage exports to increase foreign currency, create conditions for the domestic economy to develop, and create more jobs and jobs for people. To achieve this goal, most countries try to export goods and services without indirect taxes in price to compete on prices. Meanwhile, for direct taxes (CIT, PIT, property tax), countries all cite two factors to regulate taxes: the location of income generation (source of income generation) and the country of origin. Nationality (place of residence). Therefore, the country of which the subject has nationality also has the right to regulate income tax, and the country with income also has the right to regulate income.

It is necessary to distinguish double taxation (double taxation) in international tax law and double taxation in domestic tax law. Double taxation in domestic tax law is the phenomenon of the same tax applied twice or more on the same taxable object or taxable value. That leads to double taxation, and this only applies to direct taxes. For example, adjusting VAT by the direct method has caused tax duplication.

Causes of the emergence of international double taxation

The country's government imposes taxes on income earned in the taxable territory; on the other hand, these are also subject to taxation in the country to which they belong (Marius HERBEI, 2010) [1].

Fiscal policies and tax systems from different countries carry characteristics that can lead to double taxation.

The terms "residence," "source of income," or "nationality" can have different interpretations from State to State.
The same taxable person may be considered a resident of two or more countries, or the same taxable person, considered to have a source of income in two or more states. Such situations call for the abolition of double taxation, guarantee of clarity, and certainty on the subject of the tax concerned at the international level (Hung Anh 2022) [2]. Countries have different concepts and criteria as a basis for taxation: a place of residence, nationality, or territory. According to the domicile's criteria (financial micile), income tax or tax on property is levied by the financial authority of the country in which the resident belongs, regardless of the income tax' level or property forms for tax is obtained or is in the territory of that State or outside that State. According to the criterion of nationality, a country taxes the residents who receive income or own property from (in) that country, regardless of whether such residents live or do not live in the country of the surname. In the case of the sources' income criteria (territory), taxation is carried out by the country's financial authorities in which the territory of income was taken or where the property is located, regardless of the residence or nationality of the beneficiaries' income. How these criteria are applied could lead to a doubling of taxation. For example, suppose in country A the taxation is based on residency criteria and in country B based on income origin criteria. In that case, the person coming from the first country will have to pay tax on his or her income. He/she is in the country of residence, as well as in the country of origin of the income.

The effect of double taxation on international investment

Decreasing investment activities abroad, export of foreign workers: Because, when double taxation occurs, businesses and capitalists will not want to invest abroad because now they have to be subject to income tax regulation from two countries: the home country, nationality, and country of income. Therefore, companies and capitalists tend to invest in the country.
The same applies to employees. Because if workers go to another country to work and earn income, they will also be subject to tax regulations from two countries: the country they have a nationality and the country where they have income from labor activities. Therefore, instead of going abroad to work away from home but also having to bear a higher tax rate, the migrant workers will only work at home.
Reduce investment attractiveness of countries calling for investment:
Similar to the analysis above, countries lacking capital will also face difficulties calling for investment and importing high-quality labor at reasonable prices when capitalists do not want to export capital.
Fraud in the performance of tax obligations: Because when double taxation occurs, it will increase the tax burden on taxpayers. Therefore, when falling into this situation, maybe for their own sake, taxpayers will actively implement methods to defraud the amount of tax payable to countries, which causes confusion. Significant revenue loss in the budgets of countries.

Methods to avoid double taxation

In solving the problem of double taxation in international tax law, countries will usually choose unilateral, bilateral, and multilateral methods. In Vietnam, the method of avoiding double taxation is mainly used bilaterally (shown by the signing of Double Taxation Agreements); the limitations of this method are:
- It takes a long time to sign with each country/territory.
- The number of signed agreements is not much.
- It has not joined the multilateral tax agreement (while Vietnam is already the third member).

100 of the forum against basis erosion and profit transfer - BEPS).

Measures to avoid double taxation

Measures to avoid double taxation that is applied at present are tax deduction measure, deduction measure for flat tax amount and indirect deduction measure, tax exemption measure, and cost reduction measure. However, Vietnam only stipulates the application of the first three measures, which means that it has not yet accepted tax exemption and cost reduction measures. Therefore, it can be said that the measures to avoid double taxation in Vietnam are currently not diversified.

Conclusions and recommendations

Facing the negative impact of double taxation on international economic relations, countries have been strengthening economic cooperation and international cooperation in the tax field. Tax cooperation between countries occurs not only in agreeing to reduce tariffs to promote international trade but also in jointly eliminating double taxation through the delimitation of jurisdiction. Each country will have its own choice of methods and measures to avoid double taxation. In Vietnam, it is thought that methods and measures to avoid double taxation need to be adjusted in the following direction:
- Regarding the method of avoiding double taxation: Vietnam should expand the signing of Double Taxation Agreements with other countries/territories (bilateral method); at the same time, develop a plan to join the multilateral tax agreement (multilateral mode).
- Regarding measures to avoid double taxation: Vietnam should consider accepting additional measures such as tax exemption measures and cost reduction measures to diversify choices.

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