TAX LAW AFFECTING THE TAX COMPLIANCE OF ONLINE BUSINESS INDIVIDUALS: A CASE STUDY IN VIETNAM

a Lu Phi Nga, b Phan Thanh Tam

ABSTRACT

Objective: The paper’s primary purpose is to find out various factors affecting the tax compliance of online businesses in the digital economy of Vietnam and propose some policy recommendations to improve tax compliance in the coming time.

Method: In this study, two research methods were used: qualitative research and quantitative research following: (1) The author discussed the proposed research model with 11 managers related to the tax and consulted experts working in the tax agencies. (2) This article surveyed data from 700 persons related to online business in five big cities in Vietnam. The article used structural equation modeling (SEM) and SPSS 20.0, Amos software.

Results: The paper finds five critical factors affecting the tax compliance of the online business individual with a significance level of 0.01, and all hypotheses are accepted. The article's novelty is to explore the tax service quality factor that has the most substantial impact on the tax compliance of online business individuals.

Conclusions: The study's value proposed tax service quality recommendations to support online businesses to overcome difficulties caused by using different digital technologies to carry out various economic activities. The context also poses a requirement for tax authorities to work towards digitizing the tax collection process to effectively monitor and check the taxpayer's tax compliance process and ensure tax collection from the taxpayer based on digital transactions, but along with it comes many challenges for tax authorities in formulating policies and managing financial resources.

Keywords: tax law, compliance, online, business, and digital economy.
LEGISLAÇÃO FISCAL QUE AFETA A CONFORMIDADE FISCAL DE INDIVÍDUOS DE NEGÓCIOS ON-LINE: UM ESTUDO DE CASO NO VIETNã

RESUMO

Objetivo: O objetivo principal do documento é descobrir vários fatores que afetam a conformidade fiscal das empresas on-line na economia digital do Vietnã e propor algumas recomendações políticas para melhorar a conformidade fiscal no futuro.

Método: Neste estudo, foram utilizados dois métodos de pesquisa: pesquisa qualitativa e pesquisa quantitativa: (1) O autor discutiu o modelo de pesquisa proposto com 11 gerentes relacionados ao imposto e consultou especialistas que trabalham nas agências tributárias. (2) Este artigo pesquisou dados de 700 pessoas relacionadas com negócios on-line em cinco grandes cidades no Vietnã. O artigo usou modelagem de equação estrutural (SEM) e SPSS 20.0, software Amos.

Resultados: O artigo encontra cinco fatores críticos que afetam a conformidade fiscal do indivíduo de negócios on-line com um nível de significância de 0,01, e todas as hipóteses são aceitas. A novidade do artigo é explorar o fator de qualidade do serviço fiscal que tem o impacto mais substancial na conformidade fiscal dos indivíduos de negócios on-line.

Conclusões: O valor do estudo propõe recomendações de qualidade de serviços fiscais para apoiar as empresas on-line a superar as dificuldades causadas pelo uso de diferentes tecnologias digitais para realizar várias atividades econômicas. O contexto também impõe um requisito para que as autoridades fiscais trabalhem no sentido de digitalizar o processo de cobrança de impostos para monitorar e verificar efetivamente o processo de conformidade fiscal do contribuinte e garantir a cobrança de impostos do contribuinte com base em transações digitais, mas, juntamente com isso, vem muitos desafios para as autoridades fiscais na formulação de políticas e gestão de recursos financeiros.

Palavras-chave: legislação fiscal, conformidade, economia online, empresarial e digital.

1 INTRODUCTION

The digitalization of the economy creates tremendous growth opportunities for the global economy. The digital economy creates new ways of doing business and makes a new face for the entire economy - society. The digital economy also creates opportunities and poses challenges for tax administration. Tax administration is forced to change to adapt to the conditions of the digital economy (Alm, 2019; Chyz et al., 2021).

The digital economy operates mainly based on digital technology, especially electronic transactions conducted through the Internet. The digital economy includes all sectors and economies (industry, agriculture, services; production, distribution, circulation of goods, transportation, finance, banking, etc.) number is applied. The digital economy is associated with the following characteristics: E-commerce; internet-based digital application stores; online advertising; cloud computing; high-speed transactions; user interaction on the internet platform; online payment service.
In recent years, the Vietnamese economy's digitization speed has been quite extraordinary. This is reflected in the development of information and communication technology as a vital field of the digital economy and other areas, such as E-commerce, innovative health, e-government, and financial technology. In addition, Electronic one-stop service and online support for taxpayers at the General Department of Taxation has been slow to implement. It is currently establishing a complete database system to respond to taxpayers' support requests automatically or forward them to the tax office for an online response via the electronic method.

The connection and exchange of information on taxpayers between tax authorities, ministries, and branches have not met the tax administration requirements because the information exchange mechanism is inappropriate, and the information technology (IT) application level is low. The technical layer between ministries and branches is still not uniform and unified. The connection of data centralized tax management application of tax authorities with external applications such as electronic tax application, inspection, and inspection risk management is quite complicated, leading to difficulties in checking, controlling, and decentralizing data.

Continue to innovate and perfect tax management in a modern, professional, effective, efficient, and synchronous manner based on digital technology, creating maximum convenience, clarity, and transparency for taxpayers to fulfill obligations to the State budget. Based on digital platforms, online business is a new type of business. In addition to the results, e-commerce and digital-based businesses still have shortcomings. The Tax sector faces many difficulties in determining the correct nature of transactions to tax business transactions in the sharing economy. So, what is the solution to encourage the development of the digital economy, prevent tax loss, and ensure fairness for organizations and individuals to fulfill their tax obligations to the State? Thus, the author studied tax compliance determinants of online business individuals in the digital economy and proposed policy recommendations for next time in Vietnam.

2 LITERATURE EMPIRICAL REVIEW

2.1 TAX COMPLIANCE (TC)

Tax compliance, in the simplest sense, is the extent to which taxpayers comply with their tax obligations specified in tax laws (Williams & Krasniqi, 2017; Yu & Fang, 2022; Rashid & Ahmad, 2020). Tax compliance is defined in various ways, from general
to specific, from narrow to broad. Tax compliance is determined in the following way: Taxpayers declare tax returns necessary at the appropriate time and correctly fulfilling the tax obligations prescribed by the laws, taxes, and court decisions (Fauziati & Kassim, 2018; Kim & Lee, 2020).

Many countries have been applying information technology (IT) in revenue management. Since then, an electronic tax system has been established and developed, and the application of electronic tax has become famous for both tax authorities and enterprises in fulfilling tax obligations. The tax has confirmed that applying e-tax through electronic tax declaration and electronic tax payment increases tax compliance. Using e-tax reduces compliance costs, facilitates businesses, and improves compliance (Lee & Yoon, 2020). Similarly, the research results on tax compliance also show the application of electronic tax through electronic tax registration. Thus, taxpayers can make electronic tax payment transactions at the Portal of the General Department of Taxation or make tax payment transactions through the bank’s electronic payment application system such as ATM, Internet Banking, Mobile Banking, or other forms of electronic payment (Sebele-Mpofu, 2020).

2.2 TAX RATE (TR)

Stable tax rates will create a premise for businesses and individuals doing online business with social responsibility who want to comply with taxes and fulfill their obligations. Previous studies at home and abroad, especially in developing countries. The study also mentioned the role of tax rates on the tax compliance behavior of businesses and individuals doing business online (Tishar & Hasanuzzaman, 2019; Matarirano et al., 2019). Although tax rates apply to different companies and individuals in each other country or at different times, it is undeniable that the role and influence of tax rates in creating tax behavior are various legal frameworks and fairness to regulate the conduct of businesses and individuals’ online business paying taxes (Bodea & LeBAS, 2016; Alasfour et al., 2016; Musimenta, 2020).

Okoye (2019) believed that simple and transparent tax rates had facilitated online tax compliance for businesses and individuals. In addition, companies and individuals always demand fair treatment from other firms in paying taxes. Therefore, the deterrence of measures and sanctions in handling tax fraud and late payment of taxes of businesses and individuals doing business online will help enterprises to be aware of their tax
compliance behavior and build their trust (De Neve et al., 2021; Salehi et al., 2019; Whait et al., 2018). Therefore, regarding the tax rate factor and the impact of issues related to tax payment of businesses, the author proposed the following hypothesis H1 below:

Hypothesis H1: Tax rate affected the tax compliance of online business individuals in Vietnam.

2.3 TAX LAW (TL)

Yau et al. (2020) asserted that tax law is an essential factor that strongly influences the tax compliance of taxpayers. Tax law is a collection of legal regulations governing social relations arising in the process of tax collection and payment between competent state agencies and taxpayers to form state budget revenues to implement tax law and perform predefined goals. According to Young et al. (2016), tax law is measured by indicators of tax rate; the fairness of the tax system; the complexity of the tax system; the level of technology application in tax declaration (Pauzin et al., 2022).

In short, tax law is a complex tax policy. The general complexity of the tax system and the corporate income tax policy, and individuals doing business online in particular, is one of the social determinants of tax compliance (Yorke et al., 2016). If the tax law is vague, unclear, cumbersome, procedural, or difficult to understand… those are the reasons why taxpayers are prone to non-compliance. Thus, the author gave hypothesis H2 below.

Hypothesis H2: Tax law affected the tax compliance of online business individuals in Vietnam.

2.4 TAX ADMINISTRATIVE PROCEDURES (TAP)

Tax administrative procedures regularly review and re-evaluate all tax managerial practices and work steps in tax management processes to continue to advise, propose and recommend to competent authorities to reduce and simplify administrative procedures towards transparency (Gobena & Van Dijke, 2016; Alm, 2019; Chyz et al., 2021). Tax managerial procedures align with current Law and the increasingly extensive integration trend, creating maximum convenience and reducing taxpayers' tax compliance time and cost.

Tax management is understood as organizing and implementing tax laws in socio-economic life. That process requires all relevant entities specified in tax legal documents.
to comply, including taxpayers (Livson et al., 2021). The goal is that all organizations and individuals belonging to taxpayers must fully exercise their rights and obligations following tax laws. To achieve that goal, tax administration agencies must carry out tax administrative procedures and organize administrative functions such as propaganda, support, tax registration management, tax declaration and payment, tax inspection, and tax enforcement (Cyan et al., 2016; Williams & Krasniqi, 2017). These are the specific factors of tax administration that affect taxpayers’ compliance. Thus, the author gave hypothesis H3 the following:

Hypothesis H3: Tax administrative procedures affected the tax compliance of online business individuals in Vietnam.

2.5 TAX SERVICE QUALITY (TSQ)

Tax service quality is the extent to which a service meets the needs and expectations of taxpayers. Tax service quality represents taxpayer support in guiding, explaining, and advising taxpayers to understand issues related to prescribed tax policies and regimes (Bellon et al., 2022). Generally, the quality of tax services is understood as the level of people's perception of state administrative procedures and how to guide, receive and handle the work of state officials (Morales-Villegas et al., 2022). Many researchers have confirmed that taxpayers' perception of tax service quality has an impact on taxpayers' tax compliance, in which perceived tax service quality is measured by the following criteria: including corporate fairness concerning the tax system, the satisfaction of businesses and individuals doing business online with tax authorities; corporate tax knowledge, opportunities for tax non-compliance (Beck & Lisowsky, 2014; Yu & Fang, 2022; Rashid & Ahmad, 2020). Thus, the author proposed the final hypothesis H4 as follows:

Hypothesis H4: Tax service quality affected the tax compliance of online business individuals in Vietnam.

2.6 MANAGEMENT OF TAX (MT)

Tax is a compulsory payment to the state budget of organizations, households, business households, and individuals according to regulations of Law, the tax law. According to Amaeshi et al. (2020), tax administration performs the State management of taxes. Through tax debt management activities, tax authorities ensure the effectiveness
and strictness of tax laws, limit the misappropriation of tax money, prevent tax loss, and ensure fairness among taxpayers.

Good debt management will improve the efficiency of tax collection management, contributing to improving the efficiency of other functions such as tax declaration management, tax inspection, and examination because declaration management, tax, and tax inspection and assessment determine the correct tax liability (Shakatreh et al., 2022). Still, the identified tax obligation must be fulfilled, which is done through the collection and payment of tax - a content The importance of tax debt management (Altman et al., 2017; Alasfour et al., 2016; Musimenta, 2020).

The Law on Tax Administration (effective July 1, 2020) stipulates: "Article 42. Principles of tax declaration and calculation: For e-commerce business activities, business-based business If the digital platform and other services are performed by an overseas supplier without a permanent establishment in Vietnam, the overseas supplier is obliged to directly or authorize the implementation of tax registration, tax declaration, pay taxes in Vietnam according to the regulations of the Minister of Finance. Thus, the author gave hypotheses H5 following:

Hypothesis H5: Tax management affected the tax compliance of online business individuals in Vietnam.

The author builds the SEM model from the theoretical basis and related studies.

Figure 1: A research model for the tax compliance of online business individuals

Source: Adapted from authors (2023)
3 METHODOLOGY AND DATA

In this study, a combination of two research methods was used: qualitative research and quantitative research.

Figure 2: A research process for critical factors affecting the tax compliance of online business individuals

- **Research objective**
  The author identified key factors affecting the tax of online business individuals in Vietnam and proposed the research model and scale.

- **Qualitative research**
  The author discussed the proposed research model with 11 managers related to the tax and consulted experts working in the tax agencies in 5 big cities in Vietnam. The author developed a discussion outline and conduct in-depth interviews with 15 experts in the tax management.

- **Quantitative research**
  The author surveyed 700 online business individuals in 5 big cities in Vietnam from May 2022 to July 2022 by online email. The sampling method is convenient and mailed to each individual, but 631 samples were processed. Measure the level of impact of factors by SEM model.

Author discussed results and proposed the policy recommendations for improving the tax compliance of online business individuals.

Source: Adapted from authors (2023)

Figure 2 shows that the author measured the factors' impact level by SEM model. Figure 2 shows that the author surveyed 700 online business individuals in 5 big cities in Vietnam, such as Can Tho, Ho Chi Minh, Da Nang, Hai Phong, and Hanoi, from May 2022 to July 2022. The sampling method is convenient and mailed to each individual, but 631 samples were processed.

Quantitative research was carried out by direct survey method through questionnaires. The sample was selected by convenient sampling, with a sample size of 700 respondents (Hair et al., 2021). After that, the data was collected to evaluate the
scale's reliability, such as Cronbach's Alpha and exploratory factor analysis (EFA), to test the structural equation model (SEM) to see the influence of the variables. Finally, the author discussed the results and proposed policy recommendations for improving the tax compliance of online business individuals based on the digital economy.

Qualitative research: (1) Collecting and synthesizing theories to determine the theoretical and practical basis for tax compliance. (2) The author builds the scale on research models and related research articles. Then conduct expert consultation and group discussion to analyze and determine the factors affecting tax compliance. From there, the author surveys and tests several taxpayers to find errors. (3) Prepare a preliminary questionnaire. (4) Interviewing taxpayers and experts and adjusting the questionnaire. (5) Conduct mock interviews and test runs (about 31 expert survey questionnaires) to verify the scale. (6) Develop a formal questionnaire for the research topic (Hair et al., 2021). Quantitative research: (1) Processing survey questionnaires using SPSS 20.0 software. With a sample number of 700 taxpayers. (2) Check the scale. (2) Exploratory factor analysis. (3) Regression analysis: correlation matrix, multiple regression model. (4) Model testing. (5) Analysis of research results. (6) Propose policy implications from analysis results. The following shows the detailed research process (Hair et al., 2021).

4 EMPIRICAL RESULTS

4.1 ANALYSIS OF ONLINE BUSINESS TAX MANAGEMENT CHALLENGES

E-commerce exchanges and social networks such as Facebook, Instagram, Zalo, etc. Recently, online business has been developed strongly in Vietnam, such as purchasing and selling goods, providing services, and advertising...) through means such as television waves, e-commerce websites, etc. This causes many difficulties for tax authorities in managing and collecting taxes. Problems and challenges when working online sales tax: Today, individuals selling online with significant revenue appear increasingly with sales on Facebook, such as Posting, Livestream, and marketing through open or closed groups... This is a challenge for the tax authorities in managing this business form. According to the General Department of Taxation, e-commerce transactions have virtual characteristics, are difficult to verify identity information, and are easy to delete and change, so it is challenging to capture transactions. Electronically, efficiently and in a short time, even with foreign countries.
Therefore, the current tax management for online businesses faces many difficulties, such as: Difficult in accurately identifying taxpayers, generating revenue, etc.; functional management also has disadvantages: lack of clues to detect new taxpayers. In particular, individuals doing business via social networks are not present at a fixed location and have a certain level of information technology and basic facilities. Tax authorities cannot determine actual business revenue based only on transaction information on social networks. It is difficult to grasp the scale of business activities and the entire transaction process...

The reality of online sales tax management: Both big cities, Hanoi and Ho Chi Minh City, have implemented tax collection for businesses doing business in online sales. Accordingly, organizations and individuals that buy, sell, and advertise goods and services through websites and social networks such as Facebook, Zalo, Instagram, etc., must declare information about their business activities themselves to the tax authorities.

Although the tax authorities have sent invitations and messages to business account holders selling goods on social networks, the number of account holders who come to declare tax is minimal compared to the more than 26,000 accounts approved by the two bureaus. Taxes Hanoi and Ho Chi Minh City catch up. Experts say that the tax authority should focus on tax collection management of the "big guys" with high revenue or taking advantage of business and sales on social networking sites to evade taxes, and should not let the whole tax agency apparatus. tax collection costs for individuals and business households’ storks.

Currently, tax authorities are responsible for collecting information and gathering it to report to the Department of Taxation. If the accounts have been invited to do tax procedures but do not come, the tax department still invites and asks 2-3 times, but the account holder does not. The tax department will report to the tax department for a solution.

Measures to manage online sales tax, the reason given is that many account holders have not been fully informed and guided, so they are afraid to meet the tax office. Tax Department said that collecting business tax on social networks is still mainly propaganda, mobilizing individuals and households to register millet businesses tax declaration. The tax authority will actively propagate business people on Facebook to receive instructions on business registration, tax code issuance, and tax registration;
declare business items, sales revenue, and payment methods... so they can be assured they will not be taxed.

E-commerce, expanding tax collection base. According to the Ministry of Finance, it is necessary to have specific regulations and prepare tax management measures for this business to promote electronic transactions and prevent the negative consequences of this type of business. In the Draft Law on Tax Administration, which is being consulted for completion, the Ministry of Finance has added regulations related to tax administration for commercial activities to build a database and widely deploy tax services. Electronic tax services such as electronic tax declaration, electronic invoice, and online tax payment; amend, supplement, and complete the current tax legal documents to suit the development and operation situation of individuals and online business enterprises.

Regulations on responsibilities of ministries, branches, organizations, and units related to e-commerce business activities of organizations and individuals with tax authorities such as the State Bank and the Bank Commerce. The Ministry of Industry and Trade, the Ministry of Information and Communications, the Ministry of Public Security, etc., shall coordinate with credit institutions, telecommunications companies, and companies operating in information technology, transmission, and infrastructure provision network... to exchange, collect and capture information of units having online business activities. It is also necessary to strictly control the registration of domain names, rent servers, lease transmission lines, and pay for service provision by flexible online payment methods, such as e-wallets, visa cards, intermediary services, and payment via bank... At the same time, it strengthens tax administration.

With the explosive development of the digital age, e-commerce has gradually become a general development trend in the economy. Promote propaganda and education on tax policies and regimes, and improve the quality of taxpayer support services, combined with the construction of a database of the tax sector on enterprises in general, business enterprises online business, in particular, creates favorable conditions for individuals and companies to easily access tax payments, contributing to raising awareness of tax compliance. The above is the current situation, difficulties, challenges for tax authorities when conducting online business management of individuals and businesses, and measures to effectively collect online business tax.
Although it is a potential new economic field, e-commerce requires tax authorities to fully manage revenue sources while creating a favorable business and investment environment, encouraging investment, and meeting requirements. This is in line with the process of economic integration and development. In particular, business activities on e-commerce floors like Shopee are a typical example of the complexity of tax management. In general, except for some professional and large-scale e-commerce businesses and organizations under the direct control of tax authorities, which declare and pay taxes according to regulations determined.

Most of the remaining organizations and individuals earning income from e-transactions have not yet voluntarily declared and paid related taxes. Every year, the State loses a significant source of budget revenue from these taxes, and this loss will grow as e-commerce transactions grow stronger. To overcome the above limitations and inadequacies, the Government should soon review, supplement and complete the tax regulations for electronic commerce to make tax declaration and payment convenient. At the same time, it strengthens the ability to control and prevent tax evasion by organizations and individuals earning income from e-commerce activities. On the other hand, it is necessary to enhance the coordination between tax authorities and banks, specialized management agencies, and international organizations in exchanging tax administration information to strictly control the declaration and pay taxes on organizations and individuals.

4.2 ANALYSIS OF DESCRIPTIVE STATISTICS AND CRONBACH'S ALPHA FOR CRITICAL FACTORS AFFECTING THE TAX COMPLIANCE OF ONLINE BUSINESS INDIVIDUALS

<table>
<thead>
<tr>
<th>Code</th>
<th>Items</th>
<th>Cronbach's alpha</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>TR</td>
<td>Tax rate (TR)</td>
<td></td>
<td>0.945</td>
<td></td>
</tr>
<tr>
<td>TR1</td>
<td>Low tax rates increase taxpayer compliance</td>
<td>0.914</td>
<td>3.0491</td>
<td>1.01690</td>
</tr>
<tr>
<td>TR2</td>
<td>The stability of the Law on online business tax rates helps taxpayers' tax compliance</td>
<td>0.943</td>
<td>3.0380</td>
<td>1.03209</td>
</tr>
<tr>
<td>TR3</td>
<td>Deterrence and sanctions in dealing with online tax fraud affect tax compliance</td>
<td>0.925</td>
<td>3.1157</td>
<td>0.98606</td>
</tr>
<tr>
<td>TR4</td>
<td>Loopholes in tax rate policy will create conditions for taxpayers to evade the Law</td>
<td>0.930</td>
<td>3.0190</td>
<td>1.04939</td>
</tr>
<tr>
<td>TL</td>
<td>Tax law (Tl)</td>
<td></td>
<td>0.847</td>
<td></td>
</tr>
<tr>
<td>TL1</td>
<td>The Government needs to develop online tax policies suitable for each business line</td>
<td>0.796</td>
<td>3.3661</td>
<td>0.89835</td>
</tr>
</tbody>
</table>
Table 1 shows that Cronbach's alpha for critical factors affecting the tax compliance of online business individuals is higher than 0.7, including five independent factors including (1) Tax rate (TR), (2) Tax law (TL), (3) Tax administrative procedures (TAP), (4) Tax service quality (TSQ), (5) Management of tax (MT). Besides, one dependent factor shows tax compliance (TC).

4.3 TESTING CRITICAL FACTORS AFFECTING THE TAX COMPLIANCE OF ONLINE BUSINESS INDIVIDUALS

Table 2: Testing factors affecting the tax compliance of online business individuals

<table>
<thead>
<tr>
<th>Relationships</th>
<th>Standardized Estimate</th>
<th>S.E</th>
<th>C.R</th>
<th>P</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>TC &lt;-- TR</td>
<td>0.089</td>
<td>0.027</td>
<td>2.725</td>
<td>0.006</td>
<td>Accepted</td>
</tr>
<tr>
<td>TC &lt;-- TL</td>
<td>0.163</td>
<td>0.041</td>
<td>4.552</td>
<td>0.001</td>
<td>Accepted</td>
</tr>
<tr>
<td>TC &lt;-- TAP</td>
<td>0.564</td>
<td>0.040</td>
<td>14.534</td>
<td>0.0001</td>
<td>Accepted</td>
</tr>
<tr>
<td>TC &lt;-- TSQ</td>
<td>0.187</td>
<td>0.032</td>
<td>5.754</td>
<td>0.0002</td>
<td>Accepted</td>
</tr>
<tr>
<td>TC &lt;-- MT</td>
<td>0.104</td>
<td>0.063</td>
<td>2.959</td>
<td>0.003</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

Source: Authors collected and processed from SPSS 20.0, Amos (2023)

Table 2 shows five critical factors affecting the tax compliance of online business individuals, with a significance level of 0.01. The article's novelty is finding out the tax administrative procedures (TAP) factor that has the most substantial impact on critical factors affecting the tax compliance of online business individuals in Vietnam, with a standardized estimate of 0.564.
Figure 3: Testing research model for critical factors affecting the tax compliance of online business individuals

![Research Model Diagram](image)

Source: Authors collected and processed from SPSS 20.0, Amos (2023)

Figure 3 showed that the assessment of critical factors affecting the tax compliance of online business individual in Vietnam: CMIN/DF = 2.965 (<5.0), GFI = 0.926 (>0.800), TLI = 0.958 (>0.900), CFI = 0.967 (> 0.900) and RMSEA = 0.056 (<0.08). The article aims to determine the five critical factors affecting the tax compliance of online business individuals in Vietnam, especially to find out the new tax administrative procedures factor that is an unknown factor that has the most substantial impact on the critical factors affecting the tax compliance of online business individuals in Vietnam with the standardized estimate is 0.564.

Table 3: Testing Bootstrap 30,000 samples for critical factors affecting the tax compliance of online business individuals

<table>
<thead>
<tr>
<th>Parameter</th>
<th>SE</th>
<th>SE-SE</th>
<th>Mean</th>
<th>Bias</th>
<th>SE-Bias</th>
</tr>
</thead>
<tbody>
<tr>
<td>TC</td>
<td>0.027</td>
<td>0.001</td>
<td>0.070</td>
<td>-0.004</td>
<td>0.001</td>
</tr>
</tbody>
</table>
Table 3 shows that testing Bootstrap with 30,000 samples for critical factors affecting the tax compliance of online business individuals in Vietnam, with a significance level of 0.01.

4.4 RESULT DISCUSSION

The practice of organizing the implementation of tax policies to support individual business households during the recent Covid-19 pandemic shows that tax policies have positively impacted production and business activities as follows:

**Firstly**, the research result showed that the tax rate affected the tax compliance of online business individuals in Vietnam with a significance level of 0.01. The study results are consistent with reality and the same results as the study (Tishar & Hasanuzzaman, 2019; Matarirano et al., 2019). Thus, Building a complete, accurate, and centralized tax information system. Vietnam continues researching the design model for a tax database warehouse that meets three main requirements: (i) Serving the needs of mining according to tax management functions (mainly to run applications for identification and analysis). risks affecting tax compliance) and working requirements on statistical reports, estimates, and forecasts: Must be consistent with tax management policies and procedures and clearly define the roles/responsibilities of the Department of Taxation officials in collecting and fully updating taxpayers' information on the system. (ii) To serve the needs of providing, exchanging, and cross-collaborating information with organizations and agencies as prescribed by Law: It is necessary to ensure that information is automatically collected from third parties, which serves well for checking and verifying the accuracy of the taxpayer's tax liability declaration. (iii) supporting taxpayer compliance.

**Secondly**, the research showed that the tax law affected the tax compliance of online business individuals in Vietnam with a significance level of 0.01. The study results are consistent with reality and the same results as the study (Yorke et al., 2016; Yau et al., 2020). Thus, Vietnam continues perfecting the legal basis system. The Law on Tax
Administration should aim at creating a legal framework for universally applying electronic tax management; regulations on electronic transactions in the tax field, including rules that tax authorities must build a data processing center in electronic commerce with the role of receiving, controlling tax records and automatically checking tax records, automatic notification for taxpayers. At the same time, in international integration, it is necessary to pay attention to international practices, especially in working with foreign individuals and organizations.

Vietnam needs to study and learn this trend. The General Department of Taxation needs to submit to the Ministry of Finance the implementation of a tax collection scheme on the revenue of Internet/technology companies doing cross-border business, submit it to the Government, and submit it to the National Assembly for promulgation so that it can collect tax on the revenue of this type of business, cross-border business. Vietnam needs to develop a simple procedure and an online service portal through which foreign digital service providers can register, declare and pay VAT on transactions made by foreign users consumption in Vietnam.

In the short term, the Ministry of Finance and the General Department of Taxation can prioritize the collection of VAT from foreign suppliers of goods and services. In addition, a “fee” may be added to payments made by businesses to foreign providers for online advertising services in a manner recently adopted to issue a fair fee. This fee may be considered for inclusion in the excise tax law.

Thirdly, the research showed that the tax administrative procedures affected online businesses' tax compliance individuals in Vietnam with a significance level of 0.01. The study results are consistent with reality and the same results as the study (Gobena & Van Dijke, 2016; Alm, 2019; Chyz et al., 2021). Thus, Vietnam continues perfecting the professional process. The current Law on Tax Administration has created a foundation and paved the way for developing new regulations and skills of modern tax administration, allowing tax authorities to be proactive in management. Taxpayers doing business in the traditional and e-commerce environment through essential points such as self-declaration - self-filing mechanism, 3rd the party's obligation to provide information, including information in the form of electronic data. Vietnam's current tax administration encourages the implementation of electronic transactions.

However, to promote electronic transactions in tax administration in general and e-commerce in particular in terms of facilitating taxpayers and ensuring the prevention
and control of negative consequences of e-commerce, it is necessary to have detailed instructions and prepare tax administration measures.

Fourthly, the research result showed that the tax service quality affected the tax compliance of online business individuals in Vietnam with a significance level of 0.01. The study results are consistent with reality and the same results as the study (Beck & Lisowsky, 2014; Yu & Fang, 2022; Rashid & Ahmad, 2020). Thus, Vietnam continues strengthening its organizational apparatus and human resources. Studying and establishing a specialized unit to manage taxes on e-commerce activities, including production, business, and exploitation of online business services, is necessary. Focus and strengthen training and training on exploiting, searching, tracing, and gathering information on the Internet to identify non-compliant taxpayers and collect information directly for payment inspection and examination taxpayers. Organize training, training on forms of e-commerce business, special skills for staff in computer inspection and testing skills, methods of collecting, tracing transactions, analyzing and recovering recover business data of the enterprise. Some specific forms of gathering information should be adopted, such as searching online news sites for advertisements and links containing indications of economic activities and direct links to the domestic market.

Finally, the research showed that tax management affected the tax compliance of online business individuals in Vietnam with a significance level of 0.01. The study results are consistent with reality and the same results as the study (Altman et al., 2017; Alasfour et al., 2016; Musimenta, 2020). Thus, Vietnam continues strengthening the coordination of sectors and levels. Tax authorities will improve coordination with banks in providing account statements of organizations and individuals operating online businesses opened at banks. At the same time, inspect and examine business units with signs of tax evasion by controlling businesses' cash flow. Building the database of the tax authority: making the data warehouse, such as Big Data of the tax agency based on connecting, and sharing with the database of the ministries and functional agencies, integrating information from social networking sites, sales websites, online trading platforms to ensure that they have all the necessary information for management. Strengthening equipment with modern information technology to better serve online business tax management.

In inclusion, digitization is an effective solution for tax authorities to increase revenue without increasing tax rates. Therefore, digitization is a recommended strategy for developing countries in the region, including Vietnam. The Covid-19 pandemic has
further demonstrated the importance of digitization, as electronic tax management allows taxpayers to fulfill their tax obligations without being physically present at the tax office. More importantly, the convenience of taxpayers in the process of tax obligations stemming from the digitization process has significantly reduced compliance costs and made tax administration more effective.

5 CONCLUSIONS

Although the current Law has enough regulations on subjects, tax rates, and tax declaration and payment methods for e-commerce transactions in Vietnam. However, tax authorities can only manage registered e-commerce businesses, while unlisted companies, especially individuals involved in this field, face problems. The subject of tax declaration and payment is almost still open. In fact, at present, many individuals specialize in commerce through social networks, have full facilities, equipment, and business facilities, and at the same time, have a stable income often. Some individuals do e-commerce business with monthly payments of up to billions of dollars. However, the common point of these individuals is that they do not declare and pay taxes according to regulations for e-commerce activities. Meanwhile, competent state management agencies, in general, and tax agencies, in particular, face many difficulties in controlling and collecting taxes from these individuals. One of the fundamental reasons is that there are currently no regulations to control whether individuals and business units on social networks must comply with tax declaration and payment.

In addition, in recent years, more and more organizations and individuals have obtained income from electronic transactions arising in foreign countries. These sources of income are diverse and have great value compared to the per capita income of Vietnam. For example, some individuals do business in advertising on foreign websites. Some other individuals get income from freelance work for foreign organizations through the Internet and receive remuneration through international payment cards. Although the income of most of these individuals is subject to personal income tax, in fact, most of them do not make tax declarations and payments as prescribed. The paper finds five factors affecting the tax compliance of online business individuals, with a significance level of 0.01, and five hypotheses are accepted. The article's novelty is to find out the tax administrative procedures (TAP) factor that has the most substantial impact on critical factors affecting the tax compliance of online business individual in Vietnam, with a standardized estimate.
of 0.564. Based on the research results, the study has made recommendations to improve the tax compliance of online business individuals.

ACKNOWLEDGMENTS

The authors thank all lecturers and managers of the Faculty of Postgraduate Studies, Lac Hong University (LHU), Vietnam. This article is supported and funded by LHU, Vietnam.
REFERENCES


tax law affecting the tax compliance of online business individuals: a case study in vietnam


