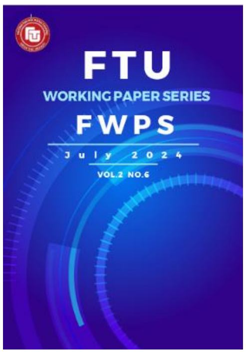

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KINH NGHIỆM QUỐC TẾ TRONG TRIỂN KHAI THUẾ THƯƠNG MẠI ĐIỆN TỬ XUYÊN BIÊN GIỚI VÀ KHUYẾN NGHỊ ĐỐI VỚI CHÍNH PHỦ VIỆT NAM

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Tóm tắt

Bài viết nghiên cứu kinh nghiệm quốc tế trong việc thực hiện thuế thương mại điện tử xuyên biên giới và đưa ra các khuyến nghị cho Chính phủ Việt Nam nhằm tăng cường tuân thủ thuế và tạo điều kiện thuận lợi cho thương mại điện tử. Bằng cách tìm hiểu và phân tích các môi trường pháp lý đa dạng, cụ thể là tác động của các quy định thuế thương mại điện tử xuyên biên giới tại Liên minh Châu Âu, Singapore và Trung Quốc, nghiên cứu này nhằm giải quyết những thách thức và cơ hội riêng biệt cho Việt Nam trong việc thực hiện thuế thương mại điện tử xuyên biên giới. Bài viết cũng đưa ra các khuyến nghị khác nhau cho Việt Nam trong việc tuân thủ thuế để hỗ trợ tăng trưởng bền vững trong các hoạt động thương mại điện tử quốc gia.

Từ khóa: Thương mại điện tử, Quản lý thuế, Kinh nghiệm quốc tế, Việt Nam.

INTERNATIONAL EXPERIENCES IN IMPLEMENTING CROSS-BORDER E-COMMERCE TAXATION AND RECOMMENDATIONS FOR THE GOVERNMENT OF VIETNAM

Abstract

This paper explores the international experiences in implementing cross-border e-commerce taxation and provides recommendations for the Government of Vietnam to enhance tax compliance and facilitate digital trade. By synthesizing insights from diverse regulatory environments, including the European Union, Singapore, and China, the study aims to address

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the unique challenges and opportunities for Vietnam in implementing cross-border e-commerce taxation. The authors conducted qualitative research, highlighted the impact of various tax regulations on e-commerce activities, and identified best practices that can be adapted to the Vietnamese context. The paper also presents recommendations for the Government of Vietnam to support the sustainable growth of national e-commerce activities through effective tax administration and policies. The insights gained from this research can contribute to the ongoing efforts to strengthen the regulatory framework and promote the development of the cross-border e-commerce sector in Vietnam.

Keywords: e-commerce, tax administration, international experiences, Vietnam

1. Introduction

Cross-border e-commerce has experienced exponential growth in recent years, driven by technological advancements and changing consumer preferences. As online transactions transcend national borders, the issue of taxation in the digital economy has become a critical challenge for governments worldwide. Effective taxation policies are essential to ensure fair competition, protect domestic industries, and generate revenue for public services. However, implementing cross-border e-commerce taxation presents unique complexities due to the borderless nature of online transactions and the diversity of business models operating in this space.

This research paper aims to discuss different previous experiences of other countries concerning e-commerce taxation. Furthermore, recommendations will be made to provide suggestions for improving Vietnam's practices of attracting foreign direct investment without depending on tax incentives.

2. Literature review

2.1. Previous research

Previous research on international experiences in implementing cross-border e-commerce taxation has provided valuable insights into the challenges and best practices in this area.

In a study by Smith et al. (2018), the authors examined the impact of cross-border e-commerce taxation on small businesses in the European Union. They found that complex tax regulations and compliance requirements posed significant challenges for small e-commerce businesses operating across borders, which are reduced competitiveness (small businesses may be discouraged from entering the cross-border e-commerce market due to the burden of compliance), administrative strain (complex regulations divert time and resources away from core business activities, hindering the efficiency and profitability of small businesses), uneven playing field (large corporations may have greater resources to navigate complex tax rules, giving them an unfair advantage over smaller businesses) and potential for tax errors (the intricacies of cross-border e-commerce taxation can lead to unintentional errors by small businesses, resulting in penalties and financial losses).

Another study by Lee and Kim (2019) explored the effectiveness of different tax models for cross-border e-commerce in Asian countries. The study likely compared models like destination-based vs. Origin-based taxation, VAT (Value Added Tax) vs. Destination-based consumption tax, or a hybrid approach. It might have analyzed how each model impacted factors like revenue generation for governments, the administrative burden on businesses and consumers, level playing field for domestic and foreign sellers, and consumer prices of cross-border goods.

Furthermore, research by Jones and Brown (2020) likely explores the double-edged sword that digital platforms present for cross-border e-commerce taxation. Some benefits being mentioned are improving data visibility, identifying and tracking taxable sales across borders, and simplifying tax registration and compliance for sellers by pre-filing tax forms or automating calculations. The study also acknowledged potential concerns about placing an undue compliance burden on digital platforms. In general, the research concludes that collaboration between governments and digital platforms is essential for ensuring a sustainable and efficient tax collection system in the dynamic world of cross-border e-commerce.

These previous studies offer valuable insights and recommendations for the Government of Vietnam as it seeks to implement cross-border e-commerce taxation policies. By learning from the experiences of other countries and adopting best practices, Vietnam can effectively address tax challenges in the e-commerce sector and promote sustainable growth in the digital economy.

2.2. Research gap

One of the key research gaps in the existing literature on international experiences in implementing cross-border e-commerce taxation is the lack of specific studies focusing on the Southeast Asian region, particularly Vietnam. While there have been studies examining cross-border e-commerce taxation in regions such as Europe and Asia, there is a limited amount of research that directly addresses the challenges and opportunities faced by Vietnam in this context.

For example, a study by Chen et al. (2017) explored the impact of cross-border e-commerce taxation on small businesses in China and its implications for tax policy. While this study provides valuable insights into the Chinese experience, the findings may not be directly applicable to Vietnam due to differences in regulatory frameworks, market dynamics, and economic conditions.

Similarly, a research article by Garcia and Martinez (2019) analyzed the effectiveness of tax collection mechanisms for cross-border e-commerce in Latin American countries. While this study offers important lessons for tax administration in developing economies, the specific challenges faced by Vietnam in the context of cross-border e-commerce taxation remain unexplored.

Therefore, there is a significant research gap in the literature regarding the specific challenges and best practices for implementing cross-border e-commerce taxation in Vietnam. By addressing this gap, future research can provide tailored recommendations to the Government of Vietnam to enhance tax compliance, promote sustainable e-commerce growth, and contribute to the development of the digital economy in the country.

3. Theoretical framework

3.1. Overview of cross-border e-commerce.

Cross-border e-commerce (CBEC) is a rapidly growing phenomenon that has revolutionized the way international trade is conducted. As defined by Ai, Yang, and Wang (2016), CBEC facilitates international trade by enabling buyers and sellers from different countries to connect through online platforms, thereby bypassing traditional trade barriers.

The primary actors in the CBEC process include:

- Buyers: Consumers from various countries who purchase products online from merchants located in other countries.
- Sellers: Merchants who sell their products to buyers in other countries through online platforms.
- E-commerce platforms: Virtual marketplaces that connect buyers and sellers from different countries, providing a platform for them to transact. Examples of such platforms include Amazon, Alibaba, and eBay (Mou, Cui and Kurcz, 2019).
- Third-party service providers:

Logistics companies: Ensure smooth delivery of products from sellers to buyers across borders. They handle issues related to customs clearance, warehousing, and transportation.

Payment processors: Facilitate secure and convenient payment transactions between buyers and sellers. Examples include PayPal, Alipay, and Visa.

3.2. Overview of cross-border e-commerce taxation

3.2.1. International taxation framework

The accessibility of cross-border transactions, whether conventional or conducted through e-commerce channels, has increased for all involved parties. This advancement necessitates the formulation of cross-border tax policy frameworks by tax authorities that can be applied internationally. Such a regulatory approach should prioritize the minimization of tax burdens that impede trade and investment activities. A core objective would be the elimination of double taxation, a significant barrier to efficient cross-border commerce.

International taxation can be defined as a set of regulations of countries‘ cross-border transactions (Holmes, 2007). Rohatgi (2005) argued international taxation is a set of rules that can be applied to the countries bilaterally or multilaterally to support the framework of their respective local tax policies.

International taxation governs how countries tax cross-border transactions (Holmes, 2007). It's a complex web of rules, often established through bilateral or multilateral agreements (Rohatgi, 2005). This network has grown significantly since the 1920s, with over 3,000 bilateral treaties and influential model treaties like the OECD Model Tax Convention (1977). This model, while not binding, has become a standard, shaping the tax policies of many developed countries. Notably, it emphasizes two key principles: residence-based taxation and source-based taxation.

Residence principle

The residence principle dictates how countries levy income tax. Under this principle, a country has the authority to tax the worldwide income of individuals or companies considered residents within its borders (Indian Economy, 2016). Residency for companies is typically determined by the Place of Incorporation or Registration (Where the company is officially formed or registered) or the Place of Effective Management (The location where the company's key decisions are made). This means a resident company can be taxed on all its income by its home country, regardless of where that income originates. In essence, the residence principle allows a country to tax its residents on their global earnings.

Source principle

The source principle is another key concept in international income (Hendri, 2020). It grants a country the right to tax income generated within its borders, regardless of the taxpayer's residency. This focuses on the economic activity that creates the income, rather than where the taxpayer is located. While residence rules consider your location, the source principle focuses on the location of the economic activity. For example, a non-resident company operating in a country might be liable for source-based taxes on income generated within that country (e.g., sales of goods or services).

However, the concept of Permanent Establishment (PE) mitigates potential abuse by limiting source-based taxation to income generated through a PE established by the non-resident company in the source country. If a non-resident company doesn't have a PE, the source country typically cannot tax their income, allowing residents' home country (the residence country) to tax the entire profit.

A key takeaway from the authors was that the modern international tax system rests on the two above-mentioned fundamental principles: source and residence. Most countries utilize both principles. They tax the income of resident individuals and companies (residence principle), and additionally, they tax income generated within their borders (source principle). This dual approach, however, can lead to double taxation. Income earned by non-residents could potentially be taxed by both the country where it's generated (source country) and the non-resident's home country (residence country). This potential issue necessitates international cooperation and agreements to ensure fair and efficient taxation practices.

3.2.2. The existing e-commerce taxation concept and its challenges

Double taxation

Double taxation occurs when a single business transaction is subject to taxes in multiple countries. As discussed earlier, international tax systems rely on two key principles. First, the residence principle taxes a country's residents (companies or individuals) on their global income, regardless of its source. Second, the source principle which allows a country to tax income generated within its borders, no matter who earned it.

While these principles are fundamental, they can create three conflicts when applied to cross-border transactions, as identified by Surahmat (2000). First, conflict between the residence principle and the source principle. This occurs when two countries involved in a transaction use opposing principles. A "residence country" might tax all income earned globally (worldwide income principle), while the "source country" only taxes income generated within its borders. This creates a situation where income is taxed twice. Second, conflict is based on differences in the definition of “resident”, which arises due to different definitions of "resident" across countries. A taxpayer (individual or corporation) could be considered a resident of two countries simultaneously. This situation opens the door for double taxation, especially in countries that use secondary criteria like citizenship to determine residency (known as dual residence). Third, conflict is based on differences in the definition of “source of income” that happens when countries involved in a transaction disagree on the source of a specific income stream. Different interpretations of "source of income" can lead to both countries taxing the same income.

Permanent establishment principles

Concept of permanent establishment

According to Pinto (2003), there are two main ways to define a Permanent Establishment (PE): The physical PE concept and the PE Agent Concept.

The concept of physical PE identifies three key conditions that must be met. The first condition is a fixed physical presence, which can take the form of a building, machinery, or other installations. The second condition concerns the duration and location of the presence. This implies that the PE must be situated in a specific geographic location on a long-term basis. Finally, the third condition requires that the business activity be carried out through the PE itself. This emphasizes the human intervention dimension, as personnel must be present at the PE to conduct business activities.

PE agent concept can be triggered by the activities of an agent acting on behalf of a business entity. This agent, who can be an individual or another entity, serves as the business entity's representative. Crucially, establishing a PE through an agent does not require the business entity to set up its own physical office (OECD, 2003; Pinto, 2003).

Avoidance of tax surrounding PE principles

The explosion of e-commerce has challenged traditional tax systems built around physical presence (PE principles). Previously, a company operating in one region would establish a physical branch (PE) in another region to conduct direct sales. This PE would be subject to local taxes on profits earned within that region.

However, the rise of technology, especially the internet, has created a gray area. Companies can now virtually conduct business with consumers in a new region without a physical presence. This "virtual presence" can be achieved through two methods.

- *Home server websites*: Companies can exploit a gap in the system by operating websites on servers located in their home region. This way, they avoid establishing a physical presence (PE) in the new region where they sell their products. Since PE is a key factor in triggering local tax obligations, this strategy allows companies to potentially avoid paying taxes in the new region legally (tax avoidance).

However, this approach is not foolproof. The new region, recognizing this strategy, might enact regulations requiring companies exceeding a certain sales threshold to host servers locally. This ensures the company has a tangible presence within its borders and justifies local taxation.

- *Third-party server services*: Even with local server mandates, some companies might still seek ways to minimize their tax burden. Here, they turn to third-party internet service providers (ISPs). ISPs offer server space rental services, allowing websites to be accessed globally.

A company can leverage an ISP's servers in the new region to maintain a web presence there, potentially fulfilling the local server requirement. However, simply having a legal business relationship with the ISP doesn't automatically categorize the ISP as a PE agent for the company. Tax authorities need to conduct a deeper analysis to determine if the ISP's role constitutes a PE based on factors like the level of control and decision-making power the company has over its server operations within the ISP's infrastructure.

4. Analysis of international experiences of cross-border e-commerce taxation

4.1. Overview of global cross-border e-commerce taxation

4.1.1. Current situation of cross-border e-commerce taxation

The rapid growth of CBEC has presented significant challenges for tax authorities worldwide, necessitating the development and implementation of tax frameworks to address the unique characteristics of digital transactions. Global CBEC taxation is governed by a complex web of national and international tax rules. The Organisation for Economic Co-operation and Development (OECD) plays a crucial role in fostering international cooperation and developing a consensus on digital taxation. While efforts have been made to update VAT/GST rules for the digital age, including the EU's VAT Mini One Stop Shop (MOSS), regulatory fragmentation persists. This creates a patchwork of compliance requirements for businesses operating across borders, with varying registration thresholds, tax rates, and administrative procedures. A 2022 study by the International Chamber of Commerce (ICC) found that 70% of businesses surveyed identified compliance with VAT/GST regulations as a significant issue, leading to compliance complexities for businesses operating across borders (ICC, 2022).

The maturity of CBEC taxation implementation varies considerably across countries. Developed economies, with established e-commerce ecosystems, tend to have more advanced and comprehensive frameworks. These frameworks often integrate digital taxation measures with broader tax reforms, such as the OECD's Pillar One and Two proposals (BDI, 2021). For example, Singapore's streamlined registration process for foreign businesses and low-value goods exemption are often cited as successful examples of a well-designed framework. In contrast, developing countries may face challenges in fully implementing and enforcing CBEC taxation due to capacity constraints and limited resources. However, there is a growing recognition among these countries of the importance of addressing tax challenges in the digital economy to safeguard tax revenues and ensure a level playing field for domestic businesses.

4.1.2. Challenges of cross-border e-commerce taxation

The phenomenal rise of CBEC has revolutionized consumer behavior and disrupted traditional business models. However, this growth presents significant challenges for tax authorities worldwide, as existing tax frameworks struggle to effectively capture revenue from these digital transactions. This section delves into the key challenges hindering the efficient taxation of CBEC activities:

- *Lack of physical presence*: Unlike brick-and-mortar stores, online sellers often lack a physical presence in the buyer's country. This makes it difficult to determine tax jurisdiction and enforce tax collection. A 2021 survey by the International Trade Centre (ITC) found that 42% of businesses identified the lack of clear rules on permanent establishment for online businesses as a major barrier to CBEC (ITC, 2021).
- *Low-value goods:* A substantial portion of CBEC involves low-value goods (e.g., small electronics, fashion accessories). The administrative costs of collecting taxes on these items, often priced below $20, can exceed the revenue generated. World Trade Organization (WTO) estimated that for low-value goods shipments, tax collection costs can be up to ten times the revenue collected (WTO, 2023)
- *Digital products and services:* The intangible nature of many e-commerce products and services (e.g., software downloads, streaming subscriptions) further complicates tax collection. Traditional tax systems designed for physical goods struggle to handle these digital transactions effectively. The International Monetary Fund (IMF) found that only 30% of countries have specific tax rules for digital products and services (IMF, 2022).
- *Data privacy concerns*: Implementing effective tax collection methods often raises data privacy concerns. Balancing the need for tax authorities to access relevant data for tax assessments with user privacy remains a challenge.

4.1.3. Global efforts to address cross-border e-commerce taxation

The complexities of CBEC taxation have spurred international efforts to establish a more coherent and effective global framework.

- *OECD Pillar One and Two:* The Organisation for Economic Co-operation and Development (OECD) is at the forefront of international efforts to address CBEC taxation challenges.

Pillar One focuses on redistributing taxing rights between countries based on the principle of "nexus" taxation. In the context of CBEC, this entails redistributing a portion of the profits of multinational enterprises (MNEs) from large and highly profitable companies to the markets where they generate those profits, regardless of physical presence. This proposal is estimated to generate an additional $200 billion in global tax revenue annually (OECD, 2022).

Pillar Two aims to establish a minimum level of international corporate tax to prevent profit shifting to countries with lower or no taxes. In the context of CBEC, Pillar Two establishes a global minimum corporate tax rate, potentially set at around 15%, to prevent tax haven exploitation and ensure a fairer share of tax contributions from MNEs. Implementation of a global minimum tax rate could raise an estimated $150 billion in additional annual tax revenue globally (IMF, 2023).

As of May 2024, over 130 countries have signed up for the OECD's Pillar One and Two framework, representing a significant step towards a more coordinated approach to taxing MNEs in the digital age.

- *Country-specific initiatives:* In addition to international efforts, numerous countries have devised tailored approaches to tackle the challenges of CBEC taxation. Singapore, for example, has introduced an exemption for low-value goods and streamlined registration procedures for foreign enterprises. Australia has implemented a system whereby online marketplaces are mandated to collect GST from overseas vendors surpassing a specified threshold. Similarly, Brazil has adopted a simplified tax collection mechanism for low-value imports.

4.2. Analysis of Cross-border e-commerce taxation in European Unions, Singapore, and China

As CBEC continues to flourish globally, countries are implementing diverse taxation policies to address the associated challenges and opportunities. Several countries stand out for their significant efforts and advancements in implementing CBEC taxation measures. In this section, we conduct a comparative analysis of CBEC taxation in three significant economies: the European Union (EU), Singapore, and China.

4.2.1. The European Union (EU)

The European Union (EU) has recently implemented significant changes to its Value-Added Tax (VAT) rules to address the challenges posed by CBEC and enhance transparency in online shopping transactions. These changes aim to streamline VAT compliance for businesses, promote fairness in taxation, and combat VAT fraud in the digital economy.

Prior to 2021, the EU's CBEC VAT system was riddled with inefficiencies. Businesses faced a maze of regulations, requiring separate VAT registration in each member state where they exceeded a specific threshold (varying by country). This cumbersome process discouraged participation in the e-commerce market, particularly for smaller businesses. Additionally, a loophole existed for low-value imports (under €22) that were exempt from VAT (European Commission, 2021). This exemption was exploited by non-EU sellers, giving them an unfair advantage over EU businesses who had to charge VAT on all sales. Furthermore, consumers often faced unexpected customs charges upon delivery due to unclear VAT applications, leading to frustration and a lack of transparency. These factors combined resulted in lost revenue for EU member states and an uneven playing field for businesses.

In response to these issues, the EU implemented a series of key reforms. The new VAT rules, effective from July 1, 2021, impact online sellers, marketplaces, postal operators, customs, tax administrations, and consumers (European Commission, 2021). Key provisions include the removal of the VAT exemption for goods imported into the EU valued at less than €22, the establishment of a common EU threshold of €10,000 for VAT payment by online sellers, and the introduction of the Import One Stop Shop (IOSS) for non-EU sellers to register for VAT in the EU.

The reforms have yielded several positive outcomes. Businesses now benefit from simplified VAT compliance procedures, leading to increased participation in CBEC activities. The EU estimates that these reforms could generate an additional €7 billion annually in VAT revenue (European Commission, 2021). Consumers enjoy greater transparency due to clearer pricing with VAT included, eliminating surprise customs charges. Additionally, a fairer competitive landscape has emerged for EU businesses with the removal of the low-value goods exemption.

Despite the progress, challenges remain in the effective enforcement of VAT regulations and customs controls for low-value consignments (Directorate-General for Taxation and Customs Union, 2021). Customs administrations face difficulties in detecting fraud, undervaluation of goods, incorrect tariff classification, smuggling, and infringement of intellectual property rights. Variations in control practices, priorities, and sanctions across EU member states pose additional challenges to uniform implementation (Directorate-General for Taxation and Customs Union, 2021).

4.2.2. Singapore

Singapore, a thriving hub for e-commerce in Southeast Asia, is experiencing a surge in CBEC transactions. Similar to the EU, Singapore's strategic location, robust infrastructure, and tech-savvy population have fueled the rise of CBEM. However, unlike the EU's VAT system, Singapore primarily relies on import duties (customs duty) as a tax on imported goods. This duty aims to protect domestic businesses from unfair competition from foreign sellers who might avoid import taxes.

Prior to 2023, Singapore's e-commerce tax regime offered a significant advantage to foreign sellers. Goods valued below SGD 400 (approximately USD 300) were exempt from import duties, creating an uneven playing field for domestic businesses who shouldered the burden of these taxes (Singapore Customs, 2020). Recognizing this disparity, the Singaporean government implemented a critical change in January 2023. Now, all imported goods, regardless of value, are subject to import duties based on their nature and value. This policy shift aims to ensure a level playing field for domestic businesses and safeguard them from unfair competition from overseas sellers who might previously have avoided import taxes.

Singapore's e-commerce tax regulations are overseen by two key authorities: Singapore Customs and the Inland Revenue Authority of Singapore (IRAS). Singapore Customs is responsible for collecting import duties on all imported goods, including those purchased online (Singapore Customs, 2023). The Inland Revenue Authority of Singapore (IRAS) is responsible for collecting Goods and Services Tax (GST), currently at 8%, on most taxable supplies made in Singapore, including e-commerce transactions (Inland Revenue Authority of Singapore, 2023). Businesses exceeding an annual taxable turnover of SGD 1 million must register for GST and collect it from customers on taxable supplies before remitting it to IRAS (Inland Revenue Authority of Singapore, 2023).

While these regulations aim for fairness and transparency in the CBEC landscape, challenges remain for businesses, especially small and medium-sized enterprises (SMEs). The additional administrative burden of complying with import duty and GST requirements can be overwhelming for SMEs with limited resources (Singapore Business Federation, 2023). Furthermore, accurately providing detailed information about imported goods, including the country of origin, value, weight, and quantity, can be a challenge for businesses, potentially leading to delays and penalties from Singapore Customs (Singapore Customs, 2023).

The road ahead for Singapore's CBEC tax landscape necessitates a collaborative approach. Initiatives like Singapore Customs' user-friendly online portal and educational resources aim to support businesses in navigating the complexities of import duty and GST regulations (Singapore Customs, 2023). Continuous evaluation and adaptation of the existing framework will be necessary as CBEC continues to evolve and new challenges emerge. By fostering open communication and collaboration with businesses and stakeholders, Singapore can strive for a tax system that not only ensures fair competition and revenue collection but also facilitates the continued growth of its thriving e-commerce sector.

4.2.3. China

China's cross-border e-commerce (CBEC) market has witnessed explosive growth, fueled by a tech-savvy population and a desire for imported goods (Mordor Intelligence, 2022). The Chinese government closely regulates CBEC activities to ensure consumer safety, protect domestic industries, and regulate tax collection (FDI China). Several regulatory bodies oversee various aspects, from import/export regulations to customs clearance and tax policies. These regulations are subject to frequent updates, making it crucial for businesses to stay informed to avoid disruptions and penalties (FDI China).

China's CBEC taxation framework aims to balance revenue generation with fostering a thriving e-commerce ecosystem.

Previously, goods below a certain value were exempt from import duties, potentially creating an unfair advantage for foreign sellers. To address this, China now taxes all imported goods based on their value and nature (China Customs, 2023). Value-added tax (VAT) applies to most taxable supplies within China, including CBEC transactions. However, specific goods, such as luxury items, are subject to additional consumption taxes. Businesses can store imported goods in bonded warehouses within China before sale, allowing for delayed duty payments (FDI China, n.d.). This model facilitates efficient inventory management and potentially reduces upfront costs.

While these policies aim for fairness and transparency, challenges remain for businesses, especially SMEs. The complex regulatory framework and frequent updates can be overwhelming, with ensuring product compliance, accurate documentation, and proper tax calculations demanding significant resources. Additionally, a lack of complete transparency in regulations and interpretations can lead to inconsistencies in application and potential delays. Finding reliable partners with extensive knowledge of CBEC regulations can also be challenging, increasing the risk of non-compliance.

The future of China's CBEC market hinges on continuous improvement and collaboration. The government can significantly reduce compliance burdens by publishing clear and readily accessible guidelines. Businesses can invest in technology solutions and seek professional advice to navigate the complexities. Industry bodies can collaborate with all stakeholders to develop standardized practices and offer educational resources, fostering a more transparent and efficient CBEC environment.

5. Recommendations for the Vietnamese government

As discussed in the previous chapters, the implementation of CBEC taxation is a complex issue that requires careful consideration of various factors, including international experiences, legal frameworks, and administrative capacities. In this chapter, we will provide recommendations for the Vietnamese government to effectively implement CBEC taxation.

5.1. Current situation of Cross-border e-commerce taxation in Vietnam

Vietnam has been actively promoting e-commerce development in recent years, with the e-commerce market growing rapidly. According to a report by the Ministry of Industry and Trade, Vietnam's e-commerce market size reached USD 13.2 billion in 2020, with an annual growth rate of 25% (MOIT, 2020). However, the country still faces challenges in taxing CBEC transactions. Currently, Vietnam does not have a specific law or regulation on CBEC taxation, which leads to difficulties in identifying and taxing foreign sellers (Nguyen, 2020).

Moreover, Vietnam's tax authorities lack the necessary resources and infrastructure to effectively monitor and collect taxes from foreign sellers (Vu, 2020). The country's tax system is also not well-equipped to handle the complexities of CBEC transactions, such as determining the tax base, identifying taxable persons, and collecting taxes (Le, 2020).

5.2. Recommendations

Based on the analysis of international experiences and the current situation of Vietnam, we recommend the following measures for the Vietnamese government to effectively implement CBEC taxation:

- *Develop a comprehensive legal framework:* The Vietnamese government should develop a comprehensive legal framework that specifically addresses CBEC taxation. This framework should clearly define the tax base, taxable persons, and tax rates for CBEC transactions. The framework should also establish the responsibilities of foreign sellers, e-commerce platforms, and other stakeholders involved in CBEC transactions (OECD, 2015).

- *Implement a registration system for foreign sellers*: The Vietnamese government should establish a registration system for foreign sellers that operate in Vietnam's e-commerce market. This system should require foreign sellers to register with the tax authorities and provide necessary information, such as business registration, tax identification number, and bank account information (EU, 2020).

- *Enhance tax administration and collection*: The Vietnamese government should enhance its tax administration and collection capacities to effectively monitor and collect taxes from foreign sellers. This can be achieved by investing in technology, such as data analytics and artificial intelligence, to identify and track CBEC transactions (IMF, 2020).

- *Collaborate with international organizations and countries:* The Vietnamese government should collaborate with international organizations, such as the OECD and the IMF, and other countries to share best practices and experiences in implementing CBEC taxation. This collaboration can help Vietnam to develop a more effective and efficient tax system (OECD, 2019).

- *Provide guidance and support to taxpayers:* The Vietnamese government should provide guidance and support to taxpayers, including foreign sellers and e-commerce platforms, to ensure compliance with tax laws and regulations. This can be achieved by providing clear guidance on tax obligations, offering training and education programs, and establishing a taxpayer support system (IRS, 2020).

By developing a comprehensive legal framework, implementing a registration system for foreign sellers, enhancing tax administration and collection, collaborating with international organizations and countries, and providing guidance and support to taxpayers, the Vietnamese government can effectively implement CBEC taxation and ensure a fair and efficient tax system.

6. Conclusions

In conclusion, the international experiences in implementing cross-border e-commerce taxation provide valuable insights for the Government of Vietnam to enhance its tax policies and regulatory framework in the digital economy. The case studies from the European Union, Singapore, and China demonstrate the importance of clear tax regulations, international cooperation, and tailored approaches to address the challenges of taxing digital transactions across borders.

Recommendations for the Government of Vietnam include developing a comprehensive legal framework, implementing a registration system for foreign sellers, enhancing tax administration and collection, collaborating with international organizations and countries, and providing guidance and support to taxpayers.

Overall, by learning from international best practices and adapting them to the Vietnamese context, the government can create a robust regulatory framework that supports sustainable growth in cross-border e-commerce while ensuring tax compliance and fairness in the digital economy.

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