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## **KINH NGHIỆM QUỐC TẾ VỀ QUẢN LÝ THUẾ THƯƠNG MẠI ĐIỆN TỬ TRONG KHUÔN KHỔ NỀN KINH TẾ CHIA SẺ VÀ KHUYẾN NGHỊ ĐỐI VỚI CHÍNH PHỦ VIỆT NAM**

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### **Tóm tắt**

Thương mại điện tử trong nền kinh tế chia sẻ đã và đang trở thành một trong những lĩnh vực phát triển nhanh chóng, tạo ra nhiều cơ hội và thách thức cho các quốc gia trong việc xây dựng và thực thi chính sách thuế. Bài nghiên cứu này tập trung phân tích kinh nghiệm quốc tế trong việc áp dụng thuế thương mại điện tử trong nền kinh tế chia sẻ, với mục tiêu đưa ra các khuyến nghị cụ thể nhằm tăng cường tuân thủ thuế và thúc đẩy sự phát triển bền vững cho thương mại điện tử tại Việt Nam. Thông qua việc nghiên cứu các môi trường pháp lý và chính sách thuế đa dạng từ các quốc gia và khu vực như Liên minh Châu Âu, Úc và Hoa Kỳ, bài viết không chỉ làm rõ các tác động của quy định thuế đối với thương mại điện tử trong nền kinh tế chia sẻ mà còn khám phá những cơ hội và thách thức đặc thù mà Việt Nam đang đối mặt. Từ đó, nghiên cứu đề xuất các giải pháp chiến lược cho Việt Nam nhằm nâng cao hiệu quả thực thi chính sách thuế, đảm bảo sự công bằng, minh bạch và sự phát triển bền vững của nền kinh tế chia sẻ.

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## **INTERNATIONAL EXPERIENCES IN E-COMMERCE TAX MANAGEMENT WITHIN THE SHARING ECONOMY: RECOMMENDATIONS FOR VIETNAM**

### **Abstract**

E-commerce in the sharing economy has emerged as one of the fastest-growing sectors, presenting both opportunities and challenges for governments in developing and implementing taxation policies. This study focuses on analyzing international experiences in applying e-commerce taxation within the sharing economy, aiming to provide specific recommendations to enhance tax compliance and foster sustainable growth for e-commerce in Vietnam. By examining diverse legal frameworks and taxation policies from regions and countries such as the European Union, Australia, and the US, the research not only elucidates the impacts of tax regulations on e-commerce in the sharing economy but also identifies the unique challenges and opportunities that Vietnam faces. Based on these insights, the study proposes strategic solutions for Vietnam to improve the efficiency of tax policy implementation, ensuring fairness, transparency, and development of a sustainable sharing economy.

**Keywords:** E-commerce, Tax administration, International experiences, Vietnam, Sharing economy.

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### **1. Introduction**

The rapid expansion of the sharing economy, facilitated by digital platforms, has transformed global commerce and service delivery. Online marketplaces connect buyers and sellers seamlessly, enabling economic transactions without the need for traditional intermediaries. While this innovation has driven economic growth, it has also created challenges for tax authorities worldwide. The cross-border nature of digital transactions, the prevalence of cash payments in some economies, and the lack of a clear regulatory framework have complicated tax administration in the sharing economy.

Vietnam has actively embraced digital transformation, particularly in transportation, accommodation, and financial services. Since 2014, the country has piloted technology-driven business models such as Grab, Airbnb, and Triip.me, significantly reshaping consumer behavior and market dynamics. The e-commerce sector has experienced exponential growth, with thousands of individuals and businesses participating in online trade. However, the rapid expansion of digital commerce has outpaced regulatory developments, particularly in taxation. Vietnam's current tax system struggles to effectively capture revenue from the sharing economy, leading to tax losses and disparities between traditional and digital businesses.

The increasing dominance of e-commerce within the sharing economy has exposed limitations in Vietnam's tax administration framework. The absence of specific regulations for digital platform-based transactions complicates tax collection and enforcement. While Vietnam has introduced reforms, such as Circular 40/2021/TT-BTC, which mandates e-commerce platforms to declare and pay taxes on behalf of business individuals, the practical implementation of such policies remains uncertain. Challenges include monitoring transactions, ensuring compliance, and addressing gaps in cross-border taxation. Without an effective tax management strategy, Vietnam risks revenue losses and an uneven competitive landscape between digital and traditional businesses.

This study will implement the qualitative research method to analyze the three main research questions, and to gain deeper insights into policy frameworks, stakeholder perspectives, and regulatory challenges through real life case studies.

### **Research Questions**

1. What are the international best practices in e-commerce tax management within the sharing economy?
2. What are the key challenges and opportunities for Vietnam in adopting these practices?
3. What specific recommendations can be made to improve e-commerce tax management in Vietnam, considering its unique economic and regulatory context?

The study will focus on tax management strategies implemented by the European Union, the US and other relevant international experiences. It will examine Vietnam's current legal and regulatory framework, technological infrastructure, and the socio-economic factors influencing tax administration. The research will also analyze Vietnam's policy reforms, including Circular 40/2021/TT-BTC, to assess their effectiveness in addressing tax compliance challenges in the sharing economy. This research is crucial for modernizing Vietnam's tax administration to align with the realities of the digital economy. By identifying international best practices and offering tailored recommendations, the study can help policymakers design an equitable and efficient taxation framework for the sharing economy. Effective tax management will not only enhance revenue collection but also ensure fair competition between traditional and digital businesses, ultimately fostering sustainable economic growth in Vietnam.

## **2. Literature review**

### ***2.1. Previous Research***

In a study by Oei et al. (2018), the authors conducted an in-depth analysis of tax issues within the sharing economy, emphasizing the classification of workers as independent contractors versus

employees. This distinction has substantial implications for tax reporting, as independent contractors are responsible for self-employment taxes and face compliance challenges, such as tracking income and differentiating personal from business expenses. The study highlights that platforms like Uber and Airbnb often classify workers as contractors, shifting the tax burden onto individuals and complicating tax enforcement efforts.

Furthermore, Brândas et al. (2013) examined the broader impact of e-commerce on taxation and accounting activities, particularly in the context of globalization. The authors identified key challenges, such as determining the location of taxable income in cross-border transactions and the difficulty of applying traditional tax principles to digital operations. The study called for the development of an international taxation framework to address issues like server location, billing practices, and the delivery of digital goods, noting that the lack of a unified approach hinders effective tax enforcement.

Another study by Agbo and Nwadiolor (2020) explored the implications of e-commerce for tax revenue collection in developing countries, using Nigeria as a case study. The authors highlighted how the digitalization of commerce complicates the identification of transaction sources and destinations, thereby creating opportunities for tax evasion. They also pointed out that weak regulatory frameworks and limited technological infrastructure further exacerbate these challenges, making it difficult for tax authorities to adapt traditional tax collection methods to the digital economy.

Nguyễn et al. (2024) provided a comparative analysis of international e-commerce tax practices. The study examined the European Union's *Import One-Stop Shop (IOSS)* system, which simplifies VAT compliance for cross-border transactions. It also analyzed Singapore's approach, which balances tax collection with business growth by exempting low-value goods, and China's more stringent regulatory framework, which combines strict tax enforcement with policies that support domestic businesses. These varied approaches offer valuable insights for Vietnam as it seeks to develop effective and contextually appropriate e-commerce tax policies.

## **2.2. Research Gap**

Despite the growing body of research on e-commerce and sharing economy taxation, significant gaps remain, particularly in the context of developing economies like Vietnam. Much of the existing literature, such as the work by Oei and Ring (2018), focuses on challenges specific to developed countries like the United States, where digital infrastructure and tax compliance systems are more advanced. These findings may not be directly applicable to Vietnam, where issues like limited digital literacy, informal economic activities, and underdeveloped tax enforcement mechanisms present unique challenges.

Brândas et al. (2013) and Agbo and Nwadiolor (2020) highlight the global nature of e-commerce tax challenges but offer limited guidance on how countries with weaker institutional

capacities can implement effective solutions. Their studies emphasize the need for international cooperation but do not address the practical difficulties faced by countries like Vietnam in integrating global best practices into local tax frameworks.

While Nguyễn et al. (2024) provide valuable insights into how different countries manage e-commerce taxation, their research does not fully explore how these models can be adapted to Vietnam's specific socio-economic and regulatory environment. For instance, the *Import One-Stop Shop (IOSS)* system in the EU relies on robust digital infrastructure and high compliance rates, conditions that may not be present in Vietnam.

Therefore, there is a significant research gap in the literature regarding the specific challenges and best ways to apply cross-border e-commerce taxes in Vietnam's sharing economy. Filling this gap can help future studies give practical advice to the Vietnamese government, improving tax compliance, supporting steady growth in e-commerce, and helping develop the country's digital economy.

### **3. Theoretical framework**

#### ***3.1. Overview of sharing economy***

The sharing economy was first proposed in 1978 by American sociologists Marcus Felson and Joe L. Spaeth (Zhijian Yu & Hefei Bai, 2017). With the development of internet technology, third-party platforms have rapidly developed, bridging the gap between those with assets and services and those in need. The sharing economy breaks down time and space barriers, addressing the problem of resource waste caused by information asymmetry between supply and demand, and increasing resource utilization efficiency (Chu Thi Hoa, 2022). The sharing economy can be classified as a C2C model of E-commerce.

This model consists of three parties:

- The party providing services and assets
- The party providing the digital platform: Uber, Grab, Agoda
- The customer.

There are also third party services providers involved in the model, such as Payment processors to facilitate secure and convenient payment transactions between buyers and sellers. Examples include PayPal, Alipay, and Visa.

The sharing economy is present in many different business sectors such as transportation, accommodation, asset exchange, and labor exchange. In terms of taxation, the sharing economy can be classified by the sharing object into labor platforms and capital platforms, in which labor

platforms connect customers with the workforce, and capital platforms connect customers with those willing to rent or exchange their assets (Kristoffersson, 2019). The sharing economy is a new and complex business model that creates tax challenges globally. Essentially, the sharing economy is a special form of e-commerce, with similar characteristics and problems for the tax policies maker.

### ***3.2. Overview of tax management***

According to the Finance Director's Handbook (2009), Tax Management refers to the process of handling and administering taxes in accordance with the primary legislation, such as the Taxes Management Act 1970, to ensure proper imposition, collection, and deduction of taxes as outlined in the Finance Acts.

The major problem in e-commerce tax management in the sharing economy is the fact that the government can not define the exact business entity that participates in the sharing economy: the individuals owning the means used in sharing or the platform that provides the bases. Additionally, the platform providers are often a multinational company involving multiple countries with different tax systems and the international legislations about this field are not fully understood and developed.

### ***3.3. Overview of e-commerce tax management in sharing economy***

#### ***3.3.1. International taxation framework***

The current situation of the sharing economy is that there are some pioneer agencies providing platforms that dominate the world wide market, such as Uber, Agoda,..., and most individuals participate in the sharing economy model using one of the above mentioned platforms, which involves cross-border transactions. That reality means that the taxation of the sharing economy can be an international problem, requiring strict and exquisite regulations.

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. 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.

### *3.3.2. The existing e-commerce tax concept and its challenges in sharing economy*

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. 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.

### *3.3.3. Analysis of international tax systems adaptation to the sharing economy*

The sharing economy is a new and complex business model, creating tax challenges worldwide. Various countries had tried to make changes to the tax systems to adapt with the emerging sharing economy model, which set up examples and lessons for other countries. Our research will analyse in more detail about the adaptation of tax systems in the United States and the EU.

#### ***In the United States***

When the sharing economy first made an appearance in the US, the tax system classified individuals participating in the sharing economy platform, such as Uber, as independent contractors, not as employees. This led to these sharing economy platforms avoiding the liability of providing major benefits to their contractor and the liability of taxation problems involved. A major example is Uber: Since the driver in Uber is classified as an independent contractor, the company itself is gaining tax advantages against its competitors, the traditional transportation company. And because the drivers are not employees, they are not protected by the labor law and Uber does not have the liability to provide benefits such as insurance.



In California, 2016, after settling a misclassification lawsuit, Uber drivers were still classified as independent contractors. The reason behind the lawsuit is the differences in benefits of an employee and an independent contractor. Employees are covered by labor laws and guaranteed benefits such as minimum wage, breaks, and overtime. Independent contractors are not guaranteed any of these benefits. This classification remained a contentious issue, leading to further legal battles and legislative actions, such as the passage of Assembly Bill 5 (AB5) in 2019 and Proposition 22 in 2020.

- **AB5 (2019):** *This California law **expanded employee classification** using the **ABC test**, making it harder for companies like Uber and Lyft to classify workers as independent contractors. It aimed to grant gig workers **employee benefits** like minimum wage and healthcare.*
- **Proposition 22 (2020):** *In response, Uber, Lyft, and other gig companies **spent over \$200 million** to pass Prop 22, a **ballot measure that exempted app-based drivers from AB5**. It allowed drivers to remain independent contractors but with **some benefits**, like minimum earnings and healthcare stipends.*

In Hawaii, 2017, the state proposed that ride-sharing fares be subject to a 4.75% excise tax at the point of sale. This proposal was part of the state's efforts to ensure that ride-sharing companies like Uber and Lyft contributed to the state's tax revenue. This proposal also provided a more level playing field for other businesses in the transportation business, such as the traditional taxi industry, which encourages competition.

Similarly, in Massachusetts, 2016, the state government imposed a \$0.2 tax on each ride booked through ride-hailing services specifically for spending on the traditional taxi sector. The revenue generated from this tax was specifically earmarked to support the traditional taxi industry.

### ***In the European Union***

The situation in the EU is mostly similar to that of the US before the appearance of the sharing economy. The definition of the business entity, the consumers and employees is harder to determine therefore harder to manage taxation related problems.

In June 2016, the European Commission released "A European agenda for the collaborative economy," which noted that the sharing economy blurs the lines between consumers and suppliers, as well as professional and non-professional services, leading to tax complications.

### ***European Parliament Resolution***

(i) In June 2017, the European Parliament adopted a resolution regarding the agenda, advocating for clearer European guidelines and stressing the need for a well-balanced and ambitious EU strategy on the collaborative economy. The Parliament welcomed the

communication on a European agenda for the collaborative economy and suggested it was a first step.

### *Digital Services Tax (DST)*

(i) In March 2018, the European Commission proposed a Digital Services Tax (DST) of 3% on revenues from specific digital activities. The DST would apply to revenue from online advertising, digital intermediary activities - the model of sharing economy, and the sale of user data. The EU's DST was intended to affect only companies with total annual worldwide revenues of at least EUR 750 million and EU revenues of EUR 50 million.

(ii) The European Commission aimed for the interim measures to take effect on January 1, 2020. The proposal is based on the idea that companies offering digital services in the EU may pay little to no tax on their profits where the value of the services is created because they don't have a physical presence in the country where the services are performed.

(iii) The Commission also proposed that a company would be considered to have a taxable "digital presence" if its revenues exceed EUR 7 million in a member state, it has more than 100,000 users in a member state, or it has more than 3,000 business contracts for digital services between the company and business users per year. The proposal for an EU-wide digital services tax would generate revenues estimated to be worth up to EUR 5 million a year across the EU.

(iv) The European Commission's tax department formally proposed a 3% tax targeting revenues from digital advertising and online intermediation services. The DST is considered a distorting tax on the digital infrastructure that German businesses rely upon to reach more customers at lower costs.

By analyzing the changes of the tax systems to adapt to the sharing economy in the US and the EU, we can gain experiences to apply and make changes in tax policies in Vietnam to better fit the domestic environment, and therefore utilize the benefits and minimize the drawbacks of the emerging sharing economy.

## **4. Tax Management in the Sharing Economy in Vietnam**

### ***4.1. Tax Policy for Sharing Economy Models in Vietnam***

The sharing economy model in Vietnam has not yet developed strongly, but it has great potential. The types of sharing economy models in Vietnam are quite diverse. Among the 15 common service sectors worldwide with sharing economy models, Vietnam has already seen the emergence of 12 sectors, focusing on four main areas:

- (i) Passenger transport with ride-sharing services such as Grab, Be, or Gojek;

- (ii) Tourism with accommodation services such as Airbnb or Luxstay;
- (iii) Finance with peer-to-peer lending services such as Fiin.vn or Tima;
- (iv) Labor with skill-sharing, labor-sharing, or co-working space services such as Taskee or Designcrowd.

Fundamentally, the entities participating in the sharing economy include:

- (i) Direct participants, including service providers, consumers, and platform operators;
- (ii) Indirect participants, including banks/payment service providers and regulatory agencies.

The operational mechanism of services within the sharing economy model is carried out in the online environment, and therefore it is subject to legal regulations on information and e-commerce (Commercial Law; Law on Electronic Transactions; Law on Information Technology, etc., and related guiding documents). Compared to many other areas of state management, the legal framework regarding tax policies and tax management for sharing economy business activities is relatively complete, covering aspects such as tax registration, tax documentation, tax declaration, and tax payment.

### **E-commerce Tax Management Framework in Vietnam**

Vietnam has been actively developing a tax framework for e-commerce transactions to enhance tax compliance and enforcement, particularly for cross-border digital service providers.

In general, organizations and individuals engaging in sharing economy businesses in Vietnam (as well as in traditional business) are subject to current tax regulations, including Value Added Tax (VAT), Corporate Income Tax (CIT), and Personal Income Tax (PIT). However, tax collection in e-commerce faces unique challenges due to digital transactions, offshore service providers, and informal sellers operating through online platforms.

Currently, in Vietnam, tax policies are uniform, with no distinction between the sharing economy model and the traditional business model. Specifically:

#### **Tax Policies for Domestic Businesses:**

Enterprises are classified into two groups:

First, enterprises with annual revenue of 1 billion VND or more:

- (i) Declare and pay value-added tax (VAT) under the credit method, with tax rates corresponding to the type of goods or services.
- (ii) Pay corporate income tax (CIT) based on a percentage of revenue. If the total annual revenue does not exceed 20 billion VND, a tax rate of 20% applies; for revenue of 20 billion VND or more, the tax rate is 22%

Second, enterprises with annual revenue not exceeding 1 billion VND:

- (i) Declare and pay VAT under the direct method or voluntarily choose the credit method, with a percentage rate corresponding to each activity as stipulated in the VAT Law.
- (ii) Pay CIT under the declaration method, with a tax rate of 20% on taxable income.

### **Tax Policies for Foreign Contractors**

Foreign contractors, due to their lack of a commercial presence in Vietnam, have their tax obligations handled by product buyers. These buyers may include organizations established and operating under Vietnamese law, organizations registered under Vietnamese law, other organizations, and individual producers or businesspersons. Buyers are required to declare, withhold, and pay taxes on behalf of the foreign contractors. Alternatively, foreign contractors may fulfill their tax obligations through tax agents as regulated. For foreign contractors, three key tax issues currently arise:

- (i) Foreign contractors can only pay CIT directly since they cannot manage input costs abroad and lack a permanent establishment in Vietnam. This creates an inequity between domestic and foreign enterprises.
- (ii) There is a lack of mechanisms and policies for managing cross-border electronic payment transactions, making it challenging to oversee the tax obligations of foreign partners engaged in business activities in Vietnam. Tax authorities are becoming passive and need active cooperation from stakeholders in declarations and information sharing. Tax collection relies heavily on taxpayer honesty, increasing the risk of tax fraud.
- (iii) Assigning domestic service providers the responsibility of declaring and paying taxes on behalf of foreign contractors is impractical. Vietnam has signed 76 agreements on avoiding double taxation, so tax obligations must comply with these agreements.

### **Tax Policies for Households and Individuals**

Currently, business households and individual businesses pay fixed taxes, without differentiation between traditional business models and sharing economy models. Both labor platform sharing and capital platform sharing are subject to VAT and personal income tax (PIT) if annual revenue exceeds 100 million VND. Tax rates vary depending on the sector. Defining the relationship between connecting enterprises and labor-sharing participants - whether as an employment relationship, a partnership, or a new type of relationship - is essential for achieving fair taxation.

#### ***4.2. Tax Management for Sharing Economy Models in Vietnam***

- (i) **Tax Registration and Compliance:** The Tax Administration Law of 2019 requires taxpayers to register and obtain a tax identification number before commencing business

operations. Additionally, foreign suppliers without a permanent establishment in Vietnam, when engaging in e-commerce business, must either directly or through an authorized entity register, declare, and pay taxes in Vietnam.

**(ii) Role of Banking and Payment Systems:** The State Bank of Vietnam (SBV) is responsible for developing a national e-commerce payment system, integrating electronic payment utilities to improve tax oversight. Banks are also mandated to withhold and remit taxes on behalf of foreign businesses generating income from Vietnam.

**(iii) Platform Accountability:** The Ministry of Finance issued Circular No. 40/2021/TT-BTC on June 1, 2021, which imposes reporting obligations on e-commerce platforms. These platforms must provide tax authorities with transaction data from sellers using their services to ensure accurate tax collection. (Nguyen, Phuong, and Khanh Vu. 2024).

## **5. Recommendations**

### ***5.1. Current Situation of E-commerce Tax in the Sharing Economy in Vietnam***

Currently, Vietnam's sharing economy faces challenges in state management, particularly in defining its nature and operational methods. Vietnam's existing Law on E-commerce lacks specific provisions to regulate the activities of sharing economy models. First, the number of cash transactions remains prevalent, making it difficult to monitor and trace cash flows for tax collection. Second, the lack of clear regulations poses difficulties in issuing business licenses, as these activities are not yet listed in the official business categories. Additionally, there is an absence of policies to ensure fair competition between traditional and sharing economy sectors in specific industries. These disparities include unequal registration procedures, service pricing regulations, and the lack of quality management frameworks to protect consumers. Notably, clearer obligations for consumer rights protection in e-commerce activities related to the sharing economy remain inadequate.

There is also a need for more explicit mechanisms and policies to define the responsibilities of stakeholders within the sharing economy. Cybersecurity risks remain prevalent, with vulnerabilities exposing user information and technological risks during service use. Current information security regulations do not adequately address the responsibilities of stakeholders in cases of information leakage, loss, or unauthorized sale without customer consent. Notably, for intermediary service providers who are foreign contractors, it is also difficult for management agencies to inspect, monitor and collect taxes from these providers because they do not have offices or branches in Vietnam. It is difficult to stipulate the responsibilities of domestic service providers who are obliged to declare and pay taxes on behalf of foreign contractors because Vietnam has signed 76 agreements on avoiding double taxation.

## ***5.2. Recommendations for Vietnamese government***

Under the revised Tax Management Law approved on 29 November 2024, digital platforms should be required to declare and pay taxes on behalf of business households and individual sellers from 1 April 2025. They will be required to withhold and remit taxes on behalf of sellers and declare the amounts deducted. Sellers ineligible for tax deduction and payment by the platform must register, report and pay taxes directly to the Vietnamese government. Moreover, the General Department of Taxation has launched an Electronic Information Portal for foreign service providers to assist foreign enterprises in registering and paying taxes in Vietnam. It is essential to develop clear guidelines for platforms to calculate, deduct, and remit taxes efficiently to the tax authorities. However, collecting taxes from foreign businesses without physical operations in Vietnam remains difficult without international cooperation. Based on that situation, we recommend the following measures for the Vietnamese government:

First, the Vietnamese government should develop a comprehensive legal framework that specifically addresses e-commerce taxation. Vietnam should follow the U.S. approach of clarifying business classifications and tax responsibilities. Similar to California's AB5 and the European Parliament's collaborative economy resolution, Vietnam should define the tax obligations of digital platforms, independent contractors, and traditional businesses to ensure fair competition. Clear definitions of responsibilities among stakeholders and government agencies in managing the sharing economy should also be established. Second, Vietnam should require foreign sellers operating in its e-commerce market to register for a tax identification number (TIN) and declare revenues through an electronic tax portal. The Electronic Information Portal recently launched by Vietnam's General Department of Taxation should be further refined to facilitate compliance and enforcement. Third, cross-border payment transactions should be processed through a national payment gateway managed by a licensed entity authorized by the State Bank of Vietnam. Also, mechanisms should be established to allow stakeholders in the sharing economy to monitor the use of their information by platforms and enterprises, ensuring adherence to agreed terms. Finally, by accelerating the development of e-Government, expanding the implementation of the Electronic Invoice Project and piloting shared city models based on successful international examples, such as Seoul (Korea), Vietnam can foster a fair, secure, and well-regulated environment for the sharing economy while maintaining competitiveness and protecting consumer rights.

## **6. Conclusion**

In summary, international experiences in implementing e-commerce taxation offer valuable lessons for the Government of Vietnam in refining its tax policies and regulatory framework to address the complexities of taxation within the sharing economy. Case studies from the European

Union, Australia, and the US highlight the significance of clear and consistent tax regulations, international collaboration, and context-specific strategies to effectively manage cross-border digital transactions. Recommendations for the Government of Vietnam include development of a comprehensive legal framework for CBEC taxation, establishment of a registration system for foreign sellers, provision of guidance and support for taxpayers, creation of specialized tax management units, simplification of tax declaration and payment procedures and implementation of regulatory sandboxes for new technologies. By drawing on global best practices and adapting them to the Vietnamese context, the government can develop a robust taxation framework that promotes transparency, fairness, and compliance while supporting the sustainable growth of the sharing economy.

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