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Tax management in Vietnam's e-commerce sector: Challenges in enforcement and strategies for improving taxpayer identification and fairness

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ABSTRACT

The rapid growth and diversification of e-commerce have introduced complex challenges for tax authorities, particularly as businesses increasingly exploit legal gaps to avoid tax obligations. This study adopts a qualitative approach to examine Vietnam's legal and administrative efforts in identifying taxable entities within the e-commerce sector. It focuses on the allocation of tax responsibilities between e-commerce businesses and platform operators, the valuation of online transactions, and the management of taxpayer information. The findings reveal significant challenges, including outdated legal frameworks, limited technological infrastructure, and weak inter-agency coordination, which hinder effective tax administration. To address these issues, the study proposes policy and administrative measures such as improving taxpayer information systems, enhancing methods for valuing digital transactions, and strengthening collaboration among relevant authorities. These measures are essential to promote tax fairness, ensure compliance, and support the sustainable development of Vietnam's digital economy.

1. Introduction

In Vietnam, the rapid rise in online transactions has introduced significant complexities in tax administration, particularly in identifying and managing taxpayers engaged in e-commerce. As of December 2023, Vietnam ranks among the top 10 countries worldwide in terms of e-commerce growth, according to data from Statista cited by the Ministry of Industry and Trade. An estimated 61 million Vietnamese consumers participate in online shopping, with an average annual expenditure of approximately USD 300 per person (Nguyen, 2022). The rapid development of e-commerce has created significant challenges for state tax authorities, primarily because the existing legal framework has not kept pace with the expansion of the digital economy. As a result, gaining a clear understanding of tax obligations and implementing effective management strategies in this sector has become increasingly urgent (Ha et al., 2024).

The Vietnamese government has introduced various legal instruments to regulate tax administration in the e-commerce sector, with a particular emphasis on clarifying the tax obligations of relevant stakeholders. However, the lack of comprehensive and effective mechanisms to monitor and tax e-commerce transactions continues to pose significant risks to state revenue. Many businesses and individuals exploit existing legal loopholes to evade taxes. The primary challenge lies in ensuring that e-commerce entities comply with their tax obligations while upholding principles of fairness and transparency within the system. This task is further complicated by the nature of online transactions, which often lack physical presence, a traditionally key factor in tax assessments (Doan et al., 2025). This study investigates the challenges faced by Vietnam's tax authorities in managing taxpayer compliance within the digital economy and proposes practical solutions to strengthen the legal regulatory framework. By analyzing current tax regulations and benchmarking them against international standards and best practices, the study aims to provide insights into the development of a more robust and adaptable tax system. The goal is to support sustainable development and ensure the fair and effective enforcement of tax obligations in Vietnam's rapidly expanding e-commerce landscape.

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2. Literature review

In many advanced countries, scholars have long been interested in studying taxation and tax compliance behavior. Through various studies in this field, the tax compliance behavior of taxpayers in the e-commerce sector has been examined. In Vietnam, the surge in online transactions has increased the complexity of tax administration, particularly in identifying and managing taxpayers involved in these activities. To effectively analyze, theories such as the Sociology of Law, Institutional Theory, and the Behavioral Psychology Model are applied, combined with previous studies aimed at serving the purpose and identifying research gaps in the study of taxpayers in e-commerce in Vietnam.

Zulma and Hizazi (2020) assessed the challenges of managing taxpayer information in the e-commerce landscape. The surge of e-commerce in Southeast Asia, particularly Indonesia, presents significant tax revenue potential. However, existing tax regulations are ill-equipped to address the unique characteristics of this business model. The difficulty lies in applying traditional tax laws to e-commerce, specifically in determining the business location and identifying income sources. There is an urgent need to reform tax laws to align with the digital age and facilitate the growth of cross-border e-commerce companies.

In a study of e-commerce taxation, Aizhen (2018) identified several key challenges, including difficulties in determining taxpayers and tax payment deadlines, the complexity of verifying electronic transaction records, and inaccuracies in tax declarations. These obstacles pose significant challenges to effective tax administration. Aizhen (2018) proposed several solutions to address the complexities of e-commerce taxation in China. These include developing a rational tax policy, implementing a classified electronic tax registration system, introducing special invoices for e-commerce transactions, and providing specialized training for e-commerce tax administrators. Additionally, the Author emphasizes the importance of international tax cooperation to tackle complex cross-border e-commerce issues (Aizhen, 2018).

Martini and Mulyati (2023) highlighted the challenges faced by tax authorities in collecting and managing taxpayer information. While electronic tax systems have improved tax administration processes, difficulties persist in accessing taxpayer data. The study suggests that more support and guidance from tax authorities and e-commerce platforms are needed to enhance seller compliance.

While the authors highlight the challenges of collecting taxpayer information, they do not delve into specific solutions. As a developing country with a relatively new e-commerce sector, Vietnam faces significant infrastructure limitations in terms of collecting and managing taxpayer data. Therefore, there is a need for tailored solutions to address these specific challenges. In determining the value of transactions in e-commerce activities, Fatonah et al. (2018) argued that customers lack trust in electronic payments. Therefore, further research is needed on how to establish customer trust in electronic payment systems, as trust plays a crucial role in their adoption and use. Additionally, security remains a top concern for electronic payment systems. The authors recommend focusing on enhancing security features to address issues such as fraud and vulnerabilities, which can affect user trust and hinder the adoption of electronic payment systems. The group of authors proposes several solutions, including (i) enhancing trust in electronic payment systems, (ii) improving security. (iii) Researching future electronic payment systems (Fatonah et al, 2018).

The storage of e-commerce transaction information, as discussed in a study by Nalla and Reddy (2021), highlights several challenges: (i) large data volumes, (ii) changes in storage demands, (iii) reliability and availability, (iv) storage costs, and (v) managing unstructured data (Nalla and Reddy, 2021). The authors recommend adopting flexible and scalable data storage solutions in high-volume e-commerce transaction environments. Solutions such as cloud storage, distributed databases, and NoSQL are emphasized as essential tools for managing the growing volume of data, ensuring reliability, availability, and scalability.

In Vietnam, many researchers have studied the difficulties and possible solutions for managing taxes in e-commerce. They point out that Vietnam faces several problems, including challenges in monitoring transactions, identifying taxable individuals or businesses, and maintaining transparency in tax collection. To address these issues, the studies suggest improving the legal framework for e-commerce, using electronic invoices, and increasing cooperation among key organizations such as banks, postal services, and tax authorities. Developing a Big Data system is also recommended to help tax authorities track online transactions more effectively.

E-commerce is rapidly expanding, and online buying and selling have become increasingly active. This growth supports businesses, especially small and medium-sized enterprises, in boosting their competitiveness. Domestic e-commerce platforms are experiencing a surge in trade. However, problems still exist in identifying taxpayers, verifying their information, determining the value of transactions, and dealing with fraud in online shopping. Many disputes also occur in e-commerce distribution channels, but government agencies have not yet fully used their roles in regulation and dispute resolution. Building on earlier research, this paper analyzes the current challenges and offers practical solutions suitable for Vietnam's situation.

3. Research methodology

Given the exploratory nature and context of the study, a qualitative research approach was used in the article. The qualitative method facilitates a thorough investigation of the phenomena being examined. The research design is divided into two main phases. In the first phase, the focus is on document analysis, specifically legal regulations governing e-commerce business activities, Vietnam's policies and strategies for identifying taxpayers, collecting and managing taxpayer information, and determining the transaction values on digital platforms.

The second stage is based on the research results, analyzing the legal regulations applicable to taxpayers, the correlation between specific legal frameworks of various countries, and the Model Tax Convention. It also analyzes the current regulations of Vietnam to identify.

4. Research results

4.1. The theories of e-commerce and the law on taxpayers in e-commerce activities

4.1.1. The concept of e-commerce

The Fourth Industrial Revolution (4IR) has significantly reshaped the global economic landscape, prompting manufacturing enterprises and service providers to transition from traditional business models to intelligent, automated, and digitalized production systems. Among the sectors leading this transformation, e-commerce (EC) has been one of the earliest to digitize its business processes on a global scale. Online shopping, ordering, payment, and shipping have become pioneering domains in applying the technological advancements of the 4.0 era.

Although the concept of e-commerce has been defined from various theoretical perspectives by numerous organizations and countries, a universally accepted definition remains elusive. In general, e-commerce refers to commercial transactions conducted via electronic means. According to IBM (International Business Machines), which helped popularize the term through a 1998 advertising campaign, e-commerce in the 1990s was broadly understood as encompassing all forms of commercial transactions in which the involved parties use information technology to offer, negotiate, contract, or provide services. The term "e-commerce," which began gaining prominence around 1995, is now commonly viewed as a subset of electronic business (e-business).

E-business processes can be analyzed from two key perspectives: internal operations, encompassing management and administrative functions within the enterprise, and external interactions, including engagement with electronic markets and participation in e-commerce activities. As outlined in the UNCITRAL Model Law on Electronic Commerce, "This Law applies to all types of information." The World Trade Organization defines e-commerce as encompassing activities like the production, promotion, sale, and distribution of goods that are bought and paid for online, where the delivery process may involve either physical products or digital information transmitted via the Internet (UNCITL, 1996).

Accordingly, e-commerce activities encompass production, promotion, sales, and product distribution. These products are purchased and paid for online, meaning the buying and selling process occurs entirely online. The delivery process can happen in two ways: for physical products, it is tangible and involves traditional shipping methods, such as home delivery; for digital products, it is digitalized and takes place through the Internet, where distribution is made directly via data transmission. In other words, e-commerce includes online transactions and the method of product distribution, which can be either tangible or digital.

Semantically, e-commerce is defined as "the activity of buying and selling goods and services through online consumer services. According to this understanding, the process of buying and selling products and services occurs online, through platforms, websites, or mobile applications on the Internet. Consumers can purchase goods or use services online without needing to visit traditional stores. This approach has eliminated the buying and selling of goods and services through other electronic means, such as telephones and faxes.

About e-commerce, Meng (2009) defined it as the execution of business activities using modern communication technologies, particularly the Internet. It goes beyond simple electronic transactions based on browser/server (B/S) applications, representing a business model driven by the development of information technology and modern information systems, which have evolved into electronic business activities (Meng, 2009). In other words, e-commerce refers to the entire business process that utilizes electronic tools, particularly the Internet, to facilitate efficient and cost-effective exchanges of goods. Moreover, in a separate study, Aldaej (2019) described e-commerce as the use of telecommunications networks to carry out business transactions and establish connections between businesses (Aldaej, 2019). Thus, the buying and selling of goods and services or the exchange of information between parties (whether companies or individuals) takes place via telecommunications technologies, primarily the Internet.

While the terms "e-commerce" and "e-business" are often used interchangeably, they represent different concepts. According to Manzoor (2010), e-commerce refers to the process of conducting commercial transactions electronically via the Internet. In contrast, e-business involves a comprehensive transformation of a business model into a networked enterprise enabled by the Internet (Manzoor, 2010).

In Vietnam, Decree No. 52/2013/ND-CP outlines that e-commerce activities encompass executing part or all of the commercial processes through electronic means connected to the Internet, mobile networks, or other open networks. From the perspective of Vietnamese law, the term 'e-commerce' implies that business activities, such as buying and selling goods, offering services, making payments, and marketing, can be carried out either partially or entirely through electronic devices and technologies. These devices are connected to public networks, such as the Internet, mobile telecommunication networks, or other open networks, enabling transactions and exchanges without the need for direct, face-to-face interaction.

In summary, regardless of the viewpoint, e-commerce can be broadly understood as the application of electronic media and digital information technologies in business transactions, aimed at creating, transmitting, and reshaping relationships to generate value among organizations and between organizations and individuals.

4.1.2. Characteristics of e-commerce transactions

E-commerce activities have the following key characteristics: First, enhance interaction: Compared to traditional commerce, conducting transactions often requires parties to meet face-to-face to negotiate and agree on terms. The transaction process primarily involves activities such as quoting, ordering, transferring funds, using checks, generating invoices, shipping documents, and submitting reports. Telecommunications, such as telephone, fax, and telex, are only used sparingly to support the exchange of information related to the transaction process. E-commerce provides tools that allow businesses to directly reach and interact with customers via email, messaging, social media, and other online communication platforms, thereby increasing customer service capabilities and personalizing the shopping experience.

The importance of interactivity in e-commerce activities was highlighted by Yoon et al. (2008), who stated that interactivity is a crucial characteristic in e-commerce transactions, helping consumers become more proactive and engaging in communication and transactions within the online environment. In the traditional, offline environment, the relationship between companies and consumers is often initiated by companies through various advertising efforts, such as direct advertising and sales promotions. However, in the online environment, consumers actively establish and maintain relationships with companies, creating a two-way interaction (Yoon et al., 2008).

Additionally, since the advent of the global computer network (Internet), the exchange of commercial information is no longer limited to parties within the same transaction. Still, it has rapidly expanded worldwide, with an increasing number of participants. These participants can be anyone, from individuals to businesses, and they may have never met each other. In e-commerce, sellers and buyers can transact with partners worldwide without the need for intermediaries. E-commerce opens opportunities for everyone to participate in commercial activities, regardless of whether they reside in remote areas or significant urban centers. This creates equal opportunities for people worldwide to participate in the global market, irrespective of prior connections.

Secondly, product customization capabilities and flexible pricing mechanisms are among the prominent advantages of e-commerce. Compared to traditional commerce, when businesses want to change products or adjust prices to align with market trends, they often go through a series of costly and complicated steps. Specifically, companies need to dismantle, reprint, and replace all packaging, labels, and sometimes even the packaging design for display in physical stores. This not only consumes a significant amount of time but also results in the waste of resources and additional costs. However, with e-commerce, this process is much simpler. By utilizing online sales management software, businesses can instantly update product information, adjust prices, or modify other details. According to Dewan et al. (2000), Internet commerce technology significantly reduces sellers' costs in collecting information and buyer preferences, and it facilitates the management and adjustment of prices to achieve maximum efficiency. Flexibility in products and pricing is something that manufacturers are mainly concerned with (Dewan et al., 2000).

Sharing the same view with Dewan et al. (2000) and Mercy (2009) emphasized that market demand refers to specific consumers who need certain goods that can only be found online. Consumers in this situation have no choice but to purchase the product despite its price. In other words, due to their strong interest, these consumers will be less likely to be swayed by price sensitivity. These consumers can also be classified as fanatical consumers. On the other hand, a desired market is optional for consumers. With the right price, consumers can be encouraged to try something new. Therefore, this is a price point that can be adjusted based on consumer preferences. Consequently, the expression of this flexible pricing has a significant impact on consumers' purchasing decisions. However, for a demand-driven market, pricing will lead to a gradual decline in sales and a flatter demand curve within a company. In contrast, for a desired market, the opposite applies—flexible and straightforward pricing enhances more transactions (Mercy, 2009). This not only saves time but also minimizes the costs associated with printing and updating physical goods. After adjustments, these changes will be directly displayed on the website or sales application, enabling customers to quickly and conveniently access new information. This convenience provides businesses with a significant advantage in rapidly responding to market demands and optimizing the customer experience. Furthermore, companies can conduct multiple experiments with pricing, promotions, or product changes without worrying about fixed costs related to physical displays. This makes e-commerce a powerful tool for optimizing business strategies and effectively reaching customers. Thirdly, the use of digital technology and electronic networks: E-commerce relies on the use of digital technologies and electronic networks such as the Internet, mobile telecommunications networks, and other network systems to conduct transactions, provide services, make payments, and exchange information.

E-commerce has grown significantly due to the rapid expansion of the internet. The Internet and smartphones have become an indispensable part of daily life. According to Jain et al. (2021), the internet is no longer just a source of information; it has become an effective tool for everyone, from carpenters and doctors to horse riders, enabling them to shop, read news, communicate, and utilize online services (Jain et al., 2021). Digital networks have made supply chains more flexible and intelligent, allowing for faster customer connections and reducing environmental impact, which supports businesses in achieving sustainable development. In the past 15 years, the revolution in Information and Communications Technologies (ICT) has fueled unparalleled economic growth.

In conclusion, the rapid development of digital technology and electronic networks, particularly the Internet and smartphones, has laid a solid foundation for e-commerce. The internet is not only a tool for facilitating transactions but also brings numerous advantages, making the supply chain more flexible, enabling quick customer connections, and contributing to the sustainable growth of businesses. The rapid growth of information and communications technology in recent years has created new economic opportunities, driving global growth and innovation.

4.1.3. Some business models in e-commerce

As highlighted in the characteristics section, internet-based e-commerce is becoming a key method for conducting business. However, a variety of new e-commerce models are being tested across different industries, including Business-to-Business (B2B), Business-to-Consumer (B2C), and Business-to-Government (B2G) sectors. Timmers (1998) described a business model as a framework for products, services, and information flows (which may involve aspects such as pricing or branding), encompassing a description of the different actors, the benefits each actor receives, and the sources of revenue. By observing businesses online, information and technology have given rise to numerous business models (Timmers, 1998). However, technology does not dictate which model to choose; instead, its development often leads to the creation of new models. As such, the capabilities of advanced technology are crucial in selecting an appropriate business model. Below are some popular e-commerce models commonly applied across countries.

Electronic Shops (E-shops): These are seen as web-based platforms for marketing a company's products and services over the internet. Typically, they serve to promote the company and provide access to product details, pricing information, online ordering capabilities, and payment options.

When adopting the E-Shop model, providers need to consider various factors that influence purchasing decisions. These factors encompass those related to the product, logistics, customer service, payment methods, technology, and cultural aspects. A study by Stefko et al. (2011) analyzing e-shop customer preferences found that product-related factors and competitive prices are also significant influences on purchase intentions (Stefko et al., 2011). With this approach, the demand for shopping increases, opening a low-cost path to expanding global presence and helping to reduce costs through promotions and sales. As a result, consumers can benefit from lower prices or have alternative options compared to traditional shopping methods. This also creates diversity in choices, provides more information, and facilitates convenient price comparisons and optimization. Additionally, shopping and delivery services, including 24-hour delivery, are also offered. In most cases, a seller's revenue is generated from reduced product costs, increased sales, and effective advertising. Therefore, pricing flexibility is necessary to optimize revenue. Examples of companies operating electronic stores include eBay, Amazon, and many others.

Electronic Auctions (E-Auctions): E-Auctions are not only considered a business model but also serve as a flexible pricing mechanism in dynamic pricing methods. This form enables buyers to submit the price they are willing to pay for a product or service, and sellers will select the most suitable bid. These auction sessions often include multimedia presentations, such as detailed images and videos of the product, as well as pricing information, to provide buyers with essential details before making their bidding decisions.

When applying the E-Shops model, providers need to pay attention to the flexibility in adjusting reasonable prices. Leung et al. (2019) have confirmed the importance of flexibility in price adjustments in a study. Flexible pricing is crucial for suppliers when offering competitive quotations while considering various factors such as customer purchasing behavior and product popularity. The pricing decision, supported by data mining and artificial intelligence techniques such as fuzzy logic and association rule mining, enables dynamic price adjustments based on real-time data (Leung et al., 2019). This flexibility ensures that suppliers remain competitive and increase their chances of winning orders while maintaining profitability.

Electronic Auctions (E-Auctions): E-Auctions are not only seen as a business model but also serve as a flexible pricing mechanism within dynamic pricing methods. This format allows buyers to propose the price they are willing to pay for a product or service, and sellers choose the most suitable bid. These auctions are often accompanied by multimedia presentations, including detailed images and videos of the product, as well as pricing information, which provides buyers with essential details before making their bidding decisions.

The primary benefit of electronic auctions lies in their ability to integrate the bidding, payment, and delivery processes, thereby saving both suppliers and buyers time and costs. In particular, the absence of face-to-face meetings and the need to transport goods until the transaction is completed minimize shipping costs, as well as other transaction fees. This approach is seen as an effective and convenient solution for all parties involved. As noted by de Ruiter and van Heck (2004), they highlighted the convenience of E-Auctions by pointing out that manufacturers can combine the bidding process with contracts, payments, and delivery. This integration enhances the benefits for both suppliers and buyers, saving time and eliminating the need for physical transportation until the agreement is reached. Furthermore, the lower costs make it viable to sell small quantities of low-value items (de Ruiter and van Heck, 2004).

Consumers appreciate electronic auctions because, in addition to saving time, they can also choose to purchase products at prices that match their financial capacity. With the combination of detailed multimedia information, buyers can make more informed decisions. Platforms like eBay are prominent examples of successful electronic auction models, offering buyers a wide range of choices and providing economic benefits to sellers.

Virtual Communities: Companies that manage virtual communities often provide a platform where members or consumers can share information after making purchases. This shared content is considered the central value of virtual community companies. According to Hagel and Rayport (1997), these companies can complement other marketing strategies by helping build customer loyalty, collecting feedback, and gaining insights from customer reactions. Amazon serves as a key example of a virtual community company, specializing in the online sale of books and other products (Hagel and Rayport, 1997). Additional services and opportunities, such as email and collaboration platforms, arise as extra features from these virtual community companies.

Some benefits of Virtual Communities include: (i) Enhancing interaction and engagement. Virtual communities create an environment for customers and businesses to interact, exchange information, and provide prompt feedback. This helps build loyalty and strengthen the bond between the brand and customers. (ii) Collecting valuable feedback and data, Customers often share information, opinions, and experiences after making a purchase, enabling businesses to understand their needs and desires better. This information can be used to improve products, services, and marketing strategies. (iii) By reducing advertising costs, companies can utilize virtual communities to promote their products without the need for expensive traditional advertising campaigns. Customers naturally introduce products by sharing their reviews and experiences. (iv) Creating opportunities for new product and service development, information and trends from virtual communities help businesses identify new needs, leading to the development of products and services that align with the market. (v) Supporting and enhancing customer service, Virtual communities allow customers to seek and provide mutual support, helping resolve issues quickly and efficiently without requiring direct intervention from the business. (vi) Expanding networks and collaborations, Businesses can easily collaborate with other partners through virtual communities, thereby expanding business opportunities and sharing resources. (vii) Convenience and flexibility, Users can participate in virtual communities anytime and anywhere, without being limited by space and time. This expands the influence and accessibility to a global market.

In his assessment of the benefits of virtual communities, Spaulding (2010) observed that virtual communities can directly support most company activities. The potential benefits of participating in virtual communities depend on the characteristics of each type of company (Spaulding, 2010).

Third-Party Marketplace: This model is employed when companies opt to outsource web-based marketing activities to a third-party entity that oversees the marketplace. The third party offers a user interface for the supplier's product catalog, integrating essential features such as branding, pricing, payment options, logistics, ordering, and, most importantly, a secure transaction process.

Consumers who wish to purchase products on a third-party marketplace platform will have access to all the information from the original supplier. This ensures that buyers have sufficient information to make informed decisions, including product details, pricing, and payment methods, thereby providing a safe and reliable shopping experience. Bao et al. (2016) described trust in the online purchasing process based on three key factors: (i) Customer satisfaction, interactivity, and the effectiveness of e-commerce institutional mechanisms. (ii) Trust is built when customers perceive the seller as competent, reliable, and attentive to their interests. (iii) Online communication tools, such as feedback systems and instant messaging, play a crucial role in enhancing interactivity and, subsequently, fostering buyers' trust in the seller (Bao et al., 2016).

Some benefits of the Third-Party Marketplace model include: (i) Cost and resource savings: businesses can save on the costs of building and operating their e-commerce platform by using a third-party platform. This allows them to focus on their core products and services without worrying about developing digital infrastructure. (ii) Access to a larger market: third-party marketplaces often have a large user base and broad reach, helping businesses access potential customers they might not reach if they built their platform independently. This is particularly advantageous for small and medium-sized enterprises. (iii) Comprehensive features and utilities: Third-party platforms typically come with features such as secure payments, logistics management, and integrated order systems, making it easier for businesses to manage the entire sales process, from customer order to delivery. Consumers also benefit from protected rights through a secure transaction process. (iv) Building trust with customers: By using reputable and well-established marketplace platforms, businesses can leverage the trust customers have in these platforms. Partnering with a third party helps enhance brand image and attract more customers through the platform's reputation. (v) Easy management: Businesses do not need to manage complex sales systems themselves, as the third party handles technical aspects such as security, customer data management, and post-sale support. This reduces burdens and increases efficiency in business operations. An example of a third-party marketplace service provider is FedEx, which offers virtual order services, and many other companies also operate under this model.

Value-Chain Service Provider: A value chain refers to a sequence of activities that collectively create a finished product, from the initial design phase to its delivery to the customer. Kardaras (2009) stated that the value chain outlines each step in adding value, including processes such as sourcing, production, and marketing. Companies perform value chain analysis by assessing the detailed steps involved in their operations (Kardaras, 2009).

This analysis aims to enhance production efficiency, enabling the company to deliver maximum value at the lowest cost. In addition, Pil and Holweg (2006) described the value chain as the transformation of raw materials into a finished product, which is then distributed, sold, and maintained (Pil and Holweg, 2006).

Characteristics of a Value Chain Service Provider in E-commerce: (i) Digital Technology Integration: Value chain providers often utilize modern technology solutions, such as artificial intelligence (AI), big data, automation, and e-commerce, to optimize business processes. (ii) Omnichannel Services: These services typically offer support across multiple channels, including websites, mobile apps, social media, and e-commerce platforms (such as Amazon, Alibaba, Shopee, Lazada), enabling businesses to reach customers anywhere. (iii) Acting as Intermediaries: Many value chain service providers in e-commerce serve as a bridge between sellers and buyers, ensuring transactions are fast, transparent, and secure. (iv) Supply Chain Support: These providers assist at various stages, including warehousing, inventory management, packaging, and shipping goods to the end customer.

Additionally, this model emphasizes specific functions within the value chain, such as electronic payments. A prime example is the banking industry, which has long established its position within this model. Furthermore, new approaches are also emerging in the fields of production and inventory management, where intermediaries offer specialized and customized manufacturing services to businesses.

An example of a value chain service provider is UPS (United Parcel Service - www.ups.com). UPS is one of the world's largest logistics companies, specializing in transportation and supply chain solutions. Its principal activities include (i) Parcel delivery, which is UPS's core service, involving the delivery of parcels and goods to domestic and international destinations. UPS offers expedited shipping, same-day delivery, and scheduled delivery services. (ii) Logistics and supply chain management, UPS provides global supply chain management solutions, helping businesses optimize transportation processes, manage inventory, and handle warehousing. Their services range from cargo management to warehousing, distribution, and customized shipping solutions. (iii) International freight services, UPS offers international freight services via road, air, and sea, enabling businesses to transport goods quickly across the globe. (iv) E-commerce services, UPS supports e-commerce businesses with packaging, shipping, order tracking, and reverse logistics services. (v) Payment and financial services, UPS offers financial services such as cash on delivery (COD) and provides financial solutions to help businesses streamline their supply chain operations. Through these activities, UPS is not only a transportation provider but also a critical partner in delivering comprehensive value chain solutions for businesses worldwide.

4.2. The law on taxpayers in e-commerce activities

A taxpayer is an individual or organization that carries out tax procedures such as declaring and paying taxes to the state budget. This concept is often confused with the term's taxpayer subject"; however, these two concepts are not the same. A taxpayer subject is an individual or organization that is required to pay taxes as prescribed by law. Meanwhile, a taxpayer may authorize or request that another person perform this obligation on their behalf. Taxpayer subjects may also be entitled to tax deductions for specific amounts when they fully comply with the regulations on tax declaration and payment. Taxpayers are responsible for complying with all tax-related procedures to fulfill their obligation to pay money into the state budget.

The current Law on Tax Administration in Vietnam does not explicitly define a taxpayer; instead, it lists the categories of taxpayers. These include organizations, households, business households, and individuals who pay taxes under tax laws; organizations, households, business households, and individuals who make other contributions to the state budget; as well as organizations and individuals who are responsible for withholding taxes. While the Law on Tax Administration does not provide a direct definition of a taxpayer, the term is mentioned in several other relevant laws, such as the Law on Export and Import

Duties, the Law on Corporate Income Tax, the Law on Personal Income Tax, and the Law on Special Consumption Tax.

Accordingly, taxpayers include various entities, such as organizations, households, business households, and individuals who fulfill their tax obligations as prescribed by tax law. This group is required to directly declare and pay taxes related to their production, business activities, and other income sources as stipulated by the regulations. (ii) In addition to tax obligations, organizations, households, business households, and individuals must also pay other contributions to the state budget. These contributions may include fees, charges, or other financial obligations as mandated by law. (iii) Organizations and individuals with tax withholding obligations. This means that when paying income to others, organizations and individuals must withhold a portion of the revenue to pay taxes on behalf of the recipients, ensuring compliance with tax regulations.

The Tax Administration Law of the People's Republic of China (PRC) defines taxpayers as follows: (i) Organizations and individuals that have a legal obligation to pay taxes under laws and administrative regulations are considered taxpayers. (ii) Organizations and individuals who are required by law or administrative regulations to withhold and remit taxes, or to collect and remit taxes, are considered tax representatives.

To summarize, a taxpayer refers to an organization, household, business, or individual that is obligated to pay taxes under tax regulations. It also includes organizations, households, business households, and individuals who make additional contributions to the state budget, as well as those responsible for withholding taxes. This concept encompasses entities with financial responsibilities to the state, not limited to taxes alone, but also covering other financial obligations and tax withholding duties.

4.2.1. Some types of taxes applicable to taxpayers in e-commerce activities

E-commerce activities, as well as traditional commerce in Vietnam, are subject to strict tax management to ensure transparency and fairness in business operations. Entities engaged in business activities must clearly understand and fully comply with their tax obligations to avoid legal risks and promote sustainable development. When conducting e-commerce activities, taxpayers must be well-versed in the regulations governing various types of taxes.

Personal Income Tax (PIT): Personal income tax applies to individuals engaged in e-commerce activities, regardless of whether they are Vietnamese citizens or foreigners, if they have taxable income under the regulations. Accordingly, a resident individual is present in Vietnam for 183 days or more within a fiscal year or has a permanent residence in Vietnam. These individuals are subject to personal income tax on all income generated, both within and outside Vietnam, regardless of whether the income originates from e-commerce activities within Vietnam or internationally. Non-resident individuals are those who are present in Vietnam for less than 183 days or do not have a permanent residence there. These individuals are only subject to personal income tax on income generated within Vietnam. In cases where an individual engaged in e-commerce generates an annual income of less than 100 million Vietnamese Dong (VND), they are exempt from paying personal income tax. This exemption is designed to support small-scale individuals, providing them with favorable conditions to develop their online businesses without facing high tax burdens.

Therefore, individual business owners and households, whether operating through traditional methods or conducting e-commerce on online platforms, are subject to Personal Income Tax if they generate taxable income. They must fulfill their PIT obligations by regulations, regardless of their chosen business model.

Corporate Income Tax (CIT): Corporate income tax is levied on businesses engaged in e-commerce activities in Vietnam, and they are required to pay corporate income tax on their profits. Under current regulations, organizations involved in the production and sale of goods and services that generate taxable income, as defined by the Corporate Income Tax Law, are required to pay corporate income tax (CIT). Specifically, Vietnamese enterprises are required to pay taxes on taxable income earned both domestically and internationally. Foreign enterprises with a permanent establishment in Vietnam are required to pay taxes on income earned in Vietnam, as well as on income generated outside Vietnam that is related to the activities of that establishment. However, foreign enterprises without a permanent establishment in Vietnam are only obligated to pay taxes on income earned within Vietnam. Thus, whether the business is Vietnamese or foreign, and whether it operates through traditional methods or e-commerce platforms, it must comply with Vietnam's corporate income tax laws and pay CIT if applicable.

Value Added Tax (VAT): Value Added Tax is a tax calculated on the added value of goods and services generated throughout the production, circulation, and consumption processes. Accordingly, it applies to goods and services in e-commerce activities. Businesses or individuals providing products or services through e-commerce must calculate and pay VAT to the state.

Import and Export Tax (IET): Import and export tax is a type of tax imposed on goods when they are imported into or exported from a country. Taxpayers include the following entities: (i) Owners of exported or imported goods. (ii) Organizations entrusted with export or import activities. (iii) Individuals entering or exiting the country who have goods for export or import, or who send or receive goods through Vietnam's borders or customs checkpoints. (iv)

Authorized people, guarantors, or those who pay taxes on behalf of taxpayers. (v) Individuals purchasing or transporting goods within the duty-free allowance for border residents but reselling them in the domestic market instead of using them for production or consumption, and foreign traders are allowed to conduct export and import activities in border markets as per legal regulations. (vi) Individuals whose exported or imported goods were originally tax-exempt but later became subject to tax due to changes in circumstances specified by law. (vii) Other cases as prescribed by law. The purpose of import and export taxes is to protect the domestic economy, regulate the flow of goods in and out of the country, and serve as a significant source of revenue for the state budget. These taxes are typically specified in the import and export tax schedules of each country, and the tax rates vary depending on the type of goods, their origin, and the trade policies of the importing or exporting country.

In summary, organizations and individuals subject to the provisions of the Law on Export and Import Tax who import goods for business purposes on e-commerce platforms must declare and pay taxes according to the regulations.

Special Consumption Tax (SCT): This is an indirect tax imposed on final consumers when purchasing products, goods, or services that are subject to taxation as stipulated by law. This tax applies to certain types of goods and services that the government aims to limit consumption of, as well as to luxury and high-end items.

The taxpayers of the Special Consumption Tax are organizations and individuals that produce, import goods, and provide services through e-commerce platforms that fall under the category subject to this tax. In cases where organizations or individuals engaged in export business purchase goods subject to Special Consumption Tax from manufacturers for export but instead consume these goods domestically, the organizations or individuals involved in the export business become liable for paying the Special Consumption Tax.

The purpose of Special Consumption Tax is as follows: (i) To limit the consumption of harmful goods and services, goods such as alcohol, beer, tobacco, luxury cars, or services like nightclubs and casinos are often subject to Special Consumption Tax to reduce consumption due to concerns related to public health, the environment, or social ethics. (ii) To increase government revenue, the unique Consumption Tax serves as a tool to generate state budget revenue from luxury goods and services, or those that are not encouraged for general consumption. (iii) To regulate consumption and production, the government uses the Special Consumption Tax to control market demand, thereby influencing the consumption levels of non-essential items or those that impact health and the environment.

In addition to the above taxes, entities engaged in e-commerce activities must comply with Environmental Protection Tax laws, which apply to products that pollute or negatively impact the environment. This tax is typically used on certain imported goods or consumer products in e-commerce.

4.3. The current state of the law regarding taxpayers in e-commerce activities in Vietnam

In recent years, Vietnam has enacted several legal documents related to tax management in the e-commerce sector, which have been gradually developed and refined. Initially, the Law on Tax Administration No. 38/2019/QH14, effective from July 1, 2020, was introduced, along with supporting regulations such as Decree 126/2020/ND-CP, which provides detailed guidelines for specific provisions of the Law on Tax Administration, and Decree 91/2022/ND-CP, which amends and supplements various sections of Decree 126/2020/ND-CP. Additionally, the Ministry of Finance has issued several circulars, including Circular No. 105/2020/TT-BTC on tax registration, Circular No. 80/2021/TT-BTC, which offers guidance on the implementation of provisions from the Law on Tax Administration and Decree 126/2020/ND-CP, Circular No. 40/2021/TT-BTC on value-added tax, personal income tax, and tax management for business households and individual businesses, and Circular No. 100/2021/TT-BTC, which amends specific provisions of Circular No. 40/2021/TT-BTC. These regulations have established a robust legal framework for tax management in the context of e-commerce, explicitly encompassing transactions on e-commerce platforms. However, some challenges remain in regulating taxpayers involved in e-commerce activities, particularly:

4.3.1. Identifying taxpayers in e-commerce activities

According to the current principles of international taxation, the country where the income originates has the right to tax the business profits of a non-resident entity only if that entity has a permanent establishment in the income-generating country through a significant physical presence or a dependent establishment. However, in the case of e-commerce, business activities can be conducted via electronic platforms that operate within a market area without any physical presence. This is particularly complex for online advertising and interactive business activities on social media.

Clause 4, Article 42 of the Law on Tax Administration No. 38/2019/QH14 regarding tax declaration stipulates that, for e-commerce activities, digital platform-based business, and other services provided by foreign suppliers without a permanent establishment in Vietnam, these foreign suppliers are obligated to either directly or through authorized representatives register, declare, and pay taxes in Vietnam by regulations set by the Ministry of Finance. When assessing the criteria for identifying taxpayers in e-commerce activities, the term "permanent establishment" is mentioned in several key legal documents, such as the Law on Export and Import Tax, the Law on Corporate Income Tax, the Law on Personal Income Tax, and the Law on Special Consumption Tax. A permanent establishment of a foreign company refers to a facility or location where the foreign company conducts all or part of its production or business activities in Vietnam, generating income. This includes: (i) branches, offices, factories, workshops, transport vehicles, mines, oil or gas wells, or other sites for exploiting natural resources in Vietnam; (ii) construction sites or places for building, installation, or assembly work; (iii) service provision locations, including consulting services offered by employees or other individuals or organizations; (iv) agents acting on behalf of the foreign company; and (v) representatives in Vietnam who are authorized to sign contracts for the foreign enterprise, or representatives without signing authority but who regularly deliver goods or offer services within Vietnam. The definition of a permanent establishment under Vietnamese law is broadly consistent with international law. However, the Vietnamese legal system does not clarify situations in which a foreign business facility would not be considered a permanent establishment.

According to Singapore's Income Tax Act (ITA), the term "Permanent Establishment" (PE) is mainly defined in Section 2. It includes: (i) a fixed place of business where a company carries out some or all of its business activities, such as a branch, office, or factory; and (ii) a dependent agent who has the authority to represent the foreign business and sign contracts on its behalf in Singapore. For e-commerce businesses, while the legal definition of PE remains unchanged, applying it is more challenging because their operations are often fully online. A PE may exist if a foreign e-commerce business owns and directly operates servers or digital infrastructure in Singapore. Similarly, if the business uses representatives in Singapore to finalize contracts or conduct other business activities, it may also be considered to have a PE.

Singapore's approach to identifying a PE in e-commerce is still based on the principle of physical presence. This makes it difficult to determine a PE in the digital space. If a company does not have a physical presence or representative in Singapore, it may not be subject to taxation. In contrast, Vietnam adopts a stricter policy. It requires foreign e-commerce companies to pay taxes even without physical presence. Vietnam enforces tax collection from providers of digital services by requiring them to register and pay tax through the foreign contractor tax system.

4.3.2. Collection and management of taxpayer information in e-commerce activities

The Vietnamese Government has introduced Decree No. 91/2022/ND-CP, which outlines the responsibilities of organizations that operate e-commerce platforms to report information to tax authorities. According to this decree, organizations established under Vietnamese law that own e-commerce platforms must ensure they provide accurate, complete, and timely information to the tax authorities in line with the regulations. This includes details such as the seller's name, tax identification number, personal identification number, or ID card/citizen identification/passport number, address, contact phone number, and the sales revenue earned through the platform's online ordering system.

The information must be provided quarterly, no later than the last day of the first month of the following quarter, through electronic channels via the General Department of Taxation's portal, in the format specified by this department. For e-commerce platforms that include an online ordering function, they must also report the sales revenue generated through this feature, in addition to the general information previously mentioned. This is an additional requirement to ensure transparency and accuracy in tracking business activities on e-commerce platforms. In cases where the e-commerce platform does not retain all the general information mentioned above, it must still ensure the provision of complete, accurate, and timely information based on the actual data stored. This ensures that even if the information is incomplete, the available data is still provided in compliance with the regulations.

Since Decree No. 91/2022/ND-CP took effect, statistics from the General Department of Taxation indicate that, as of February 6, 2023, a total of 258 e-commerce platforms have provided information on the General Department of Taxation's e-commerce information portal. This includes detailed information on 14,883 organizations and 53,212 individuals registered to sell on e-commerce platforms. To facilitate the provision of information by e-commerce platforms, the General Department of Taxation has officially launched the e-commerce information portal (thuedientu.gdt.gov.vn, accessible through the "E-commerce Information Data Portal") to receive information from these platforms.

Although the law stipulates the responsibility for providing information in e-commerce activities, managing information for e-commerce entities in a digital environment remains challenging. Many organizations and individuals fail to provide complete or accurate information regarding revenue, profit, and business activities. This poses difficulties for tax authorities in monitoring and assessing actual income, complicating the process of determining the tax amount that should be paid into the state budget.

In 2019, China enacted the E-Commerce Law of the People's Republic of China, a statute designed to regulate commercial activities on online platforms more strictly. This law requires e-commerce platforms to be responsible for collecting, storing, and providing information about commercial transactions conducted on digital platforms. Specifically, information related to sellers and transactions must be reported to tax authorities.

Accordingly, e-commerce businesses must provide data and information related to e-commerce transactions when required by competent authorities, as stipulated by law or administrative regulations. Relevant authorities must also take necessary measures to protect the confidentiality of provided data and information, including safeguarding personal privacy and trade secrets, and are prohibited from disclosing, selling, or unlawfully providing it to third parties. International e-commerce companies selling in China are also required to comply with local tax reporting regulations and must register with Chinese tax authorities. This is intended to prevent tax evasion and ensure fairness in the digital trade environment.

Additionally, China implements monitoring and enforcement mechanisms to establish strict oversight of tax fraud activities within e-commerce. Companies or individuals that fail to register for tax, evade taxes, or inaccurately report their revenue may face severe penalties, including fines, restrictions on business operations, or even criminal prosecution (van Rooij, 2016).

4.3.3. Determining the transaction values of taxpayers in e-commerce activities

As mentioned, the management of taxpayer information and transactions currently relies primarily on voluntary compliance. Consequently, determining the value of transactions in e-commerce business activities faces many challenges when taxpayers engage in tax fraud, such as failing to declare or under-declaring transaction values to evade taxes.

According to authors Xuan and Nguyen (2024), determining transaction values in e-commerce activities is quite challenging, primarily because most transactions are conducted in cash, making it difficult to track sales volume and value accurately. This issue complicates the identification of sellers (Xuan and Nguyen, 2024). Government agencies, such as the market management authority, tax authorities, and the Department of E-commerce and Digital Economy, are also facing a shortage of adequately staffed personnel to monitor and inspect all online retailers consistently. Additionally, tracking the quantity of goods and services sold by individuals and organizations in e-commerce remains a significant challenge for tax authorities.

Difficulties also arise from the requirement for retailers to accurately declare and report their sales. Primarily, cash payments are a standard feature in online transactions on social media, with cash-on-delivery (COD) being the most widely used payment method. Currently, it is common practice and consumer behavior to see or inspect goods before making payment, which is why COD remains prevalent. According to 2023 statistics, various payment methods are used by e-commerce businesses, including cash payments, internet banking transfers, e-wallets, domestic payment cards, international payment cards, mobile accounts, SMS, mobile money, and others. Among these, COD leads with a significant share of 88%, which complicates the process of determining the quantity and value of transactions.

When payments are made through banks, many linked accounts are not registered with tax authorities, creating obstacles in managing and determining the revenue of online retailers. As a result, taxation on these transactions currently relies mainly on self-reporting by sellers, which poses risks of inaccuracy and calls for practical solutions. Additionally, businesses and individuals operating online often attempt to avoid taxes by splitting their operations across multiple accounts, which leads to inaccurate tax declarations and complicated control. Many social media platforms originate from abroad and do not have a legal entity in Vietnam, posing significant challenges in obtaining information and enforcing tax collection.

From the perspective of state management, monitoring electronic transactions — particularly managing and collecting taxes from these transactions — remains a relatively new area for regulatory authorities. Since the enactment and implementation of the Tax Administration Law in 2019, the issue has not shown significant improvement. Many competent authorities still face considerable challenges in managing, guiding the declaration, and collecting taxes from related entities. This creates loopholes that businesses and individuals conducting online commerce can exploit, leading to revenue losses for the state budget.

5. Solutions for improving legal regulations on taxpayers in e-commerce activities

In the context of the rapid development of e-commerce, legal regulations on tax management for this activity have become a pressing issue for many countries, including Vietnam. With the continuous increase in online transactions and revenue from e-commerce, tax authorities face numerous challenges in managing, monitoring, and ensuring transparency and fairness in tax collection. However, the current legal framework still contains shortcomings, creating loopholes that many individuals and businesses can exploit to evade taxes. Therefore, improving legal regulations related to taxpayers in e-commerce is an essential task to enhance tax management effectiveness and secure state budget revenues.

5.1. Identification of taxpayers in e-commerce activities

Regarding the determination of the permanent establishment of foreign businesses, Vietnam should refer to the OECD's Model Tax Convention (MTC) on Income and Capital, which outlines exceptions under which a business is not considered to have a permanent establishment in Vietnam in the following cases: (i) The use of facilities solely for storage, display, or delivery of goods or merchandise belonging to the business. (ii) The maintenance of a stock of goods or merchandise belonging to the business solely for storage, display, or delivery. (iii) The maintenance of a stock of goods or merchandise belonging to the business solely for processing by another enterprise. (iv) The maintenance of a fixed place of business solely to purchase goods or merchandise, or collect information, for the business. (v) The maintenance of a fixed place of business solely to carry out, for business, any other activity of a preparatory or auxiliary nature. (vi) The maintenance of a fixed place of business solely for any combination of activities mentioned in subparagraphs (i) to (v), provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character (OECD, 2019).

According to this interpretation, when applied to the e-commerce environment, a website on the Internet, by itself, does not constitute a permanent establishment. A website consists of software and data, which are intangible assets and therefore cannot be considered a "place of business," leading to the conclusion that it does not constitute a permanent establishment. However, a server can be regarded as a permanent establishment because it is a tangible asset and requires a physical location, which may be considered a "fixed place of business," regardless of whether the server is leased or owned by the business. The presence of business personnel at the server's location is not a necessary condition to establish a permanent establishment.

In cases where the server is not used by the business itself but is operated by a web service provider, that server is not considered a permanent establishment. This is because the business does not control the server's operations, and it is not considered the business's place of business.

A computer device can only constitute a permanent establishment if it is fixed in a single location. The key factor is not the server's ability to be moved, but whether it is moved. A server must remain in one location for a sufficient duration to be considered a permanent establishment. For example, according to OECD guidelines, this typically means at least 12 months.

In evaluating the determination of a permanent establishment for foreign businesses in Vietnam, it is notable that the presence of a computer device, even if located at a fixed place, will not constitute a permanent establishment if the business only uses it to perform preparatory or auxiliary services. Specific functions considered preparatory or auxiliary activities need to be determined based on an assessment of each case and should consider a comprehensive view of all activities the business conducts through that computer device.

The OECD considers the following activities conducted through a computer device as preparatory or auxiliary activities: (i) Ensuring communication links between suppliers and customers. (ii) Advertising goods and services. (iii) Relaying information to backup servers to ensure security and increase efficiency. (iv) Gathering market data for the business. (v) Providing information when the activities carried out through the computer device are core and significant to the business, these activities exceed the scope of preparatory or auxiliary activities and constitute a permanent establishment. Businesses should be aware that any core activity of the business conducted through a server may lead to that server being classified as a permanent establishment (according to the OECD Model Tax Convention), thereby subjecting the establishment to the local tax regulations of the jurisdiction where the server is located.

Additionally, for independent service providers (ISPs), an ISP is an independent service provider that is neither controlled by nor bound to other organizations and may represent various entities such as hospitals, maintenance centers, airlines, or educational institutions. They share resources or services with different partners to optimize resource distribution and minimize costs. The OECD states that ISPs do not have the potential to constitute a permanent establishment. Since ISPs are not authorized to sign contracts on behalf of businesses operating through their network systems, they are considered independent agents only. Typically, ISPs host websites for various businesses, and thus, these service providers are not regarded as permanent establishments.

In summary, when applied to the context of e-commerce activities, Vietnamese law should adopt certain principles for determining the "permanent establishment" of foreign businesses. Specifically, (i) an e-commerce platform or website does not constitute a permanent establishment. (ii) An ISP merely hosts a website and does not operate or control business activities, therefore, it cannot create a "permanent establishment." A server, however, can constitute a "permanent establishment" if certain conditions are met: First, the business uses the computer directly to carry out its core business activities. Second, it is located at a specific place for a specified duration (according to the OECD's view, typically 12 months).

5.2. Collection and management taxpayer information in e-commerce activities

In the process of collecting and managing taxpayer information in e-commerce activities, the tax authorities and related agencies need to implement a variety of coordinated measures. These should focus on key issues such as defining the responsibilities of e-commerce platforms in collecting tax identification numbers, tax registration certificates, bank transaction accounts, and other relevant information needed to manage the entities before they engage on the platform. This approach addresses the issue of entities participating in e-commerce platforms without tax registration.

Additionally, it is necessary to clearly define the legal responsibilities of e-commerce platform operators through amendments to specific regulations. Precisely: (i) Clause 4, Article 98 of the Tax Administration Law of 2019 states that "Agencies, organizations, and other individuals related to taxpayers are responsible for proactively collecting, storing, and providing taxpayer information in written or electronic data form as required by law and the tax administration authority." (ii) Clause 5, Article 1 of Circular No. 100/2021, which amends and supplements specific articles of Circular No. 40/2021/TT-BTC dated June 1, 2021, issued by the Minister of Finance on value-added tax, personal income tax, and tax administration for business households and individual businesses, specifies that "E-commerce platform operators are obligated to proactively collect, store, and provide information about business households and individual businesses using the platform. Information to be collected and provided includes the seller's full name, personal identification number, registered tax identification number, and phone number. In cases where the tax authority requests additional information, the e-commerce platform operator is responsible for coordinating with relevant agencies to gather and share the information." This facilitates tax authorities in accurately and promptly capturing information related to taxpayers' income, assets, transactions, and business activities, thereby ensuring transparency and fairness in fulfilling tax obligations. Furthermore, the proper collection and provision of information through regulations helps minimize tax evasion and fraud, thereby enhancing the efficiency of the state's tax management and collection. Tax authorities can also implement appropriate and timely measures against violations and protect the equitable interests of society.

Additionally, any organization, business household, or individual, regardless of the scale or type of business, must register for tax before engaging in e-commerce activities. Sharing this perspective, authors Duong et al. (2019) argued that this is a solution to ensure the State's management of e-commerce activities. Individuals and organizations have the freedom to conduct business, but within the framework of the law. This requirement does not limit the rights of individuals and organizations but rather serves as a mechanism for the State to protect business entities and create a fair and transparent business environment (Duong et al, 2019).

5.3. Determination of the value of taxpayer transactions in e-commerce activities

Regarding the determination of e-commerce transaction values in Australia, the Australian Taxation Office (ATO) identifies the value of e-commerce transactions based on several key methods. These include: (i) Revenue reporting by businesses, where e-commerce businesses are required to report their revenue. They must keep detailed records of sales transactions, including online sales, for tax filing purposes. The Goods and Services Tax (GST) applies to transactions exceeding AUD 75,000 within a financial year, and e-commerce businesses are required to register and pay GST. The transaction value is determined based on the revenue received by the business and must be accurately declared in the GST report. (ii) Data from online platforms: The tax authority also collects data from e-commerce platforms, including sales websites and trading platforms, to identify and verify the accuracy of revenue reports submitted by businesses. (iii) Reports from financial institutions: The tax authority may request data from financial institutions (banks, online payment gateways) to cross-check and verify online transactions to ensure that all income from e-commerce is correctly declared. These methods enable the Australian tax authority to accurately monitor and tax e-commerce transactions while preventing tax evasion.

To determine the value of taxpayer transactions in e-commerce activities in Vietnam, it is necessary to link taxpayer data, such as personal information and tax identification numbers for individuals engaged in e-commerce, with data on cash flows from bank accounts. This helps in accurately identifying the value of transactions for verification and reconciliation, thereby ensuring precise and transparent tax assessment. For advertising activities on online platforms, a comparison between income and payment levels for each specific case is required. Additionally, there needs to be coordinated management among relevant ministries. For example, e-commerce platforms and sales streams are managed by the Ministry of Information and Communications, product types are regulated by the Ministry of Industry and Trade, and tax management falls under the Ministry of Finance. These ministries should establish mechanisms for coordination and oversight to improve efficiency in managing and accurately determining transaction values, thereby preventing tax revenue loss in State management activities.

One of the key challenges in determining transaction values in e-commerce lies in the delayed adoption of electronic invoicing by many e-commerce entities. Although electronic invoices are recognized as a cost-effective and efficient alternative to traditional paper invoices, their implementation remains limited across numerous platforms. This reluctance is largely attributed to concerns over the complexity of the adoption process and the associated initial costs, despite the existence of clear regulatory penalties for non-compliance.

Standardizing the use of electronic invoices in e-commerce transactions would significantly enhance administrative efficiency and streamline business operations. Current regulations mandate the use of electronic invoices for the sale of goods and the provision of services. Compliance with these requirements not only reduces invoice-related violations but also simplifies the process of identifying taxable transactions, thereby promoting greater transparency and accountability within the e-commerce sector.

6. Conclusion

The rise of e-commerce in Vietnam presents both opportunities and significant regulatory challenges, particularly in the realm of tax administration. As this study has demonstrated, existing legal frameworks have not kept pace with the dynamic evolution of digital commerce, resulting in difficulties in identifying taxpayers, collecting accurate transaction data, and ensuring tax compliance. While the Vietnamese government has made important strides—such as enacting key regulations and launching digital tax platforms—issues remain, particularly concerning permanent establishment definitions, fragmented inter-agency coordination, and the prevalence of cash-on-delivery transactions.

To address these gaps, this study emphasizes the importance of adopting international best practices, particularly those of the OECD, in defining taxpayer obligations and improving legal clarity. It also recommends enhancing inter-agency collaboration, mandating electronic invoicing, and leveraging digital tools for data integration and transaction tracking. These measures are essential to building a transparent, fair, and efficient tax system that aligns with the realities of the digital economy and supports the long-term, sustainable development of Vietnam's e-commerce sector.

Compliance with ethical standards

Conflict of interest

The author(s) declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

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