



BOURNEMOUTH UNIVERSITY BUSINESS SCHOOL

**IMPACT OF THE IMPLEMENTATION OF TRANSFER
PRICING REGULATION IN VIETNAM**

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ABSTRACT

Nowadays, along with economic development, there are more and more Multinational Enterprises (“MNEs”) all around the world. With the purpose of avoiding tax burden in dissimilar jurisdictions according to agreements and oversees transactions, MNEs use lawful structures. When the number of MNEs rises resulting in increases in the transactions among entities within the same multinational group. It is easier to shift income between jurisdictions based on intercompany transactions to gain benefits, therefore a nation tax base is affected negatively. Therefore, it is responsibility of Tax Administrations (“TAs”) to announce mechanisms to prevent these actions. Transfer pricing (“TP”) is utilized to determine taxable profit of each single specific taxable unit, therefore, performing a key part to guarantee an accurate distribution of the profits on each jurisdiction.

The purpose of this study is to examine the influence of the implementation of TP legislation in a developing country like Vietnam, the range upon which the implementation of a global instrument of regulators has been able to manage and regulate the profit shifting and its association related to tax gathering and corporate viewpoints.

The qualitative method was chosen for this research project. Specifically, this study applied a case study methodology to address the issues. Three key sources of data are used: documentation attained by reports published by global organizations, archival records that give detailed information and statistical data concerning the effect of the TP rule and semi-structured interviews with qualified tax specialists in the enactment of TP rule in Vietnam, that provided better perception about the efficiency in its practice, and the significant challenges in Vietnam.

In general, TP legislation in Vietnam is strict and consistent with international standards like the OECD guidelines and BEPS actions. With the implementation of TP law, there has been an increase in the tax revenue over the years related to TP transactions. However, there is a lack of management tools to recognize taxpayers who do not obey, and the non-application of the current penalties adversely affects the effect of TP regulation.

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ABBREVIATIONS

APA	Advance Pricing Agreement
BEPS	Base Erosion and Profit Shifting
CbC	Country-by-Country
CbCR	Country-by-Country Report
Circular 41	Circular 41/2017/TT-BTC
CIT	Corporate Income Tax
Decree 20	Decree 20/2017/ND-CP
Decree 68	Decree No. 68/2020/ND-CP
Decree 126	Decree No. 126/2020/ND-CP
Decree 132	Decree 132/2020/ND-CP
DTC	Double Tax Convention/Treaty
EOI	Exchange of information
FDI	Foreign Direct Investment
MNEs	Multinational Enterprises
MOF	Ministry of Finance
OECD	Organization for Economic Cooperation and Development
PEs	Permanent Establishments
TAs	Tax administrations
TP	Transfer pricing

CHAPTER ONE: INTRODUCTION

In order to give an elementary background of selected topic, this section will summarize an overview of Multinational Enterprises (“MNEs”) and Transfer Pricing (“TP”) regulation and the available study related to this topic. Then, the study reason for selecting TP regulation in Vietnam to study, including goals and purposes will be refined with the thesis structure framework.

1.1. Research background

In a globalized world, where Multinational Enterprises (“MNEs”) operate and develop their business across borders, tax systems play a significant role to ensure economic stability of nations. The significant growth in cross – border transactions has facilitated MNEs to transfer profits between countries to reduce their tax liabilities (Zachariadis 2019).

According to Giordano (2017), although local tax systems have developed and worldwide organizations like the Organization for Economic Co-operation and Development (“OECD”) have encouraged a series of double tax treaties to facilitate worldwide trade, there are some taxpayers who have intentionally misused intentionally the system through untruthful transactions to generate tax benefits.

Worldwide, both Tax Administrations (“TAs”) and MNEs have been facing more taxation challenges because of the increase of the digital economy and capital mobility (ODCE 2017). However, tax systems have been slow to develop its capacities to detect, analyse and familiarise with changes at the global context (Zachariadis 2019). Moreover, the utilization of tax planning policies, cross-border trades and risk distribution practices to diminish tax liabilities have become popular, taking advantage of local tax systems’ loopholes to advantage their profit after tax (Gabardino 2018). According to Cooper et al. 2017, their research showed that for tax directors, TP is the significant tax issues within MNEs, as in Figure 1.

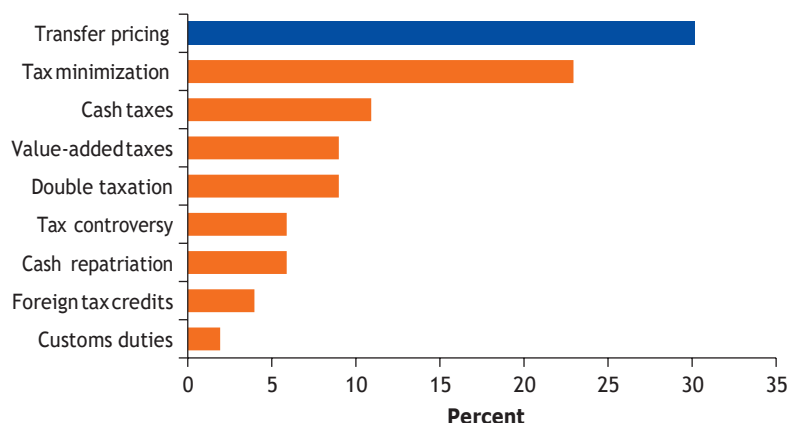


Figure 1: Most important tax concerns for tax director (Cooper et al. 2017)

With a rising amount of intercompany transactions, the opportunity to shift profits among jurisdictions increases, such as benefit from tax rate differentials. Because income shifting may decrease tax revenue, it is important for TAs to counter these activities by presenting mechanisms (Lohse et al. 2012).

Miller et al. 2017 confirms that transfer pricing (“TP”) is a neutral notion which mentions to price settled in corporate transactions between associated parties. However, TP plays a crucial part to guarantee an accurate distribution on the subject of the profits in each jurisdiction. In addition, TP application has been well demonstrated by activities offered by international organizations and performed by governments, like the Base Erosion and Profit Shifting (“BEPS”) actions and the OECD guidelines, thus TP has become one of the effective tools in combatting base erosion and profit shifting among MNEs with their affiliated entities situated in low tax jurisdictions (OECD 2015; Brychta et al. 2020). TP is established on the international principle called “arm’s length” to set and test prices between related parties.

Due to the international growing importance of effective control and reduction of tax avoidance and profit shifting, most nations in South East Asia have introduced detailed rules to regulate manoeuvres such as TP management or duties transferring (“thin capitalization”) between affiliates to lessen the universal taxation burden of MNEs. The

legitimate context within Southeast Asia is continuously developing, with supervisory structures and compliance obligations constantly changing. Therefore, tax authorities are currently preparing TP laws to abide by new international standards (Deloitte 2017).

TAs around the world have supported the goal of the BEPS, which can be characterized as address tax evasion and guarantee that the correct taxes are paid by MNEs for their business activities. Besides, with the objective to support developing economies gather the data needed to examine how their local tax authorities collect tax, the OECD has drafted TP legislation for developing countries (Cooper et al. 2017). However, it is essential to evaluate whether it is feasible to efficiently apply the OECD guidelines and BEPS actions in underdeveloped nations, taking into consideration these territories' involvement in the preparation of these procedures and if or not these guidelines are suitable for their individual desires.

TP terms typically comprise demanding documentation requests, substantial compliance penalties and an improved degree of audit actions. Situated in Southeast Asia, Vietnam is a developing nation with a significant increase of MNEs with their subsidiaries operating, therefore TP has been considered as a substantial concern in Vietnam in recent years (Nguyen et al. 2020). According to Doan (2015), Vietnam first introduced TP legislation fifteen (15) years ago, since then the Vietnamese TP laws has improved and amended significantly to bring it closer to overall worldwide TP practice.

In overall, Vietnamese TP legislation is quite strong to solve the TP phenomenon. Nonetheless, there are still some weaknesses in the TP legislation system in Vietnam. Besides, Decree 132/2020/ND-CP (Decree 132) has entered into force on December 20, 2020 and taken effect from the corporate income tax (CIT) term of 2020 and replaces Decree 20/2017/ND-CP (Decree 20) and Decree No. 68/2020/ND-CP (Decree 68). Therefore, there are not many practical impacts of Decree 132 (2020). However, Decree 132 (2020) inherits, promotes and amends these previous TP legislations. Therefore, in this research, both Decree 132 (2020) and Decree 20 (2017) are studied to address the aim of this study.

In this sense, the purpose of this research is to analyse whether the implementation of TP legislation in Vietnam has achieved the aims intended or identified the key elements that have a negative effect on application to additionally recognise the chief challenges facing both for the Vietnamese TAs and taxpayers.

1.2. Aim and Objectives of the research

The aim of this study is to assess the effect of the implementation of TP rule in Vietnam, the scope upon which the implementation of a global instrument of regulation has been able to adjust and regulate the profit shifting and its affiliation related to tax collection and companies' perception. To achieve this purpose, the study proposes the following objectives:

- i. Assess whether the implementation of TP regulations has obeyed worldwide guidelines or how it has been completely reworked to the actuality in Vietnam so as to find inefficiencies in its operation as a useful control tool to deal with tax avoidance;
- ii. Identify the execution procedure of TP law in Vietnam, to furthermore demonstrate its consequences as a tool of tax collection and find out whether it has efficiently completed its role and objectives as a profit shifting device;
- iii. Analyse the performance level of the TP rules and the implementation of monitor methods by the TAs, to additionally assess its influence on taxpayers and fulfilment; and
- iv. Find some of the challenges that both MNEs and TAs faced in the actual application of TP rule, to stimulate its efficient impact controlling the misappropriation of TP application.

1.3. Research questions

In this research, assumed from the above study performs, the main questions are briefly shown below:

- i. Has the application of TP rule followed international regulations or been adapted in Vietnam?

- ii. Is the application of TP regulations in Vietnam effective as a profit shifting controller?
- iii. What is the level of implementation of the TP regulations in Vietnam?
- iv. What challenges both MNEs and TAs will face?

1.4. Research structure

This research project consists of five chapters:

- i. **Introduction:** This section presents the study background of TP, as well as recaps the viewpoints which this research studies in. In addition, the study goal, purposes, questions and research structure are stated.
- ii. **Literature review:** This part demonstrates the definition of TP, TP regulation systems in Vietnam, how TP regulation is implemented and the impact of TP in Vietnam.
- iii. **Methodology:** The study philosophy and methodology to deal with the purposes and the aim of the study is determined in this chapter. This section also will clarify how the researcher constructs the interview questions and the way these interviews can be performed to collect information. Besides, ethical issues and research validity is also presented at the end of this part.
- iv. **Data analysis and Findings:** This chapter will study the data and information obtained from the interview transcripts to make a comparison with theories and opinion stated in the literature review. Finally, the researcher will compare these research results with the prior literatures.
- v. **Conclusion and recommendation:** This section gives the summary of the research and its finding. Restriction and recommendation for future research are shown as well.

CHAPTER TWO: LITERATURE REVIEW

The aim of this part is to give an essential review of the current secondary data related to the theme of research and use proof to support dissertation on TP legislations.

2.1. Research background

According to Crowe (2019) and Deloitte (2017), most Southeast Asian countries use the arm's length principle which is the international standard controlling transactions between associated companies for their TP legislations. The arm's length principle determines the approved price and the provisions under which deals between affiliated parties are implemented should be in accordance with those that would be approved upon by separated businesses in comparable operations performed under similar situations.

A major element contains a functional assessment to define and assess economically substantial factors of the business: the activities performed, assets utilized, accountabilities and the risks supposed (OECD 2015).

All around the world, the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations ("OECD Guidelines") are applied to establish a framework for the practice and study of TP. The OECD guidelines boosted understanding of the necessity to determine explicit TP regulation that comprised documentary requirements, consequently it is likely to realize that numerous nations have presented regulation on TP and related documentation requests (Doan 2015).

According to Lohse et al. (2012), the United States was a pioneer to concentrate on intercompany transactions and introduced TP law as early as 1968. After that, five developed countries including Australia, Germany, Indonesia, Italy and Japan followed in the 1980s. Up to now, many countries around the world have introduced their TP legislations, but there are some nations still do not have TP law, as in Figure 2. The expansion of TP regulations can be attributed to globalisation and the expanding knowledge of this issue, but also to the fact that the implementation of TP legislations can act as a form of combating against other countries.

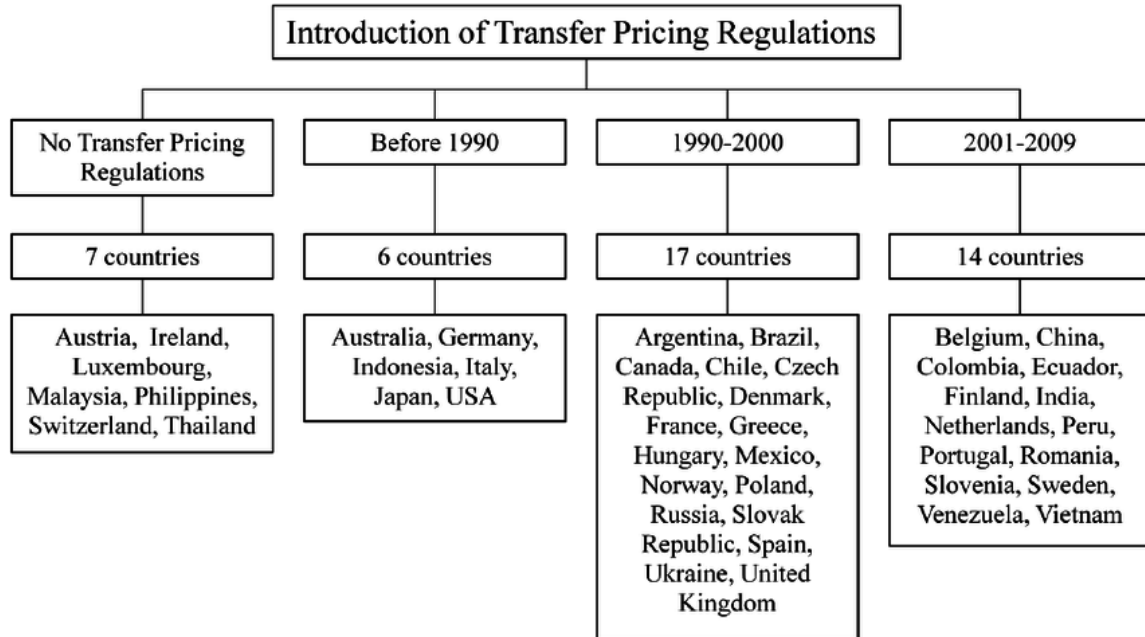


Figure 2: Introduction of Transfer Pricing Regulations (Lohse et al. 2012)

According to OECD (2013), the massive majority of nationwide TP schemes are established on the arm's length principle, each country has its own particularities and should show their standpoint and goals.

It is obligatory for each country to determine the extent of their own legislation, which must be consistent with their tax system characteristics and interests (Zinn et al. 2014). The nations in which TP regulations are applying to local and overseas associated entities normally have a tax incentive scheme in position. Whilst the territories which limit TP laws only to overseas related parties are mostly developed, high-tax territories. Furthermore, several territories may use TP rules also to separated entities in tax havens, which can be clarified by the activities operated locally, the geographic closeness to the most appropriate tax havens in the globe or tax advantage schemes applied (Lohse et al. 2012).

According to scholars such as Fuest et al., 2013 and De Mooij and Liu 2018, TP legislations have been instituted around the world as a method to reduce the practice of TP schemes and complicated tax structures by MNEs. These policies present instructions in the application of the arm's length principle, and at the same time they determine detailed local conditions. It is necessary for each regional rule to restrict the methods that can be applied when setting an arm's length price; stipulate conditions for the documents required to assist the TP applied by MNEs; and establish detailed fines for when mispricing is identified, or the acceptable papers are not presented. Harsher TP policies could raise the expense of taking advantage of TP to reduce tax obligations and have been realized to be efficient in limiting the level of profit shifting in developed countries.

The OECD Guidelines and recommended methodology are applied in most countries to ascertain the suitable TP regulation on a certain transaction. According to the OECD, there are three traditional transaction methods, they are the Comparable Uncontrolled Price ("CUP") method, the Resale Price Method ("RPM"), and the Cost-Plus Method ("CP"), with an obvious fondness for the CUP method. And two transactional profit methods including the Transactional Net Margin Method ("TNMM") and the Profit Split method, which are gleaned from the study of separate profit distributions (Cooper et al. 2017; OECD 2017).

It is obvious to see that the adoption and development of TP methods has been uniform in Southeast Asian countries. Because there has been a growth of cross-border transactions and investments among the commercial communities as well as foreign investment in Southeast Asian nations, these countries have focused on TP legislations to control inter-company transactions of MNEs. According to Crowe 2019, KPMG 2013 and Deloitte 2017, eight out of ten countries in the Southeast Asia has already launched their own TP regulations including Indonesia, Singapore, Malaysia, Thailand, Vietnam, Brunei, Philippines and Cambodia. While it remains to be seen if Lao PDR and Myanmar will participate in or not. In which, there are 6 countries including Indonesia, Singapore, Malaysia, Thailand, Vietnam, and Brunei are members of BEPS Inclusive Framework. TP regulation was published in Malaysia in 2003 when five assessment methods were used

to specify whether an international trade was valued at arm's length. In 2005, Vietnamese government issued TP legislation as guidelines for settling market prices of associated entity deals. Singapore released TP law in 2006 to give direction to Singapore taxpayers on using the arm's length principle (Berlianto 2009).

According to Tomoshizu and Katsuya from Nikkei (2021), in 2020 and 2021, Vietnam and Malaysia have amended their TP regulations to increase taxation of MNEs' transactions. With adjustments, both countries have obliged taxpayers to present TP papers within shorter periods of time based upon the request of the tax authorities, as in Figure 3. The moves relating to TP tax policy in Southeast Asian countries indicate that these governments are looking to gather more tax from corporations to fund their raised spending to cope with the pandemic since 2020.

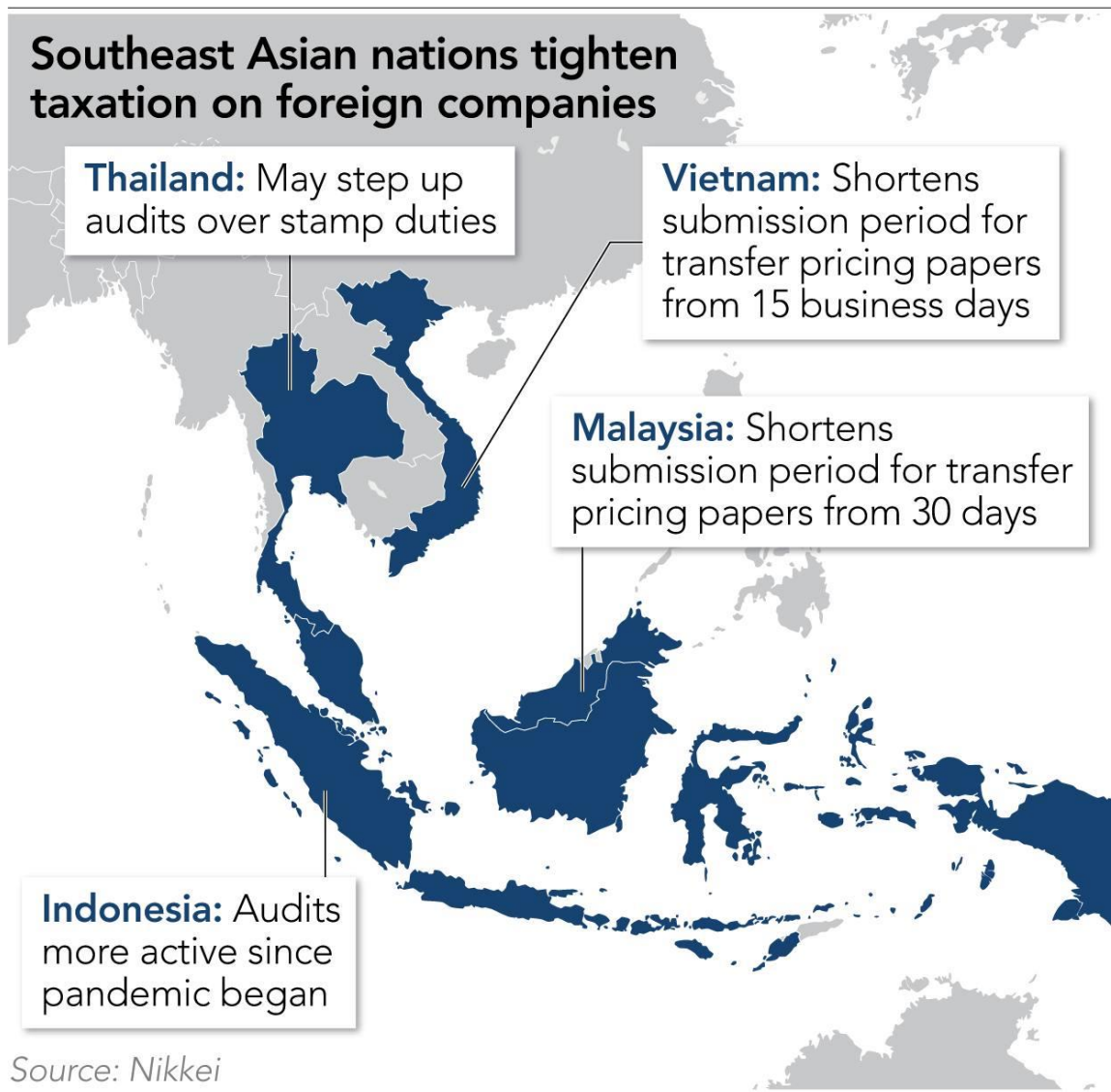


Figure 3: Southeast Asian countries tighten taxation of MNEs (Nikkei 2021)

The application of TP regulations normally leaves the responsibility on taxpayers to show that the transactions are operated on the consistent base as would have been performed to independent businesses (Farrow & Jogarajan 2006). A latest report by Price Waterhouse Coopers (2007) reveals that in most of Southeast Asian countries, the responsibility of evidence of TP trades has been put to the taxpayers, not including the Philippines where the responsibility of evidence are set both on the taxpayers and tax auditors.

According to Crowe 2019, KPMG 2013 and Deloitte 2017, there are several practical disputes in abiding by TP regulations in Southeast Asia countries as follows:

- Shortage of communication between tax authorities leading to misalignments in the implementation of TP rule;
- Restricted occasions for taxpayers to discuss their practical concerns in public discussions with the tax authorities;
- Lack of transparency in the explanation of grey parts in TP legislation; and
- Tax authorities still regularly create TP policies around what is suitable.

This is additionally motivated by the immediate implementation of BEPS programs by the governments, improved sharing of taxpayers' data by tax authorities within territories, and increased tax authorities' anti-avoidance emphasis. Accordingly, even a minor TP change can lead to a substantial influence on tax collection. For taxpayers, the materiality of amendments and potential fines may increase cash flow problems.

According to Florence (2016), the adjustment of statutory procedures and the advancement of strategic organizational resources and financial sources of each nation represent a success element for the successful and efficient application of TP legislation and the undertaking of BEPS, this implies the aims should be to:

- Establish practical compliance and management intentions, taking into consideration the abilities of the TAs and sources presented;
- Focus on compliance and management activities, considering characteristics of each market, the nature of international transactions, its complication and quantity of taxpayers; and
- Determine acceptable and realistic compliance procedures for taxpayers.

The arm's length principle has operated efficiently in an enormous majority of countries, the reason is that it lowers the possibilities of double taxation and directly solves the possibilities of double non-taxation, establishes base for the distribution of taxable bases between tax territories. Important factors, like the notion of associated entity or regulated

transaction, suitable techniques and documents requests, are incorporated by each nation in its regulation (Zinn et al. 2014 and Lohse et al. 2012).

Based on the above, it is necessary for developing countries to reconsider their lawful structures and correctly instruct their tax officials to cope with the new disputes posed by cross-border trades. The successful implementation of the OECD guidelines and BEPS actions need greater TAs with more advanced tax system.

According to Nguyen et al. 2018, TAs are considered at a difficulty compared to giant worldwide enterprises, which in that way encouraged the presentation and application of measures like the OECD Guidelines and BEPS to strengthen TP principles, that aimed to establish the guidelines and give the governments all the possible methods to address tax evasion. This is supported by worldwide standards, such as the challenges made to organizations of MNEs like Apple, Coca-Cola, PepsiCo, Google and Amazon, where there has been a misuse of company structures with no relevant economic basics.

On the other hand, according to Zinn et al. 2014, there is a drawback of the principle. The principle does not completely accept collaborations, economies of size and other advantages intrinsic to MNE's operability. Also, the low degree of combination between national and global requirements is also an impediment for taxpayers who manage globally.

Furthermore, there were suspicions concerning about the sufficiency of the mechanisms recommended to address tax evasion and active tax planning and highlighted that the taxpayers were usually absent from the formation of such mechanisms. Hence, it is said that any system with a direct impact in the taxpayers should consider its rights whilst studying the consequences of such measures available to taxpayers (Lohse et al. 2012).

The application of BEPS actions within developing nations short of diligently studying every activity and its flexibility to the characteristics of the area might aggravate the tax evasion. More complicated regulations short of sufficient preparation and evaluation, can form the basis for more aggressive tax planning. Therefore, it is necessary for Southeast

Asian countries to take into account if the BEPS actions are appropriate to their own requirements and make, if required, the necessary modifications in order to keep their interests, devoid of automatically giving to implementing the proposals (Florence 2016).

In a nutshell, Southeast Asian countries need simpler laws to ease their explanation for both taxpayers and TAs, respect for their individualities along with for their supremacy, and the capability to use their national laws, which are more appropriate to resolve their worries.

2.2. Implications of the application of TP rules

According to EY (2016) and Jost et al. (2011), to stop taxpayers from altering TP for tax objectives, anti-avoidance measures have been presented by many nations. These methods are frequently complemented by TP rules which most probably are inconsistent with the OECD guidelines conformed by both OECD and non-OECD members.

MNEs may receive a negative effect on their real investment if the TP rules are applied unilaterally (De Mooij and Liu 2018). According to their research with 27 countries, during period from 2006 to 2014, the investment of MNEs' associated companies was decreased by more than 11% after the launch of TP regulations. Nonetheless, the MNEs' overall investment witnessed a slight reduction, indicating that these investments are most probable to be transferred to associates in other territories.

There is a considerable restriction in the current literature and research concerning the implications of TP laws around the world. It is the shortage of material about the impacts on taxpayers and tax income. Tax databases for this are often available for the existing year only and all aspects of the laws are not covered fully. From that point of view, it is necessary for researchers to conduct surveys or collect data to acknowledge the connotation of this subject, based on their aims (Zinn et al. 2014).

There is a lot of practical proof indicating the extent of the profit transferring in some economies, but there is a current gap in the understanding of the individual effects of the application of TP regulations both in the MNEs' investment and tax collection (De Mooij and Liu 2018). For example, with the information published by scholars Egger, Eggert

and Winner (2010), in European high-tax nations, associates of MNEs have paid an average of 32-57% less tax than similar domestic companies.

Relating to the factors affecting the choice of TP method and the TP risks supposed by MNEs, Borkowski (2010) assumed that regional conditions and implementation processes determine interactive responses from taxpayers related to intercompany trades.

According to Lohse and Riedel (2013), they conducted research in twenty-six European countries to consider if TP regulations are helpful in lessening cross-border income shifting behaviour. Their results indicated that when TP regulations and penalties regime were implemented, MNEs' profit shifting were substantially decreased by around 50%. In addition, the scholars determined the magnitude of Advance Pricing Agreements ("APA"), audit risk and the accuracy of documentation requests.

China has enacted a TP regulation since 1991 to advance the field for both foreign and local investors. With a stringent application of the TP regulations and audits, China has protected their economy by the imposition of interest and penalties on the underpaid tax (Ng 2010).

Many countries have a detailed TP legislation, right in the South East Asian region, a number of countries have enacted TP Law (Thang 2015). Likewise, according to Heinemann and Janeba (2011), policymakers in many countries have continued to be concerned about the indirect corporate tax base losses; consequently, the governments have applied TP documentation requirements in their nation-wide tax regulations in order to advance the transparency in price setting and decrease the possibility for tax favourable transfer price misrepresentations.

It is concluded that a correct application of TP regulation, along with powerful and well-prepared TAs, may run to improved outcomes about efficiently tackling the use of overseas investment composition to transfer profit, thus decreasing tax evasion.

2.3. Applications of TP legislation in Vietnam

To further examine the effect of the implementation of TP rule in Vietnam, it is crucial to comprehend how it was launched into the nation and its legislation peculiarities.

2.3.1. Legal framework

a) Vietnam's legal system

Since Vietnam gained independence in 1945, the nation has established a socialist legal system subject to the civil law system. Article 4 of Law No. 80/2015/QH13, establishes and categorises the following sources of tax law in Vietnam's legal system, from higher to lower legitimate validity:

1. The constitution of the Socialist Republic of Vietnam;
2. Code, law and resolution issued by the National Assembly;
3. Ordinance and resolution ratified by the Standing Committee of the National Assembly;
4. The president makes order and decision;
5. The government launches Decree;
6. Decision of the prime minister;
7. The Judge Council of the Supreme Court releases resolution;
8. Circular circulated by ministers/heads of ministerial agencies; the chief justice of the Supreme Court; the chief procurator of the Supreme Procuracy;
9. Resolution of the People's Councils of provinces; and
10. Decision of People's Committees of provinces.

The National Assembly of Vietnam has the duty and power to prescribe, modify or revoke tax rules. Nonetheless, owing to the requirement to regulate tax-legal relations, the National Assembly may appoint the Standing Committee of the National Assembly to control, amend or abolish some tax regulations through the promulgation of Ordinances or Decrees concerning taxation.

b) Residency

According to PwC (2021), there is no definition of tax residency for Corporate Income Tax (CIT). However, companies incorporated under the Vietnamese law are regulated by CIT in Vietnam and considered as residents. Foreign companies with their permanent establishments (PEs) in Vietnam shall pay tax on the taxable income made in Vietnam (regardless of if it correlates with the PEs) and on the taxable income derived in Vietnam and related to activities of the PEs.

c) Legal basis for TP regulation in Vietnam

Along with amalgamation in Vietnam, the process of formation and development of the legal papers relating to TP can be categorized into two fundamental periods as follows (PwC 2016; Doan 2015):

The period from 1997 to 2004 is believed as stage of shaping TP legal framework in Vietnam. On 20 October 1997, Circular No. 74/1997/TT-BTC which was promulgated by the Ministry of Finance (MOF), was the first official paper to coin associated parties from a Vietnamese perspective. Then, the Circular No. 89/1999/TT-BTC dated 16 July 1999, and Circular No.13/2001/TT-BTC dated 8 March 2001 were launched, however, these circular mostly focused on guiding tax procedures for investment forms not TP regulations. Modifications about TP control were simple and mainly guided to determine market prices in trades between related entities.

The period from 2004 up to now the development stage of TP legislation. According to the Law on Business Income Tax, the MOF released Circular No. 117/2005/TT-BTC dated 29 December 2005 to give direction on the practice of the market valuation of business transactions between associated parties fully and closer compliance with the OECD guidelines on the use of five TP methods. Circular 66/2010/TT-BTC which was released on 22 April 2010 by the MOF, inherited Circular 117/2005/TT-BTC with some modifications in terminology and was considered as a more detailed revised legal document on market valuation of the associated-party transactions. On 28 April 2017, the MOF promulgated No. 41/2017/TT-BTC to provide guidance on enactment of specific

articles of the Decree 20 (2017). Decree 132 (2020) dated 5 November 2020 which took effect from 20 December 2020, replaced Decree 20 (2017) and Decree 68 (2020) dated 24 June 2020. Decree 132 (2020) has considerably improved, modified and supplemented compared to these previous TP regulations, therefore this new law has brought advantages as well as challenges for both taxpayers and TAs.

In addition, the MOF also issued Vietnam Accounting Standard No. 26 which requires disclosure of related parties in the financial statements. Those standards also guide factors to set prices traded between the associated entities.

Although Vietnam is not a participant of the OECD and therefore is not compelled by the OECD guidelines, the Vietnamese TP rules are generally compatible with the OECD guidelines and international practices with specific unique local adaptations (KPMG 2019).

2.3.2. TP legislation in Vietnam

a) Applicability

According to article 2 of Decree 132 (2020), every taxpayer who has transactions with associated entities for both foreign and local corporations, are required to determine its price in agreement with the arm's length principle.

b) Related party definition

As formerly stated, each nation establishes the regulations studying the procedures that will be considered to under TP extent on its local legislation. Pursuant to Clause 2, Article 5, Decree 132 (2020), entities are considered to be affiliated parties if any of the following provision are met:

- “i. A business joins in directly or indirectly in at least 25% of the other company's equity;
- ii. Both related companies hold no less than 25% of the equity in which a third party joins directly or indirectly;

- iii. A company is the shareholder having the greatest ownership interest in the other business, or joins directly or indirectly in at least 10% of total share capital of the other company;
- iv. A business assures or offers another firm a loan under any form (even including third-party loans guaranteed by financing sources of related parties and financial trades of same or similar nature) to the extent that the loan amount equals no less than 25% of equity of the borrowing enterprise and makes up for more than 50% of total medium- and long-term debts of the borrowing enterprise;
- v. A company assigns a member of the executive board accountable for the leadership or control of another business, provided the number of members appointed by the former accounts for more than 50% of the total number of members of the executive board accountable for the leadership or regulation of the latter; or a member selected by the former has the right to decide financial policies or business activities of the latter;
- vi. Both related enterprises appoint more than 50% of membership of the executive board or have one member of the executive board authorized to decide financial policies or business activities who is appointed by a third party;
- vii. Both enterprises are managed or controlled in terms of their personnel, financial and business activities by individuals, each of whom is in one of the following relationships with the others such as a wife, husband, natural/foster father, natural/foster child, natural/foster older/younger sibling, brother/sister-in-law, maternal/paternal grandfather/grandmother, maternal/paternal grandchild, and maternal/paternal aunt, uncle and nibling;
- viii. Both business entities have transactions, either between their head offices and permanent establishments or between permanent establishments of overseas entities or individuals;
- ix. Enterprises are put under control of one individual through either his/her capital participation into that enterprise or his direct involvement in the administration of that enterprise;

x. In other cases where an enterprise has their business activities managed, controlled or decided de facto by the other enterprise;

xxi. A related enterprise performs the disposition or acquisition transaction in at least 25% of their equity within a tax period; the borrowing or lending transaction in at least 10% of their equity performed at the transaction time falling within a tax period with a person holding the executive office or the controlling interest in the enterprise, or with a person in one of the relationships prescribed in point g of this clause.” (Decree No. 132/2020/ND-CP 2020, p. 4).

c) Documentation

In order to supervise the TP policy of MNEs, detailed documentation is required in most countries by tax authorities. According to Lohse et al. (2012), the documentation has become an essential concern in the past years, as assumed in Figure 4. From 28th January 2006, Vietnam introduced statutory requirement.

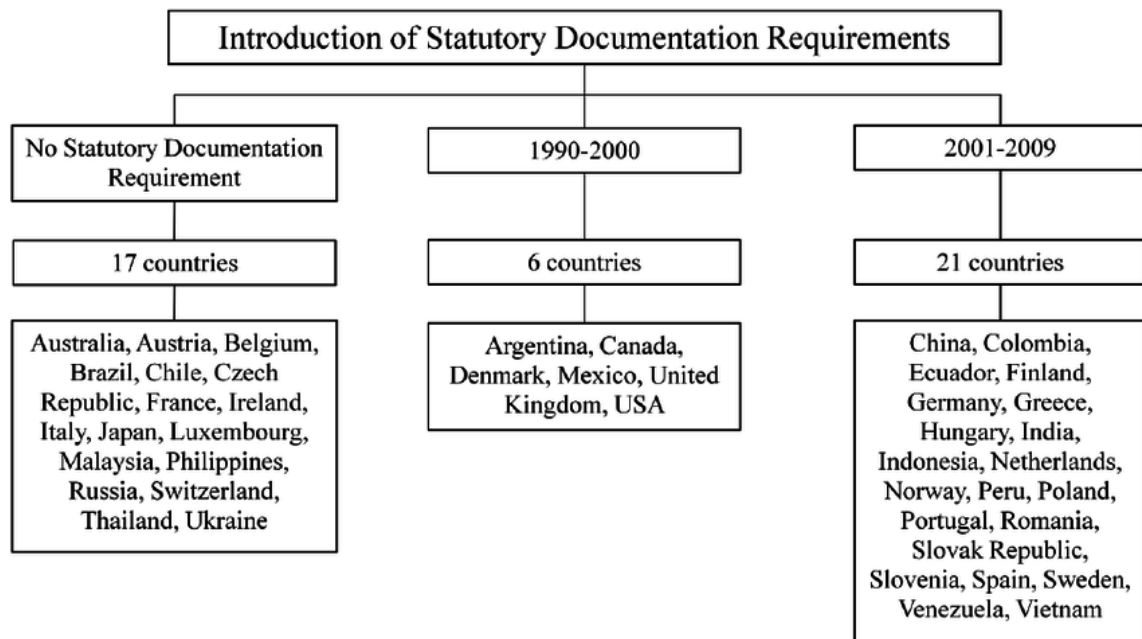


Figure 4: Introduction of Statutory Documentation Requirements (Lohse et al. 2012)

In Vietnam, according to Clause 4, Article 18, Decree 132 (2020), taxpayers are compelled to make and submit all the information relating to trades with its associated entities. Taxpayers are obliged to submit or make adequate material and analysis that shows the arm's length price recognized in transactions between associated entities. These documents must consist of all the information that the taxpayer applied to specify the arm's length nature of the internal deals. This paper will need to be made annually. Taxpayers are obligated to retain and provide the following TP documentation:

- a) Information on associated entities and related party trades prescribed in Appendix I;
- b) Local files including information about TP, TP policies and methods, prepared and deposited at taxpayers' offices according to the directory of information and documents in the form given in Appendix II;
- c) Master files which contain information about business activities of multinational groups, transfer pricing policies and methods of global groups and policies on allocation of income, and decentralization of operations and functions in value chains of groups according to the directory of information and documents specified in Appendix III;
- d) Country-by-Country reports which detail annual revenue gained and taxes paid in each tax territory in which the enterprise operates companies, involving the disclosure of the volume of revenue, profit before income tax, and income tax paid and accrued prescribed in Appendix IV.

According to Clause 7, Article 18, Decree 132 (2020), the closing date for submission of the TP documentation is subject to the Law on Inspection and upon request in an audit shall not be longer than 30 working days from the day of receipt of the tax authority's request. Consequently, the Law on Inspection requires that examined units are essential to give timely, adequately and correctly the data and documents concerning the inspection subjects upon request in an audit. In case taxpayers give a suitable reason, the submission cut-off date or time limit shall be increased only once to no more than 15 working days as from the expiration date.

d) TP files:

The TP files include a detailed list of all transactions of a company and its related parties in a single fiscal year. These files must be prepared based on the forms prescribed in Decree 132 (2020). Pursuant to Clause 3 and Clause 6, Article 18, Decree 132 (2020), taxpayers must declare type of transactions, amounts and determine transfer prices, select TP methodology at the request of the regulatory authorities. Then all the completed TP files must be submitted together with the CIT returns each year.

e) Methodology

According to Article 12, Decree 132 (2020), the method of comparison to determine the associated transaction price should be applied in compliance with the arm's length principle, transaction nature and taxpayers' functions.

Article 13, Article 14 and Article 15 of Decree 132 (2020) set out five TP methods to be applied to determine the arm-length price. These methods are analogous of TP methodology detailed in the OECD guidelines which are:

- Method of comparison between the transfer price and the arm's length price, detailed Comparable Uncontrolled Price Method (CUP);
- Method for comparing profit margins of taxpayers with those of separated comparable, including:
 - The method for comparison of gross profit to sales (Resale Price Method – RPM);
 - The method for comparing the ratio of gross profit to cost of goods sold (Cost Plus Method – CP);
 - Net profit margin comparison method;
- Method for splitting or allocating the profits between related parties or Profit Distribution Method.

Moreover, the Vietnamese TP legislation suggests that priority is provided to the comparison of the TP or profit margin of transactions with associated entities, against those with separated entities of the similar taxpayer.

f) TP Penalties

Although Decree 132 (2020) does not stipulate any monetary penalties for TP non-compliance, the TP penalties are specified in the Law on Tax Administration (Decree No. 126/2020/ND-CP or Decree 126), as details:

- If taxpayers prepare incorrect TP statements and TP documentations, consequently decreasing the tax responsibility based on the inspection/audit decisions of expert authorities, they are subject to pay a fine equivalent to 20% of the underpaid amount and 0.03% interest per day on late payment.
- If taxpayers mistakenly decide the tax payable, tax freedom, tax deduction, tax refund or no tax is payable by using inaccurate invoices and documents, they are fined varying from one to three times of the avoided tax amount.

2.3.3. Exchange of information (EOI)

Exchange of information (EOI) terms give the lawful base for a contracting state's proficient authority to ask information from the other contracting government, upon request, to evaluate the appropriate distribution of profits in line with the practice of the arm's-length principle (Cooper et al. 2017).

On 26 December 2019, Vietnam has become the 159th participant of the Global Forum on Transparency and Exchange of Information for tax objectives (PwC 2020). Up to now, Vietnam has EOI relations with 53 countries through 53 double taxation conventions/treaties (DTC), as in Figure 5.

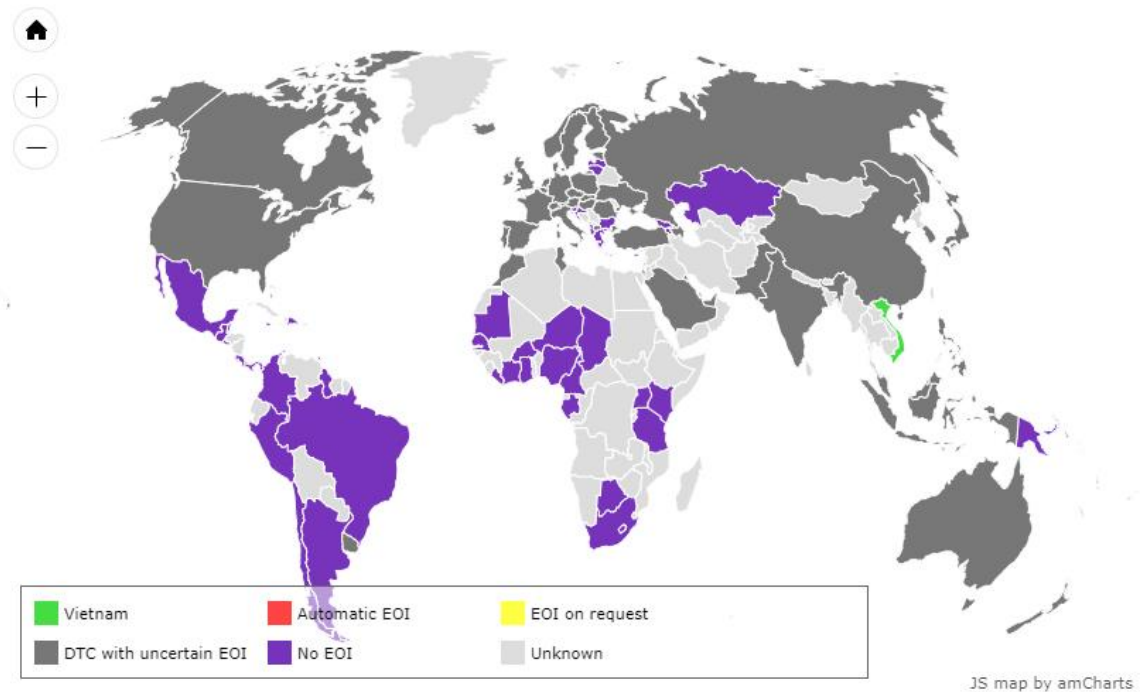


Figure 5: Exchange of information of Vietnam (eoi-tax.com 2021)

2.3.4. Advance Pricing Agreement (APA)

In the process of applying regulations on TP, disputes may occur between taxpayers and tax authorities (Lohse et al. 2012). Therefore, Advance Pricing Agreement (APA) was introduced to solve that issue.

According to DLA Piper (2019), an APA is defined as an agreement that stipulates the TP provisions that a taxpayer will apply to specific transactions for an agreed period of time in the future.

In Vietnam, there are unilateral, bilateral and multilateral APAs. APAs' regulations are specified in Decree 126 (2020), including new forms for application for an APA and arrangement a list of information needed for the ultimate draft APA; instructions on extensions, modifications, cancellation and withdrawal of APAs. However, like other developing countries, the APA program in Vietnam is still in its early stages and needs a reorganization under supervision of the Minister of Finance, the Ministry of Justice, the Ministry of Foreign Affairs and other related authorities.

According to IBFD (2021), the Vietnamese MOF has planned to modify the guidelines applying the APA mechanism, involving a decrease of the legality time of APAs from 5 to 3 years and the attachment of commercial databases for relative analyses.

2.4. The key changes in Vietnamese TP regulation

On 5 November 2020, the Vietnamese Government (Government) issued Decree 132 (2020) on tax administration for deals with affiliated entities to replace the Decree 20 (2017) and Decree 68 (2020). Decree 132 enters into force from 20 December 2020 and takes effect for the tax year 2020 forward. In addition, the Government released Decree 126/2020/ND-CP dated 19 October 2020 (Decree 126) to give guidance on the enactment of some articles of the Law on Tax Administration, involving guidance on TP.

According to EY (2020), KPMG (2020) and RSM (2020), there are crucial amendments and notable points of Decree 132 and Decree 126, as below:

- 1) Decree 132 supplements the 11th related party relationships at point l, clause 2, article 5.
Decree 132 broadens the family relationship in the associated party relationship at point g, clause 2, article 5.
- 2) Decree 132 narrows the arm's length scope to be the 35th to 75th percentile value obtained from at least five separated comparable (previously 25th percentile under Decree 20 and Circular 41) with the median value set at the 50th percentile at clause 9, article 4.
- 3) Decree 132 nominates the uses of commercial databases used in the declaration, determination of price in transactions of related entity of taxpayers at point a, clause 1, article 17. Besides, database used in TP management of tax authorities as stipulated in clause 7, article 4 of Decree 132.

A stipulation on the tax authority's buying of information, resources and statistics from database suppliers to assist the TAs, comprising the acquisition of a commercial database for TP administration is prescribed in Decree 126.

With the updated definition of commercial database, it is expected to be easier in the research process and establish an official source to protect taxpayers during the tax investigations.

- 4) Decree 132 improves requirements on Country-by-Country (CbC) report (CbCR) at clause 5, article 18, as follows:
 - The deadline for submitting CbCR of the ultimate parent company in Vietnam to the tax authority is up to 12 months after the fiscal year ended;
 - If the taxpayers in Vietnam have the ultimate parent company regulated by preparing CbCR in agreement with policies of the resident country, tax authorities will exchange information automatically based on pledges in international tax treaties of Vietnam.
 - If the taxpayers have a supreme parent company who is not obliged to submit CbCR in the resident nation, they will abide by international tax treaties.
 - If MNEs have more than one taxpayer in Vietnam, the ultimate parent company will assign one of their taxpayers in Vietnam in written note to submit CbCR to the tax authority.
- 5) The deadline for submitting the TP documentation based on request in an audit is regulated by the Law on Inspection from the received date of the tax authority's request at clause 7, article 18, Decree 132 rather than 15 working days as imposed in Decree 20.
- 6) Decree 132 deducts loan interest expense for transactions with affiliated parties as at point c, clause 2, article 19.
 - The limit raises to 30% (from 20% under Decree 20) of entire net operating profit before interest, tax, depreciation and amortization;
 - The interest expense depending on the cap calculation is the net volume. The offset of interest income versus interest expense was not directed in Decree 20;
 - Non-deductible interest expense can be moved forward for apply in upcoming years within a five-year maximum, supposing that the interest expense of the upcoming years does not outstrip the 30% cap;

- Particular government assistance loans are free from this interest restriction regulation.

The legal system in respect of TP regulation in Vietnam has heightened with the introduction of Decree 132 and Decree 126 with attempts in establishing an official pledge to improper TP activities but also guaranteeing the most pleasant and equal corporate environment in Vietnam. With significant improvements, modifications and supplements, Decree 132 (2020) has created a new legal environment, brought new benefits as well as ambiguities and challenges for Vietnamese taxpayers participating in intra-group transactions (Nguyen and Do 2021). In addition, for the TP administration in Vietnam, Decree 132 (2020) has helped it somewhat closer to the overall worldwide TP practice (Ha 2021).

2.5. Impact of TP regulation in Vietnam

Based on the above, a general framework for analysing the effect of the implementation of TP legislation in Vietnam can be established beyond the assessment of its performance.

According to Nguyen et al. (2020), to evaluate the influence of TP, TAs face a series of actions. TAs need to establish legal legislation to apply TP, present a local law not only to impose international standards and practices, but also appropriately adapted to purposes and requirements of the nation to efficiently solve tax evasion and profit shifting and abuses from MNEs by using associated entities' transactions to evade or lessen their tax responsibilities. When the essence of action has been addressed, it is necessary for the country to determine any new action to be taken, or amend, because its implementation must be in accordance with their abilities and taxpayers, to better meet their demands.

In addition, an important aspect that will guarantee the successful adoption of TP is that control mechanisms are in place to ensure and the correct implementation of the rules, as a greater implementation will ensure better outcomes (Ng 2010 and Nguyen et al. 2013).

With the introduction of TP rules for 15 years, Vietnam overall has strict TP legislations. TP audits are more complicated and tax authorities are more assertive. Therefore, it is said that the effect of TP legislation in Vietnam over the period has been partially resolved

(Dinh 2020). However, there are still many challenges and drawbacks when applying TP regulations in Vietnam. Although, Vietnamese TP rules are generally consistent with the OECD guidelines, the OECD guidelines are not officially mentioned in the Vietnamese TP legislation. In addition, a TP policy that is allowable in an OECD country would be not certainly taken in Vietnam (PwC 2014).

This research tries to further analyse the effects on tax collection arising from the practice of TP regulations, the crucial problems that have impacted the valid TP application to decrease the tax evasion in Vietnam, the restrictions that limit its influence as a profit shifting control instrument, and its impact on the taxpayers. Besides, to recognize some challenges and drawbacks related to this issue and then to give solutions for these, with the aim of providing to the development of TP application in Vietnam.

CHAPTER THREE: METHODOLOGY

This section shows the methodology and study approaches applied in this research. This chapter includes the assessment of secondary study and gives reason for the current primary research methods, then explains the chosen methodology. Additionally, a description of methods regarding the sample methods, data gathering, data assessment, and ethical issue within the design.

3.1. Research objective

According to Saunders et al. (2012), there are three ways to classify the study objective in most of the study methods' literature. They are exploratory, descriptive and explanatory. The aim of exploratory research is to study a specific trend and to determine the nature of the problem. Exploratory research is usually conducted through the examination of literature, interviews with professionals, focus groups, among others. The descriptive research focuses on description, explanation and confirmation of the results of particular situations or problems/phenomenon. While explanatory research is conducted to clarify causal relationships between variables. In other words, the explanatory research aim is to understand the effect of certain changes in current standard procedures.

Relied on these previous ones, since this aim of this research is to analyse the impact of a particular legislation implemented in Vietnam, it is said that it will be exploratory.

3.2. Research philosophy

Philosophical model of research plays an enormously important part for the reason it is a major system of belief or the viewpoint of the world which may control the study (Guba and Lincoln 1982). The study of philosophy is a method of creating the information which form the philosophy framework. The formation of content and knowledge is constructed on worldviews or fact-based concerns when a study theme is chosen (Holden and Lynch 2004; Saunders et al., 2009). The philosophy of research is founded on the onion study of Saunders et al. (2012), as resume in Figure 6. There are four different types of research philosophies namely positivism, realism, interpretivism, and pragmatism. Each philosophy has particular impact on the researchers' study. Positivism pays attention to

statistics and figures, thus this philosophy tends to use the quantitative method (Amaratunga et al. 2002). Explaining within a context is the aim of realism, hence realistic researchers can adopt quantitative or qualitative research approach. Interpretivism concentrates on subjective meanings as well as details of situations. It is more significant when examining study topic is applied based on practical factors, therefore, it focuses on qualitative data (May 2011). Finally, pragmatism focuses on either or both visible phenomena and personal meaning. Whilst concerning information gathering techniques, pragmatism considers both quantitative and qualitative data (Kaushik et al. 2019).

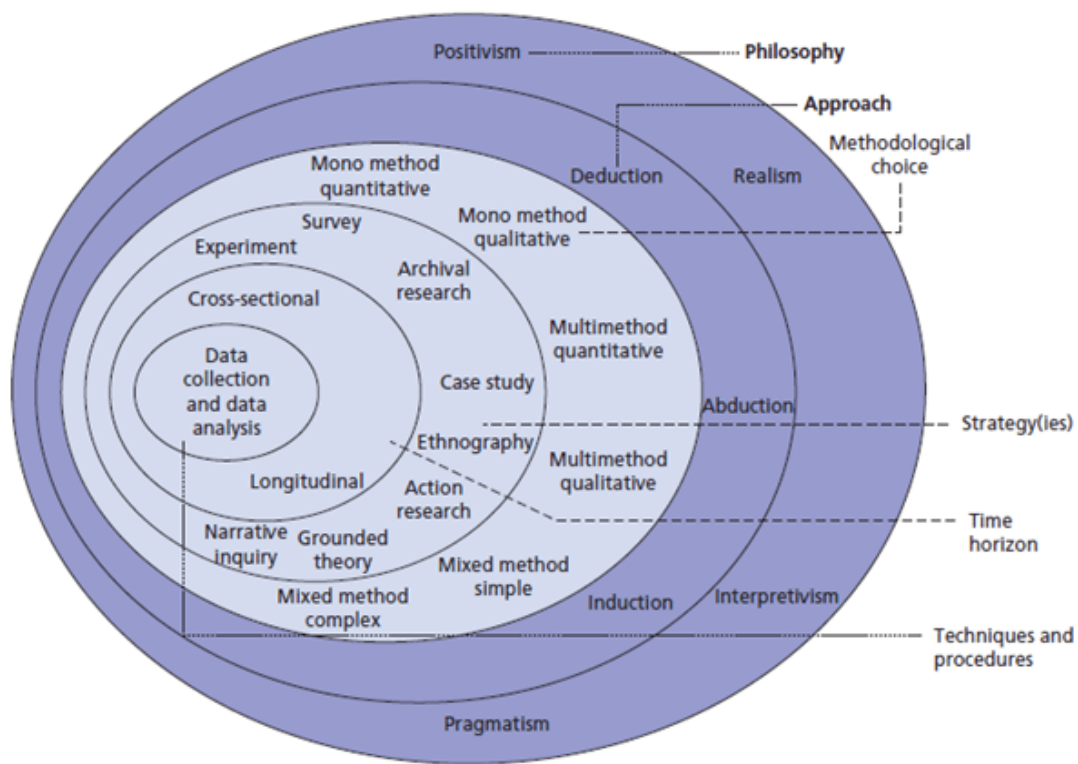


Figure 6: The study onion of the outer layer of the research philosophy (Saunders et al. 2012)

In this research, pragmatism philosophy is more suitable to analyse the effect of the implementation of a tax legislation in Vietnamese territory regarding TP. Through both viewpoints regarding quantitative data collected for the TAs and those of people involved in the day-to-day application of such regulation, the researcher can recognise its outcomes and feasible drawbacks.

3.3. Research approach

According to Saunders et al. 2012, the research approach could be classified into two main types called deductive and inductive, described in Figure 7. The deductive approach is commonly used when testing the legality of hypotheses or theories stated in the study by a series of hypotheses and explaining the causative connection between hypotheses and variables (Kumar 2019). The purpose of the inductive approach is to understand the nature of problem (Goddard and 18 Melville 2004) and the research is conducted before creating new theory (Bryman and Bell 2015).

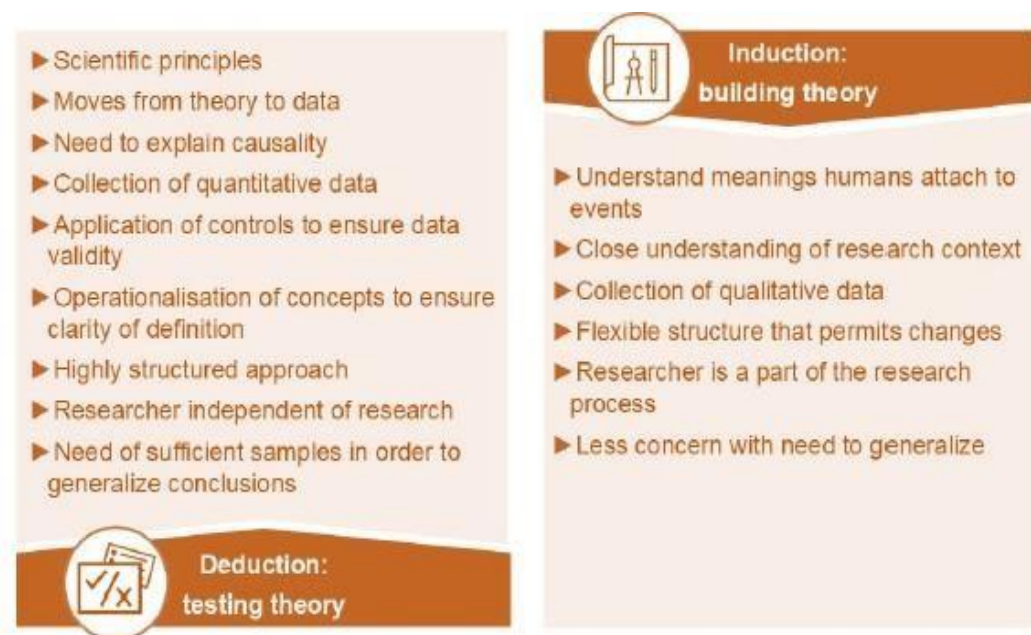


Figure 7: Approach of study (Based on Saunders et al. 2012)

In term of this research, its aim is to progress a framework to assess the influences of a regulation in a particular nation based upon gathered data analysis, rather than assessing a hypothesis based on the current theory. Therefore, the inductive method will be more appropriate for this research (Saunders et al. 2012). This approach provides a deeper insight of the study context with the qualitative data collection.

3.4. Research method

There are two main types of research method, namely qualitative and quantitative methods. However, nowadays, mixed method including both quantitative and qualitative is used widely (Creswell 2009). The clear dissimilarity between the two kinds of method is the measurement of numeric data (Saunders et al. 2012).

On the one hand, quantitative method focuses on numerical data. This method is more accurate when having a huge range of data collection. Furthermore, the data collected should be quantifiable. Afterwards, the quantitative method will be applied to study results, then objective viewpoints will be shown and theory will be developed (Ghauri and Grønhaug 2005).

On the other hand, according to Kumar (2019), qualitative method will give an awareness of the importance, experience, and depiction of the attendants along with giving their viewpoints on the social and human issues through interviews. Data collected should be demonstrable, descriptive and non-numerical (Bryman and Bell 2015).

In term of this research which is focused on analysing the impact of the implementation of TP regulation in Vietnam, the qualitative method will be more appropriate (Saunders et al. 2012). By using this method, it is better for the researcher to know the opinions of the participants about the study problems, as well as how actual values are created and the existing situation is affected directly.

The researcher decided to use the qualitative method because of its abundant advantages. Firstly, as semi-structured interviews are used, the research will be easier and smoother. Secondly, this method gives respondents the freedom to express and give their opinions on the issues. Thirdly, as the responses are all personal viewpoints of the interviewees, the researcher will learn practical knowledge to compare and demonstrate the current theories which are aforementioned. Ultimately, this research method will need less skill and experience to collect data and analyse, which may be more beneficial for this researcher (Novikov 2013).

3.5. Sampling

3.5.1. Sample selection

According to Saunders et al. (2012), sampling methods can be divided into two types including probability and non-probability sampling. Probability sampling consists of random, simple and cluster selection to find a proper sample based on research questions and objectives. Otherwise, non-probability sampling includes respondents who are chosen based on their willingness and availability when doing a survey. Non-probability sampling is appropriate to conduct this research and the purposive sampling method is utilized for correspondents. Purposive sampling method is frequently used with very insignificant samples and when researchers ought to select the cases with maximum valuable information (Neuman 2014). There are seven kinds of purposive sample named typical case, extreme case, critical case, heterogeneous, homogeneous, total population and expert. In this research, heterogeneous sampling methodology is more suitable as this method supports researchers to select the respondents with adequately varied features who are therefore more informative. The interviewees will be people who are taxation experts, however, there was no limit on working years, age or qualifications.

3.5.2. Sample size

In a qualitative study, there is no exact number of samples required (Creswell and Creswell 2018). According to Delice 2010, the sample size mainly depends on research questions, research purposes and objectives, group numbers, analysis technique or sample size of related studies. Considering similar studies about taxation, the number of participants went from 5 to 15 people. Guest et al. 2006 also recommends 12 samples for a qualitative study. For heterogeneous groups, 12 to 30 respondents are suggested to be interviewed. Therefore, in this research, interviews were conducted with 12 taxation experts who are working in Vietnam.

Demographic information of the entire interview applicants is recapped in the demographic statistics table at Appendix A.

3.6. Data collection

The research aim is to analyse the effect of the application of TP law in Vietnam, therefore, a single case study has been chosen and is divided in three stages (Maylor and Blackmon 2016). Stage 1 will be based on documentation, archival records will be used for stage 2 and interviews will be suitable for stage 3. Stage 1 and 2 of this research use secondary data and stage 3 uses primary data.

3.6.1. Secondary data

Secondary data are data collected from previous studies or analysis in a specific major (Saunders et al. 2009; Bryman and Bell 2015). Based on analysis of these data, researcher can acquire diverse knowledge, predictions, and conclusions. For context of this research, the data was collected from a diversity of sources, resumed in table 1.

Source of data	Collection method	Benefits
Documentation	Reports, journals, etc collected from organizations such as EY, Deloitte, etc about TP application in Vietnam.	This data will give better understand about implementation of TP legislation in Vietnam.
Archival records	- Descriptive data gathered by the Vietnamese TAs about audit process, compliance progress and tax revenue collection from TP audits or amendments.	- This data will give an overview of the TP collection and compliance in Vietnam. - This data will provide the taxpayers' attitude to the TP situation and the challenges that companies in Vietnam are facing.

Table 1: Sources of secondary data (Amended from Bryman and Bell 2015)

3.6.2. Primary data

According to Saunders et al. (2012), primary data are data collected and constructed by the researcher, hence, primary data are updated and objective. For qualitative method, interview is considered more appropriate as it lets the researcher gain the respondents' perceptions regarding a situation (Boyce and Neale 2006). The interview involved semi-structured questions with the involvement of twelve people. The researcher prepared a list of standardized questions to get participants' perspectives on the specific issue. The questions were divided into two sections: questions of demographic information and questions of knowledge about TP in Vietnam.

The first part included questions about working time, positions and types of companies working for. These questions were prepared in word and delivered to the participants at the beginning of the interview.

The second section was questions about the implementation of the TP regulations and the challenges faced, the TAs' standpoint and evaluation of TP audit process. Appendix B indicates both interview questions.

Based on primary data, the researcher can gather and study the results more effectively.

3.7. Data analysis

Data analysis is defined as the expansion of hypotheses, expounding context and doing-over notions when new theories 'occur' or are discovered in data (Noble and Smith 2013). In this research, researcher will compare and examine the data collected from the interviews of three taxation experts, documentation and archival record. These data will be divided into two main parts: the TP framework with its benefits and risks, and experts' perspectives on TP application in Vietnam. The basic coding process is the first step in data analysis, in which each response will have main word or key sentence (Morse and Richards 2002). This data will then be divided into groups. Besides, the researcher will evaluate each group of information against the hypotheses and framework to shed light on the objective of the study and response the research questions. Finally, the researcher gives a model of the further progression of the sections leading to the last definition.

3.8. Data quality

Two important quality criteria for analysing the research are reliability and validity (Bryman and Bell 2015).

3.8.1. Reliability

Reliability is used to measure the stability, consistency and repeatability of informants for a long time period and process of using the information by researcher (Robson 2010 and Selltiz et al. 1981). There is a low reliability and generalization in qualitative research as the researcher often focuses on people's opinions rather than causal relationships. According to Brink (1993), the researcher needs to be consistent in using the method and assessing the outcomes attained after the work. The subject of this research is a small group in a particular sector, therefore the generalization is unexpected. Furthermore, consistency can also be a challenge of study reliability. The researcher is able to examine and control the data gathering process beyond the respondents' answers and updated documentation, then analyse and compare to increase the reliability (Kumar 2019).

3.8.2. Validity

Validity of a research refers to the accuracy and correctness of its findings and the method used (LeCompte and Goetz 1982). To ensure the validity of the information with the participants' permission, during the interview, it is compulsory for the researcher to record and note the response of answerers. All the materials must be recorded in detailed (Carcary 2009) and multidimensional assessment carried out (Jansen 2010) for data analysis process. For this research, to improve the validity of data and enhance the generalizable results of the research finding, the interviews will be coded into transcripts and interviewees will be thoroughly verified.

3.9. Ethics consideration

Research theory emphasizes the significance of ethical factors when doing a research project to guarantee high quality in the findings. There is a variety of criteria to be followed in the research, including: protecting the responders from injury, protecting the privacy of the interviewees, ensuring the data rights of the research participants and data

security from the research (Bryman and Bell 2007). The Participant Agreement Form is presented and agreed by all participants (Appendix D). In addition, it is necessary to take the interviewees' signature to be sure that they consent to the terms and conditions of the research. Also, the objectives and purposes of the study were clarified and individual contact details were given to highlight the safety of the interview, which encourages the participants to take part in the study (Saunders et al. 2012). Simultaneously, responders remain unnamed so that they are able to comfortably provide their specific study topic experiences and viewpoints (Liu et al. 2016). Participants can withdraw from the research at any time without providing a reason and this action does not affect them. The research also was approved on ethics from Bournemouth University ensuring that no ethical issues were broken.

3.10. Translation

Because the purpose of this research is the implementation of TP regulation in Vietnam, numerous participants are people who do not speak English. Hence, it is essential not only to transliterate the audio-recording, but also to convert these data from Vietnamese to English. It is necessary to make sure an accurate transcription of the meanings in the initial language into the objective language while translating (Saunders et al. 2019). However, according to Chidlow et al. (2014), direct translation of content may not have the same meaning due to cultural discrepancies. The translation model of Brislin (1970) is by far the most common interpretation approach for data gathered not in English (Jones et al. 2001). According to this model, the first translator translated interview transcripts from Vietnamese into English. The second translator then translated the interview transcripts from English back into the Vietnamese. There will be a discussion between the two interpreters if there are any discrepancies between the two renditions (Brislin 1970). In this research, because of the expense and time limitations of employing qualified bilingual translators, a Master of English and literature with an overall IELTS score of 7.5 was invited to decompile the interview transcriptions from the researcher's forward-translation. There was a considerable match between two versions, the English version was considered to be meaningfully equivalent to the original data.

CHAPTER FOUR: DATA ANALYSIS AND FINDING

This section gives and talks about essential conclusions that are obtained from the assessment of data gathered with twelve (12) participants about TP framework, the benefits it gives for the TAs, how it has developed over the years and the major challenges presented.

4.1. TP regulatory framework in Vietnam

As stated before, the world economy is more and more active, businesses generate increasingly ways to operate corporate, capital flows move from one nation to another to seek higher profits. It is globalisation and taxation must adjust to this dynamism, if not, a lot of transactions are out of the extent of tax rules. One of the most important obstacles in globalization is the probability that MNEs perform tax planning procedures, with the aim of reducing its tax liability.

Along with the vitality of the economy, the supervisory structures that control economic activities must be tailored to encompass all aspects and new approaches of running company, nonetheless, the rate of this adjustment is significantly smaller than the growth speed of the economy. This difference is greater in developing and less developed countries, where legitimate amendments take much longer than needed. In contrast, in developed countries, seeing the significance of controlling the worldwide market, they always maintain a constant supervising of the adjustments in the markets, encourage changes or new rules required to prevent falling behind (Cooper et al. 2017).

Fiscal policy is one of the most significant divisions of the governing framework, for the reason that with regard to the progressively plentiful and creative ways of running business, local tax systems, must enlarge their space to include all financial activities, to evade the risk of its tax base erosion, resulting in loss of income.

In Vietnam, there are direct taxes and indirect taxes with fourteen (14) different taxes executed. Most of tax income is indirect tax, as resumed in Figure 8.

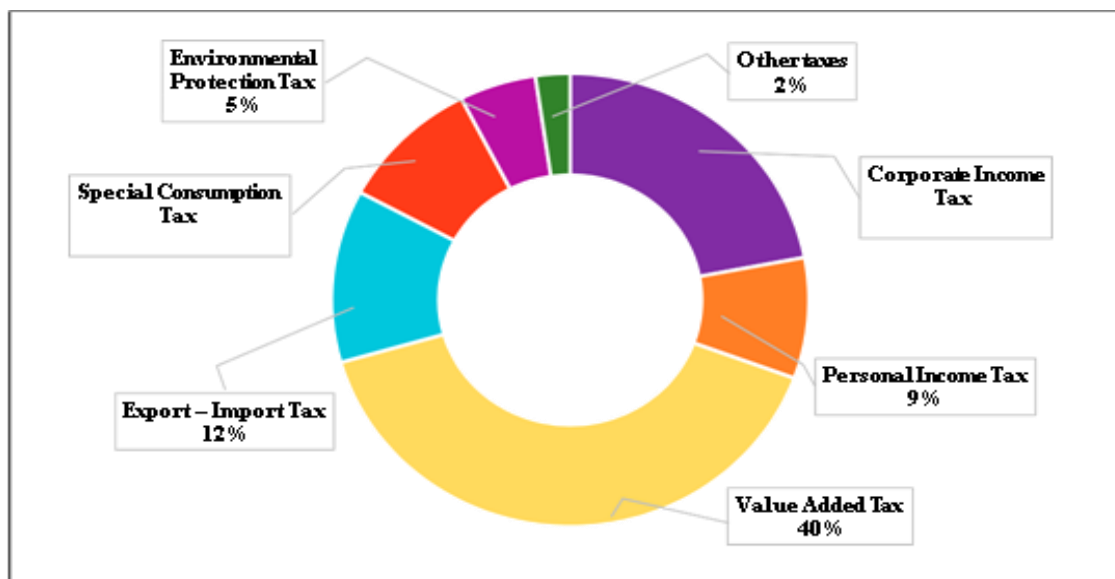


Figure 8: Breakdown of tax revenue by tax classifications (Nguyen et al. 2019)

According to Doan (2015), the first appropriate TP rules were launched in Vietnam at the end of 2005 and took effect in 2006. With amendments, in 2020, a new TP regulation (Decree 132) was issued and has entered into force.

According to KPMG (2020), from a professional perspective, Vietnamese TP regulations are formed based upon the OECD guidelines. Decree 132 (2020) uses the arm's-length principle and five (05) methods outlined in the OECD guidelines. In addition, comparability analysis and documentation are comparable with to the OECD guidelines. In addition, Vietnam also approved or executed BEPS Action 13 for TP papers. The TP documentation contains both master file, local file and CbCR. However, the classification of related parties in Decree 132 (2020) is much larger than that of the OECD guidelines, for example, broadening the family relationship in the associated party relationship. And TP rules in Vietnam do not implement safe harbour principle proposed in the OECD guidelines.

In conclusion, although Vietnam is not a member of the OECD and therefore is not compelled by the OECD guidelines, the Vietnamese TP legislation generally in line with the OECD guidelines, BEPS Action and international practices with specific unique local

adaptations (KPMG 2020). All of the respondents agreed with the assumption, for example:

“[...] The Vietnamese authorities applies international regulations (such as the OECD guidelines and BEPS actions) on TP with adjustments to match the actual situation in Vietnam based on the core foundation of international standards.”

“Most of Vietnam's legal regulations on TP are based on the content of BEPS actions and the Organization for Economic Cooperation and Development (OECD) guidelines. Therefore, understanding the basic content of BEPS is the first step to grasp the Vietnamese legal regulations on TP. Vietnam's TP legislation is based on BEPS action plans that are deemed appropriate to the actual situation in Vietnam (Action 8, Act 9, Act 10, Act 13). [...] The Vietnamese law on TP is based on two basic principles: the principle of independent transaction and the principle that the essence determines the form. [...] Thus, TP rule in Vietnam applies international standards and at the same time adjusts them to suit the actual situation in Vietnam.”

4.2. Implementation of TP regulation

According to Nguyen et al. 2020, device of international tax system like TP has been applied with the aim of combating tax avoidance, generally obeying or involving in their local regulation the best implementation and requirements recommended by the OECD no matter they may not be a participant of this association.

To determine the effect of the implementation of a TP rule in Vietnam, this study appraises both the standpoint of the TAs and the taxpayers about their experience with this management mechanism.

In Vietnam, taxpayers must prepare TP files including type of transactions, amounts and determine transfer prices, select TP methodology and then submit them together with the CIT returns each year. Therefore, it is difficult for tax authorities to control all the companies that have related transactions. According to Dang (2020), currently, there are over 16,500 enterprises in Vietnam having associated transactions, but only about 8,000 enterprises declare that they carry out related transactions.

In recent years, Vietnamese authorities has stepped up the inspection of TP transactions and initially achieved remarkable results. According to the inspection report of the General Department of Taxation, in the over the past year, with the efforts of the management authorities in the inspection and examination of TP behaviour, tax authorities have collected thousands of Vietnamese billion dong for the state budget, as resumed in Table 2 (Nguyen and Doan 2018, Nguyen 2020).

Year	Number of enterprises inspected against TP	Arrears, refund and penalty (Vietnamese billion dong)	Loss reduction (Vietnamese billion dong)	Reduced deductible (Vietnamese billion dong)	Increase taxable income (Vietnamese billion dong)
2014	246	341	2,507	-	-
2015	420	4,895	3,104	206	801
2016	329	607	5,162	-	2,121
2017	217	575	2,635	15	1,811
2018	593	1,637.88	4,808	-	7,291.72
2019	816	1,719	7,000	334	7,500
2020	339	681.51	10,046.23	9.25	5,840.82

Table 2: Results of inspection and examination of anti-transfer pricing activities in the period 2014 - 2020 (Amended from Portal of The Ministry of Finance, Nguyen and Doan 2018)

In line with the Tax Risk and Controversy Survey completed by EY (2017), taxpayers from 69 nations around the world have classify TP as an important challenge for tax system (Figure 9), and this issue is also shown in Vietnam.

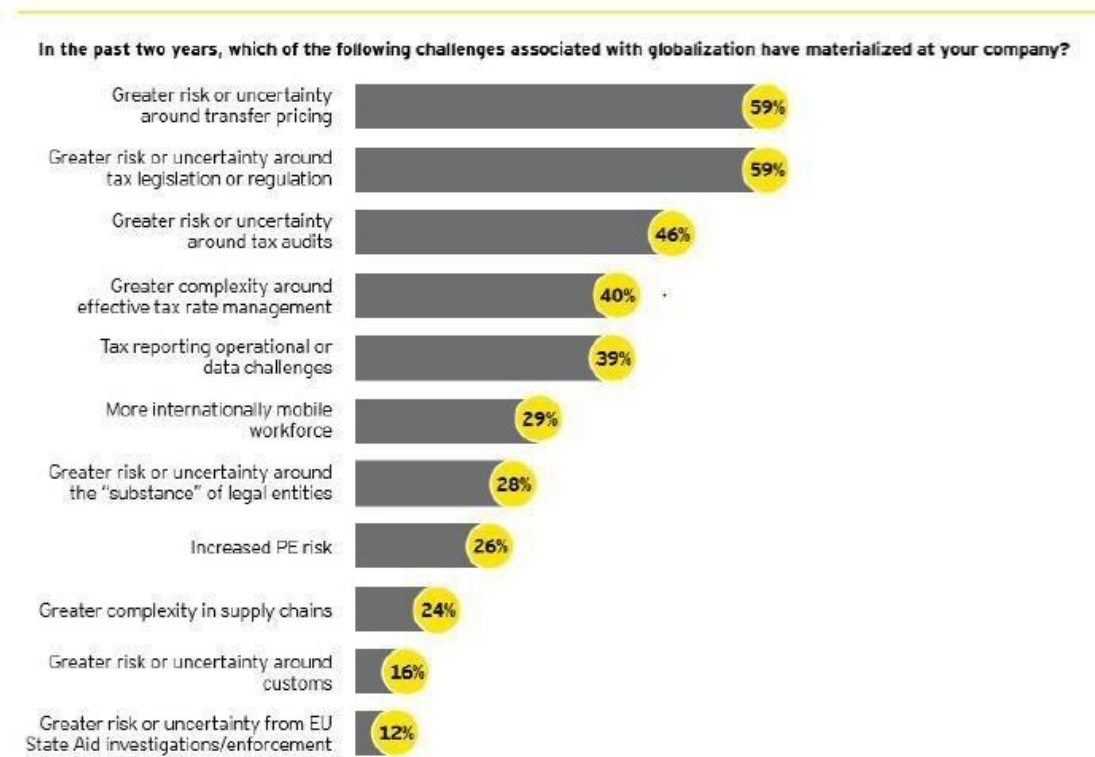


Figure 9: Recent tax challenges experienced by MNEs (EY 2017b)

From the interviews' responses, it is summarized that *"most MNEs in Vietnam do not set up a dedicated TP division, some of them have a regional tax team to support in a local or worldwide team with more knowledge. Whilst the massive majority rely on their finance department or tax department which manage all financial problems. Therefore, they generally depend on outside consultants to make the essential documents and analysis to meet with the regional rule, along with to handle and make the papers in the event of an audit."*

In a word, although there are still many challenges and problems in TP control in Vietnam, the application of existing TP regulation is partially effective. Besides, Decree 132 (2020) has introduced many mechanisms, policies and regulations in line with international practices and the reality of Vietnam to strengthen implementation of TP law. With Decree 132 (2020), taxpayers can have more flexibility in their use of working capital and compliance arrangements. Nevertheless, the tightening the range of the appropriate arm's-length and broadening description of associated party may place more responsibilities for

corporations in handling their tax liabilities. Simultaneously, the requests for CbCR exemption might need more attempt of both by taxpayers and authorities to implement TP regulation smoothly (Nguyen and Do 2021).

4.3. Characteristics of the TP audit in Vietnam

According to Grand Thornton (2021), TP has become progressively more important in Vietnam's tax audit and inspection activities. In the first six months of 2020, 72 taxpayers have been particularly audited about TP. Consequently, tax authorities have collected 212 billion Vietnamese dong of TP arrears and loss reduction in TP of 1,367 billion Vietnamese dong.

In the field of TP audit, there has been a change in emphasis – from evaluating the fiscal presentation of taxpayers within the organization to analysing each transaction. Inspection has also shifted from agreement companies and restricted risk distributors to the customer, hospitality, and financial services segments. TP audits are regularly generated by a company with continuous losses or unpredictable profit margins year by year or with considerable internal services and invisible trades (Dinh 2020).

TP audit is no longer a private audit since 2017 when tax authorities disbanded specific units for TP audit and inspection. Instead of, their staffs were transferred into each separate tax audit division to make sure that TP issues will be covered once the notification for a tax audit had been released to taxpayers. Nevertheless, as TP is appraised as a part of CIT, lots of audit announcements have not clearly stated this, leading to taxpayers have been astonished when papers related to their organized transactions have been eliminated, even in the early stage of audit (Grand Thornton 2021).

There are some reasons why a TP documentation is rejected when conducting a TP audit, according to participants' responses:

“Many taxpayers believe that as long as they submit TP documents to the tax authorities, there will be no additional adjustments. But they are wrong. In fact, there are many cases that will lead to a rejection of TP papers. First of all, late preparation is one the most popular reasons for rejecting the TP documents. Besides, any discrepancy arising

between the disclosure factors will lead to debate between the tax authority and taxpayer through audit and, most significantly, the refusal of everything that has been thoroughly prepared. Lack of strategy, practical planning and consultation can be a likely risk to taxpayers.”

Moreover, when finding the key challenges occurred when conducting TP audits, the lack of experience and a well-prepared and solid TP department has been the most essential concern.

4.4. TP control mechanisms

TP is not a supernatural means from taxation, its achievement in making a real effect in an economy counts on the proper implementation of the regulation and successful control devices such as severe conditions, effective audits and assessments, the accurate implementation of fines and an efficient compliance measurement (Ng 2010).

Even if the data gathered by the TAs indicated that both TP audits and its related changes have grown throughout the years, many cases that get an appropriate assessment and solution are marginal regarding to the number of taxpayers that have submitted TP documentation. Besides, there are TP inspections and audits to guarantee that all the taxpayers are obeying their responsibilities in presenting TP files on time with correct information or efficient implementation of its fine. The abovementioned is supported by the answers taken in the performed interviews.

“Aside from the TP files, there are conditions and punishments with regard to no compliance. Besides, TP audits are conducted with the purpose of imposing modifications on TP.”

“There are taxpayers who are responsible for submitting the TP documentation but for whatever reason they decide not to do and it is quite difficult for TAs to follow up or manage to sort out those type of taxpayers.”

“TAs in Vietnam do not have the appropriate databases to perform their own search for similar firms or comparable agreements [...].”

Moreover, Vietnam is a developing nation with a large range of MNEs, of various types and sizes, hence, opinion and response about the TP legislation and its application are considerably different among all members. From the interviews, there are some responses from the taxpayers regarding TP controls.

“The taxpayers’ attitude to TP based on the kind of firm. For MNEs which has experience with TP for many years on different nations, are completely competent and aware to deal with TP issue. With the regional businesses or smaller firms, they may not have much experience with TP, but they want to obey TP law by receiving advice from outsiders, therefore with time, they will be in good condition. For the smaller local enterprises, they consider any tax law as an expense, a compliance problem should be solved with lowest expense and then ignored it [...].”

“In Vietnam, nowadays, taxpayers have more understanding about TP issues, as well as they are much more conscious of appropriate utilizing TP regulations and submitting TP documentation. Nevertheless, some of them may not understand much about how to appropriately apply TP rules, and the effect on the implementation and efficiency. They need to study much more about TP.”

4.5. Challenges recognized regarding TP

As an essential component of this study, an effort to recognize challenges for both TAs and taxpayers have been faced, that helps to give the recommendation to enhance the effect of TP law in Vietnam. According to some scholars such as Nguyen and Doan (2018), Dinh (2021), Bui (2021) and the opinions of the interviewees, there are still some challenges and drawbacks related to TP regulation in Vietnam, specifically:

Firstly, the legal provisions related to TP management are still incomplete and not strict, the sanctions for handling TP violations have not been specifically regulated, the current

one is still following the general rule of the Law on Tax Administration. According to some interviewees:

“At the same time, there are a number of regulations on TP that are not appropriate and fair among enterprises, such as regulations on imposing a ceiling on loan interest rates for enterprises having transactions with related parties, the interest applies to both loans from independent parties, which are banks or newly established businesses, the loss is natural, but the tax authorities still rely on the gross loss ratio and then apply the industry profit rate, it is not suited.”

Secondly, human resources in the field of TP inspection are still limited in capacity and shortage of quantity. For TP inspection, now only the General Department of Taxation and 4 provinces/ cities across the country set up TP Inspection Department with a limited number of officials specialized in TP, the number of detected and handled TP cases has not been much and it has only focused on foreign direct investment (FDI) enterprises conducting transactions with related parties cross the border. Ten correspondents gave their opinion on this matter:

“[...] Next, the regulation on TP for tax professionals as well as corporate accountants is still new and has not been widely disseminated, so the regulations and the nature and purpose of the regulatory documents are not fully understood, so sometimes the application is also stereotypical and mechanical.”

In addition, about inspection time, according to the provisions of the Law on Inspection, the Law on Tax Administration, the time limit for tax inspection to be conducted is not more than 45 working days, complicated cases can be longer, but not more than 70 working days. However, in practice, especially for large-scale enterprises, if there is an associated transaction, the time spent on providing documents, suspending and postponing the inspection takes a lot of time, so according to the current regulations are not suitable for a TP inspection.

Besides, the database for TP inspection and examination is limited. Although Decree 132 (2020) nominates the uses of commercial database, the information system and data on taxpayers and industries are still incomplete. There is not any public database about price for reference and comparison when determining the price in related transactions. This information and data are mainly obtained from the inspection process of tax authorities and the history of tax compliance of taxpayers, while MNEs can buy and sell goods and property among many countries and territories before importing to Vietnam, thus collection of information and data price is very difficult. In many cases, inspectors do not have enough information to fight against business. All of correspondents agree with this viewpoint:

“[...] because currently the industry data system in Vietnam has not been public yet, so it is lack of data to perform the price comparison. Currently, the tax authority mainly relies on the profit and loss ratio of the enterprise to determine if it makes TP or not, and when it is fixed, the tax authority has not yet provided a basis for fixing rate because this is the confidential data of the tax authorities, but businesses cannot access, so it is difficult for businesses to accept.”

“The biggest difficulty is probably the lack of a statistical database to compare and contrast independent transaction prices or industry profit margins.”

“Vietnam currently has no regulation on standard prices for commodities; a complete information system on taxpayers in general and TP activities in particular has not been built yet [....].”

Fifthly, on the implementation of the APA in TP control, although APA is considered an effective tool against TP that has been used in many countries around the world, in the past time there still has many limitations when applying APA in Vietnam, consequently, reducing the ability to resist TP of tax authorities. According to statistics from the General Department of Taxation, as at 6/2017, the number of enterprises participating in the negotiation of the APA agreement are 11 records, of which mainly unilateral agreements.

Moreover, tax authorities have not been assigned to investigate tax, so it is very difficult to fight against TP. This issue is agreed by most of participants:

“The Vietnamese tax authorities do not have an investigation function, only an inspection function.”

Lastly, the coordination between state authorities has not been paid enough attention due to the lack of specific regulations on the coordination responsibility of each authority, for example, coordination between tax authorities and customs authorities in the investigation and handling of violations in cross-border transactions.

Besides the inadequacies in management as mentioned above, there are also objective difficulties as follows:

The first and also the general difficulty of the whole economy - society in Vietnam is the low economic starting point, followed by the material - technical basis for management do not meet management requirements, accordingly, these are essential conditions for collecting and processing information for TP activities.

The strong international economic integration process, along with opportunities, comes with challenges. The rapid increase of FDI, together with the TP behaviour of these companies in the context that there is lack of experience in TP activities, we must both learn and at the same time apply in to practice and learn from experience gradually. Some of participants gave points on this matter:

“[...] The main challenge is that the operation of MNEs and domestic private economic groups is increasingly complex and sophisticated; many businesses have taken measures to arrange transactions to transfer prices, avoid taxes liabilities, transfer profits, and maximize benefits for the whole group.”

The third problem is the gathering and testing of material in the context of diverse and complicated worldwide trades on a global extent. Not all tax authorities around the world are ready to assist to give information, and they do not constantly have the data to provide and provide timely. In the meantime, in order to ascertain the transfer price according to

the TP principles prescribed by law, it is necessary to collect sufficient information. If there is no information, it is impossible to determine the transfer price.

In keeping with the information collected from the interviews, there are some challenges taxpayers face:

“Taxpayers have to identify TP behaviour and prove to the tax authorities that their activities are consistent with market rules and there is no sign of TP [...]. There is lack of a transparent database to compare prices / prove it with the tax authorities that their price is in accordance with the Vietnamese law.”

“Taxpayers do not have many opportunities to access industry statistical information. Therefore, it is necessary to find a common voice between the requirements of the tax authorities and the reality of businesses. Because many of the tax authorities’ requirements MNEs may not be able to provide because of objective and subjective factors. For example, the request to provide a basis for determining the selling price, but not all of businesses can give it because it involves a business secret, which is something that the management boards agree with each other, employees do not know or they also do not want to provide for fear of affecting competitiveness.”

CHAPTER FIVE: CONCLUSION AND RECOMMENDATION

This chapter recaps what has been achieved in this research, including findings obtained to tackle the targets and purposes of this research. In addition, the recommendation is given in this section as well.

5.1. Conclusion

Tax avoidance is a popular problem that today is gained by company management and accounting practices that helps companies reduce their taxable responsibilities. Tax evasion affects a lot of challenges for instance budget execution, income allocation and unallocated valuable resources. Tax avoidance is closely related to the structure of economy and the taxation, because it is affected by the quantity of taxes, tax liability and complication of compliance (Cooper et al.2017). In this regard, Vietnam tax system has been efficient of addressing important issues related to the degree of resources they really gather.

It is essential to accept the direct effects of tax avoidance on equity of the tax system. Therefore, the importance of efficiently using management systems to control these harmful activities. These methods, such as an efficient TP rule, adjusts the profit distribution systems used by MNEs and are devices to protect the country tax basis.

Today, MNEs utilize lawful structures to prevent/lessen their tax liability in dissimilar territories under contracts and overseas operations, adversely influencing the tax base, customers' utility and the whole wellbeing of an economy (Zachariadis 2019). It is difficult for Vietnamese TAs to assess MNEs documents, to realize complicated global tax systems and diminish information irregularity between taxpayers and TAs (Dinh 2020).

Vietnam is integrated to the worldwide economy, hence the involvement of local businesses operating overseas and the overseas investment in the regional economy, creates a continuous flow of business and fiscal deals that directly affect the national tax collection. Therefore, TP is an extremely essential tool stipulating that the distribution of

profit is subject to fundamental standards of quality, transparency and consistency, keeping the domestic tax base and the gathering interests of TAs (Doan 2015).

With the growing significance of TP over the world as an instrument to safeguard the taxable benefits in every country, Vietnam has taken essential actions to track the worldwide trends, by presenting regulation, documents need and conducting audits and modifications. The application of a strong and well-structured regulation has partially brings good results. The Vietnamese TP law generally in line with the OECD guidelines, BEPS Actions and international practices with specific unique local adaptations. Then, it enhances TAs abilities regarding TP audits and modifications, which increases profits collection ability and the TP goals as a control tool (KPMG 2020).

The TP methodology in Vietnam is fully based on the OECD guidelines with five methods, hence this improves the influences of TP regulation (KPMG 2019). However, there are still some challenges such as not completely efficient TP department; shortage of budget, the appropriate devices, the experience and professional understanding leading to adversely effects the advantages of such rule.

Moreover, there are more and more TP audits implemented by TAs and tax authorities. This helps tax authorities increase tax collection. Nevertheless, there are still lack of management tools to recognize the taxpayers who are not obeying the rule and the lack of experience and a well-prepared and strong TP department (Grand Thornton 2021).

In a nutshell, it is said that the effect of TP legislation with regard to regulate the tax dodging arising from the profit shifting actions of MNEs and aggressively addressing the misuse in Vietnam has been more and more effective in its application, starting from a strict and well-improved rule, a strong and prepared TAs and enforcement of penalties. However, there are still some challenges, including the lack of control methods and the established conditions.

5.2. Recommendation

In terms of international economic integration of Vietnam nowadays, the issue of TP is becoming a big concern for the governance. Therefore, according to PwC (2011) and Nguyen and Doan (2018), to improve the implementation of TP regulation in Vietnam, it is necessary to carry out and combine solutions as following:

Firstly, it is necessary to improve and complete economic legislation in general, TP law in particular to control transfer price behaviours. In the process of building and completing the legal framework, Vietnam needs to seriously study and apply the TP guidelines proposed by the OECD for the purpose of integrating with international practice. Authorities should examine to promulgate the TP law to have a document of high legal value to unify interpretations, eliminate inappropriate interpretations, and prevent tax evasion like today. Besides, it is essential to make some changes about laws and documentations such as investment law, enterprise law, etc and sub-law documents such as decrees, circulars and decisions to comply with the provisions of TP legislation.

Secondly, the tax authorities need to build and improve TP experts by improving organized training courses for all tax officers or seconding TAs in other nations for TP instruction.

Thirdly, it is important to improve Vietnamese Accounting Standards. As more and more foreign enterprises invest in Vietnam, including many multinational and transnational companies, the harmonization of domestic and international accounting standards is an important requirement, in line with the current trend of very deep integration in Vietnam.

Besides, there is a need to strengthen inspections on transfer prices. This is one of the main tasks of the tax authorities. TAs should pay attention to inspection and examination of transfer prices of MNEs, enterprises that have been and are undergoing restructuring are likely to take advantage of TP to avoid tax. For TP cases, there must be sanctions in the direction of increasing fines and penalties compared to current regulations to ensure the strictness of the law.

In addition, it is required to build a database system and information about FDI enterprises in Vietnamese authorities to have a synchronous and smooth coordination in controlling TP between the authorities.

Fifthly, it is necessary to develop and prescribe a coordination mechanism among the authorities (investment management authorities, banks, tax authorities, customs, police, courts, procuracies, inspectors, etc...) to supplement necessary information sources to serve the process of TP inspection and examination in order to improve the management effectiveness and anti-revenue loss for the government.

Moreover, TAs should refer to the experience of some countries applying the "safe harbour" principle to apply. Accordingly, businesses that meet certain criteria or conditions may be able to choose a certain method of tax payment as simple as declaring a profit within an allowable range, or a percentage of profit per capital or revenue. This both helps to reduce the tax compliance costs of businesses and reduces tax administration costs of the tax authorities.

Finally, authorities need to review and adjust in the direction of narrowing the gap in tax incentives between sectors, fields and regions.

For taxpayers, they should actively study about new TP regulations, and give feedback on problems encountered as well as suggestions to competent authorities. Besides, taxpayers also should carry out appropriate preparation and discuss with their consultants to proactively comply and have a powerful protection in the event of tax audits and/or inspection.

5.3. Limitation and suggestions for the future research

Even though this research has been thoroughly constructed to reduce shortcomings such as the use of multimethod qualitative information collection, numerous sample methods, pilot study prior to the principal interviews, several undeniable constraints still occur in this paper. First of all, some of secondary data used about this theme is old and lack of update. In addition, there are not any documents about the practical application of the newest decree (Decree 132). Besides, the essence of qualitative research is inadequately

representative. Consequently, the discoveries of this research ought to be examined quantitatively in the future, to get great representativeness. Though secondary data, research methods and sample volume keep unsolved restrictions, they often achieve the necessary responsibility and give significant benefit for this research to get the target of the request.

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APPENDICIES

Appendix A: Demographic statistic table

Interviewee	Years of working	Position	Department / Company
1	10 years	Senior Tax Consultant	Tax service company
2	2 years	Junior Tax Executive	The controversy department of MNEs
3	15 years	International Tax Senior	Tax department of Tax consulting company
4	5 years	Tax Consultant	Tax Department of Audit and Tax company
5	25 years	Tax Manager	Tax consulting company
6	12 years	Senior Tax Consultant	Tax consulting company
7	3 years	Tax Executive	Tax Department of Audit and Tax company
8	4 years	Tax Consultant	Tax consulting company
9	10 years	Tax Consultant	Tax consulting company
10	4 years	Tax Officer	Local Department of Taxation
11	8 years	Tax Administration	General Department of Taxation
12	7 years	Tax Officer	General Department of Taxation

Appendix B: Interview questions

These questions are only used to ask people who are/used to be employees in tax industry.

1. To what extent has the Vietnam Authority implemented Transfer Pricing regulations following international standards or tropicalized and adapted properly for local reality?
2. Has the Tax Administration evolved in term of effectively applying the Transfer Pricing regulation, implementing control mechanisms, properly requesting and reviewing information and setting fees and penalties according to the local regulation?
3. What are the main focuses of attention from the Tax Administration in Vietnam regarding Transfer Pricing and how it has been approached? What have been some controversy topics and what have been the resolution?
4. What are the main challenges faced when handling Transfer Pricing audits or reviews from the Vietnam Tax Authority?
5. What have been the main concerns slated by Multinational Enterprises concerning Transfer Pricing documentations or requirements and audit processes?
6. What have been the main concerns slated by Multinational Enterprises concerning Transfer Pricing documentations or requirements and audit processes?
7. What are the main challenges both for the Tax Administration and the taxpayers regarding Transfer Pricing?

Demographic Questions

Before participating in the interview section, interviewee needs to fill out the survey form that includes some demographic questions as following:

1. How long have you been working for tax industry?
2. What is your position in your company? Which department have you been working for?

Appendix C: Interview transcripts

There are some same opinions between interviewees, therefore these transcripts below are most important part of each conversation.

Transcript 1

Senior Tax Consultant - Tax service company - 10 years

To what extent has the Vietnam Authority implemented Transfer Pricing regulations following international standards or tropicalized and adapted properly for local reality?

- Although Vietnam is not a participant of the OECD and therefore is not compelled by the OECD guidelines, the Vietnamese TP rules are generally compatible with the OECD guidelines and international practices with specific unique local adaptations.

Has the Tax Administration evolved in term of effectively applying the Transfer Pricing regulation, implementing control mechanisms, properly requesting and reviewing information and setting fees and penalties according to the local regulation?

- Through separate TP inspections or in conjunction with tax audits, tax authorities check whether transactions with related parties are in compliance with the TP laws in Vietnam. They request the companies to provide a documentation on determining the market price in accordance with regulations, check the basis of preparation, independent comparable, transaction value, etc., thereby they evaluate whether the prepared documentation is in accordance with regulations. If not, they check for high signs of TP such as multi-year losses but still widening, gross losses, and then check the actual transaction incurred using comparative measures to assess the appropriateness of the price transaction value such as: comparing independent transaction prices, comparing the net profit margin of the enterprise with the industry average, etc. If the enterprise cannot prove that the applied price base is appropriate and is considered as TP behaviour, the tax authority will determine the tax according to the data that the tax authority has.

What have been the top actions taken by taxpayers regarding Transfer Pricing concerns?

- Taxpayers make a full report on market price determination, declare an appendix on the CIT finalization declaration according to the guidance of the guiding circular/decrees related to TP.

Transcript 2

Junior Tax Executive - The controversy department of MNEs - 2 years

To what extent has the Vietnam Authority implemented Transfer Pricing regulations following international standards or tropicalized and adapted properly for local reality?

- Most of Vietnam's legal regulations on TP are based on the content of preventing tax base erosion and profit shifting by the Organization for Economic Cooperation and Development (OECD). Therefore, understanding the basic content of BEPS is the first step to grasp the Vietnamese legal regulations on TP. Besides, Vietnam's TP legislation is based on BEPS action plans that are deemed appropriate to the actual situation in Vietnam (Action 8, Act 9, Act 10, Act 13).

What are the main focuses of attention from the Tax Administration in Vietnam regarding Transfer Pricing and how it has been approached? What have been some controversy topics and what have been the resolution?

- The issue of TP in Vietnam has been regulated for a long time, but due to the approach, there are still many new problems from both enterprises and tax authorities, because currently the industry data system in Vietnam has not been established yet, so to perform the comparison also lacks data.

Transcript 3

International Tax Senior - Tax department of Tax consulting company - 15 years

What are the main focuses of attention from the Tax Administration in Vietnam regarding Transfer Pricing and how it has been approached? What have been some controversy topics and what have been the resolution?

- Currently, the tax authority mainly relies on the profit and loss ratio of the enterprise to determine if the company transfers price or not, and when the authorities fix the price, they have not yet given a basis for taking the fixed rate because this is confidential data of the tax authorities, but businesses can not have access, so it is difficult for businesses to accept.

What are the main challenges faced when handling Transfer Pricing audits or reviews from the Vietnam Tax Authority?

- At the same time, there are a number of regulations on TP that are not appropriate and fair among enterprises, such as regulations on imposing a ceiling on loan interest rates for enterprises having transactions with related parties, the interest applies to both loans from independent parties, which are banks or newly established businesses, the loss is natural, but the tax authorities still rely on the gross loss ratio and then apply the industry profit rate, it is not suited

What have been the main concerns slated by Multinational Enterprises concerning Transfer Pricing documentations or requirements and audit processes?

- Taxpayers do not have many opportunities to access industry statistical information. Therefore, it is necessary to find a common voice between the requirements of the tax authorities and the reality of businesses. Because many of the tax authorities' requirements MNEs may not be able to provide because of objective and subjective factors. For example, the request to provide a basis for determining the selling price, but not all of businesses can give it because it involves a business secret, which is something that the management boards agree with each other, employees do not know or they also do not want to provide for fear of affecting competitiveness.

Transcript 4

Tax Consultant - Tax Department of Audit and Tax company - 5 years

To what extent has the Vietnam Authority implemented Transfer Pricing regulations following international standards or tropicalized and adapted properly for local reality?

- Most of Vietnam's legal regulations on TP are based on the content of preventing tax base erosion and profit shifting by the Organization for Economic Cooperation and Development (OECD). Therefore, understanding the basic content of BEPS is the first step to grasp the Vietnamese legal regulations on TP. Besides, Vietnam's TP legislation is based on BEPS action plans that are deemed appropriate to the actual situation in Vietnam (Action 8, Act 9, Act 10, Act 13). The Vietnamese law on TP is based on two basic principles: the principle of independent transaction and the principle that the essence determines the form. Hence, Vietnamese TP rule is both applies regulations according to international standards and at the same time adjusts to suit the actual situation in Vietnam.

What are the main challenges both for the Tax Administration and the taxpayers regarding Transfer Pricing?

- The database for TP inspection and examination is limited. Although Decree 132 (2020) nominates the uses of commercial database, the information system and data on taxpayers and industries are still incomplete. There is not any public database about price for reference and comparison when determining the price in related transactions. This information and data are mainly obtained from the inspection process of tax authorities and the history of tax compliance of taxpayers, while MNEs can buy and sell goods and property among many countries and territories before importing to Vietnam, thus collection of information and data price is very difficult. In many cases, inspectors do not have enough information to fight against business.

Transcript 5

Tax Manager - Tax consulting company - 25 years

What are the main focuses of attention from the Tax Administration in Vietnam regarding Transfer Pricing and how it has been approached? What have been some controversy topics and what have been the resolution?

- At the same time, there are a number of regulations on TP that are not appropriate and fair among enterprises, such as regulations on imposing a ceiling on loan interest rates for enterprises having transactions with related parties, the interest rate applies to both loans

from independent parties, which are banks or newly established businesses, the loss is natural, but the tax authorities still rely on the gross loss ratio and then apply the industry profit rate, that is not well suited...

To what extent has the Vietnam Authority implemented Transfer Pricing regulations following international standards or tropicalized and adapted properly for local reality?

- Although Vietnam is not a member of the OECD and therefore is not compelled by the OECD guidelines, the Vietnamese TP legislation generally in line with the OECD guidelines, BEPS Action and international practices with specific unique local adaptations.

What have been the top actions taken by taxpayers regarding Transfer Pricing concerns?

- Taxpayers make a full report on market price determination, declare an appendix on the CIT finalization declaration according to the guidance of the guiding circular/decrees related to TP.

Transcript 6

Senior Tax Consultant - Tax consulting company - 12 years

To what extent has the Vietnam Authority implemented Transfer Pricing regulations following international standards or tropicalized and adapted properly for local reality?

- In general, TP legislation in Vietnam is strict and consistent with international standards like the OECD guidelines and BEPS actions. Most of Vietnam's legal regulations on TP are based on the content of preventing tax base erosion and profit shifting by the Organization for Economic Cooperation and Development (OECD). Therefore, understanding the basic content of BEPS is the first step to grasp the Vietnamese legal regulations on TP. Besides, Vietnam's TP legislation is based on BEPS action plans that are deemed appropriate to the actual situation in Vietnam (Action 8, Act 9, Act 10, Act 13).

What are the main challenges faced when handling Transfer Pricing audits or reviews from the Vietnam Tax Authority?

- Human resources in the field of TP inspection are still limited in capacity and shortage of quantity. For TP inspection, now only the General Department of Taxation and 4 provinces/ cities across the country set up TP Inspection Department with a limited number of officials specialized in TP, the number of detected and handled TP cases has not been much and it has only focused on foreign direct investment (FDI) enterprises conducting transactions with related parties cross the border. Besides, the biggest difficulty is probably the lack of a statistical database to compare and contrast independent transaction prices or industry profit margins.

Transcript 7

Tax Executive - Tax Department of Audit and Tax company - 3 years

What have been the top actions taken by taxpayers regarding Transfer Pricing concerns?

- Taxpayers' top actions related to anti-transfer pricing: complying with current Vietnamese laws and regulations related to related party transactions, providing required documents in TP transactions such as global profile, country profile, etc. when requested by the Tax Authority, prepare reports to determine market prices, etc...

What are the main challenges both for the Tax Administration and the taxpayers regarding Transfer Pricing?

- Because currently the industry data system in Vietnam has not been public yet, so it is lack of data to perform the price comparison. Currently, the tax authority mainly relies on the profit and loss ratio of the enterprise to determine if it makes TP or not, and when it is fixed, the tax authority has not yet provided a basis for fixing rate because this is the confidential data of the tax authorities, but businesses cannot access, so it is difficult for businesses to accept.

Transcript 8

Tax Consultant - Tax consulting company - 4 years

What are the main challenges both for the Tax Administration and the taxpayers regarding Transfer Pricing?

- About inspection time, according to the provisions of the Law on Inspection, the Law on Tax Administration, the time limit for tax inspection to be conducted is not more than 45 working days, complicated cases can be longer, but not more than 70 working days. However, in practice, especially for large-scale enterprises, if there is an associated transaction, the time spent on providing documents, suspending and postponing the inspection takes a lot of time, so according to the current regulations are not suitable for a TP inspection.

What have been the top actions taken by taxpayers regarding Transfer Pricing concerns?

- Taxpayers should actively study about new TP regulations and give feedback on problems encountered as well as suggestions to competent authorities.

Transcript 9

Tax Consultant - Tax consulting company - 10 years

What are the main focuses of attention from the Tax Administration in Vietnam regarding Transfer Pricing and how it has been approached? What have been some controversy topics and what have been the resolution?

- A controversial topic for many years for example of controlling the deductible interest rate ceiling: According to Decree 20 (2017), the ceiling of total interest expenses incurred in the period of the taxpayer is deductible when determining CIT taxable income does not exceed 20% of the total net profit from business activities plus interest expense, depreciation expense in the period of the taxpayer.

- Solution: Modifying the ceiling of deductible interest expenses in Circular 68 (2020) and Decree 132 (2020) details: "Total interest expense (after deducting deposit interest and

loan interest) incurs in fiscal period when determining the taxable income for CIT does not exceed 30% of the total net profit from business activities during the period plus interest expenses (after deducting deposit and lending interests) incurred in the period plus depreciation expense incurred during the period”.

To what extent has the Vietnam Authority implemented Transfer Pricing regulations following international standards or tropicalized and adapted properly for local reality?

- Vietnam is not a participant of the OECD and therefore is not compelled by the OECD guidelines, the Vietnamese TP rules generally compatible with the OECD guidelines and international practices with specific unique local adaptations.

Has the Tax Administration evolved in term of effectively applying the Transfer Pricing regulation, implementing control mechanisms, properly requesting and reviewing information and setting fees and penalties according to the local regulation?

- Tax authority is an agency directly under the Ministry of Finance that performs functions and assists the Minister of Finance in state management of domestic revenues nationwide, including: taxes, fees, charges and other amounts of state budget (hereinafter collectively referred to as taxes); organizes tax administration according to the provisions of law.

For TP activities, tax authorities are responsible for performing the state management of TP in accordance with law; contributing to the implementation of information and propaganda on the state management of TP; inspecting and auditing the implementation of regulations on related-party transaction prices in accordance with Vietnamese law.

Transcript 10

Tax Officer - Local Department of Taxation - 4 years

To what extent has the Vietnam Authority implemented Transfer Pricing regulations following international standards or tropicalized and adapted properly for local reality?

- Vietnam's TP legislation is based on BEPS action plans that are deemed appropriate to the actual situation in Vietnam (Action 8, Act 9, Act 10, Act 13). TP legislation in Vietnam

is strict and consistent with international standards like the OECD guidelines and BEPS actions with specific unique local adaptations.

What are the main challenges faced when handling Transfer Pricing audits or reviews from the Vietnam Tax Authority?

- About inspection time, according to the provisions of the Law on Inspection, the Law on Tax Administration, the time limit for tax inspection to be conducted is not more than 45 working days, complicated cases can be longer, but not more than 70 working days. However, in practice, especially for large-scale enterprises, if there is an associated transaction, the time spent on providing documents, suspending and postponing the inspection takes a lot of time, so according to the current regulations are not suitable for a TP inspection.

Transcript 11

Tax Administration - General Department of Taxation - 8 years

What are the main challenges both for the Tax Administration and the taxpayers regarding Transfer Pricing?

- The Vietnamese tax authorities do not have an investigation function, only an inspection function. In addition, on the implementation of the APA in TP control, although APA is considered an effective tool against TP that has been used in many countries around the world, in the past time there still has many limitations when applying APA in Vietnam, consequently, reducing the ability to resist TP of tax authorities. According to statistics from the General Department of Taxation, as at 6/2017, the number of enterprises participating in the negotiation of the APA agreement are 11 records, of which mainly unilateral agreements.

What have been the top actions taken by taxpayers regarding Transfer Pricing concerns?

- Taxpayers also should carry out appropriate preparation and discuss with their consultants to proactively comply and have a powerful protection in the event of tax audits and/or inspection.

Transcript 12

Tax Officer - General Department of Taxation - 7 years

What are the main challenges both for the Tax Administration and the taxpayers regarding Transfer Pricing?

- The main challenge is that the operation of MNEs and domestic private economic groups is increasingly complex and sophisticated; many businesses have taken measures to arrange transactions to transfer prices, avoid taxes liabilities, transfer profits, and maximize benefits for the whole group.

To what extend has the Vietnam Authority implemented Transfer Pricing regulations following international standards or tropicalized and adapted properly for local reality?

- Although Vietnam is not a member of the OECD and therefore is not compelled by the OECD guidelines, the Vietnamese TP legislation generally in line with the OECD guidelines, BEPS Action and international practices with specific unique local adaptations.

Appendix D: Participant Agreement Form



Ref & Version:

Ethics ID number: 38024

Date: 28 April 2021

Participant Agreement Form

Full title of project: Impact of the implementation of Transfer Pricing regulation in Vietnam.

Name, position and contact details of researcher: Nhan Thi Duong
(s5223863@bournemouth.ac.uk)

Name, position and contact details of supervisor: Marta Disegna
(disegnam@bournemouth.ac.uk)

To be completed prior to data collection activity

Section A: Agreement to participate in the study

You should only agree to participate in the study if you agree with all of the statements in this table and accept that participating will involve the listed activities.

I have read and understood the Participant Information Sheet (Participant Information Sheet Ref & Version 1) and have been given access to the BU Research Participant Privacy Notice which sets out how we collect and use personal information (https://www1.bournemouth.ac.uk/about/governance/access-information/data-protection-privacy)
I have had an opportunity to ask questions.
I understand that my participation is voluntary. I can stop participating in research activities at any time without giving a reason and I am free to decline to answer any particular question(s).
I agree that BU researcher may ask my own experience of Taxation to create value for TP regulation as described in the Participant Information Sheet
I understand that taking part in the research will include the following activity/activities as part of the research: <ul style="list-style-type: none">• being audio recorded during the project

<ul style="list-style-type: none"> • my words will be quoted in publications, reports, web pages and other research outputs [without using my real name] 	
I understand that, if I withdraw from the study, I will also be able to withdraw my data from further use in the study except where my data has been anonymised (as I cannot be identified) or it will be harmful to the project to have my data removed.	
I understand that my data may be included in an anonymised form within a dataset to be archived at BU's Online Research Data Repository.	
I understand that my data may be used in an anonymised form by the research team to support other research projects in the future, including future publications, reports or presentations.	
	Initial box to agree
I consent to take part in the project on the basis set out above (Section A)	

I confirm my agreement to take part in the project on the basis set out above.

<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> Name of participant	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> Date (dd/mm/yyyy)	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> Signature
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<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> Name of researcher	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> Date (dd/mm/yyyy)	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> Signature
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Once a Participant has signed, **please sign 1 copy** and take 2 photocopies:

Original kept in the local investigator's file

1 copy to be kept by the participant (including a copy of PI Sheet)

Appendix E: Participant Information Sheet



Participant Information Sheet

The title of the research project

Impact of the implementation of Transfer Pricing regulation in Vietnam.

Invitation to take part

You are being invited to take part in a research project. Before you decide it is important for you to understand why the research is being done and what it will involve. Please take time to read the following information carefully and discuss it with others if you wish. Ask us if there is anything that is not clear or if you would like more information. Take time to decide whether or not you wish to take part.

What is the purpose of the project?

The aim of this research is to evaluate the impact of the application of TP regulation in Vietnam, the extent upon which the application of an international mechanism of control has been able to regulate and control the profit shifting and its relationship with regards to tax collection and corporate awareness.

Why have I been chosen?

Basing on the purpose, aims and objectives of this research, this interview are looking for the participant of twelve respondents who are people working in Tax Industry.

Do I have to take part?

It is up to you to decide whether or not to take part. If you do decide to take part, you will be given this information sheet to keep and be asked to sign a participant agreement form. We want you to understand what participation involves before you make a decision on whether to participate.

If you or any family member have an on-going relationship with BU or the research team, e.g., as a member of staff, as student or other service user, your decision on whether to take part (or continue to take part) will not affect this relationship in any way.

Can I change my mind about taking part?

Yes, you can stop participating in study activities at any time and without giving a reason.

If I change my mind, what happens to my information?

After you decide to withdraw from the study, we will not collect any further information from or about you.

As regards information we have already collected before this point, you cannot use them for this research. This is because we need to manage your information in specific ways in order for the research to be reliable and accurate. Further explanation about this is in the Personal Information section below.

Once the interview has finished you can still be able to withdraw your data up to the point where the data is analysed and incorporated into the research findings or outputs. At this point your data will usually become anonymous, so your identity cannot be determined, and it may not be possible to identify your data within the anonymous dataset. Withdrawing your data at this point may also adversely affect the validity and integrity of the research. Deciding to take part or not will not impact your education or works in Vietnam (or that of others).

What would take part involve?

The researcher will send the Participant Information and Agreement Form for the participant to understand the purpose of the project and agree on those criteria in accordance with the ethics at Bournemouth University. After they agree, the researcher will send the list of questions so you would review and if any concern you can contact her for further queries. Then, the researcher will agree on the date to start interview and inform participant that the interview will be audio recorded or Skype recorded for the purpose of studies.

What are the advantages and possible disadvantages or risks of taking part?

Whilst there are no immediate benefits for those people participating in the project, it is hoped that this work will provide the participants with more freedom. Moreover, participators' responses can provide more effective data for evaluating the implementation of TP in Vietnam.

Secondly, since the researcher can use the semi-structured questions into the research process, the research's implementation can be smoother.

Thirdly, by collecting and analysing the data collected from the subjective views of the respondents, the personal experiences of the respondents can be used and applied into the general markets later with more insights.

There are no foreseeable risks involved in participating in this study.

What type of information will be sought from me and why is the collection of this information relevant for achieving the research project's objectives?

The interviews include questions which are categorized into two sections. The first group of questions will focus on collecting the demographic information of the respondents, in

terms of their occupancy, type of tax brands they work for, and position they work at tax companies.

The second section to the interview includes the questions examining their perceptions and opinions of the TP application in Vietnam, the benefits it brings to enterprises and also what should be done to improve the efficiency of this tool.

Will I be recorded, and how will the recorded media be used?

The audio recordings of your activities made during this research will be used only for analysis and the transcription of the recording(s) for illustration in conference presentations and lectures. No other use will be made of them without your written permission, and no one outside the project will be allowed access to the original recordings.

How will my information be managed?

Bournemouth University (BU) is the organisation with overall responsibility for this study and the Data Controller of your personal information, which means that we are responsible for looking after your information and using it appropriately. Research is a task that we perform in the public interest, as part of our core function as a university.

Undertaking this research study involves collecting and/or generating information about you. We manage research data strictly in accordance with:

- Ethical requirements and
- Current data protection laws. These controls use of information about identifiable individuals, but do not apply to anonymous research data: “anonymous” means that we have either removed or not collected any pieces of data or links to other data which identify a specific person as the subject or source of a research result.

BU's Research Participant Privacy Notice sets out more information about how we fulfil our responsibilities as a data controller and about your rights as an individual under the data protection legislation. We ask you to read this Notice so that you can fully understand the basis on which we will process your personal information.

Research data will be used only for the purposes of the study or related uses identified in the Privacy Notice or this Information Sheet. To safeguard your rights in relation to your personal information, we will use the minimum personally identifiable information possible and control access to that data as described below.

Publication

You will not be able to be identified in any external reports or publications about the research without your specific consent. Otherwise, your information will only be included in these materials in an anonymous form, i.e., you will not be identifiable.

Research results will be published in Bournemouth University for educational purposes of Bournemouth University and Bournemouth University Business School, specifically International Accounting and Finance course.

Security and access controls

BU will hold the information we collect about you in hard copy in a secure location and on a BU password protected secure network where held electronically.

Personal information which has not been anonymised will be accessed and used only by appropriate, authorised individuals and when this is necessary for the purposes of the research or another purpose identified in the Privacy Notice. This may include giving access to BU staff or others responsible for monitoring and/or audit of the study, who need to ensure that the research is complying with applicable regulations.

If any facts and figures are obtained through interview, it will be clearly referenced in consultancy project report as part of study and get approval from the participant.

Sharing your personal information with third parties

As well as BU staff and BU student working on the research project, we may also need to share personal information in non-anonymised form with any external organisation(s) such as Bournemouth University partnerships.

Further use of your information

The information collected about you may be used in an anonymous form to support other research projects in the future and access to it in this form will not be restricted. It will not be possible for you to be identified from this data. To enable this use, anonymised data will be added to BU's [Data Repository: this is](#) a central location where data is stored, which is accessible to the public.

Keeping your information if you withdraw from the study

If you withdraw from active participation in the study, we will keep information which we have already collected from or about you, if this has on-going relevance or value to the study. This may include your personal identifiable information. As explained above, your legal rights to access, change, delete or move this information are limited as we need to manage your information in specific ways in order for the research to be reliable and accurate. However, if you have concerns about how this will affect you personally, you can raise these with the research team when you withdraw from the study.

You can find out more about your rights in relation to your data and how to raise queries or complaints in our Privacy Notice.

Retention of research data

Project governance documentation, including copies of signed **participant agreements**: we keep this documentation for a long period after completion of the research, so that we have records of how we conducted the research and who took part. The only personal information in this documentation will be your name and signature, and we will not be able to link this to any anonymised research results.

Research results:

As described above, during the course of the study we will anonymise the information we have collected information about you as an individual. This means that we will not hold your personal information in identifiable form after we have completed the research activities.

You can find more specific information about retention periods for personal information in our Privacy Notice.

We keep anonymised research data indefinitely, so that it can be used for another research as described above.

Contact for further information

If you have any questions or would like further information, please contact Lecturer Marta Disegna (disegnam@bournemouth.ac.uk)

In case of complaints

Any concerns about the study should be directed to Lecturer Marta Disegna. If your concerns have not been answered by Lecturer Marta Disegna, you should contact to Professor Mike Silk, Deputy Dean Research & Professional Practice, Bournemouth

University Business School, Bournemouth University by email to
researchgovernance@bournemouth.ac.uk

Finally

If you decide to take part, you will be given a copy of the information sheet and a signed participant agreements form to keep.

Thank you for considering taking part in this research project.