



# International Journal of Multidisciplinary Research and Growth Evaluation.

## Impact of Corporate Income Tax on the Economy of Ho Chi Minh City (2019-2023)

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### Article Info

**ISSN (online):** 2582-7138

**Volume:** 05

**Issue:** 05

**September-October 2024**

**Received:** 01-07-2024

**Accepted:** 03-08-2024

**Page No:** 458-464

### Abstract

Taxes are a crucial source of income and significantly influence the economic and social development of countries and regions. In Ho Chi Minh City (HCMC), the country's primary economic center, taxes are essential for sustaining economic and social development. This study use qualitative research to examine the relationship between tax revenue and economic development in Ho Chi Minh City from 2019 to 2023. This research proposes several strategies to augment tax revenue and stimulate economic development in HCMC.

**DOI:** <https://doi.org/10.54660/IJMRGE.2024.5.5.458-464>

**Keywords:** corporate income tax, Enterprises, economy, taxation, Ho Chi Minh City

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### 1. Introduction

Most countries implement a tax framework that meets national and community needs while facilitating governmental functionality. Taxes include both direct and indirect taxes, as well as levies on income, assets, consumption, and investment, along with taxes placed on suppliers and customers. A multitude of subjects related to this problem has been academically investigated, and tax research has been analyzed in many studies. Said that "raising taxes may impede economic growth in the short term." The short-term drop in growth rates may negatively impact economic development, however it does not harm long-term economic growth. Lee & Gordon (2005) <sup>[1]</sup> also identified a strong link between corporate income tax (CIT) and a nation's economic development, while the relationship with other tax categories remains unclear. Alesina and Ardagna (2010) <sup>[1]</sup> demonstrated that tax policy affects economic growth, emphasizing that tax reductions may stimulate economic growth more effectively than increased expenditure. Hakim & Bujang (2012) <sup>[7]</sup> examined the impact of various taxes on economic growth (GDP, %), including corporate income tax, consumption tax, export tax, international trade tax, and the cumulative value of these taxes. Atoms (2015) <sup>[2]</sup> shown that a 1% increase in taxes directly reduces economic growth by 0.37% (0.33% in the long term), with an indirect effect of up to 0.94% (0.82% in the long run). Grdinić *et al.* (2017) <sup>[6]</sup> conducted an empirical examination of the relationship between tax policy and economic development in Central and Eastern European (CEE) countries. Thus, all types of taxes negatively impact economic development. Assert that income redistribution and tax equity may be used to alter the social distribution of income. The government may use progressive income taxation or other methods to foster a more fair distribution of income throughout society. Hanson (2021) <sup>[8]</sup> analyzed that taxes are an essential revenue source for the national budget and are closely associated with economic development, equal income distribution, and social stability. Emphasized the impact of reducing corporate income tax rates on employment levels <sup>[1]</sup>.

Economic integration on a global scale has opened doors for Vietnam to modernize and industrialize. Utilizing tools and regulations to capitalize on these opportunities while minimizing risks is a critical role for the government. In the current climate, national macroeconomic management should focus on enacting appropriate tax policies, especially those that are in line with international commitments.

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<sup>1</sup> Shengqiang Zuo *et al.* (2022) ), "Does government reduction of the corporate income tax rate increase employment? Evidence from China", International Review of Economics & Finance, Volume 83.

Tax laws that encourage a welcoming and competitive business environment are a top priority for the government. This helps bring in money for the national budget, increases output, and attracts investors from across the world. Research has been conducted on the correlation between taxation and economic growth, including a study by Pham Van Van which asserts that taxes are mandatory contributions from individuals and businesses to the state budget, aimed at financing public goods or regulating the market supply of goods. Said that taxes are the main and persistent source of income for the national budget. The national budget may be supported via several methods, including borrowing, divesting national resources or assets, acquiring assistance, producing revenue from state assets, companies, and investments, or printing money; nevertheless, no source is as sustainable and fundamental as taxes. Nguyen Thi Lieu argued that taxes are compulsory payments from people and legal entities to the state, as prescribed by law for both amount and time, for public objectives. Analyzed the impact of taxes on economic development via the framework of endogenous growth models and tax theories. Conducted an extensive analysis of the impact of tax policy on Vietnam's economy. In their 2019 research, Nguyen Thi My Linh and Thai Duy Tung analyzed the impact of Vietnam's current tax policy on the nation's economic and social development. Examined the impact of tax policy on country economies. Between 2011 and 2018, the Vietnamese government enacted tax policy modifications aimed at promoting growth model innovation and restructuring the economy. The results indicated that tax policy has positively influenced budget revenue stability and created a favorable climate for company activities. Analyzed recent economic developments in Vietnam concerning tax policy. The author asserts that tax policy is a contributing element to Vietnam's economic success. From 2000 to 2017, researchers Nguyen Van Thuan and colleagues examined the impact of taxation on economic growth in many Asian countries. Ho Ngoc Tu examined the impact of corporate taxation on Vietnam's GDP growth. Ho Thuy Tien and colleagues examined the impact of tax revenue on economic growth in 29 developing nations that experienced fast economic development from 2000 to 2020, within the framework of increasing trade openness in these countries.

Thus, taxes are vital for the maintenance and progress of every nation. As a result, tax research has garnered significant attention from scholars. Nonetheless, research specifically focused on Ho Chi Minh City has not been thoroughly investigated. Ho Chi Minh City is Vietnam's largest economic hub, housing many firms.

Consequently, analyzing the relationship between corporate income tax and businesses in Ho Chi Minh City from 2019 to 2023 is essential for understanding the importance of CIT in the city's economic development. What techniques may be proposed to enhance the effectiveness of business taxation in promoting the city's development? This essay will address the subsequent inquiries.

## 2. Research Methodology

This article uses statistical approaches to compile statistics on enterprises and corporate income tax revenue in Ho Chi Minh City from 2019 to 2023. This article aims to explain the function of corporate income tax. Based on these evidences, the article concludes on the role of corporate income tax in the city's economy. In light of this, the article proposes many

alternative strategies to enhance the effectiveness of company tax collection in the future, aimed at promoting economic growth within the city.

## 3. Research Results

### 3.1. An Overview of Businesses Existing in Ho Chi Minh City (2019-2023)

The city of Ho Chi Minh is the most important economic hub in Vietnam and the engine that propels the economies of the whole country. Ho Chi Minh City continues to be home to thousands of organizations and businesses of many sizes, including micro-enterprises, small businesses, medium-sized enterprises, and huge corporations. This is true regardless of the conditions that exist. In addition to these, the city is home to a diverse range of company kinds, including the following:

- **Businesses that are owned by the state:** this includes both joint-stock corporations and limited liability companies (LLCs) with more than 50% state capital, as well as single-member LLCs with 100% state capital.
- **Non-state enterprise sector:** This comprises domestically financed firms that are privately held by an individual or a collective, or by the state, with state ownership not exceeding 50% of the charter capital. The non-state enterprise sector comprises private firms, partnerships, privately-owned limited liability companies (LLCs), LLCs with a maximum of 50% state capital, joint-stock corporations devoid of state capital, and joint-stock companies with up to 50% state capital.
- **Sector of foreign direct investment (FDI) enterprises:** These are firms that include foreign investment, irrespective of the proportion of foreign capital input. The FDI enterprise sector comprises: firms with complete foreign ownership; state-owned enterprises in joint ventures with foreign entities; and other enterprises engaged in joint ventures with foreign entities.

2019 was a year in which the global economy continued to slow down throughout the whole year. The unpredictability of the global trading system was further exacerbated by the trade tensions that exist between the United States of America and China, in addition to the geopolitical challenges that have been encountered. The confidence of enterprises, the decisions that were taken about investments, and the commerce that went place all over the globe were all significantly influenced as a result of this. Credit expansion, market sentiment, and expectations were all impacted as a consequence of the unexpected shifts that took place in the global financial and monetary markets, as well as the intricate changes that also took place in oil prices. These shifts happened simultaneously. When it comes to the growth of the global economy in 2019, the projections that international organizations have consistently provided are pessimistic. As a consequence of the wise leadership of the Communist Party of Vietnam and the rapid dissemination of decisions and instructions by the official government, the economy continued to thrive despite the fact that this was the case. In spite of all of these factors, Ho Chi Minh City has maintained its position as the most significant hub for the expansion of Vietnam's economy.

The number of firms in Ho Chi Minh City has consistently been the greatest in the nation, as shown by the statistics provided by the Ministry of Planning and Investment. There were 239,623 active companies in Ho Chi Minh City as of the 31st of December, 2019, making it the city with the highest

concentration of businesses in Vietnam. This represents 31.6% of the total number of active businesses in the country, which is a 5.0% growth from the previous year <sup>[2]</sup>. It is also noteworthy that Ho Chi Minh City had the biggest number of newly founded enterprises, accounting for 32.4% of the total number of businesses in the country. This represents a 3.6% increase in comparison to 2018. The money collected from the corporate income tax climbed by 110%, going from VND 50,925 billion in 2018 to VND 58,385 billion in 2019. This is a significant gain.

In 2020, Vietnam's economy, especially that of Ho Chi Minh City, saw significant problems and obstacles owing to the profound effects of the Covid-19 epidemic on several facets of the socio-economic environment. The International Monetary Fund (IMF) reported in January 2021 that worldwide economic growth decreased by around 3.5%, while the World Bank indicated a loss of about 4.3%, signifying a significant global economic slump <sup>[3]</sup>. The government, ministries, sectors, and municipalities aggressively executed successful strategies to surmount challenges and stimulate economic development. 2020 marked the conclusion of the 2016-2020 five-year socio-economic development plan, which served as the basis for the formulation of yearly and following five-year socio-economic development plans. Notwithstanding the hurdles, the nation's economic growth was projected at 2.91%, the lowest rate during the 2011-2020 timeframe. Nonetheless, considering the intricate dynamics of the Covid-19 epidemic and its detrimental effects on the worldwide socio-economic environment, this was a notable accomplishment for Vietnam. In this setting, Ho Chi Minh City maintained its position as the nation's economic hub. The city maintained the biggest number of active firms, with 254,699 enterprises, which represents 31.4% of the national total, reflecting a 6.3% growth from 2019. In 2020, 12,641 enterprises recommenced operations in Ho Chi Minh City, reflecting a 14.9% growth relative to 2019. Nonetheless, because to the profound effects of the Covid-19 epidemic, the quantity of newly formed large-scale enterprises in 2020 dropped by 7.5% relative to 2019. Furthermore, the quantity of enterprises dissolving in Ho Chi Minh City rose to 5,920, reflecting a 15% increase relative to 2019 <sup>[4]</sup>.

When the fourth wave of the COVID-19 epidemic reached Vietnam, Ho Chi Minh City took the brunt of the damage. Such monumental problems and obstacles have never before confronted the metropolis. The economy ground to a stop at the tail end of the second quarter of 2021, forcing companies to either shut down or endure insurmountable hardships while they waited for conditions to improve. Statistics show that GRDP fell by around 25% in Q3 of 2021 and kept falling by more than 12% in Q4 of the same year. All social resources were being used up as the number of cases each day soared into the four-digit level and people were being asked to stay away from each other in an effort to stop the epidemic. The effects of social distance were felt even by huge corporations, especially those with substantial financial resources and foreign investment. Surprisingly, company expenses skyrocketed when emergency procedures like "3-on-the-spot" and "1 road - 2 destinations" were installed. Many

individuals experienced unemployment, temporary job loss, or long-term salary decreases as a result of the increased input and output costs of manufacturing and business operations. Ultimately, the burden was placed on the people. Because of this, it was inevitable that fewer new businesses would open and more would close. An unparalleled social and economic catastrophe hit Ho Chi Minh City as a result of this, impacting every facet of the city's economy and society.

In response to these challenges, the municipal administration swiftly mandated the execution of disease preventive measures adapted to the changing circumstances. On September 30, 2021, the Chairman of the Ho Chi Minh City People's Committee promulgated Directive No. 18/CT-UBND to sustain and modify measures for the prevention and mitigation of COVID-19 while progressively revitalizing and advancing the city's economy and society. The objective was to maintain control and prevention of COVID-19, progressively rebuild and advance the city's economy and society in a secure, adaptable, and efficient way, and transfer everyday life to a "new normal" characterized by "safe adaptation, flexibility, and effective control of COVID-19". Directive No. 18/CT-UBND signifies a new era for Ho Chi Minh City, harmonizing pandemic management with economic development. On November 16, 2021, as the situation became manageable, the Chairman of the People's Committee promulgated Decision No. 3900/QĐ-UBND, which established temporary regulations for "Safe Adaptation, Flexibility, and Effective Control of COVID-19" in Ho Chi Minh City, marking the commencement of the transition to normalcy. Consequently, from the beginning of 2022, the quantity of enterprises in the city started to exhibit favorable developments.

A total of 274,067 active firms were found in Ho Chi Minh City in 2022, according to information provided by the Ministry of Planning and Investment. This figure represents 30.6% of the total number of active businesses in the country. This is a 2.1% increase from the previous year, 2021. During the year 2022, the city saw the second-highest growth in the number of companies, with a total of 5,602 new firms opening their doors. A total of 45,425 of these were substantial organizations, which accounted for 30.6% of the new businesses throughout the country and represented a 40.4% increase <sup>[5]</sup>. During the process of bringing the pandemic situation under control, the number of firms that resumed operations reached 19,586, representing a 51.7% increase in comparison to the results of 2021. This city's economy was able to stabilize, recover, and make significant progress thanks to the return of these enterprises, which played a vital part in the process. The number of firms in Ho Chi Minh City continued to expand at a substantial rate till the year 2023 came to a close. Particularly noteworthy is the fact that the year 2023 was the first time that the city saw more than 50,000 new company registrations that year. In particular, 53,164 new firms were founded in the previous year, which represents a 16.7% increase in comparison to the previous year. These new businesses contributed around 33.4% of the total number of new enterprises in the country. Ho Chi Minh City set a record milestone with 66,239 firms, which is an increase of 11.6% compared to 2022. This

<sup>2</sup> Ministry of Planning and Investment (2020). Vietnam Business White Book 2020. Statistical Publishing House, Hanoi, pp. 26, 27.

<sup>3</sup> Ministry of Planning and Investment (2021). Vietnam Business White Book 2021. Statistical Publishing House, Hanoi, pp.13.

<sup>4</sup> Ministry of Planning and Investment (2022). Vietnam Business White Book 2022. Statistical Publishing House, Hanoi.

<sup>5</sup> Ministry of Planning and Investment (2023). Vietnam Business White Book 2023. Statistical Publishing House, Hanoi, pp. 22, 26.



includes businesses that are new to the city as well as those are returning to the city. In addition, this figure was twice as big as the number of companies that left the market in 2023, and it represented for more than thirty percent of the entire number of firms in the country (217,700) <sup>[6]</sup>. As a consequence of this, Ho Chi Minh City has maintained its position as the most important economic hub in the country. It continues to play the function of a central hub for the Ho Chi Minh City and Southeast regions, as well as a development pole for the whole country.

### 3.2. The Function of Corporate Income Tax in Ho Chi Minh City (2019-2023)

The Vietnamese Dictionary, Center for Lexicography (1998), defines "Tax" as the monetary or material contributions mandated by people or commercial entities to the State, based on their assets, income, profession, and other criteria, at predetermined rates. Nguyễn Ngọc Hải defines "Corporate Income Tax (CIT)" as a tax imposed on the taxable income of entities involved in the production and commercial operations of products and services that yield taxable revenue during the tax period. The CIT governs investors' income, is a significant revenue stream for the state budget, and acts as an effective instrument for macroeconomic management by the state. CIT is a direct tax levied by state tax authorities on all enterprises involved in production and commercial operations. Ho Chi Minh City has a diverse array of company kinds, ranging from huge corporations to micro-sized firms. Consequently, CIT money is essential to the city's economy. Corporate income tax is a significant source of revenue for the budget of Ho Chi Minh City. Despite challenging conditions, corporate income tax has consistently been upheld, contributing to the city's political stability and progress. Data from the Ho Chi Minh City Statistics Office indicates that business income tax revenue has risen annually from 2019 to 2023 (according to the statistics table):

**Table 1:** Corporate Income Tax in Ho Chi Minh City (2019-2023)

| Year | Corporate Income Tax |            |
|------|----------------------|------------|
|      | Amount (billion VND) | Percentage |
| 2019 | 65.198               | 4,85%      |
| 2020 | 67.025               | 4,88%      |
| 2021 | 76.155               | 5,69%      |
| 2022 | 80.450               | 5,37%      |
| 2023 | 87.498               | 5,39%      |

**Source:** Assembled by the author

Consequently, CIT money is vital to the city's growth. During the intricate Covid-19 epidemic, when the economy stagnated, inhabitants had substantial hardships, and the city's economic growth rate in 2021 was the lowest in almost four decades. The pandemic's effect resulted in a dismal economic and social environment, characterized by significant delays in growth catalysts. The city's GRDP growth rate declined by 6.78%, dropping behind the national average and that of other areas for the first time in history. Nonetheless, CIT constituted a significant share (5.69%).

The augmentation of budget revenue, as elucidated by the Ho Chi Minh City Statistics Office, was chiefly attributable to the positive business performance of enterprises in the real estate, banking and finance, and securities sectors, alongside the effects of the tax payment extension policy under Decree 52/2021/ND-CP, which enhanced total budget revenue in the initial six months and throughout the entirety of 2021 <sup>[7]</sup>. The tax money let the local authority to promptly tackle the issues posed by the Covid-19 outbreak. Consequently, when the municipal administration and residents transitioned into the economic recovery phase under "new normal" circumstances, the city's economy began a robust recovery. The city's economy began to exhibit indications of recovery after almost two months of executing Government Resolution 128, which pertains to interim restrictions for safe, flexible adaption and successful pandemic control. The total budget income rose by 3% relative to the same period, surpassing the expectation by 5.2%. Despite a decline in the number of newly approved foreign investment projects, the volume of investment money has still risen <sup>[8]</sup>. This established a robust basis for the city's economic resurgence and advancement in 2022.

The year 2022 marked the beginning of a period of considerable economic progress for Ho Chi Minh City. Compared to the same time period in 2021, the Gross Regional Domestic Product (GRDP) for 2022 rose by 9.03%, surpassing the national growth rate and above the projected objective of 6-6.5%. This information was provided by the Ho Chi Minh City Statistics Office. Beginning at the beginning of the year and continuing until the 20th of December in 2022, the City saw the registration of 44,369 new businesses, which had a total registered capital of 472,559 billion VND. The number of newly issued company licenses climbed by 42.3% as compared to the same time period the previous year, but the amount of capital that was registered declined by 4.9% <sup>[9]</sup>. Following the COVID-19 epidemic, this accomplishment is a reflection of the great efforts that were made by the inhabitants of the city and the leadership of the city. As a consequence of this, the money collected from corporate income tax increased to 80,450 billion VND, which represents 5.37 percent of the total revenue collected by the City.

Based on this, the economy of Ho Chi Minh City continued to expand at a remarkable rate throughout the year 2023, ensuring that it continued to play an essential part in the growth of Vietnam. From the Ho Chi Minh City Statistics Office, it is anticipated that the Gross Regional Domestic Product (GRDP) for the year 2023 would amount to 1,621,191 billion VND. This represents a 5.81% rise in comparison to the previous year. Therefore, Ho Chi Minh City continues to be the most important economic center in the nation as well as a significant transportation hub in Vietnam and Southeast Asia. A significant contribution to Vietnam's overall development is made by the expansion of the city's economy.

<sup>6</sup> L. Hoang (January 6, 2024). "Ho Chi Minh City Records First Year with New Business Registrations Exceeding 50,000." Source: <https://thesaigontimes.vn/tphcm-ghi-nhan-nam-dau-tien-luong-doanh-nghiep-thanh-lap-vuot-50-000/>.

<sup>7</sup> Tran Vu Nghi (December 29, 2021). GRDP of Ho Chi Minh City Drops to Lowest Level in History. <https://tuoitre.vn/grdp-cua-tp-hcm-giam-sau-nhat-trong-lich-s-20211229150902079>.

<sup>8</sup> Dung Nguyen (December 29, 2021). Ho Chi Minh City's Growth in 2021 Falls More Than Expected. <https://thesaigontimes.vn/tang-truong-tphcm-nam-2021-giam-sau-hon-du-kien/>

<sup>9</sup> M. Hiệp (30/12/2022). In 2022, the Gross Regional Domestic Product (GRDP) of Ho Chi Minh City increased by 9.03% compared to the same period. Source: <https://hcmcpv.org.vn/tin-tuc/nam-2022-tong-san-pham-tren-dia-ban-tphcm-tang-9-03-so-voi-cung-ky-1491903235>.

### 3.3. Strategies to Improve the Efficiency of Corporate Income Tax Collection in Ho Chi Minh City

Corporate income tax (CIT) is a crucial element that significantly contributes to the stability of state budget revenues and income distribution, thereby influencing the stability and functioning of Ho Chi Minh City's economy and Vietnam's economy as a whole. Consequently, it is essential to guarantee the objective, scientific, equitable, and suitable collection of CIT from enterprises. The administration and collection of CIT should prioritize the implementation of appropriate solutions, including:

Primarily, we must enhance communication with taxpayers and companies about their tax duties and the significance of tax compliance for the sustainability and growth of the city's economy. The Organization for Economic Cooperation and Development (OECD) defines tax compliance as the execution of tax policies based on four pillars: tax registration, tax declaration, tax payment, and reporting tax obligations <sup>[10]</sup>. Tax compliance behavior entails the complete, voluntary, and prompt execution of tax duties, including tax registration, declaration, computation, and payment, in alignment with legal statutes <sup>[11]</sup>. Research constantly demonstrates that the primary determinant affecting tax collection is enterprises' understanding of tax compliance <sup>[12]</sup>. The conventional perspective asserts that the majority of taxpayers do not willingly adhere to their tax responsibilities; they comply only under the duress of tax authorities or for economic incentives. This circumstance presents several obstacles to the state's tax administration and results in a deficit in the city's income. Consequently, tax authorities must proactively engage and educate firms, especially small and micro-enterprises, on tax laws, their tax responsibilities, and the significance of tax compliance for the state budget. Presently, enterprises are liable for corporate CIT according to their sector and have responsibilities for many tax categories. Typically, enterprises are obligated to remit four fundamental taxes: company licensing tax, value-added tax (VAT), corporate income tax (CIT), and personal income tax (PIT). The scope of CIT encompasses economic organizations and enterprises across many sectors involved in production and commercial operations that provide revenues. Consequently, tax authorities must augment their communication strategies by using contemporary means, guaranteeing varied and thorough content. The quality of assistance for taxpayers about new policies, particularly the Tax Administration Law from July 1, 2020, should be enhanced to ensure taxpayers are informed of and meet their tax duties. Tax authorities must openly and honestly reveal fair tax collection and use tax income properly to foster economic growth and assure social equality. By doing so, we may assist taxpayers in comprehending and adequately meeting their tax obligations, so contributing to the stability of the city's budget.

Secondly, appropriate tax policies are crucial for the success or failure of tax collection. To enhance the effectiveness of tax policies and successfully collect taxes from businesses, we need to implement the following measures:

- The Department of Taxation of the City should organize,

direct, guide, and uniformly implement all legal documents related to tax policies and tax management processes. Services should be provided to businesses according to their type, with clear, understandable, and practical guidelines for taxpayers to follow. The Department should align with the objectives of tax system reform, aiming to improve the quality of operations, publicize procedures, refine tax management processes, and provide information to facilitate tax compliance.

- Improve tax management policies by appropriately and scientifically classifying and segmenting taxpayers (businesses). With a diverse range of business types and sizes in the City, clear classification and tailored tax policies for each taxpayer category are essential. Specifically, the City should consider developing and implementing tax incentive policies, such as tax reductions or exemptions for a certain period after investment, or applying different tax rates based on regions or industries.

Thirdly, the Department of Taxation of the City needs to speed up the process of digitizing the tax administration and collecting processes. It is important for the Department to prioritize increasing support from taxpayers, expanding the range of communication means, and providing assistance to new firms. The publication of new tax policy papers and instructions on the website of the tax agency, as well as the fast resolution of any concerns that may arise during company operations, are all included in this. Direct notifications to companies are also implemented via writing and electronic contact. By using this technique, taxpayers are able to reduce the number of mistakes they make, so saving both time and effort. It is necessary for tax policies to continue developing in the direction of greater openness, clarity, and simplicity of execution. Additionally, the tax base should be expanded in order to establish new income sources, and the tax system should be restructured in order to raise domestic revenue. Regarding the paperwork and the invoicing, there are still problems at the moment. Accounting regulations mandate that invoices and receipts must be preserved and retrieved in accordance with the legal timetable. These regulations are in place to ensure compliance with the law. Electronic invoices for internet enterprises, on the other hand, do not have a defined regulatory structure to follow. When it comes to electronic invoicing and paperwork, the Department of Taxation has to set proper rules from the time of the transaction and the supply of the service. In addition, due to the fact that electronic invoicing provide considerable advantages to both enterprises and tax authorities, it is imperative that their efficiency be further emphasised. A thorough database of invoices may be constructed with the assistance of electronic invoicing by the tax agency. This database, when joined with other information pertaining to tax administration, results in a comprehensive taxpayer database. Managing tax risks is made easier with the assistance of this database, which provides support for analysis, forecasting, and compliance

<sup>10</sup> OECD (2004). Compliance Risk Management: Managing and Improving Tax Compliance. Edited by Centre For Tax Policy And Administration. OECD: Centre For Tax Policy And Administration.

<sup>11</sup> Bui Ngoc Toan (2017). Factors Affecting Corporate Income Tax Compliance Behavior - An Empirical Study in Ho Chi Minh City. Journal of Science - Hue University, 126(5A), pp. 77-88.

<sup>12</sup> Leng Minh Hoang (2017). Improving Tax Compliance of Taxpayers in Vietnam. PhD Thesis, Academy of Finance.

monitoring. By recognizing and correcting concerns with firms that may avoid or vanish, it also helps prevent tax evasion and fraudulent invoices from being issued.

Fourthly, The city government must collaborate with the Tax Department to enhance the oversight and regulation of tax management and collection efforts, with the objective of curtailing tax evasion by enterprises, particularly within the non-state economic sector, which leads to fiscal deficits for the state budget. Consequently, the City Tax Department must constantly revise tax evasion strategies, establishing a basis for local tax authorities to prevent, identify, and swiftly address instances of tax fraud. Ho Chi Minh City exhibits a multitude of production and economic operations, providing several transaction methods, which has led to the emergence of more diversified and complex tax evasion schemes. Consequently, the revision and identification of these strategies are crucial for tax management initiatives.

#### 4. Conclusions

Ho Chi Minh City is the preeminent economic hub in Vietnam, accommodating a diverse array of industries from huge corporations to micro-enterprises. Consequently, CIT is essential for the survival, functioning, and advancement of the city's economy. CIT is a significant contributor to the city's state budget income. An examination of the CIT income in Ho Chi Minh City from prior to the COVID-19 pandemic in 2019 to the city's recovery in 2023 underscores the substantial importance of CIT for the city. Notwithstanding the many problems posed by the epidemic, the city's economy has swiftly rebounded and evolved significantly. Significantly, even during the challenging year of 2021, the rise of CIT was a crucial element facilitating the gradual stabilization, recovery, and economic development of the city's administration and population.

Consequently, it is essential for the city's tax administration to improve the management of CIT to guarantee state budget income and economic growth. The government and tax authorities must investigate and modify tax legislation to ensure they are objective and scientific, aligning with the kind and size of enterprises as well as the actual production and operational conditions. Moreover, initiatives to convey tax rules and duties to taxpayers should be augmented to guarantee they are adequately educated and compliant. The city can only properly administer and collect CIT, mitigate tax evasion, and avert losses to the state budget by using this approach. This will facilitate the efficient use of financial resources to foster sustainable economic growth for the city in the future.

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