

**TAX DEBT MANAGEMENT IN THAI NGUYEN CITY, THAI NGUYEN PROVINCE,
VIETNAM**

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ABSTRACT

Clearly defining tax debt management as an important task, an important criterion for assessing the quality of tax management in recent years, the Thai Nguyen City Tax Department has taken many measures to limit tax debt. However, the rate of land tax debt and the number of enterprises with difficult-to-recover debts are still high... Therefore, the article has proposed a number of solutions to improve the effectiveness of the city's tax debt management in the coming time.

Keywords: Management, Tax Debt, Tax Department.

1. INTRODUCTION

Tax is the main source of revenue for the State Budget (NSNN), has a profound impact on all sectors of the economy, plays an important role in mobilizing resources and creating a favorable business investment environment to achieve sustainable socio-economic development goals. Tax management in Vietnam in general and Thai Nguyen province in particular has achieved great achievements, promoting rapid economic development, but there are still many limitations and shortcomings that need to be overcome. One of those limitations is the tax arrears of enterprises and business households, which has caused the State budget to lose revenue. In 2023, the State budget revenue of Thai Nguyen city reached 3,275 billion VND, but the tax debt was 5.7% of the budget revenue with the tax debt of 186.7 billion VND. In the period of 2021 - 2023, although there was a downward trend, the tax debt level was 8-9%. Therefore, it is necessary to conduct detailed research on the current status of tax debt management in Thai Nguyen city in recent times to point out the limitations and causes, thereby developing appropriate solutions in the coming time.

2. MAIN CONTENT

2.1. Tax debt situation at Thai Nguyen City Tax Department in the period 2021-2023

Tax debt management is one of the important contents of tax management work. Currently, Thai Nguyen City Tax Department implements according to Decision No. 1129/QĐ-TCT dated July 20, 2020 of the General Director of the General Department of Taxation, referred to as process 1129, including the following steps:

- Step 1: Develop debt collection targets

The tax authority, based on the direction and guidance of the General Department of Taxation and the actual situation of tax debt management in the locality, develops the program, targets, and measures for tax debt collection management for the following year. Some main contents include: Deploying the development and assignment of debt targets; Basis for developing targets; Targets to be developed.

- Step 2: Urging collection and handling of tax debt

This is the basic content of tax debt management work. Including the following main contents: Assigning debt management; Classifying tax debt; Urging collection of tax debt; Handling tax arrears; Reporting on the results of debt management work...

- Step 3: Inspecting and handling violations in tax debt management

This work is carried out according to plan or suddenly between inspection teams, internal inspections of the Tax sector, or is carried out with the participation and coordination of relevant authorities (such as the Government Inspectorate, Financial Inspectorate, State Audit...). The goal of inspection and examination work is to promptly prevent, prevent and promptly handle violations of tax laws by taxpayers as well as acts of corruption, waste, negativity, violations of regulations, and violations of the law by tax officials.

In the period of 2021-2023, tax debt management at the Thai Nguyen City Tax Department has achieved remarkable results. The work of monitoring and urging tax debt is carried out regularly and continuously, contributing significantly to the implementation of the state budget revenue estimate. The total annual budget revenue of the Thai Nguyen City Tax Department has always exceeded the estimate. At the same time, the amount of tax debt in the past 3 years at the Thai Nguyen City Tax Department has tended to decrease.

Table 1: Summary of tax debt at Thai Nguyen City Tax Department period 2021 - 2023

Unit: Billion VND

Target	Year 2021	Year 2022	Year 2023
Total State Budget Revenue	3.289,30	2.655,40	2.741,00
Rate of Tax Revenue Growth over the Same Period (%)		-19,27%	3,22%
Total Tax Debt	274,5	195,8	186,7
Ratio of Tax Debt to Total Revenue (%)	8,35%	7,38%	6,81%
Rate of Tax Debt Growth (%)		-28,66%	-4,65%

(Nguồn: The Thai Nguyen City Tax Department)

To achieve this result, the Department has implemented many reforms in tax administration, including the application of information technology in tax management and collection, helping to improve the efficiency of monitoring and handling tax debts, minimizing the situation of overdue debts. In addition, the Department has applied flexible and reasonable tax debt handling policies such as extending tax payment deadlines or applying support measures for

businesses facing difficulties. This helps taxpayers have more time to pay their debts.

2.2. Current status of tax debt management at Thai Nguyen City Tax Department in the period 2021-2023

Every year, based on the amount of tax debt for the year that has been determined and the tax collection target guided annually by the General Department of Taxation, propose tax debt collection targets for the planning year and propose measures to implement the determined tax debt collection targets and report to the Thai Nguyen Provincial Tax Department. Next is the activity of urging tax debt collection, the first is the assignment of tax debt management. This activity is carried out according to the number of specific tax-debt-indebted organizations and individuals, not assigned to manage by economic type or business line. Each civil servant is assigned to directly manage the debts of the organizations and individuals that he/she is monitoring, the assignment of tax debt management to each unit has also contributed to improving the effectiveness of tax debt management.

Table 2: Tax debt structure by tax type in the period 2021-2023

Unit: Billion VND, %

No	INDICATORS		Year		
			2021	2022	2023
	Total tax debt		274,5	195,8	186,7
1	VAT Value	Value	38,6	45,4	47,5
		Tax debt ratio	14,06%	23,19%	25,44%
		Tax debt growth rate		17,62%	4,63%
2	Corporate income tax	Value	5,7	5,3	3,3
		Tax debt ratio	2,08%	2,71%	1,77%
		Tax debt growth rate		-7,02%	-37,74%
3	Natural resource tax	Value	2,5	0,7	0,2
		Tax debt ratio	0,91%	0,36%	0,11%
		Tax debt growth rate		-72,00%	-71,43%
4	Personal income tax	Value	2,7	3,2	3,5
		Tax debt ratio	0,98%	1,63%	1,87%
		Tax debt growth rate		18,52%	9,38%
5	Fees and charges	Value	2,3	1,3	1
		Tax debt ratio	0,84%	0,66%	0,54%
		Tax debt growth rate		-43,48%	-23,08%
6	Land revenue	Value	100,6	52,7	50,2
		Tax debt ratio	36,65%	26,92%	26,89%
		Tax debt growth rate		-47,61%	-4,74%
7	Fines, late	Value	90,0	59,2	56,2

	payment fees	Tax debt ratio	32,79%	30,23%	30,10%
		Tax debt growth rate		-34,22%	-5,07%
8	Other revenue	Value	32,1	28,0	24,8
		Tax debt ratio	11,69%	14,30%	13,28%
		Tax debt growth rate		-12,77%	-11,43%

((Source: Thai Nguyen City Tax Department))

With the prescribed taxes, the city tax department has handled the tax debt level quite well and has tended to decrease in the past 3 years. Specifically, in 2022, tax debt decreased by 78 billion VND compared to 2021, and in 2023, it decreased by 9 billion VND compared to 2022. This is a great effort of the Department with many specific measures and methods based on each tax debtor such as: Calling, texting; Notification of tax debt and late payment; Invitation to work; Enforcement of tax debt...

One of the highest goals of tax debt management is to avoid "debt accumulation", limit new debt and try to recover outstanding debt. As we know, bad debt is a debt that is very difficult to recover only through debt collection and is the main subject of debt enforcement measures. According to data from the Thai Nguyen City Tax Department, the group of bad debts in the period of 2021 - 2023 tends to decrease. In 2021, the bad debt was 65.4 billion VND (accounting for 23.83% of total tax debt), by 2022, this figure had decreased to 42.7 billion VND with a decrease rate of 34.71% compared to 2021 (accounting for 21.81% of total tax debt) and by 2023 continued to decrease to 39.7 billion VND, a decrease of 7.03% compared to 2022 (accounting for 21.26% of total tax debt). This is a positive signal, showing that the debt management work of Thai Nguyen City Tax Department is highly effective.

In addition, to ensure that tax debt management activities are carried out consistently, the Department coordinates with the Business Registration Office under the Department of Planning and Investment of Thai Nguyen province on enforcement by revoking business registration certificates and business registration certificates for taxpayers with tax debts; stopping customs procedures for exported and imported goods; stopping the use of invoices; seizing assets, auctioning seized assets according to the provisions of law... However, this enforcement measure has not been effective because the cases applying this enforcement measure have long-term tax debts, are unable to pay, and are on the brink of bankruptcy.

In recent years, the inspection work of the Thai Nguyen City Tax Department has received much attention and focus. The Department has directed the Tax Inspection teams to analyze information on tax-paying organizations and individuals to develop an inspection plan for the year, focusing on inspecting those with outstanding tax debts. In addition, every month, the Tax Inspection team conducts a review and inspection of VAT and Natural Resources tax declarations... Through the review and inspection of tax declarations, it has discovered that

enterprises have declared the wrong items and sub-items, declared incorrectly with actual revenue, intentionally declared incorrectly, adjusted output VAT, input VAT, and legalized expenses to reduce corporate income tax, thereby contributing to limiting tax arrears, especially adjusted debts. Specifically, in 2021, 185/180 inspections were completed, reaching 102.8% of the inspection plan; The amount of tax arrears is 23.36 billion VND, fines are 9.4 billion VND, loss reduction is 72 billion VND, deduction is reduced by 3 billion VND. By 2022, the Department has completed 151/140 inspections, reaching 108% of the plan; arrears are 29 billion VND, fines are 11.5 billion VND, loss reduction is 29.2 billion VND, deduction is reduced by 12.3 billion VND. By 2023, it is a bright spot in the inspection work of the Thai Nguyen City Tax Department with the completion of 170/170 tax inspections, reaching 100% of the plan, an increase of 21.4% compared to 2022. The total amount of tax arrears and fines is 27.5 billion VND; loss reduction is 72.8 billion VND; deduction is reduced by 3.6 billion VND.

3. CONCLUSION

In the period of 2021 - 2023, Thai Nguyen City Tax Department has clearly identified tax debt management as an important task, an important criterion for assessing the quality of tax management. However, in recent years, Thai Nguyen City Tax Department has implemented the task of collecting budget revenue in the context of the socio-economic situation in the country and Thai Nguyen province facing many difficulties, greatly affecting the budget revenue in the city in general and tax debt management in particular. Thai Nguyen City Tax Department has always ensured that the target of tax debt with the ability to be collected is below 5% of the total state budget revenue.

The compliance awareness of enterprises has been significantly improved, enterprises have voluntarily paid tax debts to the State Budget instead of having to apply coercive measures, the annual collection rate has increased, and the tax debt rate has decreased.

The clear assignment of debt management and tax debt enforcement for each subject for each civil servant has created conditions for the Tax Department to better understand the situation of enterprises, thereby having different approaches and urging, suitable to the payment conditions of each enterprise.

The Tax Department of Thai Nguyen City has proactively applied many measures to handle tax debts such as: Tax payment notice, inviting taxpayers to the Tax Department to commit to paying tax debts; urging and encouraging customers who are holding money and assets of tax debtors to be responsible,

However, there are still some problems in the process of tax debt management at the Thai Nguyen City Tax Department such as:

First, the amount of tax arrears and land revenue; the amount of late payment tends to increase over the years although the amount of tax debt recovered in the following year is always

higher than the previous year. This partly shows that the quality of tax management of the tax authority is not good.

Second, the solutions for tax debt management are not consistent. In practical management, the criteria for debt classification have not been clearly defined to meet the requirements of effective and timely debt collection and management. Most tax teams do not analyze the causes according to each type of debt of taxpayers but mainly rely on the subjective assessment of management staff. The current tax authority is almost unable to determine the ability to collect debt and the expected time to collect debt.

Finally, coordination between departments involved in handling false debts and virtual debts is not timely, leading to debt reporting data that is not consistent with the actual situation.

Therefore, the authors build some solutions to improve the efficiency of tax debt management as follows:

- *For debt groups with the ability to collect*

Assign targets to urge the collection of tax arrears under 90 days to each tax officer for each tax-indebted enterprise with the goal and task of collecting debt by the end of the month to ensure that at least 95% of the debt of the last day of the previous month is achieved; For large debts, it is required to classify, clarify the current situation and cash flow of the enterprise to have effective urging measures.

- *For pending debts and pending tax payments*

Regularly compare and promptly adjust data due to taxpayers making incorrect payment documents or the treasury agency incorrectly accounting for the state budget directory, errors due to temporary calculation of tax obligations, due to slow or lost circulation of documents.

Proactively compare debts with enterprises, determine the difference, analyze the cause, prepare documents to transfer to the tax accounting declaration department for timely adjustment, and at the same time, on that basis, serve as a basis for the debt management department to monitor, urge and handle debts.

Guide taxpayers to prepare and complete debt settlement requests for cases of requesting tax payment extension, tax debt cancellation or tax refund offset. Monitor the progress of handling these debts to update information promptly and accurately classify tax debts.

- *For bad debts*

Set up a complete file of bad debts, from which to transfer files that meet the conditions to request the cancellation of rent and fines according to regulations for bankrupt enterprises that have made payments according to the provisions of bankruptcy law but have no assets to pay taxes and fines; individuals who are considered by law to be dead, missing, or have lost civil capacity but have no assets to pay taxes and fines.

Coordinate with local authorities and competent agencies to identify absconding and missing subjects to take measures to recover tax debts to the state budget.

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