

Need to soon issue a resolution on tax debt settlement

VCN- In recent times, the tax industry has implemented measures to manage tax debt to urge recovery of the budget and minimise newly arising debts. However, according to the tax industry, a resolution on tax debt should be completed soon to remove the debt problem completely.



Tax authorities have applied a lot of debt management measures, carrying out the analysis of tax debt structure and debt classification to determine the causes of debt increase.

Too many difficulties

According to the General Department of **Taxation**, in the first five months of the year, 13,390 billion dong of debt tax was collected. This is equal to 34.5% of the debt up to 90 days and more than 90 days at the time of December 31, 2018. The estimated total tax debt as of May 31, 2019 is VND 84,217 billion, up VND 7,889 billion compared to December 31, 2018.

Doan Xuan Toan, Deputy Director of the Department of Debt Management, General Department of Taxation, said the collection of tax arrears is a very difficult job. The tax industry has implemented many measures to recover tax arrears, like coercive measures for cases of tax arrears; public announcement of business information of tax debts on the mass media and local authorities also joined in and established interdisciplinary teams to collect debts, but it was very difficult to deal with tax debts completely. Besides, tax authorities have applied a lot of debt management measures, analysing the structure of tax debts, classifying debts and determining the cause of increased debt; assessing the results of the implementation of urging the collection and enforcement of the monthly debt of the whole industry and the list of enterprises owing tax to notify the provincial/municipal tax departments, but unable to handle tax debts.

“Enterprises owe tax that has fallen into difficult circumstances. It is difficult for the tax authorities to collect taxes from difficult businesses,” said Toan.

According to a representative of the Department of Debt Management and Tax Enforcement, there are a number of reasons for enterprises to owe tax, which is a part of small and micro enterprises, start-up enterprises in the production and business process due to choosing business and production lines not suitable for the market, or thin capital sources, mainly bank loans, so when facing difficulties, leading to insolvency, no tax payment sources arise, resulting in tax debt. In this case, although the Tax Department has implemented measures to recover debts and **apply** debt collection measures, taxpayers are unable to pay tax debt.

In addition, there are also some taxpayers in the production and business process who encounter unexpected and unforeseen incidents of enterprises such as natural disasters or fires, leading to impacts on operations manufacturing business. Although remedies have been sought, there is no financial resource to pay tax debt to the budget, so it is very difficult for tax authorities to collect debts in this case.

Notably, according to Toan, the biggest obstacle is the current amount of late tax payment of 0.03% per day now accounts for more than VND 16,000 billion. The late payment of the outstanding debts cannot recover, resulting in an increasing number of debts. Although the original debt has taken coercive measures, it has not been obtained, resulting in a delay in the payment.

Quickly finalize the Resolution of tax debt settlement

To handle tax arrears in a timely manner, the General Department of Taxation said that it is continuing to finalise the draft Resolution of the National Assembly on dealing with tax debts that are unable to collect budget under the conclusions of the Standing Committee of the National Assembly at Document No. 2667 / TB-TTKQH dated March 19, 2019 by the General Secretary of the National Assembly.

Speaking at a meeting of the National Assembly Chairman with the new General Department of Taxation that recently took place, Chairman of the Law Committee of the National Assembly Nguyen Khac Dinh said that the General Department of Taxation needs to clarify the objects of debt relief, any debt is due to objective factors, the debt is due to subjective factors, responsibilities of organisations and individuals in debt freezing and debt clearance, while the proposal to write off debt and freeze debt is persuasive enough .

Nguyen Khac Dinh also emphasised that it is necessary to quickly complete the draft of the Resolution on tax debt elimination to approve the current tax debt issue together with the Law on Tax Administration (amended).

“Currently, in the Law on Tax Administration (amended), it has solved some stages in tax debt handling, but has not been resolved thoroughly, so there should be a specialized resolution to handle,” Chairman The Law Committee of the National Assembly affirmed.

According to Dinh, the agency drafting the Resolution needs to be completed soon to submit to the Government in July 2019, after the Government gives its unanimous comments and submits to the Standing Committee of the National Assembly for consideration at the meeting in August 2019.

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