Article

# The Future of E-Commerce Taxation in Vietnam: A Causal Layered Analysis Approach

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## Abstract

*The rapid growth of e-commerce in Vietnam necessitates modernizing tax administration to capture this sector's revenue effectively. This paper uses Causal Layered Analysis (CLA) to explore the new policy requiring e-commerce platforms to declare and pay taxes on behalf of business individuals. By examining observable trends, systemic causes, worldviews, and myths, the study provides insights into the policy's implications and proposes a hybrid approach combining platforms as tax agents with collaborative governance. This approach aims to enhance tax compliance and foster a sustainable e-commerce ecosystem.*

## Keywords

## Introduction

The rapid expansion of e-commerce has revolutionized the global business landscape, presenting both opportunities and challenges for governments worldwide. In Vietnam, the e-commerce sector has experienced exponential growth in recent years, driven by increasing internet penetration, changing consumer preferences, and the proliferation of digital payment methods (VECOM, 2021b). However, this growth has also exposed the limitations of traditional tax administration systems in effectively capturing revenue from the digital economy. The current self-declaration and payment mechanism for e-commerce sellers has led to widespread non-compliance and substantial losses in tax revenue (Vietnam News Agency, 2021). Recognizing these challenges, the Vietnamese government has introduced new regulations mandating e-commerce platforms to declare and pay taxes on behalf of their sellers (Ministry of Finance, 2021). This move aligns with the global trend of leveraging platforms as tax agents to enhance compliance and streamline tax collection in the digital age (OECD, 2020a).

The taxation of e-commerce has emerged as a critical issue for governments worldwide, as they grapple with the complexities of adapting tax systems to the digital economy (OECD, 2019). The unique features of e-commerce, such as the borderless nature of transactions, the anonymity of sellers, and the involvement of multiple jurisdictions, have rendered traditional tax collection mechanisms inadequate (Agrawal & Fox, 2017). Consequently, governments have sought innovative approaches to address these challenges, with the platform-based tax collection model gaining traction in recent years (Cui, 2019). By shifting the tax compliance burden from individual sellers to e-commerce platforms, this model aims to leverage the centralized data and infrastructure of platforms to enhance tax compliance and revenue collection (OECD, 2020a). Despite the growing adoption of the platform-based tax collection model, its implementation in practice has been fraught with challenges. Platforms have raised concerns about the additional administrative burdens and costs associated with assuming the role of tax agents (Harpaz, 2021).

In light of these challenges and the pressing need to modernize tax administration in Vietnam, this study aims to explore the feasibility and implications of adopting the platform-based tax collection model for e-commerce in the

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country. By employing the CLA framework (Inayatullah, 2004), this study seeks to provide a comprehensive and nuanced understanding of the issue, encompassing its observable trends, systemic causes, underlying worldviews, and deep-rooted metaphors. Through this multi-layered analysis, this study aims to generate insights that can inform the design and implementation of effective e-commerce tax policies in Vietnam, while also contributing to the broader discourse on taxing the digital economy in developing countries.

Vietnam, with its burgeoning e-commerce sector, recognizes the pressing need to modernize its tax administration to effectively capture this growing economic segment. In this context, this study proposes the application of Anticipatory Governance (Fuerth, 2009) as a potential solution. Anticipatory Governance is a system of institutions, rules, and norms that provide a way to use foresight, networks, and feedback to continually mitigate risks and capitalize on opportunities (Fuerth, 2009). This approach enables policymakers to proactively adapt to the rapidly evolving e-commerce landscape and design resilient tax frameworks.

The significance of this study lies in its timely and practical relevance for Vietnam, as the country navigates the challenges of adapting its tax system to the rapidly evolving e-commerce landscape. By critically examining the platform-based tax collection model through the lens of CLA, this study seeks to provide policymakers with a more comprehensive understanding of the issue, enabling them to make informed decisions and anticipate potential pitfalls. Moreover, by situating the Vietnamese context within the broader global discourse on e-commerce taxation, this study aims to contribute to the growing body of knowledge on this topic, offering valuable insights for other developing countries grappling with similar challenges.

The remainder of this paper is structured as follows: Section 2 provides an overview of the theoretical background, reviewing key concepts and existing literature on e-commerce taxation and the CLA framework. Section 3 details the research methodology, explicating the data collection and analysis processes. Section 4 presents the findings of the CLA analysis, exploring each layer of the framework. Section 5 discusses the implications of the findings, proposing policy recommendations and future scenarios for Vietnam. Finally, Section 6 concludes the paper, summarizing the key takeaways and outlining avenues for further research.

## Theoretical Background

This section provides an overview of the key theoretical concepts and frameworks that inform our understanding of e-commerce taxation and the application of the CLA methodology. This study begins by examining the concept of digital transformation and its implications for tax policy and administration. This study then examines the specific challenges associated with taxing the digital economy, focusing on issues such as the complexity of cross-border transactions, the emergence of new business models, and the role of digital platforms. Finally, this study introduces the CLA framework and discusses its relevance for analyzing complex policy issues such as e-commerce taxation.

### Digital Transformation and Tax Policy

The rapid advancement of digital technologies has fundamentally reshaped the global economic landscape, giving rise to new forms of business, consumption, and value creation (OECD, 2018). This digital transformation has profound implications for tax policy and administration, as traditional tax systems designed for the physical economy struggle to keep pace with the intangible, borderless, and data-driven nature of the digital economy (Olbert & Spengel, 2017). Governments worldwide are grappling with the challenge of adapting their tax frameworks to ensure fair and effective taxation in the digital age (OECD, 2020b).

The concept of digital transformation encompasses a wide range of technological developments, including the proliferation of internet connectivity, the rise of e-commerce, the growth of the platform economy, and the increasing importance of data as a strategic asset (Bharadwaj et al., 2013). These developments have enabled the emergence of new business models, such as online marketplaces, subscription-based services, and collaborative consumption platforms, which often blur the traditional boundaries between producers and consumers, goods and services, and domestic and foreign transactions (OECD, 2018).

The implications of digital transformation for tax policy are manifold. First, the intangible nature of many digital goods and services challenges the traditional notion of a fixed place of business, making it difficult to determine the jurisdiction in which value is created and where taxes should be paid (Olbert & Spengel, 2017). Second, the ability

of digital businesses to operate across borders with minimal physical presence raises questions about the allocation of taxing rights between countries and the risk of double taxation or non-taxation (OECD, 2020a). Third, the increasing importance of data as a value driver in the digital economy poses challenges for the valuation and taxation of data-driven business models (Aslam & Shah, 2020).

**Taxing the Digital Economy: Challenges and Approaches**
The challenges associated with taxing the digital economy have prompted policymakers and scholars to explore various approaches to adapting tax systems to the realities of the digital age. These approaches range from incremental reforms to existing tax frameworks to more fundamental restructuring of the international tax system (OECD, 2020b).

One prominent approach is the concept of a "significant digital presence" or "digital permanent establishment" (PE), which seeks to establish a taxable presence for digital businesses based on factors such as the number of users, the volume of digital transactions, or the level of revenue generated in a particular jurisdiction (Olbert & Spengel, 2017). This approach aims to address the challenge of taxing businesses that operate in a country without a physical presence, by creating a new nexus for taxation based on their digital footprint (OECD, 2020b).

Another approach is the introduction of digital services taxes (DSTs), which are targeted levies on the revenue generated by specific digital business models, such as online advertising, digital intermediation, or the sale of user data (KPMG, 2021). DSTs have been adopted by several countries, including France, Italy, and the United Kingdom, as a unilateral measure to capture a share of the profits generated by digital giants in their jurisdictions (OECD, 2020a). However, DSTs have also faced criticism for their potential to distort competition, create double taxation, and exacerbate trade tensions (Bunn et al., 2020).

A more comprehensive approach to taxing the digital economy is the ongoing work of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS), which seeks to develop a consensus-based solution for the allocation of taxing rights and the prevention of tax avoidance in the digital age (OECD, 2020a). The BEPS project has proposed a two-pillar approach, combining a new nexus and profit allocation rules (Pillar One) with a global minimum tax (Pillar Two) to ensure that multinational enterprises pay a fair share of taxes wherever they operate (OECD, 2020b).

**The Role of Digital Platforms in E-Commerce Taxation**
A key aspect of the digital economy that has significant implications for taxation is the growing importance of digital platforms, such as online marketplaces, sharing economy platforms, and social media networks (OECD, 2019). Digital platforms play a central role in facilitating transactions between buyers and sellers, often across multiple jurisdictions, and generate value through the collection and analysis of user data (Aslam & Shah, 2020).

The taxation of digital platforms presents several challenges, including the determination of the appropriate tax jurisdiction, the allocation of profits between the platform and its users, and the responsibility for tax collection and reporting (OECD, 2019). In response to these challenges, some countries have introduced measures to impose tax obligations on digital platforms, such as requiring them to collect and remit value-added tax (VAT) on behalf of their users or to provide information on the income earned by platform sellers to tax authorities (OECD, 2020b).

**Research Methodology**

This study employs a mixed-methods approach, combining the CLA framework with expert interviews to provide a comprehensive and nuanced understanding of the challenges and opportunities associated with e-commerce taxation in Vietnam. The CLA framework, pioneered by Inayatullah (2004) and further developed in subsequent works (Inayatullah, 2015; Inayatullah et al., 2022), is a futures research method that explores complex policy issues by examining their multiple layers of meaning. CLA offers a structured approach to investigate the issue at four interconnected levels: litany, systemic causes, worldview, and myth/metaphor. By exploring these layers, CLA enables researchers to uncover the underlying drivers, dominant paradigms, and deep-rooted narratives shaping the discourse on e-commerce taxation.

The CLA framework has been widely applied to various policy domains, including climate change (Hofmeester et al., 2012), planning (Russo, 2016), environmental problems (Lázaro et al., 2021), and public health (Bishop & Dzidic, 2014). It has also been effectively combined with other futures methodologies such as the change progression scenario approach (Inayatullah, 2021; Inayatullah et al., 2020). CLA has also been employed in various policy and government contexts to analyze complex issues and inform decision-making. For instance, Russo (2016) used CLA to examine urban planning initiatives in Queensland, Australia, revealing how underlying worldviews and myths influence the planning process. Similarly, Bishop and Dzidic (2014) applied CLA to investigate the issue of mental health in Australian communities, highlighting the systemic factors and cultural narratives that shape policy responses. These examples demonstrate the value of CLA in uncovering the multi-layered nature of policy challenges and informing more effective interventions. The application of CLA in this study is particularly relevant, as it allows for a holistic exploration of the complex interplay of technological, economic, social, and cultural factors influencing e-commerce taxation in Vietnam. The multi-layered analysis provided by CLA is essential for developing effective and sustainable tax policies that align with the realities of the digital economy. By integrating expert insights with the CLA framework, this study aims to generate a more robust and contextually grounded understanding of the issues at hand, informing policy recommendations that are both pragmatic and anticipatory.

In the pursuit of a comprehensive understanding of the e-commerce taxation landscape in Vietnam, this study employed a mixed-methods approach, combining the Causal Layered Analysis (CLA) framework with semi-structured expert interviews. This methodological triangulation enhances the robustness and contextual richness of the findings, aligning with best practices in qualitative research (Patton, 1999).

To complement the CLA analysis, semi-structured interviews were conducted with a diverse range of experts, ensuring a multifaceted perspective on the issue. The study engaged 15 participants, comprising five policymakers, six industry leaders, four academic researchers, three e-commerce business owners, and six individual sellers operating on e-commerce platforms. This diverse sample was chosen to capture a wide spectrum of viewpoints and experiences, thereby enhancing the study's validity and reliability, as recommended by Bogner et al. (2009) in their work on expert interviews.

The interviews were conducted over two phases. The initial phase, spanning from January to April 2024, focused on policymakers, industry leaders, and academic researchers. Recognising the need for more diverse perspectives, a supplementary phase was conducted from 24 June to 6 July 2024, specifically targeting e-commerce business owners and individual sellers.

Each interview lasted approximately 45-60 minutes and was conducted either in person or via secure video conferencing, depending on the participant's preference and logistical considerations. The semi-structured format allowed for flexibility, enabling the exploration of emergent themes while maintaining consistency across interviews. Questions were designed to elicit insights into the observable trends, systemic causes, worldviews, and myths/metaphors surrounding e-commerce taxation in Vietnam, aligning with the CLA framework as outlined by Inayatullah (2004).

All interviews were audio-recorded with participants' consent, transcribed verbatim, and subjected to thematic analysis using NVivo software. The analysis involved an iterative process of coding, categorising, and interpreting the data, with a focus on identifying patterns, convergences, and divergences across different expert perspectives, following the approach described by Braun and Clarke (2006).

While the study strived for comprehensive representation, it is important to acknowledge potential limitations in the diversity of views captured. The perspectives of certain stakeholders, such as consumers or smaller, niche e-commerce platforms, may not have been fully represented. Additionally, the views of informal sector participants in e-commerce, who may be significantly impacted by tax policies, were not directly captured. These limitations could potentially affect the study's ability to fully represent the complexities of the e-commerce ecosystem and its taxation challenges.

To mitigate these limitations, the study incorporated secondary data sources and literature review to supplement the primary data. Future research could benefit from expanding the scope to include these underrepresented perspectives, potentially through broader surveys or focus group discussions.

**Findings and Analysis**

**Content Depth: Analyzing the Issue through the CLA Framework**

*Litany Level: Observable Trends and Events*
At the litany level, the discourse surrounding e-commerce taxation in Vietnam is dominated by the rapid growth of the sector and the accompanying challenges in tax compliance and revenue collection. The government's recent introduction of Circular 40/2021/TT-BTC, mandating e-commerce platforms to declare and pay taxes on behalf of business individuals, represents a significant policy shift to address these challenges (Ministry of Finance, 2021). By examining these observable trends through the lens of CLA, this study can begin to uncover the deeper systemic causes and worldviews shaping the issue.

*Systemic Causes: Structural Factors and Stakeholder Interests*
Moving beyond the litany level, the systemic causes that contribute to the challenges of taxing e-commerce in Vietnam are multifaceted. These structural factors include the existing legal and regulatory framework, the complexities of stakeholder interests, and the technological infrastructure required for effective tax administration.
   Existing Legal and Regulatory Framework:
   • Impact on Tax Compliance: The current tax system in Vietnam, primarily designed for traditional brick-and-mortar businesses, lacks clear guidelines for the taxation of digital transactions. This gap has led to significant loopholes, allowing e-commerce sellers to evade taxes.
   • Example: The absence of specific provisions for e-commerce taxation in older regulations has resulted in inconsistencies and confusion among tax authorities and business individuals, complicating enforcement and compliance.
   Complex Web of Stakeholder Interests:
   • Impact on Tax Administration: The diverse interests of stakeholders, including government bodies, e-commerce platforms, and business individuals, create a complex environment for implementing tax policies. Platforms are concerned about increased administrative burdens, while small-scale sellers fear the potential impact on their profits.
   • Example: E-commerce platforms argue that taking on the role of tax collectors will increase their operational costs and affect their competitiveness. Conversely, business individuals are wary of the new compliance requirements, which they view as cumbersome and potentially detrimental to their business operations.
   Technological Infrastructure:
   • Impact on Tax Compliance and Administration: Effective tax collection from e-commerce transactions requires a robust technological infrastructure to facilitate data sharing and ensure transparency. The current infrastructure is inadequate, leading to difficulties in tracking transactions and enforcing compliance.
   • Example: The lack of integrated systems for data exchange between e-commerce platforms and tax authorities hampers the ability to accurately monitor and collect taxes. This technical shortcoming not only affects the accuracy of tax assessments but also undermines the overall efficiency of the tax administration process.
   Data Privacy and Security Concerns:
   • Impact on Tax Compliance: The requirement for e-commerce platforms to share detailed business information with tax authorities raises significant privacy and security concerns. These concerns can hinder compliance if stakeholders fear data breaches or misuse.
   • Example: Business individuals and platforms may be reluctant to fully comply with tax regulations if they believe that their sensitive information is at risk. This reluctance can lead to partial or non-compliance, thereby exacerbating the issue of tax evasion.

### Worldview Level: Assumptions, Values, and Beliefs

The worldview level of the CLA framework illuminates the underlying assumptions, values, and beliefs that shape perspectives on e-commerce taxation in Vietnam. This level reveals the diverse and often conflicting worldviews held by key stakeholders, providing crucial insights into the challenges and opportunities in developing effective tax policies for the digital economy.

#### Overview of Worldviews

The e-commerce taxation landscape in Vietnam is influenced by a complex interplay of worldviews, reflecting the diverse interests and perspectives of stakeholders. These worldviews range from techno-optimism and collaborative governance to varying interpretations of social responsibility and fairness in the digital economy.

#### Government Agencies' Worldview

Government agencies predominantly view e-commerce taxation through the lens of fiscal responsibility and economic governance. They emphasise the need for a robust tax system to support public services and infrastructure development. N.H.H.L, a senior official at the Ministry of Finance, stated, "Our primary concern is ensuring a level playing field between traditional and digital businesses while maximising revenue collection to fund national development initiatives".

This worldview is underpinned by the belief that technological advancements should be leveraged to enhance tax compliance and administration efficiency. However, it also reflects a tension between fostering innovation and maintaining regulatory control.

#### E-commerce Platforms' Worldview

E-commerce platforms often espouse a worldview centred on innovation, market efficiency, and minimal regulatory intervention. They perceive themselves as facilitators of economic growth and digital transformation. T.V.A., a representative from a leading e-commerce platform, argued, "Our role is to create opportunities for businesses of all sizes. Excessive taxation or burdensome compliance requirements could stifle innovation and economic growth in the digital sector". This perspective aligns with industry concerns; VECOM (2021a) revealed that 78% of businesses worry about increased operational costs, whilst 65% express concern over administrative burdens. These platforms advocate for a nuanced approach to taxation that acknowledges the digital economy's unique characteristics and supports its growth potential.

#### Individual Businesses' Worldview

Individual businesses operating on e-commerce platforms exhibit a diverse range of worldviews, often influenced by their size, sector, and level of digital sophistication. Many small businesses view tax compliance as a significant challenge. L.T.H., an owner of a small online retail business, expressed, "While we understand the importance of taxes, the complexity of compliance can be overwhelming for small enterprises like ours, potentially forcing some to operate in the informal sector".

Some businesses view tax minimisation as a legitimate business strategy, reflecting a worldview that prioritises profitability and competitiveness. Others, particularly larger enterprises, emphasise corporate social responsibility and view tax compliance as an integral part of their business ethics.

#### Comparative Analysis of Worldviews

The divergent worldviews among stakeholders reveal significant tensions in the e-commerce taxation landscape. While government agencies prioritise revenue collection and regulatory oversight, e-commerce platforms emphasise innovation and market growth. Individual businesses, particularly smaller ones, struggle to reconcile compliance requirements with operational realities. These conflicting perspectives underscore the need for a nuanced approach to e-commerce taxation that balances the interests of various stakeholders. The challenge lies in developing policies that ensure fair taxation without stifling innovation or overburdening small businesses.

The worldview analysis reveals a common thread of acknowledging the transformative potential of e-commerce, albeit with differing emphases on how this potential should be harnessed and regulated. This shared recognition could serve as a foundation for collaborative policy development. However, the divergence in views on tax compliance and the role of digital platforms in tax administration highlights potential areas of conflict. Addressing these conflicting worldviews will be crucial in developing effective and widely accepted e-commerce tax policies in Vietnam.

### *Myths and Metaphors: Narratives and Symbols*

At the deepest level of the CLA framework, myths and metaphors reveal the cultural and symbolic dimensions that shape policy discourse and stakeholder behavior. Examining these deep-rooted narratives is crucial for understanding the underlying assumptions and beliefs that influence how e-commerce taxation is perceived and addressed in Vietnam. By uncovering these myths and metaphors, policymakers can develop more contextually resonant and effective strategies for managing the complexities of taxing the digital economy.

*The Digital Commons:*
- **Evolution:** The concept of the digital commons has evolved alongside the growth of internet and digital technologies. Initially perceived as a frontier for free and open exchange, it has gradually transformed into a complex ecosystem where innovation, regulation, and economic interests intersect. This evolution has been accompanied by a growing recognition of the need for governance structures that balance openness with responsibility.
- **Implications for Policy:** Policymakers face the challenge of fostering innovation while ensuring fair contribution to public resources. The digital commons' borderless nature necessitates rethinking traditional regulatory approaches, including taxation. Some businesses may be drawn to e-commerce due to perceived opportunities for higher profitability, partially attributed to the complexities of applying conventional tax regulations in the digital sphere.
- **Comparative Example:** In the European Union, the General Data Protection Regulation (GDPR) reflects this evolved understanding by imposing strict data protection requirements, ensuring that the digital commons are managed in a way that protects individual rights while fostering economic activity.

*The Level Playing Field:*
- **Evolution:** The metaphor of the level playing field has long been used in economic discourse to advocate for fairness in competition. In the context of e-commerce, this metaphor has evolved to address the disparities between online and offline businesses.
- **Implications for Policy:** Ensuring a level playing field means that e-commerce platforms and traditional businesses are subject to similar tax obligations. This requires policies that close loopholes and address tax evasion, creating a fair competitive environment for all businesses.
- **Comparative Example:** Australia's introduction of the Goods and Services Tax (GST) on low-value imported goods purchased online is a step towards leveling the playing field between local retailers and international e-commerce giants. This policy ensures that all retail transactions, regardless of origin, contribute to the national tax base.

*The Responsible Platform:*
- **Evolution:** Initially, e-commerce platforms were viewed as neutral intermediaries, merely facilitating transactions between buyers and sellers. Over time, this metaphor has shifted as platforms have gained significant market power and influence.
- **Implications for Policy:** The responsible platform metaphor now suggests that e-commerce platforms have a duty to ensure the integrity and fairness of the marketplace. This includes responsibilities such as collecting taxes, protecting consumer data, and preventing fraud.
- **Comparative Example:** In the United States, platforms like Amazon and eBay have been required to

collect sales tax on behalf of third-party sellers in various states. This policy reflects the recognition of platforms' expanded role in ensuring tax compliance and market fairness.

*Case Studies and Comparative Examples*

European Union (GDPR):

- **Narrative:** The GDPR represents the evolution of the digital commons metaphor, emphasizing the collective responsibility to protect personal data within the digital economy.
- **Policy Impact:** This regulation has set a global standard for data protection, influencing policies worldwide and highlighting the need for robust regulatory frameworks to manage the digital commons effectively.

Australia (GST on Online Sales):

- **Narrative:** The level playing field metaphor is embodied in Australia's approach to taxing low-value goods purchased online. By extending GST to online purchases, Australia ensures that all retail transactions are treated equally.
- **Policy Impact:** This policy has helped to reduce tax avoidance and support local retailers, demonstrating the practical application of the level playing field concept in e-commerce taxation.

United States (Sales Tax Collection by Platforms):

- **Narrative:** The responsible platform metaphor is reflected in the requirement for platforms like Amazon and eBay to collect sales tax on behalf of their sellers. This policy acknowledges the platforms' pivotal role in the e-commerce ecosystem.
- **Policy Impact:** This approach has improved tax compliance and revenue collection, illustrating how platforms can be leveraged to ensure a fair and transparent marketplace.

The myths and metaphors surrounding e-commerce taxation in Vietnam provide deep insights into the cultural and symbolic narratives that influence policy-making. Understanding how these metaphors have evolved helps policymakers design regulations that are responsive to the complexities of the digital economy. Comparative examples from other countries demonstrate practical applications of these metaphors, offering valuable lessons for Vietnam as it seeks to modernize its tax administration. By embracing the principles of the digital commons, ensuring a level playing field, and promoting responsible platforms, Vietnam can develop a fair, sustainable, and inclusive e-commerce tax system.
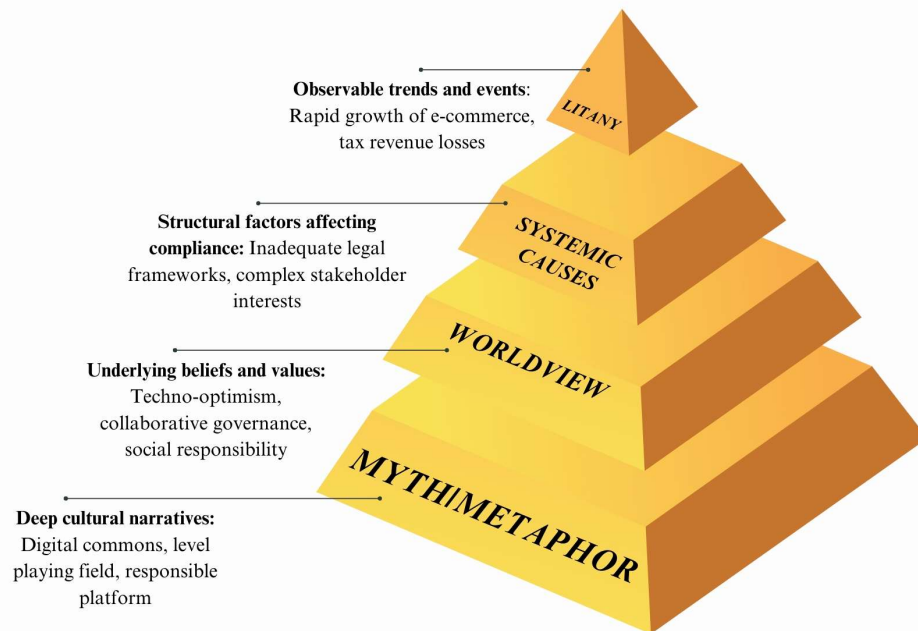


**Fig. 1:** CLA Framework

**Future Scenarios**

This section outlines future scenarios for e-commerce taxation in Vietnam, integrating CLA insights and the change progression scenario approach (Inayatullah, 2021). Each scenario corresponds to a CLA level, offering a dynamic, multi-layered perspective on potential futures (Inayatullah et al., 2020).

*Scenario 1: Business as Usual (Litany Level)*

At the litany level, the dominant narrative revolves around the rapid growth of e-commerce and the challenges it poses for tax collection. If no significant policy interventions are made, the current trend of tax non-compliance among business individuals is likely to continue. E-commerce platforms will remain passive facilitators with limited responsibility for ensuring tax compliance. The government may implement incremental measures to improve tax collection, but these efforts will likely be reactive and insufficient to address the underlying systemic issues.

**Key Features**:
- E-commerce growth continues unchecked.
- Minimal changes in tax policy.
- Persistent tax evasion and revenue loss.
- Limited engagement from e-commerce platforms in tax collection.

**Driver:** Market dynamics and technological innovation outpace regulatory frameworks.

**Assumption:** The digital economy can self-regulate without significant government intervention.

*Scenario 2: Platforms as Tax Agents (Systemic Causes Level)*

At the systemic level, the focus shifts to the structural aspects of the tax administration. Under this scenario, e-commerce platforms assume the role of tax agents, taking on the responsibility of declaring and paying taxes on behalf of business individuals. This approach aims to streamline tax compliance, reduce administrative burdens on individual sellers, and enhance the government's ability to track and collect taxes.

**Key Features:**
- E-commerce platforms become active tax agents.
- Enhanced legal and regulatory frameworks.
- Improved tax compliance and revenue collection.
- Development of robust data-sharing mechanisms.

**Driver:** Strengthened legal frameworks and technological advancements.

**Assumption:** Centralizing tax collection through platforms increases efficiency and compliance.

*Scenario 3: Collaborative Ecosystem (Worldview Level)*

At the worldview level, the focus is on the underlying beliefs and values that shape the e-commerce landscape. This scenario envisions a collaborative ecosystem where the government, e-commerce platforms, and business individuals work together to foster a culture of tax compliance. The government adopts a more proactive and consultative approach, engaging with stakeholders to develop policies that balance the needs of all parties. E-commerce platforms take on a more active role in educating sellers about their tax obligations and promoting ethical business practices.

**Key Features:**
- Strong collaboration between government and e-commerce platforms.
- Policies co-created with input from all stakeholders.
- Enhanced public awareness and education on tax compliance.
- Promotion of social responsibility among businesses.

**Driver:** Collaborative governance and stakeholder engagement.

**Assumption:** Inclusive policy-making leads to higher compliance and trust.

### *Scenario 4: Trusted Digital Intermediaries (Myth/Metaphor Level)*

At the myth/metaphor level, the focus is on the deeper narratives and symbols that underpin the e-commerce sector. This scenario envisions e-commerce platforms as trusted digital intermediaries serving as the backbone of a transparent and equitable e-commerce ecosystem. Platforms are seen not merely as facilitators of transactions but as guardians of trust, ensuring the integrity of the marketplace. This shift in perception is supported by the development of blockchain-based solutions that enable secure and transparent data sharing between platforms and tax authorities.

**Key Features:**
- E-commerce platforms as trusted intermediaries.
- Blockchain technology for secure, transparent transactions.
- High levels of public trust in e-commerce platforms.
- Equitable and transparent tax system.

**Driver:** Technological innovation and changing societal narratives.

**Assumption:** Trust and transparency in digital platforms enhance overall compliance and fairness.

**Table 1:** Future Scenarios

| Scenario | Description | Key Features | Driver | Assumption |
|---|---|---|---|---|
| **Business as Usual** | Continuation of current trends without significant changes. | Persistent tax evasion, minimal policy changes, limited platform engagement. | Market dynamics outpace regulation. | Digital economy can self-regulate. |
| **Platforms as Tax Agents** | Platforms take on responsibility for tax collection. | Platforms as tax agents, improved compliance, robust data sharing. | Strengthened legal frameworks and technology. | Centralizing tax collection increases efficiency. |
| **Collaborative Ecosystem** | Government and stakeholders co-create policies. | Collaborative governance, inclusive policy-making, enhanced public awareness. | Collaborative governance and engagement. | Inclusive policy-making leads to higher compliance and trust. |
| **Trusted Digital Intermediaries** | Platforms as trusted guardians of the digital marketplace. | Blockchain for transparency, high public trust, equitable tax system. | Technological innovation and changing narratives. | Trust and transparency enhance compliance and fairness. |

By integrating the CLA framework with future scenarios, this analysis provides a comprehensive and nuanced understanding of the challenges and opportunities in e-commerce taxation in Vietnam. Each scenario represents a different depth of future possibilities, shaped by distinct drivers and core assumptions. This approach not only highlights the complexities of the issue but also offers strategic insights for policymakers to develop robust, adaptive, and inclusive tax policies that can navigate the dynamic landscape of the digital economy.

### Preferred Scenario and Implementation Strategies

Based on the comprehensive analysis of future scenarios using the CLA framework, this study proposes a hybrid approach that combines elements from Scenario 2 (Platforms as Tax Agents) and Scenario 3 (Collaborative Ecosystem) as the preferred strategy for addressing e-commerce taxation challenges in Vietnam. This preferred scenario has been carefully selected based on its potential feasibility and effectiveness within the Vietnamese context, reflecting a balanced approach between efficient tax collection and stakeholder acceptance.

**Preferred Scenario: Hybrid of Platforms as Tax Agents and Collaborative Ecosystem**

**Overview:** In this preferred scenario, e-commerce platforms would assume the role of tax agents, responsible for declaring and paying taxes on behalf of business individuals. This responsibility would be supported by a robust legal framework and technological infrastructure. Concurrently, the government would adopt a collaborative governance approach, actively engaging with e-commerce platforms and business associations to co-create policies that promote tax compliance and minimise administrative burdens.

The selection of this hybrid approach is underpinned by several key considerations. Firstly, it leverages the technological capabilities and market reach of e-commerce platforms to enhance tax compliance and collection efficiency. Secondly, it recognises the importance of stakeholder engagement and collaborative policymaking in ensuring the acceptability and effectiveness of tax regulations in the digital economy. Lastly, it addresses the need for a balanced approach that supports economic growth while ensuring fair taxation.

However, it is important to acknowledge that some businesses may seek to invest in strategies to circumvent tax obligations within this new system. To address this potential challenge, robust monitoring and enforcement measures would need to be implemented, alongside programmes to enhance awareness of corporate social responsibility.

**Key Features:**
- **E-commerce platforms as tax agents:** Platforms would be responsible for tax declaration and payment, streamlining the compliance process for individual sellers.
- **Collaborative governance:** Regular consultations between the government, platforms, and business individuals would be established to develop and refine tax policies.
- **Robust legal framework:** Clear guidelines and regulations would define the roles and responsibilities of all stakeholders.
- **Technological infrastructure:** Secure and efficient data-sharing systems would be developed to facilitate tax collection and compliance.
- **Public awareness and education:** Initiatives would be implemented to inform business individuals about their tax obligations and the importance of compliance.

**Implementation Strategies**

To effectively implement this preferred scenario, several key strategies are proposed:
- **Legal and Regulatory Framework:** Develop a comprehensive legal framework that clearly defines the roles and responsibilities of e-commerce platforms, business individuals, and tax authorities. This framework should cover aspects such as data sharing, privacy protection, dispute resolution, and enforcement measures. While the European Union's GDPR primarily focuses on data protection, its implementation offers valuable lessons for e-commerce taxation. According to a report by the European Commission (2020), GDPR significantly improved awareness of data privacy rights and enhanced compliance among businesses. However, smaller enterprises faced greater challenges in compliance due to the costs and complexities of the regulation. This suggests that in applying similar regulations to e-commerce taxation, special support mechanisms for small businesses may be necessary to ensure effective compliance.
- **Technological Infrastructure:** Invest in building a robust digital infrastructure that enables seamless data exchange between e-commerce platforms and tax authorities. This could involve the development of APIs, secure data-sharing protocols, and the adoption of blockchain technology to ensure transparency and immutability.
- **Collaborative Governance:** Foster a culture of collaboration and dialogue between the government, e-commerce platforms, and business associations. Establish regular consultation mechanisms to gather feedback, address concerns, and co-create policies that balance the needs of all stakeholders.
- **Capacity Building:** Implement capacity-building programmes to enhance the digital literacy of business individuals and enable them to comply with the new tax system. This could include training on tax registration, record-keeping, and the use of digital tools for tax compliance.
- **Phased Implementation:** Adopt a phased approach to the implementation of the new tax system, starting with a pilot programme involving a select group of e-commerce platforms and business individuals. This would allow for the refinement of processes and the identification of potential challenges before a full-scale rollout.

**Conclusion**

The implementation of this preferred scenario presents both opportunities and challenges. While it offers a pathway to more efficient and equitable e-commerce taxation, it also requires significant investment in technology, capacity building, and stakeholder engagement. Moreover, the success of this approach will depend on the ability to balance the interests of various stakeholders and address potential resistance or attempts to circumvent the system.

By adopting this hybrid approach, Vietnam can work towards a more efficient, equitable, and sustainable tax system for the digital age. This strategy tackles the systemic causes and underlying worldviews identified in the CLA framework, offering a comprehensive and long-term solution to the challenges of e-commerce taxation.

**Table 2**: Preferred Scenario and Implementation Strategies

| Aspect | Description | Example |
|---|---|---|
| **Overview** | Hybrid of Platforms as Tax Agents and Collaborative Ecosystem | Combines strengths of two scenarios while mitigating drawbacks |
| **Key Features** | Platforms as tax agents<br>Collaborative governance<br>Robust legal framework<br>Technological infrastructure<br>Public awareness and education | |
| **Implementation Strategy 1** | Legal and Regulatory Framework: Develop comprehensive legal guidelines defining roles, data sharing, privacy, dispute resolution, and enforcement. | Implement regulations similar to GDPR to ensure data protection and appropriate use. |
| **Implementation Strategy 2** | Technological Infrastructure: Invest in robust digital systems for seamless data exchange, including APIs and blockchain. | Develop a centralized tax collection system integrating with platform APIs. |
| **Implementation Strategy 3** | Collaborative Governance: Foster collaboration through regular consultations with government, platforms, and business associations. | Create a multi-stakeholder advisory council for policy development and oversight. |
| **Implementation Strategy 4** | Capacity Building: Enhance digital literacy of business individuals through training and workshops. | Offer online courses in partnership with e-commerce platforms. |
| **Implementation Strategy 5** | Phased Implementation: Start with a pilot program to refine processes before full-scale rollout. | Launch a pilot program with major platforms like Shopee and Lazada. |

**Discussion**

The findings of our CLA analysis of e-commerce taxation in Vietnam reveal the complex interplay of factors shaping the challenges and opportunities associated with this rapidly evolving sector. The litany of observable trends, exemplified by the exponential growth of e-commerce and the accompanying tax compliance issues, underscores the urgent need for policy interventions to address revenue leakages and ensure a level playing field for businesses. The recent introduction of Circular 40/2021/TT-BTC, mandating e-commerce platforms to declare and pay taxes on behalf of business individuals, represents a significant step towards modernizing Vietnam's tax administration system (Ministry of Finance, 2021).

The CLA analysis reveals the multifaceted nature of the challenges associated with taxing e-commerce in Vietnam. At the systemic level, the effectiveness of policy interventions depends on addressing the underlying structural issues, such as inadequacies in the current legal and regulatory framework, the complex web of stakeholder interests, and the limitations of existing technological infrastructure. The success of platform-based tax collection models hinges on the development of clear guidelines defining the roles and responsibilities of all stakeholders, as well as the establishment of robust data-sharing mechanisms and compliance monitoring systems

(OECD, 2021a). Policymakers must also navigate the competing interests of e-commerce platforms, which may resist the additional administrative burdens and costs associated with assuming the role of tax agents, and business individuals, who may perceive the new compliance requirements as cumbersome and burdensome (Majdanska & Pemberton, 2019).

The worldviews and myths/metaphors uncovered in the analysis shed light on the deeper, cultural dimensions shaping the discourse on e-commerce taxation. The dominant techno-optimist narrative, which frames e-commerce as a key driver of economic growth and innovation, must be tempered by the recognition of the social and regulatory challenges posed by the digital economy. The emergence of collaborative governance as a guiding principle for policymaking in this domain highlights the need for multi-stakeholder engagement and dialogue to co-create fair, effective, and widely accepted tax policies (OECD, 2021b).

By engaging with these multiple layers of understanding, policymakers can develop more nuanced and contextually relevant strategies for managing e-commerce taxation. The CLA approach enables a shift from reactive problem-solving to anticipatory and adaptive policy design, which is crucial in the fast-evolving digital economy. The four future scenarios proposed in our analysis, ranging from the continuation of current trends (Business as Usual) to the transformation of e-commerce platforms into trusted digital intermediaries (Trusted Digital Intermediaries), illustrate the spectrum of possible outcomes for Vietnam's e-commerce taxation landscape. The preferred scenario, which combines elements of platform-based tax collection (Platforms as Tax Agents) and collaborative governance (Collaborative Ecosystem), offers a promising path forward for addressing the challenges identified in our analysis.

The implementation of the preferred scenario presents challenges, including potential misinformation from stakeholders. However, Vietnam's context mitigates this risk through robust regulatory oversight, transparent stakeholder engagement, and insights from pilot programmes. These mechanisms can help identify and address inaccuracies early, ensuring more reliable feedback. The phased implementation approach, starting with major e-commerce platforms and expanding based on lessons learned, can help mitigate risks and ensure a smooth transition to the new tax collection model (OECD, 2021c). This strategy balances the need for effective tax administration with stakeholder privacy concerns, fostering a more equitable and efficient e-commerce tax system.

Furthermore, the effective implementation of the preferred scenario will require significant investments in capacity building and stakeholder engagement. The success of collaborative governance approaches hinges on the ability of policymakers to foster meaningful dialogue and cooperation between government agencies, e-commerce platforms, and business associations. Providing training and support to business individuals to enhance their digital literacy and tax compliance capabilities, as well as offering online courses and workshops in partnership with e-commerce platforms, can help bridge the knowledge gaps and foster a culture of voluntary compliance (OECD, 2021a).

The findings of our study also have broader implications for other developing countries grappling with the challenges of taxing the digital economy. The CLA framework employed in our analysis offers a valuable tool for policymakers and researchers seeking to understand the complex interplay of factors shaping e-commerce taxation in their specific contexts. The future scenarios and implementation strategies proposed in our study can serve as a starting point for the development of context-specific policy interventions and capacity-building initiatives (Majdanska & Pemberton, 2019).

In conclusion, the CLA analysis underscores the complexity and multidimensionality of the challenges associated with taxing e-commerce in Vietnam. The preferred scenario and implementation strategies proposed in our study offer a promising path forward for addressing these challenges and realizing the potential benefits of the digital economy for Vietnam's socio-economic development. However, the success of these interventions will depend on the government's ability to foster meaningful collaboration and dialogue with all stakeholders, invest in capacity building and technological infrastructure, and strike a delicate balance between the needs of effective tax administration and the rights of taxpayers. By embracing a proactive, adaptive, and collaborative approach to e-commerce taxation, Vietnam can position itself as a leader in the region and a model for other developing countries seeking to harness the potential of the digital economy for inclusive and sustainable growth.

**Conclusion**

This study has employed the CLA framework to examine the complex landscape of e-commerce taxation in Vietnam, uncovering multifaceted challenges and opportunities for adapting the tax system to the digital age. The analysis reveals the intricate interplay of observable trends, systemic causes, worldviews, and myths/metaphors shaping the discourse on e-commerce taxation in the country.

The proposed hybrid approach, combining platform-based tax collection and collaborative governance, offers a promising path forward. However, its successful implementation requires concerted efforts from policymakers, e-commerce platforms, and other stakeholders to foster trust, transparency, and capacity building. The study acknowledges certain limitations in its methodology and scope. These include the constrained sample size of interviews, which, despite its diversity, may have omitted some perspectives. The data representation may not fully encompass the views of all participants in the e-commerce ecosystem. Furthermore, the rapidly evolving nature of e-commerce poses challenges to the long-term applicability of the findings. These constraints warrant careful consideration when interpreting the results and applying the policy recommendations derived from this research. Future studies may benefit from addressing these limitations to further enhance our understanding of e-commerce taxation in Vietnam.

As the digital economy continues to evolve at an unprecedented pace, policymakers must remain proactive, adaptive, and collaborative in their approach to taxation. This study contributes to the growing body of knowledge on e-commerce taxation in developing countries, offering valuable insights for navigating the complexities of the digital age. By embracing the principles of fairness, efficiency, and sustainability, Vietnam can position itself as a leader in the region and beyond, harnessing the power of e-commerce for inclusive growth and development.

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