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**TAX ADMINISTRATION FOR TRANSPORT CONSTRUCTION
ENTERPRISES IN HANOI**

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SUMMARY

1. Introduction

Tax is an important source of revenue contributing to the state budget, and at the same time serves as a tool for macroeconomic management. According to the Law on Tax Administration No. 38/2019/QH14 dated June 13, 2019, "Tax is a compulsory payment to the state budget by organizations, households, business households, and individuals in accordance with tax laws." Tax revenues, which account for a large proportion of the State Budget (SB), have enabled state management agencies to fulfill their functions and duties. Ensuring correct, full, and timely tax collection has always been a challenging problem for tax department units. This requires taxpayers and tax administration agencies to comply with tax policies and properly exercise their functions, duties, and authority. Currently, the tax administration mechanism in our country is based on self-declaration and self-payment, making taxpayer compliance an extremely important factor that contributes to promoting reform of the national tax system.

In the context of a growing number of businesses operating under the self-declaration and self-payment mechanism, tax administration has become increasingly urgent, yet also places a heavy burden on many businesses, prompting some to seek ways to evade or avoid taxes. The construction sector, particularly traffic infrastructure construction, plays a major role in economic growth and infrastructure development while also contributing to increasing state budget revenues. However, the distinctive characteristics of large-scale, long-duration projects involving multiple subcontractors and complex payment documentation make it difficult to determine revenues, costs, and tax obligations, creating potential for fraud and revenue loss. Enterprises in this sector often have high tax debt ratios and risks of using illegal invoices, causing losses to the State Budget and fostering unfair competition. Therefore, assessing the current situation and proposing more effective tax administration solutions for this group of enterprises will not only contribute to improving tax policy but also enhance the efficiency of public financial management and infrastructure investment.

Hanoi is the political and economic center with many large-scale traffic infrastructure projects such as ring roads, metro lines, overpasses, and underpasses. The city is home to a diverse range of enterprise types — from corporations and equitized state-owned enterprises (SOEs) to private companies, general contractors, and subcontractors — while also hosting many out-of-area units operating within its territory, posing complex tax administration requirements. In addition, Hanoi is one of the leading localities in reforming and applying information technology (IT) and digital transformation in the tax sector, piloting

many new models such as e-invoices and AI. Therefore, Hanoi is a representative location for studying the current situation and solutions for tax administration in this field.

Thus, research on tax administration for traffic infrastructure construction enterprises in Hanoi carries both theoretical significance and practical value in contributing to improved tax administration efficiency. It is for this reason that the doctoral candidate has chosen the topic: "**Tax Administration for Traffic Infrastructure Construction Enterprises in Hanoi**" as the research subject for the doctoral dissertation.

2. Research objectives and research questions.

General Objective

Based on theoretical research and analysis of the current state of tax administration for enterprises operating in the field of traffic infrastructure construction in Hanoi, the study puts forward recommendations and proposes solutions aimed at improving tax administration at the local level.

Specific Objectives

Based on the above general objective, the dissertation needs to achieve the following specific objectives:

- Theoretical aspect: Systematize and clarify the fundamental theoretical issues regarding tax administration for enterprises in general. In particular, conduct an in-depth analysis of the distinctive characteristics of traffic infrastructure construction activities and the influence of these characteristics on tax administration.

- Practical aspect: Objectively analyze and evaluate the current state of tax administration (including the management of tax declaration, tax payment, tax debt, and tax inspection and audit) for traffic infrastructure construction enterprises managed by tax authorities in Hanoi during the period from 2020 to 2024. At the same time, empirically assess the factors affecting tax administration of traffic infrastructure construction enterprises in Hanoi. From there, clearly identify the results achieved, the limitations, and the causes of those limitations.

- Solution aspect: Based on the findings from the current situation and the development orientation of the Tax sector, proposes a system of scientifically grounded and practical solutions and recommendations aimed at improving tax administration for traffic infrastructure construction enterprises in Hanoi.

To achieve these research objectives, the research questions that the dissertation needs to address include:

+ What are the fundamental contents of tax administration for traffic infrastructure construction enterprises? How do the operational characteristics of traffic infrastructure construction affect tax administration work?

+ What results has tax administration for traffic infrastructure construction enterprises in Hanoi achieved during the 2020–2024 period? What limitations still exist, and what are the causes of those limitations?

+ What factors affect tax administration for traffic infrastructure construction enterprises in Hanoi?

+ What recommendations and solutions are needed to strengthen tax administration for traffic infrastructure construction enterprises in Hanoi?

3. Research Subject and Scope

Research Subject

The research subject of the dissertation theoretical covers and practical issues related to tax administration for traffic infrastructure construction enterprises in Hanoi.

Research Scope

- In terms of content: The study examines tax administration for traffic infrastructure construction enterprises, including: (1) Tax administration activities (tax declaration, tax payment, tax debt, and tax inspection and audit); (2) The impact of various factors on tax administration for traffic infrastructure construction enterprises; (3) Ranking the level of influence of each factor from the perspective of the tax administration authority. The study does not examine the entire tax administration process but focuses specifically on four key stages: tax declaration management, tax payment management, tax debt management, and tax inspection and audit. These internships were selected because they most clearly reflect the risks and distinctive characteristics of the traffic infrastructure construction sector (such as delays in revenue recognition, capital appropriation leading to tax arrears, and risks of fraud in material and labor cost reporting). Limiting the scope in this way allows the study to concentrate on addressing issues that cause state budget revenue losses while ensuring feasibility in implementation.

- In terms of time: The dissertation studies traffic infrastructure construction enterprises in Hanoi over the period from 2020 to 2024.

- In terms of space: The dissertation conducts research within Hanoi. The study focuses on researching, surveying, and collecting data at the Hanoi City Tax Department. Within the research scope, the dissertation examines tax administration for enterprises involved in traffic infrastructure construction activities, including state-owned enterprises, private enterprises, and foreign direct investment (FDI) companies operating in Hanoi.

4. Research Methodology

- The method of classification and systematization of theory is used primarily in Chapters 1 and 2 of the dissertation to build the scientific foundation and theoretical basis for the entire research process. The classification and systematization of theory is carried out on the basis of collecting, selecting, and logically arranging both domestic and international documentary sources directly related to the research topic of tax administration for traffic infrastructure construction enterprises.

- The synthesis and statistical method is used throughout the entire dissertation, serving as the primary tool to help the doctoral candidate process and interpret data collected from both secondary and primary sources. In addition, this study also employs a mixed-methods approach, integrating both qualitative and quantitative techniques to systematically rank the factors affecting tax administration for traffic infrastructure construction enterprises in Hanoi, as presented in detail in Chapter 3.

- + Qualitative data — Expert interviews

- + Quantitative data — Survey investigation

- Analytical methods:

- + For enterprises, the Structural Equation Modeling (SEM) is applied to test linear relationships, and Artificial Neural Networks (ANN) are used to detect non-linear relationships, thereby determining the influence of various factors. The combination of SEM and ANN enhances reliability and overcomes the individual limitations of each method.

- + For tax authorities, based on the results of expert interviews and enterprise survey findings, the Analytic Hierarchy Process (AHP) is applied to perform pairwise comparisons and determine the relative importance among the factors.

The use of two analytical methods tailored to each respective group of respondents not only helps effectively exploit the collected data but also fully reflects the perspectives of both key stakeholders in the tax system. This serves as the scientific foundation for building a comprehensive research model and

proposing practical, well-grounded, and feasible solutions to improve tax administration efficiency in the field of traffic infrastructure construction.

5. The obtained results

With regard to the research objectives, subject, and scope, the dissertation has made the following meaningful contributions in both academic and practical terms:

- In terms of academic contribution, the dissertation proposes research methods from the perspectives of both the tax administration authority and enterprises — as taxpayers — to assess the degree of influence of various factors on tax administration for traffic infrastructure construction enterprises. These methods can be applied to research on tax administration for enterprises operating in other sectors.

- In terms of practical contribution, the dissertation systematically synthesizes and analyzes the current state of tax administration for traffic infrastructure construction enterprises in Hanoi during the period from 2020 to 2024. On that basis, it puts forward recommendations for tax administration authorities in Hanoi in particular, and for the tax sector in general, regarding the management of taxes for traffic infrastructure construction enterprises in the context of an economy facing numerous challenges in the aftermath of the COVID-19 pandemic.

6. Structure of the Dissertation

Apart from the introduction and conclusion, list of references, appendices, list of abbreviations, and list of tables and figures, the main content of the dissertation is structured into 4 chapters as follows:

Chapter 1: Research Overview.

Chapter 2: Theoretical Foundations of Tax Administration for Traffic Infrastructure Construction Enterprises.

Chapter 3: Current State of Tax Administration for Traffic Infrastructure Construction Enterprises in Hanoi.

Chapter 4: Directions and Solutions for Strengthening Tax Administration for Traffic Infrastructure Construction Enterprises in Hanoi.

CHAPTER 1

RESEARCH OVERVIEW

The dissertation conducts a review of research works related to the topic under two main aspects:

First, the dissertation surveys domestic and international studies related to the field of taxation. Through the process of synthesizing and analyzing the literature, it can be observed that taxation is one of the most widely studied topics, with a rich and diverse body of research. Many studies have approached the subject from various angles, including legal, economic, public administration, and taxpayer behavior perspectives. This demonstrates that tax administration is one of the core responsibilities of state management agencies, particularly tax authorities. In addition to independent academic works, there have also been positive contributions from tax officials and civil servants who are directly involved in implementing tax policies. Overall, these studies have provided comprehensive assessments of the current tax system in Vietnam, ranging from organizational structure and tax policy to the actual implementation and compliance behavior of taxpayers.

Second, the dissertation focuses on reviewing domestic and international studies related to tax administration. In this regard, although numerous research works have analyzed issues of tax administration in general — including the functions of tax authorities, tax administration reform, the application of technology in tax monitoring, and corporate tax compliance behavior — no study has yet been conducted in a systematic and in-depth manner on tax administration for traffic infrastructure construction enterprises, particularly within the scope of Hanoi. This is precisely the research gap that the dissertation aims to fill, in order to supplement the theoretical and practical foundations for developing tax administration policies suited to the distinctive characteristics of the traffic infrastructure construction sector and local conditions.

From the identified research gaps in terms of practical context, theoretical framework, and research scope, the author recognizes that the issue of tax administration for traffic infrastructure construction enterprises is both urgent and distinct from existing research works. Therefore, the doctoral candidate has chosen the topic: "**Tax Administration for Traffic Infrastructure Construction Enterprises in Hanoi**" as the subject of their doctoral dissertation.

CHAPTER 2

THEORETICAL FOUNDATIONS OF TAX ADMINISTRATION FOR TRAFFIC INFRASTRUCTURE CONSTRUCTION ENTERPRISES

2.1 Theoretical Foundations of Tax Administration

2.1.1 Key Concepts of Tax Administration

Tax authorities are organizations established by the state to manage and collect taxes into the State Budget. As such, tax administration is a form of public administration that carries out tax-related activities, and there are therefore multiple perspectives on what tax administration details. Based on these perspectives, tax administration is primarily examined from two viewpoints:

First perspective: Tax administration is the exercise of influence by a subject over a specific object or objective. From this, tax administration can be understood as the process by which entities assigned tax management responsibilities organize and delegate tasks to various departments and personnel to implement tax policies — such as collecting taxes from those obligated to pay, ensuring the timeliness of tax payments, and safeguarding and managing the funds collected. At the same time, tax administration also involves the state establishing mechanisms and measures to ensure that the rights and obligations of taxpayers are upheld and that tax administration agencies operate transparently and impartially.

Second perspective: Tax administration refers to the organization and allocation of responsibilities among departments within the tax authority, and the establishment of effective coordination among those departments in implementing tax policies. State administration of the economy is the organized and legally grounded exercise of state influence over the national economy, aimed at making the most efficient use of both domestic and international economic resources and structures in order to achieve the country's economic development goals under conditions of integration and expanding international engagement. Meanwhile, public financial management is the process by which the state formulates policies and regulations, and employs appropriate tools and methods to influence public financial activities, guiding them to operate in accordance with the objective requirements of the socio-economic system, so as to best serve the fulfillment of the functions undertaken by the state. It can thus be seen that tax administration is clearly a component of state economic management. Furthermore, it constitutes an important branch of public financial management. Accordingly, the concept of tax administration shares several similarities with the two perspectives above. Tax administration is the process by which the state establishes mechanisms and measures to ensure the rights and obligations of taxpayers, tax collection agencies, and related organizations and individuals throughout the process of tax collection and payment.

Drawing from the above perspectives, the dissertation holds that tax administration is a distinctive field of public administration, characterized by the exercise of authority and grounded in law, for the purpose of regulating the tax payment behavior of organizations and individuals.

2.1.2 Objectives of Tax Administration

Depending on the development conditions at each stage in each country, tax administration will have different priorities. In general, tax administration typically focuses on several main objectives: ensuring the pivotal role of taxation in generating stable and sustainable revenue for the State Budget; striving to build a fair and transparent environment for fulfilling tax obligations; making efforts to simplify administrative procedures, modernize tax services, and improve the quality of support for businesses and citizens; promoting socio-economic development through a flexible tax policy system; and enhancing the effectiveness and efficiency of state administration in the field of taxation.

2.1.3 Principles of Tax Administration

The principles of tax administration emphasize the requirement for individuals, organizations, households, and business households to fulfill mandatory tax obligations in accordance with the provisions of various tax laws. Furthermore, in the current era of rapidly advancing digital technology, reforming administrative procedures and applying modern information technology to tax administration is extremely important — saving time for both taxpayers and tax collectors while facilitating statistical tracking and oversight. In addition, the state also stipulates risk-based principles in tax administration to ensure objectivity and fairness in state support for individuals and organizations that encounter risks during the tax payment process.

2.2 Tax Administration for Traffic Infrastructure Construction Enterprises

2.2.1 Traffic Infrastructure Construction Enterprises

2.2.1.1 Classification of Traffic Infrastructure Construction Enterprises

Traffic infrastructure construction enterprises in Vietnam operate under various forms of ownership, creating diversity in management scale, financial capacity, and level of tax compliance. To serve effective tax administration, classifying enterprises by economic sector is necessary in order to identify the distinctive characteristics of the financial-accounting behavior and tax obligations of each enterprise group. Based on the current Law on Enterprises and related legal normative documents, traffic infrastructure construction enterprises can be divided into three main groups: state-owned enterprises, non-state enterprises, and foreign direct investment (FDI) enterprises.

2.2.1.2 Role of Traffic Infrastructure Construction Enterprises

Traffic infrastructure construction enterprises play a special role in the national economy because their products are directly linked to the country's infrastructure works. In addition, these enterprises also play an important role in paying taxes to the State Budget and driving economic growth. Furthermore, the

infrastructure construction activities of these enterprises are of great significance in contributing to improving Vietnam's investment environment, enhancing the efficiency and competitiveness of the economy, and creating conditions to attract investment capital for infrastructure development and other sectors — particularly in attracting foreign direct investment.

2.2.1.3 Characteristics of Traffic Infrastructure Construction Enterprises Affecting Tax Administration

The production activities and products of traffic infrastructure construction enterprises have characteristics that differ considerably from those of ordinary manufacturing industries, such as: construction products are individual and non-standardized; production activities take place across multiple localities; construction objects are typically large in volume, high in value, and long in construction duration; the production process often takes place outdoors and is directly affected by environmental factors; and the products are interdisciplinary in nature, with multiple forces and stages involved in the construction process. These characteristics affect tax administration for traffic infrastructure construction enterprises. Through analyzing the production characteristics of these enterprises, several issues arise in their tax administration:

- First, projects extend over many years, which can affect the amount of tax payable each year due to differences in timing and calculation methods.

- Second, traffic infrastructure construction enterprises often face prolonged periods of unstable cash flow, creating difficulties in ensuring tax compliance and timely tax payment.

- Third, project risks such as losses and failures also affect the tax obligations of enterprises.

- Fourth, the allocation of work between general contractors and subcontractors can create complexity in determining the tax responsibilities of each party.

2.2.2 Legal Regulations and Guiding Documents for Traffic Infrastructure Construction Enterprises

Tax administration for traffic infrastructure construction enterprises is a state economic management activity based on a strict and synchronized system of legal norms. The distinctive characteristics of the traffic infrastructure construction sector require the governing legal framework to incorporate specific management mechanisms. This legal framework is not merely a set of tax payment regulations but rather a system of closely interconnected provisions comprising several basic groups: first, current legal regulations on tax administration; second, legal regulations on core taxes (VAT and corporate income tax); third, legal regulations on invoice and document management; and fourth, the intersection of specialized law and accounting regulations.

2.2.3 Content of Tax Administration for Traffic Infrastructure Construction Enterprises

Tax administration for traffic infrastructure construction enterprises has distinctive features influenced by the characteristics of construction activities in this sector. Accordingly, tax administration for this group of enterprises is reflected in the following areas:

- Tax administration based on construction contracts
- Value-added tax administration
- Control of deductible expenses for corporate income tax calculation
- Revenue recognition and accumulated loss management
- Management of related-party transactions and transfer pricing risks
- Application of technology in tax administration
- Tax administration for subcontractors and seasonal workers
- Territorial allocation-based tax administration

2.2.4 Tax Inspection, Examination, and Monitoring of Tax Administration Implementation at Traffic Infrastructure Construction Enterprises

In tax administration activities, inspection and examination are considered proactive oversight mechanisms whose function is to assess the level of taxpayer compliance through analyzing, comparing, and verifying information and tax declaration records. Tax monitoring, meanwhile, is understood as a continuous and systematic observation activity that uses data and technology to track the tax compliance behavior of taxpayers. When applied to the field of traffic infrastructure construction — a sector characterized by a high degree of complexity in business operations — tax inspection, examination, and monitoring become even more critical, as the sector's distinctive nature demands strict control over both technical and financial aspects.

2.3 Factors Affecting Tax Administration for Traffic Infrastructure Construction Enterprises

Tax administration is not limited solely to the enforcement of tax law but is also governed and influenced by a wide range of factors, both subjective and objective, originating from within the management system itself as well as from taxpayers and the external socio-economic environment. Based on the doctoral candidate's research and synthesis, these factors can be categorized into two groups: subjective factors — from the perspective of state agencies and from the perspective of enterprises — and objective factors — including international economic integration and natural, cultural, and social conditions.

2.4 Theories Related to Tax Administration

Drawing on a review of both domestic and international research, combined with the distinctive characteristics of the traffic infrastructure construction sector — an industry with long construction cycles, complex contracts, extended payment periods, and multi-party involvement — the study adopts a multi-theoretical approach, specifically incorporating four main theoretical frameworks: (i) the tax compliance theory (Slippery Slope Framework — SSF), (ii) organizational behavior theory, (iii) institutional theory, and (iv) public choice theory. Each theory contributes to explaining a specific aspect of compliance behavior and tax administration effectiveness.

2.5 International Experience in Tax Administration for Traffic Infrastructure Construction Enterprises

From international experience, several important lessons can be drawn regarding tax administration for traffic infrastructure construction enterprises. First, it is necessary to establish mechanisms for detailed, complete, and timely declaration of construction contracts as a basis for determining tax obligations arising at each project phase. Second, the accountability of general contractors for declaration should be strengthened to control payment chains and prevent tax evasion. Third, the withholding tax model is an effective control solution for managing the tax obligations of subcontractors — entities that are often overlooked in traditional tax systems.

CHAPTER 3

CURRENT STATE OF TAX ADMINISTRATION FOR TRAFFIC INFRASTRUCTURE CONSTRUCTION ENTERPRISES IN HANOI

3.1 Overview of Traffic Infrastructure Construction Enterprises in Hanoi

Traffic infrastructure construction enterprises in Hanoi play a pivotal role in the development of technical infrastructure and the expansion of the urban space of the capital — the political, administrative, cultural, and scientific center of the entire country. In the context of Hanoi facing significant pressure from traffic infrastructure overload, rapid population growth, and the demand for inter-regional connectivity, traffic infrastructure construction enterprises have become the core force directly constructing and implementing key projects, making an important contribution to completing a modern, synchronized, and sustainable urban transport network. In terms of structure, traffic infrastructure construction enterprises in Hanoi exhibit diversity in terms of ownership type and operational scale.

3.2 Current State of Tax Administration for Traffic Infrastructure Construction Enterprises in Hanoi

3.2.1 Organizational Structure of the Hanoi City Tax Authority

On June 30, 2025, the Ministry of Finance issued a document stipulating the functions, duties, authority, and organizational structure of units under the Tax Department. Accordingly, the Tax Department has 12 units at the central level; provincial and municipal tax authorities are organized according to provincial-level administrative units; and grassroots tax offices under provincial and municipal tax authorities are responsible for managing the territory of certain communes, wards, and special zones. The Hanoi City Tax Authority is one of the largest tax agencies in the country, with an organizational structure comprising 8 specialized departments and 25 grassroots tax offices.

3.2.2 Legal Framework and Implementation Guidance System for Traffic Infrastructure Construction Enterprises

The tax administration process for traffic infrastructure construction enterprises is implemented based on a risk assessment mechanism to determine the scope of key inspections. First, the tax authority collects project legal documents (contracts, cost estimates, acceptance records) as a basis for comparing declared figures with actual construction progress. The core of the process is VAT control through verifying input invoices and the timing of output invoice issuance in accordance with acceptance progress, combined with inspection of territorial tax allocation obligations. For corporate income tax, the tax authority assesses the reasonableness of material, labor, and construction equipment costs based on the intersection of accounting regulations and sector-specific construction standards. The key step is a comprehensive reconciliation of electronic invoice data, payment documents, and completion records to detect errors in revenue recognition timing or cost inflation. The process concludes with the issuance of violation handling records, tax recovery, and placement of enterprises under risk monitoring if necessary, in order to ensure transparency and legal compliance.

3.2.3 Current State of Tax Administration Implementation for Traffic Infrastructure Construction Enterprises in Hanoi

3.2.3.1 Current State of Tax Declaration Management for Traffic Infrastructure Construction Enterprises at the Hanoi City Tax Authority

Tax declaration is considered a key stage in the management of tax obligations. The tax authority requires enterprises to declare all arising taxes fully, truthfully, and in a timely manner in accordance with

regulations, with a particular focus on value-added tax and corporate income tax. Enterprises compile documents, invoices, and accounting data to prepare tax returns, then digitally sign and submit electronic records through the eTax or iHTKK system.

According to reports from the Hanoi City Tax Authority, during the 2020–2024 period, the tax declaration situation of traffic infrastructure construction enterprises showed a very positive compliance trend.

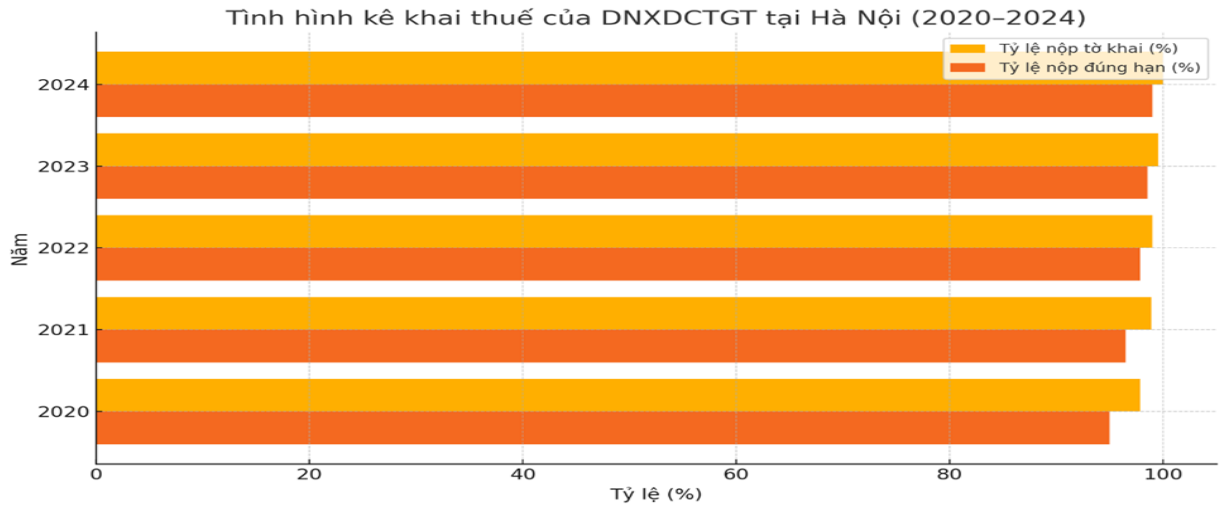


Chart 3.2: Tax Declaration Situation of Traffic Infrastructure Construction Enterprises in Hanoi, 2020–2024

(*) Filing rate: Number of returns filed / Number required to be filed.

On-time rate: Number of returns filed on time / Total number of returns filed.

(Source: Hanoi City Tax Authority)

3.2.3.2 Current State of Tax Payment Management for Traffic Infrastructure Construction Enterprises at the Hanoi City Tax Authority

Budget collection from traffic infrastructure construction enterprises in Hanoi still faces numerous challenges. Some enterprises submit their records late, and there are cases where significant tax arrears have arisen. The 2020–2024 period recorded considerable fluctuations in State Budget revenue collection from enterprises operating in the traffic infrastructure construction sector in Hanoi, under the management of the Hanoi City Tax Authority and grassroots tax offices.

Although budget collection has shown positive signs, the management of revenue collection from traffic infrastructure construction enterprises still encounters a number of difficulties, including instances of incorrect revenue declaration, transfer pricing, and late tax payment.



Chart 3.3: Proportion from DN XDCTGT in Hanoi, 2020–2024

(Source: Hanoi City Tax Authority)

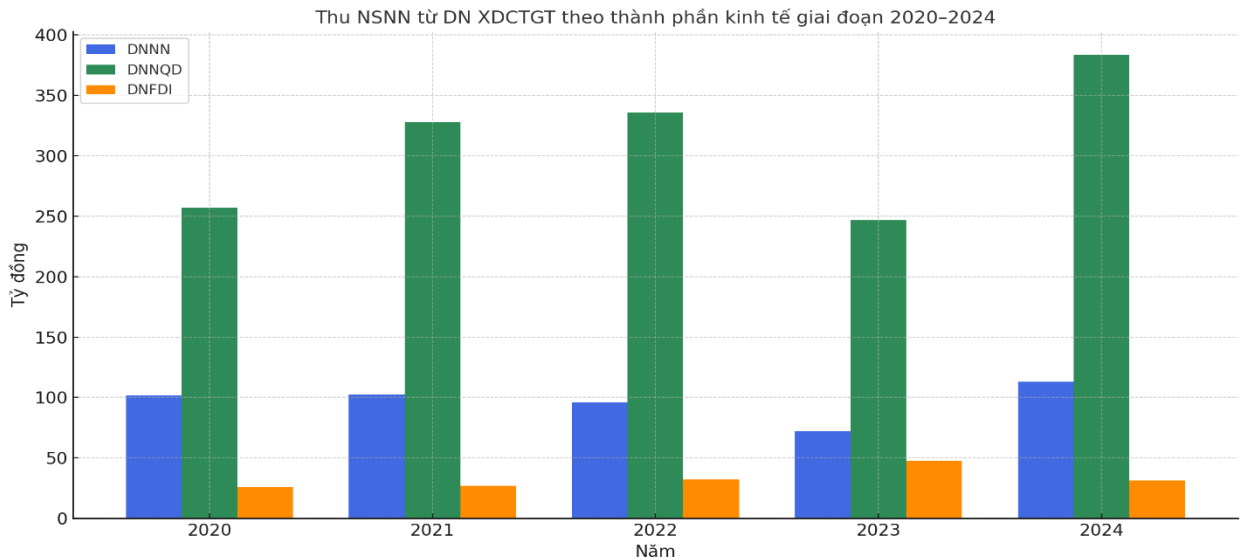


Chart 3.4: State budget revenue from DN XDCTGT in Hanoi city by economic sector, 2020–2024

(Source: Hanoi City Tax Authority)

State budget revenue from traffic infrastructure construction enterprises in Hanoi during the 2020–2024 period generally showed an upward trend in contribution structure, with the non-state enterprise sector consistently playing the leading role. State-owned enterprises maintained stable revenue levels, while foreign direct investment (FDI) enterprises operated on a smaller scale. This structure reflects a

positive structural shift, as the private and FDI sectors have increasingly asserted their dominant role in budget contributions, consistent with Hanoi's policy of developing a multi-sector economy and attracting investment.

3.2.3.3 Current State of Tax Debt Management for Traffic Infrastructure Construction Enterprises at the Hanoi City Tax Authority

Tax debt management for traffic infrastructure construction enterprises at the Hanoi City Tax Authority has consistently received close attention, as this group of enterprises typically operates with large capital volumes, multi-year construction contracts, and progress-based payment structures, making them prone to late payment and tax arrears. In particular, VAT and corporate income tax — the two taxes that account for the highest proportion — are closely tied to the processes of project acceptance and final settlement, meaning that untimely tax determination and payment can easily give rise to tax debt. During the 2020–2024 period, the tax debt situation of traffic infrastructure construction enterprises experienced relatively significant fluctuations.

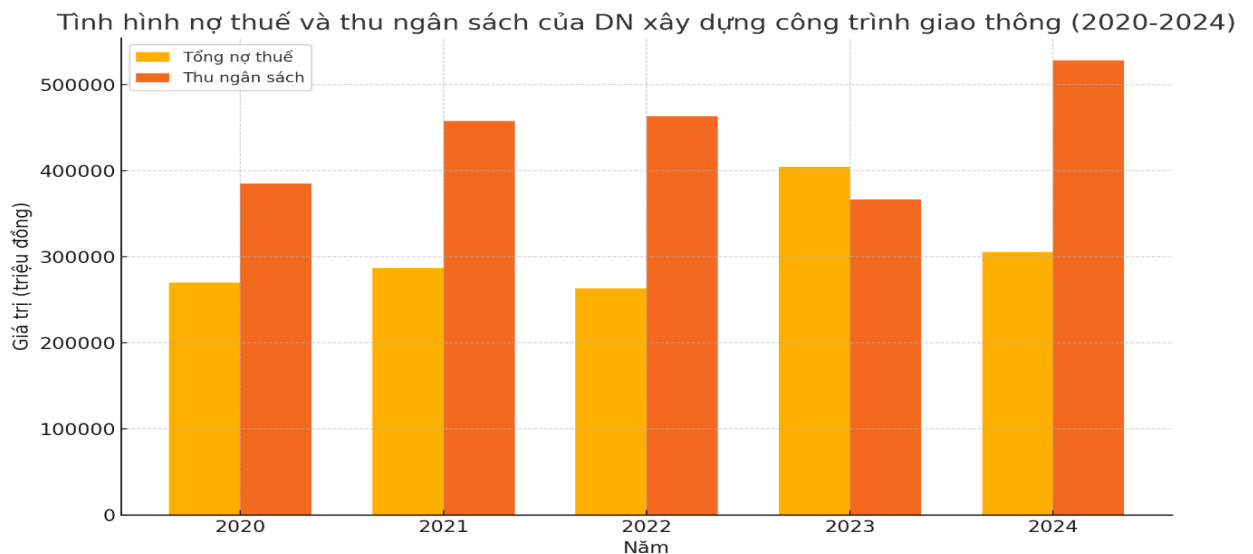


Chart 3.5 : Tax debt DN XDCTGT in Hanoi city, 2020 – 2024

(Source: Hanoi City Tax Authority)

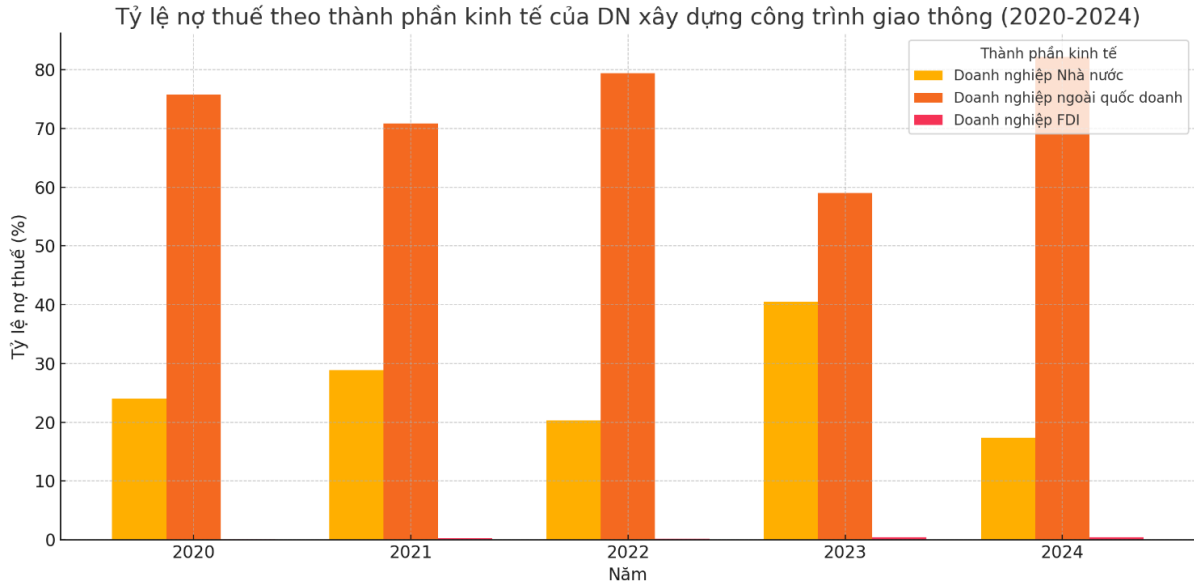


Chart 3.6: Tax debt ratio of transportation infrastructure construction companies in Hanoi by economic sector, 2020 – 2024

(Source: Hanoi City Tax Authority)

The structure of tax debt ratios among traffic infrastructure construction enterprises by economic sector has shown notable fluctuations. It can be observed that non-state enterprises represent the group with the highest latent risk in tax debt management. Meanwhile, tax debt among FDI enterprises has been more effectively controlled. The slight increase among state-owned enterprises is also a signal that warrants attention in order to prevent the emergence of bad debt risks in the future.

3.2.4 Current State of Tax Inspection and Audit for Traffic Infrastructure Construction Enterprises at the Hanoi City Tax Authority

Traffic infrastructure construction enterprises typically implement large-scale, multi-year projects that generate numerous types of costs, involve stage-by-stage acceptance, and engage multiple subcontractors. As a result, tax declaration, deduction, refund, and finalization processes carry inherent risks of fraud, tax evasion, or incorrect obligation reporting. During the 2022–2024 period, tax inspection and audit activities targeting traffic infrastructure construction enterprises in Hanoi continued to be conducted in a focused manner. Although the number of enterprises in this sector accounted for less than 1% of the total number of enterprises inspected annually, the value of tax recovery and loss reduction represents a significant proportion of the city's overall tax inspection results.

3.3 Analysis of Factors Affecting Tax Administration for Traffic Infrastructure Construction Enterprises in Hanoi

3.3.1 Introduction

- Delphi Method — Identifying criteria
- SEM–ANN Method — Assessing impact from the enterprise perspective
- AHP Method — Assessing importance from the tax authority perspective
- Comparison of results from the enterprise and tax authority perspectives

3.3.2 Identifying Influencing Factors through Qualitative Research

The Delphi process was conducted across two survey rounds. Initially, a comprehensive literature review informed the development of a structured questionnaire comprising seven factors. During the first round, experts were required to evaluate the relevance of each factor using a 5-point Likert scale and to propose any additions or modifications. Based on their feedback, six factors achieved a mean rating of ≥ 4.0 , reflecting expert consensus regarding their importance. Consequently, these six factors were retained for the second Delphi round.

3.3.3 Testing Model from the Enterprise Perspective

3.3.3.1 Research Model and Hypotheses

Based on the theoretical foundations discussed and the influencing factors identified through the Delphi method, this study proposes six research hypotheses to empirically test the relationship between selected organizational and technological factors and tax administration (TM) in traffic infrastructure construction enterprises.

H1: Tax policy has a positive impact on tax administration.

H2: Tax officials and civil servants have a positive impact on tax administration.

H3: Physical infrastructure serving tax administration has a positive impact on tax administration.

H4: Enterprises' tax compliance awareness has a positive impact on tax administration.

H5: Digital technology has a positive impact on tax administration.

H6: Tax administration functions have a positive impact on tax administration.

3.3.3.2 Research Methodology

Research Design

This study applies a quantitative research design with a survey method to empirically test the factors affecting tax administration effectiveness in traffic infrastructure construction enterprises in

Hanoi. A structured questionnaire was developed based on validated measurement scales from previous studies, ensuring relevance and reliability.

Sampling and Data Collection

This study uses a structured questionnaire to collect data from construction companies participating in infrastructure projects in Hanoi. Data were collected over the period from January to April 2025. In total, 385 valid responses were collected and included in the analysis.

Data Analysis Procedure

Data were analyzed using a two-stage process. In the first stage, SPSS version 25 was used to conduct descriptive statistics, assess the normality assumption of the data, and test the internal reliability of measurement scales using Cronbach's Alpha coefficient. Subsequently, Confirmatory Factor Analysis (CFA) and structural model evaluation were carried out using AMOS version 23.

The second stage involved Artificial Neural Network (ANN) analysis to complement the SEM results by exploring latent non-linear relationships and assessing the relative importance of independent variables in predicting tax administration effectiveness.

3.3.3.3 Data Analysis and Results

Summary of survey sample characteristics

Reliability and validity analysis of measurement scales

Structural equation model analysis

The results confirm that all six theoretical constructs are significant in explaining variations in tax administration effectiveness. The structural model demonstrates a solid empirical foundation for subsequent predictive analysis using the Artificial Neural Network (ANN).

Artificial Neural Network Model Analysis

To complement and validate the findings from the Structural Equation Model (SEM), the study further deploys Artificial Neural Network (ANN) analysis to explore non-linear relationships among predictive factors and assess the relative importance of each factor in influencing tax administration effectiveness (TM). The combination of SEM and ANN not only contributes to testing the robustness of linear relationships but also expands understanding of latent interactions among variables, thereby enhancing the explanatory and predictive value of the research model.

3.3.3.4 Discussion of Results

Results from the SEM analysis indicate that Tax Policy (TP) and Tax Officials and Civil Servants (TO) are the two factors with the greatest and most statistically significant influence on tax administration effectiveness.

The Tax Administration Functions factor (TAF) also demonstrates a strong and statistically significant impact, highlighting the role of operational aspects in tax governance.

Enterprise Tax Compliance Awareness (CTCA) and Digital Technology (DT) show moderate standardized coefficients, and their statistical significance indicates the growing influence of behavioral factors and technological capacity within enterprises.

Physical Infrastructure for Tax Administration (ITA) — although statistically significant in SEM — shows the lowest normalized importance in the ANN model.

3.3.4 Testing Model from the Tax Authority Perspective

3.3.4.1 Method and Research Procedure

In this process, the study applies the Analytic Hierarchy Process (AHP) proposed by Saaty (1980).

3.3.4.2 Analysis of the Level of Influence Using the AHP Method

The AHP analysis results indicate a clear hierarchy among the six factors affecting tax administration effectiveness for traffic infrastructure construction enterprises. Among these, Tax Policy (TP) is the factor with the strongest influence. Ranking second is Tax Officials and Civil Servants (TO), followed by Tax Administration Functions (TAF) in third place, and Enterprise Tax Compliance Awareness (CTCA) in fourth place. Meanwhile, Physical Infrastructure for Tax Administration (ITA) and Digital Technology (DT) rank fifth and sixth respectively.

3.3.4.3 Discussion of Results

This study was conducted to identify and prioritize the key factors affecting tax administration for traffic infrastructure construction enterprises in Hanoi. It contributes to the existing literature by providing a structured, context-specific framework for evaluating tax administration in a sector where tax governance remains insufficiently explored. Furthermore, the study demonstrates the practical value of integrating qualitative expert consensus with quantitative prioritization tools in public sector decision-making.

3.3.5 Comparison and Discussion of Results from Both Perspectives

Similarities between enterprise and tax authority results

Tax Policy (TP) is the most important factor (ranked 1st), and Tax Officials and Civil Servants (TO) is jointly ranked 2nd by both perspectives. In addition, Tax Administration Functions (TAF) holds 3rd place in both methods, and Enterprise Tax Compliance Awareness (CTCA) ranks 4th.

Notable differences between the two groups

Physical Infrastructure for Tax Administration (ITA) is ranked 5th by AHP but last (6th) by SEM. Conversely, Digital Technology (DT) is rated higher by SEM (5th) than by AHP (6th).

Policy implications

While enterprises place high value on factors such as clear tax policy, the attitude and competence of tax officials, and the operational effectiveness of the tax administration system, tax authority managers assign greater priority weight to system management functions and policy implementation transparency. This reflects a perceptual gap between the two parties, thereby necessitating policy development that bridges the divide between expectations and implementation reality. Tax administration agencies need to strengthen policy dialogue activities, enterprise consultation, and improvements to two-way feedback channels in order to build greater consensus and enhance administrative effectiveness. At the same time, the use of digital technology tools should be placed in the context of supporting essential functions, rather than being regarded as an independent central factor.

3.4 Assessment of the Current State of Tax Administration for Traffic Infrastructure Construction Enterprises in Hanoi

3.4.1 Results Achieved

First, following the direction of the Ministry of Finance and the Tax Department, the tax administration apparatus of Hanoi has been consolidated and strengthened. In the implementation process, the Hanoi City Tax Authority has focused on promoting the role of grassroots tax offices, intensifying communication efforts, and motivating officials, civil servants, and employees to ensure the progress and quality of organizational restructuring, while maintaining uninterrupted tax administration operations.

Second, the application of information technology across tax administration stages has been enhanced, particularly in tax declaration, payment, refund, and monitoring of taxpayer obligations. Most enterprises in the traffic infrastructure construction sector have carried out electronic tax declaration and payment through the Tax Department's online portal, contributing to a significant reduction in administrative time and costs, while improving the transparency and accuracy of tax reporting.

Third, tax inspection and audit activities have undergone positive transformation. Rather than conducting broad-based inspections, the tax authority has adopted a risk-based data analysis approach to identify enterprise groups that require priority inspection or close monitoring.

Fourth, taxpayer communication and support activities have been renewed in both content and format. Through training sessions, thematic workshops, sector-specific guidance materials, and online support activities, the tax authority has gradually raised awareness and legal compliance responsibility within the business community.

Fifth, in terms of financial and budgetary results, revenue from the traffic infrastructure construction enterprise sector has shown a trend of stability and modest growth in recent years, despite the negative impacts of the COVID-19 pandemic and fluctuations in input material prices. This reflects the considerable efforts of both the tax authority and enterprises in maintaining business operations and fulfilling tax obligations.

Finally, the gradual implementation of digital transformation in tax administration — particularly in the construction sector, which is characterized by multi-stage contract payment structures — has laid an important foundation for the modernization of local tax administration. Hanoi is among the pioneering localities in the country in initially integrating cross-sector data between the tax authority and relevant agencies.

3.4.2 Limitations

First, declaration monitoring has not been carried out in a systematic and synchronized manner, with instances of late, incomplete, or inaccurate filing still occurring.

Second, in tax payment management, tax arrears and late payment remain widespread. Tax debt continues to account for a high proportion of total tax receivables, with many long-outstanding debts yet to be resolved.

Third, tax inspection and audit activities have not comprehensively covered all high-risk subjects. The effectiveness of detecting violations remains limited, and many sophisticated fraudulent practices have yet to be discovered in a timely manner. Coordination between the tax authority and relevant agencies in inspection work also lacks sufficient rigor.

Fourth, the tax administration and enterprise support activities of the Hanoi City Tax Authority have not been sufficiently proactive, and policy guidance content remains general in nature, not yet tailored to the specific characteristics of each enterprise group.

3.4.3 Causes

First, regarding the data system and management technology, although the tax sector has progressively pursued modernization, current technology platforms remain outdated, lack synchronization, and have yet to meet monitoring requirements amid the rapidly growing number of construction enterprises.

Regarding human resources and management capacity, a prominent issue is the insufficient number of tax officials relative to the growing workload driven by the surge in enterprise numbers, contract scale, and complexity of traffic infrastructure projects. In addition, the Hanoi City Tax Authority has recently undergone organizational streamlining and restructuring in accordance with regulations, resulting in a situation where the functions and responsibilities of certain departments remain unclear, workloads have increased, and performance has become more dependent on the competence of tax personnel.

Furthermore, limitations are also clearly evident in operational procedures and management methods. Current tax administration processes — from declaration monitoring and debt tracking to inspection, audit, and debt enforcement — still contain numerous shortcomings.

Finally, the inter-agency coordination mechanism has not been truly tight or effective. Coordination between the tax authority and banks, the State Treasury, business registration agencies, economic police, and other competent authorities in data sharing and handling of tax violations lacks a mandatory basis and has not been carried out in a timely manner.

CHAPTER 4

ORIENTATIONS AND SOLUTIONS FOR STRENGTHENING TAX ADMINISTRATION FOR TRAFFIC INFRASTRUCTURE CONSTRUCTION ENTERPRISES IN HANOI

4.1 Directions for Tax Administration for Traffic Infrastructure Construction Enterprises in Hanoi toward 2030, with a Vision to 2035

4.1.1 Forecasting the Domestic and International Context of the Traffic Infrastructure Construction Sector

The traffic infrastructure construction sector is entering a new phase of development, characterized by larger investment scales, higher requirements, and intensified competition. Fluctuations in the macroeconomic environment, combined with the imperative to transition toward sustainable development and digitalization, will continue to shape the sector's development trajectory. A comprehensive understanding of these trends and challenges is of critical importance in formulating strategic orientations,

management policies, and solutions to enhance the effectiveness of traffic infrastructure construction investment in the coming period.

4.1.2 Guidance for Improving Tax Administration for Traffic Infrastructure Construction Enterprises

4.1.2.1 General Directions for Tax Administration Reform

The Tax System Reform Strategy to 2030, approved by the Prime Minister under Decision No. 508/QĐ-TTg, has established fundamental, strategic, and long-term directions for tax administration in Vietnam. Tax administration reform in the new period is directed toward modernization, transparency, efficiency, and a taxpayer-centered approach, aimed at both ensuring sustainable revenue for the state budget and promoting voluntary tax compliance, in alignment with the process of building an e-Government, digital government, and international integration.

4.1.2.2 Guidance for Tax Administration Reform for Traffic Infrastructure Construction Enterprises

In the context of accelerating tax system reform toward modernization, transparency, and efficiency, reform of tax administration for traffic infrastructure construction enterprises in Hanoi needs to be situated within the overall national tax administration reform strategy, while being linked to the distinctive characteristics of the capital — the political, economic, and financial center, and a hub for implementing numerous large-scale, technically complex, and diversely funded key traffic infrastructure projects. The reform orientation for tax administration in this sector aims not only to ensure correct, full, and timely collection for the state budget, but also to promote voluntary enterprise compliance, and to create a transparent, stable, and sustainable investment environment for urban traffic infrastructure development.

4.2 Solutions for Strengthening Tax Administration for Traffic Infrastructure Construction Enterprises in Hanoi

4.2.1 Solutions for Strengthening Tax Administration Based on Influencing Factors

First, solutions regarding tax policy

Second, solutions regarding tax officials and civil servants

Third, solutions regarding tax administration functions

Fourth, solutions regarding tax compliance awareness

Fifth, solutions regarding digital technology and physical infrastructure for tax administration

4.2.2 Solutions for Improving Tax Administration Content

First, solutions regarding the data system and management technology

Second, solutions regarding human resources and management capacity

Third, solutions regarding operational procedures and management methods

Fourth, solutions regarding inter-agency coordination mechanisms

4.3 Recommendations

4.3.1 Recommendations to State Management Agencies

4.3.1.1 Recommendations to the Provincial/Municipal People's Committee and Local Public Investment Project Management Boards

The municipal People's Committee should play a coordinating and connecting role among specialized departments such as the Department of Finance and Planning, the Department of Urban Management, and the City Tax Authority, in order to establish periodic coordination mechanisms for inspection and practical monitoring of construction activities in the area.

4.3.1.2 Recommendations to the Hanoi City Department of Finance

The Department of Finance should implement a data interconnection mechanism between the enterprise registration system, investment registration system, and tax management system. Data from the Department of Finance — including contractor selection results and information on projects using ODA or state budget funds — should be synchronized with the tax authority to assess the proportionality between contract award scale and arising tax obligations.

4.3.1.3 Recommendations to the Hanoi City Department of Construction

In its role as the lead specialized agency for construction activity management, the Department of Construction should coordinate closely with the city/provincial tax authority to regularly share information on major projects under implementation. At the same time, a data connection system between construction permits, completion records, and acceptance documents and the tax authority should be deployed to cross-reference with tax declaration data, ensuring consistency between actual construction progress and financial obligations to the state budget.

4.3.1.4 Recommendations to Inspection, Audit, and Judicial Agencies

The Construction Inspectorate and the State Audit Office should integrate the inspection of construction enterprises' tax obligation fulfillment into their periodic thematic inspection plans. Projects using state budget funds should be comprehensively audited from the tendering and contracting stages through to acceptance, payment, and tax declaration and payment.

4.3.1.5 Recommendations to the Ministry of Finance and the Ministry of Construction

The issuance of a joint circular between the Ministry of Finance and the Ministry of Construction is necessary to unify the financial management mechanism in construction investment activities, addressing the overlapping situation between capital management and settlement regulations of the Ministry of Finance and the construction norms, unit prices, and cost regulations of the Ministry of Construction.

4.3.2 Recommendations to Enterprises

From the perspective of individual enterprises, tax compliance responsibility is not only a legal obligation but also an important factor in building credibility, brand reputation, and competitive capacity. Enterprises should proactively improve their internal tax governance systems and strengthen the application of digital technology in accounting and financial management to ensure data transparency and readiness to share information with management agencies upon request. This not only minimizes legal risks but also helps enterprises save costs and time in the long run. At the same time, enterprises should actively participate in tax policy training and capacity-building programs organized by tax authorities or industry associations, thereby enhancing the competence of their personnel, keeping up with legislative changes in a timely manner, and minimizing errors in implementation.

CONCLUSION

The research findings carry important practical implications for tax policymakers, particularly in the context of tax administration for traffic infrastructure construction enterprises — a highly distinctive sector requiring close coordination among policy, administration, and technology.

First, tax policy and legislation need to be designed to be clear, consistent, and highly enforceable, while being appropriate to the financial and accounting characteristics of the construction sector. Strengthening synchronization between tax policy and accounting regulations not only contributes to enhancing transparency but also helps minimize errors in tax declaration, calculation, and payment.

Second, enhancing the enforcement capacity of the tax authority is an essential requirement. This includes improving the professional competence, civil service ethics, and communication skills of tax officials; building a modern and user-friendly working environment; and establishing effective coordination mechanisms among functional departments. At the same time, administrative functions such as inspection, audit, penalty enforcement, and complaint resolution need to be designed to be flexible yet sufficiently robust to ensure effectiveness and efficiency.

Third, accelerating the application of digital technology in tax administration is an irreversible trend. Electronic declaration systems, data integration platforms, and online support tools need to be

continuously improved to enhance information retrieval capability, shorten processing time, and maximize convenience for taxpayers.

Finally, supportive policies are needed to raise the awareness and tax compliance capacity of enterprises, particularly small and medium-sized enterprises. Organizing training programs, communication campaigns, practical guidance sessions, and providing digital support tools will contribute to enhancing enterprises' proactiveness and cooperation in fulfilling their tax obligations.

Although the study has achieved results of practical value, it still has certain limitations. First, the research scope is limited to traffic infrastructure construction enterprises in Hanoi, meaning the findings may not fully reflect the overall picture of the entire country, where there are significant differences in economic conditions, institutional frameworks, and tax enforcement capacity.

Second, although the AHP and SEM–ANN methods provide a high depth of analysis, they remain dependent on the subjective judgments of experts and survey respondents. Despite reliability and validity control measures having been implemented, the influence of response bias or common method variance may still persist.

Third, behavioral factors and organizational culture factors have not been incorporated into the research model, even though these may serve as important mediating or moderating variables affecting tax administration.

In the future, the research could be expanded in directions that enhance generalizability and analytical depth. First, comparative studies across localities with different socio-economic characteristics, or across economic sectors, could be conducted to test the stability and generalizability of the tax administration model, thereby assessing the suitability of management solutions in each specific context. In addition, integrating further mediating or moderating variables into the analytical model is necessary — for example, taxpayer satisfaction with tax administrative services, leadership commitment to compliance, readiness for digital transformation, or organizational tax compliance culture. These factors may further clarify the mechanisms of influence among policy, tax management tools, and implementation outcomes. The research should also apply more in-depth qualitative methods — such as in-depth interviews and case studies — to further explore influence mechanisms that have not been captured through quantitative data.