Negative Impacts of Transfer Pricing Violations of FDI Businesses in Vietnam

DOAN TRANH,
Duy Tan University,
Danang, Vietnam.
Email: dtranh_2005@yahoo.com

Abstract

Since the renovation in 1986, until 2013, Vietnam has attracted foreign direct investment (FDI) increasing nearly 2,000 times together with the degree of integration of Vietnam into the global economy. The attraction of foreign direct investment contributed significantly to economic growth, boosting exports, creating more jobs, but also appeared many negative phenomena in the economy, in which transfer pricing of FDI businesses has impacted significantly on the macroeconomic indicators of the economy and affected the budget revenue of the Government. Derived from the above, the article focused on controlling transfer pricing of FDI businesses in recent years to assess the impacts on the process of international economic integration of Vietnam, find out the causes of inefficiencies of transfer pricing control in Vietnam in the last time. Since then, setting out solutions to further improve the transfer pricing control of FDI businesses for the time coming.

Keywords: Transfer pricing, FDI businesses, foreign direct investment, economic integration, macro-economic indicators
1. Background

Vietnam currently has roughly about 600 thousands of registered businesses established, in which approximately 17 thousands of FDI businesses with total investment of about 82 billion US dollars. These businesses contributed significantly to economic growth, boosting exports and creating jobs in Vietnam.

Figure 1 shows the contribution of FDI and domestic businesses in GDP and budget revenues. From 2000 to 2013, FDI businesses contributed to GDP increased from 14% to 20%, respectively contributed to the budget increased from 4% to 11% during the period. Meanwhile, in 2013, domestic businesses created 80% of GDP, respectively its budget contribution excluding oil revenues were 74% of total budget revenues. Also, FDI businesses is also highlight in the export of Vietnam, in 2000, export value of FDI businesses accounted for 47% of total export value of Vietnam, until 2013, its export value has increased to 67%.

Considering the level of contribution to GDP and mobilization to the budget of FDI businesses compared to domestic businesses, it is clear that the contribution to the budget of FDI businesses is relatively low. In terms of competition, domestic businesses have many disadvantages because of contributing more than to the budget. Considering additional incentives beyond tax policy, then the superiority of FDI businesses in technology, management, productivity and market share have made it more favorable conditions for reducing production costs.

Figure 1: The contribution of FDI businesses to the economy and budget
Despite receiving many incentive policies from Vietnam government, FDI businesses did not contribute adequately to the budget than what they have received. That is directly related to the activities of illegal transfer pricing, to transfer more profit to the parent company of FDI businesses as will be further analyzed below.

2. Transfer pricing, transfer pricing control and the legislation basis of transfer pricing control in Vietnam

2.1 Transfer Pricing & Transfer Pricing Control

Transfer pricing is the pricing of intercompany transactions that take place between affiliated businesses. For tax purposes, the transfer pricing process determines the amount of income that each party earns from that transaction. Therefore, in course of transfer pricing, taxpayers and taxing authorities focus exclusively on related-party transactions, which are termed controlled transactions, and have no direct impact on independent-party transactions, which are termed uncontrolled transactions. According to The Organization for Economic Co-operation and Development (OECD), the transactions, in this context, are determined broadly, and include sales, licensing, leasing, services, and interest.

All the production and trading of a particular product leads to the formation of reasonable costs, thereby forming appropriate selling prices, and thus the business will be profitable fitting the movement of the market. The process of forming the cost, price and profit consistent with the principles of the market, which economists and tax administration managers called it arm’s length principle (ALP).

Therefore, the transfer pricing control is the process supervised by the tax authorities for the related-party transactions if it complies with the arm’s length principle or not. Since above basic approaches, the tax authorities of the countries, particularly the OECD has formed the transfer pricing guidelines including methods consistent with market principles. If any related-party transaction that does not comply with the instructions of the transfer pricing method adopted by countries, is considered as violation of transfer pricing or illegal transfer pricing and will be sanctioned by the tax authorities of the countries.

2.2 Legal Basis for Transfer Pricing Control in Vietnam

Together with integration in Vietnam, the process of shaping and developing the legal documents relating to transfer pricing can be divided into two basic periods as follows:

Vietnam. Amendments related to transfer pricing control in these documents are simplicity, and mainly "guide market price identification in the transactions between affiliated businesses".

Period 2004 to now is the improvement stage of legislation on transfer pricing. The highlight was the Circular No. 117/2005/TT-BTC promulgated 29/12/2005, guiding the implementation of the market valuation of business transactions between affiliated parties fully and greater coherence with the the OECD guidelines on the use of five methods of transfer pricing control. Circular 66/2010/TT-BTC launched inherits Circular 117/2005/TT-BTC with some adjustments of terminology and is considered a legal document amended more detailed on market valuation of the related-party transactions.

In addition to the above documents, Ministry of Finance also promulgated Vietnam Accounting Standard No. 26 requires to publish affiliated parties in the financial statements. Those standards also guide elements to make up prices traded between the "affiliated parties". In addition, Decree No. 40/2007/ND-CP guiding the customs to impose on the goods and services imported by the affiliated parties to contribute as capital, management, and services. Especially the customs may apply the comparable methodologies to impose the market price of activities of affiliated parties in exporting and importing to Vietnam.

Circular 66 has no penalties for violation of transfer pricing. Currently the penalties against tax lies in the different laws as the Tax Administration Law No. 78/2006/QH11, and amended by Act No. 21/2012/QH13, Decree No. 98/2007/ND-CP and Circular No. 61/2007/TT-BTC, now being replaced by Circular 166/2013/TT-BTC on penalties against administrative violations in taxation, and the Law on Administrative Violations No. 15/2012/QH13. From these documents have the following penalties:

Failure to disclose, or incomplete disclosure, of related party transactions; or failure to produce information, documents or source documents within 30 days of a request by the tax authority; or intentional erroneous application of the provisions of the Circulars and failure to produce required documentation within 90 days of the date of request by the tax authority.

Administrative penalties up to maximum amount of VND200 million for organization and not exceeding VND100 million for individuals may be imposed for failure to comply with transfer pricing documentation and disclosure requirements.

Interest penalty of 0.05% of the outstanding tax due may also be imposed if a transfer pricing adjustment is assessed. Additional penalties of up to three times the outstanding tax due may be imposed if there is a finding of tax evasion or fraud.

In addition, the Criminal Code allows for criminal proceedings against tax payers if it is proven that there is a significant tax evasion with 3 different penalty frameworks of Article 161, including maximum penalties may be imprisoned for up to 7 years and can be fined up to three times of tax evasion amount.
Basically, the legislation on transfer price control in Vietnam is relatively complete and consistent with the guidelines of the OECD and international practices. But no effective control of transfer pricing in Vietnam in recent years are related to the enforcement of transfer pricing. Weaknesses in the control of transfer pricing analyzed through suspicions and violations of transfer pricing of FDI businesses in Vietnam as the following.

3. Actual Situation of Transfer Pricing of FDI Businesses in Vietnam Last Time

3.1 Loss Making FDI Businesses

In 2012, General Department of Taxation has published a report, in which there were 5,500 businesses in the 17 thousand FDI businesses reporting net losses in 2010 and 2011. In 2013, the local tax authorities have focused on transfer pricing control for the affiliated businesses constantly making loss but still investing to expand production and trading. As a result of audits of 2,110 loss-making businesses, the tax inspectors reduced tax deductions amounting to VND140 billion, disallowed reported losses of VND4.192 billion, and collected additional taxes and penalties amounting to VND988 billion.

Figure 2 shows the selected FDI businesses making continuous loss since investing in Vietnam as Coca-Cola Vietnam, Metro Vietnam and some other typical FDI businesses.

Table 1 illustrates the results of 1344 FDI enterprises survey conducted by VCCI, showed that 65% of enterprises with profits of over 20% admitted transfer pricing violations. Similarly, 44% of businesses with high profits, 12% of businesses with medium profits and 9% of businesses with little profits, all admitted to violate in transfer pricing. Overall, loss businesses did not need to use the technique to transfer profits. However, an exception is about 30% of businesses with less losses admit transfer pricing violations. This discovery is very exciting, because the more likely it reflects the fact that businesses have high-level management, violating transfer pricing to plunged itself down profit rates in order to avoid corporate income tax.
3.2. Evidence of the Type of Business and the Industry Frequently Violating Transfer Pricing

According to Vietnam Chamber of Commerce and Industry (VCCI) survey also showed that unprofitable FDI businesses are concentrated in industries such as garment manufacturing; footwear; production and export of tea; processing industry, etc. In particular, 90% of FDI businesses operating in the textile sector in Ho Chi Minh City have lost earnings whereas most of domestic businesses in the industry are profitable.

Table 1: Level of transfer pricing of FDI businesses depending on operational efficiency

<table>
<thead>
<tr>
<th>Classification of Efficient Levels</th>
<th>Number of Businesses Conducted</th>
<th>Percentage (%)</th>
<th>Standard Error</th>
<th>T Stat</th>
<th>P value</th>
<th>Prediction Rate of Transfer Pricing (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit over 20%</td>
<td>39</td>
<td>65,1%</td>
<td>10,1%</td>
<td>6,4</td>
<td>0,00</td>
<td>48,9% - 81,3%</td>
</tr>
<tr>
<td>Profit from 10 to 20%</td>
<td>105</td>
<td>44,5%</td>
<td>6,9%</td>
<td>6,4</td>
<td>0,00</td>
<td>33,5% - 55,5%</td>
</tr>
<tr>
<td>Profit from 5 to 10%</td>
<td>262</td>
<td>12,3%</td>
<td>9,7%</td>
<td>1,3</td>
<td>0,23</td>
<td>-3,2% - 27,8%</td>
</tr>
<tr>
<td>Profit from 0 to 5%</td>
<td>455</td>
<td>9,1%</td>
<td>4,8%</td>
<td>1,9</td>
<td>0,08</td>
<td>1,4% - 16,8%</td>
</tr>
<tr>
<td>Break Even</td>
<td>163</td>
<td>19,7%</td>
<td>15,2%</td>
<td>1,3</td>
<td>0,22</td>
<td>-4,6% - 44,0%</td>
</tr>
<tr>
<td>Loss from -5 to 0%</td>
<td>176</td>
<td>30,9%</td>
<td>17,4%</td>
<td>1,8</td>
<td>0,10</td>
<td>3,1% - 58,7%</td>
</tr>
<tr>
<td>Loss from -10% to -5% of net revenue</td>
<td>76</td>
<td>-2,1%</td>
<td>24,6%</td>
<td>-0,1</td>
<td>0,93</td>
<td>-41,5% - 37,3%</td>
</tr>
<tr>
<td>Loss over - 10% of net revenue</td>
<td>68</td>
<td>-0,3%</td>
<td>20,4%</td>
<td>0,0</td>
<td>0,99</td>
<td>-32,9% - 32,3%</td>
</tr>
</tbody>
</table>

Source: VCCI, 2013

Table 2 shows the analysis by sector, in which the estimated rate of transfer pricing in each sectors and ranked in order of transfer rates from high to low price. Look at the data in this table reveals many things. The sectors with the involvement of global production chains in

Source: synthesized by author
which input goods and services mainly provided by affiliated subsidiaries of multinational corporations. These sectors including textiles, automobile parts, plastics and rubber, garment materials and furniture, especially raw material wood is imported mainly from neighboring countries such as Laos and Cambodia. Also, having clear evidence of transfer pricing in the industry that intangible assets are difficult to value have an extremely important role.

Table 2: The rate of businesses by industry estimated have involved transfer pricing

<table>
<thead>
<tr>
<th>ISIC</th>
<th>Industry/Sector</th>
<th>Number of Businesses Conducted</th>
<th>Percentage (%)</th>
<th>Standard Error</th>
<th>T Stat</th>
<th>P value</th>
<th>Lower Prediction</th>
<th>Upper Prediction</th>
</tr>
</thead>
<tbody>
<tr>
<td>K</td>
<td>Financial &amp; Insurance activities</td>
<td>17</td>
<td>90,0%</td>
<td>30,3%</td>
<td>2,97</td>
<td>0,098</td>
<td>41,5%</td>
<td>100,0%</td>
</tr>
<tr>
<td>C13</td>
<td>Manufacture of Textiles</td>
<td>47</td>
<td>70,0%</td>
<td>34,7%</td>
<td>2,02</td>
<td>0,069</td>
<td>14,5%</td>
<td>125,5%</td>
</tr>
<tr>
<td>C29</td>
<td>Manufacture of motor &amp; accessories</td>
<td>91</td>
<td>51,0%</td>
<td>26,3%</td>
<td>1,94</td>
<td>0,081</td>
<td>8,9%</td>
<td>93,1%</td>
</tr>
<tr>
<td>C32</td>
<td>Other manufactures</td>
<td>186</td>
<td>41,0%</td>
<td>11,2%</td>
<td>3,66</td>
<td>0,003</td>
<td>23,1%</td>
<td>58,9%</td>
</tr>
<tr>
<td>C22</td>
<td>Manufacture of Rubber &amp; Plastic</td>
<td>88</td>
<td>41,0%</td>
<td>17,6%</td>
<td>2,33</td>
<td>0,037</td>
<td>12,8%</td>
<td>69,2%</td>
</tr>
<tr>
<td>C14</td>
<td>Manufacture of Garments</td>
<td>96</td>
<td>36,0%</td>
<td>5,9%</td>
<td>6,10</td>
<td>0,000</td>
<td>26,6%</td>
<td>45,4%</td>
</tr>
<tr>
<td>U</td>
<td>Education &amp; Human Health</td>
<td>149</td>
<td>28,3%</td>
<td>17,0%</td>
<td>1,66</td>
<td>0,125</td>
<td>1,1%</td>
<td>55,5%</td>
</tr>
<tr>
<td>C16</td>
<td>Manufacture of wood</td>
<td>40</td>
<td>23,1%</td>
<td>13,3%</td>
<td>1,74</td>
<td>0,126</td>
<td>1,8%</td>
<td>44,4%</td>
</tr>
<tr>
<td>J</td>
<td>Information &amp; Telecommunications</td>
<td>89</td>
<td>20,0%</td>
<td>8,5%</td>
<td>2,35</td>
<td>0,056</td>
<td>6,4%</td>
<td>33,6%</td>
</tr>
<tr>
<td>C24</td>
<td>Manufacture of basic metals</td>
<td>37</td>
<td>26,9%</td>
<td>20,1%</td>
<td>1,34</td>
<td>0,207</td>
<td>-5,3%</td>
<td>59,1%</td>
</tr>
<tr>
<td>C25</td>
<td>Manufacture of fabricated metals</td>
<td>93</td>
<td>23,3%</td>
<td>18,6%</td>
<td>1,25</td>
<td>0,234</td>
<td>-6,5%</td>
<td>53,1%</td>
</tr>
<tr>
<td>L</td>
<td>Real estate activities</td>
<td>40</td>
<td>15,8%</td>
<td>17,4%</td>
<td>0,91</td>
<td>0,400</td>
<td>-12,0%</td>
<td>43,6%</td>
</tr>
<tr>
<td>C20</td>
<td>Manufacture of chemicals</td>
<td>48</td>
<td>21,8%</td>
<td>24,7%</td>
<td>0,88</td>
<td>0,401</td>
<td>-17,7%</td>
<td>61,3%</td>
</tr>
<tr>
<td>G</td>
<td>Wholesale &amp; Retail</td>
<td>133</td>
<td>8,5%</td>
<td>10,2%</td>
<td>0,83</td>
<td>0,423</td>
<td>-7,8%</td>
<td>24,8%</td>
</tr>
<tr>
<td>D</td>
<td>Electricity &amp; Water supply</td>
<td>9</td>
<td>27,7%</td>
<td>43,4%</td>
<td>0,64</td>
<td>0,551</td>
<td>-41,7%</td>
<td>97,1%</td>
</tr>
<tr>
<td>C28</td>
<td>Manufacture of machinery &amp; equipment</td>
<td>31</td>
<td>8,8%</td>
<td>25,6%</td>
<td>0,34</td>
<td>0,741</td>
<td>-32,2%</td>
<td>49,8%</td>
</tr>
<tr>
<td>C17</td>
<td>Manufacture of paper product</td>
<td>42</td>
<td>1,9%</td>
<td>18,0%</td>
<td>0,11</td>
<td>0,919</td>
<td>-26,9%</td>
<td>30,7%</td>
</tr>
<tr>
<td>F</td>
<td>Construction &amp; Civil engineering</td>
<td>63</td>
<td>1,6%</td>
<td>21,1%</td>
<td>0,08</td>
<td>0,942</td>
<td>-32,2%</td>
<td>35,4%</td>
</tr>
<tr>
<td>M</td>
<td>Scientific &amp; technical activities</td>
<td>79</td>
<td>-1,3%</td>
<td>7,5%</td>
<td>-0,17</td>
<td>0,865</td>
<td>-13,3%</td>
<td>10,7%</td>
</tr>
<tr>
<td>C15</td>
<td>Manufacture of leather</td>
<td>41</td>
<td>-3,0%</td>
<td>16,0%</td>
<td>-0,19</td>
<td>0,857</td>
<td>-28,6%</td>
<td>22,6%</td>
</tr>
<tr>
<td>A</td>
<td>Agriculture, Aquaculture</td>
<td>9</td>
<td>-5,8%</td>
<td>25,0%</td>
<td>-0,23</td>
<td>0,823</td>
<td>-45,8%</td>
<td>34,2%</td>
</tr>
<tr>
<td>C31</td>
<td>Manufacture of furniture</td>
<td>35</td>
<td>-9,3%</td>
<td>33,2%</td>
<td>-0,28</td>
<td>0,787</td>
<td>-62,4%</td>
<td>43,8%</td>
</tr>
<tr>
<td>C26</td>
<td>Manufacture of computer</td>
<td>49</td>
<td>-26,8%</td>
<td>27,9%</td>
<td>-0,96</td>
<td>0,357</td>
<td>-71,4%</td>
<td>17,8%</td>
</tr>
</tbody>
</table>

1 International Standard Industrial Classification
Sectors such as finance and insurance, telecommunications and automobile parts are considered the sectors that concentrate intellectual properties and expertise with high levels. These industries rely largely on the experts and specialized equipment provided priority within the business. So the inputs are often not comparable equivalent on the market price, so it's really hard to evaluate the accuracy and conformity for estimating the value of transfer pricing violations.

Although FDI enterprises in Vietnam with continuous losses but has invested to expand production and trading. This shows that, in the context of international economic integration deeper into the global economy, the high rate of loss of FDI businesses recent years is a manifestation of transfer pricing violations. It's happening more and more popular, diverse, and is becoming a big challenge for Vietnam tax authorities and has negative impacts on the macro-economic indicators of Vietnam's economy.

4. The Impacts of Transfer Pricing Violations to the Economy and Budget Revenue

The transfer pricing violations over time have impacts on the budget contribution of FDI businesses related to the macro-economic indicators such as economic growth, social investment efficiency as analyzed below.

4.1 Transfer Pricing Violations of FDI Businesses have affected the Macro-Economic Indicators

When measuring the investment efficiency through the ICOR is a comparison between the growth rates of investment compared with GDP growth, this coefficient says to have 1% of GDP growth generated, it should give how much percentage of capital for investment in GDP. The economists use this coefficient to consider the efficiency of investment in the economy or a specific sector of the economy. If ICOR coefficient ranging from 2 to 3 is effective, or over 3 to 4 are at normal levels, if greater than of 5, it is necessary to review the investment efficiency.

Table 3 shows the ICOR calculated for the whole economy, the State sector, the non-state sector and FDI sector between 2005 and 2013. Based on data from the General Statistics Office, GDP growth and investment growth rates for this period adjusted according to 2010 deflator. The ICOR results show that investment of the private sector has the highest efficient, the FDI sector investment has the lowest efficiency. State sector always considering as a sector invested with less efficiency is also better than foreign direct investment.
Why occurs inefficient investment in FDI businesses, obviously this causes related to the control of transfer pricing is not strictly for FDI businesses for the last time.

4.2 Transfer Pricing Violations of FDI Businesses Impact on Budget Revenues

Table 4 illustrates the tax stability and tax buoyancy. Tax stability is the ratio of standard deviation of tax revenues divided by the tax revenue average. This ratio in the statistics called the coefficient of variance for the purpose to measure the deviation of a tax revenue unit. Tax stability is greater the tax revenues fluctuate more and more. It said the tax revenue is not stable.

Meanwhile, tax buoyancy said when GDP increases one percent the budget revenues change how many percent. Greater tax buoyancy, said fluctuation of greater budget revenues, also means higher risks in tax collection.

Table 4 presents tax stability and tax buoyancy of the economy, the state sector, the non-state economy, and FDI sector period 2005-2013. For tax stability of this period shows tax revenue of the non-state economy has the worst stability also means creating the biggest fluctuation of tax revenue, followed by FDI sector, then the state sector. Particularly tax buoyancy shows when GDP increased by 1%, the state economic sector contributed 4.8% of budget increase, the non-state sector contributed 6.1% and FDI sector contributed 5.4%, higher than the state sector, but lower than the private sector.

From the analysis of the tax buoyancy and tax stability of the economic sectors showed that the phenomenon of tax evasion of FDI businesses through transfer pricing violations is real and is happening. At the same time it is also the responsibilities of the Vietnam tax authorities, especially the weaknesses in inspecting, audit and supervising tax collection from FDI businesses.
5. Conclusions and Recommendations

Through analysis can say FDI businesses have made a significant contribution to Vietnam's economy over the years. Though Vietnam has a quite complete system of laws on transfer pricing control, but the enforcement of transfer pricing in order to ensure the compliance of FDI consistent with the rules of the market is still weak and limit.

Weaknesses and limitations for transfer pricing control by the tax authorities for FDI businesses over time there are many causes, but the basic causes are mainly focused on three fundamental issues as 1) The legal system and sanctions have not yet been strong enough; 2) organizing systems of transfer pricing control has not been centralized and tax officials have weak capacity in doing their duty; and 3) other causes derived from policies and management roles of the State management agencies for foreign investment activities in Vietnam.

In order to tackle weaknesses in the transfer pricing control of Vietnam tax, for the time coming necessary to implement the following basic solutions:

**Improving the legal system relating to transfer pricing of FDI enterprises.** In which emphasizes improving the system of codes and laws related directly to adjust the behavior of the foreign investment activities in Vietnam in order to 1) protect the legitimate rights and benefits of investors; 2) protect the rights and benefits of the State; 3) protect the legitimate rights and benefits of relevant stakeholders; and 4) make sure to maintain a healthy and fair business environment.

**Set up processes of comparative analysis to select the best transfer pricing methodology.** Comparative analysis to select the best transfer pricing method is practices, which the tax authorities in the countries, especially the countries of the OECD, guide businesses to analyze the related-party transactions presented in the tax documentations. These principles applied for comparative analysis are 1) Based on the arm’s length principle to compare the costs, prices and profits in accordance with the trading circumstances in the market. 2) Considering the market conditions specific to each transaction, ie the transaction circumstances and the risks associated with each transaction without considering the general business environment. 3) To collect data, analyze the transfer pricing for each specific case.

**Enhance the capacity of tax agencies and tax officials.** Transfer pricing control experiences of countries in the world, especially the United States and other OECD countries and the Asian countries are valuable experiences for Vietnam in controlling the domestic transfer pricing. These experiences indicate that a complete legal system taking into deeper economic integration, coupled with a qualified tax agencies as a basis for effective control of transfer pricing.

**Implementing advanced pricing agreement and cost sharing arrangement.** In the analysis to select the best transfer pricing method accordance with arm’s length principle. In many cases
it is very difficult to determine the input data and has no much information to compare at market prices. At that time, necessary to consider the solutions agreed between tax agencies and businesses. The popular form is to use advanced pricing agreement and cost sharing arrangement. These agreements are the basis to determine the tax bases, taxable revenue, and taxing methods according to market principles to implement tax obligations and preventing double tax and tax evasion in order to minimize tax disputes identified in the related-party transactions.

**Developing staff specialized in the transfer pricing control from the General Department of Taxation to Provincial Tax Departments.** To collect taxes correctly and enough are important but do not meaning by any way, which must be based on overall benefits of the economy to take the right decisions. Therefore, the development of specialized divisions at General Department of Taxation and the provincial tax departments is necessary and it also demonstrates the expertise and focus on sensitive issues in attracting quality foreign investment into Vietnam as much as possible.

Economic theory also points out that all the choices and tradeoffs always going with its cost. Attracting foreign investment of developing countries through tax incentives has paid too expensive through transfer pricing behavior of the multinational corporations. Not only the the OECD countries, but the United Nations has also proposed the intervening principles to protect benefits of the investment-attracting countries, but at the same time to ensure free movement of global capital flows among the countries. Therefore, implementation of transfer pricing consistent with the principles of the market is the fair foundations for the investment-attracting countries while still ensuring the benefits of foreign investors.

**References**

Doan Tranh (2015), *Improving the transfer pricing control of multinational corporations in Vietnam, Scientific research project, Duy Tan University.*

*Law on Administrative Penalties No. 15/2012/QH13, dated 20/6/2012.*

Law on amending and supplementing some articles of the Tax Administration Law No. 21/2012/QH13, dated 20/10/2012.

Australian Taxation Office (2005), *Applying the Arm’s Length Principle, Canberra, Australia.*


Edward Kofi Osei, *Transfer Pricing in Comparative Perspective and the Need for Reforms in Ghana.*

OECD (2009), *Transfer Pricing Guidelines for Multinational Enterprises and Tax*
Administrations, Netherlands.

PricewaterhouseCoopers LLP, *International transfer pricing 2012*, USA.


VCCI and USAID (2014), Provincial Competitiveness Indicators of Vietnam in 2013, Hanoi.


Reports of the Vietnam General Department of Taxation.