

Tax Policy and Economic Growth in Ho Chi Minh City: Balancing Incentives and Fiscal Stability

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Abstract—This research examines tax policy strategies to enhance sustainable economic development in Ho Chi Minh City, Vietnam. Using a qualitative research approach, the study identifies inefficiencies in tax collection, the impact of tax incentives, and issues related to governance and compliance. Key findings highlight the need to align local tax policies with national economic strategies, increase transparency, and optimize tax incentives to foster economic stability. Recommendations focus on enhancing digital tax systems, improving public tax awareness, and reforming bureaucratic processes to establish a more efficient and equitable tax framework.

Keywords: Tax Policy, Economic Growth, Ho Chi Minh City, Vietnam, Qualitative Method Research on Taxation, Tax Incentive, Policy Change

I. INTRODUCTION

Ho Chi Minh City (HCMC), as Vietnam's economic hub, significantly contributes to GDP and attracts substantial foreign direct investment (FDI) (Van Trong, 2022). However, rapid urbanization, high population density, and economic structural shifts pose challenges to sustainable development. Tax policy plays a crucial role in fostering economic growth, ensuring financial stability, and promoting social equity. Vietnam's tax system has undergone multiple reforms to align with its socialist-oriented market economy, yet issues such as tax evasion, revenue losses, and the unregulated informal sector persist (Vo et al., 2020). In Ho Chi Minh City, where small and medium-sized enterprises (SMEs), foreign-invested businesses, and the service sector dominate, tax policies must be tailored accordingly (Ha, 2021). Long-standing tax incentives for investment have raised concerns about their effectiveness and sustainability, as they may lead to revenue losses and distortions in resource allocation. Meanwhile, tax collection remains challenging due to infrastructure and institutional constraints, limiting the effectiveness of digital tax innovations (Nguyen & Dinh, 2024). The city faces a dilemma between maintaining tax incentives to attract FDI and establishing a sustainable tax system that aligns with international standards. This research evaluates tax policy measures to restore economic growth in Ho Chi Minh City using a qualitative research approach to identify challenges, examine best practices, and propose solutions. The findings will assist policymakers, tax administrators, and stakeholders in developing a stronger and more effective tax system, ultimately supporting the city's sustainable development (Nguyen et al., 2020).

II. METHODOLOGY

This research adopted a qualitative approach, utilizing semi-structured interviews as the primary research technique, allowing flexibility in selecting sources while maintaining alignment with research objectives. Unlike fully structured interviews, which follow a fixed set of questions, semi-structured interviews incorporate pre-established questions while enabling follow-ups and probing, allowing interviewees to freely express their views on tax policies, economic growth, and policy implementation. The study engaged key stakeholders, including government officials, Ministry of Finance representatives, tax officers, policymakers, business leaders, economists, and tax practitioners, all possessing substantial knowledge of tax policy and economic growth in Ho Chi Minh City. In addition to interviews, secondary data were gathered from government reports, tax policies, and economic studies. Data analysis was conducted using thematic analysis to identify recurring patterns and challenges in tax policy implementation, providing comprehensive insights into the effectiveness and areas for improvement within the current tax framework. The interviews were intended to explore the following aspects:

- The contribution of tax policies to the economic setting of Ho Chi Minh City.
- Effects of some policies of taxation on real economic growth.
- Some difficulties and benefits associated with integrating tax policies will be discussed.
- Business people or different stakeholders' opinions and existing tax policies' role in advancing economic growth.

DATA COLLECTION METHODS

A purposive sampling method is adopted to select participants for interviews to obtain valuable and meaningful data. Convenience sampling is a nonprobability sampling technique in which an effort is made to gather a sample from a population with specific characteristics relevant to the research endeavor. It allows a chance to select knowledgeable participants on tax policies and economic growth in HCMC. The sampling process includes the following steps:

Identifying Key Stakeholders: The first phase of the sampling involved identifying who is directly concerned or has an impact on tax policies in Ho Chi Minh City.

Criteria for Selection: Participants are chosen based on specific characteristics. These are their expertise about topics of expertise in economics, tax, or public administration; experience performing the role of formulating or executing tax policies in Ho Chi Minh City. Sub-participants are also selected based on the richness of their data and their function in evaluating or directly influencing the tax regime.

Number of Participants: The study will use an interview method to reach 15-20 participants. It is reasonable to regard this sample size as significant enough to provide relevant information without unduly complicating the data collection activity.

Geographic Scope: The participants will be frequently from Ho Chi Minh City, but some other participants who can provide more general knowledge on tax policy and the development of the economy in Vietnam will also be included.

III. KEY FINDINGS

Modes of Presenting Qualitative Data Collected, The qualitative data for this study was collected from a purposive sample of fifteen policymakers/interviewees comprising tax administrators, business owners, and financial analysts. Furthermore, the government publications and policy papers were reviewed to supplement the study's findings. The interviews provided detailed views from a first-person perspective of creating, designing, enacting, and living with tax policies. This was an important area as the findings from the study offered an empirical view of the execution of tax policies in Ho Chi Minh City and highlighted the strengths as well as weaknesses of the current system (Spataro & Crescioli, 2024). Several teaching and practice patterns emerged from the data, which were discussed multiple times among groups of participants. These themes included questions like the efficiency of tax incentives for promoting investment, potential organizational obstacles in the efficient implementation of the said policy, the definition of the tax compliance issue, the use of digitalization in taxation, and questions about equity and efficiency to be found in the taxation system.

Current Issues in Tax Policy and Economic growth, Several people argued that an appropriate combination of tax incentives alongside efficient progressive taxation regimes could catalyze economic growth and drive investments. However, it was argued that the treasury could lose many revenues through poorly designed tax relief programs if most are optimistically provided or are not well balanced. As one of the cornerstones of fiscal policy, participants noted that incentives should include tax concession while acknowledging that they have to be structured and developed in such a manner that will not economize on the sustainability of authorities' revenues.

Administrative Challenges, Various bureaucratic constraints, corruption, and poor and irregular compliance enforcement were identified as essential challenges affecting the achievement of goals set for tax policies. Several stakeholders commented on the highly bureaucratic nature of tax systems, which was seen as a significant negative as it adds to the time taken to complete a collection, thus annoying the taxpayers and reducing compliance and confidence in the system (Vo et al., 2020). Lack of policy compliance was described as a significant challenge in member states because corruption affects policy implementation and distorts public views that the tax system is equitable.

Compliance and Awareness, Compliance with the tax laws continued to be a problem throughout the year, especially for small business people and operators in the informal sector. Ignorance on the part of the taxpayers and suspicion of tax authorities were some of the factors that led to low levels of compliance (Wang, 2023). Several participants claimed that others, especially those from the SMEs category, complained of either a lack of adequate understanding of taxation or a feeling that they were unfairly treated. This lack of understanding and the idea of an over-complicated tax system formed the main concerns about why compliance could not be raised to a higher level.

Digitalization of Tax Systems, The introduction of technologies in tax handling was considered an appreciable move towards transforming the tax collection systems. The government anticipated that digitalization would improve efficiency, reduce inconsistencies, and enhance taxpayer compliance because getting information and filing taxes electronically would be less

cumbersome. However, respondents also identified significant problems such as outdated infrastructure and skills, inadequate technical know-how, and cybersecurity issues that hinder the effective implementation of digital tax systems.

Table 1: Key themes, findings, and implications related to Ho Chi Minh City tax policies.

Theme	Key Findings	Implications
Equity and Fairness	Fairness in taxation remains a concern, with unequal contributions across sectors.	Equitable and progressive tax systems.
Digitalization	Technology improves efficiency but faces infrastructural and expertise-related barriers.	Equitable and progressive tax systems.
Compliance and Awareness	Low compliance is due to a lack of awareness and distrust of authorities.	Education campaigns and simplified procedures.
Tax Policy Design	Well-designed incentives attract investment.	Balance incentives with revenue strategies.
Administrative Challenges	Corruption and bureaucratic inefficiencies hinder policy effectiveness.	Strengthen transparency and governance structures.

Emerging Themes and Patterns, Based on the results of the data analysis, the following broad conclusions can be drawn, which give a better understanding of the situation and problems of the tax system in Ho Chi Minh City. Thus, these themes provide a broader account of the issues underpinning tax policymaking and administration.

Governance and Transparency, The themes of governance and transparency were touched on, and we were highlighted as determinants of the successful implementation and management of tax policies in Ho Chi Minh City. The analysis showed that the effective organizational structure of government and using explicit criteria for organizations provide compliance with the legislation, increase confidence between taxpayers and the authorities, and reduce corruption risks. As participants expressed, if the governance structures are weak, properly developed tax systems also reduce their effectiveness because of poor administration and corruption. The issue of proceduralism as a concern in the tax administration system was another common question respondents mentioned. Papers, duplicative forms, and unclear guidelines were considered significant barriers that hinder efficiency in collecting taxes and incur extra expenses for firms. Such barriers not only cause inconvenience to the taxpayers but also offer loopholes for corruption. For the respondents, it was possible to suggest that to solve the analyzed problems, one had to simplify the existing bureaucratic practices, minimize bureaucratic decision-making procedures, and determine transparent reporting relationships within the bodies of the system controlling taxes.

The participants also described transparency issues as equally relevant to creating public confidence in the tax system. Some of the issues highlighted by participants were that lack of clarity in decision-making opens the information about tax assessments, and the use of revenues leads to mistrust and non-compliance. Such practices are compounded with no independent monitoring and reporting specialized mechanisms, thus encouraging unethical conduct.

As stated by Nguyen et al. (2020), governance efficiency and transparency are the factors that are correlated and affect the efficiency of the detected taxation policies. They found evidence that solid independent oversight, frequent auditing, and reporting to the stakeholders can significantly improve the tax system's integrity. They said they would like to see more autonomous offices that oversee tax collection and use more online technologies that ensure transparent reporting and the disclosure of tax revenues on how they are distributed. Therefore, there is a reason to believe that the work aimed at enhancing governance and transparency and providing for optimal living up to the principle of fairness, accountability, and efficiency in the process of drafting and enforcing the Tax Code contributes to the development of the economy and the formation of taxpayers' trust.

Policy Stability, Policies and regulation stability was a concern voiced independently by the business personnel and financial experts interviewed during this survey. Fixed tax rates and favorable regulation were often cited as factors of which the instability of tax rates has constantly been known to disrupt any business and make investment difficult. For the present case, the lack of stability in local tax policies negatively influences the business climate, often leaving businesspersons and investors with no way to plan extensively for the future and invest in the same with certainty. Higher stability in the tax policies is less risky than instability because the former offers a stable ground for economic planning in the nation. In this regard, some of the key findings made by the participants included the belief that a stable tax framework promotes investor confidence as well as FDI and supports the growth of local businesses. On the other hand, market uncertainty hampers potential investors, making capital flight possible since the market's companies may be regarded as unreliable or high-risk. This aligns with the findings of López-Morales et al. (2024), who consider policy predictability to be the key factor that supports efficiency and productivity in various industries. They postulated that such behavior results in operational inefficiencies, higher compliance expenditures, and adverse economic returns. Due to unpredictable tax systems, firms experience problems issuing expansion strategies, estimating taxes, and determining the overall financial consequences (Yan et al., 2021). The participants noted that the government should emphasize policy stability that advances long-term goals of non-discrimination, reasonableness, transparency, and predictability. Policies should first be subjected to serious impact assessment and stakeholder consultations before implementation to meet economic growth objectives. Moreover, tax authorities should come out clearly and well ahead of any proposed changes so that businesses can make necessary preparations.

Compliance and Education, The issue of tax compliance was a dominant theme in the interviews, concerning issues with SMEs and entities that fell under the informal economy sector. Other emerging issues include the low level of tax awareness and knowledge among these groups, a known cause of non-compliance. Several respondents observed that exposure to social responsibility as taxes lacked, and due to the complicated nature of tax structures and procedures, compliance is impossible without coercion. The return also emphasized that perceived unfairness in the tax burden distribution discourages taxpayers from being compliant even further. This comment reoccurred several times, and the most common reason cited was that the procedures followed were cumbersome and complex. Few SMEs employ qualified accountants and rely on just a few employees to deal with complex legislation (Wang, 2023). The participants pointed out that overall compliance can be easily enhanced by streamlining the tax systems, especially in small-scale businesses' computation and payment processes. Participants also voiced their anxieties that some stakeholders might pay more taxes than others, gain unequal taxation, or that some sectors claim tax exemptions or reductions while others do not. This perception leads to mistrust, and because compliance is no longer the goal, people will try to avoid it. According to the respondents, some preferred to remain anonymous; transparency in the processes through which taxes are imposed and expended is critical to solving this problem. Compliance was found to be improved through education and was agreed to be of paramount importance. Participants suggested that there should be focused public sensitization efforts regarding the role of taxation to ensure that communities appreciate the impacts that accrue to society from this kind of taxation. They also highlighted the importance of easy-to-navigate publications, examples of which include tutorials, workshops, and good documentation for the taxpayers.

Role of Technology, Taxation in contemporary society cannot be complete without technology since it can significantly influence the efficiency of taxation procedures and minimize the possibilities of errors. Taxpayers interviewed in this study pointed out that digitalization is the most effective way of improving the efficiencies in tax collection, transparency levels, and compliance levels among taxpayers, which is in equal measure. Using technologies means the data can be processed automatically and monitored continuously in real-time. The procedures for reporting mean less reliance on manual inputs and reduced error margins. There are still challenges related to IT infrastructure, as they do not support most contemporary software solutions and fail to process significant amounts of information (Ariyawansa & Amirthalingam, 2022). In addition, constraints of skilled IT staff within tax administration agencies make it difficult to implement, monitor, and maximize digital systems correctly. Other internal threats noted included cybersecurity threats. With modern tax systems relying more on online and technical support, data breaks, hacking, and general interference with taxpayer information become very pronounced. Such risks erode the public's confidence in digital tax platforms and cause government agencies severe financial and reputational losses (Yan et al., 2021). Among them are the difficulties in acquiring the necessary IT infrastructure and training personnel to use new technology, securing these technologies and services against cyber threats, and finding the funding needed for these improvements. Governments must also update digital platforms frequently and audit them to ensure they are reliable and secure. Despite the problems, it is clear that technology has the potential to radically change the way tax systems are configured and how efficiency can be maximized. This is why it is a sector of interest for reforms and tax authorities.

Digitalization of Tax Systems, The use of digital technologies in the taxation systems advances a move towards transforming the general taxation mechanisms. As in many other nations, governments at different levels, including Ho Chi Minh City, have begun using digital platforms to ease tax processes and procedures and ensure increased transparency and less bureaucracy. Most digital systems have been expected to improve efficiency, reduce errors, and compel taxpayers to adhere to their responsibilities by making it easier and more convenient to handle taxes. The advancement in technology through online filing systems, the automation of calculations, and record-keeping have minimized the challenges of traditional taxes. However, some issues encompass the subject of digital tax systems (Bui et al., 2021). The respondents raised several significant concerns about having negatively impacted these systems. Uneven technological upgrades are a significant challenge since most current technologies cannot handle complex digital applications. Moreover, there is poor technical skill among tax officials and taxpayers, hence the slow take-up and improper utilization of systems. Most users are challenged with manipulating interfaces or fully utilizing the available tools, compromising their compliance level. It was also for the first time that cybersecurity has become an issue of great concern. As the use of the internet and business applications broaden, the likelihood of getting hacked, experiencing data leakage, and falling prey to identity theft is highly raised. The respondents also stressed that the existing cybersecurity should be strong enough to prevent financial data leakage and reassure people of digital taxation's effectiveness. To overcome such challenges, there is the need for regular investment in infrastructure, training of officials and taxpayers, and constant putting appropriate cybersecurity measures in place. The latter should also include governments' continuous evolution and maintenance of the digital application to avoid hitches. However, the adverse effects are notable since embracing digital tax systems can improve compliance, reduce tax evasion and corruption, and conform to the globally rising trend of efficiency in tax administration frameworks.

Reflections on Findings, The findings of this study contribute significant insights into understanding the tax policy regime in Ho Chi Minh City. While improvements have been made in the surrounding areas in the recent past ranging from the attempt to automate some procedures to the issue of new stimulus for economic growth and development, the following components remain problematic. Democratization deficits, plus governance, corruption, transparency, and compliance questions, remain topical and obscure the development prospects of the tax system. The study also showed various factors, if given emphasis, can make great impacts on the key areas of the tax policy framework in Ho Chi Minh City. Most of them also noted that the government should scale up efforts to reform the quality and efficiency of the governance structures in order to combat corruption in the administration as well as in the tax agency. There was also the call for more information about tax policies, indicating that enhanced public information could go a long way toward at least improving voluntary compliance. Also, there was a need to streamline taxation and use technology for this process as a key consideration that must be accomplished. The government has also estimated that if all sectors of the economy are required to pay a fair proportion of the taxes, it could be possible to collect 100 billion every year in Ho Chi Minh City. This may include measures in governance, compliance, FOI or analytical tools, and technological integration in the taxation system. According to these findings, policy recommendations are provided regarding how to improve the tax regime and build on this research's findings. The ensuing chapter weaves these findings into the existing research literature and discusses policy implications. Hence, the study will analyze the findings with available literature and provide relevant suggestions for the improvement of the tax system in Ho Chi Minh City, specifically on sustainability, equitable burden, and economic development.

IV. DISCUSSION

IV.I. TAX INCENTIVES AND FOREIGN DIRECT INVESTMENT

The findings show that, although tax incentives act as significant incentives for FDI, their usage is often accompanied by administration issues and inconsistent policies (Nguyen et al., 2020). Local and international investors require a transparent tax regime to effect sound long-term investment decisions. However, in the country, particularly Ho Chi Minh City, policy fluctuations often occur, non-homogenous enforcement, and prescription of too many barriers that harm the stability of the business environment. These conditions discourage investors from undertaking long-term economic relationships (Ha, 2021). These results tally with international research, indicating that fiscal policy uncertainty harms capital investments and general financial stability in the long term. Moreover, the study found that although tax incentives play an important role in incentivizing investment, the extent of this incentive is hampered, the general legal policies lack clear guidelines, and administrative procedures are not integrated. Due to bureaucratic bottlenecks, investors are paid some incentives very late, losing confidence in the system. A significant issue that would persist is the distance between policy development and policy adoption, and the latter's weak enforcement has emanated from poor institutional support. For any economy, it is common for businesses to need certainty or predictability in the policy environment to make the right decisions regarding their investment. They found policy inconsistency

terrible for investor confidence while making the very benefits of the incentives seen as diminished. Further, vague policies and bureaucracy bring additional expenses and time, which are already a big turn-off to investors. These are problems that can only be solved through a strategic management of administrative burdens, increased openness, and improved relations between the decision-makers and the public.

IV.II. RESOURCE ALLOCATION AND REVENUE UTILIZATION

The findings of this study are that although the generation of tax revenues has been relatively successful in the context of Ho Chi Minh City, the same cannot be said of the utilization of the resources obtained from the taxes. Nevertheless, as elaborated later, some of the most critical development domains, including infrastructure, education, and health, remain poorly financed, even if sufficient revenue sources exist. The long-term divergence between revenue and resource mobilization points to significant systemic problems in fiscal management and public expenditure systems. Participants also complained about the reproduction of resources within the institutions and automobile industry in that sense. They complained that there is no strategic plan on how the reproduction of the resources is being determined. Concern was raised over how ineffective and even non-transparent governments can be at deciding how the taxes collected should be parceled out to various concerns. Regarding the second question, participants further noted that revenue leakages or projects whose implementation is poor at best ultimately reduce the overall benefit of a given tax-funded project. These observations align with other public financial management research that reveals that the worst governance and accountability structures lead to negative development impacts. However, there is a slight confusion about policy intentions and how they are implemented regarding using resources. Many countries' tax policies aim to kick-start the progress of society, but the actual allocation does not match the set goals. Such inconsistency hinders attaining consistent economic growth and the population's welfare. The participants also urged for improved, efficient fiscal accountability arrangements such as monitors from distinct or independent sources and checking and balancing at frequent intervals to confirm effectiveness in utilizing the tax earnings. Efficient resource use, therefore, is a complex process that can be achieved through increased alignment between revenues and development objectives, which minimizes revenue leakages and enhances expenditure accountability. Further, they might implement integrated technologies for gathering information on fund disbursement, increasing transparency and reducing the possibility of misuse. Therefore, management of the resource allocation or the challenges of the efficient use of revenue through taxes is significant for assessing whether the tax revenues can serve the sustainable development goals of Ho Chi Minh City.

IV.III. POLICY STABILITY AND BUSINESS CONFIDENCE

Policy stability remains a key issue that defines the level of confidence among business people and the amount of Investments made in the long run. Domestic and international firms prepare their activities and allocate resources based on stable and predictable Government fiscal policies. Stability implies that one either increases or decreases taxes in a business environment; it helps businesses make the right decisions, cuts operating risks, and creates credibility in the business market. Concerning the question, the study realizes that political oscillations and non-tangible policies organized within an unpredictable leadership framework lead to uncertainty in policy rules and regulations in Ho Chi Minh City. They stressed that stability is not only about having no changes in the tax rates but using clear communication of future policy decisions as its foundation (Bui et al., 2021). Fluctuations and reversals destabilize the business planning timetable, raise the cost of capital, and discourage investment of a strategic nature. This aligns with research done globally that signed inconsistent fiscal policies are associated with capital flight, low investor confidence, and slow economic growth. These fluctuating policies are cumbersome to the business world, and their earmarks are not long-term qualities but shortsightedness, which crops up from the lack of stable and appropriate policies.

Respondents observed that organizations need to outline some issues, such as tax incentives, which are legal incentives or deductions, to track their financial responsibilities. Lack of clarity leads to administrative problems, regulatory misconceptions, and new expenses connected with compliance mistakes. For these reasons, participants recommended developing a strategic long-term fiscal plan, a timeline calendar, and a communication plan involving the relevant stakeholders. It also indicated that routine dialogue between formal tax authorities and other business members could assist in addressing differences in perception and attitude and result in the shared formulation of policy. In addition, providing bureaucratic checks to counter the sudden change of policies could also add more security for investors. Overall, it is fundamental to observe that policy stability can only be achieved through quiet political activity, straightforward policy information, and stakeholder involvement. One of the key findings in the study is that it is crucial to attain considerable certainty that institutional changes are sustainable for a stable and predictable environment to be created in Ho Chi Minh City that will foster the confidence of investors and sustainable investments within the region.

IV.IV. TECHNOLOGICAL INTEGRATION IN TAX ADMINISTRATION

The research highlights the importance of technology adoption in improving the effectiveness of tax administration systems. In the climate of globalization, using digital tools has become a standard worldwide in almost every administrative work possible, and realizing advanced technologies in tax systems has become inevitable. However, research shows several influential factors preventing the successful implementation of technology in the context of tax administration in Ho Chi Minh City. These are outdated display and commerce technology, a shortage of qualified staff, and inadequate protection against cybercrime. Such barriers reduced the possible positives of implementing digital change and collecting, monitoring, and enforcing tax compliance (Hassan et al., 2022). According to the participants, lack of suitable technology causes bottlenecks in the system, misprocessing of tax and other charges, and enhanced vulnerability to corruption. Archaic structures cause organizations to fail to deal with the increasing volume of transactions and accuracy demanded by efficient taxation regimes. However, weak cybersecurity policies make taxpayer data susceptible to cyber-attacks and data breaches, ultimately eroding the citizens' trust in the digital tax system.

The study also underscores the significance of capacity development and other training institutions for tax officials. Employees are not up to the task, which shows in the ineffective use of the tools available in the digital workplace. The respondents suggested that there was a need for organizational developmental interventions to ensure staff was sufficiently trained to manage new complicated tax systems for their efficient working. All the identified capacity-building programs must be supported by an assessment at relevant times to maintain high quality and relevancy to the available and emerging technologies. Further, participants called for more substantial investment in improving existing digital infrastructure and implementing cybersecurity standards by international standards. Some of the most efficient digital platforms for monitoring, reporting, and compliance can be beneficial in identifying and eliminating existing administrative constraints. In conclusion, the following measures can be identified to tackle the challenges of technological integration in tax administration. The key priorities for developing an efficient and secure digital environment to realize the taxation process are investing in infrastructure and workforce and establishing cybersecurity measures. Technology integration will increase transparency and boost the integrity of the perception and processes of tax administration to foster economic development and fiscal sustainability within the Ho Chi Minh City area.

IV.V. COMPARISON OF THE STUDY WITH OTHER WORKS

Comparing the outcomes of this study to those of international counterparts, particularly the cities shaping successful tax policies, a few universals and novelties stand tall. The most intriguing fact is that many countries like Singapore or Hong Kong use tax measures that generate deep revenues simultaneously and promote economic development. These policies aim to bring about ease, certainty, and rationality in tax systems because these features lead to compliance and economic growth. On the other hand, Ho Chi Minh City has made many improvements in its taxation policy. However, it has its own sets of hurdles that have constrained the overall efficiency of taxation in the city: bureaucratic procedures accompanied by corruption. Singapore is one of the best examples of efficient tax policy, primarily because of its well-organized bureaucracy and precise taxation mechanism. In the following analysis of the current tax system in Singapore, Cheng et al. (2024) have pointed out that it is relatively simple, predictable, and transparent to enable all companies to understand and observe the laws. Policies have been made clear and backed by ironclad enforcement. These are why Singapore is one of the countries with high compliance and an international investment destination. The government focuses on stability because investors can make long-term investment decisions knowing that some laws, such as tax laws, will not frequently change or shift. As such, businesses have increased confidence regarding their tax coordination as they are assured of equality and fairness.

On the contrary, Ho Chi Minh City has many problems decentralizing tax policies, resulting in ineffective implementation and confusion with taxpayers. The duplication of different tax laws and the issue of a bureaucratic system makes it easy for SMEs and those organizations that fall under the informal sector to deal with the laws connecting tax. The lack of unequivocal regulation leads to a lack of understanding of the tax requirements, which affects compliance levels. Moreover, corruption and lack of transparency in tax administration continue to be opponents that erode society's trust and compound the struggle to improve compliance. If the cities make the efficacy of the tax system the aim, and if the regulations and policies are clear and less ambiguous, investors are more likely to invest in cities and create a good economy. In Ho Chi Minh City, this could involve returning to the deconstruction of the current tax system and integrated thinking about what fairly straightforward procedure might more effectively eliminate bureaucracy. However, the findings presented in this study suggest that developing new and smart digital tax systems could go a long way towards achieving this goal, with technology eliminating problems such as opacity and the potential for bribery and embezzlement. Moreover, the results highlighted education and awareness as key aspects that should be enhanced to increase compliance. This is a point where Ho Chi Minh City has to borrow a leaf from cities like

Singapore, where adequate public sensitization through education is done for both the business community and the public on the taxed services. As for Singapore, the updates on the changes in the tax laws, coupled with simplified sources, can greatly assist taxpayers so they do not make mistakes. Similar efforts could be useful in Ho Chi Minh City to reach those who lack adequate tax knowledge, specifically for small to medium enterprises and informal sector employees. The present comparison indicates that significant similarities and differences characterize both countries, particularly in governance and transparency. Singapore has established agencies to oversee legalizing taxation policies to minimize inefficiencies and corrupt practices. This unprecedented monitoring is essential to ensure that the public trusts the tax system because they are confident that collected taxes are well utilized and that existing tax policies are being implemented faithfully. In the case of Ho Chi Minh City, however, governance is still a significant issue. Moreover, the study results show that corruption and bureaucracy hamper the efficiency of tax policy measures to this day, and no independent control and monitoring only worsen this situation. According to Klingler-Vidra and Wade (2020), adopting and enhancing governance structures and organizations with an efficient report system of revenue collection would be a significant move for improving the level of trust in the tax system of Ho Chi Minh City, which is similar to the best international cities. Consequently, the city is still affected by the problems regulating cities experiencing their tax systems transformation. However, the best practices should state transparent and easy-to-comprehend tax legislation, effective governance, and educational programs. Thus, it is workable to develop a relation to the specific socio-economic characteristics of Ho Chi Minh City. From the experience of the relevant prosperous country such as Singapore, it could set out the tax policies that raise the tax revenue and expand the economic growth so that the sustainable and fairness of the tax system could be improved.

IV.VI. POLICY AND IMPLEMENTATION IMPLICATIONS

The research outcomes of this study point to the following key implications for formulating and applying taxation policies in HCMC. The following is one of the chief concerns whereby stakeholders are concerned about the necessity for higher involvement to eradicate consistent issues affecting tax management. To address this issue, the formulation of policies must consider the involvement of stakeholders, including policymakers, tax administrators, business owners, and financial brains (Kim, 2024). This engagement allows anchoring policies, consumer needs, and issues of the local economy. Due to the political processes that precede policies' formation, governments can get various and a clearer view of the tax environment that leads to improved solutions. However, the study strongly supports conducting recurrent data collection and analysis for policymaking processes. Governments need to readjust the tax structure to match some of the characteristics of this economy. Some of these can look at sectors and industries that are new to the market and need policy-specific taxation mechanisms closer to home when assessing current policies' effects on establishments and the people. The periodic review enables a government to make changes for improvement due to shifts in circumstances, making tax policies use and implementation potent weapons for growth and enforcement. Moreover, given the desire for the city to attract foreign investors, the government has to ensure policy certainty on tax. The implication here is that international investors will easily commit to markets with a tax framework that is easy to understand and will not be changing soon. Regarding decision-making, we have observed that they should take steps to rationalize known regulations and eliminate all contingencies that could lead to uncertainty. Of importance to every country and city is investor awareness because compliance with tax laws leads to more investment in the country by domestic and international investors willing to contribute to the economic growth of that city. As for enhancing compliance and effectiveness, the following measures have been put forward in the study. One major and several minor strategies in the internal and external spheres: Simplifying the tax procedures. This may include minimizing the number and density of those formalities companies need to meet and providing taxpayers with simpler information concerning tax requirements. Moreover, building capacity for technology-supported compliance and efficiency in tax administration is also crucial. Financing can improve tax administration efficiency, minimize corruption possibilities, and even increase transparency in the system.

The existence of tax incentives, therefore, should not be largely dictated by such fiscal policy annual key measures or even any short-term target earning figures. These incentives should rather be used to target more extended and strategic goals that will usher the economy to long-term sustainable gains such as innovation and employment. The focus on short-term tax goals means that policy can be reactive and may develop paths that lead to unnecessary distortions in the structure of the economy. On the other hand, long-term objectives help avoid misuse of incentives whereby tax policies may create undesired incentives that will permanently improve the economic conditions in the country and society alike. When there are specific, long-term objectives for offering tax incentives, governments can spur innovation in new industries and invite investment into crucial areas like technology and research. Thus, by motivating businesses to locate these areas, such as creating new employment opportunities, productivity to the economy enhances and makes it more competitive and diversified. Long-term tax credits help business

establishments practice sustainable activities that are in the long-term interests of the economy and the environment (Klingler-Vidra & Wade, 2020). The stability and feasibility of the tax incentives constitute one of the critical elements of the outlined strategy. Governments should come up with prudent economic goals, and come up with stable policies that meet the needs of businesses. This stability assists the companies to plan together with investing in a method that benefits the city. In this way, the government can also minimize the risks associated with tax competition or the development of a genuine tax regime based solely on short-term fiscal stimuli connected with incentives. Therefore, the approach to the creation of tax incentives should involve an attempt to define them outside an annual, year-specific goal. By synchronizing these incentives with the visions of the city's sustainable economic prosperity, the government of Ho Chi Minh City can set up a tax system that sustains prosperity and innovation, investor attraction, and employment creation. This strategic approach will be useful to ensure that future tax policy plays a vital role in the economic change of the city.

V. CONCLUSIONS

Summary of Findings, This research outlines the policy implications of the proposed taxation system for the growth of the economy of Ho Chi Minh City. Through data collected through interviewed, documented, and scholarly works, the study has achieved several objectives. The study findings reveal that, despite the fact that current taxes in the city have promoted investment and economic activities to some extent, there are some barriers. Such strains include feeble administrative frameworks, low(real) accountability, and meager political socialization on developmental policies. They also affect the working of the tax system and, therefore, its ability to foster sustainable economic development. The first potential issue is that policy arbitrage and regulatory differences create policy oscillation. Through such cases, the current anomalies within the tax component amount to confusion of the functioning beneficiaries besides complicating the application of tax incentives inconsistently. As it was mentioned earlier, these problems are amplified in the tax twilight zones, when the tax framework is either ambiguous or contradictory. This situation distorts the benefits of tax incentives and discourages long-term economic growth since tax options and, in turn, the efficiency of the tax policies become unpredictable. On the other hand, this study finds that efficient tax systems in peer cities are characterized by the combination of efficiency in which taxes are collected and Generality in the promotion of economic activities. These cities have managed to concentrate on the setup of their tax systems in such a way that they will be in a position to meet their revenue needs and, at the same time, serve as a catalyst in the expansion of business. The findings of these peer cities have provided insights into Ho Chi Minh City. Suppose Ho Chi Minh City is willing to lift its challenges. In that case, the government should take a better approach to implementing the tax policy that is on par with the economic development objectives of the nation. This would thus boost investor confidence and spur innovation and development of the economy within the city in general.

Implementation Strategies for Supporting Economic Growth in Ho Chi Minh City, State taxation policy should focus on increasing transparency and stability of the regulation. Free and certain conditions for taxation regulation depend on the formation of investor confidence. This means that for the government to be able to encourage both local and foreign investments, there is a need to make the tax regulations set coherent and comprehensible. According to Hang and Nhan (2022), it will also improve compliance with the set laws and encourage economic growth by creating more investment opportunities and existing ventures. This also has the effect of cutting out considerable uncertainty, which normally dissuades business expansion as well as entrepreneurship. Second, there is a need to enhance the collection and monitoring of taxes while at the same time addressing the problem of too many bureaucracies. There may be some bottleneck, some delay, or some unnecessary bureaucracy in the current system of tax collection and enforcement. If the government reduces the complexity of tax measures, launches an effective administration, and eliminates many formalities, then more taxpayers will be eager to pay more taxes to the government on the basis of a full understanding of the tax measures (Hang & Nhan, 2022). The efficiency of tax management can be greatly enhanced by the integration of online structures for tax work and, by extension, automation of taxes where there is already a provision for it. All these would reduce the chances of tax evasion, improve the speed at which taxes are collected, and reduce the costs that may be used in administrative work. Secondly, tax incentives must be framed in what can be described as positive, sustainable economic ideas for development. Proposed tax incentives should not be used as a tool for maximizing current revenues; on the contrary, they should be valuable in encouraging the growth of strategic fields, for example, innovation, technology or green energy. This calls for a strong correlation between the general taxation systems in place and the overall state of the economy (Lazaar, 2022). Different stakeholders, including businesspeople, government, and civil society organizations, have to work together in the formulation of this agreed tax structure that will support investment, particularly in the growth starter areas, but also meet the needs of society in general. Lastly, for the tax system to stay relevant in the economy more often checks and balances should be included in the reviews and checks. Such checks and balances will facilitate the ability to adjust

the existing tax system in relation to new economic realities as long as the established rules remain fair ones, capable of stimulating rather than hindering economic growth.

Limitations of the Study, However, there are some limitations to this study based on which future research can be focused to improve results. The major weakness here is that they used qualitative research method that gives intensive information but inadequate information on the numeric impacts of Tax policies. It would be challenging to quantify the above qualitative data with an equivalent amount of concreteness to which extent the directly proposed/implemented tax measures will boost economic development. For the enumeration, statistical data, which would reflect quantitative data on business growth, tax collection, and employment, could come with better support to complement the qualitative results. Hence, a comparison of the two data types, qualitative and quantitative, would be more beneficial in describing the impact of tax policies. The first is inherent in discrete cases of research that defines stakeholders with more exclusive and precise characteristics, making it difficult to generalize the study's findings. The study mainly targeted professional groups like government officials and tax specialists, although taxpayers and business entities in Ho Chi Minh City were excluded from the sample population. Thus, minority groups, who are most often impacted by taxes and other tax policies, were excluded from the equation. The conclusions drawn may not be generalizable to the general population or small, medium-sized enterprises, which are a major pillar of the economy. The incorporation of more participants in the subsequent studies will eliminate biases and favoritism on what the tax system is portraying. Finally, the study lacked time and resources in a way that certain other variables or approaches were neglected in the analysis. Tax policy has become more sophisticated, and its impacts are broader, which means that there is a need to gather more data and do extensive study. In future research, these limitations should be considered while attempting to achieve a wider discussion of the tax system and other factors that might shape it and its outcomes.

Proposed research for the future, Quantitative research methods, as well as qualitative methods, should be used in future studies to enable a more elaborate examination of the fact that tax regulation is essential for economic development. Hence, the study used both qualitative research to establish the experiences and perceptions of the stakeholders and quantitative research to add statistical data and modeling indicators to the findings. Concepts such as taxable revenue patterns, business growth rates, and employment profiles could support the identification of the actual effects of those taxes with more objectivity. Such integration of these two methodologies can help future work provide a stronger comparative review of how tax regulation impacts the advancement of economic development. The combined use of such an approach enables the researchers to establish more causal connections between the proposed tax policies and testable economic impacts like GDP rates, attraction of investments, and employment generation. In addition, the economic modeling and data analysis tools would aid in determining why and how manipulations in tax regulations impact those other patterns out there and assist our policymakers in exercising improved choices. There is a need to increase the number of respondents in other future research, so that numerous points of view and experiences about tax policies are presented. AIM: Combining the perspectives of small and medium enterprises (SMEs), different local tax offices, central tax authorities as well as policymakers of different levels would give a broad overview of the effects of the tax system. SMEs are a vital segment of any economy irrespective of the level of development; the direct experience of SMEs in dealing with the problems and possibilities of the tax system can be informative for enhancing tax compliance and effecting more efficient taxation policies. Regular communication with the different stakeholders in the future will provide opportunities to generate and disseminate better knowledge on the workings of tax authorities, businesses, and policymakers, with a view of indicating a systemic nature of problems and potential options for their improvement. Additionally, the registration of participants from different types of activities would enable researchers to study how the proposed or existing tax laws affect particular branches of the economy and understand how the tax system works and what it has an impact in detail.

Finally, comparisons between Ho Chi Minh City and other cities, whether in Vietnam or other parts of the world, might be an important research agenda in the future. It would also afford an opportunity to compare the effects of tax policies in different geographical locations to understand how other regions have supported economic development and possible success stories and failure experiences. Comparing the tax systems, the authors can learn more about the impact of regional economic, cultural, and political conditions on an effective taxation policy. For instance, if Ho Chi Minh City's incentive policies are examined in relation to comparable tax policies in another emerging city, then general variations in thinking and rates of effectiveness can be exposed. Further, cross-sectional analysis could offer a useful benchmarking exercise for transitional reform objectives in Ho Chi Minh City's tax policies, especially regarding FDI incentives and innovation. Lastly, therefore, subsequent studies should analyze the specifics of tax policy in Ho Chi Minh City, with the purpose of providing empirical evidence on how the taxation system might be developed into an effective one that enables economic development in the long run. Analysis of the existing problems and

prospective of the future, cooperation of departments, and the ability to change the policies flexibly will become the main approaches to the successful devising of effective reforms for the modern tax system.

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