

Determinants Influencing Tax Audit Services: The Case of Vietnam

Quang Hung Nguyen, PhD
Hanoi Department of Taxation, Vietnam

Assoc. Prof. Van Hue Dam
National Economics University, Vietnam

Assoc. Prof. Manh Dung Tran
National Economics University, Vietnam

Thu Trang Phung, MA
Hanoi Department of Taxation, Vietnam

Abstract

Unlike former researches on tax audit activities in Vietnam which often use qualitative method to analyze and give recommendations, this research uses quantitative method to identify and verify determinants influencing tax audit activities, by assessing reliability and suitability of measuring scales; verifying research model and research hypothesis; determining impact levels of different drivers of tax audit activities (regarding tax audit conclusions) over 268 tax auditors through questionnaires. The research results are recommendations for Vietnamese tax authorities to consider enhancing the supervision of tax audit activities; build a database to serve tax audit activities and restructure procedures, finalize tax audit methods to increase tax audit performance.

Keywords: tax audit, tax audit conclusions, drivers, audit supervision, audit process, database about taxpayers.

1. Introduction

Considering the roles of tax auditors in preventing tax fraud and enhancing compliance, Vietnamese tax authorities have been trying to extend resources for audit activities. However, according to various assessments, the results generated by Vietnamese tax audit activities do not correlate with costs and resources spent for such activities. Tax authorities' objective of tax fraud prevention has not been achieved, along with lots of limitations and shortcomings.

Researches on the theory and current situation of tax management show that tax audit activities are influenced by a number of drivers. Therefore, in order to increase the performance of tax audit activities, increase the ability to identify and resolve tax-related violations, it is necessary to have a comprehensive research on these drivers. However, up to now, there has not been many researches which really analyze and assess the impacts of drivers related to Vietnamese tax audit activities (regarding tax audit conclusions); this research will generate results as recommendations to complete Vietnamese tax audit activities in a feasible, effective and scientific manner. Also, as research results are constituted thanks to quantitative method with specific, objective and evident surveyed figures, which help show different impacting levels of each factor on Vietnamese tax audit activities. This is a foundation for Vietnam tax authorities to decide on prioritizing or trading off in each decision made in order to gain the best results, despite the fact that there are not many measures impacting on all factors to increase tax audit performance due to limited resources.

For these reasons, the research is carried out with two questions: (i) What are the factors impacting tax audit activities (in terms of identifying and resolving tax violations)? and (ii) How does tax audit conclusions impact on tax authorities, taxpayers and the society?

The researchers hope that the research will be a useful source of reference which opens a new approach for further researches. Recommendations are also provided to aid decision making process so as to enhance the effectiveness of Vietnamese audit activities.

2. Literature Review

Researches show that tax audit activities are driven by various factors; some of the main factors are:

Legal regulations

According to Trivedi et al. (2005), the theory on prevention even suggests taxpayers to take a bet on auditing: taxpayers will consider the results when applying different compliance scenarios with the correlation between benefits generated via tax frauds and possible costs and penalties. OECD (2004) assesses that the performance and effectiveness of tax authorities' audit activities depend mainly on the nature and scope of authority regulated in relevant legal frameworks, including regulations on authority to collect information and sanctions to identify and handle noncompliant cases.

Organization and capability of inspectorates (or auditors)

OECD (2004) determines that in order to have effective tax audit programs, tax authorities should be concerned about the organization and allocation of resources and management of audit activities. Determining tax audit organizational structure and allocating human resources in a suitable manner shall help build up a scientific, suitable, consistent and complete audit system so as to increase tax audit effectiveness. OECD (2004) also points out that in practical, tax audit team will fail to reach the set objectives unless tax auditors are capable enough. If auditors are considered not assisting taxpayers at all, they will discourage taxpayers' compliance with tax regulations (Frey, 2003). In contrast, if taxpayers trust tax auditors, they will be more than willing to follow tax audit requirements (Pope and Isa, 2010).

Source of information, data on taxpayers for tax audit activities

According to OECD (2004), information and data on taxpayers shall have direct impact on tax audit performance of tax authorities. Among various database models for tax audit, centralized database is a crucial information foundation which helps tax authorities collect full data, which is suitable for audit planning and information exploiting to serve tax audit activities. The modern tax audit process applies audit method which bases a lot on tax authorities' analysis of risks, mainly taxpayers' risks, in the information system.

Audit process, procedures and method

Reinganum and Wilde (1986) prove that tax audit based on the assessment of tax declarations will increase the amount of arrears and the possibility of detecting tax frauds. According to Scotchmer (1987), Sanchez and Sobel (1993), classification during tax audit is a key measure to maximize the arrear amount. OECD (2004) judges tax authorities conducting effective tax audit activities tend to use systemized and organized procedures to identify, assess and classify compliance risks by priority order. T&C Consulting (2008) also measures the impact of standardized audit process regarding 03 factors: (1) help auditors quickly and correctly identify any wrongdoings; (2) help auditors during their work and (3) act as a standard for assessing objectivity and professionalism of tax audit team.

Supervise and manage the quality of tax audit activities

OECD (2004) determines that all audit activities should base on management best practices including the comprehensive use of all indicators measuring effectiveness and close monitoring of results and quality of real-life actions. OECD also points out the importance of tax auditors who receive supplementary trainings in giving advice and assisting other auditors to monitor and supervise the quality of tax activities.

Supporting tools, facilities for tax audit activities

According to OECD (2004), in order to arrive at qualified conclusions, tax auditors and tax audit team need to refer to various processes, policies, tools, facilities and techniques. These supporting tools, facilities and techniques are quite different due to the distinct management method and complexity of each tax agency, but still impact directly on the quality, productivity and effectiveness of tax auditors.

Taxpayers' behavior and collaboration with stakeholders

Wenzel (2004) and Braithwaite (2003) highlight some important sociological and psychological factors in terms of compliance and collaboration with tax authorities. Trust in tax authorities (Murphy, 2004), perceived fairness in the taxation system in general and tax audit in particular (Wenzel, 2004), reasons and ethical codes (Frey, 2003 and Wenzel, 2004) all encourage tax compliance and better support tax audit activities. According to OECD (2004), in order to generate positive results in tax audit, it is necessary for stakeholders to collaborate with each other.

3. Research Methodology

3.1. Research Model

Combining qualitative research results on tax audit activities in Vietnam in general and results of tax audit activities in particular, a research model framework on 10 drivers of tax audit performance in Vietnam is put up as per Figure 1, including:

(i) Driver "Legal regulatory system": legal regulations acting as a foundation to implement tax audit activities including law provisions on tax obligations, law provisions for tax authorities when conducting audit; law provisions for taxpayers when being audited and law provisions on handling tax-related violations and misconducts.

(ii) Driver "Database for tax audit activities": documents, information on the fulfilment of tax obligations, financial situation, business performance of taxpayers and other supplementary information to assist tax audit activities.

(iii) Driver "Audit process and method": different steps and procedures carried out by Tax audit team during the whole audit process, from the time of selecting the object/items for audit and announcing the auditing decision to the time of terminating the audit (guideline on executing audit conclusions, urging the execution of audit conclusions).

(iv) Driver "Tax audit supervision procedures": regulations on recording implemented tax procedures in

archived files; monitoring mechanism to prevent auditors' misconducts and wrongdoings; tax audit managers carry out different procedures to supervise, give instructions to the audit and use the audit results in management.

(v) Driver "Capability – quality of auditors": factors reflecting ability and quality of tax auditors, namely awareness of taxpayers' business; knowledge; skills; impacts of material aspects and social relationship on professional decision

(vi) Driver "Supplementary tools and facilities": technical equipment, software system to serve tax audit activities and professional manual for tax audit.

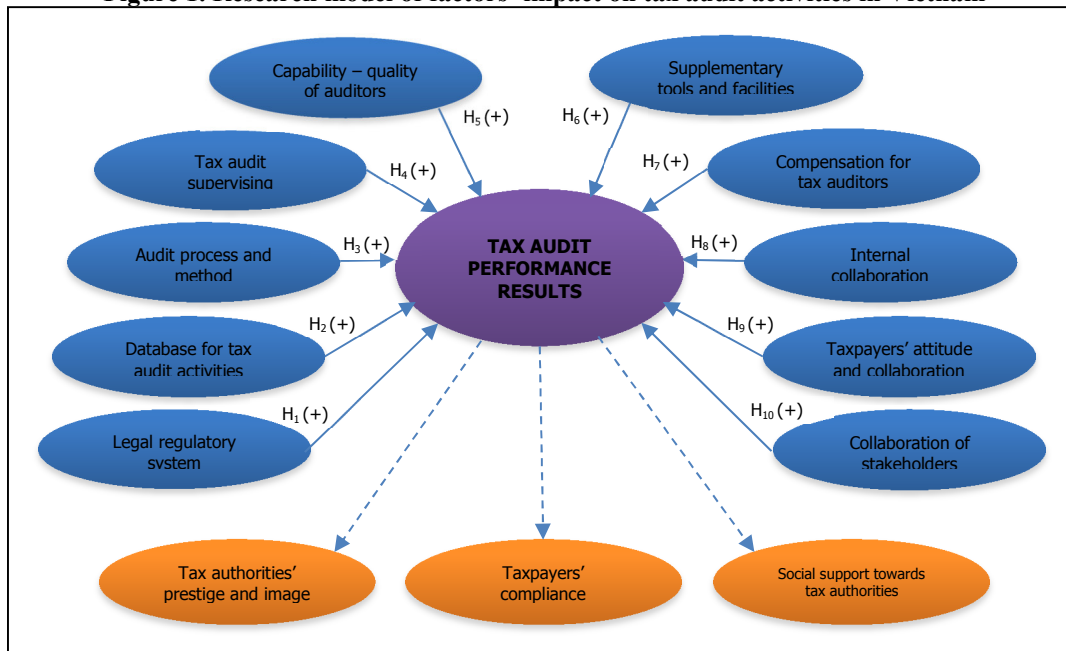
(vii) Driver "Compensation for tax auditors": working environment, opportunity to move up in the career, opportunity to enhance knowledge and income that tax auditors may receive from tax authorities.

(viii) Driver "Internal collaboration": sharing of tax audit information and experience among internal tax authorities and assigning a department to conduct tax audit.

(ix) Driver "Taxpayers' attitude and collaboration": collaboration of taxpayers during tax audit; taxpayers' compliance with law provisions on tax; the possibility that taxpayers lodge a complaint if they do not agree with tax audit conclusions; and the possibility of tax evasion accusations.

(x) Driver "Collaboration of stakeholders": sharing of information among stakeholders during tax audit; collaboration of stakeholders during tax audit or in handling tax-related violations; validity of agreements (statutes) on collaboration between tax authorities and stakeholders.

Figure 1. Research model of factors' impact on tax audit activities in Vietnam



Ten assumptions correlating with 10 drivers are given below:

- H₁: The more sufficient, evident and practical the legal regulatory system related to tax audit activities is, the better the audit tax performance;
- H₂: The more sufficient the database about taxpayers is, the better the audit tax performance;
- H₃: The more sufficiently, scientifically and suitably the audit process, procedures and method are regulated and conducted, the better the audit tax performance;
- H₄: The more sufficient, effective and appropriate the procedures to supervise tax audit activities are, the better the audit tax performance;
- H₅: The better the auditors' capability and quality, the better the audit tax performance;
- H₆: The more sufficient, modern and suitable with professional requirements the supporting tools and facilities are, the better the audit tax performance;
- H₇: The more suitable the compensation for tax auditors is, the better the audit tax performance;
- H₈: The more regular, active and effective the internal collaboration of tax authorities is, the better the audit tax performance;
- H₉: The more active the collaboration of taxpayers is and the more willing the taxpayers are regarding tax fraud prevention or disapproval of audit conclusions, the better the audit tax performance;
- H₁₀: The more active and effective the collaboration between stakeholders and tax authorities is, the better the audit tax performance.

3.2. Variables

The scale to assess tax audit activities, 10 drivers and 49 variables are adjusted and supplemented after the preliminary research. Details are given in Table 1:

Table 1: Variables of model of drivers' impact on tax audit activities

Variables	Coding	Measurement
Tax audit performance	KQTT1	Detect key tax-related violations of taxpayers via tax audit
	KQTT2	Handle tax-related violations of taxpayers detected via tax audit
	KQTT3	Collect money generated after having tax audit conclusions
	KQTT4	Detect issues under the Government management to be finalized via tax audit
Law regulatory system	QDPL1	Law provisions for taxpayers when being audited
	QDPL2	Law provisions for tax agency when conducting tax audit
	QDPL3	Law provisions on handling tax-related violations and misconducts
	QDPL4	Law provisions on tax obligations
Database for tax audit activities	CSDL1	Information of taxpayers' fulfilment of tax obligations
	CSDL2	Information of taxpayers' financial situation
	CSDL3	Other supplementary information to support tax audit activities
	CSDL4	Information of taxpayers' business activities
Audit process and method	QTPP1	Process to choose taxpayers for auditing
	QTPP2	Process to analyze to identify risks before tax audit
	QTPP3	Process to interview taxpayers when announcing the decision on auditing
	QTPP4	Process to examine documents, dossiers for tax audit
	QTPP5	Process to discuss potential ways of handling issues detected via tax audit
	QTPP6	Process to give instructions on implementing tax audit conclusions
	QTPP7	Process to monitor the execution of tax audit conclusions
Supervising procedures	TTGS1	Record implemented tax audit procedures on tax audit archived files
	TTGS2	Control of tax audit managers over tax audit
	TTGS3	Use of tax audit results in administration of tax audit managers
	TTGS4	Tax audit managers' instructions on audit activities
	TTGS5	Collection of supplementary information of audit managers to supervise tax audit
	TTGS6	Supervising mechanism to prevent tax auditors' misconducts
Auditors' capability and quality	NLCB1	Auditors' skills
	NLCB2	Auditors' knowledge
	NLCB3	Auditors' awareness of taxpayers' business
	NLCB4	Impact of social relationship on tax auditors' professional decision
	NLCB5	Impact of material issues on tax auditors' professional decision
Supporting tools and facilities	CCVC1	Technical equipment for tax audit
	CCVC2	Software system to serve tax audit activities
	CCVC3	Professional manual for tax audit
Compensation for tax auditors	DNCB1	Tax auditors' working environment
	DNCB2	Tax auditors' opportunity to move up in the career
	DNCB3	Tax auditors' opportunity to enhance knowledge
	DNCB4	Tax auditors' opportunity to enhance income
Internal collaboration among tax authorities	PHNB1	Sharing of information among internal tax authorities to serve tax audit activities
	PHNB2	Consolidate experience on tax audit
	PHNB3	Sharing of experience on tax audit
	PHNB4	Assign a department to conduct tax audit
Taxpayers' attitude and collaboration	TDDN1	Possibility that taxpayers lodge a complaint against tax audit conclusions
	TDDN2	Taxpayers' collaboration in tax audit
	TDDN3	Taxpayers' compliance with law provisions on taxation
	TDDN4	Possibility that tax evasion accusations during tax audit
Collaboration of stakeholders	PHLQ1	Collaboration of stakeholders in tax audit
	PHLQ2	Information exchange with stakeholders during tax audit
	PHLQ3	Collaboration of stakeholders in handling tax-related violations
	PHLQ4	Agreements (statutes) on collaboration between tax authorities and stakeholders

In addition, the scale to measure the spillover effect of tax audit activities towards tax authorities, taxpayers and the society will use 6 variables as in Table 2.

Table 2. Variables of spillover effects of tax audit results on tax authorities, taxpayers and the society

Variables	Coding	Measurement
Impact on tax authorities	HACQ1	Tax authorities' image and prestige after tax audit
	HACQ2	Tax authorities' capability of tax management after tax audit
Impact on taxpayers	TTDN1	Taxpayers' legal awareness after tax audit
	TTDN2	Taxpayers' compliance after tax audit
Impact on the society	UHXH1	Impact of preventing tax frauds after tax audit
	UHXH2	The society's consensus on tax authorities after tax audit

3.3. Data Collection

With the aforementioned research model, the research data is collected through:

Data collection design: Official questionnaires handed over to tax auditors consisting of 58 items (Likert scale from 1 to 5 was applied for each item);

Sample: tax auditors working at 15/63 provinces and municipalities to ensure the representativeness regarding geographic and socio-economic characteristics

Survey results: questionnaires were distributed to 623 auditors in total, in which 268 questionnaires are qualified, accounting for 43.02%.

3.4. Data Processing

Data is processed and analyzed by SPSS Statistics following these main steps:

Assess the reliability and value of scale by Cronbach's alpha and Exploratory Factor Analysis – EFA by using SPSS 22; delete variables that do not explain research concepts (i.e. do not meet reliability requirements) and re-structure the remaining variables into suitable factors (or measuring components) to be a foundation for further adjusting research model, hypothesis, analysis and verification;

Regression Analysis - RA with linear relationship to verify important factors which influence taxpayers' agreement on tax audit activities; assess the correlation between taxpayers' agreement on tax audit performance and spillover effect on tax authorities, taxpayers and the society.

4. Results and Discussions

4.1. Research Results

Verification results of scale and factor analysis

Verification results of scale by using Cronbach's alpha for all variables show that it is necessary to delete 8 variables (namely QDPL3, QTPP5, QTPP6, TTGS3, NLCB1, CCVC1, PHNB4, PHLQ2). After removing these 3 variables, verification results of scale for drivers of tax audit activities using Cronbach's alpha are all qualified (Law regulatory system: 0.915; Database for tax audit activities: 0.840; Audit process and method: 0.874; Tax audit supervision procedures: 0.829; Capability – quality of auditors: 0.967; Supplementary tools and facilities: 0.993; Compensation for tax auditors: 0.774; Internal collaboration of tax authorities: 0.824; Taxpayers' attitude and collaboration: 0.977 and Collaboration of stakeholders: 0.918). Similarly, verification results of scale by using Cronbach's alpha for variables of tax audit performance show that it is unnecessary to delete any variables (Cronbach's Alpha = 0.870).

The research also uses KMO and Bartlett's test of sphericity in order to assess the correlation of indicators of the model and EFA conditions. With qualified KMO (0,811 > 0,5) and critical value of Bartlett's test of sphericity = 0.000, the hypothesis saying that indicators in the model does not have any correlation is removed. Therefore, EFA is deemed appropriate.

As the EFA method continues to be applied to drivers' indicators to reduce these indicators into new meaningful factors for the research, the final result after deleting 01 indicator (DNCB1) do not ensure the convergent validity (since factor loading is lower than 0.5) but still generate qualified KMO (0,804 > 0,5) and critical value of Bartlett's test of sphericity = 0.000. Also, all eight drivers' indicators are shown to converge (the total variance explained is 78.924% and Initial Eigenvalue = 1.499 for the eighth driver).

To increase the ability to explain various factors, the researchers apply Varimax Procedure to perform orthogonal rotation of factors to minimize the number of variables with large factor loadings in the same factor. After conducting the EFA, it is shown that indicators result in 08 factors explaining 78.924% of tax audit performance (with the total variance explained of 78.924%); the remaining 21.076% of tax audit performance can be explained by other factors. 08 factors named after the variables' characteristics are as follows: (1) Law regulatory system; (2) Database for tax audit activities; (3) Audit process and method; (4) Tax audit supervision procedures; (5) Capability – quality of auditors; (6) Compensation for tax auditors and support to audit activities; (7) Taxpayers' attitude and collaboration; (8) Collaboration of stakeholders to serve tax audit activities.

After considering the level of importance of each variance for each factor through factor loading matrix results, here are the results:

- (i) Law regulatory system: $QDPL = 0.321 QDPL1 + 0.393 QDPL2 + 0.395 QDPL4$
- (ii) Database for tax audit activities: $CSDL = 0.289 CSDL1 + 0.319 CSDL2 + 0.337 CSDL3 + 0.295 CSDL4$
- (iii) Audit process and method: $QTPP = 0.175 QTPP1 + 0.245 QTPP2 + 0.282 QTPP3 + 0.259 QTPP4 + 0.279 QTPP7$
- (iv) Tax audit supervision procedures: $TTGS = 0.253 TTGS1 + 0.228 TTGS2 + 0.278 TTGS4 + 0.272 TTGS5 + 0.330 TTGS6$
- (v) Capability – quality of auditors: $NLCB = 0.254 NLCB2 + 0.297 NLCB3 + 0.260 NLCB4 + 0.294 NLCB5$
- (vi) Compensation for tax auditors and support to audit activities: $DNHT = 0.278 DNHT2 + 0.291 DNHT3 + 0.216 DNHT4 + 0.256 DNHT5 + 0.252 DNHT6$
- (vii) Taxpayers’ attitude and collaboration: $TDDN = 0.267 TDDN1 + 0.273 TDDN2 + 0.255 TDDN3 + 0.263 TDDN4$
- (viii) Collaboration of stakeholders to serve tax audit activities: $PHTT = 0.229 PHTT1 + 0.240 PHTT2 + 0.144 PHTT3 + 0.219 PHTT4 + 0.222 PHTT5 + 0.193 PHTT6$

Regression Analysis Results

The research uses Pearson correlation coefficient to analyze the correlation of 08 independent variables (08 drivers) and a dependent variable, tax audit performance. As a result, the variable of tax audit performance correlates with other variables and possesses a correlation coefficient which is statistically significant. The adjusted R² shows that used factors can explain 55.6% of tax audit performance.

Table 4. Multiple regression results along with coefficients in the model

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.216	.201		1.078	.282		
NLCB	.062	.033	.092	1.865	.063**	.687	1.456
PHTT	.073	.037	.098	1.963	.051**	.662	1.512
DNHT	.011	.037	.014	.286	.775	.663	1.508
1 CSDL	.112	.035	.153	3.189	.002***	.720	1.390
TDDN	-.006	.026	-.010	-.217	.829	.808	1.238
QDPL	.056	.023	.116	2.463	.014**	.747	1.338
QTPP	.138	.043	.146	3.219	.001***	.804	1.245
TTGS	.466	.040	.540	11.578	.000***	.765	1.307

a. Dependent Variable: KQTT

‘**’ statistically significant at 5%; ‘***’: statistically significant at 1%.

The regression model continues to be tested through F Statistics and verifying the proposed hypothesis via correlation verification and multiple regression to see whether it is appropriate for the collected data and whether it can be applied to practical use or not. Multiple regression results are then collected, along with coefficients in the model of factors impacting Tax audit performance. The results prove that Compensation for tax auditors – support to tax audit and Taxpayers’ attitude and collaboration should be deleted from the regression analysis model due to its high Sig. (Table 4). The remaining 06 factors in the analysis model are still suitable with relatively small Sig., which are not against Collinearity statistics (i.e. factors do not correlate).

Table 5. Correlation between tax audit conclusions and spillover effect of tax audit conclusions on tax authorities, taxpayers and the society

		KQTT	TTDN	HACQ	UHXH
KQTT	Pearson Correlation	1	.352**	.572**	.325**
	Sig. (2-tailed)		.000	.000	.000
	N	268	268	268	268
TTDN	Pearson Correlation	.352**	1	.256**	.287**
	Sig. (2-tailed)	.000		.000	.000
	N	268	268	268	268
HACQ	Pearson Correlation	.572**	.256**	1	.167**
	Sig. (2-tailed)	.000	.000		.006
	N	268	268	268	268
UHXH	Pearson Correlation	.325**	.287**	.167**	1
	Sig. (2-tailed)	.000	.000	.006	
	N	268	268	268	268

‘***’: statistically significant at 5%

Correlation analysis is conducted between tax audit conclusions and spillover effect of such conclusions on

tax authorities, taxpayers and the society, which is reflected in Table 5.

With $\text{Sig} = 0.000$, it is likely that the assumption H_0 (the correlation between tax audit conclusions and spillover effects of such conclusions on tax authorities, taxpayers and the society) is deleted. Also, due to the Pearson correlation coefficient is > 0 , such correlation is deemed positive, in which tax audit conclusions have the biggest impact on favorable attitude towards tax authorities' image, prestige and capacity after tax audit.

4.2. Discussions

Based on the highest factor loadings of 08 factors, the research would like to suggest some recommendations to enhance tax audit performance in Vietnam as follows:

(i) Legal regulatory system: law provisions on tax obligations, law provisions for tax authorities when conducting audit (factor loadings reflecting the roles of 02 indicators are respectively 0.395 and 0.393);

(ii) Database for tax audit activities: Supplementary information and Information on taxpayers' financial situation (factor loadings reflecting the roles of 02 indicators are respectively 0.337 and 0.319);

(iii) Audit process and method: Procedures to interview taxpayers when announcing auditing decision and Procedures to supervise the execution of tax audit conclusions (factor loadings reflecting the roles of 02 indicators are respectively 0.282 and 0.279);

(iv) Tax audit supervision procedures: supervising mechanism to prevent auditors' misconducts and wrongdoings and Instructions for tax audit activities (factor loadings reflecting the roles of 02 indicators are respectively 0.330 and 0.278);

(v) Capability – quality of auditors: Auditors' understanding on taxpayers and Auditors' honesty (factor loadings reflecting the roles of 02 indicators are respectively 0.297 and 0.294);

(vi) Compensation for tax auditors and support to tax audit: Facilitate auditors' knowledge enhancement; Opportunity to move up in the career and Software system to serve tax audit activities (factor loadings reflecting the roles of 03 indicators are respectively 0.291; 0.278 and 0.256);

(vii) Taxpayers' attitude and collaboration: Collaboration of taxpayers during tax audit and Possibility that taxpayers lodge a complaint (factor loadings reflecting the roles of 02 indicators are respectively 0.273 and 0.267);

(viii) Collaboration of stakeholders for tax audit activities: Sharing of information among stakeholders during tax audit and Consolidation of tax audit experience (factor loadings reflecting the roles of 02 indicators are respectively 0.240 and 0.229).

Also, tax authorities can refer to different impact levels on tax audit conclusions of 06 factors which positively correlate with tax audit conclusions and are arranged in a descending order to give appropriate priority: Audit process and method ($\beta = 0.540$); Database for tax audit activities ($\beta = 0.153$); Audit process and method ($\beta = 0.146$); Legal regulatory system ($\beta = 0.116$); Collaboration of stakeholders for tax audit activities ($\beta = 0.098$) and Capability – quality of auditors ($\beta = 0.092$).

5. Recommendations

From the research results, Vietnamese tax authorities should focus on a number of foundational measures to enhance taxpayers' agreement on tax audit conclusions, in particular:

First, enhance tax audit supervision to increase tax audit performance due to the crucial importance of such factor towards tax audit activities (it is necessary to have supervision mechanism to prevent auditors' misconducts and wrongdoings to ensure the consistency and suitability; tax audit managers should actively collect information to supervise the audit process and give precise, suitable instructions);

Second, develop a centralized database for tax management purposes in general, and to aid tax audit activities in particular, which focuses on supplementary information, financial-economic situations of taxpayers;

Third, restructure the tax audit process; supplement and finalize suitable and effective tax audit measures to increase tax audit performance (when announcing the auditing decision, tax audit team needs to proactively deep-dive on taxpayers, give guidance and agree with taxpayers to ensure the effectiveness and transparency of tax audit activities; also, tax authorities need to urge and monitor taxpayers' execution of audit conclusions).

References

- Braithwaite, V. (2003). Perceptions of who's not paying their fair share, *Australian Journal of Social Issues*, 38(3), 335-362.
- Frey, B.S. (2003). Deterrence and Tax Morale in the European Union, *European Review*, 11(3), 385-406.
- Murphy, K. (2004). The role of trust in nurturing compliance: A study of accused tax avoiders. *Law and Human Behavior*, 28, 187-209.
- OECD (2004). Strengthening Tax Audit Capabilities: General Principles and Approaches, Centre for Tax policy and administration.
- Pope, J. & Isa, K.M. (2010). Taxpayer and tax agent attitudes towards tax compliance: findings from a focus

- group study of Malaysian corporate tax auditors, 9th International Tax Administration Conference, ATAX, University of New South Wales, Sydney.
- Reinganum, J.F. & Wilde, L.L. (1986). Equilibrium verification and reporting policies in a model of tax compliance, *International Journal Review*, 27(3), 739-760.
- Scotchmer, S. (1987). Audit Classes and Tax Enforcement Policy. *American Economic Review*, 77, 229-233.
- Sanchez, I. & Sobel, J. (1993). Hierarchical Design and Enforcement of Income Tax Policies, *Journal of Public Economics*, 50(3), 345-369.
- T&C Consulting (2008). Current situation and recommendations to complete audit process, increase the effectiveness of audit, Government Inspectorate, Hanoi.
- Trivedi, V.U., Shehata, M., & Mestelman, S. (2005). Attitudes, Incentives, and Tax Compliance, *Canadian Tax Journal*, 53(1), 29-61.
- Wenzel, M. (2004). An analysis of norm processes in tax compliance, *Journal of Economic Psychology*, 25, 213-228.