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**A STUDY OF THE RELATIONSHIP BETWEEN
ACCOUNTING AND TAX IN VIETNAM**

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INTRODUCTON

1. Urgency of the thesis topic

There are two sets of international divergence between accounting and tax rules, included: Continental countries and Anglo-Saxon countries. Most of the prior research finds out the relationship between accounting and tax is changed over time and space because of the developing pressure. The international comparative literature on the link between accounting and tax has rarely examined the Vietnamese case. Although Nguyen Cong Phuong (2010) investigated and proposed dependent model links, it does not mean that the relationship between accounting and tax still remains connected in the new era-The Fourth Industrial Revolution.

Vietnam is currently in the process of finalizing its entry into the ASEAN Economic Community (AEC) and signing the Comprehensive Partnership Agreement and Progressive Trans-Pacific (CPTPP). In this context, the policymakers, the investors, and professional organizations will be able to act more efficiently and to perfect accounting and tax policies to facilitate the integration of enterprises and attract foreign investment capital.

As a result of the prior lack research focusing on the relationship between accounting and taxation combined with the requirement of the context about accounting and tax systems specifically in Vietnam, the author has chosen the following topic for the doctoral thesis: "A study of the relationship between accounting and taxation in Vietnam". This study will help the relevant policymakers identify the ongoing linkages between accounting and taxation, thereby offering implications for the future development of the accounting and taxation system in Vietnam.

2. Research Purposes

- To investigate, compare, and analyze the status and development of the relationship between accounting regulations and tax rules in Vietnam.

- To investigate, collect, and analyze the relationship between accounting and tax through empirical research available via listed firms; Finding and analyzing factors affecting the book-tax; identifying differences in practice; proposing policy implications.

3. Research questions

- How is the development of the relationship between accounting and tax theoretical in Vietnam?

- How does the tax impact on accounting? What factors influence the relationship between accounting and taxation?

4. Research subjects and scope

Research subjects: The research subject of the thesis is the relationship between accounting and tax in Vietnam.

Research scope

Content: This study concentrates on accounting and tax regulations, principles, and their practical relation to corporate income tax.

Space: The thesis investigates and collects data from the financial statements of listed companies on Hanoi Stock Exchange and Ho Chi Minh Stock Exchange.

Time: The accounting regulations and tax rules have been collected and evaluated since 1995 (only at the time of policy issuance). The research has evolved over a period of 10 years from 2007 to 2016.

5. Research methodology

Qualitative research: This approach uses a combination of document analysis, classification and systematization methods, as well as historical and logical methods to understand, compare, and evaluate the relationship between accounting regulations and tax rules. Specifically:

Document analysis, classification, and systematization methods: Through similarities, disparities, and major changes in regulations on accounting and taxation from 1995 to now on, this thesis divides the progress of the relationship into three stages for comparison.

Historical and logical methods: Historical methods relate to the past, combined with a logical approach to assessing the evolution of this relationship, in order to determine a trend of future linkages between accounting and taxation. It combines with the logical methods to assess the evolution of the relationship between accounting and tax, finds out the trend of development in the relationship between accounting and tax in the future in Vietnam.

Quantitative research: The thesis is based on the differences between accounting profit and taxable income. It proposes a regression model to assess the factors affecting the relationship between accounting and taxation in Vietnam in practice. The panel data is collected in the financial statements of 185 listed companies on Vietnam's stock market for a period of 10 years (from 2007 to 2016). The affecting factors are proposed based on economic theories, such as earning management, tax affecting, and control variables.

6. Research Framework

7. New contributions of the thesis

Theoretical contributions

- The thesis identifies the different relationships between accounting and tax at global level, thus determining the existence of two major accounting systems: the continental and Anglo-Saxon.

- The study overviews and summarizes the theoretical background and proposes a model of factors affecting the relationship between accounting and tax in Vietnam.

Practical contributions

The thesis has brought out the independent model on the rules and principles between accounting and tax. In practice, however, there is tax dominance. The results of this thesis help to provide an orientation for the development of accounting and taxation policy in the period of international economic integration. For enterprises, the results of this thesis show the influence of factors on the relationship between accounting and taxation. It helps enterprises better determine how to achieve corporate governance goals in line with the business goals and contributes to the development of accounting and taxation spheres towards international integration. For training facilities, this research contributes to the implementation of programs for the improvement and unification of content and training methods of accounting and tax in education facilities suitable for reality. This dissertation will be an important documentation of accounting and taxation for graduate training in accounting.

8. Structure of the thesis

The structure of the thesis is organized into 4 chapters excepted the introductions and conclusions:

Chapter 1: A theoretical and globalization framework of the relationship between accounting and tax

Chapter 2: The relationship between accounting and tax:

comparing and analyzing the measurement regulations and rules

Chapter 3: An empirical study on the relationship between accounting and tax

Chapter 4: Policy implications

CHAPTER 1

THEORETICAL BASIS OF THE RELATIONSHIP BETWEEN ACCOUNTING AND TAX

1.1. Introduction

1.2. Accounting and tax

1.2.1. Accounting and accounting profit

1.2.2. Tax and taxable income

1.3. The relationship between accounting and tax

1.3.1. Theoretical basis of investigation the relationship between accounting and tax

Expenditure – Revenue accounting theory

Political cost theory

Contingency theory

Diffusion of innovation theory

Some theoretically of the relationship between accounting and tax

1.3.2. Aspects of the assessment the relationship between accounting and tax

1.3.3. Sources of divergence of two set of rules

The sources of the difference between accounting and taxation is that the objectives of the two systems are oriented differently.

1.3.4. Two divergency international accounting systems

1.3.5. The advantages and disadvantages of the relationship between accounting and taxation

1.4. The overview of local and international studies

1.4.1. Prior research about the linkages of accounting regulations and tax rules

Blake et al. (1993) used the divergency of business environment, source of regulations and rules, conducted an descriptive analyze of the relationship between accounting and taxation in Germany, Spain, and UK, the authors related that the relationship between accounting and tax of three countries are differences.

Hoogendoorn (1996) based on the signal of deferred tax income and realized an overview of the relationship between accounting and taxation those thirteen European countries. In the article is made the distinction between accounting and taxation dependence, and accounting and taxation independence. Thirteen countries are classified to seven groups with the level of relation changing from independent to dependent.

Lamb et al. (1998) based on Causality theory to propose a model for studying the relationship between accounting and taxation. The model uses 15 typical arenas related to measuring accounting profit and taxable income, to assessing according to 05 levels of the link which are from Disconnection to Connection. There is one case show the independent relationship between accounting and taxation - Disconnection; There are four cases show the variety of close linkages between accounting and taxation - Connection. The study conducted the assessment and classification on four countries: USA, UK, France and Germany. The results show that the Anglo-Saxon countries (the UK and USA) have the independent relation between accounting and taxation than the continental European countries (France and Germany).

From the twenty-first century onward, the later studies no longer compare in their own direction but follow the definite directions. The first direction, the studies assess the tendency of the linkage to develop and diverge over time and countries; the second direction demonstrates the studies the relationship between accounting and taxation in each country; the third direction illustrates the advantages and disadvantages of the relationship between accounting and tax; the final direction is the studies about the linkage between accounting and tax in practice.

1.4.2. Reviewing the empirical research on the relationship between accounting and tax in practice

1.4.2.1. Reviewing the empirical research on the impact of tax on accounting

In the preceding section, research gaps emerged from the case of tax domination in the study of Lamb et al. (1998). That raises the question of whether the taxation of the tax or the effect of the tax on the practice of accounting policy choice arises. A number of studies on the practicality of this issue are considered, in particular:

Chauveau (1995) argued that the influence of state macro-factors causes tax dominance. Hanlon et al. (2008) investigated the behavior of tax changes in financial reporting. The results conclude that as the links between financial statements and taxes become stronger, the accounting role of the accounting profit is reduced. Cuzdiriorean et al. (2010) assessed tax and accounting factors. The study combined with Jones' proposal (1991) on the Panel Data model to propose a model for assessing the impact of taxes on accounting.

1.4.2.2. Reviewing the empirical research on the factors

affecting Book-Tax Differences

State-controlled businesses or economies, with closer links between accounting and taxation, are more likely to have tax aggressive than non-state firms (Desai and Dharmapala, 2009; Wilson, 2009). There are some studies that provide evidence of the role of the difference between EBT and BTD, as part of assessing the overlap of financial accounting (Philips et al., 2003). Hanlon, 2005). In contrast, Desai (2003) argued that the increase in BTD was consistent with the increase in the level of tax avoidance activities (the more proportional the tax avoidance activities are, the greater the BTD). Wilson's research (2009) expanded the use of BTD as a proxy for tax dominance and provided evidence that makes BTD a useful proxy for Tax aggressiveness on the relationship between accounting and tax in the practice of the business. It also shows that the difference between accounting profit and taxable income (BTD) is a common and important indicator for assessing the two accounting and taxation systems (Desai, Desai & Dharmapala, 2009; Direng et al., 2010; Armstrong et al., 2012; Lennox et al., 2013).

1.4.2.3. Context in prior research

1.4.3. Overview Vietnamese research about the relationship between accounting and tax

A study on the relationship between accounting and taxation in Vietnam was conducted by Nguyen Cong Phuong (2010). This study focuses on assessing the relationship between accounting and taxation in Vietnam. Based on the methodology of Lamb et al. (1998), research and development is in line with Vietnamese principles and regulations. At the same time clarify the similarities and differences between the current regulations, the causes that make

up the temporary difference and the permanent difference, to make a judgment on the dependence between accounting and taxation in Vietnam. In 2012, Pham Thi Bich Van used the ETR (Effective Tax Rate) method to assess the impact of taxable income and accounting profitability through a survey of accountants. The results confirm that the dependency model is maintaining (confirming the research results of Nguyen Cong Phuong, 2010).

1.4.4. The present research orientation

1.5. Summary

CHAPTER 2

THE RELATIONSHIP BETWEEN ACCOUNTING AND TAX RULES IN VIETNAM

2.1. Introduction

2.2. Approaches and methodology

The Researches about the relationship between the accounting and tax basing on the principles side (De Jure) rely on the developing over time in accounting regulations and tax rules according to the reviewing the decisions and the documents of the business transactions in the accounting and tax system. Therefore, this research use 4 levels (instead of 5 levels of Lamb et al,1998), evaluate over 18 arenas of accounting and tax transactions in 3 phases: 1996-2006, 2006-2014, 2015 to 2017.

2.3. The evolution of the relationship between accounting and tax in Vietnam

The period from 1990 to 1995: At this stage, both accounting and taxation regulations were simple. Accounting and taxation were only considered as a tool to support the state planning. The independency level of accounting and taxation was very low.

The period from 1996 to early 2006: Second-stage tax reform started through the European Community (EC), replacing the Sales Tax and Profit Tax by Tax Value Added and Corporate Income Tax in 1997. From this period, the interaction between accounting and taxes is much clearer, such as the depreciation of fixed assets, the cost of inventory, and so on. There is a parallel between accounting and tax. This is partly due to the fact that accountants have made significant progress (formulating the Accounting Act of 1995) with the emergence of clearer accounting and measurement principles. In contrast, taxes are also heavily based on accounting to help tax control, tax inspections, such as financial statements of enterprises (based on accounting principles) to be submitted to the tax authorities. Since then, taxes and accounting have been considered as two mutual instruments and together help the State manage the macroeconomy.

The period from 2006 to 2017 (divided into two periods from 2006 to 2014 and from 2015 to 2017): Along with the development of political institutions, the Constitution of 2013 came into being in the place of the 1992 Constitution with clearer directions on the ownership of property. With regard to accounting, implementing guidelines, seminars with the active participation of accounting professional organizations, the role of professional organizations with increasing demands for taxation. The tax administration system had been developed in a neat, compact and modern way. Especially, from 2014 onwards, these are the drastic moves of the State to help the tax system to be strengthened. Enter AEC. In addition, professional taxation was also encouraged.

The difference between the two systems was evident in the

period from 2014 up to now, the breakthrough to develop in separate directions in both systems predicts an independent trend between accounting and taxation in the future.

2.4. Assessment the linkage of Accounting and Tax rules

2.4.1. The degree of alignment between the measurement regulations of accounting profit and taxable income

2.4.1.1. A method of assessing linkage

The method of assessment is based on the relationship between regulations, policies on measurement of accounting profit and taxable income. Eighteen transactions and arenas were selected based on the study of Lamb et al. (1998), Nobes & Schwencke (2006) and Nguyen Cong Phuong (2010). That is used to evaluate the four levels from Independent to tax-based accounting.

2.4.1.2. The results of assessing linkage

The results of the classification of the relationship between accounting and taxation in some key indicators in Table 2.4 shows that: The number of cases I in the total number of cases analyzed in Stage 1 (1996-2006) was 5/27, corresponding to 18.52%, the second phase (2006 - 2014) was 11/28, corresponding to 39.29%, phase 3 (2015 - 2017) is 20/28, corresponding to 71.43%. It can be seen that the ratio is increasing, showing the independence between the principles and regulations in accounting and taxes over time. Increased independence leads to the gradual reduction of tax based accounting or tax-related accounting due to lack of relevant regulations, which results in gradual reversal of accounting policies and taxes. The accounting and tax regulations are becoming more comprehensive.

In comparison with previous research by Nguyen Cong Phuong

(2010), the relationship between accounting and taxation in our country no longer follow the dependency model but gradually moved to the independent model (in the direction of policy aspect). In comparison with the rate of 55% of IFRS 2008 (Gavana et al., 2013, IASB, 2008), the accounting independence ratio between Vietnam and Vietnam is currently 71.43%. This is in line with the progress of the Vietnamese economy over the period and now with the policy of perfecting institutions and policies, including accounting and tax policies, wish to separate the two systems. The system is designed to serve the needs of diversified information users on the stock market, requests from foreign investment.

2.4.2. The relationship between accounting and tax through Permanent Differences and Temporary Differences

2.4.2.1. Permanent Differences

It can be seen from Table 2.5 that 32 out of 32 unreasonable and ineligible items are tax deductible, 26 items represent the difference in recognition of expenses when determining the accounting profit in Accounting and the taxable income in Taxes, the difference of these items constitutes a permanent difference.

2.4.2.2. Temporary Differences

2.5. Summary

CHAPTER 3

EMPERICAL RESEARCH ON THE RELATIONSHIP BETWEEN ACCOUNTING AND TAX IN VIETNAM

3.1. Introduction

3.2. Research design

3.2.1. The method of assessing the impact of tax on accounting

Hypothesis H1: Taxes affect accounting in practice

Research Model for the output based on the Cuzdiriorean and the community (2010) as the following:

$$\text{NetSales}_{i,t} = \beta_0 + \beta_1(\text{PBTmPAT})_{i,t} + u_{i,t} \quad (\text{Model 3.1})$$

Where: $\text{NetSales}_{i,t}$ is the net revenue of sales and service delivery of business i time t ; $\text{PBTmPAT}_{i,t}$ is the tax value determined by taking the pre-tax accounting profit less the profit after tax of enterprise i period t ; β_0 is the constant for estimating NetSale when the coefficients are 0; Values β_1 is coefficient of independent variable; u represents the residual (error of the model).

3.2.2. The method of studing the factor affecting Book-Tax Differences

3.2.2.1. Hypothesis

Hypothesis H2: The Book-Tax differences are influenced by earning management in practice.

Hypothesis H3: The Book-Tax differences are affected by variables represent taxes.

3.2.2.2. General model

3.2.2.3. Suggestion of variable selection

3.2.2.4. Dependent variable

Previous studies provided evidence of the role of the Book-tax differences (BTD), as part of the over-estimation of financial accounting - Aggressive Financial Accounting (Philips et al., 2003, Hanlon, 2005; Wilson, 2009). BTD was defined as the difference between profit and loss tax and total taxable income divided total asset at the beginning of the period.

3.2.2.5. Independent variables

a. Factors representing the implementation of corporate tax

policies

(1) Effective Tax Rate (ETR): ETR is calculated as the tax expense divided by the pre-tax accounting profit.

(2) Tax expenses (Taxfee): Taxfee calculated by taking the ratio between tax expense (current tax expense) and total assets at the beginning of the period.

(3) Net operating loss (NOL): NOL is determined to be a binary variable, receiving a value of 1 if there is a loss transferring and zero if there is no transfer loss in the period.

(4) Incentive: which is defined as 1 if there are exemptions tax, tax reduction, 0 if not.

b. A factor that represents earning management

Accrual is a commonly used variable for examining corporate governance actions. This variable is determined using the modified Jones (1991) model of Kothari et al. (2005), which be divided into the total asset to match the remaining variables in the model.

c. Control variables: Control variables include size, ROA, revenue growth - Sales, Leverage and Sector.

3.2.2.6. Regresstion model

The regression model is model 3.2, details of how to measure and classify variables are presented in Table 3.1.

$$\begin{aligned}
 BTD_{it} = & \beta_0 + \beta_1 ETR_{it} + \beta_2 Taxfee_{it} + \\
 & \beta_3 NOL_{it} + \beta_4 Incentive_{it} + \beta_5 Accrual_{it} + \\
 & \beta_6 Sales_{it} + \beta_7 Size_{it} + \beta_8 ROA_{it} + \\
 & \beta_9 Leverage_{it} + u_{it}
 \end{aligned}$$

(Model 3.2)

Where: BTD_{it} is the differences between accounting profit and taxable income of listed firm i of period t divided by total assets at the beginning of the period; β_0 is the constant for estimating BTD

when the coefficients are 0; Values β_1 to β_9 are coefficients of independent variables; u represents the residual (error of the model).

3.3. Research data

Research data is collected from information on financial statements of companies listed on the stock market from 2007 to 2016. Observation time is 10 years, from which the total number of observations is 1850. The classification of activity areas for enterprises in the sample was based on the classification of activities of VIETSTOCK in 2008. Accordingly, the sample is classified into 14 groups of activities are presented in Table 3.2.

3.4. Research results and discussion

3.4.1. Assessing the impact of tax on accounting

The dissertation uses STATA 14 software to analyze the model with data of 185 listed companies, on both HNX and HOSE, for 10 years from 2007 to 2016. Analyzing data in Table 3.4 shows that tax impact on accounting with the positive trend. The variance of the tax expense explains the range from 64% to 87% of the variance of accounting (represented by the Netsales variable) and ensures statistical significance. Thus, based on the model estimation results, accept the H1 hypothesis. Accordingly, the impact of tax on accounting is proportional to the increase in revenue. This result when testing each estimation model has certain differences.

According to the above results, the variables impact on each enterprise is clear. However, the time-varying effects of accounting on taxation (or tax domination) are unclear. Results of the impact test over time can show that the coefficient of the fixed impact of the tax on the account when the time factor involved tends to decrease (from 20.05785 to 19.51623). Therefore, continue to separate the data for each year during the study period to test the 3.1 (of 185 enterprises)

model to examine the change over time of the impact of taxes on accounting. The results are shown in Table 3.5 and Figure 3.1.

Thus, in comparison with the results of the study in Chapter 2, although the theoretical study shows that accounting and taxation are independent, in practice, the case of tax domination exists at a relatively high level (Lamb et al., 1998, Nobes and Schwencke, 2006, Nguyen Cong Phuong, 2010). Specifically, the changes in tax expense explain 71.46% of the variation in net revenue, in which about 20% difference is from individual factors of each enterprise. Time factor does not explain many accounting changes due to the impact of tax but over time there is a decrease in the magnitude of the influence of the variable tax expense on the variable representing the accountant. Thus, the influence of taxes on accounting is increasingly evident with the gradual decrease in magnitude of influence. Conclusions on tax control over accounting as Case V (Table 2.2) exist, reflecting the impact of taxation on the choice of diminishing declining trending accounting methods and policies.

3.4.2. The Factors affecting Book-Tax Differences

3.4.2.1. Descriptive statistics and testing model defects

After several tests, it is necessary to overcome this phenomenon when Robust Standard errors (White, 1980), also known as standard deviation estimates for FEM. Estimation of the standard deviation model will give a correct estimate of the standard error in that it accepts the presence of heteroskedasticity.

3.4.2.2. Results and explanations

Table 3.8. The results of the robust FEM model.

Table 3.8: Results of the robust fixed effect

Var.	Robust Fixed effect			
	Coef.	Std. Err	t	p> t
<i>ETR</i>	-0.0395794	0.0321624	-1.23	0.220
Taxfee	-2.716139	0.7407047	-3.67	0.000
<i>NOL</i>	-0.0116292	0.0128175	-0.91	0.365
<i>Incentive</i>	0.0089419	0.0056064	1.59	0.112
<i>Accrual</i>	-0.0226889	0.0197939	-1.15	0.253
<i>Sales</i>	0.0037345	0.0023047	1.62	0.107
Size	-0.0366727	0.0128449	-2.86	0.005
ROA	0.5735405	0.1009615	5.68	0.000
Leverage	0.0492203	0.0217241	2.27	0.025
_Cons	0.5124316	0.1801662	2.84	0.005
N	= 1,850		(185 Groups)	
R ² :	81.94%			
Prob > F	= 0.0000			
sigma_u	0.06443399			
sigma_e	0.07149225			
rho	0.44821252		(fraction of variance due to u_i)	
	(Std. Err. adjusted for 185 clusters in DN1)			

Source: STATA14 analysis results

As a result of the robust FE model, the independent variables explain 81.94% variability of the dependent variable. The model is statistically significant with p-value <0.0001. However, many important factors do not ensure statistical significance (p-value>0.05). In the robust fixed effect model, Accrual represents the earning management behavior does not statistical significance. In addition, the actual tax rate - ETR does not guarantee statistical

significance. Taxfee represents the influence of taxes on accounting and control variables - size, ROA and Leverage is statistical significance. The model was tested with statistically significant variables as shown in Table 3.9.

a. Earning management

The empirical results show that covariance does not guarantee statistical significance, thus rejecting the H2 hypothesis, the difference between the accounting profit and the taxable income is not influenced by earning management. The researchers also confirmed that earning management is proportional to the level of development and the dominance of accounting (Philips et al., 2003; Hanlon, 2005). However, the practice of professional accountancy in Vietnam has not yet developed, and the practice of earning management has not been systematically and systematically implemented. Therefore, earning management either will not be a major factor affecting the difference between profit and loss in Vietnam or it may be because Vietnamese businesses have other purposes (such as capital mobilization) rather than tax purposes when managing corporate profits.

b. The impact of taxes on accounting (tax dominance)

Group of tax factors that affect accounting directly includes ETR, Incentive, Taxfee, NOL. However, only the Taxfee variable has an adverse effect on BTM with a significant level of -3,147922, which is statistically significant with p-value <0.001. Thus, the study accepts the H3 hypothesis, the difference between the accounting profit and the taxable income affected by tax expense. The study results also show the inconsistency of the use of BTM to assess the overlap of accounting by profit management and overlapping activities of taxation through tax avoidance activities. Therefore, in

terms of the characteristics of the accounting and taxation system in Vietnam, the operation of the business is heavily influenced by the corporate tax plan. It is possible that the tax plan is not evident in tax planning as in developed countries, which is reflected in the tax compliance activities of accountants and business executives.

c. Control variables

There are three controlling factors that affect the differences between accounting profit and taxable income: size, ROA, and leverage. In particular, the size of the opposite effect to BTD shows that the larger the business, the smaller the BTD. This result shows that the higher the ROA, the greater the BTD. Based on estimation, the long-term debt ratio on the total capital increase also increased the Book-Tax differences. This can be explained by the fact that enterprises using the long-term capital to invest in high-performing businesses are often new or newly-established businesses. Therefore, new enterprises often have investment tax incentives. On the other hand, usually the early stage of the business, the enterprises have high cost and reduce by the time.

d. Examine influences by sectors and time

Table 3.10 shows that there is a change in the level of interpretation of the independent variables for the dependent variable BTD, R^2 increases to 0.41%, indicating that there is a year-over-year difference in the effect of interactions between Independently to BTD, but this difference is negligible. On the other hand, when the inclusion of dummy variables by year, the scale variable does not guarantee statistical significance, this can explain the change in the year affects the size of the enterprise.

3.5. Summary

CHAPTER 4

CONCLUSIONS AND POLICY IMPLICATIONS

4.1. Conclusions

Firstly, the development of the accounting system, although influenced by international integration, still retains the role of the state's macro-management tool. As a macro tool of the state, accountants are seen as instrumental in taxation in tax collection. Since then, the development of accounting has been more independent of taxation in line with the practice of the international accounting standard system, but on the other hand, it has maintained a tax relationship (with an independent rate of 71.43%). This result is consistent with previous research by Nguyen Cong Phuong (2010) in the second phase and shows that Vietnam is developing towards independence between accounting and taxation.

Secondly, the relationship between accounting and taxation is maintained (and more independent), and the relationship between accounting and taxation in practical is more evident than in theoretical. The results of empirical analysis show that the taxation of accounting practices is very clear: The change in taxation explains 71.46% change in net revenue and gradually increases the level of turnover. like time; The variance of accounting for tax effect is 82.62% in 2016 (Table 3.5). This result implies that the tradition of close alignment between accounting and taxation in practice is difficult to change in the short run.

Thirdly, tax expense is the factor that affects the difference between the accounting profit and the taxable income. This result confirms two previous results: the taxing influence on accounting in both theoretical and practical terms. This result is consistent with previous empirical arguments and evidence that tax dominance in

economies with deep government intervention (Desai, 2003, Wilson, 2009). However, the manager's "earning management" to achieve target profit is not statistically significant. This result may be caused by managers' profit targets, not for taxable income. Although the accounting and taxation system gives them the opportunity to exist (the link between accounting and taxation), they have more prioritized goals to increase the value of the company (such as capital mobilization) rather than tax savings.

4.2. Policy implications

From the synthesis of the results in the thesis and orientations for the development of the relationship between accounting and taxation in the coming time, the following two orientations may be considered in the strategy of accounting and tax development.

Firstly, develop an independent link between accounting and tax in both theoretical and practical.

Proposed basis

The proposed basis for a completely independent model between accounting and taxation in Vietnam is that the changing regulations and rules of accounting and taxation. Vietnam is now actively creating a legal corridor open to attract foreign investors.

Opportunities and challenges

The opportunity for Vietnam to establish independence between accounting and taxation is transparent, which is mainly mobilized from the stock market, specializing in accounting and taxation. To create a strong development of the capital market, in line with the requirements of large enterprises, foreign investment enterprises, develop accounting profession, auditing, taxation, reduction of regulatory behavior. profit, negatively affecting the capital market and the income of the State. On the challenge, both groups of

conditions mentioned above in our country are only initially established, so in order to develop completely independent between accounting and tax, it takes time and effort a lot from all both parties involved.

Solutions

Policy: At the macro level, the regulator and the tax and accounting department should continue to establish independence model between accounting and taxation. The issuance of accounting and tax policies should be separated. Therefore, the State should have a policy to assign the accounting policy to the Association of Accountants and Auditors, which can address two objectives, separate the policy issuing agencies and develop the Association of Accountants and Auditors.

Behavior: Changing the behavior of stakeholders such as professional organizations, management agencies, banks, credit institutions, auditors, and especially the behavior of enterprises in the separation of accounting and taxation in practice.

Secondly, the continuation of the dependence between accounting and taxation, but still securing international convergence.

Proposed basis: The closed link between accounting and taxation in our country is considered to be consistent with the political, institutional and accounting traditions and taxes. In our country, the number of small and medium enterprises accounts for nearly 98% of the total number of enterprises by 2017. With such large numbers of small and medium enterprises changing their minds and behaviors the relationship between accounting and taxation of managers in the business, need a lot of time and effort and synchronized coordination of all organizations and individuals

involved.

Opportunities and challenges

Maintaining the dependency but still converging with international accounting standards will reduce the pressure on policy makers and policy enforcement units to meet the requirements of independence. In addition, financial and economic information will ensure the international standard of information transparency, comparability and control in the international market. The human resources will have enough time for the training process, the legal environment and other basic conditions will also have time to be prepared to be able to gradually develop the economy. Enterprises, especially small and medium enterprises, still save on accounting and taxation expenses (because they do not need to separate two separate departments), have time to prepare and adapt. The challenge comes from the international accounting standards convergence roadmap that needs to be concretized and scrutinized for the requirements and conditions of application of the participating firms to match the potential of economy.

Solutions: In order to orient the convergence of international accounting standards, but still maintain the dependency need specific solutions such as adopting IFRS, concretizing the development strategy... According to the study in Chapter 3, the rate of independence in the regulations between accounting and tax has exceeded 50%, which is quite appropriate when using IFRS (Gavana et al., 2013). The objective development of international financial markets and trade activities beyond the boundaries of countries requires a system of generally accepted accounting standards worldwide. In addition, businesses need to focus on the development of resources in their units, especially human resources.

4.3. Limitations of the research

Firstly, it may be possible to overlook the provisions relating to the typical transactions. Secondly, it is possible to miss important variables that suitable to the context of Vietnam. Lastly, the thesis ignores the endogenous variables in the research model.

4.4. Summary

CONCLUSION OF THE THESIS

Throughout the research process, the thesis synthesizes the theoretical basis and proposes a method for examining the relationship between accounting and tax in terms of theoretical and practical. Theoretical and practical results of the relationship between accounting and taxation show that the current documents, regulations, and policies of Vietnam are ready for the independence model between accounting and taxation. Which is solved the requirement Financial information transparency and financial market development in the trend of international integration? But in practice is not consistent with the regulations. The thesis proposes to develop the relationship in two directions: the first one is the independence model between accounting and the other one is the dependent model on the convergence of international standards. Besides the contributions of the thesis, there are still limitations that may have missed the important variables suitable for Vietnam and ignore the endogenous factors when assessing the model./.

**LIST OF ARTICLES PUBLISHED BY PH.D. STUDENT
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