

TIWB Programme N° L2016-0006

Host Administration:

General Department of Taxation (GDT), Viet Nam

Expert sources:

**Organisation for Economic Co-operation and Development (OECD)
and World Bank Group (WBG)**

Programme Dates:

April 2015 – June 2017

Viet Nam indicated their interest for assistance on general multinational enterprises audit issues in early 2015. TIWB support was initiated through an expert from the OECD, who was additionally supported by one WBG expert under a wider capacity building programme run by the OECD. TIWB-style support on anonymised audit cases was provided through four on-site missions and during ad-hoc remote assistance from April 2015 to June 2017. A total of six audit cases were progressed in the manufacturing sector. Main tax issues covered included intangibles, intra-group financing and intra-group services, business restructuring and transfer pricing (TP), following BEPS recommendations.

Impact of the practical audit assistance programme

The TP audit assistance programme helped Viet Nam achieve the following results:

- **Human Resource Development - Skill and Knowledge Transfer:** On average 50 tax officials from the Host Administration participated in trainings offered every mission, to effectively conduct functional analysis by identifying procurement, design, production, sales, marketing and advertising, and distribution functions. Further improvements were observed in their risk analysis and risk allocation, as well as in comparable selection. Auditors were able to identify the issues of interest deductibility, transfer of assets, and product mispricing. They also gained substantial knowledge in various TP transactions and BEPS-related and other international tax issues.
- **Institutional Development – Legislative changes, tools, process and procedures:** Together with the TIWB Experts, the GDT developed a draft internal audit manual and recommended changes to the draft TP legislation, including the introduction of Country-by-Country Reporting regulations, TP audit processes, and acquaintance in using commercial databases.