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Controlling tax violations in e-commerce: International experiences and legislative lessons for Vietnam

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for platforms. 5.5.3 Humanizing the algorithm: Constructing a “digital emergency injunction”. 5.6 Sub-conclusion. 6. Conclusion. 7. References.

Abstract: The development of the digital economy in Vietnam has put a strain on traditional tax collection methods. Although the change has taken place in order to increase the operating capacity under the Tax Administration Law 2025 and Decree No. 252/2026/ND-CP, there are certain factors that still need improvement. In each doctrinal, civil and economic blind spot, a policy analysis is conducted with the functional perspective of comparative law and a system of assumptions and instruments that are based on previous literature are developed. The article analyzes models from around the world, including the OECD model, European Union model, China model, as well as the US model, and presents a workable paradigm to redesign legislation. There are core solutions: Reclassification of logistics companies as financial intermediaries, hence real-time reporting through API's; platforms shall have statutory Safe Harbors; platforms shall have a Digital Emergency Injunction for the Administrative Due Process aspects.

Keywords: E-Commerce Taxation, Tax Coercion, Platform Liability, Automated Enforcement, Safe Harbor, Digital Economy

1. Introduction

The tax system has been designed for an era of brick and mortar stores that is passing. As Tining Harjanti and Apol Pribadi Subriadi report, the use of e-commerce has fundamentally transformed the sustainability and the global economy.³ In urban centers such as Ho Chi Minh City, the commercial landscape is visibly shifting from physical storefronts to digital interfaces.

There is no doubt it is a rich digital transition. It also results in chaos for tax administration. How is it possible to tax that which cannot be seen? From the little online store to the mega online stores, there is a tax loophole being exploited to its breaking point. That represents a significant dip in state tax income. Regulators can only reach these funds if they have tools, but not industrial age ones, digital age ones.

Producing a radical solution to the problem, Vietnam was convinced by its magnitude. Above all, the new Tax Administration Law 2025 has changed the rules of engagement fundamental. It clearly broadens the definition of the tax and treats foreign online operators as individual taxpayers. The withholding mandate fundamentally shifts the compliance burden. A platform accepts both order and payment is done there in the name of a tax collector. Now the operator is legally obligated to withhold, declare and pay the taxes for each individual vendor working on the site.

Obviously, however, if the enforcement machinery is no good, so is the effect of the statute itself. Thus, Vietnamese government issued Decree No. 252/2026/ND-CP. This decree creates a panopticon system over electronic transactions. It forces third parties - commercial banks, logistics providers, international card networks and opening payment gateways - to send the transaction data straight into the tax authority's servers. Being compliant is not only expected, but it's enforced by an algorithm. Vietnamese government has empowered tax authorities with automation and harsh punishment. Tax avoidance is met with instant algorithmic counter-attack: the account is frozen, the name of the non-compliant person is made public on the official website, a ban on the exit applies to company directors and electronic invoicing is immediately denied.

³ HARYANTI, T., and SUBRIADI, A. P. “E-commerce acceptance in the dimension of sustainability”. *Journal of Modelling in Management*, v. 17, n. 2, 2022, pp. 715-745. <https://doi.org/10.1108/JM2-05-2020-0141>

The political motivation is surely strong. Actually, enforcing it? That's another issue. In essence, mandating platform liability is one thing. Accessing so many terabytes of vendor information without compromising privacy standards or slowing down digital commerce is altogether a different matter. The world of academe these days seems to be in a frustrating echo chamber. Much of the literature is concentrated on the mathematical aspects of value-added taxes, or the lamenting of the loss of the tax base.⁴ Practically no scholars have undertaken deep analysis of the mechanics of administrative tax sanctions in cyberspace.⁵ In other words, we are operating on a fresh legal frontiers with old maps.

To fill this gap in theory, this article directly tackles the subject. It explains legal provisions relating to tax crimes in e-commerce. The research activity seeks a pragmatic institutional design by mapping the new enforcement matrix of the Vietnamese state against major measures organized by the OECD and the EU such as DAC7 and OECD Action 1 Guidelines. The inquiry focuses on three key questions. Explicit loopholes and challenges are currently threatening Vietnam's crackdown on evasion. Which specific enforcement tools are ready-to-use in the lawmakers' arsenals to catch digital tax evaders? Most of all, how to draw lessons from the above-mentioned global developments in view of the need to have a truly modernization of the administrative sanctions system in Vietnam?

2. Literature review

Even in the current legal debate, taxation of digital transactions is a puzzle which has not been completely solved. Literature circles are infinite on value added tax math and math loss of revenue. But the actual administration of that sanctioning – the way states track and punish cyber-evaders under the radar – is still semi-transparent. From the analysis of this recent study of academic history, three overlaps emerge. First, digital models that defy the orthodoxy of tax laws. Second, inaction in legislation concerning liability of tech platforms. Third, that the former place of contestation for the Vietnamese government around the control of that territory.

2.1 The subversion of traditional tax principles

The 20th century tax law is rooted in a physical presence. The ominous digital economy has fundamentally challenged it. McLure Jr noticed this fracture early. He claimed that the purpose of adding territorial elements like “nexus” to goods that lack borders is a legal fiction.⁶ However, it is crucial to recognize that taxing borderless transactions is not an unprecedented anomaly, but rather an evolution of existing doctrines. Decades of academic literature surrounding the taxation of intangible assets—such as copyrights, software licensing, and intellectual property rights—provide a

⁴ AGRAWAL, D.R., and FOX, W.F. “Taxes in an e-commerce generation”. *International Tax and Public Finance*, v. 24, n. 5, 2017, pp. 903-926. <https://doi.org/10.1007/s10797-016-9422-3>

⁵ NGUYEN, T. H. N. “Hoàn thiện pháp luật xử lý vi phạm hành chính về thuế trong hoạt động thương mại điện tử [Improving the law on handling administrative tax violations in e-commerce]”. *Tạp chí Quản lý nhà nước [State Management Review]*, n. 358, 2025, pp. 75-78. <https://doi.org/10.59394/qlnn.358.2025.1346>

⁶ MCLURE, C. E., Jr. “Thinking straight about the taxation of electronic commerce: tax principles, compliance problems and nexus”. *Tax Policy and the Economy*, v. 16, 2002, pp. 115-140. <https://doi.org/10.1086/654751>

foundational framework for addressing digital economy challenges.⁷ Agrawal and Fox expanded upon that. They showed how contemporary transactions are cloaked in algorithmic anonymity, denying territorial regulators control over the transactions.⁸

Look at Europe. The panic of administration is caught in Tofan and Bostan. A tax base that is not measurable is not a taxable base for the regulators to measure.⁹ Volynets and his co-authors frame this as a clash between digital transformation and economic de-shadowing. They say, without synchronized electronic IDs, cyberspace is a haven for tax evaders.¹⁰ A consensus is a frank response. With digital crimes, no traditional administration penalty works. States require dramatically new enforcement devices.

2.2 Shifting legal liability to intermediary platforms

Auditing millions of hidden vendors doesn't work at the state level. The legislative shift was crucial, and only could be geared towards the middlemen. Karwat and Werner argue the sound, commonsense approach. Mathematically, the only way to achieve significant reductions in compliance expenses and the savings of state revenues is to require cross-border platforms to act as tax withholders.¹¹ This mechanism, while often presented as a novel breakthrough, is fundamentally a modern variation of Tax Substitution. Foundational literature, such as the work of Bird and Zolt (2008), has extensively analyzed how tax substitution adapts to technological shifts without altering the core nature of traditional tax instruments.¹² This is strongly endorsed by A F Putri, T Prasetyawati, M Mukhtaruddin, Kateryna Kraus, and Nataliia Kraus.^{13,14} Moreover, Sangita Poddar, Tanmoyee Banerjee and Swapnendu Banerjee's theoretical modeling demonstrates that the imposition of tax on e-commerce platforms of search environments will affect market duopolies, thus requiring careful statutory response.¹⁵ Gamage and his co-authors describe these truths in the post-Wayfair United States. The

⁷ HELLERSTEIN, W. "Jurisdiction to tax in the digital economy: Permanent and other establishments". *Bulletin for International Taxation*, v. 68, n. 6/7, 2014, pp. 3464-351. <https://doi.org/10.59403/2xh3jm9>

⁸ AGRAWAL, D.R., and FOX, W.F. "Taxes in an e-commerce generation". 2017. Ibid.

⁹ TOFAN, M., and BOSTAN, I. "Some implications of the development of E-commerce on EU tax regulations". *Laws*, v. 11, n. 1, 2022, pp. 13. <https://doi.org/10.3390/laws11010013>

¹⁰ VOLYNETS, V., LOHVYENKO, V., KOROBKA, S., KUZMENKO, O., and DERHALIUK, M. "E-commerce development: Prospects and legal challenges of business digital transformation amidst economic de-shadowing". *Multidisciplinary Reviews*, v. 7, 2024, 2024spe053. <https://doi.org/10.31893/multirev.2024spe053>

¹¹ KARWAT, P., and WERNER, A. "Cross-border e-commerce-tax and customs aspects". In *Digital Internationalisation of Firms*, Routledge, 2025. <https://doi.org/10.4324/9781003617396-15>

¹² BIRD, R. M., and ZOLT, E. M. "Technology and taxation in developing countries: From hand to mouse". UCLA School of Law, Law-Econ Research Paper No. 08-07, 2008. <http://dx.doi.org/10.2139/ssrn.1086853>

¹³ PUTRI, A. F., PRASETYAWATI, T., and MUKHTARUDDIN. "Tax in the digital age: A systematic study on e-commerce and taxation policy". *International Journal of Finance Research*, v. 6, n. 1, 2025, pp. 50-70. <https://doi.org/10.47747/ijfr.v6i1.2686>

¹⁴ KRAUS, K., and KRAUS, N. "Taxation of electronic commerce and digital business in the conditions of global convergence economics". *Business, Management and Economics Engineering*, v. 23, n. 1, 2025, pp. 189-208. <https://doi.org/10.3846/bmee.2025.22155>

¹⁵ PODDAR, S., TBANERJEE, T., and BANERJEE, P. "Taxation on duopoly e-commerce platforms and their search environments". *SN Business & Economics*, v. 3, n. 8, 2023, pp. 140. <https://doi.org/10.1007/s43546-023-00509-1>

'no local presence' excuse is no longer feasible for platforms. They are required to gather and abide.¹⁶

Huang and Li deal with joint and several liability. Although they deal with intellectual property, there is no misstep in their logistical approach to law that is not also applicable to tax enforcement.¹⁷ Platforms denote a digital infrastructure that is owned. They are in charge of the flow of cash. So, they have to take on the risk management responsibility for that capital.¹⁸ This concretizes in Nie's empirical research from China. For example, algorithmic sanctions - to freeze a platform vendor's wallet - will help relegate state-sponsored propaganda to the margins as a more effective mechanism for compliance with tax laws.¹⁹ Nevertheless, the literature on digital economy and algorithmic governance warns against treating automated enforcement as a frictionless technical tool. Scholars such as Pasquale (2015) and Cohen (2019) emphasize the necessity of institutional, ethical and legal safeguards, focusing on algorithmic transparency, data protection, and the structural limits of state-mandated algorithmic coercion.^{20,21}

2.3 The legal framework and tax administration reality in Vietnam

Lastly, there is some indigenous initiative to transcend the tendency of local researchers to disproportionately focus on the fiscal impacts of the deficit. Tran Thi Quyen's insights on informal economics on the web. One of the main components of her remedy is mining of commercial banking data.²² Nguyen Thi Hong Nhat does not let herself walk on the thin ice of income tax administration.²³ The first is identifying a huge pain point in the old system: no mandatory sharing of data between agencies.²⁴

¹⁶ GAMAGE, D., SHANSKE, D., and THIMMESCH, A. "Taxing e-commerce in the post-wayfair world". *Washington University Journal of Law & Policy*, v. 58, n. 1, 2019, pp. 71. Available at: https://openscholarship.wustl.edu/law_journal_law_policy/vol58/iss1/8 (accessed on 16 July 2026).

¹⁷ HUANG, W., and LI, X. "The e-commerce law of the People's Republic of China: E-commerce platform operators liability for third-party patent infringement". *Computer Law & Security Review*, v. 35, n. 6, 2019, pp. 105347 <https://doi.org/10.1016/j.clsr.2019.105347>

¹⁸ CHUN, S.-H. "E-commerce liability and security breaches in mobile payment for e-business sustainability". *Sustainability*, v. 11, n. 3, 2019, pp. 715. <https://doi.org/10.3390/su11030715>

¹⁹ MENGING, N. "Determinants of tax morale of C2C e-commerce operators in digital economy: evidence from China". University of Malaya, 2023. Available at: [https://knova.um.edu.my/student_works_2020s/1441_\(accessed on 13 June 2026\)](https://knova.um.edu.my/student_works_2020s/1441_(accessed on 13 June 2026)).

²⁰ PASQUALE, F. "The black box society: The secret algorithms that control money and information". Cambridge, MA and London, England: Harvard University Press. <https://doi.org/10.4159/harvard.9780674736061>

²¹ COHEN, J. E. "Between truth and power: The legal constructions of informational capitalism". *The Legal Constructions of Informational Capitalism*, 2019. <https://doi.org/10.1093/oso/9780190246693.001.0001>

²² TRAN, T. Q. "Giải pháp chống thất thu thuế đối với kinh doanh thương mại điện tử [Solutions to prevent tax revenue loss for e-commerce business]". *Tạp chí Công Thương [Industry and Trade Magazine]*, 2023. Available at: <https://tapchicongthuong.vn/giai-phap-chong-that-thu-thue-doi-voi-kinh-doanh-thuong-mai-dien-tu-106363.htm> (accessed on 12 May 2026).

²³ NGUYEN, T. H. N. "Quản lý thuế thu nhập đối với hoạt động thương mại điện tử ở Việt Nam [Income tax administration for e-commerce activities in Vietnam]". *Tạp chí Quản lý nhà nước [State Management Review]*, n. 349, 2025, pp. 42-47. Available at: [https://vi.quanlynhanuoc.vn/qlnn/article/download/1093/995/1418_\(accessed on 22 July 2026\)](https://vi.quanlynhanuoc.vn/qlnn/article/download/1093/995/1418_(accessed on 22 July 2026)).

²⁴ NGUYEN, T. H. N. "Hoàn thiện pháp luật xử lý vi phạm hành chính về thuế trong hoạt động thương mại điện tử [Improving the law on handling administrative tax violations in e-commerce]". *Tạp chí Quản lý nhà nước [State Management Review]*, n. 358, 2025, pp. 75-78. <https://doi.org/10.59394/qlnn.358.2025.1346>

Vietnam has recently attempted to overcome these barriers. The Tax Administration Law 2025 and Decree No. 252/2026/ND-CP are a hard change of tactics. It's not just a tax on foreign entities. Any platform that sends out orders and payments is obligated by law to deduct and deduct taxes from its users. Moreover, the Vietnamese Government has introduced a number of automatic coercive measures such as exit ban and account freezings and e-invoice suspension. These are harsher legal facts these days. However, these tools have not been seriously questioned in terms of their practical application by the scholars.

2.4 Identifying the research gap

There is a sparse literature. Tax rate structures in a developed economy is the obsession of western scholars. Local researchers gripe about money leakage problems. Among others, Nataliia A Lytvyn and Shahid Tariq highlight the specific issues of taxation in developing countries, where their arguments run, taxation regulators are underdeveloped and the informal economy is significant.²⁵ This administrative conflict has been made very clear through the variations between emerging markets, from Ghana's revenue untapped,²⁶ to Nigeria's issues with digital tax compliance²⁷ Ukraine's legislative adaptations currently underway.²⁸ Few people speak about the theoretical mess that is data-driven administrative sanctions in the digital world. Platforms are still in a muddy area in terms of law.

This study fills into that particular gap. It employs doctrinal legal research to analytically dissect the statutory architecture of the new tax coercion matrix in Vietnam. In the paper, the authors provide a scientific argument and present the domestic rules against OECD and EU benchmarks. It provides rules for legislative drafting and enforcement in a new era of commerce which leaves no trace.

3. Methods

Legal research is not about the rewording of statutes, it is more about discovery. When confronted by an aggressive, shape-shifting enemy in the guise of eCommerce, a summarization of positive law will prove to be futile. Tax law in the cyber world should be split to bits. In this article, a linear narrative has been rejected because a definite response to the research questions is sought. Instead, it makes use of a multi-dimensional methodological matrix. It's not about proving that some laws are 'on paper'. Here their functioning is questioned with reference to a digital economy that imposes a heavy burden. The research achieves this with three methodological elements: doctrinal

²⁵ LYTUVYN, N. A., BOREYKO, N. M., ARTEMENKO, O. V., SUBINA, T. V., and SLIUSARENKO, S. V. "E-commerce in Ukraine: Taxation challenges and global trends". *Journal of International Legal Communication*, v. 11, 2023, pp. 89-105. <https://doi.org/10.32612/uw.27201643.2023.11.4.pp.89-105>

²⁶ OWUSU-AMOA, A., ADDAE, C., KOMBAT, A. M., MOFFATT-HAIZEL, D., GHARTEY, F., and DZOKOTO, I. E., et al. "Taxation of e-commerce activities and revenue potential in Ghana". *African Multidisciplinary Tax Journal*, v. 4, n. 1, 2024, pp. 37-57. Available at: https://hdl.handle.net/10520/ejc-jlc_amtj_v4_n1_a3 (accessed on 21 July 2026).

²⁷ ADEDOYIN, E. T., SANNNI, P. A., and ITTAH, J. B. "Tax compliance, digital taxation, and revenue generation in Nigeria: An empirical analysis of e-commerce sector", *Journal of Arid Zone Economy*, v. 5, n. 7, 2025, pp. 141-152. Available at: <https://resources.jaze.com.ng/index.php/jaze/article/view/192> (accessed on 15 May 2026).

²⁸ TOVKUN, L., PEREPELYTSIA, M., MARYNIV, N., and OVCHARENKO, A. "International experience of e-commerce taxation and its application in Ukraine (legal aspect)". *Revista Juridica Portucalense*, 2023, pp. 92-114. [https://doi.org/10.34625/issn.2183-2705\(34\)2023.ic-05](https://doi.org/10.34625/issn.2183-2705(34)2023.ic-05)

legal research, functional comparative law and analytical and normative analysis. It is important to note the inherent limits of the doctrinal and comparative methodology applied herein; specifically, the absence of empirical enforcement data publicly released by Vietnamese tax authorities restricts the quantitative assessment of these regulatory shifts.

3.1 Doctrinal legal research

This inquiry's philosophical foundation is doctrinal analysis. This is like a scalpel. It tackles the issue from deep within the existing regulations, including Decision No. 252/2026/ND-CP of the Vietnamese Government on Tax Administration Law 2025, Tax Administration Law 2025, etc. It shouldn't be a listing of clauses, it should be a logic find.

The requirement for payment platforms to withhold tax at source is not simply a change of signing in the tax collecting process in Vietnam. It's a complete overhaul of that old fashioned, tax collecting mentality which the digital world has turned upside down. The doctrinal analysis focuses on whether or not this offensive law violates the underlying principles of business freedom that are constitutionally guaranteed. In addition, the pressure is further intensified on the newly-built administrative coercion network. According to Decree No. 252/2026/ND-CP, the tax agencies are granted the matching power to automatically cancel the electronic invoices or accounts of companies. This result in instant legal friction. Do these automatic routines to execute abide by the taxpayer's right to due process? This is done by going back to the primary sources and comparing them with classical concepts of taxation, revealing the harsh clash of black-letter and street law.

However, there is a serious downfall in doctrinal research. It confines the reader in home-boundaries. In examining cross-border tax evasion, there will be strategic blindness if attention is only focused on the tax legislation in Vietnam. However, the second method takes over there.

3.2 Functional comparative law

Comparative law in the study is not mechanical and involves not just hammering two systems side by side and counting the number of distinctions. That sort of formalist comparison helps to construct nothing. This paper applies the functional comparative method invented by Zweigert and Kötz brutally.²⁹ Their school basic idea is cohesive and at same time powerful: Law is simply a product to solve a certain social problem. Thus, comparisons can only be drawn between different systems considered for the same problem.³⁰ The problem is the process of eroding the cyber tax base is accelerating.

Vietnamese law is balanced with 2 international legal frameworks: the Organisation for Economic Co-operation and Development (OECD) and the European Union (EU). The choice that's made in this selection is fairly deliberate. The macro-architecture is offered by the OECD, through its BEPS Action 1 Report, which addresses key tax challenges of the digital economy.³¹ The EU's DAC7 Directive, an instrument in the more aggressive

²⁹ ZWEIGERT, K., and KÖTZ, H. *An Introduction to Comparative Law* (Tony Weir tr, 3rd edn). Oxford University Press, 1998. Available at: <https://www.pierre-legrand.com/zweigert-and-kotz.pdf> (accessed on 17 May 2026).

³⁰ Ibid.

³¹ OECD. *Addressing the tax challenges of the digital economy, action 1 - 2015 final report*. OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, 2015. <https://doi.org/10.1787/9789264241046-en>

enforcement layer, has a razor sharp data-coercion mechanism.³² Automatic reporting bits are code or instructions that eliminate anonymity from vendor cash flows.³³

Decree No. 252/2026/ND-CP quantifies the differentials by intersection and comparing inter-agency sharing of data with the corresponding items in the DAC7 regime. The functional comparison removes subjective preconceptions that exist behind the legal use. The only thing that matters is: How much does the ratio of data-reporting architecture reduce the anonymity of the tax evader? The cross-evaluation provides empirical foundations for making appropriate selections on foreign models for risk management in Vietnam.

3.3 Analytical and normative evaluation

Dissecting the domestic texts and encountering them with international regimes, the study moves to analytical and normative evaluation. This is not a direct line. Raw statutory data is broken up into smaller chunks. Deterrents of exit bans. The speed at which money is deducted from an account. The absurd obligations imposed on credit institutions in surrendering their data. The effects of each fragment are analyzed individually before examining the emergence of the “digital coercion ecosystem”.

Importantly, it uses a normative evaluation to test for survivability of statutes. On paper, a rule requiring payment facilitators to assume the tax liability of coerced is perfect - and scary. For millions of consumers making small transactions each day, however, such a requirement could swamp the national payment network with the flood of verification information. In this paper, analytical synthesis makes it possible to move beyond the hyper-complex legal norms and into pragmatic actionable legislative lessons. These are not vacuous phrases that are used to turn the academic world a blind eye. They are benignant plans that are utilized to build. They outline the path individual Vietnamese Government units must follow to publish accurate instructions and make tax administrative measures an active sword, not a mere threat in cyberspace.

4. The current legal landscape: Regulatory gaps in Vietnam’s e-commerce tax enforcement

Legislature is not necessarily designed to achieve compliance at ground level. The Tax Administration Law 2025 is an audacious legislative step in Vietnam. This legal corridor for the time being closes the door, in theory, on classic tax evading. In practice, however, new regulations are not restrictions but technical hurdles that need to be surmounted for the digital economy. But in the statutory loopholes, it is far from policy pessimism. The act of autopsy should be done as an organized structure. The actual taxing mechanism has three structural problems that make it very inefficient to work. First, the transient cash flows are not identified correctly. Second, there is systemic risk in imposing upon platforms a source withholding mandate. Third, the critical issue of inter-agency data sharing architectures is highly insecure. It is necessary to judge this law by more than its black-letter text and consider how it actually impacts commercial reality.

³² COUNCIL DIRECTIVE (EU) 2021/514 of 22 March 2021 amending Directive 2011/16/EU on administrative cooperation in the field of taxation (DAC7) [2021] OJ L104/1. 2021. Available at: <https://eur-lex.europa.eu/eli/dir/2021/514/oj/eng> (accessed on 21 June 2026).

³³ Ibid.

4.1 Tax administration bottlenecks and the cash-on-delivery blind spot

The first defect is in unmasking cash flows that are more transitory than permanent. The Tax Administration Law 2025 outlines very precisely the statute perimeter regarding who can be considered a taxpayer in cyberspace.³⁴ However, laws in themselves cannot unmask the "real" agent behind the screen. Individuals and household businesses running through borderless social networks consider cloning of virtual accounts as something everyday. This phenomenon is notoriously difficult to regulate, as it has been extensively analysed by Charles Nwabulu and Oluwatobi Olakanye on social media organizations³⁵ and was also echoed by Eliphas Frank Tongora on SME compliance in digital spheres.³⁶ The anonymity is compounded by the ability of transactions to overlap with the new digital assets.³⁷ They are purposeful about diversifying their streams of income. They artificially reduce income at a below-taxable level on a per-account basis. They take care to scrub digital transaction breadcrumbs when done.

Thus, all administrative burden falls on the local tax authorities. If there are no automated algorithmic scanning tools, officials from the Tax Departments are held back to manually sift through individual merchant profiles, which is something that is continually discovered in domestic checks of tax collection for household businesses. The speed of digital trade is undeniable and tax auditors are effectively struggling to monitor these transactions using outdated administrative tools. Similar systemic weaknesses have been identified regarding the collection of value-added tax by some scholars, such as Yu-Ting Huang and Tae-Young Kim, with respect to cross-border e-commerce in Vietnam.^{38,39}

Addressing this specific tragedy is deeply ingrained consumer behavior and numbing cash payments. However, Cash-on-Delivery (COD) remains the dominant form of online sales in Vietnam. As a result, a large dark zone forms, and this zone cannot be penetrated. The legal hiatus here is huge. The transaction begins in the digital realm, and then the logistics courier is given the real cash in their door. That gives an inextricable legal uncertainty about the revenues coming in. When is taxable revenue

³⁴ VIETNAM NATIONAL ASSEMBLY. Law on Tax Administration 2025 (Law No 108/2025/QH15) [Luật Quản lý thuế (Luật số 108/2025/QH15)]. Article 2. Available at: <https://vanban.chinhphu.vn/?pageid=27160&docid=216541&classid=1&typegroupid=3> (accessed on 16 June 2026).

³⁵ NWABULU, C., and OLAKANYE, O. "Assessing the legal regime for the taxation of e-commerce and social media organizations in Nigeria". *Business Law Review*, v. 43, n. 5, 2022, pp. 206-209. <https://doi.org/10.54648/BULA2022030>

³⁶ TONGORA, E. F. "E-taxation compliance among e-commerce smes online shop owners" *International Journal of Information, Business and Management*, v. 15, n. 2, 2023, pp. 15-26. Available at: https://ijibm.elitehall.com/IJIBM_Vol15No2_May2023.pdf (accessed on 13 May 2026).

³⁷ MARTA, A.-F. "Some considerations regarding the regulation of e-commerce taxation and cryptocurrency trading". *Review of International Comparative Management*, v. 23, n. 5, 2022, pp. 694-706. Available at: <https://ideas.repec.org/a/rom/rmcimn/v23y2022i5p694-706.html> (accessed on 12 June 2026).

³⁸ HUANG Y.-T., and KIM, T.-Y. "A study on taxation of cross-border e-commerce transactions: The case of value-added tax". *Journal of Applied Finance & Banking*, v. 15, n. 2, 2025, pp. 1-10. <https://doi.org/10.47260/jafb/1521>

³⁹ KRALEVA, P. "VAT taxation of e-commerce". *Accounting and Control: Traditions and New Challenges in Value Creation and Sustainability*, 2025, pp. 214-222. Available at: <https://EconPapers.repec.org/RePEc:vrn:acctnc:y:2025:i:1:p:214-222> (accessed on 18 May 2026).

subject to tax? When the Digital cart is checked out or when the cash is physically touched by the courier?

The structural severance strips the Tax Departments of their deadliest weapon – The commercial bank statement. The funds just disappear into a virtual ledger until they can be added to a real bookkeeping ledger. Logistics firms act as informal financial service and temporarily hold this money. This can only be delivered as absolute, real-time transparency if Vietnam institutes binding laws making it mandatory for third-party logistics companies to hand over these collected amounts, otherwise the tax base of tens of millions COD orders remain a ghost on the government's spreadsheets. The state is basically operating on an honor system in a market that is likely intended to be anonymous. This reflects the structural problems noted by Fatima Akther in the nascent digital markets such as in India as explosive growth prospects are consistently undermined by unregulated, hidden patterns of transactions.⁴⁰

4.2 Execution challenges: Tax substitution and the asymmetric liability of intermediary platforms

Vendor anonymity, which Vietnam tried to neutralize, was another outsource item. The direct mandate is in Article 13(4) of the Tax Administration Law 2025. If a particular ecommerce platform has a payment capability, then it can be directly withheld, declared and remitted on behalf of the seller.⁴¹ Rather than a radical anomaly, this mechanism operationalizes the established doctrine of Tax Substitution. By deputizing platform operators as central tax-withholding agents, the state administratively shifts the compliance burden from millions of untraceable micro-vendors directly onto the highly visible digital infrastructure providers. However, roles are intensely contradicting each other when this mechanism is coerced into operation.

The tech platforms are also pushing back, and are benefiting from strong case law. Their core algorithms were designed to optimise users' interactions and logistics routing - not state tax accounting. Excluding from the list of products being split immediately the exact tax rates and withholding the fee from the seller requires a mean and severe hacking into the proprietorial payment codes, which is imposing an action of forcing upon a complex digital infrastructure. So this essentially turns private businesses into uncompensated tax collectors.

Moreover, the legal risk is an extremely lopsided one. Discuss the civil law consequences of technology failure. As a result of a coding error or a product that's mistakenly classified as a service, for example, if a platform's algorithm over-withholds tax, who bears the legal responsibility for illegal expropriation of a merchant's right to private property? Who will the merchant sue for breach of contract, or the state for wrongful tax? This situation is ignored completely by the bill in its current form. Unlike US and world wide ecommerce payment systems, there is no statutory safe harbor from civil litigation brought by disgruntled sellers against platforms.⁴²

⁴⁰ AKTHER, F. "E-commerce in India: trends, hurdles, and growth opportunities". *Formosa Journal of Science and Technology*, v. 2, n. 10 2023, 2871-2880. <https://doi.org/10.55927/fjst.v2i10.6152>

⁴¹ VIETNAM NATIONAL ASSEMBLY. Law on Tax Administration 2025 (Law No 108/2025/QH15) [Luật Quản lý thuế (Luật số 108/2025/QH15)]. Article 13(4). Available at: <https://vanban.chinhphu.vn/?pageid=27160&docid=216541&classid=1&typegroupid=3> (accessed on 16 June 2026).

⁴² GAMAGE, D., SHANSKE, D., and THIMMESCH, A. "Taxing e-commerce in the post-wayfair world". *Washington University Journal of Law & Policy*, v. 58, n. 1, 2019, pp. 71. Available at:

The result is all too clear. Rather than being smooth running appendages to the State apparatus, platforms are buckling under soaring costs of compliance. Instead of that, they need to hire teams of tax specialists and restructure their financial systems, all to prevent penalties from the state. This strictly administrative order, seeking to preserve the very market dynamic it regulates, risks constraining the market to suffocation. Compliance survival is more of a priority than innovation.

4.3 Stringent algorithmic enforcement mechanisms and data bottlenecks

Automated coercion, for this regulatory turnover, of third strand. The Vietnamese Government has turned enforcement threats contained in Decree No. 252/2026/ND-CP into activities. The regulatory instruments deployed are notably stringent. Now the tax authorities have the legal power to ask the banks to immediately block bank accounts. The enterprise will automatically be paralyzed due to the cancellation of one of the entered electronic invoice code in the system. At the national level the directors of companies in default are automatically barred from the borders.⁴³ This is algorithmic tax enforcement.

But if ammunition is flawed - the data - an automatic weapon is limited in its accuracy. National databases in Vietnam continue to have a very disjointed architecture overall. On top of big data silos are the Tax Departments, Customs, the State bank and the Ministry of Public Security. However, after a while, they aren't ready to communicate in a smooth manner. This isolation can be critical in determining the timing, a key element of administrative due process.

Think of a probable circumstance where service might be halted. If a bank freeze is initiated, it originates from a commercial bank and is sent out by the Tax department one week later. But the debt had been paid by the taxpayer being targeted the day before. Data pipelines were filled, and therefore, the indication signal was not passed on to the enforcement algorithm. This rubbing is a system and a vicious cycle of coerced bad decisions follows. Algorithms won't listen to citizens' grievances. It executes code.

The mechanism of mismatch suspensions of e-invoices is the sudden and devastating economic collateral damage to legitimate businesses. It binds their cash flow and gives doubts to the suppliers. It halts everything - and there is no relay system in place right away. The fact on the ground is to place a critical point of weakness in the administration of penalties in Vietnam, namely the lack of real-time and compulsory data synchronization between administrations.⁴⁴ Traditional administrative law provides for an injunction against an illegal state action by a business. The same is not true in the realm of automated tax coercion. The Vietnamese Government provided tax officials with

https://openscholarship.wustl.edu/law_journal_law_policy/vol58/iss1/8 (accessed on 16 July 2026).

see also CHUN, S.-H. "E-commerce liability and security breaches in mobile payment for e-business sustainability". *Sustainability*, v. 11, n. 3, 2019, pp. 715. <https://doi.org/10.3390/su11030715>

⁴³ VIETNAMESE GOVERNMENT, Decree No 252/2026/ND-CP detailing a number of articles and measures for the organisation and implementation of the Law on Tax Administration [Nghị định 252/2026/NĐ-CP quy định chi tiết một số điều và biện pháp tổ chức thi hành Luật Quản lý thuế]. Article 65. Available at: <https://vanban.chinhphu.vn/?pageid=27160&docid=218690> (accessed on 30 June 2026).

⁴⁴ Nguyen, T. H. N. "Hoàn thiện pháp luật xử lý vi phạm hành chính về thuế trong hoạt động thương mại điện tử [Improving the law on handling administrative tax violations in e-commerce]". *Tạp chí Quản lý nhà nước [State Management Review]*, n. 358, 2025, pp. 75-78. <https://doi.org/10.59394/qlnn.358.2025.1346>

a super sharp sword and an old-fashioned radar for use. Finally, eCommerce tax coercion remains and will remain somewhat the rare, somehow random, somehow destructive, dragnet over an algorithmic risk management system until somebody downplays inter-agency data synchronization as a mere bureaucratic hurdle. The state needlessly endangers those very consumers it seeks to regulate.

5. Global cyber-tax enforcement architectures and legislative lessons for Vietnam

The point is: there are no winners in any digital tax battle for any sovereign state. Digital borders are merely a legal fiction. Not only is the Vietnamese State failing when it comes to source-withholding, but it is facing a challenge in today's world to enforce those rules. This is a universal friction that can be felt in 21st Century commercial reality where 20th Century administrative law is applied. Domestic enforcement systems are still changing between platform and manual enforcement, and next generation compliance machines have been built to institutional geographies. They didn't modify antiquated laws. They offered a new interpretation of rules of engagement. The dissection of these International architectures is not a scientific thing, but it is for the consideration of really changing from the coercion system of administration in Vietnam. As a matter of survival of statutes.

5.1 The OECD and the demolition of the physical presence fallacy

When the jurisdiction is legally challenged, all tax systems do come to an end. The multinational technology giants had a cash wall for decades – the physical presence rule! The orthodox rule wasn't calling for any change. If a corporation did not have offices, factories or localized workers for a specific jurisdiction, it was not responsible for taxes there. The Base Erosion and Profit Shifting (BEPS) Action 1 Report from the Organisation for Economic Co-operation and Development (OECD) gradually broke through this barrier.⁴⁵

The OECD came to a harsh conclusion. Offshore Chasing anonymized IP addresses in an administrative dead end. The OECD instead shifted the basic definition of the "nexus of jurisdiction". They defined a notion of 'Significant Economic Presence (SEP)'.⁴⁶ The reasoning of the jurisprudence is highly precise. The modern corporation can't be calculated in cement or metal. It is determined from user data. It's the time and number of digital transactions. There may not be any physical offices in a platform in a sovereign state. But this puts such a smart contract platform into a taxable territory when they execute tens of thousands of localized smart contracts from that platform and start to intensively collect digital shadows of domestic population.

This paradigm shift offered substantial theoretical underpinning to the new tax law. It provided national legislatures with a robust jurisprudential basis to legitimately extend their taxing jurisdiction across borders without violating international law. The essence of SEP theory is that any coercion by a domestic government (such as Vietnam) that allows them to collect and remand taxes on foreign tech platforms is an illegal encroachment on international tax sovereignty. Under the law, this digital tax framework is being implemented as an SEP.

⁴⁵ OECD. Addressing the tax challenges of the digital economy, action 1 - 2015 final report. OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, 2015. <https://doi.org/10.1787/9789264241046-en>

⁴⁶ Ibid.

5.2 The DAC7 Directive: The European Union's data extraction engine

In contrast, Europe does not take the voluntary tax morals for granted. Compulsory and distributed transparency are used in Europe. The European Union (EU) defined its approach to enforcement by the DAC7 Directive (Directive 2021/514/EU).⁴⁷ This particular law is designed to wipe out the very pathologies that are crippling the Vietnam system: vendor opacity and dispersion of financial data.

DAC7 compels radical change of the digital business. It makes legally all platforms - from Amazon and Airbnb to local gig-economy delivery apps - into state-mandated nodes from which to extract data.⁴⁸ There is no safe haven. Algorithm exception is none. It mandates platform operators to automatically collect and hand over hyper-granular data for all third-party sellers on their platform. Personal identification protocols. Tax registry numbers. Bank account routing information in select granular format. Quarterly revenue aggregates. Accurately calculate platform commission deductions. All this data has to follow very involved and detailed XML file formatting and be forcibly, and with no possibility of postponement, uploaded to state tax sites at set frequencies, which are in no way flexible.⁴⁹

The EU model's efficacy is its speed and its synchronisation across the borders. The 27 Digital Tax Servers are interwoven for sovereign members states. When an independent merchant in France sells through an ecommerce marketplace, tax authorities in Germany have the transaction data immediately appear on their audit screens, if the merchant states a German address. However, it is vital to acknowledge why this data-extraction engine would face severe friction in Vietnam's specific market. The EU benefits from a highly banked, cashless single market. In contrast, Vietnam's e-commerce is overwhelmingly reliant on Cash-on-Delivery (COD). Because DAC7 relies on capturing digital financial settlements, directly transplanting this framework into Vietnam would fundamentally fail to capture the physical, offline settlement of COD transactions, rendering the model incomplete without corresponding logistics reform. Furthermore, DAC7 provides regulatory authorities with draconian punitive consequences. What if a platform won't cooperate and give away the data? The EU is not stingy with token administrative fines. The order allows for unilateral revocation of operating licenses, the freezing of trans-European payment gateways and for the permanent removal of non-compliant platforms from the single market. Algorithmic enforcement contributes to the consolidation of the powers of the state. There no middle ground on a digital platform now, unless one has total transparency of data, then it is a pathway to death of route to market.

5.3 The Post-wayfair United States: Financial liability of platforms

The ecommerce tax revolution began, not in the legislative branch of the U.S. government. The judiciary initiated the matter. The Supreme Court decision *South Dakota v. Wayfair, Inc.* in 2018 had everyone in surprised from a legal standpoint.⁵⁰

⁴⁷ COUNCIL DIRECTIVE (EU) 2021/514 of 22 March 2021 amending Directive 2011/16/EU on administrative cooperation in the field of taxation (DAC7) [2021] OJ L104/1. 2021. Available at: <https://eur-lex.europa.eu/eli/dir/2021/514/oj/eng> (accessed on 21 June 2026).

⁴⁸ Ibid.

⁴⁹ Ibid.

⁵⁰ GAMAGE, D., SHANSKE, D., and THIMMESCH, A. "Taxing e-commerce in the post-wayfair world". *Washington University Journal of Law & Policy*, v. 58, n. 1, 2019, pp. 71. Available at:

That precedent, long dormant in the Supreme Court, was just formally codified by the Court, and the Court now provided individual states with the constitutional authority to impose sales taxes on out-of-state online sellers if they have economic nexus with the state.

This precedent-setting ruling, however, sparked a bureaucratic fiasco. The numbers of folks working in the revenue department were just not able to handle millions of tiny vendors as they spread out around the nation. The U.S. legislative response was anything but gentle, however - Marketplace Facilitator laws were enacted. The rule that accompanied this statutory framework states that any digital business that's providing the infrastructure that connects buyers and sellers and at the same time is handling the financial transaction is legally, *de facto*, the retailer for tax purposes.⁵¹

However, attempting to draw direct comparative parallels between the United States and Vietnam requires structural caution. The U.S. framework is inherently shaped by the unique federalist nature of subnational sales taxes, with thousands of overlapping municipal tax codes. Conversely, Vietnam utilizes a centralized Value-Added Tax (VAT) framework. A direct legislative transplant of the Marketplace Facilitator model into Vietnam is structurally flawed unless carefully calibrated to function within a unified, national tax assessment mechanism.

Volatile efficiency of this mechanism has been charted by legal scholars like Gamage and his co-authors.⁵² The technical difficulty behind proprietary algorithms is completely off the radar in American law. This law lays down a bare truth. Amazon must determine the proper tax, based on thousands of overlapping tax codes from the different municipalities, collect the tax from the customer and pass the money up to the state treasury. What happens if Amazon's algorithm glitches and miscalculates? Suppose the platform is forgetting to deduct the tax completely? The state tax authority does not want to expend resources pursuing the individual vendor. They will simply weigh the heavy tax liability against Amazon. The platform has to be sold off because of its own mistakes in the code. When financial responsibility is moved with aggression there is an inescapable incentive. It compels tech behemoths to systematically get rid of non-compliant vendors from their networks and to invest billions for forensic tax-accounting software to shield their own profit margins. The American state previously managed to recruit international tech giants as a network of effective and costless tax harvesters. The consequences of this aggressive domestic policy are enormous, with Yifang Li and Huanhuan Chen examining the shift in the US cross-border e-commerce taxation policy, and the resulting necessity for international trading partners to urgently adjust their regulatory compliance frameworks.⁵³

5.4 China: Algorithmic coercion and compliance mechanisms

Now, while Europe forces data out by the law and America imposes financial liability, China coerce it by pure algorithms. When it comes to taxation of e-commerce, China does not look at it purely with administrative law eyes. You and Bu's structural anatomy showed that Beijing has actually codded its tax administration rules into the central logic

https://openscholarship.wustl.edu/law_journal_law_policy/vol58/iss1/8 (accessed on 16 July 2026).

⁵¹ Ibid.

⁵² Ibid.

⁵³ LI, Y., and CHEN, H. "The shift and impact of the us cross-border e-commerce taxation policy towards China". *Journal of International Economy and Global Governance*, v. 3, n. 1, 2026, pp. 17-26. <https://doi.org/10.58244/jiegg.263755>

of the national digital ecosystem - mainly via super-apps such as Alipay and WeChat Pay.⁵⁴

China's government does not have to manually issue bank-freeze orders for thousands of individuals as is the situation currently in Vietnam with the Vietnam Tax Departments. They use algorithmic coercion. Platforms can be held liable for the legal hygiene of all users on their platform. If an online storefront shows data signs of tax evasion, the tax authority's algorithm immediately sends messages to the national social credit system, and also to the storefront's own servers.⁵⁵

Inflicting of punishment is done in milliseconds. Does not require any human administrative signing. The violation of the given rule is immediately punished by traffic throttling meaning the products of their storefront are being actively hidden from the consumer's search results. Their commercial QR codes are disabled. Their e-wallets are shut. The fact is that millions of Chinese household businesses have seeing a dramatic rise in tax morality, as evidenced by Nie's empirical research⁵⁶. This algorithmic compliance is structurally anchored in the strict platform liabilities mandated by the PRC's E-Commerce Law - comprehensively analyzed by Weijun Huang and Xiaoqi Li - and executed through the data-driven integration models detailed in the OECD's Tax Administration 3.0 framework.⁵⁷ This compliance came without a state sponsored education push. It took off due to the fact that the punishment for evasion is instant "digital death". In the modern Chinese economy, a merchant is unable to sell a single product without QR code activation. China built an inescapable incubational environment for tax compliance by embedding these statutory guidelines into intermediary platforms' source programming codes.

Nevertheless, it is critical to recognize that praising China's automated enforcement model ignores significant institutional disparities. Deploying such aggressive, algorithmically driven enforcement mechanisms would face severe challenges in jurisdictions adhering to constitutional boundaries concerning the freedom of enterprise and the rule of law. The lack of judicial oversight in these self-executing algorithms inherently conflicts with traditional safeguards of administrative law. As critical literature on algorithmic governance by Pasquale and Cohen warns, surrendering tax enforcement to opaque, proprietary "black box" algorithms dangerously diminishes public auditability. Without structural transparency and stringent data governance, such automated exclusion from the market functions as an unappealable administrative sanction, bypassing foundational constitutional protections.

5.5 Re-engineering Vietnam's e-commerce tax architecture: From theory to pragmatic drafting

Lifting and transplanting a foreign law wholesale is in the end a recipe for institutions

⁵⁴ HUANG, W., and LI, X. "The e-commerce law of the People's Republic of China: E-commerce platform operators liability for third-party patent infringement". *Computer Law & Security Review*, v. 35, n. 6, 2019, pp. 105347 <https://doi.org/10.1016/j.clsr.2019.105347>

⁵⁵ MENGING, N. "Determinants of tax morale of C2C e-commerce operators in digital economy: evidence from China". University of Malaya, 2023. Available at: [https://knova.um.edu.my/student_works_2020s/1441_\(accessed on 13 June 2026\)](https://knova.um.edu.my/student_works_2020s/1441_(accessed on 13 June 2026)).

⁵⁶ Ibid.

⁵⁷ HUANG, W., and LI, X. "The e-commerce law of the People's Republic of China: E-commerce platform operators liability for third-party patent infringement". *Computer Law & Security Review*, v. 35, n. 6, 2019, pp. 105347 <https://doi.org/10.1016/j.clsr.2019.105347>
OECD. Tax administration 3.0: The digital transformation of tax administration. OECD Publishing, 2020. <https://doi.org/10.1787/ca274cc5-en>

to fail. Vietnam cannot simply transcribe and rewrite the European DAC7 Directive or the American Marketplace Facilitator laws to an economy where cash is still the main currency. The global models we have analyzed above are by no means blueprints to be simply copied. They are strategically important coordinates! They supply the jurisprudential underpinning to the Vietnamese Government for strategically re-engineering its own regulatory toolkit. Having identified three fatal systemic diversions in Part 4, there will need to be a three-part legislative reform agenda to extinguish them: weaponizing the data of logistics, drawing statutory safe harbours for tech platforms and humanizing automated coercion algorithms.

5.5.1 Eradicating the Cash-on-Delivery blind spot: Reclassifying logistics as financial intermediaries

In fact, the chronic failure of the tax authority to execute audit of COD transactions is not a fault of the technology. This is a major miscarriage of justice in the Tax Administration Law 2025. Now, Vietnamese legal frameworks classify the third-party logistics (3PL) providers like Viettel Post, Giao Hang Tiet Kiem, or J&T Express as transport and freight-based companies. This is a critical legal blind spot. That logistics company is no longer just a logistics instrument when it receives 500,000 VND physical cash from the buyer, then transports to a corporate depot and reconciles this with a digital ledger and wires the fund to the seller. These transform into a financial darknet intermediary. Their lifeblood is temporarily concentrated with them.

The European DAC7 framework offers the very legal exit strategy. All parties involved in the transactional cash flow have to carry mandatory reporting responsibilities.⁵⁸ In addition, Vietnam needs to have an amended statute - or emergency supplementary Decree - fundamentally defining the legal obligations of logistics providers. All delivery companies providing COD collection services will be subject to the same anti-money laundering and transparency of financial operations requirements of the commercial banks.

The legislation wording here must be very specific. State agencies simply cannot require outmoded monthly paper reporting. The law should force a logistics company to build direct Application Programming Interface (API) pipelines directly into the central servers of the General Department of Taxation. The legal trigger is to be in absolute terms. As soon as the COD order is financially reconciled and the capital is transferred to the vendor's bank account, the logistics company's servers must automatically insert a standardized XML data packet in real-time in the state tax database, comprising, among other things, the digital waybill number, the amount of fiat currency collected and the fiscal identification number of the vendor.

With this mechanism, Tax Departments will not be required to hunt millions of ghost accounts. All they do is apply a chokehold to the delivery infrastructure. This invisible COD cash flow will be brought into the light instantly. The tax base, as the digital moving of money on state servers matches the physical moving of cardboard boxes, becomes not a theoretical, but the real tax base. It boils down to unassailable, mathematical evidence.

It is imperative, however, to directly engage with the costs associated with these reform proposals. Mandating real-time API reporting introduces profound privacy implications, as logistics networks would be forced to process and transmit granular

⁵⁸ COUNCIL DIRECTIVE (EU) 2021/514 of 22 March 2021 amending Directive 2011/16/EU on administrative cooperation in the field of taxation (DAC7) [2021] OJ L104/1. 2021. Available at: <https://eur-lex.europa.eu/eli/dir/2021/514/oj/eng> (accessed on 21 June 2026).

consumer financial data, requiring stringent cybersecurity safeguards. Furthermore, reclassifying logistics providers places a disproportionate and severe compliance burden on smaller, domestic operators. Without subsidized technological infrastructure, these mandates risk driving small logistics firms out of business, inadvertently consolidating market power into the hands of a few multinational delivery conglomerates.

5.5.2 Rebalancing risk: Engineering a statutory “safe harbor” for platforms

Article 13 of the Tax administration law 2025, concerning tax withholding and payment of tax on behalf of platform vendors, is a bold legislative step. However, it is not enough to be courageous, the law must also be commercially viable. Post-Wayfair America is a dire warning. A default obligation for all states to legal liability and financial exposure is an fatalistic commercial kill switch for digital platforms that lacks a state obligation to provide a state shield from civil suits.⁵⁹

Vietnamese tech companies are now in a precarious legal position. If their algorithm that sets the taxes indicates that an excessive amount of money is in a vendor's digital wallet, and they take the leftover funds in illegal manner, then who safeguards the platform in a civil court? Today, the Vietnamese civil and administrative law have nothing frightening to say about this situation. This is the key reason behind why platforms deliberately delay the introduction of source-withholding. They are afraid their users will bankrupt them due to their illegal grabbing of private property.

Vietnamese Government's advisory Circulars require an urgent “safe harbor” clause. It is a non-negotiable liability waiver. The new legal frontier must be clearly written in the law. If an e commerce platform is only doing the technical steps as provided by the Ministry of Finance, and has truly picked up the tax rate parameters from the state and programmed it into its withholding algorithm, then the platform has got an absolute legal immunity from any civil litigation for mis appropriation of assets. The algorithm that the state mandates is immune from lawsuit if, for whatever reason, it is incorrect and money is overwithheld. The legal battle is twisted around. The aggrieved vendor would be required to raise an administrative claim directly against the state tax authority for a refund.

With this safe harbour mechanism, a needful jurisprudential wall is established. The platform is now legally reduced to a “dumb pipe”, meaning that it performs on state order. They are not judicial interpreters of tax law. Global giants will need to be persuaded, with the fear of civil liability finally removed, to become the most efficient and automated tax collectors the Vietnamese State can find. Studying and designing such pragmatic mechanisms is important, as described by Tito Wibisono and Khoirunurrofik in Indonesia, tends to elicit strong responses to regulatory floors and ceilings,⁶⁰ while Nur Ashikin Ishak and others note that finding the right taxation model for Southeast Asia requires balancing state revenue and platform sustainability.⁶¹

⁵⁹ GAMAGE, D., SHANSKE, D., and THIMMESCH, A. “Taxing e-commerce in the post-wayfair world”. *Washington University Journal of Law & Policy*, v. 58, n. 1, 2019, pp. 71. Available at: https://openscholarship.wustl.edu/law_journal_law_policy/vol58/iss1/8 (accessed on 16 July 2026).

⁶⁰ WIBISONO, T., and KHOIRUNURROFIK, K. “The response of cross-border e-commerce merchants to de minimis thresholds in Indonesia”. *Jurnal Perspektif Bea dan Cukai*, v. 7, n. 1, 2023, pp. 171-188. <https://doi.org/10.31092/jpbc.v7i1.2135>

⁶¹ ISHAK, N. A., PALIL, M. R., SUHAILI, N. A., ABDUL RASHID, S. F., and ABU HASSAN, N. S. “Exploring a potential taxation model for taxing e-commerce transactions: A Malaysian perspective”. *Global Business & Finance Review*, v. 30, n. 10, 2025, pp. 84-98. <https://doi.org/10.17549/gbfr.2025.30.10.84>

Homidov Bakhtiyor Rahimberdievich notes that modern taxation can only consider the state revenues along with platform stability.⁶²

5.5.3 Humanizing the algorithm: Constructing a “digital emergency injunction”

Automated tax coercion is the ultimate form of digital statecraft. Article 65 of Decree No. 252/2026/ND-CP provides local Tax Departments with stringent weapons for enforcement to cut off capital with a keystroke and invalidate electronic invoices.⁶³ But the Chinese concept of “digital death” points to a deadly danger. If an algorithm is the executioner, it has no ability for due process. Because Vietnam's inter-agency network is also very disorganized, unreliably or incorrectly information supplied to the algorithm can completely ruin the financial viability of a perfectly compliant and legitimate operation within a matter of seconds.

The underlying reason for administrative law is to prevent the government from encroaching on the citizens' rights to property, not to surrender them to computer programming. What is needed is for the tax authority to not forsake automation. The answer is to make the constitutional right to due process part of the execution code, literally.

Vietnam can implement a totally new legal principle: digital emergency injunction. Regrettably, automated coercion currently functions without legally articulated safeguards. The proposed “digital emergency injunction” is not merely a technical override; it must be deeply integrated with established administrative law doctrines regarding the limits of automated state acts and the structural availability of judicial review. Because tax assessments in Vietnam possess a self-executing nature, administrative due process necessitates a legally articulated instrument that temporarily limits this self-execution. Where a bank account has been frozen by the automated system of the tax authority or an invoice code has been revoked, legally that action should not take effect straight away. Instead, the system should alert the taxpayer directly and immediately by using the system via the verified eTax Mobile application with the tag ‘Red Alert’.

This notification is digital, and is sent to a taxpayer, who soon gets 48 hours of grace period, at the very least. The automatic coercion order may then be suspended at this crucial stage, as the taxpayer has followed the “digital appeals” procedure and the “banking transaction code” documents the resolution of the tax debt. Taxpayer's file is pulled from the algorithmic execution queue. Despite this, manual, forensics verification by a human tax official is still needed as a protective human-in-the-loop requirement. In the absence of any legally certified information to the contrary by the human officer, the freeze order may only proceed to execution if evidence of its fraudulence is uploaded by that human officer.

There are two functions of this mechanism. It does help the piecemeal national databases (Tax, Customs and State Bank) to incline towards real time synchronization because over time a stream of false positives will wear down human auditors. But more important is that it mitigates the digital economy against the untidy collateral damage

⁶² RAHIMBERDIEVICH, H. B. “Ways to improve the e-commerce taxation mechanism”. *Central Asian Journal of Innovations on Tourism Management and Finance*, v. 6, n. 4, 2025, 1304-1309. <https://doi.org/10.51699/cajitm.v6i4.995>

⁶³ VIETNAMESE GOVERNMENT. Decree No 252/2026/ND-CP detailing a number of articles and measures for the organisation and implementation of the Law on Tax Administration [Nghị định 252/2026/NĐ-CP quy định chi tiết một số điều và biện pháp tổ chức thi hành Luật Quản lý thuế]. Article 65. Available at: <https://vanban.chinhphu.vn/?pageid=27160&docid=218690> (accessed on 30 June 2026).

of the latency of data, which is untidy and invisible. Digital tax administration is no carte blanche for the state to abandon its citizens' economic fate to unsupervised internets. Alongside each rigid automated enforcement algorithm, the law must provide a backdoor for human justice.⁶⁴

6. Conclusion

Attempting to tax invisible, high-speed digital transactions with analog, paper-based enforcement logic is a futile endeavor. Administrative action in the digital economy conducted by the State is infinite. Ecommerce tax is by far more than a hole in the budget. That is a power struggle, in effect, a matter of the jurisdiction involved, and of strength of enforcement.

Tax Administration Law 2025 and its coercive matrix in Decree No.252/2026/ND-CP is the Vietnam Government's vision for a strong port. But, the brutal truth shows up with the help of structural analysis in this research. The black-letter law, which has never shirked its responsibility, is going to be smothered to death by the speed and volume of the new and constantly changing digital tide of the activities of these transactions. This is just a bureaucratic act of shame against the sophistication of the tax evaders for the mistakes in their regulations. The coercion machine cannot do it if COD capital continues doing what COD capital does: circle around accounts that aren't on commercial bank statements; if intermediary platforms are the unwitting tax agents, without the protections of civil liability shields; if bank-freeze algorithms run on top of other data silos that are extremely flawed. Can cause systemic resistance, maximize economic collateral damage.

More severe punishment is unnecessary in Vietnam. More intelligent legal procedures needed in Vietnam.

Indeed, a forensic analysis of the international enforcement models (those of the OECD, the European Union, the United States and China) points to a clear direction for a structural redesign. Tax law, if it is to be effective at controlling this invisible corporate power, must be put into executable software protocols: the Local Tax Departments are going to immediately eradicate the blind spots of identification from physical cash flows from every third party logistics corporation middle men by compelling their creation of a forced and instant API gateway. The state is threatening tech giants with civil liability, and in exchange those companies have been drafted to become "Safe Harbors" – legally binding relationships with the state to provide servers for algorithmically controlled tax-collection work, thus bridging the gap between traditional tax substitution doctrines and modern algorithmic governance.

Significantly, the advent of robotic compulsion must not be permitted to set aside basic civil freedoms as prescribed by the constitution. Tax coercion code base needs to be amended to allow for administrative due process. It must have the Digital Emergency Injunction functionality. It is a statutorily required kill switch. It guarantees that no real business gets strangled financially in the bureaucratic process because of data latency from one agency to another.

Legislative manoeuvrings in the digital ages are no longer able to sit as an anaemic collection of administrative threats. They must become an algorithmic risk management ecosystem – smart enough to strip the tax evader of his anonymity and compassionate

⁶⁴ Nguyen, T. H. N. "Hoàn thiện pháp luật xử lý vi phạm hành chính về thuế trong hoạt động thương mại điện tử [Improving the law on handling administrative tax violations in e-commerce]". *Tạp chí Quản lý nhà nước [State Management Review]*, n. 358, 2025, pp. 75-78. <https://doi.org/10.59394/qlnn.358.2025.1346>

enough to respect private property of reputable merchants. To assert absolute tax sovereignty over cyberspace, Vietnam is only able through the resolution of these deep-rooted structural conflicts.

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