

Enhancing the Quality of Vietnam's Tax Officials in the New Era: Challenges, Strategic Reforms, and Policy Implications

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Abstract: As Vietnam enters a new era of digital transformation and global integration, strengthening the capacity and performance of its tax officials has become a strategic imperative for achieving national development goals. This study identifies key challenges facing the tax workforce, including disparities in competencies, outdated personnel systems, limited digital readiness, and inadequate motivation and evaluation mechanisms. Through an in-depth analysis, the paper proposes a comprehensive reform agenda encompassing five core areas: strategic workforce planning, diversified training and capacity building, performance-based compensation systems, institutionalization of professional ethics and administrative culture, and acceleration of digital transformation in tax administration. The findings underscore that addressing these challenges requires both structural and cultural changes supported by robust political will and institutional commitment. If effectively implemented, these reforms can enhance tax governance, improve public service delivery, and strengthen Vietnam's fiscal resilience in the context of a rapidly evolving global landscape.

Keywords: Vietnam; tax officials; public administration; workforce reform; digital transformation; performance-based management; public sector innovation

1. INTRODUCTION

A “new era” for a nation is broadly understood as a transformative historical period during which the country rises vigorously, strives to achieve strategic objectives, and attains remarkable levels of development, thereby establishing a stronger presence on the international stage. Each new era lays the groundwork for subsequent periods, forming an enduring trajectory of national advancement and growth. Since the 20th century, under the leadership of the Communist Party of Vietnam, founded and guided by President Ho Chi Minh, the Vietnamese nation has undergone two historically significant eras. The first was the Era of Independence, Freedom, and Socialist Construction (1930–1975), marked by the victory of the August Revolution in 1945 and the subsequent triumphs in resisting foreign invasions and building socialism in the North. The second was the Era of National Reunification, Renovation, and Development (1975–2025), beginning with the reunification of the country in 1975 and continuing through comprehensive reform efforts initiated by the Sixth National Congress in 1986.

With nearly four decades of renovation, Vietnam has accumulated substantial momentum and capacity for a new phase of rapid and sustainable advancement. The Party has affirmed that the country is poised to enter a third new era - the Era of National Ascendancy, commencing with the 14th National Party Congress in 2026. This era seeks to achieve prosperity for the people, national strength, and the realization of socialism, aiming for upper-middle income status by 2030 and high-income, developed nation status by 2045. In the context of the Fourth Industrial Revolution, new opportunities and challenges emerge. Vietnam's tax administration, an essential institution for public finance and economic regulation, must be reformed and modernized accordingly. Tax officials, as the frontline implementers of state tax policies, must be equipped to meet the demands of digital governance, global competition, and growing public expectations. This paper analyzes the emerging challenges facing the tax workforce and proposes strategic solutions to enhance their capacity and performance in alignment with national reform objectives.

2. EMERGING CHALLENGES FOR THE TAX OFFICIALS OF VIETNAM IN THE NEW ERA

The tax sector holds a pivotal position in managing and mobilizing state budget revenues, promoting administrative reforms, and enhancing the effectiveness of public economic governance. Tax officials,

as those who directly implement tax policies, regulations, and procedures, play a critical role in determining the success of public financial management. Amid Vietnam's deepening international integration and the acceleration of its digital transformation, the strategic importance of the tax workforce has become even more pronounced (Nguyen Thi Thanh Huong, 2021).

In recognition of these imperatives, the tax sector has, over recent years, undertaken extensive organizational restructuring aimed at streamlining operations and reducing intermediary layers (Government of Vietnam, 2025; Ministry of Finance, 2025). While these reforms are essential for modernizing public administration, they have simultaneously brought about significant changes in the quantity, quality, and structure of workforce demands. As Vietnam enters a new era of national development, a series of critical challenges facing its tax officials has emerged and must be comprehensively addressed.

One of the most pressing challenges is the uneven quality of tax officials across different administrative levels, geographic regions, and professional positions. A considerable proportion of tax officials still lack adequate knowledge of the digital economy, digital transformation processes, and foreign language skills, essential competencies in an era increasingly dominated by technology and international collaboration (CECODES, RTA & UNDP, 2025). Moreover, vestiges of short-term mindsets and subjective, non-standardized working styles persist among some officials, resulting in a lack of initiative and pro activeness in performing their duties (General Department of Taxation, 2024).

In addition to competency gaps, the sector continues to grapple with deficiencies in talent management and motivation systems. There has been insufficient progress in identifying, nurturing, and promoting young, high-potential officials. The current working environments, salary frameworks, reward mechanisms, and promotion pathways often fall short of being competitive enough to effectively motivate and retain talent (World Bank, 2019). Further compounding these challenges is the persistence of outdated personnel evaluation and appointment mechanisms, which tend to emphasize administrative credentials, seniority, or personal networks over actual performance outcomes and public satisfaction indicators (World Bank, 2019).

The tax workforce's limited readiness for operating within highly digitalized and data-driven environments also poses a significant barrier to the adoption of modern tax administration models. Many officials remain unprepared to fully utilize digital technologies, hindering innovation and reducing the effectiveness of governance reforms (OECD, 2021). If these challenges are not addressed promptly and comprehensively, they risk constraining the sector's ability to contribute effectively to Vietnam's strategic development goals in the new era.

To overcome these challenges and position the tax workforce as a dynamic driving force for national development, several strategic measures must be implemented. Priority should be given to comprehensive training and capacity-building programs that focus on digital economy literacy, digital governance, data analytics, and foreign language proficiency. Such programs will help close critical knowledge and skills gaps and prepare officials for the demands of a modern tax environment.

Furthermore, transformation in mindset and organizational culture is essential. Fostering a work environment that values strategic thinking, innovation, and proactive problem-solving can be achieved through leadership development initiatives, mentorship programs, and updated evaluation standards. Simultaneously, talent management mechanisms must be modernized to ensure that recruitment, remuneration, rewards, and promotions are merit-based, competitive, and performance-driven, with particular emphasis on attracting and retaining young, high-potential staff.

Evaluation and appointment systems should also be revamped to incorporate results-based frameworks, with a strong focus on task accomplishments and levels of public trust and satisfaction. Accelerating the adoption of digital skills must become a core component of professional development and performance assessments, thereby ensuring the digital readiness of all tax officials.

Finally, strengthening organizational ethics and accountability is indispensable. Establishing transparent, integrity-driven operational frameworks will enhance public trust and legitimacy, fortifying the reputation and effectiveness of Vietnam's tax administration. Addressing these dimensions in a holistic and integrated manner will not only elevate the capacity and performance of Vietnam's tax officials but also contribute to strengthening the overall efficiency, transparency, and modernity of

public finance governance, thereby positioning Vietnam for successful advancement in the emerging global landscape.

3. SOLUTIONS TO ENHANCE THE QUALITY OF VIETNAM'S TAX OFFICIALS IN THE NEW ERA

To address the mounting challenges faced by Vietnam's tax workforce and to elevate their professional quality in fulfilling both political and technical mandates in the new era, it is essential to adopt a series of integrated, forward-looking solutions.

3.1. Developing a Strategic Framework for Tax Workforce Development

The foundational step in enhancing the quality of tax officials lies in formulating and refining a comprehensive strategic framework. This strategy must serve as a guiding blueprint for all subsequent initiatives aimed at workforce improvement. It should prioritize the creation of a modern, streamlined, and efficient tax administration system that integrates information technology and transitions toward a fully electronic platform. At the core of this transformation is a professional, ethical, and innovative - driven human resource foundation.

Moreover, the plan should seek to elevate the capacity of tax inspectors and auditors to meet international best practices while strengthening competencies in operational execution. Attention must be given to incorporating stakeholder feedback, especially in designing anti-corruption strategies and fostering institutional resilience. The strategy should also include expanding international cooperation with foreign tax authorities and global organizations, introducing new recruitment models to attract qualified candidates annually, and restructuring human resources across administrative levels. This includes reducing the share of personnel in indirect functions, enhancing teams responsible for core tasks such as inspection, auditing, and investigation, and promoting job rotation, downsizing, and decentralizing human resource management. Periodic reviews of workforce planning should be conducted to align staffing adjustments with emerging digital workflows, e-services, and automated risk management models that reflect both national priorities and international benchmarks.

3.2. Diversifying Training Content, Delivery, and Pedagogical Approaches

Training and capacity building are central to workforce enhancement and must be diversified in both content and methodology to meet the dynamic demands of the digital era. Between now and 2030, training curricula should be regularly updated and customized to reflect Vietnam's broader development trajectory and the strategic needs of the tax sector. Traditional training aligned with job standards and technical functions should be complemented by modules on digital economy literacy, global trends in tax governance, and the application of science and technology in tax-related tasks.

In terms of delivery, tax authorities should identify and sponsor promising young officials to attend intensive, long-term training programs at prestigious domestic and international institutions. For broader participation, a blended learning model—combining centralized and decentralized modes, varying durations, and theoretical and experiential components—should be adopted. E-learning platforms, interactive materials, and open-source technologies must be integrated into the training infrastructure. The development of digital learning content and objective assessment frameworks should also be strengthened to ensure quality and consistency.

Pedagogically, learner-centered approaches must be emphasized, incorporating real-world problem-solving, analytical reasoning, and reflective practices. Training must transcend formality, focusing instead on cultivating critical thinking, self-directed learning, and independent research capacity among tax officials. These reforms aim to develop a tax workforce that is not only knowledgeable but also agile, innovative, and resilient.

3.3. Linking Salary Reform and Incentive Mechanisms to Performance Outcomes

An effective compensation and reward system is a crucial motivator for performance enhancement. By 2030, the tax sector should initiate reforms to salary structures, allowances, and incentive packages to ensure a more competitive and equitable income base for its workforce. The application of the widely used 3P model, Pay for Position, Pay for Person, and Pay for Performance, should be tailored to the public sector context. Particular emphasis must be placed on the "performance" component to reinforce accountability and individual contributions.

This transition requires the adaptation of current regulatory frameworks and a shift toward monthly performance-based evaluations. Metrics should reflect not only task completion but also qualitative indicators such as collaboration, innovation, and responsiveness to taxpayer needs. The design of the 3P system must be guided by principles of fairness, legal compliance, and institutional cohesion, balancing individual incentives with collective solidarity and organizational discipline.

Beyond salary reforms, reward mechanisms must be revitalized to move beyond superficial recognition. The tax sector should institutionalize meaningful awards for outstanding performance and promote merit-based advancement. Regular, well-publicized recognition of exceptional contributions will help foster a culture of excellence and commitment throughout the tax administration system.

3.4. Institutionalizing Professional Culture and Ethical Standards

The promotion of a healthy professional culture and the institutionalization of ethical standards are critical to building public trust and enhancing service delivery. Office culture in the tax sector encompasses behavioral norms, workplace interactions, and organizational values that influence performance and morale. These must be aligned with Vietnam's cultural traditions, legal standards, and the broader objectives of administrative reform.

To this end, the sector should develop specific guidelines on dress code, communication etiquette, time management, and office arrangements. Leaders at all levels must act as role models in upholding these standards. Ethics, meanwhile, must be embedded into everyday practices through a clearly defined code of conduct covering core principles such as integrity, objectivity, professionalism, diligence, and continuous learning. Ethical communication with taxpayers, colleagues, superiors, and the public must be emphasized, especially in an era of increasing transparency and media scrutiny.

Enforcing administrative discipline is equally vital. Tax officials must perform duties in accordance with hierarchical structures, use time efficiently, observe internal regulations, and bear full responsibility for their conduct. Institutionalizing these practices will contribute to a disciplined, respectful, and accountable workforce that is capable of meeting the rising expectations of the public.

3.5. Accelerating IT Integration And Digital Transformation In Tax Workforce Development

The rise of the digital economy has transformed every aspect of public governance, placing new demands on the tax sector. In this context, strengthening IT infrastructure and accelerating digital transformation are not optional but essential for organizational effectiveness and workforce readiness.

Organizationally, the tax sector must consolidate and empower specialized units dedicated to digital transformation, leveraging the capacities of existing IT departments. Simultaneously, digital literacy training must be deployed at all levels, with content covering cyber security, open-source platforms, e-Government models, and digital service delivery. Leadership must be equipped to champion these changes and adapt organizational strategy accordingly. Efforts must also be made to engage the public in the digital transition. Communication campaigns should raise awareness about e-tax services and provide guidance to taxpayers on how to use them effectively. In parallel, the sector should collaborate with technology firms to pilot and scale digital tools tailored to tax administration needs.

Operationally, tax processes must be reengineered to eliminate redundant procedures and standardize workflows using digital platforms. Digital technologies should be integrated into recruitment, performance evaluation, and professional development systems. Pilot projects exploring remote work for appropriate job roles should also be encouraged to increase flexibility and efficiency. By embracing technological innovation and fostering a digitally competent workforce, the tax sector will be better positioned to deliver on its mandate in a dynamic and increasingly data-driven environment.

4. DISCUSSION

The findings of this study underscore the strategic importance of tax officials as pivotal actors in Vietnam's public administration system, particularly in the context of the country's entry into a new era of socio-economic transformation. As the government pursues an ambitious agenda characterized by digital transformation, global integration, and institutional reform, the quality and readiness of the tax workforce will directly affect the performance of the national tax system and the realization of broader development goals.

The challenges identified, ranging from competency disparities and outdated personnel systems to low digital readiness, highlight the multi-dimensional nature of workforce weaknesses. These challenges not only impede operational efficiency but also erode public trust in the tax system, especially in an environment that increasingly demands transparency, accountability, and responsiveness. Moreover, the persistence of traditional mindsets and hierarchical rigidity within the tax apparatus stands in stark contrast to the flexibility and innovation required in a digital governance framework.

The proposed solutions suggest that addressing these challenges requires more than technical interventions. Structural reforms must be complemented by cultural and behavioral changes. Developing a strategic workforce plan aligned with Vietnam's modernization goals is essential, but such a plan will only be effective if supported by political will, financial investment, and sustained institutional commitment. Similarly, training programs must shift from one-off interventions to a culture of continuous learning, digital up skilling, and performance-based recognition.

Furthermore, the reform of salary and reward systems, particularly through the implementation of the 3P model, represents a promising direction but will require careful customization and piloting to avoid unintended consequences such as internal inequality or reduced morale. Ethical standards and professional culture, while often overlooked in reform agendas, are equally critical. These elements form the foundation of a high-performing and citizen-oriented public service and must be institutionalized through enforceable codes and modeled by leadership. Finally, digital transformation is not merely a technological shift but a comprehensive rethinking of service delivery and internal processes. The tax sector must leverage this opportunity to reengineer workflows, integrate advanced digital tools, and explore new modalities of working such as remote services and AI-assisted decision-making. Doing so will not only improve performance but also help position the Vietnamese tax administration as a model of modern governance within the ASEAN region.

5. CONCLUSION

As Vietnam transitions into a new era marked by profound socio-economic shifts and global integration, strengthening the quality of its tax officials is both a strategic imperative and a practical necessity. The tax sector plays a central role in sustaining state revenues, ensuring public trust, and enabling effective economic governance. However, the sector currently faces a range of internal and external challenges that, if left unaddressed, may compromise its contribution to national development.

This paper has analyzed key weaknesses in the current tax workforce, including disparities in competencies, outdated management practices, insufficient incentives, and limited digital capabilities. In response, it has proposed a holistic set of solutions that include developing a strategic workforce plan, reforming training systems, linking compensation to performance, strengthening ethical and cultural foundations, and accelerating digital transformation.

For these reforms to be successful, they must be pursued in an integrated and sustained manner, supported by robust institutional mechanisms, cross- sectorial coordination, and leadership commitment at all levels. Only by building a competent, ethical, and future-ready tax workforce can Vietnam ensure that its tax system becomes a driver, not a barrier, of sustainable development and state legitimacy in the digital age.

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