

A THEORETICAL APPROACH OF THE FISCAL SYSTEM IN ROMANIA

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***Abstract:** An important episode in the previous century was the fall of the communist economies in Central and Eastern Europe and the Baltic states. The collapse of these economies led to the emergence of so-called countries in transition, which were characterized by rapid economic and institutional change. This transformation has been accompanied by the emergence of a substantial amount of undeclared work, being described as income from productive economic activities that are legal and taxable, but for which do not pay income tax, social security contributions, value-added tax, etc., because they are not reported to the tax, social security, or customs authorities. The research includes notions about taxation in Romania, the economic framework of taxes, fees, and contributions, as well as their management procedures from an accounting point of view. In this research, we analyzed the tax system in Romania in terms of defining, delimiting taxes and fees and organizing and operating the tax system at the national level. At the same time, the main taxes, and duties due by the Romanian economic entities and the related conclusions were presented.*

Keywords: *fiscal system, tax, VAT*

JEL Classification: M40, M41

Introduction

Starting from the "conflict" between accounting and taxation, the need to prepare nominal tax records appears as an effective way to reduce the phenomenon of tax evasion, in the context of the registration approach, as a basic function of the tax administration.

Clearly, anti-fraud methods and techniques are the attributes of tax authorities who, based on practical considerations, have concluded that rigorous document preparation, such as payer records, can be an effective means of reducing tax evasion. by increasing the contribution of the information system.

The existence of the state implies the provision of financing sources for public activities related to its proper functioning. Tax, as a fundamental element of taxation, is the main source of state revenue for financing public spending.

The Romanian Constitution, as subsequently amended and supplemented, stipulates the obligation to contribute to public expenditures, thus "Citizens should contribute, through taxes and fees, to public expenditures." Along with natural persons, the fundamental law also provides for fiscal obligations for economic entities, to which the quality of taxpayer is assigned (Romanian Constitution 1991- with subsequent amendments and completions).

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The price paid by the taxpayer is made through the taxes and duties they pay and which are used by public authorities, public institutions and other public service providers, to cover the expenses faced by the state.

The relationship between taxation and taxpayers was from the beginning and is a relationship based on antagonistic interests, since the interest of the state is to collect as much income to perform its functions and that of the taxpayer to participate as little as possible. or not at all, if possible, when establishing these sources of income.

Taxation is a complex field and tax is the fundamental element of taxation. The tax, as a generic term, also integrates the content of the notions of taxes, respectively contributions due to the state, which, are also part of the field of taxation.

Given that the tax is a form of levying part of the taxpayers' income at the disposal of the state to cover public expenditures, taxation is perceived as "a link between the state and individuals and legal entities" (Tâțu et al., 2004).

The development of the world's economies is largely based on well-organized taxation. In developed countries with a long democracy, the payment of tax obligations has become a feature manifested through fiscal citizenship.

Lately, there has been an increase in public spending, an increase largely determined by a demand for both quantitative and qualitative public services from society.

There is, in fact, a mismatch between society's needs and the state's ability to meet these growing needs, based on taxpayers' levies. These needs of society are gradually transformed into rights, which the state must subsequently guarantee. For the state to be able to meet these needs transformed into rights, it must take measures to increase revenues to the state budget.

The mismatch between the needs of society and the real possibilities of the state makes taxation a compromise between the growing need for public services, which involves additional taxation and the need for fiscal equity and fiscal relaxation, constantly demanded by taxpayers.

The increase of the tax rate can in turn affect the general economic situation by decreasing production, decreasing consumption and decreasing the degree of saving the population.

The level of fiscal pressure borne by taxpayers depends on how taxation is imposed in the organizational structures of the state, on the results obtained in collecting state revenues, on the degree of involvement of the institutions responsible for the application of regulations in this field. The efficiency of taxation is decisive in ensuring an appropriate level of fiscal pressure as well as the level of amounts collected by the state.

Taxation has two valences - a political one - which aims at the relationship between taxation and the policy promoted by the incumbent governments and - an economic one - which creates the possibility of state intervention to eliminate distortions and ensure an economic balance.

Taxation usually generates conflicting interests between the state on the one hand, which wants to maximize its tax revenues, and taxpayers on the other, who are willing to pay as little as possible. These interests must be managed in such a way that the realization of the budgetary revenues necessary for the proper functioning of the state is not affected.

We conclude that the budget revenues consist of taxes and fees owed by individuals and economic entities, called taxpayers, who must contribute to the establishment of the budget for the proper functioning of state-guaranteed public services.

Taxes and fees - definition and delimitations

The word "tax" comes from the Latin „imponere”, which means that the state as a public authority imposes on its subjects the obligation to contribute to cover its expenses and thus, they pay certain amounts of money called taxes.

Thus, among the first definitions of tax, we find the one issued by Allais (1989), who defines the tax as: "an intellectual product of a financial nature, in the form of tax levies on various forms of manifestation of income of subjects in the real economy, compulsorily and definitively, without immediate and direct consideration, imposed by the state or local public authorities, to finance their public obligations and state intervention for economic and social purposes.

Subsequently, Bistriceanu (2001) defines the tax as a forced, non-refundable tax, without any counterclaim, taken from the income/wealth of individuals or legal entities to the advantage of the state budget. In the opinion of Tulai (2003), nowadays, taxes are some obligations legally claimed by the legislator from individuals or legal entities, according to their possibility and the contributions are forcibly brought into the state budget, without any immediate counterpoint. Another definition is given by Sandu et al., (2008), which states that the tax would be the monetary obligation of individuals or legal entities to the state, a definitive obligation, without a possibility of reimbursement or without providing any direct equivalent.

Therefore, the tax system is influenced by the number and structure of taxes used, the fundamental tax options on the importance and place of different types of taxes, in the structure of budget revenues and the level of taxation, tax citizenship, the extent of tax evasion and fraud and prevention and control measures. of these (Grigorie-Lăcrița et al., 2008). According to Professor Banc (2009), the tax is a way of collecting a fragment of private income or wealth of individuals and businesses, which are available to the state, and these amounts they pay are non-refundable, have no direct counteraction or to cover the expenses necessary to carry out the functions and tasks of the state. In our opinion, the tax represents the total monetary contributions made available to the state by economic entities and individuals, who actively participate in the formation of the consolidated state budget, while being the fundamental element of the tax system.

The tax is an amount of money collected by the state through the tax system and represents a percentage of income or value of property owned by a natural person or economic entity. It is also a source of funding for the expenditure of the state of general interest and local government. The tax is the main source of state budget revenue formation and public expenditure financing at both the national and local levels.

In conclusion, the tax is a payment of economic entities or individuals to the state, which is mandatory, non-refundable and without obligation of the state to a consideration.

Taxes, as opposed to fees, represent the value of services performed by state institutions, at the request of economic entities and individuals for various purposes, while constituting an income to the state budget.

The definition of taxes has evolved, each author has made their contribution to the concept of tax. According to Allais (1989), taxes are considered an intellectual product in financial form, which is the collection of sums of money from the state budget on a legal basis, directly and immediately from individuals or legal entities.

Later Văcărel (2001) considered taxes as payments made by individuals and legal entities for services provided by state bodies or public institutions when receiving, preparing, issuing documents or solving the legitimate problems of the parties. Therefore, the fees represent the value of the services provided by the state at the request of individuals and companies (notarial deeds, references to contractual and state companies, etc.).

We conclude that the tax represents the payment of money, optional, individual, final and non-refundable, with an obligation on the part of the state to a direct or immediate consideration or equivalent, made by economic entities and individuals.

In most European countries, as well as in the USA, the term "tax" is not used, using the generic name of "tax", in fact having the same meaning and the same implications. However, the current regulations in our country make the following distinctions between taxes and fees:

- in the case of tax, there is no obligation for the state to provide a direct and immediate service, while the situation is reversed in terms of taxes;
- their value is determined differently: the tax is established mainly based on a certain taxable base, while the tax is generally influenced by the nature of the services provided;
- the payment conditions are set at fixed dates for taxes and upon request or after the provision of the service for fees.

The delimitation between taxes and fees can be made considering that taxes are related to the contributory capacity of taxpayers, without obtaining a direct consideration from the state and the taxes appear as a result of the applicant's recourse to certain public services.

In Romania, the mandatory taxes and fees regulated by the Fiscal Code and Law no. 227/2015, with subsequent amendments and completions are the following:

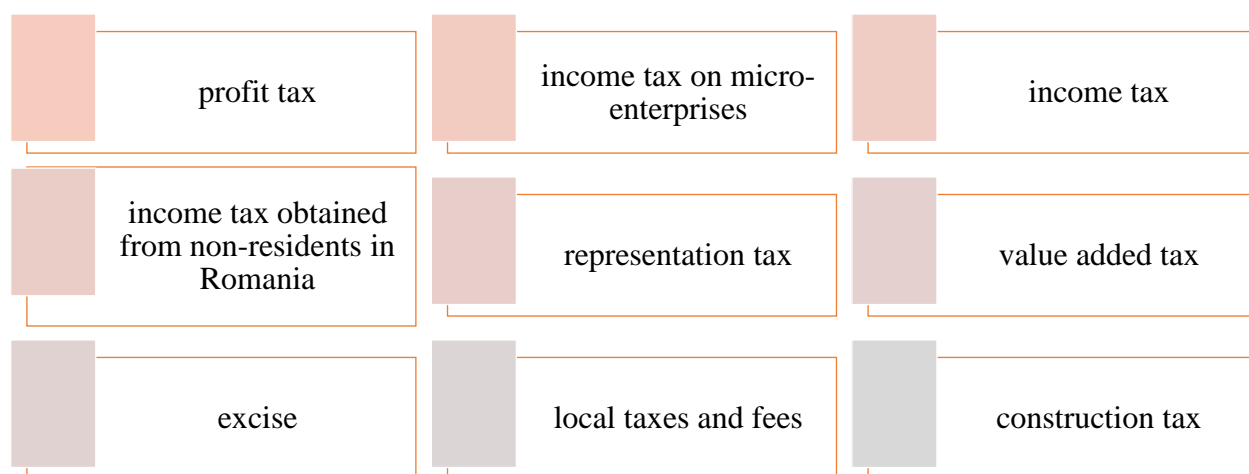


Figure 1 Mandatory taxes and fees in Romania

Source: Law no. 227/2015 - Fiscal Code, with subsequent amendments and completions

The collection of taxes and fees is done through the National Agency for Fiscal Administration (ANAF), which represents the fiscal system and which has the role of ensuring the necessary resources for public expenditures and the establishment of the general consolidated state budget.

The payment obligations are regulated by normative acts, which identify the fiscal subject (economic entity or natural person), specify the tax rates, depending on certain components (income, profit, value, etc.) and establish the payment terms.

The tax subject corresponds to a taxpayer, the tax rate serves as the basis for calculating the tax and determines the amount of payment and the payment term is set in the time between the registration of a tax claim and the time of its payment.

The obligations incumbent on a taxpayer are provided by law and refer to the organization of accounting, calculation and timely payment of amounts owed and how to remit them to the state budget.

Sanctions are the consequences of non-compliance with the legal terms and conditions for payment of taxes or evasion from their payment, by various methods. In this regard, penalties for delay or penalties for criminal offences or penalties may be applied, as appropriate.

Organizing the fiscal system in Romania

As we mentioned in the previous subchapter, the tax represents the total monetary contributions that participate in the formation of state revenues and is the fundamental element of the tax system.

In addition to the fundamental element, namely the tax, the fiscal system consists of two essential components, namely the fiscal mechanism and the fiscal apparatus. The fiscal mechanism represents the set of methods, techniques and procedures used in the process of establishing, tracking and collecting the state's tax revenues, as well as the instruments of taxation.

The fiscal apparatus is made up of the participants involved in the functioning of the fiscal system, respectively:

- the bodies in charge of the legislative decision, in the matter of fiscal policy, which is materialized by regulations in the law of public finances, the annual budgetary law as well as in the general fiscal laws (Government and Parliament);
- those responsible for implementing the regulations on the administrative management of public finances are represented by the Ministry of Public Finance and subordinate territorial bodies, together with other public bodies, which must ensure that the purpose for which the taxes were imposed is achieved.

The institution of the central public administration that is responsible for the application of the strategy and the government program in the field of public finances and the realization of the provisions of the consolidated annual budget of the state is the Ministry of Public Finance.

The National Agency for Fiscal Administration, a public institution with a legal personality subordinated to the Ministry of Public Finance, operates for the accomplishment of its attributions and the increase of the administrative capacity of the fiscal issue.

The main objectives of the National Agency for Fiscal Administration are the collection of state budget revenues, state social insurance and other debts to the consolidated state budget, under the unitary application of legislative provisions on tax levies, to ensure fair treatment of all taxpayers.

We consider that the main task of the fiscal apparatus is that through taxation it seeks to achieve the state budget revenues and to combat tax evasion.

To ensure the maximization of fiscal efficiency, without the fiscal pressure becoming unbearable, a permanent adaptation of the fiscal legislation to the economic realities of the period is required, corroborated with the continuous training of the personnel in this field of activity.

The implementation of tax regulations presupposes the existence of a mechanism as a result of the development of procedures, techniques and rules under which the tax administration and taxpayers can exercise their rights and obligations in terms of taxes and duties, for the collection of taxes. state tax revenues.

The collection of taxes includes all the operations through which the tax is collected by the fiscal bodies with attributions in this respect. Tax collection can be done through several methods:



Figure 2 Tax collection methods

Source: own projection

At all stages of the collection of tax obligations, a set of tax documents is used, which differ according to their content, depending on their destination and use.

The main taxes and fees owed by economic entities in Romania

In the Romanian Constitution, we find the concept of "public finances" which is associated with the state, administrative-territorial units and other institutions of public law, in connection with their resources, expenditures and debt.

Finance has manifested itself over time as social ties of an economic nature arising from a process of distribution of social product and especially national income, which is also closely related to the performance of state functions and tasks.

Public finances are formed by the totality of social relations, of economic nature, which appears in the process of realization and distribution, in monetary form, of the resources necessary for the functioning of the state. An important role in collecting budget revenues is played by the state, which through the tax administration has the responsibility to protect the public tax authority (James, 2009).

The state is a social authority, an expression and a form of manifestation of the general needs of a community. To meet the general needs of this community, the state must have certain funds to provide to the state institutions through which it acts. The necessary funds, based on which the state operates, are constituted and represent the national public budget.

According to art. 138 para. (1) of the Romanian Constitution, with subsequent amendments and completions, the main financial plan of the state - the national public budget - "includes the state budget, the state social insurance budget and the local budgets of communes, cities and counties."

The tax, as we have shown above, is a form of a collection of part of the income or wealth of individuals and legal entities available to the state, to cover public spending. This collection is mandatory on a non-refundable basis and without consideration from the state. The tax is also the main source of state budget revenues and public expenditure financing.

Fees are payments made by individuals and legal entities for the services provided to them by public institutions. Fees meet several tax-specific attributes, namely obligation, non-refundability and

the right to pursue in case of non-payment. In the following, we present the main taxes, fees and obligations that have a major share in the fiscal cost of an economic entity in Romania, to clarify how to determine taxes, fees and obligations, following the latest legislation. Value-added tax and income tax have the strongest impact on the cash flow of an economic entity.

Value-added tax (VAT)

Despite the importance and popularity of value-added tax (VAT) as a way of taxing consumption and increasing public revenues, there is little academic literature on this topic (Keen, 2009). Value-added tax has been adopted by all European Union countries (Braşoveanu & Obreja, 2009; De La Feria et al., 2010; Cnossen, 2015), as well as in almost all countries in Africa and Latin America (Tait, 1989; Williams, 1996; Bird & Gendron, 2007; Keen, 2009; Sergiou, 2012).

In developing countries, value-added tax has been seen as a source of change in fiscal and economic policy (Ebrill et al., 2001; Bird & Gendron, 2007; Keen, 2009; Keen & Lockwood, 2010). The introduction of value-added tax in recent decades has been the most visible tax reform undertaken by developing countries (Tanzi & Zee, 2000). There is some evidence, especially in the third world, that those countries that have adopted VAT have greatly increased their public revenues (Keen & Lockwood, 2010).

The value-added tax is the tax with the largest contribution to the state budget, and its collection by the national authorities is a permanent attribution of each state. Value-added tax is a common tax for the states of the European Union and is among the main indirect taxes, being a requirement and an obligation in all EU Member States, with a few exceptions, such as the Canary Islands and Mount Athos, 2015.

Value-added tax is a consumption tax collected by the state. For a VAT-paying economic entity, this tax influences the cash flow, while for a non-VAT-paying economic entity it is a cost. The value-added tax is determined by applying the quotas provided by the Fiscal Code on a tax basis. A taxable base consists of the consideration received or to be received by a supplier or supplier from a buyer in special cases.

Value-added tax is part of the category of indirect taxes due to the state budget, which is applied to goods and services, directly proportional to their price, regardless of the number of operations that take place in the production and distribution process, before the stage in which it is levied the tax (Law no. 227/2015 - Fiscal Code with subsequent amendments and completions).

This tax has some advantages for the state because it has a high tax return by the fact that it is paid by all beneficiaries of taxable transactions, does not involve high collection costs and is not susceptible to tax evasion (Saguna, et al., 2016).

Moreover, this type of tax is stable because it does not change according to the economic situation and is adaptable, so it can be increased or decreased according to the needs of the state budget. This increase or decrease can be achieved by changing the tax rate.

The value-added tax was preceded by the proportional tax introduced on payers, the turnover tax, single taxes for different products, the single production tax and the system of fractional payments.

In Romania, from January 1, 2017, three VAT rates are used:

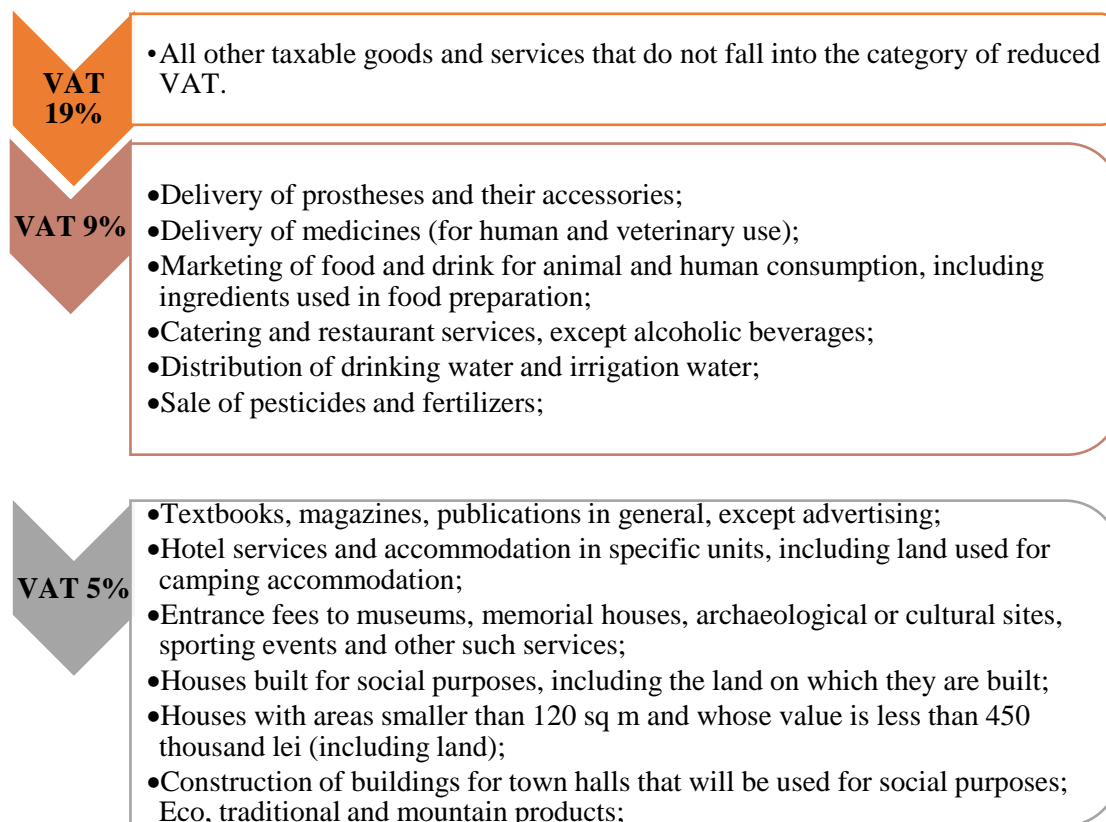


Figure 3 VAT rates applicable in Romania

Source: Law no. 227/2015 - Fiscal Code with subsequent amendments and completions

Regarding the record of taxable transactions and the submission of the return, the taxable persons, registered as VAT payers, have the following obligations from the point of view of the record of taxable transactions:

- must keep the accounting records according to the law;
- must ensure the necessary conditions for issuing documents, processing information and conducting records;
- to provide the fiscal bodies with all the necessary justifications;
- must record separately the income and expenses resulting from the operations of the joint ventures.

Persons registered as VAT payers should prepare and submit, monthly or quarterly until the 25th of the month following the tax period, including the necessary documents, including the VAT return (Law no. 227/2015 - Fiscal Code with amendments and subsequent additions).

For EU-based economic entities, VAT is levied on most sales and purchases of goods in the EU. In these cases, VAT is levied and due in the EU country where the goods are consumed by the final consumer. Similarly, in the case of services, VAT is levied when those services are provided in each EU country.

VAT is not charged for the export of goods to non-EU countries. In these cases, VAT is levied and payable in the importing country, with the obligation to provide the tax authorities with documents proving that the goods have been exported outside the EU, to recover the deductible VAT paid in previous transactions that have led the export.

According to the Fiscal Code with subsequent amendments and completions, some operations of general interest are exempt from value-added tax (medical services, social protection, education, culture, etc.).

Value-added tax is considered a tax that allows an installment payment. This tax encumbers goods or services and is due "at every stage of the production circuit."

All persons involved in the circuit of a good or service participate in the payment of this tax, so the final VAT is borne by the consumer.

Value-added tax is considered a neutral tax, therefore for economic entities, this tax is neutral because it is passed on to the next economic entity until it reaches the final consumer, by whom it is borne.

Income tax and income tax on micro-enterprises

The tax is a levy of part of the income obtained by economic entities, available to the state. This levy is mandatory for economic entities in Romania, which obtain income. According to national law, there are two methods for determining the tax, namely income and profit, but this is closely related to the type of economic entity.

Income tax

According to the Fiscal Code, with subsequent amendments and completions, the profit tax is applied for all companies whose turnover exceeds the value of one million euros or the equivalent in lei at the NBR exchange rate from December 31 of the previous year. Below this threshold, economic entities are subject to the tax regulations of micro-enterprises.



Figure 4 EU income tax rates

Source: <https://europa.eu>

According to the Fiscal Code, with the subsequent amendments and completions, the following taxpayers are obliged to pay the profit tax:

- Romanian legal entities, ie any legal entity that has been established and operates following Romanian legislation;

- foreign legal entities that carry out activity through a permanent establishment / several permanent establishments in Romania;
- foreign legal entities that have the place of exercising the effective management in Romania;
- foreign legal entities that generate income obtained from the transfer of real estate located in Romania or any rights related to these properties, including renting or transferring the use of real estate located in Romania, income from the exploitation of natural resources located in Romania, and income from sale - assignment of participation titles held to a Romanian legal entity;

In Romania, according to the Fiscal Code, with subsequent amendments and completions, the profit tax rate that applies to economic entities on taxable income is 16%. In the case of Romanian legal entities, foreign legal entities exercising effective management in Romania, as well as legal entities with registered office in Romania, established according to European legislation, the profit tax is applied on the taxable profit obtained from any source, both in Romania, as well as from abroad.

In the case of foreign legal entities operating through a permanent establishment or several permanent establishments in Romania, the profit tax is applied on the taxable profit attributable to the permanent establishment, respectively on the taxable profit at the level of the permanent establishment designated to fulfil the fiscal obligations. For foreign legal entities that generate income in Romania, the profit tax is applied to the taxable profit, related to them. When determining the profit related to these activities, the management and administration expenses are taken into account, as well as other common expenses of the taxpayer, in proportion to the income obtained from the activities performed.

Economic entities become payers of income tax when the turnover exceeds one million euros, equivalent in lei at the NBR exchange rate on December 31 of the previous year or when they are micro-enterprises and opt for the transition to corporate taxation, with at least two employees and share capital of at least 45,000 lei.

The economic entities paying profit tax must submit annually, to the fiscal body, the declaration regarding the profit tax, respectively Declaration 101, to establish the tax due to the state budget.

Micro-enterprise income tax

Income tax is set only for micro-enterprises. A micro-enterprise expresses the smallest model of enterprises and at the same time the most widespread form of economic operations management. In general terms, a micro-enterprise expresses an organization of one or more persons, which carries on business, usually using economic means, for profit. The name of micro-enterprise was officially introduced in the fiscal terminology in 2001 when an explicit definition of this form of organization at the level of the economy was formulated.

According to the changes brought in 2018, a micro-enterprise represents a legal entity that does not exceed in a financial year the amount of 1,000,000 euros, a ceiling that has seen a spectacular increase, from 65,000 euros in 2015.

In Romania, micro-enterprises have a very advantageous special tax regime, they have a special tax rate of 1% and 3% respectively (without employees), for the realized incomes.

This method of calculating the tax is advantageous both from the perspective of small entrepreneurs, but especially for economic entities with a high-profit margin while maintaining a low tax burden.

Wage income tax and compulsory social security contributions

Beneficiaries of income from salaries owe a final monthly tax, which is calculated and withheld at source by income payers. Thus, the taxpayer is the employee who obtains income from salary based on an employment relationship, but the calculation and withholding are the responsibility of the employer.

Social security contributions are an important source of revenue for the state social insurance budget. The contributions represent amounts due to the state social insurance budget, which contributes to the partial coverage of some services offered to taxpayers.

In Romania, the obligatory social contributions, according to the Fiscal Code with the subsequent amendments and completions, are the following:

- The individual social insurance contribution and the contribution due by the employer to the State Social Insurance Budget (CAS);
- The individual contribution of social health insurance and the contribution due by the employer to the Single National Health Insurance Fund (CASS);
- Employment insurance contribution (CAM).

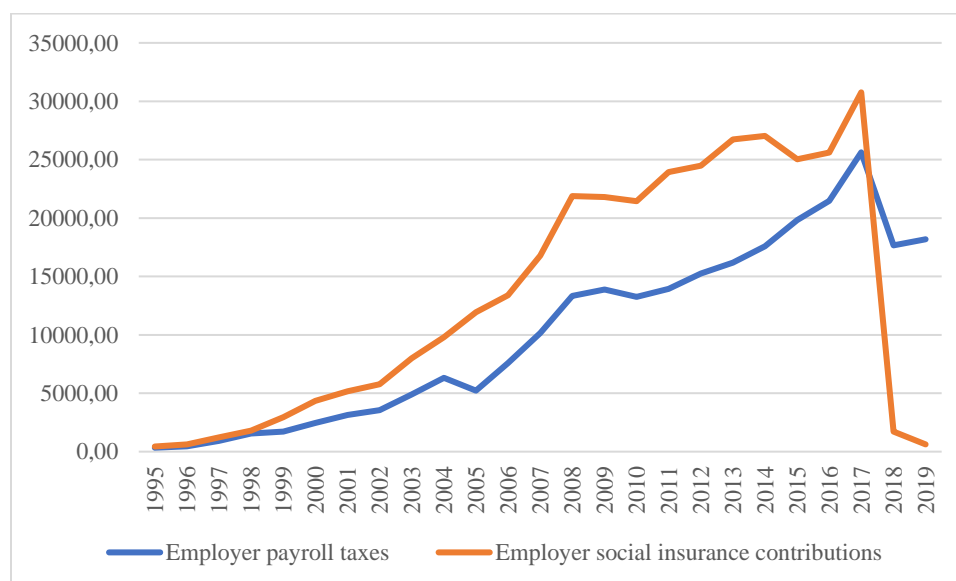


Figure 5 Evolution of taxes and salary contributions at national level

Source: own projection

From the graphic presentation of the receipts of the contributions at the national level in the period 1995-2019, results in a constant increase of them until the level of 2017, the date from which these contributions fall to the employees, without being highlighted in the payment obligations of economic entities.

Thus, taking into account the obligations of the employer and the employee and who is responsible for paying the amounts due to the state budget, the contributions represent the amount of money paid in exchange for services provided by the state.

The rates of social insurance contributions due to the state social insurance budget are the following:

- 25% due by individuals who have the quality of employee or for whom there is an obligation to pay the social insurance contribution;
- 4% due in case of special working conditions by natural or legal persons who have the quality of employers or are assimilated to them;
- 8% due in case of special working conditions by natural or legal persons who have the quality of employers or are assimilated to them;

Concerning the payment of contributions to the state budget, it is attributed to economic entities with employment status and which must calculate and deduct from the employee's income the amounts due. They are transferred to the social security account by the 25th of the following month.

In case of non-withholding or withholding and non-payment in part or in full of the contributions, the Fiscal Procedure Code with subsequent amendments and completions, provides for sanctions for employers, depending on the size of tax debts evaded from payment.

Dividend income tax

Governments often use fiscal incentives to stimulate entrepreneurship and growth (Lee & Gordon, 2005). While some reforms target specific industries or large multinational companies, other reforms target small and medium-sized enterprises. Reducing dividend taxes for small businesses can be seen as a way to increase investment, thus stimulating activity in companies and the economy.

A lower dividend tax rate reduces the rate of return required for investments financed by new share issues (Harberger, 1962; Feldstein, 1970; Sørensen, 1995). If the reduction of the dividend tax reduces the cost of capital, firms with financial constraints could increase their investments following a reduction in the dividend tax (Becker et al., 2013).

Dividends represent a part of the profit made by an economic entity (joint-stock company) which is distributed to individual shareholders in proportion to the number of shares held. This dividend income is a direct form through which investors can benefit from the high profit recorded by the company where they are shareholders.

Dividends are considered to be the cause of the association agreement because the intention of the partners to collaborate exists only to obtain an income in the form of profit and share it among shareholders, and the dividend represents precisely this materialized gain of each partner, obtained from a profitable activity.

The distribution of dividends in favor of shareholders or shareholders is made from the profit established based on the annual balance sheet and the profit and loss account, proportional to the share of participation in the share capital, as well as the amounts received as a result of holding shares closed by investments.

The role of the dividend tax is expressed through the profit made by an economic entity and which is divided between shareholders or shareholders in the form of dividends. They can be distributed in different forms: cash payment, payment in kind or allocations of new shares of the entity. The distribution and the annual payment vary depending on the net profit and the distribution policy of the economic entity in the form of a joint-stock company.

In general, dividends are awarded by economic entities that reach a large turnover and can support these payments to shareholders and associates, but also by entities that do not intend to make major investments in the short term.

Dividend income is taxed. The economic entity that generated profit and chose to distribute it to shareholders, is obliged to pay to the state budget a percentage of 5% of the value of gross dividends. In 2018, the health contribution (CASS) was introduced, in a percentage of 10% (out of the value of 12 minimum salaries per economy) which goes back to the payment to individual shareholders, who receive dividends.

Excise

Excise duties are indirect taxes, which are due to the state budget, and which are levied on consumer goods and services, from the country or imports. Excise duties are one of the oldest types of taxes in the world. Countries have used these taxes in their tax assessments to secure public finance revenues. They also used these taxes as an indirect tool in eliminating the negative externalities that cause damage to the environment, as well as the health of citizens. The tax is applied selectively, only for certain types of products, according to the rules of the country.

In applying this tax, the Member States of the European Union must comply with Council Directive 2008/111 / EC on the general system of excise duty, which obliges Member States to apply harmonized rules and tax rates following EU legislation on energy products, electricity, alcohol, tobacco and tobacco products. There is, however, the privilege of Member States to set excise duties on other products and services.

All 28 member states of the European Union charge specific excise duties. Carbonnier (2013), Bonnet and Réquillart (2013) study excise cases and VAT reforms in France, while Bergman and Hansen (2017) provide evidence of excise duty shifting using Danish data and Benzarti et al. (2017) discuss the Finnish case of VAT and excise changes.

In a recent study, Dutkowsky and Sullivan (2014) examine the excise tax in overly changing markets, where an increase in excise duties leads to an increase in the price that exceeds the change in the tax. Working with the constant specification of the demand for elasticity in the monopolistic competition of Fullerton and Metcalf (2002), the authors obtain a price-tax ratio that maximizes tax revenues. Applying this result to Young and Bielinska-Kwapisz (2002) and Kenkel (2005) for alcoholic beverages, their conclusions indicate that goods are taxed, ie the government can increase revenues by increasing excise duties. This is accompanied by the experience in Alaska, after the increase in excise tax, studied by Kenkel (2005).

Today, the need to have and collect excise duties is determined not only by their fiscal role but also by the objectives of state regulation of economic and social processes (Iadrennikova, 2017).

At the European Union level, several directives have been issued on the tax base, the movement of goods and the mandatory minimum rates for tax harmonization, respectively. This tax harmonization seeks to establish uniform rules and procedures for the tax base, the level of tax rates and the movement of goods that are subject to excise duty.

The products subject to harmonized excise Community rules are:

- alcohol and alcoholic products;
- tobacco and tobacco products;
- mineral oils and energy products.

Excise duties at the level of the European Union, for each good, can be paid either at the end of production or at its marketing. For a harmonization of this tax, the European Union sets a minimum amount that must be applied and paid for each product, but also allows each country to apply other taxes.

Until taxation in the State in which it is consumed, products subject to Community rules may circulate under a suspensive and uncontrolled excise duty between the Community States. Suspensive traffic is carried out through tax warehouses and must be accompanied by tax documents. In the case of Romania, the excise duties are harmonized following the provisions of the European Union, respectively they are due to the state budget for the following categories of goods from domestic production or import:

- alcohol and alcoholic products: beer; wines; fermented beverages other than beer and wine; intermediates and ethyl alcohol;

- tobacco and tobacco products: cigarettes; sheet cigarettes; fine-cut smoking tobacco for rolling cigarettes and other smoking tobacco;
- mineral oils and energy products: gasoline; diesel; fuel oil; natural gas; kerosene lamp; coal and coke; electricity used for commercial purposes and electricity used for non-commercial purposes.

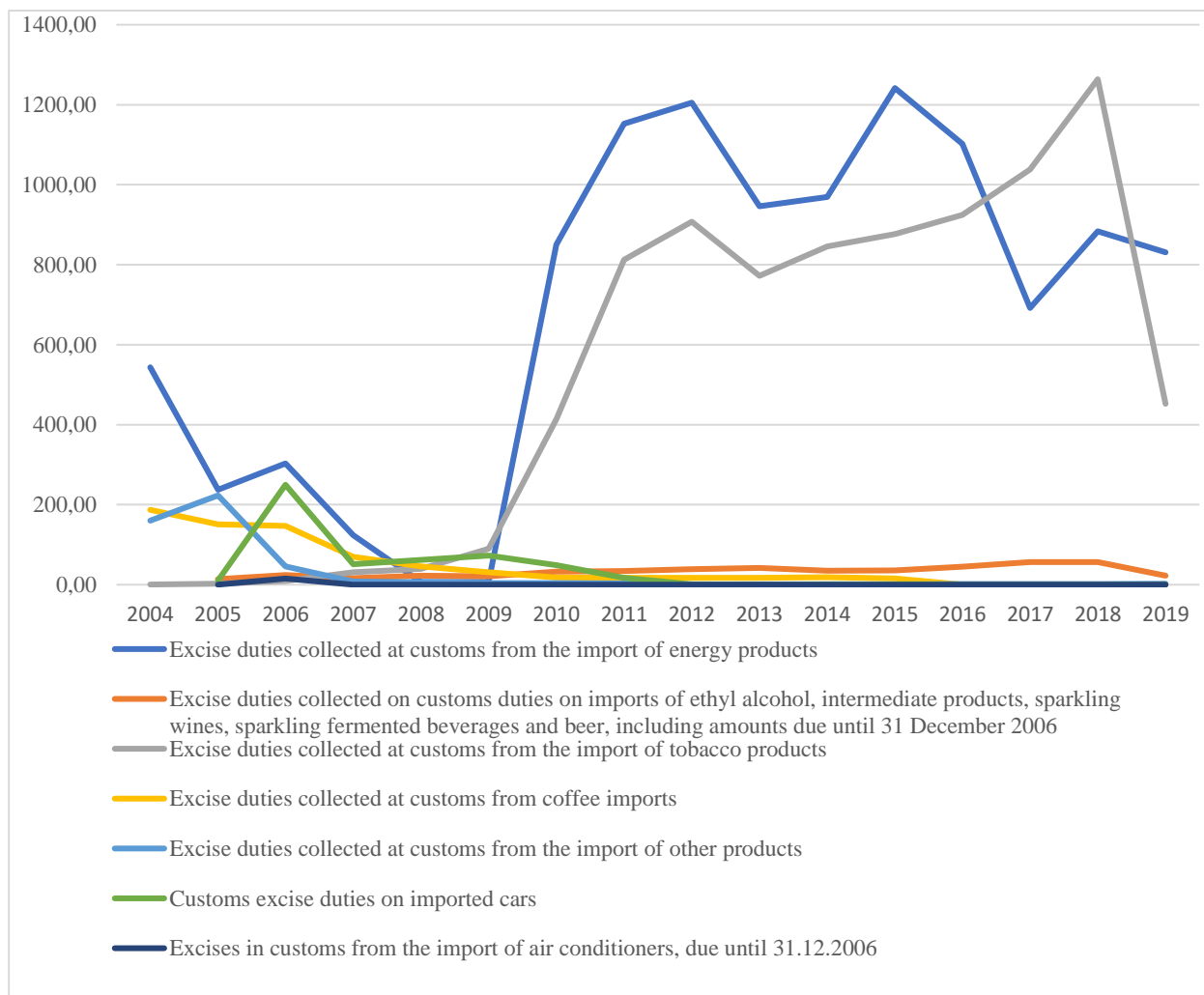


Figure 6 Evolution of excise duties in Romania

Source: own projection

The graphical presentation of the collection of excise duties at the national level between 2003 and 2019 shows a substantial increase since 2009, especially for excise duties collected at customs from the import of energy products and excise duties collected at customs from the import of tobacco products. This situation is explained by the increase in imports of energy products and tobacco products in the period 2009-2018. The decrease in excise duties collected at customs from the import of tobacco products starting with 2018 may be due to the smuggling of tobacco from outside the European Union.

Economic operators who purchase non-harmonized excise goods from EU territory must be registered with the tax authority, before receiving the goods, following the legislation in force and compliance with the requirements in this field, namely:

- to ensure the payment of excise duties according to the value established by the fiscal authority;

- to record in the accounting the acquisition of goods;
- in case of control to present the purchased goods;
- to accept the monitoring or verification of the stock by the competent bodies.

For excisable goods from domestic production, according to the law, economic entities are obliged to pay the related excises by the 25th of the following month. In the case of excise goods arising from intra-Community acquisitions, the economic entity is required to pay the excise duty on the next working day following receipt or registration of the customs declaration.

In addition to the value-added tax and the profit/income tax, the excise duties represent an important source in establishing the consolidated state budget. The organization of the fiscal system at the national level and of the taxes and fees owed by the Romanian economic entities aimed at an incursion in the fiscal field to have the bases for presenting and analyzing the methods of committing tax evasion from the point of view of drawing up financial-accounting documents and methods. fraud identified in practice.

Conclusions

In countries in transition, tax evasion is a major problem that slows down the achievement of social, political and economic objectives, this being true in the case of Romania. In addition to these objectives, tax evasion also affects the business environment, especially in the field of market competition.

In Romania, the continuous and significant increase in tax evasion is becoming increasingly difficult for the national economy to bear. The spirit of tax evasion comes from a simple game of interests. Regardless of the tax rate charged, man, by his nature, will always tend to put personal interest first over the general interest. The tax is considered more of damage than a legitimate contribution to public spending.

The fiscal system in the economy of each country is of major importance, both in terms of collecting the financial resources needed to fulfil the role of the state, and in terms of the level and development of economic life. Accounting information, collected and recorded following the rules of accounting law, becomes the main source of data for national accounting and central and local authorities.

The state is a social organization and a form of manifestation of the general interests of a human community. To fulfil the general interests of this community, the state must have certain funds to distribute to the state bodies through which it acts. The necessary funds, based on which the state operates, are constituted and represent the national public budget.

Budget revenues consist of taxes and duties owed by economic entities and individuals, called taxpayers, who must contribute to the establishment of the consolidated state budget.

The delimitation between taxes and fees can be made considering that the taxes are related to the contributory capacity of the taxpayers, without obtaining a direct consideration from the state and the fees are collected as a result of the applicant's recourse to certain public services.

The collection of taxes and fees is done through the National Agency for Fiscal Administration (ANAF), which represents the national financial system and has the role of ensuring the necessary resources for public expenditures and the establishment of the general consolidated state budget.

The main mandatory taxes and fees at the level of economic entities in Romania are the following: value-added tax, profit tax, income tax on micro-enterprises, income tax on salaries and mandatory social contributions, income tax on dividends and excise duties.

Taxation usually generates conflicting interests between the state on the one hand, which wants to maximize its tax revenues, and taxpayers on the other, who are willing to pay as little as possible.

These interests must be managed in such a way that the realization of the budgetary revenues necessary for the proper functioning of the state is not affected.

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