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MEASURES FOR INCREASING THE EFFICIENCY IN THE COLLECTION OF THE REVENUES OF THE CONSOLIDATED GENERAL BUGET

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Abstract: *Improving the revenue collection of Romania's Consolidated General Budget aims to increase the share of revenue in gross domestic product and can be achieved through measures aimed at tax legislation, resources allocated for this activity and institutional framework. Efficiency of revenue collection is the main objective of modernising the Tax Administration System. The process involves intervention to the collection methods. The achievement of the main objectives requires particular attention to the necessary changes in the collection methods used. Improving the revenue collection of the Consolidated General Budget is a priority for the Romanian State as it requires an increase in the funding of domains such as health, education and infrastructure. In this paper we will analyse taxation in terms of procedures, legal and institutional aspects specific to the mechanism for the administration of taxes and charges. Other aspects addressed in this paper are tax evasion, the collection of tax claims through enforcement in Member States of the European Union and mutual assistance to the recovery of tax claims in Romania. From the perspective of the tax revenue collected, the conclusion is that the tax system in Romania has a low degree of efficiency, since the tax burden is one of the lowest in the European Union.*

Keywords: taxes, tax administration, collection methods

1. Introduction

The efficient collection of revenues of the Consolidated General Budget of Romania is a permanent objective of the state taking into consideration the limiting of the budget deficit imposed by the accession to the Maastricht Treaty. The main source of public expenditure funding is the revenue collected that ensures the functionality of the State and its strengthensing.

The main objective of fiscal policy with a major role in the sustainable development of the national economy is to provide the necessary resources. Improving the collection of budgetary revenue allows the State to support public investment from European funds by increasing the amounts allocated to the co-financing of these projects.

The current economic context in Romania is proving to be a difficult one. The adverse consequences for the entire economic sector, caused by the measures taken by the State in the context of the COVID-19 pandemic, will lead to a poor collection of taxes and charges to the Consolidated General Budget. In these circumstances, the State is obliged to refocus in identifying and attracting new sources of investment financing, enabling businesses to adapt to current requirements by updating or reorienting their economic activity. In this context, the European Union has also proposed economic recovery measures that will benefit countries affected by the coronavirus pandemic, including Romania. These will include new investments,

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financial schemes to support the health sector and proposals for new revenue for the budget.

2. Measures to increase the efficiency in revenue collection of the Consolidated General Budget

The optimisation of the revenue collection of the Consolidated General Budget of Romania aims to increase the share of revenues in the gross domestic product and can be achieved through a set of measures covering the resources allocated to this activity, the tax legislation in force, the institutional framework, the development and application of the relevant procedures. The financial and economic crisis looming worldwide will also affect Romania. Economics specialists are concerned with identifying the best solutions to mitigate its effects. The economic and financial crisis will manifest itself directly on the revenue collection of the Consolidated General Budget, which will decrease significantly. A problem with a major impact in the collection of state revenues will be the lack of liquidity, as well as the lack of guarantees that secure the tax claims.

In the context presented, the main objective of the National Agency for Tax Administration is to make tax collection more efficient. Achieving this objective requires particular attention to the optimisation of the collection methods used and the allocation and use of the resources allotted to this objective.

The main objectives for increasing the efficiency in the revenue collection of the Consolidated General Budget are [1], [2], [3], [4]:

- simplifying tax administration procedures to support voluntary compliance with declaring taxreturns;
- supporting compliance with taxobligations;
- measures to prevent and combat taxevasion;
- ensuring a differentiated tax treatment according to taxpayers' taxbehaviour.

These objectives are achievable through the implementation of specific measures, such as [1], [2], [3], [4], [5]:

- reducingthe number of forms and declarations for the legal persons by merging two or more forms and the frequency of their submission, with the retention of informationalcontent;
- balancing the amount of information required to administer taxes and charges and the taxpayer's effort to fulfil his/her declaratoryobligations;
- simplifying the single declaration for individuals;
- electronic filing of all tax returns, which leads to the efficient collection of information on revenues obtained by budgets;
- assistance by the tax authorities on matters arising from the findings of the controlbodies, thus supporting taxpayers in the implementation of tax regulations [10];;
- regulation of the restructuring of outstanding budgetary obligations followed by simplification of payment rescheduling procedures; a significant restructuring took place in 2019 and in 2020 the Government adopted tax amnesty measures to boost the collection of outstanding claims to budgets. Furthermore, the ordinance provides for the possibility of granting amnesty for local taxes and fees [11];
- implementation of a system of supervision of debtors by the tax authorities of theN.A.F.A. with regard to the paymentof tax restructuring;
- granting tax facilities to good payers to pay tax obligations [6], [11];
- national identification of affiliated persons, inventory of transactions likely to be verified in the field of transfer prices and notification thereof for the purpose of correcting and rectifying taxreturns;
- expanding and improving electronic

controltechniques;

- the gradual application of specific measures by the tax authorities, depending on the behaviour of taxpayers, i.e. their notification of possible irregularities which could give rise to differences in taxes and fees;
- review of the value added tax refund procedure.

3. Analysis of the revenue collection of the consolidated general budget for the2015-2019 period

The National Agency for Tax Administration has implemented medium-term strategies by which it has set major objectives that meet the needs of development and modernization, resulting in increasing the level of collection and reducing tax evasion. The budgetary revenues achieved in the 2015-2019 period, according to the Reports of the A.N.A.F., are presented in Table No. 1, andrendered graphicallyin figures 1 and 2.

Figure 1: Budgetary revenue in the 2015-2019 period in structure, by budgets and maintaxes and fees [1], [2] [7], [8], [9]

Budget Name	Achievements				Estimated*
	2015 thousand lei	2016 thousand lei	2017 thousand lei	2018 thousand lei	2019 thousand lei
Total income earned by A.N.A.F.	196.807,5	199.458,3	214.968,9	244.832,5	257.479,6
State budget, of which:	137.461,3	137.467,7	142.404,3	151.358,5	156.177,0
• Corporation tax	13.772,7	15.394,7	14.691,3	15.617,9	16.238,8
• Income tax	26.337,9	27.454,0	29.930,2	22.576,4	22.050,6
• V.A.T.	57.132,2	51.675,1	53.543,7	59.609,0	60.289,2
• Excise duty	25.918,0	26.854,9	26.491,1	27.084,5	28.228,4
• Customs duties	816,0	882,7	933,3	1.050,1	1.177,6
• Other income	13.513,4	14.733,7	16.785,5	25.420,5	28.192,4
• Amounts received in the course of distribution	-28,8	472,7	29,1	-578,7	-5,4
Budget of the National Single Health Insurance Fund	21.071,4	22.699,3	25.915,5	30.834,9	32.236,0
State Social Insurance Budget	36.576,1	37.372,6	44.432,4	59.071,6	66.761,4
Unemployment Insurance Budget	1.698,7	1.918,7	2.216,7	2.244,5	2.305,2

*Estimated value relative to the receipts for the first half of 2019

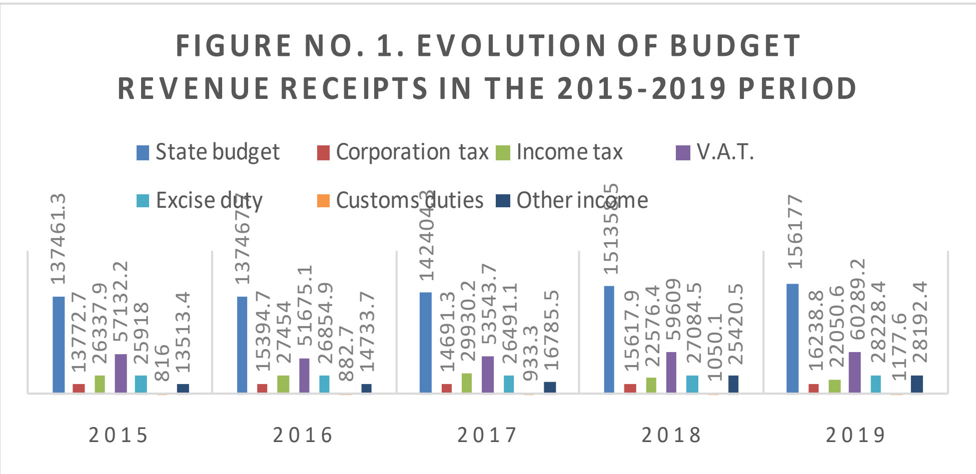

FIGURE NO. 1. EVOLUTION OF BUDGET REVENUE RECEIPTS IN THE 2015-2019 PERIOD

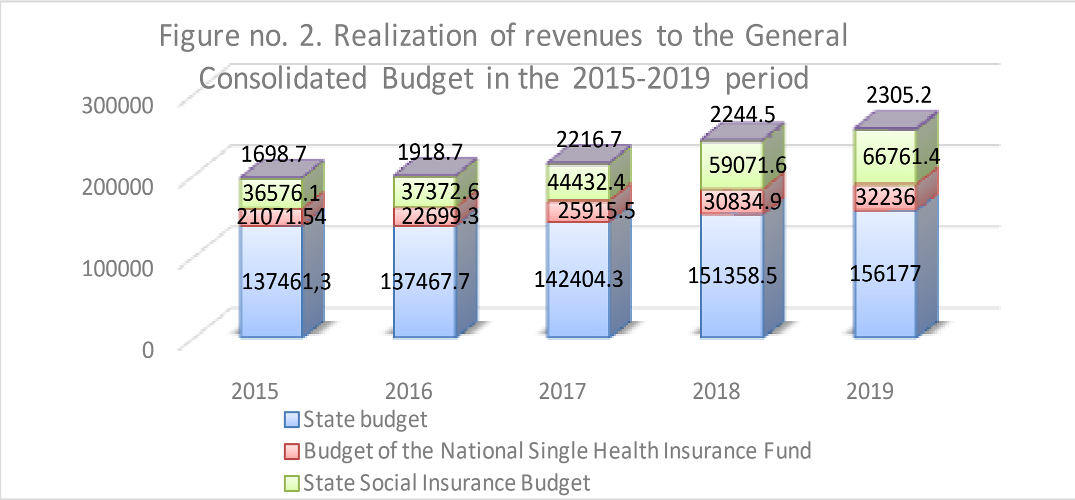

Figure no. 2. Realization of revenues to the General Consolidated Budget in the 2015-2019 period

From the analysis of the data presented in Table No. 1, and figures No. 1 and 2, it is noted that the total budgetary revenue recorded by the N.A.F.A. showed a continuous increase in value in the 2015-2019 period. Thus, if in 2015 their value was 196.5 billion lei, in 2016 there was an increase of 2.8 billion while the increase is of 53.5 billion lei compared to 2018.

From the analysis of the data presented in Table No. 1, it is noted that the total revenue of the state budget showed a continuous increase in value in the 2015-2019 period, from 137.4 billion lei in 2015 to 156.1 billion lei in 2019, as can be seen in Figure No.1. The annual percentage increase fluctuated between 0.005% for the 2015-16 period and 5.9% for the 2017-18 period.

The most important contribution to the formation of state budget revenues is the added value tax, with a maximum weight of 41.5% for 2015, respectively the minimum of 37.5% for 2016 and 2017 [7-10].

The decrease,both in absolute value and as a share, of the revenue from the value added tax collected from the state budget in the 2015-2016 period can be explained by the reduction of the VAT rate applied to basic foodstuffs from 01.06.2015. After 2016 the amounts received from VAT are maintained relatively in percentage value, but with a significant increase until the end of the period analysed (14.3%).

The proceeds from excise duties and customs duties are a slightly upward trend throughout the period under review, amounting to 25918.0 billion lei and 816.0 billion lei in 2015, to 28228.4 billion lei, respectively 1177.6 billion lei at the end of 2019. As regards corporation tax as a source of revenue to the state budget, it is noted that its value is relatively recorded during the 2015-2019 period, ranging from 13.7 billion lei in 2015 and 16.8 billion lei in 2019.

With regard to income tax as a source of budgetary revenue, we note that the value achieved in the 2015-2017 period is on an upward trend, with a decrease in 2018 of about 7.4 billion lei.

The situation can be explained by the gradual increase of the turnover ceiling below which the micro-enterprises tax regime is appliedfrom EUR 65,000 in 2015 to EUR 100,000 applicable in 2016to EUR500,000 valid in 2017 and EUR 1,000,000 from 1 January 2018.

In addition,the conditions for applying taxation on the income of micro-enterprises also had effects on the budgetary income obtained from income tax and corporation tax, i.e. changes in the tax rate in parallel with the modifications on the number of employees and the conditions of passage in the category of entities paying micro-enterprise tax to the corporate tax payers. Regarding the income obtained from the Budget of the National Single Health Insurance Fund, the State Social Insurance Budget and the Unemployment Insurance Budget, their value has a positive evolution during the period analyzed, being justified both by increasing the level of collection and reducing unemployment in Romania.. This is due to the measures implemented by the A.N.A.F. Another factor that stimulated this increasing trend is the application of Law 153/2017 on the salaries of staff paid from public funds.

3. Finalconclusions

Efficiency in tax collection is the main objective of modernising the tax administration system. This process involves intervention on tax regulations and collection methods in such a way as to ensure the most real identification of the taxable mass and, by implication, the taxes and fees due to the Consolidated General Budget.

Another aspect in the efficiency of the collection of taxes and fees is the proceeds from enforcement, which have registered a decreasing trend, calling into question the efficiency of the enforcement activity carried out at the level of the tax bodies when there is a nominal increase in the total revenue received at the Consolidated General Budget.

From the perspective of the tax revenue collected, the conclusion is that the tax system in Romania has a low degree of efficiency, since the tax burden is one of the most reduced in the European Union.

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