FIGHTING AGAINST EVASION AND FRAUD IN THE FIELD OF ASSESSMENTS, TAXES AND CONTRIBUTIONS BY PROMOTING A GOOD FISCAL GOVERNANCE

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Abstract

Nobody doubts anymore about the indispensable role of assessments, taxes and contributions in providing the necessary resources for financing public interest activities, that represent at the same time, through tax policies, an important lever used to mitigate circumstantial fluctuations on the market, in order to achieve macroeconomic objectives. Given this context, tax evasion and fraud represent major threats that hinder the completion of the state’s functions in good conditions, as well as the achievement of some performance criteria imposed by the quality of Romania as an European Union member. That is why, in order to counteract such negative phenomena, decisive actions are necessary towards a good tax governance that can help us to protect the fairness of our tax system, to promote competitiveness, ensuring thus Romania’s progress.

Key words: taxation, tax evasion, tax collection, tax fraud, voluntary compliance of taxpayers, underground economy, fiscal governance.

JEL Classification: M40, M41

1. Introduction

Taxes are the oldest and the most traditional means available to the state in carrying out its functions. Etymologically, the term comes from the Latin term „impositus” and the concept of tax comes from the Greek word „taxis”, both having the sense of public duty. In the same vein, Law no. 500/2002 on public finances, as amended and supplemented, makes the following clarifications: “tax represents a compulsory levy, without consideration and unrefundable, conducted by the public administration to meet the needs of general interest” and the fee is “an amount paid by a natural or legal person, usually for services provided by an economic agent, a public institution or public service Contributions means “payments made by natural and legal persons, in order to create special purpose funds for social protection”.1

Related to these three terms, we need to discuss about fiscality, which represents „all assessments, taxes, social contributions and accessories imposed by the state, due to the consolidated budget, as well as methods, techniques and processes that make up the fiscal mechanism intended for their establishing, dollowing and collecting”.2

Formed along with taxes, tax evasion represents circumvent by any means, from the payment of taxes and other amounts owed to the state, in order to pay as little or at all. The term comes from the Latin „evasiv” which translates to “escape” and can be interpreted by the escape of the taxpayer from the incidence of the tax law.

Tax evasion represents “all legal and illegal provisions by which natural or legal persons circumvent, in whole or in part, from the taxable material and consists in the willful unfulfillment of tax obligations by the taxpayer.”3

In the same context, law no.241/2005 for preventing and combating tax evasion, defines this concept as “circumvent by any means, in whole or in part from taxes, fees and other amounts owed to the state budget, local budget, state social insurance budget and extra-budgetary special funds by natural or legal persons, Romanian or foreign. ”

Because of this phenomenon state loses considerable resources and is therefore forced to increase the tax burden on the other taxpayers. „The direct effect of tax evasion for the economy given the reductions of the budget revenues will be

resulted in rising unemployment, rising inflation, rising interest rates, non-financing sectors of national interest. In this context, the nation would "get sick" and the suffering will be felt by all taxpayers.  

2. Boundaries on tax evasion and fraud

Through its disruptive effects, tax evasion leads to erosion of the tax system, thereby jeopardizing both the achievement of state functions as well as the achievement of the performance criteria that are to be met by Romania, as an EU member state. An extensive system of tax deductibility with special character incites discretionism in applying tax laws and may represent a critical issue in the genesis and perpetuation of the tolerant tax evasion.  

The "so called tolerant" tax evasion is possible due to inadequacies and gaps in legislation that taxpayers owe are obliged to pay taxes are using them in their own purpose. Tax evasion can be accepted as tolerant where fiscal regulations offer the possibility of choosing, of exception, of interpreting in many ways a regulation. Therefore, specialists who legislate and parliament who adopts the laws should consider developing clear and unambiguous legislation that will not enable taxpayers to differently interpret certain provisions relating to registration and payment of taxes and contributions to the state budget.

Unlike the legal tax avoidance, the illicit tax evasion, also called tax fraud, is committed by the flagrant violation of the law. In this case we are dealing with non-payment of assessments, taxes and other obligations to the State budget. The materialized tax fraud by taxpayer’s willfully circumvent from paying taxes "is the form of aggravating circumvention, being studied, analyzed, legislated and sanctioned whenever it is discovered."  

In Anglo-Saxon countries, issues of tax evasion and fraud are clearer. In this regard, C.V. Brown and P.M. Jackson draw a line of demarcation as follows:

- tax evasion (tax avoidance) is a legal rearrangement (reorganization) of business in order to minimize the tax liability of the taxpayer; 
- tax fraud (tax evasion) is an illegal rearrangement (reorganization) of business for the same purpose.  

Given these provisions, it is necessary that experts clarify, through tax legislation, certain ambiguous aspects that can generate different interpretations of the tax liability of taxpayers so that they can be convinced that it is better to pay.

3. Tax collection in Romania - international comparisons

The system of taxes in Romania has excessive bureaucracy and inefficient administration, which resulted in a poor collection of obligations for the state budget. In this respect, according to an OECD report on tax administrations, collecting taxes and other contributions is quite low therefore Romania is on the penultimate position in the group of new Member States, although in recent years there has been some progress.

According to the World Bank - Paying Taxes 2013, Romania ranks on the position 136 of 183 countries worldwide on the ease of paying taxes compared to the position 154 occupied in 2012. In terms of the number of payments required to pay fees and taxes, in 2012 progress was made in the sense that 41 payments were necessary compared with 2012 when there were 113 payments required to settle tax obligations.

To study the efficiency of the tax system in Romania, compared to other former socialist countries, we will have to consider the information provided by the World Bank on the number of financial administrations, revenues collected as a percentage of GDP, the number of employees of structures dealing with collecting taxes and other indicators in the period 2011-2012.

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9 Tax Administration 2013: Comparative information on OECD and other advanced and emerging economies - 2013
Table no.1  The efficiency of the tax system

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of financial administrations in 2011</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total in which Locals</td>
<td>Difference from 2009</td>
<td>Number of financial administrations to 1 million inhabitants</td>
<td>Collected revenues (%GDP)</td>
<td>Number of employees dealing with collecting taxes</td>
<td>Number of employees dealing with collecting taxes</td>
<td>Total fiscal revenues (%GDP)</td>
<td>Tax revenues as a share of GDP per thousand employees in tax collection</td>
<td>Number of payments per year for payment of tax obligations</td>
<td>Number of employees of tax collection structures *1 \text/million inhab</td>
<td></td>
</tr>
<tr>
<td>Bulgaria</td>
<td>29</td>
<td>6</td>
<td>23</td>
<td>0</td>
<td>3.9</td>
<td>0.9</td>
<td>7.708</td>
<td>-268</td>
<td>27.3</td>
<td>3.54</td>
<td>15</td>
</tr>
<tr>
<td>Czech</td>
<td>207</td>
<td>8</td>
<td>199</td>
<td>0</td>
<td>19.7</td>
<td>0.2</td>
<td>14.640</td>
<td>-893</td>
<td>34.8</td>
<td>2.38</td>
<td>8</td>
</tr>
<tr>
<td>Estonia</td>
<td>4</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>3.0</td>
<td>8.3</td>
<td>783</td>
<td>-95</td>
<td>33.2</td>
<td>42.40</td>
<td>8</td>
</tr>
<tr>
<td>Latvia</td>
<td>34</td>
<td>0</td>
<td>34</td>
<td>-29</td>
<td>16.4</td>
<td>0.8</td>
<td>4.300</td>
<td>-</td>
<td>27.9</td>
<td>6.35</td>
<td>7</td>
</tr>
<tr>
<td>Lithuania</td>
<td>10</td>
<td>10</td>
<td>0</td>
<td>0</td>
<td>3.3</td>
<td>2.7</td>
<td>3.516</td>
<td>-300</td>
<td>27.4</td>
<td>7.79</td>
<td>11</td>
</tr>
<tr>
<td>Poland</td>
<td>432</td>
<td>32</td>
<td>400</td>
<td>15</td>
<td>11.2</td>
<td>0.1</td>
<td>49.273</td>
<td>-11.128</td>
<td>32.4</td>
<td>0.66</td>
<td>18</td>
</tr>
<tr>
<td>Romania</td>
<td>263</td>
<td>42</td>
<td>221</td>
<td>-177</td>
<td>12.3</td>
<td>0.1</td>
<td>22.985</td>
<td>-2.402</td>
<td>28.1</td>
<td>1.22</td>
<td>41</td>
</tr>
<tr>
<td>Slovakia</td>
<td>110</td>
<td>8</td>
<td>102</td>
<td>-1</td>
<td>20.4</td>
<td>0.3</td>
<td>5.343</td>
<td>-343</td>
<td>28.2</td>
<td>5.28</td>
<td>20</td>
</tr>
<tr>
<td>Slovenia</td>
<td>76</td>
<td>16</td>
<td>60</td>
<td>0</td>
<td>37.1</td>
<td>0.5</td>
<td>2.417</td>
<td>-53</td>
<td>37.8</td>
<td>15.64</td>
<td>11</td>
</tr>
<tr>
<td>Hungary</td>
<td>77</td>
<td>25</td>
<td>52</td>
<td>69</td>
<td>7.7</td>
<td>0.5</td>
<td>23.059</td>
<td>7.877</td>
<td>38.1</td>
<td>1.65</td>
<td>12</td>
</tr>
</tbody>
</table>

Source: OECD, Eurostat, World Bank

Studying data from Table 1 we can draw the following conclusions:
- regarding the number of existing financial administrations in 2011, Romania is ranked 2 with 221 units, dropping from 177 units in 2009, after Poland, that has 400 units;
- regarding the number of financial administrations at 1 million inhabitants existing in 2011, Romania, with a total of 12.3 units is ranked 5 after Slovenia (37.1 units), Slovakia (20.4 units), Czech Republic (19.7 units), and Latvia (16.4 units). In this respect Estonia and Bulgaria stand the best, with 3.0 units, respectively 3.9 units;
- in terms of revenues collected in 2011 as a percentage of GDP compared to the number of administrations, Romania and Poland are ranked last, with 0.1% of GDP;
- regarding the number of employees in the structure of collecting taxes, in 2011, Romania, with a total of 22,985 people, dropping with 2,402 persons compared to 2009, is ranked 3, after Poland (with 49,273 people) and Hungary (23,059 persons);
- in terms of percentage of GDP held by tax revenues in 2011, Romania ranks on 5th place with 28.1% of GDP, Hungary (38.1%), Slovenia (37.8%), the Republic Czech and Estonia 34.8% to 33.2%;
- regarding the tax revenues as a share of GDP to 1,000 employees from tax collection structures, conducted in 2011, Romania, with a rate of 1.22% ranked last;
- regarding the number of payments made in 2012 for tax obligations, Romania is on an unflattering one place, with 41 payments and Latvia ranks last, commendable in this situation, with a number of 7 payments;
- regarding the number of employees in 2012 responsible for the collection of tax liabilities, compared to one million inhabitants, Romania finds itself in 6th place with a total of 1073.4 employees, after Hungary with 2,309 employees, Latvia with 2073 employees, Poland with 1,279 employees, Slovenia with 1,179 employees and Lithuania with 1,152 employees.

Given the positions occupied by Romania to the indicators presented in Table 1, it can be seen its precarious position compared to the other former communist countries that were studied. To overcome this situation, policymakers must take decisive action to cut the bureaucracy existing in the structures dealing with collecting tax obligations, as well as increasing staff efficiency.

In the view of the tax Council, the reform of the system of collecting taxes and contributions should allow achieving two key objectives:
- significant increasing of collected revenues;
- lowering administrative costs.

The completion of this process should lead to:
- the increasing of the voluntary compliance of taxpayers, especially by simplifying the Tax Code and Fiscal Procedure Code;
- total transparency of budget expenditures;

- increasing the efficiency and reducing costs of collecting taxes, in particular by strengthening tax administration, computerization and promoting assertive statements and electronic payments;
- increasing the quality of staff in collecting taxes and reducing corruption through suitable training programs, the introduction of a code of ethics and a clear system for measuring and rewarding performance, respectively penalizing non-performance and corruption among employees;
- increasing the collection of taxes to enable adjustments in the direction of reducing social security contributions in order to stimulate employment.

4. The evolution of tax evasion in Romania

In order to have a complete picture of the situation of tax evasion in our country, it is necessary to study its evolution on the main categories of taxes and contributions, based on the information provided by Table 2.

Table 2 The evolution of tax evasion on the main taxes in the period 2008-2012

<table>
<thead>
<tr>
<th>Million lei</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax evasion from &quot;illegal employment&quot;</td>
<td>8.973</td>
<td>14.652</td>
<td>16.665</td>
<td>17.528</td>
<td>18.299</td>
</tr>
<tr>
<td>Income-tax (IV)</td>
<td>2.183</td>
<td>3.473</td>
<td>3.950</td>
<td>4.155</td>
<td>4.338</td>
</tr>
<tr>
<td>- social security contributions (CAS)</td>
<td>6.790</td>
<td>11.179</td>
<td>12.715</td>
<td>13.373</td>
<td>13.962</td>
</tr>
<tr>
<td>Tax evasion in informal system (population)</td>
<td>3.393</td>
<td>3.766</td>
<td>4.821</td>
<td>5.447</td>
<td>6.629</td>
</tr>
<tr>
<td>- income-tax (IV)</td>
<td>825</td>
<td>893</td>
<td>1.143</td>
<td>1.291</td>
<td>1.571</td>
</tr>
<tr>
<td>- social security contributions (CAS)</td>
<td>2.567</td>
<td>2.873</td>
<td>3.678</td>
<td>4.156</td>
<td>5.058</td>
</tr>
<tr>
<td>Total tax evasion on tax income</td>
<td>3.009</td>
<td>4.366</td>
<td>5.093</td>
<td>5.446</td>
<td>5.509</td>
</tr>
<tr>
<td>Tax evasion on VAT</td>
<td>38.228</td>
<td>40.233</td>
<td>50.190</td>
<td>46.693</td>
<td>48.899</td>
</tr>
<tr>
<td>Revenue tax evasion</td>
<td>4.917</td>
<td>3.563</td>
<td>4.370</td>
<td>4.664</td>
<td>5.008</td>
</tr>
<tr>
<td>Evasion of excise and tax on alcohol and tobacco</td>
<td>2.163</td>
<td>2.762</td>
<td>3.518</td>
<td>2.481</td>
<td>2.308</td>
</tr>
<tr>
<td>TOTAL tax evasion</td>
<td>57.674</td>
<td>64.976</td>
<td>79.563</td>
<td>76.812</td>
<td>81.144</td>
</tr>
<tr>
<td>% from GDP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax evasion from &quot;illegal employment&quot;</td>
<td>1.74%</td>
<td>2.92%</td>
<td>3.18%</td>
<td>3.15%</td>
<td>3.11%</td>
</tr>
<tr>
<td>Income-tax (IV)</td>
<td>0.42%</td>
<td>0.69%</td>
<td>0.75%</td>
<td>0.75%</td>
<td>0.74%</td>
</tr>
<tr>
<td>- social security contributions (CAS)</td>
<td>1.32%</td>
<td>2.23%</td>
<td>2.43%</td>
<td>2.40%</td>
<td>2.38%</td>
</tr>
<tr>
<td>Tax evasion in informal system (population)</td>
<td>0.66%</td>
<td>0.75%</td>
<td>0.92%</td>
<td>0.98%</td>
<td>1.13%</td>
</tr>
<tr>
<td>income-tax (IV)</td>
<td>0.16%</td>
<td>0.18%</td>
<td>0.22%</td>
<td>0.23%</td>
<td>0.27%</td>
</tr>
<tr>
<td>- social security contributions (CAS)</td>
<td>0.50%</td>
<td>0.57%</td>
<td>0.70%</td>
<td>0.75%</td>
<td>0.86%</td>
</tr>
<tr>
<td>Total tax evasion on tax income</td>
<td>0.58%</td>
<td>0.87%</td>
<td>0.97%</td>
<td>0.98%</td>
<td>1.01%</td>
</tr>
<tr>
<td>Total tax evasion for CAS</td>
<td>1.82%</td>
<td>2.80%</td>
<td>3.13%</td>
<td>3.15%</td>
<td>3.24%</td>
</tr>
<tr>
<td>Tax evasion on VAT</td>
<td>7.43%</td>
<td>8.03%</td>
<td>9.58%</td>
<td>8.39%</td>
<td>8.32%</td>
</tr>
<tr>
<td>Revenue tax evasion</td>
<td>0.96%</td>
<td>0.71%</td>
<td>0.83%</td>
<td>0.84%</td>
<td>0.85%</td>
</tr>
<tr>
<td>Evasion of excise and tax on alcohol and tobacco</td>
<td>0.42%</td>
<td>0.55%</td>
<td>0.67%</td>
<td>0.45%</td>
<td>0.39%</td>
</tr>
<tr>
<td>TOTAL tax evasion</td>
<td>11.21%</td>
<td>12.97%</td>
<td>15.19%</td>
<td>13.80%</td>
<td>13.81%</td>
</tr>
</tbody>
</table>

Source: Fiscal Council estimations based on National Statistical Institute

After analyzing the data in Table 2 we can draw the following conclusions:
- tax evasion from "illegal" employment has continuously increased from 8.973 million lei in 2008, to 18,299 million lei in 2012, representing 1.74% of GDP in 2008 and 3.11% of GDP in 2012;
- tax evasion in the informal system (population) also increased, but with lower values, and thus with lower percentages of GDP;
- CAS tax evasion has continuously increased from 9.357 million lei in 2008 to 19.019 million lei in 2012, growth acknowledged also as a percentage of GDP;
- VAT tax evasion also increased from 38.228 million lei in 2008 to 50.190 million in 2010, followed by a decrease of 46.693 million lei in 2011, after which there was an increase to 48.899 million lei in 2012, trends that manifested also as a percentage of GDP;
- the percentage of 8.32% of GDP found in tax evasion of VAT in 2012, dropping compared to 2011 (from 8.39%), is due to GDP increase over the previous year;
- tax evasion of income tax had also an increasing trend except for 2009 when it dropped to 3.563 million lei, compared to 2008 when there was an evasion of 4.917 million lei, a trend maintained also as a percentage of GDP;
- tax evasion of excises and vice tax (alcohol, tobacco) tended to increase from 2.163 million lei in 2008 to 3,518 million lei in 2010, followed by a decrease of 2.308 million lei in 2012, trends maintained also as a percentage of GDP;

- total tax evasion tended to increase from 57.674 million lei in 2008 to 81.144 million lei in 2012, with a small decrease to 76.812 million lei in 2011, these trends being observed also as a percentage of GDP.

5. Aprioric tax evasion

"Tax evasion also exists when, knowing certain sources of income that can be drawn from the state budget without negative repercussions on the economy, those who have the right to create the legal framework in order to attract them, ignore them knowingly. This situation represents an aprioric tax evasion."10 This type of evasion belongs to politics who is unable or unwilling to establish a structure and a level of taxation in accordance with the income of some privileged taxpayers, detrimental to other good faith taxpayers who pay their tax obligations to the state budget. This type of tax evasion and crosses corruption and it is present, more or less, in all countries and in Romania more than in other states due to politicking interests of some groups who, by favouring certain individuals or groups of individuals, obtain money to finance political activities. In the absence of a coherent fiscal policy to control such manifestations, certain categories of residents or non-residents invested considerable amounts in real estate from which they won huge amounts of money without paying or paying very small sums as taxes to the state.

At the beginning of 2014, the Romanian government, after discussions with representatives of the IMF, is considering the possibility of introducing new taxes for entrepreneurs who conduct their affairs in their own homes. In this situation, establishing the tax will not take into account the status of the property’s owner, but the intended use of the building. We think that the introduction of this measure will be beneficial and would provide additional funds to the state budget from paying taxes.

6. Promoting a good tax governance worldwide

In order to reduce the negative effects that tax evasion and fraud have on the economy, the European Union (EU) must ensure a leading role on the international stage to promote the principles of good governance in the tax area. Therefore, E.U needs to act decisively in the following areas:

- to support developing countries that have committed to respect the principles of good fiscal governance by providing them technical assistance;

- to coordinate their position in the G20 talks regarding the erosion of the tax base and transfer profit;

- to provide interconnectivity and interoperation between EU systems of information exchange, the FATCA system (Foreign Account Tax Compliance Act) and other schemes developed by the Organization for Economic Cooperation and Development (OECD);

- to speak with one voice within the G8, G20 and OECD in order to develop international regulations allowing the exchange of information about good governance in the tax area.

7. Promoting a good tax governance at E.U level

In order to improve the capacity of EU countries to combat fraud and tax evasion, through the Directive on the taxation of savings, since 2005, a system has been developed, which allows the automatic exchange of information between Member States on savings income of non-resident taxpayers. In this way it ensures a rapid and coherent cooperation between EU countries, while reducing additional burdens for tax administrations and financial institutions.

In order to combat fraud and tax evasion, the EU has a set of tools that can be detailed as follows:

- The E.U. Directive on taxation of savings income, which came into effect in 2003 and was enhanced in 2008 by extending its provisions to investment and pension funds, innovative financial instruments and payments made through trusts and foundations. This Directive establishes the automatic exchange of information between EU Member States, which will facilitate the work those designated to calculate tax liabilities of taxpayers;

- The Directive on administrative cooperation in the field of direct taxation, which will provide the automatic exchange of information in five new areas, starting from 2015. It's about incomes from employment, fees for board members, life insurance products that are not covered by other EU instruments, pensions and incomes achieved from ownership of a property;

- The Regulation on administrative cooperation in terms of WATT, entered into effect in 2012, which governs how the tax and customs offices from the EU collect and exchange information on persons registered for VAT purposes and their intercommunity operations in order to detect and reduce tax fraud in this area;

- The new Directive on mutual assistance for the recovery of taxes, entered into force in 2010, which improves the ability of EU countries to collect taxes related to cross-border transactions. This allows taking action in an EU Member State for recovering claims that were not reimbursed on time by taxpayers from another EU Member State;
- The Commission’s Action Plan to further consolidate the fight against tax evasion and fraud adopted in December 2012 which contains over 30 measures on taxpayers, natural persons and companies that are not cooperating in the payment of tax liabilities.

As part of its concerted efforts to combat tax evasion and tax fraud in a coordinated framework at EU level, the European Commission set up in April 2013 the New Platform for Good Governance Tax, which will monitor the progresses of Member States in terms of combating aggressive tax planning and tax havens. This platform will consist of a wide range of stakeholders: national tax authorities, the European Parliament, companies, academicians, NGOs and other stakeholders. Regarding the measures that U.E. will undertake to combat tax evasion and tax fraud Algirdas Semeta, European Commissioner for taxation, customs, statistics and anti-fraud fight said: "when we fight against tax fraud we fight to protect the fairness of our tax system, the competitiveness of our economies and the solidarity of the EU Member States. There are too many things at stake to allow us to lose this battle. The renewed impetus of the Member States regarding the engagement in this fight is more than welcome, and now must be transposed into facts. The platform we are launching today will keep the Member States alert and will ensure that the results will be as expected when it comes to combating tax fraud."

8. Promoting a good national tax governance

"The escapist phenomenon is complex, with negative implications on multiple levels and as such, it must be continually monitored to be efficiently combated."

In order to mitigate the undesirable effects that evasion and tax fraud have over the national economy, each EU Member State must review their public finances so that it can support social protection systems and public services. Promoting a good national governance can be achieved primarily by reducing fraud and tax evasion that will enable the increasing of revenues from taxes and fees. This way, it will be possible to restructure the current tax systems and to create favorable conditions for economic growth. At the same time, it will ease the tax burden borne by good faith taxpayers with low-incomes and by most vulnerable groups.

At national level, EU Member States will have to implement the country specific recommendations in order to meet the challenge of improving fiscal governance. Among the measures to be taken we include:
- developing a conformity strategy and targeting efforts to combat tax evasion;
- use the information used by third parties in a greater extent;
- development of pre-filled tax returns;
- concerted efforts to reduce the illegal economy;
- use electronic payments for purchases that exceed a certain threshold;
- use of cash incentives for declaring incomes (tax cuts).

9. Conclusions

Formed together with taxes, tax evasion and fraud constitute today a direct threat to the proper functioning of democratic institutions of a constitutional state. Encouraged by "the legislative ambiguity and normative volatility, but especially by the weaknesses of tax administration and coercion, these phenomena lead to the imbalance of supply and demand on official markets through the parallel system of markets and prices." Today, the negative effects of tax evasion and fraud have crossed the borders of a country, becoming a borderless phenomenon with multiple international clades. This is why economic crimes are not only in the attention of national governments, but also in the attention of many international organizations. In order to combat tax evasion and fraud, the European Commission issued in 2013 the New Platform for Good Tax Governance which seeks to protect the fairness of national tax systems, to boost the competitiveness of EU Member States and their solidarity. In this context, Romania will have to comply to this approach through decisive actions, both in the direction of improving tax legislation and in the field of its practical implementation.

10. Bibliography
