

THE FISCAL APPARATUS IN ROMANIA AND THE INDICATORS FOR MEASURING THE EFFICIENCY OF ITS ACTIVITY

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Abstract

The rhythm and content of the changes from the political-administrative, conceptual, legislative and technical-procedural point of view, in the context of which the fiscal system was realized, the radical transformation of the economic environment, have determined numerous adaptations and transformations of the fiscal apparatus from several points of view.

The complexity of the activities has in time determined a professional specialization of the component structures and an increasingly clear separation of the activities in order to be managed and controlled.

The fiscal apparatus consists of a set of institutional structures whose attributions, competencies and responsibilities are established by regulation and have as common objective the realization of fiscal revenues at the terms and under the conditions provided by law. Currently, in Romania, the public institution through which the Government fulfills its executive role in fiscal matters is represented by the Ministry of Public Finance, which functions as a specialized body of the central public administration subordinated to the Government. The objective of the paper is on the one hand to present the fiscal apparatus in Romania, as well as to highlight the indicators for measuring the efficiency of the activity carried out by the fiscal apparatus. The indicators highlighted in the paper for the assessment of the activity carried out by the fiscal apparatus are based on statistical data.

Keywords: *fiscal apparatus, indicators, efficiency*

Classification JEL: *H1*

1. Introduction

Taxation is one of the areas in which multiple transformations have taken place in the last decades in Romania. All these transformations, in view of the fact that they were either too frequent, too sudden or too slow, led to the perception of the Romanian fiscal system by taxpayers as a factor of instability in the development of the Romanian economy. The harmonization of taxation, a symbol of national sovereignty, remains delicate as a result of the complexity of the matter, but also of respecting the rule of unanimity in the decision-making process [1].

Throughout this transition period that Romania has gone through, some progress has been made in terms of legislation, such as harmonization with the European regulatory framework.

In all countries, the entities with attributions in the fiscal field are differentiated according to their decision-making, executive or specialized character. The latter include the specialized central and territorial bodies whose composition includes the directorates and services with specific attributions.

The fiscal policy aims at all the decisions with which the modeling of the fiscal system is made, from a structural point of view, and its functioning is ensured, in order to obtain the finalities desired by the public managers with decision-making power in this field [2].

The fiscal apparatus as a component of the fiscal system, performs its functions of sizing, placement, tracking and collection of taxes and fees through fiscal control.

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Mihaly Hogue considers that “the fiscal apparatus is usually an integral part of public administration” [3].

Next, the article addresses the aspects of the fiscal apparatus in Romania, showing the role and importance of the legislative and executive powers.

The results obtained from the use of indicators used to assess the performance of the tax activity must also take into account the impact of the increase in taxation [4].

In the penultimate section, the article also presents a series of indicators used in specialized practice to measure the efficiency of the activity of the fiscal apparatus in Romania.

The objectives proposed in the paper refer to the highlighting of a set of indicators that can quantify the fiscal performance in Romania, indicators that analyze the efficiency and effectiveness of tax revenue collection by tax institutions.

The methodology used to achieve the objectives is based on statistical-mathematical analyzes. The database used covers the period 2018-2019.

2. The fiscal apparatus in Romania

In Romania, the category of legislative bodies with prerogatives and in the field of taxation include: the Parliament, as a body of central power, and the county councils, of Bucharest, the municipal, city and communal, as well as the councils of the munitions sectors of Bucharest, as bodies of power central.

The Parliament has fiscal powers aiming at: establishing and approving by law the taxes, fees and other revenues of the state, the law on the organization and functioning of the Ministry of Public Finance, the law on the organization and functioning of the Court of Accounts, etc.

By virtue of their local financial autonomy, local councils have the right to set local taxes and fees and to impose special fees, within legal limits.

As an exponent of the executive power, the Government ensures the preparation and elaboration of draft laws of a fiscal nature in order to submit them for the approval of the Parliament and is responsible for the implementation of the fiscal legislation, having the right to control the observance of the legislative provisions. All these prerogatives are realized, mainly, through the Ministry of Public Finance, the county administrations of public finances and the municipal, city and communal public financial institutions, subordinated to them (financial administrations).

The role of the Ministry of Public Finance is to establish and manage general public financial resources through a complex system of budgets: state budget, state social insurance budget, local budgets, special funds budgets, non-reimbursable external funds budgets, state treasury budget and other autonomous public institutions. At the same time, the Ministry of Public Finance acts through specific means to combat and eliminate tax evasion and corruption and implements the country's customs policy. It also coordinates and supervises the activity in the field of state lotteries, issues licenses, in accordance with the law, for gambling and coordinates and supervises the insurance and reinsurance activity in Romania.

The supreme body of financial control and jurisdiction in the financial field is the Court of Accounts, an independent financial institution, subject only to the law, which acts only on the public sector.

Special attention is also paid to the State Treasury, which is the institution authorized to take over the function of banks in the execution of the budget. Through its territorial bodies, it collects tax revenues through accounts and cash, highlighting separately the revenues due to the state budget and those intended for local budgets. It also exercises preventive control over the operations and applies the increases provided by law, in case of non-compliance with the legal payment terms.

Currently, in Romania, the public institution through which the Government fulfills its executive role in fiscal matters is represented by the Ministry of Public Finance, which is organized

and functions as a specialized body of the central public administration subordinated to the Government.

The ministry has under its direct subordination five state secretaries and the general secretary of the ministry, with tributes and tasks specific to the activities carried out by the ministry, established by order of the minister of public finances.

The structures coordinated by the Minister of Finance are [7].: the Control Body, the Directorate of Public Policies and Monitoring of Normative Acts, the General Directorate of Economic-Financial Inspection, the General Legal Directorate, the Public Internal Audit Directorate, the General Directorate of Policies, Analysis and Research in Public Finance, General Directorate for Preventive Financial Control, Central Harmonization Unit for Public Internal Audit, Classified Information Service, National Center for Financial Information, General Directorate for Management of Specific Regulated Areas, Public Expenditure Analysis and Effectiveness Directorate, Funds Implementation and Monitoring Office European Court, Complaints and Appeals Service, Communication Service, Public Relations, Media and Transparency.

The structures coordinated by the state secretaries are: General Fiscal Commission, General Directorate of Legislation, Fiscal Code and Customs Regulations, General Directorate of Legislation, Fiscal Procedure Code, Non-Fiscal and Accounting Regulations, Certification and Payment Authority, General Directorate of International Financial Relations, Directorate for Relations with Parliament, Trade Unions and Employers, General Directorate for Synthesis of Budgetary Policies, General Directorate for Budget Programming, General Directorate for Treasury and Public Accounting, General Directorate for Legislation and Regulation in the field of State Assets, General Directorate for Treasury and Treasury Directorate-General for State Aid, Directorate for Public Investment Management, Directorate-General for ECOFIN Training and Community Assistance, Coordination Unit for Budgetary Relations with the European Union [7].

The Secretary General together with the Deputy Secretary General coordinates: General Directorate of Human Resources Management, General Economic Directorate, Unit for the Sale of Certified Greenhouse Gas Emissions after 2012, Directorate of Internal Services and Public Procurement.

Currently, the units operating under the Ministry of Public Finance [7].:, with funding from the state budget are:

- National Agency for Fiscal Administration - ANAF;
- National Agency for Public Procurement - ANAP.

Also, under the subordination of the Ministry of Public Finance, there is a unit with financing from its own revenues and, in addition, subsidies from the state budget, namely: the Authority for Public Supervision of the Statutory Audit Activity

With regard to national companies, national companies and companies under or under the authority of the Ministry of Public Finance, in which he exercises the capacity of representative of the state as a shareholder, these are:

- National Company "National Printing House" - S.A.;
- The National Company "Romanian Lottery" - S.A.;
- CEC BANK - S.A.;
- Export - Import Bank of Romania EXIMBANK - S.A.;
- Romanian Counter-Guarantee Fund S.A.;
- National Credit Guarantee Fund for Small and Medium Enterprises - F.N.G.C.I.M.M. TO. - IFN and its subsidiaries.

3. Indicators for measuring the efficiency of the activity carried out by the fiscal apparatus

Since January 1, 2004, the fiscal activities carried out by the Ministry of Public Finance have been resettled within a single entity - the National Agency for Fiscal Administration

(A.N.A.F). This is the main driver of revenue collection in the state budget and must ensure in addition to increasing the collection of budget revenues and increasing public confidence in the tax administration system by changing the approach to taxpayer relations and increasing transparency. , without affecting the personal interests of taxpayers [6]:.

The operation of the Fiscal Administration Agency is guided by a set of specific indicators for assessing the performance of the activity, as presented in tables no. 1-4.

Table no. 1 Indicators for assessing the activity of fiscal administration

No Current	Name specific indicators	U.M.	Level achieved in the first quarter	
			2018	2019
1.	The degree of accomplishment of the budget revenue collection program	%	100,18	97,70
2.	The degree of accomplishment of the program of collection of budgetary revenues collected in customs	%	100,12	100,01
3.	The degree of voluntary compliance with the payment of tax obligations, including partial payments	%	85,77	85,59
4.	The degree of voluntary filing of tax returns, by type of tax	%	93.93	94,76

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Analyzing the data from table no. 1 it is observed that the degree of achievement of the budget revenue collection program, in the first quarter of 2019, compared to the first quarter of 2018, registered a decrease of 2.48 percentage points. In practice, over the same period of time subject to analysis, the decrease in the number of checks performed was found: from 10,504 checks performed in the first quarter of 2018 to 10,056 checks performed in the first quarter of 2019.

Table no. 2 Fiscal inspection activity assessment indicators

No Current	Name specific indicators	U.M.	Level achieved in the first quarter	
			2018	2019
1.	Number of inspections performed by an inspector at taxpayers legal entities	number	1,92	2,16
2.	Number of inspections performed by an inspector on individual taxpayers	number	4,13	4,49
3.	Amounts additionally set by an inspector following tax inspections at taxpayers legal entities	lei/inspector	734.590	617.074
4.	Amounts additionally set by an inspector following tax inspections at individual taxpayers	lei/inspector	151.521	155.505

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From table no. 2 it is observed that in the first quarter of 2019, compared to the first quarter of 2018, the number of inspections performed by an inspector on legal entities as well as on natural persons increased [6]:.

Table no. 3 Anti-fraud activity assessment indicators

No Current	Name specific indicators	U.M.	Level achieved in the first quarter	
			2018	2019
1.	The share of the value of the notification documents with damage higher than 1 million lei in total damage value related to the notification documents submitted to the criminal investigation bodies	%	94,93	95,14
2.	The share of minutes in which fiscal implications / damages are recorded in total minutes	%	10,89	6,03
3.	The share of the number of contravention sanctions that provide for complementary contravention sanctions consisting in the confiscation of illicit goods, amounts and / or income, in total contravention sanctions related to the minutes of finding and sanctioning the contraventions	%	47,09	46,72

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Regarding the indicators for assessing the anti-fraud activity, it is observed (table no. 3) that although the share of minutes in which fiscal implications / damages in total minutes are recorded decreased by 4.86 percentage points, during the analysis period, respectively the first quarter of 2019 compared to the first quarter of 2018, the indicator the share of the value of the notification documents with damage higher than 1 million lei in total damage value related to the notification documents submitted to the criminal investigation bodies, increased by 0.21 percentage points.

Table no. 4 Indicators of appreciation of the customs activity

No Current	Name specific indicators	U.M.	Level achieved in the first quarter	
			2018	2019
1.	Amounts ascertained following the completion of the subsequent customs control actions at the headquarters economic operator	lei/acțiune	33.516	15.290
2.	The efficiency of the subsequent control activity at the economic operator's headquarters	lei/pers.	148.185,01	71.142,14
3.	Efficiency of the activity of re - verification of accepted customs declarations	lei/pers.	57.709,53	75.596,64
4.	Efficiency of the risk profile regarding the undervaluation of goods at the time of customs clearance	%	51,48	50,31

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Analyzing the customs activity in terms of appreciation indicators, it is found that in the first quarter of 2019, compared to the first quarter of 2018, the value of fines applied decreased by 0.2 million lei, and the value of frauds and irregularities decreased by 7.4 million lei. Also, the number of contravention sanctions decreased, from 857 in the first quarter of 2018, to 772 in the first quarter of 2019.

Regarding the total amount of revenues administered by the National Agency for Fiscal Administration [6], over the time period under analysis, there is an increase in revenues collected from the state budget from 34,349.6 million lei in the first quarter of 2018, to 37,359.5 million lei in the first quarter of 2019. The trend of increasing revenues administered by the National Agency for Fiscal Administration was mentioned both for the state budget and for the state social insurance

budget, the Unemployment Insurance Budget, the Single National Social Insurance Fund Budget health (table no. 5).

Table no. 5 Revenues administered by the National Agency for Fiscal Administration

- milioane lei -

No Current	Budget name	Achievements quarter I 2018	Achievements quarter I 2019
1.	The state budget	34.349,6	37.359,5
2.	State social insurance budget	13.230,0	16.284,4
3.	Unemployment insurance budget	260,3	556,1
4.	The budget of the Single National Health Insurance Fund	6.565,6	8.046,8

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Analyzing the data from table no. 5 it is observed that the revenues realized at the level of the Unemployment Insurance Budget, over the time period under analysis, registered the largest increase in relative size, with 113.64%, even if in absolute terms the revenues realized at the level of the Unemployment Insurance Budget have the lowest share compared to the other budgets, respectively the State Budget, the State Social Insurance Budget, the Budget of the single national health insurance fund.

If we analyze the evolution of the stock of arrears remaining to be recovered on March 31, 2018, and 2019, respectively, on budgets, it is found that the state budget and the social insurance budget for unemployment decreased, and the state social insurance budget and the Fund budget single national social health insurance it has decreased (table no. 6).

Table no. 6 The evolution of the stock of arrears remaining to be recovered on March 31, on budgets

- million lei -

No Current	Budget name	Arrears remaining to be recovered on 31 March	
		2018	2019
1.	The state budget	10.488,9	10.344,5
2.	State social insurance budget	2.777,6	3.917,2
3.	Unemployment insurance budget	100,1	88,3
4.	The budget of the Single National Health Insurance Fund	1.128,9	1.555,7

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4. Conclusions

The indicators for measuring the efficiency of the activity of the fiscal apparatus have the role of assessing the level of taxation, because it cannot be strictly assessed by the volume of tax levies as it can change even without the voluntary action of the state. Without the series of indicators for measuring the activity of the fiscal apparatus, the absolute value of the fiscal levies allows the expression of some appreciations only of quantitative order and less of qualitative order.

The assessment of the activity carried out by the tax administration was made through a series of indicators, namely: the degree of realization of the budget revenue collection program, the degree of realization of the budget revenue collection program collected in customs, the degree of voluntary compliance with tax obligations, including partial payments and the degree of voluntary filing of tax returns, by type of tax.

A relatively accurate picture of taxation can be made with the help of state indicators, such as fiscal pressure, fiscal efficiency, fiscal structure, as well as with the help of effect indicators, fiscal variability index, fiscal elasticity, flexibility and fiscal multiplier.

The complexity of the activities has determined over time a professional specialization of the component structures and an increasingly clear separation of activities in order to be managed and controlled.

The inventory and delimitation of the processes of administration of the fiscal activities of quantitative type, and those of qualitative type, represent an essential stage for the efficient use of the resources that the fiscal administration has at its disposal.

The efficiency and effectiveness of budget revenue collection are measured by the cost of collection, which is associated with indicators other than those analyzed in the paper. Namely: lei spent at 1 million lei net budget revenues, personnel expenses at 1 million lei net budget revenues, net budget revenues collected by number of staff and net budget revenues collected by number of taxpayers.

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