

Bene Gheorghe-Florin
West University of Timisoara
Faculty of Economics and Business Administration

Herbei Marius
West University of Timisoara
Faculty of Economics and Business Administration

Deliman Eugen
West University of Timisoara
Faculty of Economics and Business Administration

The conduct of the fiscal administration regarding the simplification and modernization of the systems of statements and payment of tax obligations is a necessary task to improve the relationship between the fiscal administration and the taxpayers, and also to induce efficiency regarding the management of fiscal duties in a single system. Regrouping the collecting of taxes under a single administration by taking over the functions of the social security administration has been the cornerstone of establishing a simplified tax administration. Improving the methods of compulsory enforcement of tax claims, the implementation of the management by objectives and the improvement of performance indicators of the fiscal administration activity, are considered to be the commitment of the fiscal body regarding the process of improving the collection of public financial resources.

Keywords: management of statements, budgetary arrears, efficient collection, fiscal indiscipline, performance indexes

JEL code: G, H21, H30

1. Introduction

The decision of the fiscal administration concerns the specialization of the management of large taxpayers, because a careful analysis of the contribution of budgetary resources at the level of the general consolidated budget for 2004 indicates a contribution of 44.4% of large taxpayers to the total revenue collection, with a personnel structure of only 187 posts. Moreover, administering large taxpayers involves more complex issues than for most taxpayers. This is the reason for which the administration of the largest contributors was entrusted to a specialized structure.

At the level of the territorial fiscal bodies began, together with the establishment of the National Agency for Fiscal Administration (NAFA), a necessary process of management improvement, by the progressive development of a method of management by objectives, thus adopting the modern management that exists in most developed countries.

The development of this management model required the implementation, since the year NAFA was set up, of a system of **performance indicators**, of a set of 12 indicators covering the major fields of the activity of the fiscal administration, among which:

- The degree of voluntary compliance of taxpayers to declare budgetary obligations.
- The degree of voluntary compliance of taxpayers to pay the budgetary obligations.
- The share of the amounts collected in full and on time, in the total amount expected as declared.
- The share of notifications received from taxpayers, who responded within less than 20 days.
- The share of solutions for admittance or dissolving in the total of solutions given by the review bodies responsible for settling solutions of appeals.
- The share of appeals resolved in the favor of NAFA, by the courts.

- The share of appeals filed by taxpayers in the total of foreclosures issued and the documents prepared for the fiscal inspection.
- The level of arrears collection in the case of large taxpayers.
- The percentage of budget revenues collected by the procedure of compulsory enforcement.
- The average annual number of documents of control signed by an inspector.
- The additional amounts incurred to the general consolidated budget.
- The additional amounts incurred as a result of tax audit reports, which correspond to an inspector.

NAFA and each of its component structures at central and territorial level must then engage in a performance plan to achieve goals regarding the development of such indicators considered a priority and determinants in assessing the degree of achievement of the annual targets of the fiscal management distributed to each of the territorial fiscal unit.

Considering the NAFA objectives as reference, which set the targets to be achieved by the national fiscal administration, each territorial structure (district, sector) is building its own performance plan. This way, the targets in the plan direct the activity of the staff in the territorial fiscal unit, leading towards focusing on what needs to be made to fit the broad lines of development and modernization of the fiscal administration. This approach involves a broad participation and raises responsibility among employees at all levels, a collective effort to increase the performance of the entire activity of the fiscal administration.

NAFA's mission is to ensure the means necessary to finance the operation of the state, the basic duty of the fiscal administration in a broad sense that subscribes to achieving the budget revenue by applying two principles:

- First, equal treatment of taxpayers regarding taxes is fundamental and should guide the entire activity of the fiscal administration, so that every taxpayer is sure of being charged a fair contribution and will accept the very principle of the tax.
- The second is that of efficiency: that, as any administrative action in a modern country, the administration of taxes and social contributions should be made at the lowest cost. It's not just about performing a cheaper service, but also at higher standards, the taxpayers being entitled to benefit from a public service of quality.

2. Conclusions

The rate-setting of activities and of the work of the fiscal administration on specific types of activities and on each person separately, aiming at increasing productivity in all the activities of the administration, required to define the three priority guidelines of the National Agency for Fiscal Administration:

- To encourage voluntary compliance, by providing a better administration of taxes and social contributions.
- To promote a quality fiscal control, more oriented towards risk sectors.
- To increase the efficiency of collecting the taxes and social contributions in order to guarantee the necessary budgetary revenue.

The encouraging of voluntary compliance, by providing a better administration of taxes and social contributions, was made based on the feature of the tax system in Romania, which is a declarative one, and relies on the statements made by each taxpayer. This way, the efforts of the administration have set the frames to establish a system of statement for budgetary obligations, so that a maximum number of taxpayers should pay the amounts due to legal term.

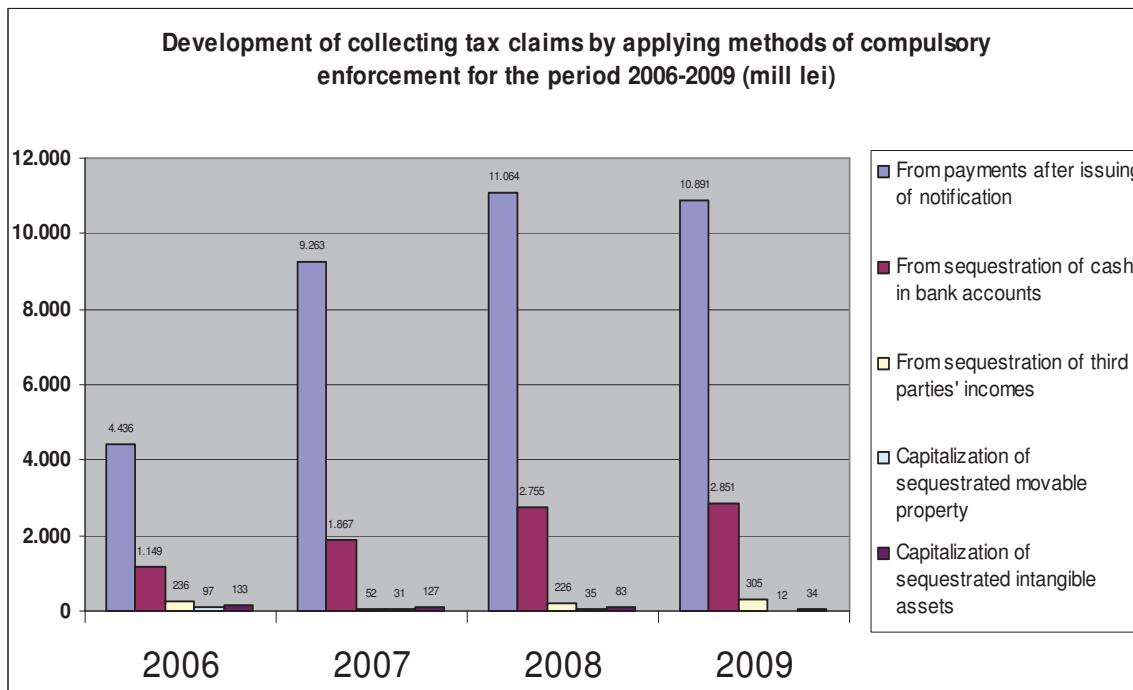
The management of the respective statements is a complex process, which allows the setting of taxes and eventually of refunds for any surplus of payment, such as the income tax refund or the VAT, for example.

The procedure of simplifying the activities of the fiscal administration continued through the suppression of the previous systematic review of requests for reimbursement of VAT credit, the

repayment period being reduced for the taxpayers who are not at risk of fraud. Through this procedure they resort to the electronic information and accomplish the concentration of the activity for setting solutions for VAT refunds in a department of risk analysis.

In order to analyze the voluntary compliance of taxpayers regarding statements and payment a timetable was established, and as a result, all territorial units will analyze the nonconformities for the same period and will automatically draw up notifications for non-submission of declarations and summons for lack of payment of overdue budgetary obligations. This will be achieved by modernizing the record on taxpayers.

In terms of **budgetary arrears**, increasing the degree of collecting by procedures of compulsory enforcement procedures mainly constituted the priority action taken by NAFA, and publishing on the website of the Ministry of a list of small and medium taxpayers with large debts was another objective of ensuring the transparency of the fiscal administration, with the consequence of determining the effect of preventing the formation of new arrears.



Source: www.anaf.ro NAFA report of performance

The working out of a record of the economic agents who registered tax debts, at the level of every territorial unit level, has allowed the development of a system for the monitoring and analysis of achieved revenues to the general consolidated budget, for reporting the results achieved in the collection process at the level of the objectives set by performance indicators and for taking measures to avoid the formation of new budgetary arrears, through a wider use of bankruptcy proceedings and the renunciation of granting payment facilities.

Pursuing performance in all the activities of NAFA, targeting positive results and better and better quality from one year to another, reflects a new culture in the activity of the fiscal administration. The approach related to the annual performance Plan of NAFA takes into consideration the following developments:

- The system of performance indicators should be improved by refining the existing indicators, and especially by introducing new indicators. The complex activities related to

administering the state's revenue will be assessed based on more representative indicators and will be boosted by establishing attractive targets.

- The level for which targets will be set will increase, because at least a medium term vision will ensure the necessary consistency in the management of the fiscal policy.

The detailed knowledge of the current situation and of the potential of the territorial structures, through the performance indicators, will be an essential prerequisite for grounding the major decisions that will guide the evolution of the fiscal administration.

There is the need to improve the budgetary revenue collection and shift them towards the most sensitive and important sectors regarding the budget revenue: the large debtors must be more insistently pursued, and the action of collection should be, especially for this category of taxpayers, more aggressive.

The activities of NAFA and of the territorial structures rely especially on information of fiscal nature, and it is vital that these should be correct. Continuous upgrading of the IT system has allowed in particular extending the reporting of fiscal obligations through the Internet.

We consider that the NAFA reform should be accompanied by a new vision regarding **the collection** of revenues to the general consolidated budget in the jurisdiction of the territorial fiscal structures – which, according to the Regulation on the organization and operation of NAFA, are empowered to collect fiscal claims and to apply the compulsory enforcement of budget revenues, thus, essential for carrying out NAFA's basic mission, they should express their option regarding the adoption of the following fiscal administration principles:

- Voluntary fulfillment of tax obligations by as many taxpayers as possible.
- To decrease the number of taxpayers - customers of the collecting measures, using particular methods of compulsory enforcement.
- Efficient management of taxpayers.
- Lowering the cost of the current activity regarding collection and the special ones resulted from applying the performing measures for every leu collected to the general consolidated budget of the state.
- Minimizing the losses representing overdue fiscal claims, subtracted from the fiscal record due to causes of insolvency and bankruptcy and other reasons not attributable to the fiscal unit.
- Reduction of overdue budget arrears and current arrears made up from the current fiscal year's debit.
- The management of specializing the taxpayers according to the criterion of size and revenue share paid to the general consolidated budget in accordance with the social importance.

The implementation of NAFA's IT program was considered a fundamental milestone in modernizing the fiscal administration through the usage of the IT application Management Information System of Fiscal Claims, which allowed the keeping of a log according to taxpayers on separate subsystems, the analytical leadership - distinct for each type of fiscal claim of the analytical evidence on taxpayer and of possible fiscal claims, accessories for increasing taxes due to delay, the analytical management of compulsory enforcement, facilities for payment, VAT refunds, offsets, the fiscal claims being in a stage of adjournment or insolvency, as well as the synthetic result of the process of fiscal administration, through the automatic transfer of data based on IT applications.

Regarding the granting of facilities for payment, we consider that the fiscal administration should apply the principle of equality between taxpayers regarding taxes, a principle which should be endorsed, promoted and enacted by the Tax Procedure Code and to represent the coordinating vector of the entire array of fiscal administration procedures both regarding the collection of state revenues through fair and non-discriminatory tax regime applied to all taxpayers, and especially in improving the business environment and encouraging competition by eliminating discriminatory tax incentives and facilities for payment.

For the collection of budget revenues the rapid acknowledgement of the situation of overdue payments is essential in order to effectively decide which is the method to prevent and/or regulate the lack of payment, and of the arrears' reduction, adapted to every taxpayer.

To discourage the accumulation of **budgetary arrears** by corporate taxpayers, NAFA updates and publishes quarterly, on their website, the list of large taxpayers and the list of small and medium taxpayers who register overdue budgetary obligations, and their collection arrangements applied by the bodies of enforcement.

The NAFA priority axes, on which the entire activity is based, is aimed at three major strategic objectives that govern its current and future actions, contained in the larger strategic guidelines set by the Government in the governing program.

First, **to prevent the elusion of taxes**, a vital stage regarding importance and the first from a chronological point of view in the process of fiscal administration: the taxpayers' assistance and providing optimal conditions for statements and payment will encourage voluntary compliance, will push for fiscal discipline.

Secondly, **an efficient and rapid collection**, which should treat taxpayers equally, will not allow deferred payment and will avoid the creation of those budgetary arrears whose likelihood to become income to the budget decreases in time.

Finally, NAFA should **suppress any phenomenon of fiscal indiscipline**, to ensure a healthy business environment in which the economic agents should engage in fair competition and in which the market law should not be distorted by taxpayers who do not pay their budgetary obligations.

We consider that in order to modernize fiscal administration there should be accomplished the decentralization of the administrative decision and also the transparency of the management process, objectives which have not found a correct application at the level of the territorial structures of the fiscal administration, the willingness of the Executive regarding decentralization being only in a declarative stage. The current organizational structure of NAFA reflects the concentration of the administrative decision at the level of the 21 general directorates of the Agency, both in the human resources management and especially in the ability to adapt the collecting methods and techniques to the development of the economic situation, but mostly to the budgetary constraints and to the need to induce efficiency regarding public expenditure.

BIBLIOGRAPHY

1. Cătineanu F., *Finanțe publice*, Editura Marineasa, Timișoara, 2000.
2. Corduneanu Carmen, *Sistemul fiscal în știința finanțelor*, Editura Codecs, București, 1998.
3. Herbei M., Popvici D., *Finanțe publice*, Editura Mirton, Timișoara, 2005.
4. Popa Dragoș Constantin, *Executarea silită a creanțelor financiar-bugetare*, Editura Lumina Lex, Bucuresti, 2000.
5. Văduva Iuliana, *Executarea creanțelor bugetare*, Editura Tribuna, Economică, Bucuresti, 2000.
6. Văcărel I. și colectiv, *Finanțe publice, ediția a IV-a*, Editura Didactică și Pedagogică, București 2003.
7. *** Ordonanța Guvernului nr. 92 din 24 decembrie 2003 privind Codul de procedură fiscală, republicată în Monitorul Oficial nr. 560 din 24 iunie 2004.
8. *** Legea 500 din 2002 privind finanțele publice, publicată în Monitorul Oficial, nr. 597 din 2002.
9. *** Ordonanța nr. 61 din 2002 privind colectarea creanțelor bugetare, publicată în Monitorul Oficial nr. 644 din 2002.