

THEORETICAL CONSIDERATIONS ON THE ISSUES AND GENERAL VALID RULES FOR LOCAL TAXES AND FEES ACCORDING TO TITLE IX OF THE FISCAL CODE AND POINTS FROM METHODOLOGICAL NORMS OF APPLIANCE THE FISCAL CODE TITLE IX: DEFINITIONS.

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To operate in complex and real problems of determining the amount of local taxes, specialized inspectors from local administration services, but also the taxpayers, must have regard to a number of issues and general rules apply across the spectrum, in general, of local taxes. Based legal matter in this issue of principle is found in the Romanian Fiscal Code, Title IX and points from the Methodological Norms of the Fiscal Code, referring of Title IX.

Trying a systematization of issues of local taxes through the Fiscal Code provisions, Title IX and its implementing Norms, we concluded that the issues and generally applicable rules for local taxes are found, scattered, over different articles of Title IX and during various points of the Methodological Norms of application of the Fiscal Code provisions relating to Title IX.

In the analysis we did, we concluded that the issues and general rules applicable for local taxes are grouped into three categories namely: a first group, comprising mainly with issues and rules theory, including here a series of definitions, principles underlying the establishment of local taxes and special to their calculation, as they result from the comparative analysis of art.247 Fiscal Code Section 1-10, 14 and 15 of the Norms of Fiscal Code, the provisions of Title IX. A second category of issues and generally applicable rules applicable for local taxes is considering issues related primarily to the role of - specifically local - in the domain of local taxes, and in the third category of issues and rules generally valid applicable are the local taxes relate to budgetary nature.

Throughout this article, we detail aspects of the first category, the related issues and general rules applicable for local taxes, mainly theoretical, and for this category, we will insist on clarifying the definitions given in Article 247 Fiscal Code and the contents of paragraphs 1-10, 14 and 15 of the Methodological Norms of the Fiscal Code provisions relating to Title IX.

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JEL Classification: H2, H3.

In art. **247 Fiscal Code** are given several definitions in order to clarify the content of the various expressions used by the legislator to clarify the meaning. Thus:

a) **The rank** of a settlement relates to the rank assigned to a city law⁴⁰.

To identify areas and their classification into tiers of cities, is considering cumulatively, the following provisions:

a) The provisions of Law no. 2/1968 on the administrative organization of the territory of Romania, republished with subsequent amendments⁴¹;

b) The provisions of Law no. 351/2001 concerning the approval of National planning arrange - Section IV - Localities network, published in the Official Monitor of Romania, Part I, no. 408 of July 24, 2001, as amended and supplemented⁴².

⁴⁰ See Methodological Norms of Fiscal Code, point 1, paragraph a), regarding Title IX, Fiscal Code.

⁴¹ According to Methodological Norms of Fiscal Code, point 1, paragraph b), regarding Title IX, Fiscal Code.

⁴² See Methodological Norms of Fiscal Code, point 2, paragraph a) – f), regarding Title IX, Fiscal Code.

According to Law no. 351/2001, the hierarchy of functional urban and rural locality, is as follows⁴³:

- a) **rank 0** - Romania's capital, city of European significance;
- b) **rank I** - cities of national importance, with potential influence at European level;
- c) **rank II** - important cities counties, county or balancing role in the network of settlements;
- d) **rank III** - cities;
- e) **rank IV** - villages common residence;
- f) **rank V** - villages of communes and villages belonging to cities and towns.

In application of Title IX according to the Fiscal Code and Law no. 2/1968, **localities of cities and towns** are assigned the same rank with those of cities and municipalities in whose administrative territory is⁴⁴.

b) **Areas of the city**⁴⁵ - areas are set by the local council depending on land to the center position of city and other specific elements of administrative - territorial units, utility networks according to documentation planning and urbanism, agricultural registers real estate cadastre specific records - municipal or other records which may affect agricultural land or land value.

According to section 4, paragraph 1) and 2) Methodological Norms of Fiscal Code, on Title IX, **delimitation and determining their number**, in the inter villana, and extra villana limits, are determined by adopted by local councils (according to art. 247, paragraph b), Fiscal Code), according to the criteria listed.

Number of built-up areas in inter villana may be equal or different with the number of areas extra villana limits.

Identify areas (both in inter villana, and extra villana limits), is made by the letters A, B, C, D⁴⁶.

If the administrative unit required **zoning changes**, local councils can take decisions in this regard only in May (month 5 of the current fiscal year) for the following fiscal year. Failure of changes in zoning in May corresponds to the respective local councils option of maintaining the existing boundaries of the areas for the next fiscal year⁴⁷.

If during the fiscal year changes localities **rank** or the **limits** within intra villana and extra villana, where applicable, the **tax on buildings** - for individuals (PF) and **land tax** for both PF and legal persons (PJ) changes under the new scale of the village or the new boundaries of the built / terrain, where applicable, as of January 1 of the following fiscal year.

In the above situation, **building tax** and **land tax** due is determined, by default, by the specialized department of the local authorities, not to file another tax return after it has previously been made, informing the taxpayers of the rank change town or built-up limits, as appropriate⁴⁸.

In case of Bucharest, functions provided in Norms of Fiscal Code, applicable to Title IX, paragraphs 4 and 6, paragraph 1) and paragraph 3) are met by the General Council of Bucharest⁴⁹.

To ensure stability in the delimitation of zones, it is recommended that data be multiannual.

If the **number of areas** intra villana is the same number of extra villana areas, it's used the following corespondence (direct corespondence)⁵⁰:

- a) The intra villana area A has as corespondent in the extra villana A area;
- b) The intra villana area B has as corespondent in the extra villana B area;
- c) The intra villana area C has as corespondent in the extra villana C area;
- d) The intra villana area D has as corespondent in the extra villana D area.

⁴³ According to Methodological Norms of Fiscal Code, point 3, regarding Title IX, Fiscal Code.

⁴⁴ See art.247, lit.b), Fiscal Code.

⁴⁵ See Methodological Norms of Fiscal Code, point 5, regarding Title IX, Fiscal Code.

⁴⁶ According to Methodological Norms of Fiscal Code, point 6, paragraph 1), regarding Title IX, Fiscal Code.

⁴⁷ Idem. point 6, paragraph 3).

⁴⁸ Methodological Norms of Fiscal Code, regarding Title IX, point 7.

⁴⁹ Methodological Norms of Fiscal Code, regarding Title IX, point 9, paragraph 1).

⁵⁰ Idem, point 9, paragraph 2).

At the administrative units - where specific elements allow demarcation of less than 4 areas, local councils can do this, only as follows⁵¹:

- a) if it delimits three zones, this are: Zone A, Zone B and Zone C;
- b) if it separates in two zones, this are: Zone A and Zone B;
- c) if one area is delimited, this is the area A.

In cases where the number of **areas** intra villana is different from the number extra villana **areas**, the correlation between areas is as follows⁵²:

- a) in intra villana its delimited only area A area, and the extra villana delimited areas are: A, B, C and D. For this case, any part of the terrain is only correspondent of the built area A;
- b) in intra villana its delimited A and B areas, and the extra villana delimited areas are: A, B, C and D. For this case, the extra villana A area is corespondent of area A intra villana, and any of the areas B, C and D from extra villana area only have corresponding in B intra villana;
- c) in intra villana its delimited A, B and C areas, and the extra villana delimited areas are: A, B, C and D. For this case, the extra villana A area is corespondent of area A intra villana, the extra villana B area is corespondent of area B intra villana and any other areas C and D extra villana have only correspondent of the intra villana area C;
- d) in intra villana its delimited A, B, C and D area, and the extra villana delimited areas are: A, B, C and D. For this case, the extra villana A area is corespondent of area A intra villana, the extra villana B area is corespondent of area B intra villana, and any of the areas C and D intra villana are corresponding only to extra villana area C;
- e) in intra villana its delimited A, B, C and D area, and the extra villana delimited areas are: A and B. For this case, the extra villana A area is corespondent of area A intra villana, and any of the areas B, C and D intra villana have corresponding to B extra villana only;
- f) in intra villana its delimited A, B, C and D area, and the extra villana only area A. For this case, any of the areas intra villana have correspondent area A extra villana only.

The provisions of point 9, paragraph 3) Methodological Norms of Fiscal Code - Title IX, detailed above in points a) - f) are collated in tabular form as follows⁵³:

	INTRA VILLANA		Correspondence of areas in case the area numbers of intra villana is different of extra villana	EXTRA VILLANA	
	Option	Area		Option	Area
Paragraph a)	X	A		A	X
		B		B	X
		C		C	X
		D		D	X
Paragraph b)	X	A		A	X
	X	B		B	X
		C		C	X
		D		D	X
Paragraph c)	X	A		A	X
	X	B		B	X
	X	C		C	X
		D		D	X
Paragraph d)	X	A		A	X
	X	B		B	X
	X	C		C	X

⁵¹ Idem, point 9, paragraph 3).

⁵² Methodological Norms of Fiscal Code, regarding Title IX, point 9, paragraph 5).

⁵³ Methodological Norms of Fiscal Code, regarding Title IX, point 9, paragraph 4).

	X	D		D	X
Paragraph e)	X	A	—————→	A	X
	X	B	—————→	B	X
	X	C	—————↑	C	X
	X	D	—————↑	D	X
Paragraph f)	X	A	—————↑	A	X
	X	B	—————↑	B	X
	X	C	—————↑	C	X
	X	D	—————↑	D	X

When calculating the **tax on land located intra villana**, registered at the agricultural register at **other category than land with buildings** (see art. 258, paragraph 1) - 4) Fiscal Code), the **areas** identified by roman numerals have the following equivalences : I area equivalent area A, II area equivalent of area B, area III equivalent to the C, area IV equivalent to the D.

Note that this equivalence is used for areas extra villana outside city limits, established in 2003, for 2004⁵⁴.

Under paragraph 10 of the Methodological Norms of Fiscal Code - Title IX, the dictionary meaning of words and actions including use in the work setting, control and collection of local taxes are to be approved by order of the Minister of Public Finance and Minister of Administration and interior.

c) **Street Nomenclature** - is, according to art.247, paragraph c), Fiscal Code, **the list** contains the names of all streets in an administrative - territorial identification numbers on each street side buildings and the owner of the ownership of each building. Street Nomenclature is organized every rural and urban unit is primary evidence used to award home address / residence of the individual, the registered legal entity and each building, land and / or building.

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