



TAXES AND FEES: RESOURCES OF THE STATE INCOME

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Abstract

Taxes, fees and contributions to the state budget, social security budget and local budgets represent sources of revenue to the state's single centralized budget. The taxes and fees provided for in the budget revenues are characterized, each in part, by certain traits determined by ways and sources of origin, the way of settlement, perception and their role in each given stage, but, at the same time, there are certain common elements, specific to each budget revenue without which they could not be predicted, determined, tracked and received. These elements have to be found in the regulations of each budget income and must be clearly stated in the normative acts that establish taxes and duties. If taxes and fees differ from the point of view of sources of provenance, taxation, contraptions, the mode of perception and their role, they also have something in common, i.e. the technical elements.

Key words:

tax, fee, technical elements of taxes and fees, taxpayers, calculus, payment terms, forecast.

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1. TAXES AND FEES. PRINCIPLES AND CLASSIFICATION

Taxes and duties are governed by the Fiscal Code. According to the provisions of Art. 3 of the Fiscal Code, the following principles stay at the base of taxes and duties:

- a. neutrality of the fiscal measures as regard to the various categories of investors and capital, forms of ownership, by ensuring by the taxation level, equal conditions for investors, Romanian and foreign capital;
- b. certitude of taxation, by developing clear legal norms, that do not lead to arbitrary interpretations, while the deadlines, manner and amounts payable are clear for each payer, respectively such payers may follow and understand their fiscal burden they have and may determine the impact of their financial management decisions on their fiscal burden;
- c. fairness of taxation or fiscal equity ensures that the tax burden of each taxpayer is determined on the basis of the contributing

power, respectively according to the size of its income or property;

- d. efficiency of taxation provides similar levels of budget revenue from one budget exercise to another by maintaining tax, fees and contribution performance in all phases of the economic cycle, both in times of economic and crisis turmoil;
- e. predictability of taxation ensures the stability of taxes, fees and mandatory contributions for a period of at least one year in which changes can not be made in order to increase or introduce new taxes, fees and mandatory contributions.

The Fiscal Code regulates the taxes, fees and mandatory social contributions in Article 2, Paragraph 1, called Taxes and fees.

The legal regulations of the Fiscal Code provide for the following mandatory taxes, fees and social contributions:

A. Taxes and fees:

- a) profit tax;
- b) income tax of micro-enterprises;
- c) income tax;

- d) income tax obtained in Romania by non-residents;
- e) tax on representative offices;
- f) value added tax;
- g) excises;
- h) local taxes and fees;

- i) construction tax.

The schematic representation of the typology of the previous notions is as follows:

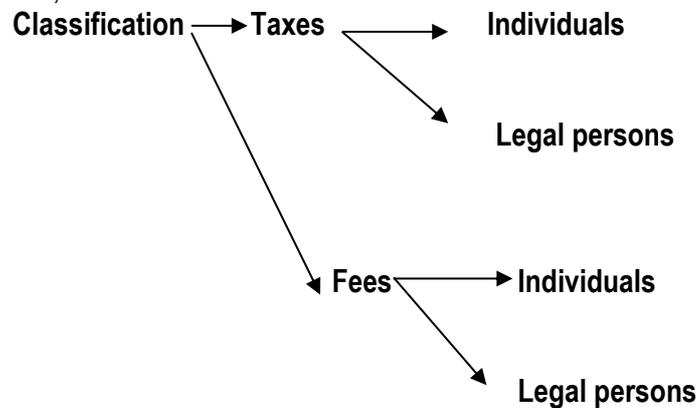


Figure 1. General scheme of taxes and fees
Source: Developed by authors

2. COMMON TECHNICAL ELEMENTS OF TAXES AND FEES

Theory and practice highlight the common technical elements of taxes and fees.

These common technical elements result in:

- a) object of the tax or fee,
- b) basis for calculating the tax or fee,
- c) subject of the tax or fee,
- d) tax or fee payer,
- e) tax rate,
- f) method of calculating the tax or fee,
- g) term of payment of the tax or fee,
- h) tax incentives and facilities,
- i) rights and obligations of the payer of tax or fees,
- j) trim (the method of application of the tax or fees).

a) The object of the tax or fee is the concrete element underlying the settlement of the tax or fee owed by individuals and legal persons taxpayers.

According to:

1. way of income origin,
2. from the perspective of the aim pursued,
3. by the type of payer, the object of the tax or fee differs from one situation to another.

b) *The basis for calculating the tax or fee is met in theory and in practice under the name of "taxable matter".*

Taxable matter represents the actual, real element on which the calculation of the tax or the fee as a payment obligation for individuals and legal persons taxpayers, is based.

Practice has shown that there may be situations where taxable matter is determined:

1. on the basis of tax returns,
 2. by flat rate assessments,
 3. by estimates.
1. Where taxable matter is known to be certain, the valuation based on tax returns is applied.
 2. The flat rate assessment is applied in situations where we are talking about many taxpayers. Tax payers have the obligation to keep accounting records of income.
 3. Estimation assessment is an empirical method. Tax or fee assessment is approximate. Sometimes this method leads to inaccuracies, to the impossibility of a correlation between taxable matter and taxpayers' payment obligations.

c) *The subject of the tax or fee is the natural or legal persons who own or carry out the taxable object and which, according to the law, have the obligation to*

pay towards the state budget, the social security budget and the local budgets.

d) *The unit amount or quota represents the proportion of the total volume of the made income and the part taken to the state.*

The tax rates may be:

- *percentage,*
- *proportionate,*
- *progressive,*
- *regressive,*
- *in fixed amounts.*

e) *Progressive quotas know two ways:*

1. *direct progressivity, consisting in the application of variable quotas, depending on the entire volume of the tax base;*
2. *progressivity on income tranches (which is more equitable), as is the case with wage tax.*

f) *Payment periods indicate the frequency of payments and the date until which they are made without incurring sanctions;*

g) *Facilities granted in Romania are:*

- *exemptions,*
- *discounts,*
- *delays,*
- *rescheduling,*
- *bonuses, etc.*

Facilities may have economic, social, financial or technical justification.

h) *taxpayer's rights*

g) to budget revenues mainly refer to:

- *correct, fair application of legal regulations on:*
 - *calculation,*
 - *payment of taxes and fees.*
- *right to compensation, if more than the legal debt has been paid, may request compensation for the difference with the amounts to be paid;*
- *right to a refund in cases where the amounts are higher and can not be offset*

- by payments in the next period;
- *right to appeal, in case of dissatisfaction justified by the findings of the inspection bodies.*

f) *the trim is made in all the measures concerning:*

1. *identification of the object to taxes,*
2. *quantification of taxable matter,*
3. *determining the tax or the fee.*

3. ENTERPRISE FROM THE POINT OF VIEW OF THE SOURCE OF TAXES AND DUTIES FORMATION

"Activity of any economic agent, carried out under autonomous conditions, is inevitably conditioned by the demand (necessity) for resources and possibilities of their procurement, that is the offer, on the one hand, the objectives of the economic, financial and social policy of the state, which give expression to social regulation, and on the other hand, the conditions in which the specialization, cooperation, concentration and integration of its production takes place, in regard to the conquests of science and technology. All these determine the attribution of a relative character to autonomy and not an absolute one. In addition, it obliges us to extend the sphere of applicability of autonomy to all aspects of the entrepreneur's activity, thus taking into account the combined action of exogenous and endogenous factors, the influence of this action on the state and evolution of the economic system of the enterprise, seen in its entirety. This is all the more necessary since the very action of autonomy is inevitably linked to the purpose for which the entrepreneur is existing and functioning and thereby, to the manifestation of functions that are currently attributed to the modern enterprise"¹.

"The notion of system is very general and extensive as content, being interpreted as "a finite set of elements that function according to one or more general objectives. We support the view that the system is a finite set of identifiable and interdependent elements that are structured and function according to the general objective in a

¹ Trenca, I. (2007), „Fundamente ale managementului financiar”, Ed. Casa Cărtii de Știință, pag. 13

closed domain and / or space"².

In this sense, we consider that "the enterprise responds to the definition assigned by the system in the sense that it can be considered a system composed of two subsystems: the leading subsystem and the driven subsystem, which is carried out by its functions that are well defined and delimited"³.

The enterprise operates under tangible environmental conditions or under the organization and internal functioning of its transformation mechanisms.

The enterprise is a regulated entity with legal personality and equity which is organized on its own on the basis of rules, norms and principles in order to obtain profit by achieving the objectives for which it was established.

The enterprise is "a unit with an economic, legal and decision-making autonomy that produces goods or services on a commercial basis"⁴.

The enterprise is considered to be "a microeconomic mechanism designed to organize and run economic processes in order to provide usefulness to the society."

The specialized literature appreciates the enterprise as "a system in which various resource inputs occur and which, on the basis of their transformation, provide a certain amount of outputs (Figure 2):



Figure 2.
Enterprise as a system with inputs and outputs

In which:

X = inputs;

Y = outputs;

T = transformations.

"Inputs in the enterprise system consist of various informational, energy, labour, material and financial resources that the enterprise needs in order to achieve its goal"⁵.

The goal of any enterprise is to achieve profit in terms of maximum return. As a result, activity of enterprises generates revenue. This revenue is subject to taxation.

Amounts representing taxes and fees owed by the enterprise represent revenue resources for the state and result in outflows from the enterprise system.

CONCLUSIONS:

The Fiscal Code provides for the following taxes and fees:

1. Taxes and fees:

- a) profit tax;
- b) income tax of micro-enterprises;
- c) income tax;
- d) income tax obtained in Romania by non-residents;
- e) tax on representative offices;
- f) value added tax;
- g) excises;
- h) local taxes and fees;
- i) construction tax.

2. Mandatory social contributions regulated by the Fiscal Code are as follows:

- a) social security contributions owed to the state social insurance budget;
- b) health insurance contributions owed to the budget of the National Health Insurance Fund;
- c) contribution for holidays and social health insurance indemnities owed by the employer to the budget of the National Health Insurance Fund;
- d) unemployment insurance contributions, owed to the unemployment insurance budget;
- e) insurance contribution for accidents at work and professional diseases, owed by the employer to the state social insurance budget;

² Mîrzac, M. (2014), „Procesul de finanțare a businessului mic și mijlociu în Republica Moldova”, pag. 13

³ Țirlea, M.R.(2016), „Gestiunea financiară a întreprinderii”, Chișinău, pag. 15-16

⁴Țirlea, M.R. (2012), „Evaluarea întreprinderii”, Cluj Napoca, Ed. Risoprint, pag.14

⁵Giurgiu, A. & colaboratorii, (1978), „Întreprinderea, unitate de bază a economiei naționale”, Cluj Napoca, Ed. Dacia, pag.7

f) contribution to the Guarantee fund for payment of salary debts, owed by individuals and legal persons who are employers according to art. 4 of Law no. 200/2006 on the establishment and use of the Guarantee fund for payment of salary debts, with subsequent amendments.

So, "taxes represent a form of levying a portion of the income and / or wealth of individuals and legal persons available to the state in order to cover public expenditure. This extraction will be done compulsory, non-refundable and without direct counter performance from the state"⁶. Taxes are amounts actually paid by individuals and legal entities for services received from taxable persons or legal entities from the state.

The common technical elements of taxes and fees are: the object, the basis of calculation, the subject, the payer, the share, the calculation method, the payment term, the fiscal facilities, the payer's rights and obligations and trim.

Taxes and fees owed by the enterprise to the single consolidated state budget represent revenue resources for the state.

- ❖ Trenca, I. (2007), „*Fundamente ale managementului financiar*”, Ed. Casa Cărții de Știință, pag. 13
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⁶Văcărel, I. (2002) (coordonator), „*Finanțe publice*”, ed. a II-a, EDP, București, pag. 397