



INTERNATIONAL JOURNAL OF ACADEMIC RESEARCH IN ACCOUNTING, FINANCE AND MANAGEMENT SCIENCES



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To Link this Article: <http://dx.doi.org/10.6007/IJARAFMS/v2-i1/9866>

DOI:10.6007/IJARAFMS /v2-i1/9866

Received: 15 January 2012, **Revised:** 17 February 2012, **Accepted:** 02 March 2012

Published Online: 19 March 2012

In-Text Citation: (Cucosel, 2012)

To Cite this Article: Cucosel, C. (2012). Efficiency of Fiscal Control and Anti-Tax Evasion measures carried out by the General Directorate of Public Finance Maramures. *International Journal of Academic Research in Accounting Finance and Management Sciences*, 2(1), 12–17.

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Vol. 2, No. 1, 2012, Pg. 12 - 17

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Efficiency of Fiscal Control and Anti-Tax Evasion Measures Carried out by the General Directorate of Public Finance Maramures

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Abstract

The control of the budget income refers to the method used to establish the tax obligations, to calculate different payment amounts at due dates, to find the taxpayers who have revenues or own taxable goods, to fight against the tax evasion etc. These activities are usually carried out after the completion of the accounting operation but can be also conducted on a current basis, unannounced, because, due to its very nature, the fiscal control cannot be separated from the surveillance activity. This is why the same bodies or bodies within the same structures conduct both activities.

Keywords: Fiscal Control, Fiscal Procedure, Tax Inspection, Duties, Taxes, Contributions

Introduction

The Constitution and the fiscal laws stipulate the obligation of the taxpayers to pay the budget income according to the amount and the legal terms specified by the laws that regulate each and every budget income.

A series of actions and operations have to be carried out in order to establish and levy some budget taxes from different physical persons and legal entities.

The collection of issued regulations and the variety of operations carried out by the fiscal bodies in order to calculate and collect duties, taxes and contributions as budget income make up the content of the concept of fiscal procedure.

The fiscal procedure includes the following phases or stages:

- Drawing up the preliminary procedural acts;
- Assessing the taxable income and goods;
- Issuing or drawing up the accounts receivable deed;
- Modifying the budget obligations settled by the accounts receivable deeds and solving the litigations;
- Paying the budget obligations or settling them by other specific or special means.

Fiscal Procedure

Assessing and Calculating the Taxable Subject

In order to impose taxes on any income or good, the fiscal bodies have to establish first their actual existence and subsequently to evaluate them. The assessment of the taxable incomes and goods is made by the local financial bodies of the Ministry of Public Finance and by the specialized departments of the local public authorities.

The operation of assessment is highly important for including all the incomes and goods subsequently subjected to taxation and defined as taxable, and for avoiding the tax evasion.

The terms of assessment operations vary according to the recurrence of the legal calculation for each tax. Therefore, the assessment for the taxes and duties calculated on an annual basis (population income tax, real estate tax, vehicle ownership tax) has to be made annually at the beginning of the year. In other cases, the assessment has to be made more often, even on a monthly basis.

The operations and the procedures of assessing the taxable subject vary; they are more complex for the direct taxes as compared to the indirect taxes. Moreover, the operations and the procedures of assessing the taxable subject for the direct tax vary according to the way these taxes are set.

Calculating and Personalizing the Due Payment through Budget Accounts Receivable Deeds

The amount of money (budget income) due by the taxpayers to the state represents their budget obligations, whereas for the state, that is entitled to levy them, these are accounts receivable. Therefore the terms “budget obligations” and “budget accounts receivable” refer to the same amount of money to be paid by a taxpayer at the budget, due according to the law for the state that is acting as the budget coordinator and manager.

The tax collection, as a complex activity, entails to identify the taxable object, to value correctly the taxation base and to establish the amount of the tax to be paid. The data gathered or received and processed has to be recorded in some specific documents that represent taxation instruments, serving as information support.

The materialization of the budget obligation of the taxpayers is done through a legal act called budget accounts receivable deed. This is a document that stipulates the obligation of the each taxpayer to pay the budget accounts receivable originated from taxes, duties, obligations, fees and other budget income, as well as their accessories – interests, forfeits and late penalties.

The accounts receivable deed is issued by the fiscal body or by any other legal representative. The deed does not set up new taxes and duties; they are set up by the law. However, the law cannot stipulate the taxes and duties and the amount to be paid by each and every physical person and legal entity. The law provides just the general technical framework of taxation.

Means of Calculating and Paying the budget Obligations

According to the nature of the taxes and duties, to the category of the taxpayer, to the method used to assess the taxable good and to calculate the taxes, several methods are used to perceive them.

One of them is the method of direct calculation and payment used by the economic agents that pay the tax on profit, excise taxes, value added tax etc., that calculates and transfers directly the

amounts to be paid at the due terms in the bank accounts opened at the treasury, being in the same time responsible for the exactitude of these operations.

Another of these methods is the withholding at source (withholding and transfer) applied for payroll tax, dividend tax, tax on interest, on author rights and pensions etc. The ones who pay these taxes have to calculate, withhold and transfer the amount required to the budget themselves.

In case if the taxation is carried out directly by the fiscal bodies, the method of impose and debit is used. The origin of the name is the fact that determining the tax means to impose, while registering it in the records of the fiscal bodies in order to be levied, is considered debiting (debit to be levied). The method is used to tax the income obtained from independent activities (with some exceptions), the income obtained from leasing goods (rental and lease), and to levy the local taxes from the population etc.

The settlement of the budget obligations can also be done by applying and canceling mobile tax stamps, when it comes to taxes on stamps with lower values. The payment is made in advance. The method is simple and efficient from the economic point of view, but it can be used only for small amounts and any taxation errors that may prejudice the taxpayer cannot be corrected anymore (the amount cannot be recovered).

The budget obligations can be paid using cash, bank transfer (wire), postal order or by cancelling tax stamps.

The budget obligations are due at the deadlines stipulated by the laws that regulate them. The due term for the differences of budget obligations established by audit operations or the budget obligations established by official report calculating the interest and late penalties is established according to the date they were submitted, namely: until the 5th of the following month if submitted between 1-15 of the month or until the 20th of the following month if submitted between 16-31 of the month.

The control documents stating the differences of budget obligation also represent payment notices starting from the date the debtors signed them or were notified about them, according to each case.

In order to improve the income collection, the Government Ordinance no. 61/2002 stipulates new sanctions for the taxpayers who fail to pay their taxes on time, imposed as late penalties and other type of penalties. Therefore, if the debtors fail to pay the due budget obligation on time they owe late penalties imposed as compensation payments.

The penalties are calculated for each day of delay starting with the day following the deadline of the fiscal obligation until the date the due contribution is settled. The penalties for the differences of budget obligations calculated by the competent authorities are owed starting with the day following the due date for the budget obligation for which the difference was established.

The penalties also apply to the period for which the taxpayer benefited from facilities (deferment or breakdown) concerning the payment of the debts to the budget.

No penalties are calculated for the amounts owed as fees of any type, accessory fiscal obligations established by law, forfeit expenses, judicial expenses etc.

The taxpayers have the right to receive interest for the amounts refunded or paid back from the budget after the expiration of a term of 45 days after the refund or compensatory request was submitted to the competent authority, or after 60 days after the decision was issued. The interest is supported from the same budget and income from where the amount has to be paid back, refunded

or compensated to the taxpayer, according to each case. The interest rate is the same as the penalty rate (0.1% for each day of delay).

Other Methods of Settling Debts to the Budget

Tax payment is the most simple, widespread and important method of settling the debts to the budget. This is a normal and secure way of obtaining state income. The taxes and duties have to be paid willingly and initiated by the taxpayers. Otherwise, coercive measures will be applied.

The settlement of the budget obligations can be done also by using other specific methods:

- Budget obligations settlement by compensation;
- Budget obligations settlement by deduction;
- Budget obligations settlement by cancelling;
- Budget obligations settlement by prescription;
- Budget obligations settlement by forfeit.

Conclusions

By analyzing the data provided by the General Directorate of Public Finance Maramures for the period 2004-2009, one may notice a quantitative and qualitative growth of the activity conducted by the control bodies whose result was to impose fiscal obligations that were initially evaded for more than a year.

The efficiency of the controls can be estimated by analyzing the amounts attracted to the state budget. As a result of the investigations, important amounts were collected by the state budget, amounts that represent additionally calculated differences compared to the records of the economic agents, late payment increases, relevant late interests and penalties, fines imposed and other revenues cashed in as seizures of property or price differences.

These amounts registered an increase of 40% in 2006 compared to 2005. The increase continued in 2007 as well with a degree of 44% compared to the previous year. A significant growth of 85% was recorded in 2007 with high additionally calculated differences compared to the records of the economic agents (95%). The growth of the income attracted as a result of the controls continues in 2009 too (49%).

As a result of the control activity carried out by the tax inspectors in the period 2004-2009, significant increases of the amounts attracted to the state budget were registered for the main types of income (profit tax, value added tax, income tax). Important decreases were recorded in 2005 compared to 2004 when the total amount of income dropped off by 58.56%. A spectacular growth was registered in 2007 when the attracted amounts to the state budget increased for the main types of income by 44% compared to the previous year, the biggest increase being registered for the income collected as profit tax.

In the period under analysis the process of recovering the amounts due to the state budget through forced executions has seen both ups and downs. The highest percent of recovering - 69.83% - was registered in 2004. A slight decrease of the amounts collected by the state budget - 41.97% - was registered in 2005. A low percent of cashing in the accounts payable collected as a result of the forced executions was registered in 2006 - 12.08%. 2006 was the year with a significant increase of these figures, while in 2008 and 2009 the collection degree started to decrease.

In order to recover the budget accounts payable, the General Directorate of Public Finance Maramures resorted to payment demands for the insolvent or inactive economic agents pressing them to pay the amounts owed to the consolidated state budget, otherwise resorting to commencement of bankruptcy procedures as per the stipulations of the republished Law no. 64/1995.

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