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THE TAX INCIDENCE ON THE REVENUES OF ROMANIAN CROP FARMS

ANCA-MARINA IZVORANU¹, MIHAELA KRUZSLIČKA², CAMELIA TOMA²

Abstract: *Taxation plays a fundamental role in the context of decisions made by Romanian farmers on agricultural holdings. The fear of failure of a farmer is accentuated by taxation, which gives increasing importance to the treatment of this subject. This paper aims to analyze the effect of fiscal policies on the financial capacities of the actors in agriculture and follows the degree of socio-economic affective of the farmers from 28 counties of Romania. In order to know the concrete problems and to gather current information on the situation of the agricultural producers and the realities of the cereals market, case studies were carried out in farms and representative areas for the analyzed product. These were performed in several counties of the country (Buzău, Salaj, Maramureș, Sibiu, Călărași, Olt, Neamț, Iași, Bacău, Alba, Teleorman, Ialomița, Vrancea, Prahova, Galați, Satu Mare, Cluj, Timiș, Brăila, Bihor, Mureș, Giurgiu, Ilfov, Dambovița, Dolj, Vaslui, Argeș, Tulcea), in order to generate an overview on the level of taxation affectivity on the financial capacities of certain farmers in the respective counties. The case studies focused on medium to large farms, which have a commercial production, specialized on a certain product, respectively cereals.*

Keywords: *fiscal system, agriculture, cereals, Romania*

JEL classification: *E62, H20, Q14*

INTRODUCTION

The present paper is intended to be a plea in front of all the stakeholders on the problems of agriculture today, as agriculture, as specified by the great state man C. Argetoianu in the interwar period, is the only branch that "surely has the capacity to get us out of the fray. where we are today" (C. Argetoianu, 1930). And if we refer to the present and interpreting what Argetoianu said, it is important not to get out of the underdevelopment path, which we have overtaken anyway, but to enter into the performance path, which defines the future knowledge society.

Taxation is involved in all areas of life, economic, social and cultural. These sides are permanently correlated, interconnecting each other, inducing specific behaviors, each at the level of the other. The importance of the studied theme lies in this interdependence of the areas of control. Fiscal measures do not determine strictly economic characteristics, but they produce more or less profound social and cultural changes. Human actions, in general, take place with a certain direction, duration and intensity. The direction is established, most of the times, according to the objectives pursued, and the other two instruments, the duration and the intensity are relatively clear. The same aspects are also within the framework of taxation, the objectives are intensively pursued and are foreseen with certain periods of time. These, the objectives, are different from one period to another, changing in intensity and duration. That is why it is very important to know what their effects are on the economic and social field, because they are created by the public power in order to positively affect both subjects, the state budget and the taxpayers.

The actuality of the subject results from the premises of the future when, of course, the present system of taxation, which is eminently in the national responsibility, will manifest itself in a framework with common rules at the level of the European Union, following the model of the monetary policy and of the community policies, with which it will be in a symbiotic relationship.

Agriculture, as an important branch of the national economy, requires the involvement of its actors in the fiscal field, thus correlating their status with the level of performance of the field and with the requirements of the national budget. In the following, we will discuss the means and methods by which taxation can influence the activity of farmers and we will try to offer positive ideas, both through the scenarios made in comparison with the other Member States, but also by exemplifying concrete situations.

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All these aspects have helped to shape the theme of this paper, which highlights the importance of approaching a thorough study, regarding what it means for agriculture and in particular, for farmers, fiscal obligations.

MATERIAL AND METHODS

In order to achieve the objectives of the research and to verify the assumptions pursued, it was decided to carry out a qualitative research based on the questionnaire, survey carried out throughout the country. Thus, through a questionnaire applied online, persons belonging to individual households, farmers, individuals and legal entities were interviewed. In this questionnaire, on the basis of 24 questions (Q1-Q24) were selected - from the database of the Agency for Payments and Interventions in Agriculture - farmers with place of activity in Romania, so that each of them is covered the eight development regions: North-East development region comprising Bacau, Botoșani, Iași, Neamț, Suceava and Vaslui counties, South-East development region comprising Brăila, Buzău, Constanța, Galați, Tulcea and Vrancea counties, the region of South-Muntenia development comprising Argeș, Călărași, Dâmbovița, Giurgiu, Ialomița, Prahova and Teleorman counties, South-West development region comprising Dolj, Gorj, Mehedinti, Olt and Vâlcea counties, West development region comprising Arad counties -Severin, Hunedoara and Timiș, the North-West development region comprising the counties of Bihor, Bistrița Năsăud, Cluj, Maramureș, Satu-Mare and Sălaj, the region d Development Center, which includes Alba, Brașov, Covasna, Harghita, Mureș and Sibiu counties and the Bucharest-Ilfov development region, which includes Bucharest and Ilfov county.

The tool used for data collection was the online survey - the questionnaire (attached in the annexes), through the online platform Jotform, which was structured on two parts:

- The first part deals with information regarding the identification of the farm and includes both demographic questions, respectively the village, the locality, the city or the county in which they carry out their agricultural activity, the legal status of the farm, the age of the respondent, studies, number of family members, occupation, source of income. , the monthly income of the family, as well as questions related to the exploitation, such as the ownership of the land, the ownership of the exploitation of a cooperative, associations, producer group, the area cultivated with each of the crops included in the list of income rules, which have a lower limit of payment of taxes. , such as cereal crops, oil plants, potatoes, sugar beet, tobacco, vegetables in the field, vegetables in protected areas, hops on fruit, trees on fruit, vine on fruit, flowers and medicinal plants, but also the number of animals that also, they fall into income rules with non-taxable limits.
- The second part deals with tax information and fiscal transparency, the concern of taxpayers regarding taxation, its influence on the decisions made and on the activities, the payment capacity of the farmers and the suggestions of the respondents for the subject of study.

The period of elaboration and realization of the research was February 2019 - May 2019, and the data processing was done with the help of the SPSS program, which provided a transparent and indisputable approach to the analysis.

RESULTS AND DISCUSSIONS

The perception of taxpayers on the subject of taxation should be treated equally with the impact that the taxation has on their financial capacity. In this regard, farmers from 28 counties were questioned regarding their monthly income and the area of land cultivated with cereals. Both household income and land area are tools that help determine the amounts they pay to the local budget and the national budget for agricultural activities.

The results obtained will be balanced with the incomes of the peasant households participating in the survey, in order to determine their financial capacity. According to the legislative framework, a farmer has the following obligations to the state budget (national and local) and to the social insurance budget: the income tax - which is calculated according to the county agricultural norms and

the number of hectares; land tax - which is calculated according to the area of land, the category of use and the rank of the locality; social contributions - which are calculated according to the income established by the county norms and paid only insofar as it exceeds twelve gross minimum wages in the country. Social contributions are not compulsory for taxpayers whose income is less than 24,960 lei (twelve minimum gross salaries of 2,080 lei), but they can opt for their payment.

From the data of the questionnaire the following values regarding the income tax, the land tax and the social contributions that fall to the farmer's burden, as well as their share in the monthly income of a farmer, have resulted. (Table 1)

Table 1. Impact of taxes and social contributions on income taxpayer in agriculture

	County	Monthly income per hectare (lei)	Total taxes and contributions per hectare (lei)	How much is the value of taxes and contributions in the monthly income (per hectare)
1	Buzău	350	207,44	59,27
2	Salaj	312,00	167,75	53,77
3	Maramureș	387,34	200,04	51,64
4	Sibiu	415,38	213,25	51,34
5	Călărași	514,29	263,66	51,27
6	Olt	426,92	217,20	50,88
7	Neamț	414,55	210,24	50,72
8	Iași	436,36	217,58	49,86
9	Bacău	466,67	229,01	49,07
10	Alba	494,12	240,78	48,73
11	Teleorman	551,72	262,26	47,54
12	Ialomița	654,55	310,95	47,51
13	Vrancea	600,00	276,56	46,09
14	Prahova	600,00	275,70	45,95
15	Galați	600,00	273,35	45,56
16	Satu Mare	688,89	312,63	45,38
17	Cluj	750,00	329,22	43,90
18	Timiș	720,00	312,70	43,43
19	Brăila	975,00	422,55	43,34
20	Bihor	830,77	358,78	43,19
21	Mureș	758,82	327,71	43,19
22	Giurgiu	825,00	350,75	42,51
23	Ilfov	864,00	365,15	42,26
24	Dambovița	6000,00	2160,92	36,02
25	Dolj	7200,00	2578,80	35,82
26	Vaslui	240,00	66,78	27,83
27	Argeș	432	65,40	15,14
28	Tulcea	545,45	56,51	10,36

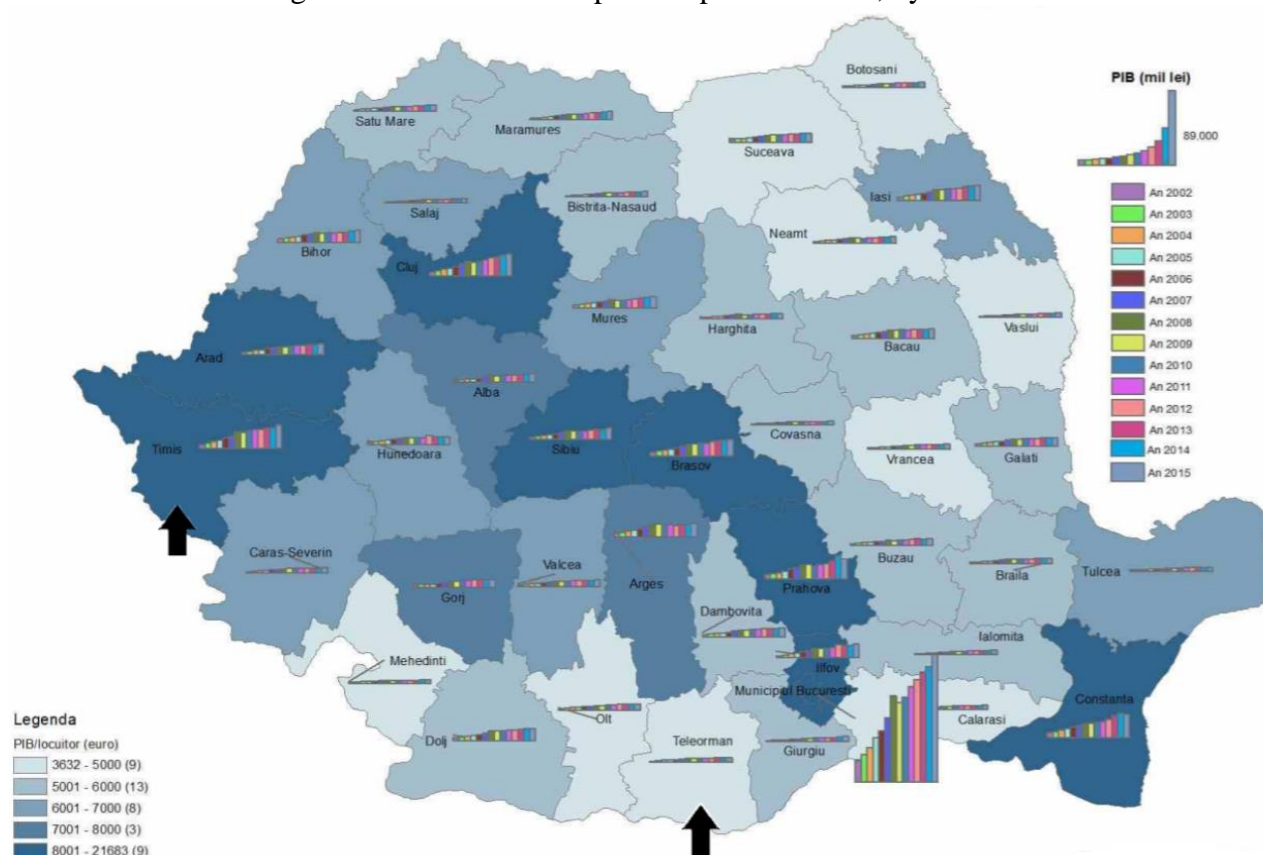
Source: Author processing based on data provided by the farmers participating in the survey

In order to balance and efficiently analyze the impact of taxation on the taxpayers' income, the amounts were transposed on the unit of measure lei / hectare. The fiscal burden thus resulted from the calculation is between 15.14% (in the case of a farmer from Argeș county, who makes an annual income of 21,600 lei) and 59.27% (in the case of a farmer from Buzău county, who makes an annual income of 42,000 lei). It should be noted that the situations presented cannot be considered as general cases for a county, because they are treated on the interviewed peasant households.

In the context of the analysis of the impact of taxes and social contributions on the financial capacity of the taxpayers, aspects related to income, culture, the area of cultivated land and / or the heads of animals held were addressed, for 8 peasant households in Teleorman county and 8 in Timiș county. At the base of the election of these counties were located the statistics of the Ministry of Regional Development, which ranks the two territorial administrative units by extreme development levels. On the one hand, according to the "Report on the state of the territory", Teleorman county is ranked in the last places, in terms of Gross Domestic Product per capita, next to Botosani and Vaslui. On the other hand, Timiș county is in the top of the counties, in terms of Gross Domestic Product per capita, along with Ilfov, Arad, Cluj, Sibiu, Brașov, Prahova and Constanța. (Figure 1)

According to the available data, GDP per capita is the indicator that highlights significant territorial discrepancies. Thus, Teleorman is different from the other counties in South Muntenia; Timiș vis-à-vis Caraș-Severin, Bihor and Hunedoara; Brașov to Covasna and Harghita etc. These discrepancies are accentuated or maintained in recent years, according to figure 1. However, it should be mentioned that most of the counties have registered upward trends of GDP per capita, especially after 2011.

Figure 1. Gross domestic product per inhabitant, by counties



Source: Processing based on data provided by the National Institute of Statistics

The results of the analysis of the impact of taxes on the peasant households from Teleorman and Timiș counties show that the fiscal burden is felt more in the less developed areas, against the background of lower incomes. In this context, a fiscal burden of over 90% is observed in three of the eight peasant households analyzed in Teleorman County, a burden felt especially by the taxpayers whose only source of income is agriculture (especially the cultivation of cereals and oil plants, but and vegetables in protected areas and legumes for grains).

For taxpayers who make income from both agriculture and wages, the social contributions will be paid only once, in order to avoid double taxation. In this case, the social insurance contributions for the farmers obtaining income and wages were eliminated, assuming that they will already be paid.

Table 2. Impact of taxes and social contributions on the incomes of peasant households from Teleorman and Timiș counties

ID	County	The source of income	Monthly family income lei	Annual income lei	Income tax lei/an	Social health insurance contributions lei/year	Social insurance contributions lei/year	Land tax lei/year	Total taxes lei/year	Total taxes in total income %
1	Teleorman	Agriculture	4800	57600	17963	5760	14400	3402	41525	72,09
2		Salary and agriculture	2750	33000	9720			8148	17868	54,15
3		Agriculture	4100	49200	21955	4920	12300	4116	43291	87,99
4		Salary and agriculture	5500	66000	31792			5880	37672	57,08
5		Salary and agriculture	1550	18600	5301			798	6099	32,79
6		Agriculture	6000	72000	35459	7200	18000	6552	67211	93,35
7		Agriculture	6800	81600	43571	8160	20400	6510	78641	96,37
8		Agriculture	5400	64800	32452	6480	16200	6006	61138	94,35
9	Timiș	Salary	9000	108000	42990			5964	48954	45,33
10		Agriculture	5700	68400	24960	6840	17100	5712	54612	79,84
11		Agriculture	5000	60000	12750	6000	15000	3654	37404	62,34
12		Salary and agriculture	6100	73200	28830			6258	35088	47,93
13		Salary and agriculture	4950	59400	24180			4788	28968	48,77
14		Salary and agriculture	1500	18000	4250				4250	23,61
15		Agriculture	4000	48000	5550	4800	12000	1554	23904	49,80
16		Salary	3400	40800	10890			2478	13368	32,76

Source: Processing based on the data provided by the farmers participating in the survey

As for the tax burden felt by the eight peasant households in Timiș County, its upper limit (about 80%) is found in the case of a farmer with 91 hectares cultivated with cereals and 45 hectares cultivated with oil plants. The lower limit of the fiscal burden felt by the eight peasant households in Timiș county is about 24% and is applied to a peasant household that deals with raising 19 cows. From the 8 cases analyzed in Timiș county, an influence of the size of the peasant households on the degree of control is distinguished, but also an influence of the sources of income of the farmers.

Conclusions

The conclusions of this study can be a starting point for the public authorities, regarding the understanding of the taxpayers in terms of their perception of taxation. The role of taxpayers' confidence in tax compliance can be a support in the most efficient development of fiscal policies, which will help to move from the antagonistic climate, which is presently found, to a climate based on synergy.

Fiscal policies should focus on increasing the taxpayers' confidence in tax authorities, increasing transparency, efficient spending of public money, a consistent reduction of bureaucracy and corruption currently existing in Romania, but especially on promotion. of fairness and equity at the micro and macroeconomic level.

In the process of transiting the climate between the taxpayer and the tax authorities, a high degree of trust would contribute to a higher level of compliance, as it is called in the specialized literature, voluntary compliance. This would allow governments a better collection of taxes, taxes and social contributions. In this context, the benefits produced would be manifested, firstly, by more money in the state budget, and secondly, by a lower expense of tracking, identifying and punishing fraudsters.

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