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Preliminary communication

RESULTS OF THE FISCAL CONTROL ACTIVITY IN ROMANIA AND OTHER EUROPEAN STATES

Genifera Claudia Bănică¹

Abstract:

The article addresses the organization and results of the fiscal control activity in Romania. The forms of fiscal control exercised in Romania are presented, respectively: general, partial, total or selective fiscal control. They were compared to the data provided for 2017 by the tax administration report by the OECD from 9 countries (Greece, Italy, Spain, United Kingdom, France, Portugal, Germany, Austria and Denmark), in terms of tax control activity. The results obtained from the mentioned states indicate in Romania a low degree of tax collection as a result of the established additional fiscal obligations. As measures to improve the fiscal control activity in Romania, we mention the amendment of the Civil Servant Statute, by hiring only staff with at least 3 years of experience in the field of accounting for training and verification of mandatory financial statements to individuals or legal entities. The efficiency of the fiscal inspection activity can take place by emphasizing the electronic control, to the detriment of a classic fiscal inspection, but also by intensifying the general control.

Keywords: additional obligations, selective fiscal, government performance, fiscal damage, general control

JEL classification: G32, H11, H21

INTRODUCTION

The fiscal control activity in Romania involves the involvement of all the factors of responsibility in the firm application of the programs elaborated by the rule of law of the legislation, of the government decisions, of the decisions adopted by other central and local bodies. The government uses fiscal control as a tool to ensure the establishment of public financial revenues. The elimination of tax evasion and the declaration of tax obligations in accordance with the legislation in force, as objectives of tax control, can ensure a financial balance for sustainable economic growth.

The objectives of the paper aim at highlighting the way of carrying out the fiscal control activity in Romania, rendering the types of verification activities used in order to highlight the results obtained in establishing and collecting additional fiscal obligations towards other European countries.

The research methodology used is the comparison of annual data published by the Tax Administration Agency (ANAF) and the Organization for Economic Cooperation

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and Development (OECD) on the results published by Romania and various countries since 2017 in terms of fiscal control, in order to improve this activity.

In the first part of the paper are presented the typology and forms of fiscal control practiced in Romania taking into account: the degree of deepening the fiscal reality, the scope of taxes and fees, the documents to be verified, the time of fiscal control, but also from the moment of knowledge by the taxpayer on the fact of being subjected to a fiscal verification. The second part represents a quantitative comparison of the fiscal control activity since 2017 in the light of the indicators published by the OECD through the fiscal administration report published in 2019 for Romania and for a number of other 9 selected countries (Greece, Italy, Spain, Great Britain, France, Portugal, Germany, Austria and Denmark).

In order to identify a good fiscal practice carried out by other states regarding the results obtained by the fiscal control activity, we compared between states the number of fiscal inspections per 100 taxpayers, the situation of collecting additional fiscal obligations by categories of taxes and fees, the share by types of fiscal controls with the additional result, the situation of the contested additional obligations.

Unfortunately, the result of this research shows a poor collection of additional tax obligations in Romania compared to the results obtained in the field by the other selected states. The purpose of the approach is to be an identification of the deficiencies of the fiscal control activity in Romania with the consequence of presenting the measures to improve the efficiency of this activity.

1. TYPOLOGY AND FORMS OF FISCAL CONTROL IN ROMANIA

The notion of fiscal control finds its source in the expression “contra rolus”, which means the verification of a duplicate of a person after an original act entrusted for this purpose to another person (Caprian 2010). The economist Boulescu M. (2006) defines the notion of control as: “a continuous supervision of an activity, a means of knowing the reality and correcting errors”. The process of fiscal control is “a science, an art of discovering the irregularities and oddities of accounting records that go beyond the patterns of fiscal conduct” (Simeunović et al. 2016). Fiscal control is the set of procedures used to verify the mechanism for collecting tax receivables (Costea 2017). Since the taxpayers' association of the tax control authority with a “gendarme” type activity, which constantly works to look for “tax dodger”, the tax evolution has brought a tax control that is “made” available to taxpayers that it considers be “clients” and for which they show willingness to provide tax advisory services (Tudose 2015). Thus, “tax inspectors can improve the way tax investigations are conducted, taking into account the dual role of investigator and advisor” (Marques et al. 2020).

In Romania, the central body of the executive branch, which applies the government's strategy and program in the field of public finances, is the Ministry of Finance (M.F.), a specialized body of the central public administration.

Directly subordinated to M.F., regarding the fiscal control activity through H.G. no. 520 of July 24, 2013, the National Agency for Fiscal Administration (ANAF) was established.

Fiscal control involves the observance of unitary rules of action and the adoption of specific control procedures, techniques, modalities and instruments, which remain generally valid, but “are exercised on the basis of the principles of independence,

uniqueness, autonomy, hierarchy, territoriality and decentralization" (Guide for tax inspection 2017).

From a legislative point of view, the typology of fiscal control in Romania is stipulated by Title VI of the Fiscal Procedure Code (Law 207/2015)

The forms and ways of control exercised in Romania are diverse. If we consider:

a) The degree of deepening of the fiscal reality, there are:

- The documentary fiscal control through which only the verification of the fiscal documents that are in the fiscal file of the taxpayer based on the declarations and documents submitted actually or online by the payers takes place. The tax returns submitted by taxpayers to the territorial tax authorities represent on this stage: "a legal requirement, a communication agreement between taxpayers and tax authorities that provides a true picture of the tax situation" (Bondoc 2019). If differences are found, the taxpayer is notified in order to clarify through documents the correct tax situation.
- The effective fiscal control, which can be performed either at the domicile / headquarters of the taxpayer, or at the headquarters of the control bodies. This type of control requires the prior notification of the controlled natural or legal persons. The control bodies carry out checks on the taxpayers' accounting records. At this point in the tax audit, an important role is played by the level of knowledge and interpretation of the information obtained from the taxpayer's accounting records. The accounting records (fiscal declarations, accounting reports, primary records-invoices, order notes, receipts, etc.) are extremely extensive and in a continuous evolution: "on several pillars: practice in the field, legislation, magazines, specialized education" (Țăicu 2019). To establish a more accurate situation, the tax authorities may request information from third parties, various companies or economic partners of the payer. In this sense, there are fiscal scores of concordances or discrepancy of the data declared by both economic partners.

The result of any tax inspection action involves the correct determination of the tax base, the differences in taxes and fees due plus or minus. When the situation requires it, the fiscal inspection orders precautionary measures, applies seals on the taxpayer's assets, draws up minutes of ascertaining the tax evasion, which it submits to the competent criminal investigation bodies.

b) Depending on the scope of taxes and fees, the fiscal control can be:

- general, which in the fiscal control includes all the taxes and fees due by a taxpayer. The controlled period is between the period from the last control and the day.

- partly, when the fiscal control aims at verifying only certain taxes and duties. In addition to the own-initiative tax inspections carried out by the tax authorities on taxpayers, legal or natural persons (including taxpayers identified by the tax risk associated with transfer pricing), which present a high tax risk because of the risk analysis, tax inspections take place and following requests made by both taxpayers and state institutions. Such requests may include requests for the settlement of value added tax returns with the option of reimbursement, requests from other requesting authorities in other Member States, for the purpose of exchanging information, resolving complaints and complaints from citizens, etc. Tax audits can be performed on various topics such as: tax inspections at economic operators who have a license to organize gambling and carry out such activities, tax inspections at taxpayers to verify the royalty due by mining licenses, tax inspections at taxpayers who trade cars rolled.

c) If we refer to the documents that will be subject to verification, the following forms of fiscal control are distinguished:

- total control, a situation in which the fiscal verification takes place on all accounting documents, primary documents, all operations, and evidence underlying the registration and establishment of taxes / fees due by a taxpayer.
- selective control (by sampling), when the verifications are partial and concern a certain operation, period, for a certain tax / fee due.
- electronic control, when using data taken from the electronic environment, methods of analysis and testing assisted by specialized computer tools.

By selectively taxing the taxable periods, significant documents and transactions, a sample, check is performed, and exhaustively verifying all taxable periods, as well as the significant documents and transactions, which are the basis of the calculation method, highlighting and payment of tax obligations. Electronic control, the newest method consisting in the activity of verifying the accounting and its sources, processed in the electronic environment, using methods of analysis, evaluation and testing assisted by specialized computer tools.

d) Depending on the moment of the fiscal control compared to the submission of the fiscal declarations, of the payment, we distinguish:

- a priori tax control, before the submission of tax returns, used for better information and collaboration between the taxpayer and the tax authorities.
- a posteriori control, which aims at verifying fiscal sincerity, following the returns submitted to the fiscal bodies.

e) If we consider the moment of knowledge by the taxpayer on the fact of being subject to a fiscal verification, we distinguish:

- announced fiscal control, a form that implies the prior notification of the taxpayer who has been selected for control, according to the objectives established by the fiscal programs.
- unexpected tax control, in which the taxpayer does not know that he will be subject to tax control before the tax inspection.

The scheduled fiscal control can be general or partial, and the unexpected one, as a rule, is a cross-fiscal control.

Only one or more of the above methods may be used, to take into account the examination of all facts and legal reports, which are relevant for taxation or the verification of compliance with other obligations under tax and accounting law.

At the end of the action, the fiscal inspection body classifies the fiscal facts ascertained both from a factual point of view and from a legal point of view, as a legal basis, by issuing a fiscal inspection report.

The findings entered in the tax inspection report are transposed in the fiscal, administrative act called the tax decision (DI), whose measures are mandatory for the controlled taxpayer.

Although these types of fiscal control are diverse and complex, I personally consider that they intertwine as follows: effective fiscal control also includes documentary fiscal control, and a substantive control cannot be started without a prior documentary research. An a priori fiscal control can lead to a subsequent control, and a selective control has the role of discovering irregularities that can only be analysed with a total control over a certain period of time and a certain tax or fee.

2. INTERNATIONAL COMPARISONS REGARDING THE FISCAL CONTROL ACTIVITY

From the data presented by the tax administration report published by the OECD in 2019 to make a comparison with the data presented by Romania, we selected a number of 9 other countries (Greece, Italy, Spain, United Kingdom, France, Portugal, Germany, Austria and Denmark).

The choice of the 9 states was based primarily on the existence of as many indicators as possible related to the fiscal control activity communicated by the OECD, in order to be able to compare them. At the same time, countries were selected that also published collections of fiscal obligations following the additional amounts established by the fiscal control activity in order to extract best practices by studying their control systems.

According to this information, as we mentioned in the previous chapters, the fiscal control activity is carried out both in Romania and in other countries by exercising thematic verifications, documentary verifications, total fiscal inspection, or intra-community fiscal verifications.

Based on data published in 2019 by the O.C.D.E. and the information communicated by ANAF, regarding the number of tax inspections performed in 10 countries, by categories of taxpayers, individuals and legal entities, the situation in 2017 is presented by Table no. 1

Table 1. Number of tax inspections per 100 individual or legal taxpayers in 2017

THE COUNTRY	no. tax inspections at 100 taxpayers' legal entities	no. inspections per 100 individual taxpayers
AUSTRIA	0	1
DENMARK	23,40	0,70
PORTUGAL	1,10	1,10
UK	1,10	0,80
ROMANIA	2,20	1,80

Source: Tax Administration 2019 Comparative Information on OECD and other Advanced and Emerging Economies, OCDE 2019, Performance report ANAF 2017 <https://www.anaf.ro/anaf>

Unfortunately, several states (France, Germany, Greece, Italy, Spain) did not provide data on the number of checks performed per 100 taxpayers, but the countries concerned were kept in the sample for other information used in the analyses subsequent. Romania also did not communicate to the OECD data regarding this indicator, the data presented in the figure above been extracted from the performance report for 2017 published on [anaf.ro](https://www.anaf.ro).

It is thus observed that the number of tax inspections by categories of taxpayers differs from one country to another. If in Denmark almost 24 checks were performed on 100 taxpayer's legal entities, at the opposite pole are Portugal and the United Kingdom with 0.1. Romania, from this point of view, performed in 2017 approximately two (2.20) checks per 100 legal entities, taxpayers, which places us on an average position among the states presented by the OECD. In terms of tax inspections of individuals, Portugal is the country that has carried out the most checks, ie almost 1.1

per 100 taxpayers. In Romania, an average of 1.8 tax inspections per 100 individual taxpayers was reported, outperforming Denmark (0.7 checks) and the United Kingdom (0.8 inspections). Summarizing the data presented, Romania's position on the number of tax inspections performed on a total of 100 taxpayers (individuals or legal entities) is somewhere in the middle, with 2% verified taxpayers, the leading place being held by Denmark with 12.1%, compared to the opposite pole, Austria, with 0.5% taxpayers subject to tax inspection. These data bring into question two elements: the number of employees who have tax inspection duties and the level of training (efficiency) of employees, as a high level of tax audits can supplement the tax receivable that can be collected.

The situation for 2017, according to the Tax Administration 2019 Comparative Information study on OECD and other Advanced and Emerging Economies (OECD, 2019) for a number of 10 states, is presented in Figure nr. 1. Share of fiscal controls with additional results.

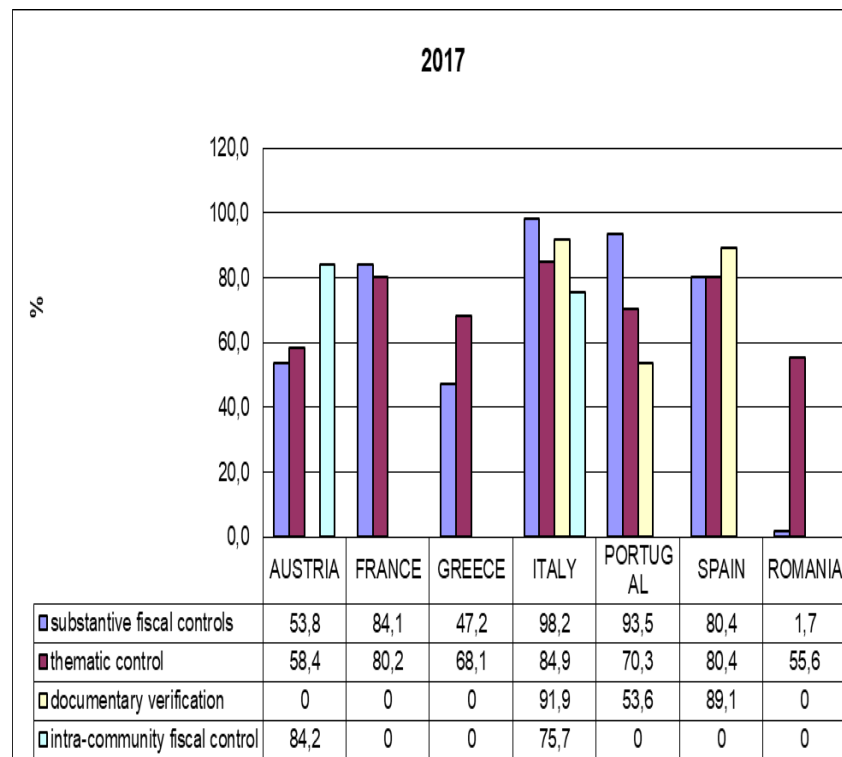


Figure 1. The share of fiscal controls (%) with additional results reported in 2017
Source: Tax Administration 2019 Comparative Information on OECD and other Advanced and Emerging Economies, OECD 2019 Table D.26 p.91

For Denmark, Germany and the United Kingdom, the OECD report published in 2019 does not present available data.

From the data presented, it is noted that the state, in which, as a result of tax controls, additional tax obligations are established on all categories of tax audits, is Italy, where over 80% of audits lead to additional tax results.

Romania in 2017 reported 55.6% degree of establishment of additional obligations in the total thematic verifications. This situation denotes a very large volume of thematic checks (VAT refunds, checks on objects of activity), which lead to the establishment of additional tax obligations. A worrying thing is the fact that at the general (substantive) fiscal verifications only 1.7% of the carried-out actions materialize with the establishment of additional fiscal obligations. A general fiscal verification involves the allocation of the most working time, being required a control of all documents on all categories of taxes and fees, which is why a review of the programming of taxpayers proposed for verification is required, but also special attention on the professional training of inspectors. Regarding the documentary and inter-community verification, Romania has not declared any percentage of verifications with fiscal results, a sign that they either take place at a very low level, or the existing computerized material base in Romania still does not offer multiple possibilities for analysis. The establishment of additional tax obligations because of the controls performed does not reflect the real level of tax receivables that will be collected from the state budget. Many of the additional amounts are challenged and then challenged in court. Regarding this aspect, for the same countries presented previously, the situation in 2017 is represented by figure nr. 2.

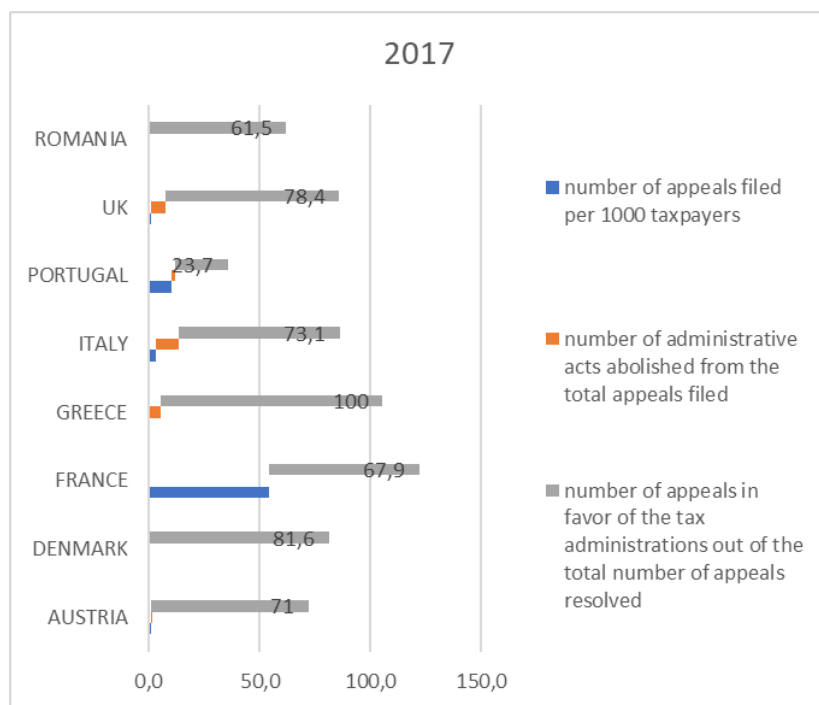


Figure 2. The situation of contesting the fiscal obligations in 2017

Source: Tax Administration 2019 Comparative Information on OECD and other Advanced and Emerging

Economies, OECD 2019 Table D.29 p. 104

For Germany and Spain, the OECD report published in 2019 does not provide available data.

In 2017, the highest number of appeals, which were filed per 1000 taxpayers, was declared by France (54), Romania having declared a number of 06 appeals filed per 1000 taxpayers. The percentage is low, probably due to the high percentage of solutions issued by the courts in favor of the tax administrations, respectively 61% of the total solutions pronounced on the appeals made are to the detriment of the taxpayer. We find the same aspect in Greece, where the percentage of appeals is 0.6 appeals per 1000 taxpayers with a degree of almost 100% favorable solutions for tax administrations.

In other words, the taxpayer renounces the exercise of the right to defense because the state, through the competent institutions (tax inspection, appeals services, and courts), in a few cases (less than 30%) wins the taxpayers. The high percentage of favourable situations to the financial administration pronounced in court is also due to a prior sorting administrative acts that could lead to the cancellation of tax obligations by the courts. This is done by abolishing the administrative-fiscal acts not duly drafted since the preliminary complaint phase of resolving the appeal. Thus, Greece declares 4.6% of solutions abolished by the appeal bodies. Regarding Romania, it did not report to the OECD data on this issue, but according to the information published by ANAF.

From the presented data, it appears that the number of appeals filed in 2017 is 8,730, which represents additional tax obligations established in the amount of 5.5 billion lei. Regarding the solutions issued because of the submitted appeals, the research shows that on average, 50% of the pronounced solutions are in favor of rejecting the appeals as unfounded, which materializes as an improvement of the quality of administrative-fiscal acts issued by ANAF tax bodies, as well as a unitary application of the legal provisions.

Regarding the solutions by which the contested administrative act is totally or partially abolished, it is noted that they refer on average of 8.5% of the total amounts challenged. The abolition of a tax act, as a result of a solution pronounced by the appeals service, may occur as a result of procedural defects as an incomplete presentation of the factual and legal reasons, which led to the establishment of additional tax obligations or as a result of new elements and documents submitted by the appellant on which the fiscal inspection bodies did not rule. There are situations in which the abolition of the contested administrative-fiscal act is abolished as a result of the completion of the criminal investigations for the respective case, and the criminal bodies bring new elements that require the restoration of the fiscal inspection. According to the legal provisions contained in the tax procedure code and in the orders issued in its application, the restoration of a tax inspection must strictly comply with the tax periods, as well as the considerations of the decision to resolve the appeal that led to the abolition. At the same time, the restoration of the tax inspection must be carried out by another tax inspection team than the one that concluded the repealed act. The legal provisions also mention that following the settlement of an appeal, the appellant cannot be created a more difficult situation than the one before the formulation of the appeal.

But the ultimate goal of fiscal control is to collect tax obligations, not just establish them. Fiscal control, through its various forms (fiscal inspection, anti-fraud control, personal income control), establishes additional fiscal obligations. These are not fully

and collected or at least not fully final as tax receivables. Some of them are removed from a collection by ordinances issued in criminal investigations, and some of court rulings in favor of the taxpayer.

Regarding the collection of fiscal obligations established as a result of the controls undertaken in 2013 and 2014, ANAF, through the newsletters published on its website, provided information through two extremely important performance indicators, namely:

- the collection rate of the obligations additionally established by the fiscal inspection activity for legal entities: 57.4% in 2013 and 31.7% in 2014.
- the collection rate of the obligations additionally established by the fiscal inspection activity for natural persons: 24.8% in 2013 and 15.5% in 2014.

As of 2015, these indicators of the actual collection of additional amounts established, following tax inspections, have not been published, so that the analysis of tax control activity relates to the amounts established without comparability and the percentage of collection and effective collection of these tax obligations. Perhaps one of the reasons why ANAF did not publish this information is the low degree of tax collection of additional tax obligations.

With reference to the additional tax collection for 2017, the OECD published the data presented in table no. 2., including the situation of Romania, although, through the data communicated by ANAF, this indicator is missing.

Table 2. Situation of collecting additional fiscal obligations by categories of taxes and fees in 2017

no	The country	additional profit tax	additional income tax	salary deductions (CAS; CASS)	Additional VAT
1	AUSTRIA	0,0	0	0,4	0,6
2	DENMARK	3,4	0,4	0	5
3	FRANCE	11,0	3,4	0	2,4
4	GERMANY	0,0	0	0	0
5	GREECE	0,0	0	0	0
6	ITALY	33,9	4,8	0,4	17,2
7	PORTUGAL	13,8	0,5	0,5	3,8
8	SPAIN	0,0	0	0	0
9	UK	7,3	2,5	0	7
10	ROMANIA	14,6	0,2	1,3	10,4

Sursa: Tax Administration 2019 Comparative Information on OECD and other Advanced and Emerging Economies, OCDE 2019, Tabel D.25, p.91

Regarding the additional established profit tax, the highest degree of collection has Italy, with 33%, Denmark being at the opposite pole, with only 3.3%. Romania declared a collection rate at the additional established profit tax of 14.6%, which represents the average level among the studied states. The additional income tax was declared in 2017 as being collected on average by 4.8% by Italy, and Romania declared a percentage of only 0.2, well below the average of the studied countries, which is 2%. Regarding the deductions from CAS and CASS, Romania has the highest percentage of collections, namely 1.3% of the total amounts established additionally, due to the

inclusion of this type of tax in the tax obligations of the employer. The degree of collection of value added tax from the amount additionally established for this type of tax is for Romania of 10.4%, compared to Italy with 17%, but also Portugal or France with percentages below 4. Between the studied countries, the situation regarding the degree of establishment of the additional fiscal obligations in the total amounts collected, but also the level of the additional fiscal collection is presented in figure next.

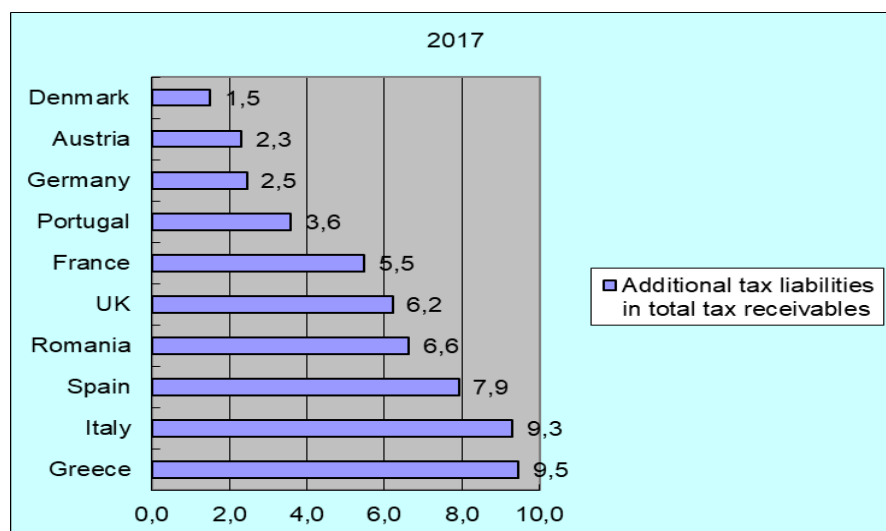


Figure 3. The degree of collection of additional fiscal obligations in 2017

Source: Tax Administration 2019 Comparative Information on OECD and other Advanced and Emerging Economies, OECD 2019, p.91

Of the total amounts collected from additional tax obligations established between the studied states, Romania does not appear with any collection percentage, but the amounts additionally established in total fiscal obligations represent a high percentage (6.6% of the total amounts collected), being over the average of 5.4% between the studied states.

It is noted that Romania has a low degree of tax collection due to additional tax obligations. The cause for this situation can be represented, on the one hand, by a small number of fiscal controls performed on 100 registered taxpayers (individuals or legal entities) which in Romania is 2%. The study shows a large allocation of time for the thematic checks carried out by the tax administration, following numerous requests for VAT refunds, invoice scores, checks on objects of activity. The productivity of these thematic verifications, respectively the degree of establishing the fiscal obligations, exceeds 50%. Substantive verifications, however, are carried out in a small number and only 1.7% of the actions carried out materialize with the establishment of additional tax obligations.

The degree of collection of the established additional obligations also depends on the percentage in which these taxes and fees become certain receivables, as a result of the appeals and criminal files administered. Thus, since at over 61% of the contested

amounts, the financial administration wins, it is easy to understand the small percentage of appeals of 6 appeals filed per 1000 taxpayers. The idea that "the state wins anyway" through the cooperation of state institutions (fiscal control, settlement of appeals, courts) is grounded, but with a low degree of additional tax collection, it is noted that tax acts must be improved qualitatively through a uniform application of acts normative. This aspect can be done through several dissolutions in the stage of resolving the appeals.

Although Romania declared a collection rate for the additional established profit tax of 14.6%, and for VAT of 10.4%, regarding the collection of the additional income tax, it was only 0.2%, well below the average of the studied states, which is 2%. The situation is better presented at the deductions from CAS and CASS, where Romania has the highest percentage of collections, of 1.3% of the total amounts established additionally, fact due to the inclusion of this type of tax in the fiscal obligations of the employer. Thus, another conclusion of the poor collection can be deduced, namely the controls performed on individual taxpayers, where special attention must be paid to the professional training of tax inspectors, most of them not having higher education, as the law did not require this. Although Romania in 2017 reported 6.6% additional tax obligations out of the total tax receivables, given the reasons set out above, does not appear with any percentage in their collection.

Regarding the fiscal control activity, ANAF, through the Strategy proposed for the period 2021-2024 (ANAF, 2021, p: 24-27), imposes itself: "creating a unique risk profile of the taxpayer at the level of administration activities, fiscal inspection, customs and anti-tax fraud. A unitary evaluation system will lead to the improvement of the risk analysis and the reaction capacity of ANAF, from the initiation of targeted information campaigns to the selection of control topics according to the associated fiscal risk. "

At the same time, given the intensification of economic operations carried out between companies belonging to the same group, a more rigorous control is required on the transfer pricing file practiced by partner taxpayers with the use of interstate information. In this sense, in 2019, through the Revenue Collection Measures Plan (ANAF, 2019, p: 14) developed by ANAF, it is proposed to initiate tax inspections in accordance with the BEPS (Base Erosion Profit Shifting) plan and the ATAD (Anti-Tax) directive. Avoidance Directive) - European and international regulations on preventing and combating tax evasion, respectively the use of information from the spontaneous exchange of information related to risk analysis with specificity in the field of transfer pricing.

CONCLUSIONS

Personally, I consider the current structure of organizing control in Romania quite complex. The way of dividing the fiscal control activity on the categories: anti-fraud control, control of individuals' wealth and control of fiscal inspection, doubles the activity carried out at the same taxpayer. It is well known the reluctance of individual and / or legal taxpayers to be verified in terms of tax activity, the fact that there are several bodies as control does nothing but increase this aversion to tax authorities. There are cases of overlapping over time of an anti-fraud tax control with a tax inspection, a situation in which the taxpayer is severely disturbed and diverted from his current activity. Moreover, the anti-fraud control will only establish provisional fiscal

obligations, if necessary, without issuing a fiscal, administrative act, the completion and establishment of additional obligations as a claim belonging only to the fiscal inspection bodies. These negative aspects of the organization of fiscal control could be eliminated through a better computer base designed to ensure the timely communication of tax information, so that field trips can be reduced, or even certain organizational structures can be eliminated. At the same time, the fiscal regionalization made difficult and increased the time for solving the taxpayers' requests (VAT refund requests, control request requests, tax notifications) as it is necessary to approve and distribute the works in an intermediate stage by the regional management bodies.

Following the analysis, we noticed that the inclusion in the category of tax obligations due by the employer of CAS and CASS proved to be a good tax measure, the degree of tax collection, even for such tax obligations, is high. However, this situation is also because a series of tax obligations due by the employer are tax obligations with withholding tax for which their non-payment entails the establishment of a criminal case.

Of a real economic benefit are the collaborative actions, which are carried out simultaneously between the structures of tax inspection, anti-fraud tax and personal income control to identify the routes of fraud and transfer of tax profits, so it is necessary to have a common computerized base on the results of each control structure.

Regarding the data communicated since 2017 through the report of the tax administration by the OECD of 9 other states (Greece, Italy, Spain, Great Britain, France, Portugal, Germany, Austria and Denmark), we concluded that Romania has a low degree of tax collection following additional tax obligations:

Romania's position in the number of tax inspections performed on a total of 100 taxpayers (individuals or legal entities) is somewhere in the middle, with 2% verified taxpayers, the leading place being held by Denmark with 12.1%, compared to the opposite pole, Austria, with 0.5% taxpayers subject to tax inspection. Romania in 2017 reported 55.6% degree of establishment of additional obligations in the total of thematic verifications, being the highest level compared to the other types of verifications (at the background control was reported only 1.7% and at the other types of control no data provided). However, compared to the other countries studied, Romania ranks last in Italy, reporting a percentage of 84.9% thematic control and 98.2% background control), where fiscal results could be much higher. Time is allocated from the fiscal control activity to the numerous requests for VAT refunds, invoice scores, verifications on objects of activity, activity that could be solved by the staff without attributions of fiscal verifications if there was a solid computerized base (fiscal evidence, collection, execution).

In 2017, the highest number of appeals, which were filed per 1000 taxpayers, was declared by France (54), Romania having declared a number of only 06 appeals filed per 1000 taxpayers, which can be explained by the very percentage low in cases where the court rules in favor of the taxpayer. Only 8.5% of the total sums challenged had as a solution the abolition of administrative acts by the court. However, from this point of view, Greece is the country that occupies the first place, having declared a percentage of 100% cases pronounced by the court in favor of tax admissions. From the research carried out by the high number of solutions for rejecting the appeals, resulted an improvement of the quality of the administrative-fiscal acts issued by the fiscal bodies of ANAF, as well as a unitary application of the legal provisions. However, the substantive rejection of appeals is not a good barometer of the improvement of

administrative acts issued. Their abolition by issuing a decision to resolve the appeal which clearly states what led to this solution, the violated normative acts, the failure to fully motivate the tax act, the misinterpretation of legal texts, are direct ways to increase the quality of the fiscal apparatus through the issued documents. Although the investigation revealed a low percentage of appeals, which were admitted as a result of the settlement, these solutions that are communicated to the bodies that drafted the contested administrative-fiscal acts define the fiscal gaps and the misinterpretation of the relevant legislation. The access through a computerized base to the solutions pronounced by appeals for the fiscal bodies, which issue the administrative-fiscal acts would further increase the quality of the issued documents, the information provided becoming cases for the future administrative acts. The research showed that by suspending the settlement of appeals on which there is an ongoing criminal investigation, nothing is done, but to give the taxpayer time to start the liquidation proceedings. This aspect also contributes to the long-time of settlement by the criminal investigation bodies or by the court, a cumbersome procedure for transmitting court sentences, thus creating the possibility for targeted taxpayers to go into liquidation, being the impossibility of recovering tax claims established by issued administrative documents. The solution could be represented by the existence of a computerized database with information transmitted by the criminal investigation prosecutor's offices and the courts, to which the tax authorities have access in real time. In this way, the decisions to settle the appeals will be issued in an informed manner regarding the right of administration of the taxpayers in liquidation or insolvency, regarding the issued criminal or judicial solutions, through direct access.

The highest degree of collection of the additionally established profit tax has Italy, with a percentage of 33%, Denmark is at the opposite pole, with only 3.3%. Romania declared a collection rate at the additional established profit tax of 14.6%, which represents the average level among the studied states. The additional income tax was declared in 2017 as being collected on average by 4.8% by Italy, and Romania declared a percentage of only 0.2, well below the average of the studied countries, which is 2%. Regarding the deductions from CAS and CASS, Romania has the highest percentage of collections, namely 1.3% of the total amounts established additionally, due to the inclusion of this type of tax in the tax obligations of the employer. The degree of collection of value added tax from the additional amount established for this type of tax is for Romania of 10.4%, compared to Italy with 17%, but also Portugal or France with percentages below 4. Out of the total amounts collected from obligations additional taxes established between the studied states, Romania does not appear with any collection percentage, but the additional amounts established in total fiscal obligations represent a fairly high percentage (6.6% of the total amounts collected), being above the average of 5.4% between the studied states

As an example of good tax practice, for 2017 as the year with the most recent declared tax information, we identified Italy as it reported that over 80% of tax audits led to additional tax results. Also, in Italy, thematic, substantive, documentary and intra-community verifications are performed, a fact that is not found in Romania as well. In 2017, Romania alone in terms of thematic control exceeded 50% of verifications with additional fiscal results. Thus, in my view, it is necessary to intensify the background checks and the controls performed on legal entities as these taxpayers declare and pay profit tax, a category of tax liability to which Italy holds supremacy in establishing additional obligations. At the same time, the acceleration of the change of

the organizational structure by moving the services for resolving appeals from the regional level to the M.F. level, (Italy has the highest percentage of cancellations due to appeals) will lead to a correct reporting of the additional amounts without temporarily including those which will be admitted by the court by issuing substantive solutions without suspensions or even increasing the number of repealed acts.

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