

EVALUATION ASPECTS REGARDING THE MANIFESTATION OF THE INTERACTION BETWEEN THE TAX AUTHORITIES AND THE TAX PAYERS IN THE CONTEMPORARY ROMANIAN SOCIETY

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Abstract

The social-economical evolution and progress of a country are significantly influenced by the condition of the national tax system, its history, consolidation and performances. At their turn, the tax system performances are the evolutive results, stratified and consolidated in time, materialized in the quality of the interaction between the tax authorities and the tax payers. These fiscal elements, manifested between the tax authorities and the taxpayers, of a behavioristic and even cultural nature and less quantifiable, can be traced in the quality of the fiscal regulations, their voluntary conformation degree, the mutual interaction style and, consequently, the dynamics of some fiscal-budgetary and economic indices. The proposed paper draws away from the quantitative approach of taxation and aims at offering an exclusive qualitative evaluation of the interaction action between the tax authorities and the taxpayers in the contemporary Romanian society, by combining research methods, such as the logical analysis and the descriptive analysis.

Keywords: tax system, authorities, taxpayers, tax interaction

Introduction

The disappearance of totalitarian regimes in some countries, as in the case of Romania, and the rise of democracy, governed by rules which express the claims and demands of society towards the conduct of its members, has led to the emergence of shortcomings in the design, implementation and compliance, which are conditions necessary for the triumph of democracy. The respect to rules shown by the society's members depends on the degree to which such rules enjoy overall support and the ease with which they can be violated by a citizen without being identified.

The adjustment difficulties manifested by corruption, the expansion of the underground economy and tax evasion reveal a lack of harmonization between regulation type and the human nature. The erosion of autochthonous traditional values, some poor results in education and the degradation of the civic responsibility, in line with the desire to move expeditiously to a certain democratic modernity, created a phenomenon of relative disarray, which led to the expansion of acts of non-compliance and lawlessness.

Taxation is one of the areas that fall within this description, which is a very important macroeconomic adjustment tool, attractive for business in securing the contracts financed from public funds, but also for taxpayers in terms of non-compliance and non-observance of tax regulations, which situation generates immediate revenue for them.

Most taxpayers comply with the law, but there is a minority of taxpayers who do not comply, and their behavior affects the functioning and effectiveness of fiscal institutions, delay and alter the healthy economic, social and cultural development of the society, prevent the natural processes and diverts the resources from their allocation to important goals and affect the aspirations to legality and prosperity, as well as to the increase of the civilization level of the citizens who respect the law and the moral values of a democratic society.

The tax system reforms have generally focused on providing and ever increasing tax revenue, the dynamics of bases and tax rates, the insurance of a balanced budget within the bounds established in treaties and agreements with international institutions, on providing a fiscal environment attractive for foreign investments and less on improving the relation with taxpayers.

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Starting from these stated aspects, we further make an evaluative description of the role and behavior of the tax authorities, the taxpayers' behavior and their interaction in the contemporary Romanian society.

1. Description of the purpose and behavior of fiscal authorities

The purpose of the tax authorities is the application of the tax system and tax rules, which involves activities of determining the fiscal burden, collecting taxes and duties, tracking, prevention and control of tax compliance. Within the specific actions to achieve their purpose, the tax authorities' behavior should be appropriate to the perspective of achieving the general governmental objective, namely the collection of taxes and duties with efficiency, but also to provide assistance through which the taxpayers could consolidate their tax education.

To meet this objective, the tax authorities must create a fiscal environment of cooperation in which all taxpayers meet their tax obligations voluntarily. Creating a cooperative environment refers to facilitating the payment of tax liabilities for taxpayers, advising them, diminishing the options of evading payment obligations, measures of prevention of acts of noncompliance and punishing the intentional and/or repeated acts of noncompliance.

The tax theory does not provide an optimal strategy, at least when applicable, by which the authorities ensure an optimal environment of voluntary tax compliance of the entire mass of taxpayers, but recommends fundamental principles which the authorities must comply with in the implementation and enforcement of the tax system. The "oldest" of these, made by Adam Smith, recommends tax authorities to tax each taxpayer according to his ability to pay tax, establish unequivocally all elements related to the amount, term, manner and place of the payment of taxes, provide facilitating compliance by cutting red tape and taxpayers' administrative costs and pursuing effectiveness (collection rate) and efficiency (low costs of administration). These principles were completed and refined over time (by Maurice Allais, French economist), with recommendations to the tax authorities on the need to develop the personality of the citizen by the fiscal policy, non-discrimination of taxpayers by avoiding the differences in setting taxes, aiming at the increase in economic efficiency by taxes, applying differentiated tax treatment in relation to the legitimacy of the income of taxable subjects and eliminating arbitrariness in the settlement of the tax burden through the development of clear and simple rules of taxation.

We appreciate the importance and necessity of implementing and enforcing all tax principles, but our approach in this paper will emphasize the need to develop the personality of the citizen / taxpayer as an objective to be pursued within the interaction between tax authorities and taxpayers.

In developed countries, the tax systems are, for the most part, results of historical fiscal developments, respecting and applying the mentioned tax principles, which led to the gradual, long studied and analyzed accumulation, to formalize them as tax rules, pre acceptance by taxpayers and the society, which contributed to the formation of taxpayers' personality and strengthening of the taxpayers' culture in tax matters, which later contributed to a positive shaping of the fiscal behavior

In emerging countries with young democracy and a relatively short history of tax systems, respecting the mentioned principles is relative because the authorities apply a way of interacting with antagonistic features, with frequent legislative changes, with a situational character in order to create an attractive environment for foreign investment and less oriented towards taxpayers and to their prior consultation on legislative changes, which would require a certain pre acceptance and could exacerbate their dignity and personality.

At the national level, the intensification of integration and globalization processes, the regional tax competition in capital attraction and the awareness of enhancing and increasing tax revenues induced frequent and dynamic changes in the structure of tax systems, which did not achieve the stability and consistency of the tax system, but created opportunities for the manifestation of corruption in the field of public finances, thus affecting the consolidation of a modern tax system based on practice and experience, on strengthening the preventive educational behavior of the tax authorities in their interaction with the taxpayers. These changes in tax systems, which transpose, in fact, amendments / changes to the tax code and the fiscal procedure code without a prior assessment of their impact in terms of adjustments required to the taxpayers, the tolerance of human behavior to the dynamics of legislative changes, the effect on the personal income and other important issues contained in the national tax culture can generate low degrees of collecting and a trend towards non-compliance from taxpayers, who will not feel morally obliged to fulfill their part of the institutional contract with the state, due to difficulties in understanding, adaptation and rapid application of new amendments.

The mechanisms and tools for modeling the behavior of taxpayers' non-compliance used by the tax authorities at national level (Leonida, 2013), present limiting characteristics, generated in particular by the limited and exclusively coercive instruments, oriented only on results without taking any human and social factors into account. They focus only on improving the collection of income without taking into account the relationship between taxpayers, tax inspectors and related equity aspects.

With the passage of time, the accumulation of certain experiences and the need to respect EU recommendations on the need to improve the fiscal discipline in the interaction between tax authorities and taxpayers have made some progress, specialized institutions were set up, the tax legislation was condensed into a tax code, a code of fiscal procedure has been developed, the proposed legislative amendments have entered a more intense public debate and independent institutional assessment, carrying out recommendations before the formalization of legislative proposals, the statistical reporting has improved and standardized quarterly and annual reports have appeared, since 2010, with specific indicators.

2. Description of taxpayers' behavior

The democratization of society in general, which includes the tax environment, as mentioned in the introduction, should consider adapting the regulations to the evolution of human processes, deepening transparency and other changes that would enable the taxpayers to benefit from better information, better educational knowledge, assistance and educational counseling in the application of the tax burden and, perhaps not least, the emphasis on personality and dignity in dealing with the tax authorities. Now, at least in Romania, a former socialist country, there is a certain gap between the willingness of taxpayers to be respected and the type of tax legislation, meaning that taxpayers have assimilated faster the rights and obligations involved by the establishment of democracy, while the State, by its authorities, recorded some delays in adapting the type of regulation, still practicing a control-control type of regulatory system.

Meanwhile, the taxpayers have mostly appropriated and adapted the principles required in a democratic society, while the tax authority has neglected placing the relationship with them in positions of priority, vigilance being almost exclusively related to the mentioned financing issues. This behavior of taxpayers expressed their position to the tax authorities and the tax system applied by coercion by them. It is indisputable that the vast majority of taxpayers has an honest position to the tax authorities, observe regulations and comply voluntarily, thus valuing democracy and the conditions that enable them to lead a decent life. There is a minority of taxpayers who are positioned, intentionally or unintentionally, to some

opposition to the tax authorities, trying various forms of partial or total avoidance of taxes resulting from economic activities.

The legislative harmonization encompassing both the aim and the objectives of tax authorities and the taxpayers' needs and requirements in a form mutually accepted seems to be time-consuming, requiring historical and experimental accumulations. The time history of the relationship between taxpayers and tax authorities, quantified by mutual accumulation and experience, which could turn into fiscal rules or be included in the existing rules, which increase their effectiveness at national level, is an important factor still untouched, as the modern tax system has a relatively short history. Also, in addition to the historical factor and the situational and frequent regulations, that minority of taxpayers in a certain opposition to the tax authorities, who exhibits a certain inflexibility, must accept and understand that in a democratic society there is a direct link between democracy, freedom and law and the respect for them.

3. Description of the interaction between tax authorities and taxpayers nationwide

As we have found to this point in our paper, except for a large majority of taxpayers who are willing to comply voluntarily to paying taxes, there are taxpayers who do not comply voluntarily, in which case the tax authorities must intervene and extinguish the flow of tax evasion by monitoring and detection mechanisms, recover damages and apply penalties, in which case a direct interaction occurs between the two sides.

The picture of the interaction between tax authorities and taxpayers is diverse and acquires shades of hostility, dispute and refusal to accept each other, but also shades of good cooperation, mutual openness and good communication. Amid these features, in the theories concerning the interaction between tax authorities and taxpayers, two types of interaction have been outlined: the antagonistic interaction and the synergistic interaction.

The antagonistic interaction features generally express a distance between tax authorities and taxpayers manifested by a lack of mutual trust. Such interaction creates a less cooperative environment, in which the authorities use exclusively control and punishment as methods and tools for modeling the behavior of non-compliance of tax payers. The taxpayers, under the coercive power of the authorities, feel treated as potential tax evaders and manifest adverse reactions, becoming tax-evaders or amplifying their non-compliance behavior. This type of interaction involves increasing the number of checks, namely high administrative costs, and its effectiveness is reduced.

The synergistic interaction features generally express a cooperative climate in which authorities are willing to provide advice and counseling to taxpayers. This type of interaction is based on transparency, respect and social partnership in which both parties have rights and obligations. The taxpayers' reaction to such treatment from the authorities is positive, of confidence, inducing, even by their attitude, positive contagion effects on the part of tax-evaders, thus supporting the tax authorities in their work. This type of interaction requires lower administrative costs and has a high degree of effectiveness.

In Romania, after a long period of civism imposed by the communist regime, changing the organization of the state and the strong feeling of freedom generated an anti-tax reaction, developing fiscal behaviors of various forms: underground economy, tax evasion, corruption, all of them being stimulated by loose and inadequate law to combat and prevent anti-fiscal behavior.

Against this background, the interaction between taxpayers and tax authorities embarked on a purely antagonist path, based on the force of law and authority, on limited instruments, inflexible to the needs of democratization of the Romanian fiscal system. The practices applied by the authorities to combat tax evasion and tax fraud demonstrated that the checks frequently pursued the effect, not the cause that had naturally to be fought to eliminate the effect.

With the passage of time, due to the accumulation of certain experiences and the need to respect international agreements, the interaction between tax authorities and taxpayers has

made progress, specialized institutions were set up, tax legislation has been condensed into a tax code and quarterly and annual standardized reports started to be drawn up, with statistical results showing the interaction.

The relationship between taxpayers and tax authorities is on an upward trajectory, with the tax strategies of the National Agency for Fiscal Administration showing a tendency towards a synergistic type of interaction by increasing taxpayers' advice and counseling.

4. Conclusions

The behavior of fiscal authorities aiming at achieving their purpose and objectives has not always been a constant consistent and objective one, which did not lead to a positive response from all taxpayers, amplifying some negative influences on a minority of taxpayers, which perpetuated the development of a tax evasion behavior among them.

Most taxpayers are aware of the need to improve interaction with the tax authorities in order to ensure the financing and provision of public goods at a qualitatively and quantitatively superior level and conforms to this goal, but the fiscal authority - taxpayer relationship is still tense, based on coercion and punishment, generated not specifically by the level of the tax burden, but by the perception of taxation, of the tax authority coercion and of the bureaucratic framework implemented by it.

The history of the last decades shows that people feel more comfortable and freer with the forms of democratic organization of companies and they have begun to be aware of freedom as a desire to be respected, especially by the authorities. Now, at national level, there is a certain gap between people's desire to be respected and the type of regulations, in the sense that people have assimilated faster the rights and obligations of democracy, while the state is lagging behind in adapting to the type of regulation. This individual freedom of taxpayers should be an important tool for modeling the regulation, from the command and control type to the type of regulation that ensure transparency, inducing educational effects and ensure greater compatibility with the human nature.

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