SOURCES OF FUNDING FOR THE PUBLIC MARKET IN ROMANIA

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1. The public financial resources

The public financial resources represents all that money at the state's disposal for expenditure purposes that are included in the budget projection for the year.

The public financial resources include:

- the state central administration resources that include taxes, fees, as well as loans;
- local state administration resources, which can be classified as local taxes, and income tax revenues;
- resources of the public enterprises mainly industry that obtained commercial revenues from the sales of the products;

Cash resources consist of short-term loans up to one year. Resources from the loans are medium-term debt, 2 to 5 years, and long term debt over 5 years.

The structure funding of public market. The public market financing sources differ in terms of its structure from one state to another, depending on the state of our state. These funding sources are characterized by the following features:- Tax;- Revenues.

2.Illustrated tax sources of financing public market

Establishment of the funds necessary for the entire society, is achieved by certain tools that are known today, in particular, fees and budget taxes, having a millennial existence and are strictly related to the state's rights to establish state taxes for the establishment of such funds. So, taxes and fees are related to the individual's everyday reality and consequences of the legislation and their application represent an interest for the entire society.

Thus, we understand the taxation as the multidisciplinary complex phenomenon through legal excellence, consisting of all scheduled taxes in fiscal legislation that are based on a set of measures and actions taken by the state through fiscal politics in order to achieve the functions of the socioeconomic state.

Taxation has been, however, for a long time, a negative image. It is considered by the payers as a form of constraint exercised by the special methods of the state spoiler which pulls out from the citizens pockets some of their deserved hardly earned money.

Thus, taxation is undesirable for any taxpayer, no matter how civic tax spirit would prove it. Also, it is, in addition, a burden and cause of public discontent when it is"over crossing" or when its management is inconsistent with declared intention of the public forces that have been entrusted in the vote by the taxpayers.

State taxation has a direct impact on its economic development, undoubtedly influencing the national economy rules, for example, in terms of capital investments that can be attracted. State taxation has also an international dimension and is influenced by the increase in the last 50-60 years of the international economic relations. Also, these aspects are highlighted in the context of globalization and now, are

emphasized, especially due to the global financial and economic crisis.

Taxes and fees, as components of taxation, have a dual role in the economy and modern society: financial resources and fiscal leverage. Taxes are not only ways of obtaining financial resources available to public authorities, but also tools to influence economic and social life in the desired direction. Because the scope of regulation, the size of the tax base through the quota system practiced by tax exemptions, etc..,the public authorities are aimed to obtaining economic and social taxes. Thus, economic growth, boost employment, population growth, stimulation of certain branches of national economy, combating negative phenomena (consumption of products harmful to society, pollution etc.) can be obtained by a system of appropriate taxes. [8]

According to literature, fiscal policy is all the decisions taken by decision makers of the fiscal policy in order to ensure financial resources for financing public needs and the realization of the purposes of economic and social nature, given that different factors act on the economy. [11].

Moreover, the fiscal policy, broadly, it is the activities of public authorities in collecting and using resources to satisfy the public use and provide services and public goods, representing an assembly of instruments of state intervention, generated by specific processes financial tax: formation of taxes by fiscal revenues, fiscal expenditure allocations, ensuring fiscal balance.

Taxes. Taxes are a form of removal of a portion of income or wealth of the individuals or legal entities that are on the State's disposal in order to cover its expenses. This sampling is done as necessarily non-refundable and without any consideration of the state. Taxes are payments that are made to state definitively and non-refundable and in exchange for this the state taxpayers can not claim a reward of equal or close value.

The role of the state taxes manifests financially, economically and socially. The limit of taxes in a given country is influenced by external factors of the system of taxation (ie GDP / investment policy, the policy of attracting foreign direct investment, etc.).

The collection of taxes involves making several successive operations consisting in determining the taxable object, the amount of the taxable amount and the tax collection as well.

Determining the taxable amount is done by setting the object size in calculating taxable eschewing tax itself. Fiscal authorities have to inform the tax payer the amount of the taxes that must be payed and their payment terms.

Direct taxes are taxes imposed on various incomes as wages, profit, rent, movable property or real estate.

Personal income tax to be payed concerns the taxes payed by residents or persons domiciled in a particular state. Exemptions from the income tax are granted to the sovereigns and royal families, sometimes foreign diplomats and military, and those who performed below the minimum taxable income.

The taxable object is consisting of the revenues from industry, commerce, agriculture, banking, insurance, by economic agents, owners, small artisans, laborers, and servants.

Settlement systems of personal income taxes:

- a separate taxation system can be seen either as a single tax on income, either by introducing more taxes.
- the global taxation system refers to the global income taxation for individuals which are found in several countries such as USA, France, Germany, Italy, Belgium.

The tax on the incomes of legal persons. In order to determine taxable income of the company depart from the results of its balance sheet, plus: the balance of stocks, income from capital

gains, interest on current accounts, interest income on loans, income from rents.

In order to determine the taxable income from the gross income will be deducted the followings: production costs, interest paid, levy reserve fund and special funds, loss of the activity of the current year and possibly the loss from the previous years.

The capital income tax of the companies is calculated on the basis of proportional odds.

Taxes on the property include: taxes on the property itself, property taxes on circulation, increasing property taxes. Taxes on the property itself can be seen both as taxes assessed on property, but paid from income derived from such property, real estate taxes and taxes on net assets and the substance of property taxes. In terms of property taxes in Romania they meet both in the form of actual property taxes and property taxes on the circulation of inheritance, donations and the sale and purchase of movable and immovable. [2]

The tax evasion represents the avoidance of taxation of a portion of taxable material having two forms: the evasion on the shelter of the law and the evasion in violation of law. Tax evasion in the shelter of law allows for peculating a portion of the taxable income without it being considered a crime. Fraudulent tax evasion shall be rendered with violation of the law and those who practice it are liable to punishment.

Indirect taxes. In the developed countries, the share of the indirect taxes that contributes to the formation of the fiscal income is lower than those of direct taxes and social security contributions considering together. In the developing countries the share of the indirect taxes ahead of those of direct taxes from the total tax revenues of the state.

The preference of most of these countries for indirect taxes is determined by the low income of peasants, artisans, small merchants and workers.

Indirect taxes are established by the State on sales of goods and provision of services. Allowances calculated for these taxes are not differentiated by income, wealth or personal situation of those who buy goods or hire services subject to indirect taxes. Indirect taxes in the same measure affects all social income, affecting especially those with low incomes because indirect taxes are levied on the sale of consumer goods.

Indirect taxes do not affect income the same for all social categories, affecting especially those with low incomes because indirect taxes are levied on the sale of consumer goods.

For the indirect taxes there is no tax exemption meaning a minimum tax exempted for those with a minimum taxable income as this exemption does exist for direct taxes. Indirect taxes are transferred to the state budget by merchants, but they are payed by consumers because they are included in the shelf prices .

As a result indirect taxes do not affect nominal income, but they influence consumer purchasing power. A consumer will be influenced to buy a product on which a lower tax rate is applied to the detriment of one of which applies a higher tax rate. In periods of economic "boom", the indirect tax collections are situated on an upward curve while in periods of economic recession their efficiency is low due to production and consumption which records decreases.

1. Ilustrations of non-tax sources of financing the public market

State loans. In the market economy, in most situations, the state revenues accumulated from the income taxes and fees do not fully cover the ordinary expenses from the budget. In case of a budgetary imbalance the public additional revenues are made with loan resources accessing the public credit loan that is made either through direct contracting by state loans from individuals

or legal entities that have free deposits, or through specialized agencies . Apart from central and local authorities, call for the lending resources are made also by the so called mixed public and private enterprises to ensure the normal course of their economic activity.

Resources that make up the supply of capital cash from loan are available to those applicants who accept the terms of credit such as guarantee, repayment period, the interest rate and potential benefits. Any loan lender must produce some income that varies depending on destination and date of the loan. The shares issued by the companies equity holder certifys the fact that their holder becomes a co-owner of that company. Bonds in circulation by a capital company certifies the holder as creditor and entitles him to receive any interest on amounts borrowed by the company regardless of the financial results of the company which issued those bonds.

Characteristics of the state loan:

The state loan has a contractual nature. How to determine the conditions of issuing and repayment of a loan contract between the state and the individual gives the state or the person or entity who borrowed it a different character from that one of a bank credit agreement, which occurs between a bank loan as lender and a person or entity as borrower. In a bank loan the contract conditions are negotiated with each applicant. State loans are based on the principle of being facultative:

- the loan of repayable nature. As a way of securing resources that the state has in need as money, the loan must be returned in due time to the individuals or to legal persons who have given. When placing a loan, its repayment term is fixed by the state sets in accordance with the public revenues and expenses;

- state loans provide to holders public writings, and besides the loan refund also a certain consideration.

In order to get into possession of the money that needs and use it based on its neccessities, the State agrees to pay the holders of shares the proper interest .

The state access loans either for treasury or for the budget needs. If the availability of resources of public institutions does not cover the budget gap, then the state seeks short-term loans from other holders of money market resources. The cash resources made of borrowed money from various public or private owners do not increase the volume of money in circulation but they are just a redistribution. If tax revenues do not cover the full expenses for the full year to finance budget deficit result, the state borrows the money from the domestic or foreign capital market.

If the budget deficit becomes higher and the public credit is limited, than the state calls the Central Bank. The Central Bank assures the requested loan with putting the money in circulation without any coverage. For the loans contracted from the domestic market including The Central Bank, short term treasury bills are issued. In some countries the issue of treasury bills is capped by law while in others, it is unlimited. The amounts borrowed from the central bank are refundable. State loans meant to cover deficits usually are on contracted medium and long term.The reimbursement of due rates and the payment of the interest rates has the consequence of increasing the budget expenses which means an increase of taxes. Given that ordinary revenues do not cover full costs approved from the budget of the next year, the country's government has to choose between an icrease of tax revenues or by introducing of new taxes and contracting new loans in the end. Usually the government can choose loans because:

- the tax increase is an unpopular measure affecting the living standards of population and perception of the government;

- state loans are a quick accumulation of obtaining financial resources than taxes. Time required, the assessment of the taxable materials, the establishment and collection of taxes usually are longer than the loan contracting and that can get the money in state's accounts;

- if the loan is obtained from the central bank the timing of collection the money is shorter than when it is collected from the population or legal persons.

The states loans have an important role both domestically and internationally. Domestic loans contribute to the national income redistribution at the moment they are initially placed by the state. State loans fulfill a positive role as they are used in automating industrial development, building roads, roads and bridges, environmental protection and agriculture. In such cases the loans help for the increasing of material production and for the national income as well as for assurring the necessary resources for their reimbursement. State loans contracted abroad contribute to the redistribution of the national income and the loan lending between countries.

The external debt. Foreign loans are one of the forms of the capital export. The loans or foreign credits can be grouped by different criteria.

Depending on the destination, can be distinguished credits on goods which are common and are awarded for purchases of goods from the creditor and financial loans that are rare and granted by international financial organizations in foreign currency which is used by the debtor.

Depending on the period granted the foreign loans could be as follows: on short term (between 1-2 years), medium (3-5 years) or long. The beneficiary of the loan is badly interested to have enough time for the reimbursement term of the loan and the intetest in order to gather the necessary resources in due time. In the final deadline three periods are established: the period when loan can be used, the granted period during no payments are made for the reimburesment and the repayment period of the loan itself. Repayment of loans is made in three ways as follows: in equal and unequal rates.

When granting a loan the lender can claim a material or non-material guarantee. Foreign loans may be granted by: the suppliers, banks, international financial organizations and other individuals. The suppliers, the banks, can grant loans on a bilateral basis, the governments also can provide public bilateral assistance and the international organizations assist the public on a multilateral basis.

Gross foreign debt, broadly, includes money and other values of which individuals or legal persons have to pay as obligations for those foreign countries at a time. These debts are from any loans, purchases of goods, services on credit, direct investment capital.Gross foreign debt, in short term, comprises the cash obligations from abroad but with some exceptions: short-term loans within a year, foreign loans over a period of 10-15 years or more, loans granted by foreign creditors to some branches or subsidiaries under more favorable terms than those practised in the world markets. Foreign debt, according to the World Bank interpretation, includes the amounts of public or private creditors, in foreign currency, goods or services with a repayment period longer than one year and the amounts payable by private persons but guaranteed by a public authority. This does not include the foreign debt of the individuals to the foreign countries that is unsecured by the public authorities, the debt of the International Monetary Fund transactions, the amounts due to the creditors residing abroad which have not been established terms of payment for. [2]

Net external debt comprises the difference between public and private assets of residents of foreign countries and assets retained by foreign residents

in the country considered, loans received from governments, private borrowings from banks, investment capital. Net external debt indicator is used for creditor and debtor countries that have obligations to the respective foreign countries.

2. Conclusions

In conclusion, the main public funding sources are taxes and duties that are part of a state fiscal policy, showing them both financially, economically and socially.

I also highlighted the important role of the state loans with implications both domestically and internationally, all these contributing to the national income redistribution at the moment that the state makes the initial placement and the redistribution of the national income between the lending countries.

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