

Instruments on Tax Compliance in the Romanian Digital Systems

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Abstract. *Global trends point to a shift from traditional VAT standards to real-time transactions with tax administrations, often based on electronic invoicing. What are the benefits of using electronic reporting systems in the Romanian tax space? The purpose of this study is to identify the legislative framework that regulates the main mechanisms regarding tax compliance in Romania, the way of implementation and operation as well as the advantages of using RO-e Invoice system, SAF-T, RO e-Transport, Ro e-TVA. The research methodology involved the qualitative analysis of the legislation in force on the aforementioned systems. Following the study, both benefits and some difficulties encountered in the implementation process in the national digital space were identified.*

Keywords: fiscal compliance, RO-e Invoice, SAF-T, RO e-Transport, Ro e-TVA, implementation

JEL Classification: M41, H21

1. Introduction

Introduced by Decision (EU) 2022/2481¹, The European Digital Decade Policy Programme 2030 (Digital Decade 2030 digital policy programme) is guiding the digital transformation of all EU member states into four main target action strands and concrete and measurable objectives: digital public services, digital skills, digital transformation of enterprises and secure and sustainable infrastructures. In 2023, the SME sector in Romania was extremely vulnerable and faced a number of important obstacles and uncertainties. These include negative influences of global economic development (53.91 %), low predictability of the economic environment (45.68 %), perception of excessive bureaucracy (33.33 %), inflation (56.45 %), and so on, decrease in domestic demand (42.16 %), high cost of loans (33.84 %), training and upskilling of staff (31.48 %), uncertainty on prospective development (31.76 %), increase in staff expenses (28.02 %), late collection of claims (27,32 %)².

In this context, in 2024 digitalization became an essential element for national economic and social progress. In this article, we will explore the potential advantages and challenges of digitization in Romania and the ways in which it is achieved efficiently and sustainably at national level. The study aimed to identify the governance structure of the digital transformation of public administration and national platforms and applications on digital public services, benefits and obstacles encountered in the implementation of RO-e Invoice, SAF-T, RO e-Transport, Ro e-TVA.

¹<https://eur-lex.europa.eu/legal-content/RO/TXT/PDF/?uri=CELEX:32022D2481>

² https://www.mcid.gov.ro/wp-content/uploads/2024/05/Plan-national-de-actiune-roadm-ap-pentru-publicare_corectat.pdf

2. Literature review

Romania has the chance to transform its economy and society in an innovative and advantageous way thanks to digitalization. “Implementation of electronic invoicing will contribute to increased transparency, accurate monitoring of transactions and real-time reporting to tax authorities. This instrument will strengthen our efforts to protect the public budget and ensure fair competition between taxpayers. Electronic invoicing offers the advantage of accurate and verifiable recording of commercial transactions, simplifying verification and audit processes. Thus, we ensure that transactions comply with tax regulations and are not subject to fraudulent manipulation. By imposing electronic invoicing, we eliminate the risk of using fake or duplicate invoices, as each transaction is uniquely recorded. In the context of the implementation of this measure, the support given to taxpayers is essential, which is why we are launching a guide to answer all the questions we have received lately³”.

According to Vilceanu “Digitalization is equally about technology, but also about people. We hope that employees in the public system will make this leap and quickly respond to today's demands of citizens. We aim for a paradigm shift, so as to ensure a proactive approach to the relationship between state institutions and the citizen in the field of taxation. The RO e-Invoice system provided by the Ministry of Finance is the catalyst for the paradigm shift in public administration. Transparency of public money spending and digitalization of private interaction – state are objectives assumed since we took over the mandate, implementation of SAF-T is considered to be “a complex process that takes time for both parties: taxpayers and tax authorities. The SAF-T reporting requires an advance training period, during which companies must identify in their own systems the mandatory elements required by this file, align their data to SAF-T requirements and prepare SAF-T files on the structure and format required by ANAF. All these steps take time and effort, but it is a process that takes place once, before the first submission of a SAF-T declaration, following that in the future, reporting to be much simpler⁴”.

Finally, we find out “how to place all the data extracted from RO e-Invoice, RO e-Case electronic, RO e-Transport, Declarations 390 and 394, situation of imports/exports from customs under the centralized picture of the pre-filled VAT return, both for collected VAT and for deductible VAT. Even in the absence of significant differences notified by ANAF, companies should carefully review the pre-filled account received, as well as the data sources made available by the tax administration, to ensure the correctness of the data. First of all, the e-VAT is a picture of how tax inspectors will relate to data received from companies to test compliance in VAT collection⁵”.

³ Marcel Boloș, Press release., https://mfinante.gov.ro/despre-minister/-/asset_publisher/uwgr/content/ghidul-e-factura.-ce-trebuie-s-c4-83-c8-99tie-contribuabilii-pentru-a-emite-c8-99i-prelua-facturi-electronice#:~:text=Nerespectarea%20termenului%20limit%C4%83%20pentru%20transmiterea,potrivit%20legii%2C%20cu%20amend%C4%83%20de

⁴ Anca Macovei, 2022, PwC Survey: Most companies failed to file the first SAF-T file within the deadline, and ANAF announced the extension of the grace period. Reasons for the delay, available at <https://www.pwc.ro/ro/media/comunicate-de-presa-2022/sondaj-pwc--majoritatea-companiilor-nu-au-reuit-s-depun-primul-f.html>, [Accessed in November 2024]. accessed on 23.11.2024.

⁵ Georgiana Iancu, Press Release 05 sept. 2024 VAT account face-to-face with VAT pre-filled account: 4 months remaining for the calibration of RO e-TVA, available at https://www.ey.com/ro_ro/newsroom/2024/06/decontul-de-tva-fata-in-fata-cu-decontul-precompletat-de-tva, [Accessed in November 2024].

3. Research methodology

To meet the requirements of the National Recovery and Resilience Plan (PNRR), which imposes a 5% reduction% a the VAT gap (the difference between the taxes collected and those that should be collected) until 2025, Romania needs the e-Transport, e-Invoice, e-TVA, SAF-T digitalization mechanisms.

In order to understand the implementation/functioning of the fiscal compliance instruments already mentioned, it was called for the qualitative analysis of the national legislation in force, namely Minister Orders, Emergency Ordinances, Tax Code.

4. The level of fiscal digitisation in the European Union (EU)

The level of tax digitisation in the European Union (EU) varies significantly between Member States, but initiatives are focused on standardising and optimising electronic reporting to combat tax evasion and improve administrative efficiency.

The current state of digitisation in the EU refers to:

- States such as Estonia, Finland, and Sweden are leaders in the digitalisation of tax administration, with mature systems enabling automated declarations and interconnection with other public services.

- other countries, including Romania, are in the implementation phase of instruments such as SAF-T (Standard Audit File for Tax), e-Invoice and e-Transport. They aim to standardise tax data reporting and facilitate the monitoring of high tax risk transactions

- other countries, such as Hungary, have already implemented similar systems, adjusted according to EU rules to protect competition and ensure interoperability

Digital EU target:

The European Commission is promoting a unified model for real-time tax reporting, including data exchange between member states to reduce cross-border tax fraud. In this respect, the development of interoperability and the use of digital solutions such as artificial intelligence are strategic priorities for the coming years.

In conclusion, while tax digitisation is more advanced in some countries, all EU countries are implementing measures to improve systems. The integration of these measures into a European digital framework remains a medium and long-term objective.

5. Digital infrastructure in the Romanian public system

5.1. *The governance structure of the digital transformation of public administration*

Among the entities that have the responsibility to coordinate projects and measures for the digitization of the public administration in Romania are⁶ :

- *(ERB) Committee on e-government and red tape:* led by the Prime Minister has members from 27 public institutions and is responsible for ensuring a uniform implementation of digital governance policies, to facilitate cooperation between

⁶https://www.mcid.gov.ro/wp-content/uploads/2024/05/Plan-national-de-actiune-roadm-ap-pentru-publicare_corectat.pdf, [Accessed in November 2024].

ministries in relation to electronic public services and to create a framework for compliance with technical regulations and standards.

- *(CTE): ADR leads the CTE*, which oversees the country's digital transformation policy. It focuses on ensuring interoperability of ICT/digital projects, preventing duplication of funding and preventing functional overlaps. The TEC has two levels: a high-level management made up of government authorities and a technical assessment body made up of technical experts from the RDA and other relevant public sector institutions. CTE examines project proposals from central and local government institutions and provides suggestions for approval.

Main institutions with competences in the field:

- *(MCID) Ministry of Research, Innovation and Digitalization*: is the state authority for research and technological development, innovation, communications and digitalization, cyber security, postal services and radiocommunications.

- *(ADR) Digitalization Authority of Romania*: is an institution for digital governance in the central administration, subordinated to MCID, created in 2020 with the aim of accelerating the digital transformation of the country and promoting the development of the information society. Its main role is to organize and manage information systems and help provide efficient services, e-government Portal and Electronic System for Public Procurement (SEAP). In addition, the responsibility for ensuring interoperability at national and European level lies with the organisation.

- *(SGG) General Secretariat of the Government*: it is a public organization with legal personality under the authority of the Prime Minister. The SGG body is responsible for drafting, approving and presenting draft public policy documents, normative acts and other documents. SGG posts the electronic projects of these public policy documents and normative acts on its website.

- *2011 Ministry of European Investment and Projects (MIPE)*: established as a ministry of European funds, manages EU funds, including the National Recovery and Resilience Plan, and, as well as cohesion policy funds. The operational programmes of the managing authorities, including regional development agencies, are responsible for the management of these funds by the MIPE.

- *Regional development agencies (ADRs): Eight regional development agencies were established in Romania by Law 315/2004 in 2004*. They were created to help create, implement and evaluate the country's regional development policy in accordance with the requirements of the European Union. These organisations oversee ERDF-funded regional projects, which include significant programmes for the digitisation of the public or private sector.

5.2. National platforms and applications for digital public services

At national level, they have been implemented by a number of platforms and applications in order to have digital access to public services⁷:

- *(VSP) Virtual Private Space*
(https://www.anaf.ro/anaf/internet/ANAF/servicii_online/inreg_inrol_pf_pj_spv), the portal was developed by the Ministry of Public Finance and is permanently accessible,

⁷ https://www.mcid.gov.ro/wp-content/uploads/2024/05/Plan-national-de-actiune-roadm-ap-pentru-publicare_corectat.pdf

provides users with a number of benefits, such as information about tax liabilities, information on the payment of social contributions, visualizations of tax decisions, the possibility of obtaining administrative-fiscal acts and other documents.

- *The national electronic invoicing system RO e-Invoice*, managed by ANAF (<https://mfinante.gov.ro/web/efactura>: as of 1 July 2022, Romania imposed electronic invoicing for all B2G transactions. Also, from 1 January 2024, all B2B transactions were required to electronically transmit invoices by 31 December 2026. RO e-Factura offers significant benefits to both public and private administration, as it provides a real-time image of budget execution and business-to-business (B2B) transactions. This significantly reduces VAT fraud both at national and EU level, as the system can be connected to other systems owned by EU member states.

- *2021 Electronic Value Added Tax (VAT) – OSS* (https://www.anaf.ro/anaf/internet/ANAF/servicii_online/one_stop_shop), as of April 2021, The National Agency for Fiscal Administration (ANAF) began allowing private companies to use the One-Stop-Shop (OSS) system, which became operational in July 2021. Businesses can access electronic services for VAT registration and reporting in all EU member states through the OSS system.

- *Open data portal, managed by the General Secretariat of the Government* - <https://data.gov.ro/>, helps the public to find, download and use data created and kept by government institutions.

- *The portal of national courts, under the administration of the Ministry of Justice* - <https://portal.just.ro/SitePages/acasa.aspx>, provides information on each court in Romania.

- The integrated cadastre and land register information system, implemented by the *National Agency for Cadastre and Real Estate Advertising (ANCPI)* - <https://geoportal.ancpi.ro/geoportal/imobile/Harta.html>, allows both individuals, as well as companies to access extracts from the cadastral plan for informational purposes.

- *The National Electronic Payment System - Ghiseul.ro* - <https://www.ghiseul.ro/ghiseul/public> allows citizens to pay the taxes, fees and fines imposed by the enlisted public institutions and allows the issuance of criminal records to be free of costs starting with March 2023.

- *The portal of public services at the level of the Ministry of Internal Affairs* - <https://hub.mai.gov.ro/> allows citizens to obtain opinions for land planning and urban planning documentation, and online criminal record certificates, history of road penalties.

- E-ID digital identity and the system for interoperability of trust services with EU Member States: *the SITUE project* - The interoperability system with EU member states (ROeIDAS - <https://eidas.gov.ro/roeidas/was>) was implemented by the ADR to improve the interoperability system between all EU member states. At the same time, ADR initiated the project of the centralized digital identification software platform (ROeID - <https://www.roeid.ro/>): means of electronic authentication that allows citizens to access e-government services in Romania and throughout Europe.

- National e-Procurement system: Romania has developed a centralized e-Procurement platform – *SEAP*, (<https://www.e-licitatie.ro/pub>), centralized e-

procurement platform, managed by ADR, facilitating procedures for suppliers and contracting authorities.

- *Single Electronic Contact Point (PCUe)*, <https://edirect.e-guvernare.ro/SitePages/landingpage.aspx>: opinions, authorizations, certifications and qualifications can be obtained by citizens and representatives of the business environment through PCUe, to which local and central public administrations are connected.

- *The IMM MENTOR platform*, <https://immmentor.ro/> managed by the Ministry of Economy, Entrepreneurship and Tourism (MEAT): it is built on several pillars, such as: Entrepreneurial Education, Company Legislation, etc, Financing for SMEs and Competent Institutions. The financing pillar identifies all types of financing: the state budget, non-reimbursable European funds, other funds (Norwegian, Swiss, World Bank, etc.), current financial platforms (crowdfunding, crowd sourcing, etc.) and business support structures (incubators, accelerators, etc.). In addition, the platform includes a market application that allows Romanian companies to register and manage their invoices through the application.

6. Tax compliance mechanisms to ensure the transparency of economic transactions

For the future, the digital maturity of public administration will remain a challenge in terms of its internal functioning of public administration, the provision of digital public services, standards and operations, innovation capacities and the deployment of a robust digital infrastructure that guarantees the security, transparency, competitiveness and well-being of society.

Several changes have been implemented to improve the relationship of taxpayers with tax authorities, to increase compliance, to simplify the processes of managing tax receivables and at the same time to ensure the transparency of transactions between taxpayers and the fight against tax evasion.

6.1. RO-e Invoice

Every member state of the European Union must take measures to improve administrative capacity and increase the collection of taxes and duties. This objective is prioritised the Community and national level through the implementation of common measures that apply to all member states. The Ministry of Finance and the National Agency for Fiscal Administration started the “E-Invoice – mandatory electronic invoicing system” in March 2020 to streamline the collection of taxes and fees. *The project's main objectives include improving and strengthening VAT collection and preventing and combating tax evasion.*

Starting with 01.01.2024 the transmission *in the system* of the electronic invoice in the B2B relationship (reporting) became mandatory, and with 01.07.2024 the transmission *by system* of the electronic invoice in the B2B relationship (billing) became mandatory⁸.

The use of the national electronic invoicing system RO e-Invoice *is not required for the following operations*⁹:

⁸ <https://mfinante.gov.ro/web/efactura/anunturi>, [Accessed in November 2024].

⁹ Ibidem.

- supplies of goods dispatched or transported outside the European Union by the supplier or by another person on his account;
- deliveries of goods dispatched or transported outside the European Union by the buyer who is not established in Romania or by another person on his account, except for goods carried by the purchaser himself and which are used to equip or supply boats and recreational aeroplanes or any other means of transport for private use;
- intra-community supplies of goods.

According to Article 10 (7) of Government Emergency Ordinance no. 120/2021 on the administration, operation and implementation of the national system on electronic invoice RO e-Invoice and electronic invoicing in Romania, as well as for the completion of Government Ordinance no. 78/2000 on the approval, issuance of the vehicle identity card and certification of the authenticity of road vehicles for placing on the market, making available on the market, and, registration or registration in Romania, as well as market surveillance for them, with subsequent modifications and completions, the deadline for sending invoices in the national system of electronic invoices RO e-Invoice is 5 calendar days from the date of issue of the invoice and is calculated on calendar days from the day following in which the invoice was issued and expires on the 5th day, whether it is a working or non-working day¹⁰.

Electronic invoicing is regulated by¹¹:

- Order of the Minister of Finance for the modification of the Technical Specifications and the use of the basic elements of the electronic invoice — RO_CIU — and of the specific operational rules applicable at the national level, shall be approved by Order of the Minister of Finance no. 1,366/2021; and;
- Emergency Ordinance on the administration, operation and implementation of the national system on electronic invoice RO e-Facture and electronic invoice in Romania, as well as for completing Government Ordinance no. 78/2000 on the approval, issuance of the vehicle identity card and certification of the authenticity of road vehicles for placing on the market, making available on the market, registration or registration in Romania, as well as market surveillance for them;
- Order of the President of the National Agency for Fiscal Administration for the approval of the Procedure for the organization and registration in the RO e-Factura Register, as well as the model, content and instructions for filling in the form (084) „Application for registration in the RO Register e-Invoice/renunciation at the application for registration in the RO Register e-Invoice”;
- Order of the Minister of Finance for the approval of the Procedure for the use and operation of the national system on electronic invoicing RO e-Invoice, as well as receiving and downloading the electronic invoice by the recipients of the electronic invoice issued in the B2G relationship in the national system on electronic invoice RO e-Invoice and Order of the Minister of Finance for the approval of the technical specifications and use of the basic elements of the electronic invoice — RO_CIU — and the specific operational rules applicable at national level.

According to the site <https://mfinante.gov.ro/web/efactura/acasa> on 21.11.2024 at 15:00 for the interval 01.01.2024-23.11.2024 invoices received and delivered were 350.788.651, of which in the relationship B2G: 20.601.465.

¹⁰ <https://mfinante.gov.ro/web/efactura/anunturi>, [Accessed in November 2024].

¹¹ <https://mfinante.gov.ro/web/efactura/anunturi>, [Accessed in November 2024].

What would be the benefits of implementing RO e-Invoice? According to some press releases found on the <https://mfinante.gov.ro/> website, implementing the system would provide numerous benefits for public and private administration¹²:

- Provides a picture of real-time budget execution as well as transactions in business-to-business relationships.
- Contribute substantially to reducing VAT fraud at both national and EU levels. Reduce losses caused by tax evasion.
- The system will be connected to the other systems owned by the European Union member states.
- Enable any entity in any Member State to participate in the procurement process;
- Thanks to the real-time data provision, the system will improve the data collection process and therefore reduce the need for investment by the Romanian state.
- Efficient, predictable and transparent spending of public institution funds.
- Will help to create a system of documentary verification for compliance and prevention (desk – audit – ANAF control – Remote anti-fraud).
- This system will help in more detailed predictive analyses of economic evolution, identifying economic asymmetries and adopting relevant fiscal policies to create a natural environment for the development of the business environment.
- Eliminates problems of the old paper-based billing system.

6.2. SAF-T reporting in Romania

SAF-T reporting was launched by the OECD in 2005 and has been implemented in several jurisdictions. Each jurisdiction can adapt the original SAF-T plan, and the OECD SAF-T 2.0 version was the basis for defining the standard control file for Romania. In 2022, large taxpayers in Romania had to report in SAF-T format, and in 2023 it becomes mandatory to report this type of reporting also for medium-sized taxpayers, namely banks, IFNs, insurance companies and other financial institutions. From January 2025, in addition to the categories already mentioned, the obligation of small taxpayers to submit to the central tax authority the statement containing information from the accounting and fiscal records, enters into force, named Informative Statement D406 (SAF-T), according to the regulations in force:

- Provisions of art. 59¹ (1) of Law no. 207/2015 on the Code of fiscal procedure with subsequent amendments and completions
- ORDER No 1783/2021 of 4 November 2021 on the nature of the information that the taxpayer/payer must declare by the standard tax control file, the reporting model, the procedure and the conditions of transmission, and, as well as the terms of transmission and the date/data from which the categories of taxpayers/payers are obliged to transmit the standard file of fiscal control:
 - Annex 1 contains details of the information that the taxpayer or payer is required to declare in the standard tax control file (SAF-T).

¹² https://mfinante.gov.ro/despre-minister/-/asset_publisher/uwgr/content/ro-e-factura-restartearz-c4-83-sistemul-fiscal, [Accessed in November 2024].

➤ ART.2. Taxpayers and payers submit the standard tax control file (SAF-T) via the Informative Statement on the standard tax control file, also known as the D406 Information Statement, the model to which is set out in Annex no. 2.

➤ ART.3. The conditions and the process for submitting the standard fiscal control file by the informative declaration D406 are set out in Annex no. 3.

➤ ART.4. The deadline within which taxpayers or payers must submit the standard tax control file, Information declaration D406, is set out in Annex no. 4.

➤ Annex 5 contains data and time intervals for which certain categories of taxpayers and payers are required to submit the standard tax control file, as well as the categories of taxpayers and payers that are exempted from the transmission of the standard fiscal control file.

Thus, the D406 Information Statement may be submitted by taxpayers/payers with the obligation to submit starting with the first calendar day of the month following the period for which the obligation becomes active until the closing date for submission, *which is the last calendar day of the month following the reporting period*¹³.

Transmission can only be made by the taxpayer or payer with the obligation to submit or by its authorized representative or legal representative, who are enrolled in the system of the National Agency for Tax Administration and have the right to submit electronic tax documents and forms¹⁴.

What is the reporting obligation and what is the deadline for submitting the SAF-T file to ANAF? The answer is provided in Annex 4 of Order no. 1783/2021 of November 4, 2021: “the taxpayers/payers submit the Informative Declaration D406 monthly or quarterly, following the applicable tax period for value-added tax (VAT). Taxpayers that have a tax period applicable for value-added tax semester or year shall submit the Informative Statement D406 quarterly. Taxpayers who are not registered for VAT purposes submit the Information Statement D406 quarterly¹⁵”.

Three different SAF-T declarations will be submitted, they will be submitted at different time intervals:

(i) the monthly or quarterly SAF-T statement 406 covering all accounting and tax operations;

(ii) the SAF-T fixed assets declaration 406 to be submitted annually;

(iii) the statement 406 SAF-T of Stocks to be submitted at the request of the tax authorities („at the deadline set by the central fiscal body, which may not be less than 30 calendar days from the date of the request”)¹⁶.

What are the categories of taxpayers who must submit the D406 SAF-T declaration?

*The following categories of taxpayers are required to submit (SAF-T) through the D406 Declaration*¹⁷:

- autonomous regies;
- national research and development institutes;

¹³ ORDER No 1783/2021 of 4 November 2021 on the nature of the information that the taxpayer/payer must declare by the standard tax control file, the reporting model, the procedure and the conditions of transmission, as well as the terms of transmission and the date/data from which the categories of taxpayers/payers are obliged to transmit the standard file of fiscal control.

¹⁴ Ibidem.

¹⁵ Ibidem.

¹⁶ Ibidem.

¹⁷ ORDER No 1783/2021 of 4 November 2021 on the nature of the information that the taxpayer/payer must declare by the standard tax control file, the reporting model, the procedure and the conditions of transmission, as well as the terms of transmission and the date/data from which the categories of taxpayers/payers are obliged to transmit the standard file of fiscal control.

- joint stock companies;
 - joint-stock companies;
 - companies in simple order;
 - companies in collective name;
 - limited liability companies;
 - companies/national companies;
 - co-operative craft organisations;
 - cooperative consumer organisations;
 - cooperative credit organizations;
 - units without legal personality in Romania, belonging to legal entities established abroad;
 - foreign legal entities operating through a permanent establishment/several permanent establishments in Romania;
 - foreign legal persons having the place of exercise of effective management in Romania;
 - associations with patrimonial purpose;
 - associations/people without patrimonial purpose;
 - collective investment undertakings which are not constituted by a constituent act as provided for in capital market legislation, voluntary pension funds, and, privately managed pension funds and other entities organized on the basis of the Civil Code;
 - non-resident companies that have in Romania a VAT registration code (contributors registered by direct registration, taxpayers registered by tax representative, fixed offices);
 - other legal persons not expressly mentioned above.
- The following taxpayers will not submit D406¹⁸:*
- authorised natural persons;
 - individual enterprises;
 - family businesses;
 - natural persons performing gainful activities;
 - family associations;
 - professional limited liability lawyers and individual law firms;
 - notarial professional companies and notarial individual offices;
 - individual medical practices;
 - professional companies insolvency practitioners;
 - single-personal limited liability professional enterprises;
 - public institutions, regardless of their source of funding or the category of taxpayers to which they are classified;
 - administrative authorities, regardless of their source of funding.

By Article 337 - Contraventions in the case of recapitulative statements (which will also be applied to the SAF-T file) of Law 207/2015 on the Tax Procedure Code, the submission of the Informative Declaration D406 the failure to submit to the deadlines provided by law the incomplete submission of the declaration will constitute a contravention. The fine provided is from 1.000 to 5.000 lei if the declaration is not filed

¹⁸ Ibidem.

within the legal deadlines and the fine from 500 to 1.500 lei if the declaration is incorrect or incomplete.

So, are we ready for SAF-T implementation?

Despite the fact that a first standard tax control file (SAF-T) became mandatory for large taxpayers in two stages, in January and July 2022, most of the companies responding to a survey conducted by PwC Romania responded on July 25, 2022 - August 2, 2022 that regarding the adaptation of the ERP system and the creation of the transformation rules by reporting to the SAF-T nomenclatures, they have not yet succeeded in implementing the system, invoking as reasons :

- 36% of respondents said there was not enough time.
- 18.4% claimed that there was an incomplete explanation of the SAF-T structure;
- 14% said that implementing SAF-T by modifying the ERP systems and subsystems used is expensive;
- 10% claimed that the data required by the SAF-T file can be found in more systems than in the ERP.
- 8.8% said they are changing their ERP system.

6.3. RO-eTransport

On april 8, 2024, The Government of Romania has approved a draft Emergency Ordinance promoted by the Ministry of Finance that provides for the implementation of an integrated electronic system RO e-Transport for the monitoring of road transport of goods with high fiscal risk, the Ministry of Finance, system introduced with the aim of reducing tax evasion. The system will track in real time the flow of goods with high fiscal risk throughout Romania. These flows include goods bought and delivered within the country, goods subject to customs operations, and goods that are transported between two points in the country.

To be monitored in the RO e-Transport system, road vehicles must have a maximum technical mass of at least 2.5 tonnes, to be loaded with goods with high fiscal risk with a total gross weight of more than 500 kg or a total value of more than 10,000 lei and to be related to that a little a group of goods that are the subject of transportation.

At national level, the obligations to declare data on the transport of goods with high fiscal risk are¹⁹:

- „the provider in Romania, in case of internal transactions;
- economic operator carrying, loading and unloading high-risk goods in Romania”.

There are additional obligations to declare data relating to the international carriage of goods²⁰:

- “the consignee entered in the customs import declaration or the consignor entered in the customs export declaration, in the case of goods subject to import or export operations, as the case may be;
- the beneficiary in Romania, in the case of intra-community acquisitions of goods;
- the Romanian supplier, in the case of intra-community supplies of goods;

¹⁹ https://mfinante.gov.ro/despre-minister/-/asset_publisher/uwgr/content/ghidul-e-transport.-ce-trebuie-s-c4-83-c8-99tie-contribuabili-care-realizeaz-c4-83-transporturi-na-c8-9bionale-cu-risc-fiscal-ridicat-c8-99i-transporturi-interna-c8-9bionale, [Accessed in November 2024].

²⁰ Ibidem.

- the depositary, in the case of goods subject to intra-community transactions in transit, both for goods unloaded on the territory of Romania for storage or for the formation of a new transport from one or more parties of goods, as well as for goods loaded after storage or after the formation of a new national footer from one or more parties of goods”.

The obligations of the road hauler are as follows²¹:

- to ensure the transfer of the current positioning data of the transport vehicle, which is the subject of the declaration, throughout the transport route of the goods subject to monitoring by the RO e-Transport System;
- equip transport vehicles with telecommunications terminal devices using satellite positioning and data transmission technologies;
- provide the driver with the received UIT code, which is generated by the RO e-Transport System, through which data related to a game of goods are identified.

To generate the UIT code, information about the sender or beneficiary is required, including the description, quantity and value of the goods that were transported details of the loading and unloading location, and means of transport used and information on the border crossing point.

National legislation regulates RO-eTransport by²²:

- *Emergency Ordinance no.129/2024* amending and supplementing the Emergency Ordinance no.41/2022 for the establishment of the National System on monitoring road transport of goods RO e-Transport and repealing art. XXVIII of the Government Emergency Ordinance no.130/2021 on certain fiscal-budgetary measures, the extension of certain terms, as well as for the modification and completion of some normative acts, published in the Official Gazette of Romania, Part I, no.1124 of 11.11.2024.

- *Emergency Ordinance no. 87/2024* regarding the modification of some normative acts in the field of e-Transport, e-TVA and e-Invoice, as well as for the regulation of fiscal-budgetary measures - published in the Official Gazette of Romania, Part I, no.608 of 28.06.2024.

- *Order of the President of the National Agency for Fiscal Administration and of the President of the Romanian Customs Authority no.1.337/1.268/2024* Approval of the Procedure for the use and operation of the national system for the monitoring of the transport of goods RO e-Transport - published in the Official Gazette of Romania, Part I, no.597 of 27.06.2024.

- *Emergency Ordinance no.43/2024* for amending and completing certain normative acts - published in the Official Gazette of Romania, Part I, no.409 of 30.04.2024.

- *Emergency Ordinance no. 115/2023* on some fiscal budgetary measures in the field of public expenditure, for fiscal consolidation, combating tax evasion, for amending and completing some normative acts, as well as for the extension of certain terms (Article LXXIV of the normative act includes the amendments and additions to GEO no.41/2022 on RO e-Transport) - published in the Official Gazette of Romania, published in the Official Gazette of Romania, Part I, no.1139 of 15.12.2023.

²¹ <https://mfinante.gov.ro/ro/web/etransport/legislatie>, [Accessed in November 2024].

²² <https://mfinante.gov.ro/ro/web/etransport/legislatie>, [Accessed in November 2024].

- *Law no. 233/2023* approving GEO no. 132/2022 regarding the modification and completion of some normative acts - published in the Official Gazette of Romania, Part I, no. 668 of 20.07.2023.
- *Order of the President of the National Agency for Fiscal Administration and of the President of the Romanian Customs Authority no. 2545/6316/2022* approving the Procedure for the use and operation of the national system on the monitoring of shipments of goods with high fiscal risk RO e-Transport - published in the Official Gazette of Romania, Part I, no.1264 Of 29.12.2022.
- *Emergency Ordinance no. 132/2022* regarding the modification and completion of some normative acts (article I of the normative act includes the amendments and completions regarding RO-eTransport brought to GEO no. 41/2022)-published in the Official Gazette of Romania, Part I, no.957 of 30.09.2022.
- *Emergency Ordinance no.106/2022* for supporting the granting of reductions of prices for gasoline and diesel fuel and for amending Article 18 of Government Emergency Ordinance no. 41/2022 for the establishment of the National System on the monitoring of road transport of goods with high fiscal risk RO e-Transport and repealing art. XXVIII of the Government Emergency Ordinance no. 130/2021 on certain budgetary fiscal measures, the extension of certain terms, and, as well as for amending and completing some normative acts - published in the Official Gazette of Romania, Part I, no.657 of 30.06.2022.
- *Order of the President of the National Agency for Fiscal Administration and of the President of the Romanian Customs Authority no.1190/4625/2022* approving the Procedure for the use and operation of the national system on the monitoring of shipments of goods with high fiscal risk RO e-Transport - published in the Official Gazette of Romania, Part I, no.656 Of 30.06.2022.
- *Order no. 802/2022* regarding the establishment of risk goods subject to monitoring by the RO e-Transport System - published in the Official Gazette of Romania, Part I, no. 430 of 03.05.2022.
- *GEO no. 41/2022* for the establishment of the National System on the monitoring of road transport of goods with high fiscal risk RO e-Transport and repealing art. XXVIII of the Government Emergency Ordinance no. 130/2021 on certain fiscal-budgetary measures, the extension of certain terms, as well as for the modification and completion of some normative acts - published in the Official Gazette of Romania, Part I, no.356 of 11.04.2022.

Currently, individuals and legal entities can be sanctioned with a fine from 10.000 lei to 50.000 lei or with a fine from 20.000 lei to 100.000 lei, as well as confiscation of the value of undeclared goods.

The use of e-transport improves the transparency and traceability of freight flows, reduces the risks of tax evasion and improves compliance with tax regulations. In logistics, RO e-Transport supports the implementation of new technologies for efficient route and stock management, which helps to reduce costs.

6.4. RO e-TVA, bridge with other reporting systems

The pre-filled RO e-TVA declaration will be implemented for taxable persons registered for VAT purposes in Romania. For each reporting period, the pre-filled RO e-TVA declaration must be sent to taxpayers by electronic means until the 5th of the month following the legal deadline for submitting the value-added tax return (D300).

The legal framework in force regarding RO e-TVA refers to:

- *Government Emergency Ordinance/2023* on some measures to manage and highlight the current revenues of the public budget through the implementation of some digitization projects also regulated the national information system RO e-TVA.
- *Government Emergency Ordinance no. 70/2024* on some measures for the implementation and use of the pre-filled RO e-TVA settlement and the capitalization of data and information by implementing a specific governance system, as well as other fiscal measures, the implementation and use of the RO e-TVA pre-filled settlement was approved.
- *Government Emergency Ordinance no. 87/2024* regarding the modification of some normative acts in the field of e-Transport, e-TVA and e-Factura, as well as, as well as for the regulation of fiscal-budgetary measures, amendments were adopted regarding the implementation and use of the pre-filled settlement RO e-TVA.

The RO e-TVA pre-filled account enters into force on January 1st, 2025, except for the taxable persons applying the VAT system to collection, in this case, the provisions will be applied from August 1, 2025.

Failure to transmit in due time, by electronic means, the response to „Notification of compliance RO e-TVA”, is sanctioned with a fine from 5.000 lei to 10.000 lei for large taxpayers, between 2.500 lei and 5.000 lei for medium-sized taxpayers, and for other legal entities and individuals the fine is between 1.000 lei and 2.500 lei.

As an advantage of the implementation of the RO e-TVA Declaration, we mention that it contains data and information about the operations that taxable persons declare and transmit to the systems of the Ministry of Finance and the National Agency Tax Administration (ANAF) through e-Facture, e-Transport, e-Sigiliu, SAF-T, e-Case and integrated customs information system, as well as other relevant data and information existing in the information systems of tax authorities. Also, the recapitulative statement VIES D390 and the informative statement on deliveries and purchases made in Romania (D394), contain data and information that must be pre-filled before the date of submission of the pre-filled RO e-TVA settlement to taxable persons registered for VAT purposes.

In an article on RO e-TVA, RO e-Invoice, the specialists in the field think that if the tax authority insists that the pre-filled VAT return will be used “as an instrument for tax compliance, it is then necessary to adopt and implement the necessary measures to ensure the efficiency of the RO e-TVA Compliance Notification Mechanism. This mechanism is NOT based on simple addition and subtraction arithmetic operations but relies on complex analysis models that use and correlate all data reported by the taxpayer in ANAF systems interoperability between RO e-Factura systems, and, RO e-TVA and SAF-T is essential. The RO e-TVA compliance notification mechanism should only be able to target taxpayers who have a high risk of inappropriate tax behaviour and NOT become an unnecessary administrative burden, generating costs, for taxpayers who have a correct fiscal behaviour²³”.

²³ Position document: RO e-TVA, RO e-Invoice: Proposals with immediate application to improve the utility of the two „e-s” fiscal, Number 27-28, 10-23 July 2024 » CECCAR Agenda, 2024, available at <https://www.ceccarbusinessmagazine.ro/document-de-pozitie-ro-e-tva-ro-e-factura-propuneri-cu-aplicare-imediate-pentru-ameliorarea-utilitatii-celor-doua-e-uri-fiscale/a/NTQ2MTMyMTA0MzQ5NzE2MzoZssvWeldSRxOLfdkOhM>, [Accessed in November 2024].

7. Conclusions

The authorities are placing increasing emphasis on improving the financial transparency of companies, promoting the digitalization of audit processes and introducing a variety of online options.

One of the solutions that have been recently introduced in Romania is SAF-T. Following a survey conducted, on the week 25 July - 2 August 2022 by PwC Romania on the implementation of SAF-T by large taxpayers, 60.3% respondents said they would be ready during 2022, but after 1 August, and 27% thought they would be ready during 2023, only 12.7% stating that they have been able to implement it by 31 July 2022. In this context, the next question arises: *To what extent will small taxpayers be able to implement the statement containing information from the accounting and tax records, called the D406 Information Declaration (SAF-T)?*

RO e-Transport facilitates real-time transport monitoring, improving transparency and helping to prevent tax evasion. Automated integration of reporting with ERP systems and other similar solutions can reduce errors and administrative burdens, saving time and resources. Although the implementation of RO e-Transport can lead to additional costs and requires adaptation to new technologies, the benefits are substantial.

The adoption of RO e-Invoice and RO e-Transport systems is still being calibrated, and the use of e-TVA can be a benchmark to remedy any errors or shortcomings when transmitting through RO e-Invoice and RO e-Transport, as well as to identify shortcomings in the wording of declarations D390 and D394.

The main immediate advantage of electronic tax returns and documents is that the data collected through digital systems will be automatically analysed to identify suspicious transactions or inconsistencies in tax reports, helping to prevent fraud.

As general effects, these measures aim to reduce bureaucracy, simplify the interaction of taxpayers with ANAF and improve the collection of tax revenues. Taxpayers are encouraged to familiarize themselves with the new systems and adapt their internal processes to comply with the new regulations.

Future research directions. Regarding the development of the electronic systems established by ANAF, the authors will commit to analysing their evolution and impact on the economic and fiscal environment during the period following their implementation. Specifically, to determine the benefits and disadvantages of these mechanisms, the research will assess how E-Factura and E-Transport have increased transparency in general market behaviour.

A second point of research will examine how ANAF utilizes these systems to detect and address tax evasion and tax evasion consequences. A third research focus will explore the sanctions imposed for non-compliance with these regulatory acts, with an emphasis on RO E-Transport where some of the sanctions seem to be disproportionate²⁴. Additionally, we will compare Romania's electronic fiscal systems with international counterparts to identify best practices and areas for improvement. Finally, the research will address technological innovations and their impact in this domain (artificial intelligence can help create predictive analytics, fraud detection or even help improving encryption needed to secure the information being transmitted between the public authority and other parties).

²⁴ Art. 13[^]1 par. (5)-(7) of EMERGENCY ORDINANCE no. 41 Of 8 April 2022 for the establishment of the National System for the monitoring of road transport of goods RO e-Transport and repealing art. XXVIII of Government Emergency Ordinance no. 130/2021 on certain fiscal-budgetary measures, the extension of certain terms, as well as for the modification and completion of some normative acts.

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