

BUDGET DEBT COLLECTION IN THE EURO-REGIONAL CONTEXT

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1. Introduction

In Europe, the Euro-regional phenomenon appeared closely related to local autonomy and regionalization, being seen as a future form of cooperation between states.

In this Euro-Regional and Community context the Ministry of Public Finance of Romania has given the National Agency for Fiscal Administration, since 2003, the administration and collection of revenues and other contributions.

The National Agency for Fiscal Administration has set the priorities to be followed for joining the European Union and integration into its structures, by modernizing tax administration, fostering voluntary compliance, prevention and combating tax evasion and financial indiscipline and a series of performance indicators to achieve.

From the data presented and the analysis made, it is clear that the National Agency for Fiscal Administration is urged to review their priorities and in addition to current tax collection obligations, debt collection and budgetary arrears become priority objectives, both in the context of the financial crisis and from the point of view of the grant agreement between Romania and the International Monetary Fund and the European Commission.

With regards to the Euro - Regional context, I presented data about the apparition of the Euro-regional phenomenon in Europe and Romania's participation in regional cooperation. I

considered important to present the influence of Euro-regions in Romania on fiscal activity and their contribution to Romania's development. In this context, based on international practices, I have shown the role of tax administration in the declarations and payments and the recovery of debts established in another EU member state, concluding with the budget arrears situation at a national and Euro-regional level.

2. International practices

Budget debt collection is a strategic issue for all countries in order to provide resources to support the budget.

All tax administrations are intended primarily to increase voluntary compliance, voluntary fulfillment of the declarative obligations and those of payment. However, when these obligations are not met, tax administrations have specific means to achieve their realization by means more or less coercive, because paying a tax on its due date is a risk for definitive non-recovery. To implement the appropriate procedures, at the most appropriate moment and with the maximum expected yield, the European practice is to develop tools based on risk analysis methods. In states that have chosen to apply risk analysis methods several common features can be found:

- The desire to renew the management of budget debts recovery moving from an indiscriminate profiling of cases to a logical analysis of files;

- taking into account the constraints on the collection costs in a context of reduced employment and the financial resources allocated;

- the desire to reorganize the collection and enforcement of budgetary debts through the implementation of specialized structures pole collection in France, call center in England or outsourcing in Italy;

- development of a strong centralized data base system and a wide access to various data on debtors.

Specifically, risk analysis models aim at segmenting the population of debtors in relatively homogeneous categories (using a score calculated individually by economic agent) and propose a strategy for motivated collecting, focused and tailored to the respective population, according to the amount and length of budget debt.

This analysis allows, in principle, an optimal allocation of resources on expected yields. Schematically, a method is applied that consists of an examination of the debts accounts.

Different features of these accounts (risk factors) are then combined to obtain a quota of risk, which can be used to determine the most effective methods of collection. Thus, the taxpayer is considered as a whole, the history, behavior and his assets. Differentiation of files, setting priorities can be, depending on the amount of state budget debt, depending on its age or more sophisticated criteria.

Many European countries such as Belgium, Italy, Netherlands, Denmark, England and outside the European Union such as Canada, the United States and Australia are now changing their budgetary debt collection practices, which are the subject of complete reorganization. They have faced or still face disparities between services, for example deadlines for filing state claims, the deadline for the application of prosecution or action to be taken.

This approach corresponds in Romania to the ongoing fusion of 364 databases of tax units, which allows the management of legal persons in a single national database and better interconnection between the Treasury and the computer system of tax units. On the other hand, this also implies the transition from manual tracking of budgetary debts (the example of non-tax debts in Romania) to a computer monitoring.

States adopt generally differentiated remedies after they have identified different groups of taxpayers on whom they are willing to act. The applied means onto the groups that have the fewest risks consist of simple and automatic procedures: simple notices sent, by express orders of the simple mail (without acknowledgment) and rapid prosecution choice, such as attachment on wages or bank accounts.

Several states have chosen to create specialized structures dedicated to enforcement. It can be a full part actor as in Italy or pole collection as in France.

The Poles collection track could possibly be chosen by Romania to improve efficiency of collection missions and revenues collection.

It is clear that the age of arrears and the inability to recover the debt within a reasonable time are important factors for the risk of non-recovery, before focusing on net debts of existing instruments. France uses a procedure of internal order that allows a rapid extinguishing method of non recoverable debts, the admission to non value.

3. Admission to non value - as a way of extinguishing budget debts

Admission to non value - is the way to extinguish or delete a budget debt that can not be recovered. Internal order is a procedure that leads to a discharge of responsibility in the administrative enforcement agents plan and not communicated to the legal entity debtors.

Admission to non value differs from revocation or cancellation of debt, respectively, it does not extinguish the debtor's debt against the tax administration, it does not prevent the debtor to pay the debt and does not relieve public official of the control of Court of Auditors, who examine the files of admission to non value.

The administrative procedure for admission to non value does not apply to state debts for which the term of prescription was fulfilled.

The procedure begins with a report demonstrating that the non recoverability does not result from insufficient actions committed by public officials. The tax administration must have employed all the necessary measures appropriate at the time in order to comply with state interests.

The nature of prosecutions and the results obtained must also be presented: unsuccessful attachment of earnings of third parties, closed accounts or non existent, more seizures without a sale, research failed. For example, no longer lives at the address indicated, left without an address, protocol deficit, missing or end of work.

For cases in judicial liquidation, if the closure of insolvency proceedings was delivered, admission to non value can be proposed based on this court decision, or if it is still out on closure of insolvency proceedings, the admission to non value can be proposed following the receipt of a certificate of non recoverability issued by judicial mandate.

I believe that in Romania, the internal procedure of admission to non value of administrative budget debts considered unrecoverable could be applied in the following situations:

- when the bankruptcy procedure has been completed, but the deletion was not made in the Trade Register;
- where enforcement costs are higher than the amounts to be recovered;
- when in the tax database there are records of budget debts of taxpayers

removed, dissolved or liquidated by operation of special laws;

- for taxpayers who are insolvent with assets.

4. The influence of Euro-regions on fiscal activity in Romania

Community tax policy was initiated by the Treaty of Rome in 1957, which established the European Economic Community set up. By this treaty was agreed and established the need for removal of tax discrimination and harmonization of national tax legislation in the Member States of the Community.

Consistent with the removal of customs barriers between member states as the action required for the opening of the common market, the Treaty of Rome has banned the use of national taxes in a discriminatory manner for example by charging higher internal national taxes on goods imported from other Member States of the Community.

The objective of community tax policy of "suppression of the fiscal phenomenon" was followed by action-oriented and equal protection of the Member States of companies by placing a harmonized tax on the revenues of these enterprises, and removing tax obstacles in the way of merging companies and the establishment of business groups¹.

Community tax policy was developed during the current work on successive reports and proposals of the expert committee. On these grounds the Council issued resolutions containing community tax concepts related to direct and indirect taxes in relation to customs duties.

For direct taxes, fiscal policy aimed and aims to harmonize and limiting especially those taxes which have direct influence on the formation

¹ L. Cartou, Droit financier et fiscal européen, Précis Dalloz 1972, p. 156-161

and movement of capital, such as the real estate income - of capital and on businesses and companies.

As concerns indirect taxes, the Council resolutions tend to harmonize national regulations, by replacing the turnover tax with value added tax and the tax uniform trim, and by limiting the categories of products subject to excise duty, recommending also margin rates for these taxes and excises.

The concepts expressed in these actions on direct and indirect taxes in the Member States of the European Communities supports the conclusion that fiscal policy is aimed at general community development for the European common market or territory fiscal space and aims to create a unified "common fiscal markets" by applying joint juridical tax rules to avoid any conflict and any discrimination between national tax systems in force in the Member States of the European Communities.

The framework on taxation in the European Union established by the Treaty establishing the European Economic Community, which stipulates that any Member State does not, directly or indirectly, tax higher the products of another Member State, internal taxes on products than similar domestic production. Also, no Member State should tax the products of another Member State so as to provide preservation of a third Member State, and that exports to another Member State reimbursement of taxes paid in the country will not exceed their volume².

For other taxes except taxes on turnover, excise and other indirect taxes, refunds relating to exports to another Member State can not be guaranteed, and taxes on imports can not be applied without being approved for a limited period by the Council on a proposal.

The Council will adopt proposals from the Commission on the

harmonization of indirect tax legislation, unanimously, after consulting the Parliament and the Economic and Social Committee.

The construction of European tax system and tax community policy brings significant improvements in terms of financial relations in the process of setting up of funds from the budget of the Member States, provisions that are found in Romanian fiscal law.

Following this information I presented the following personal opinions:

- the influence of Euro-regions on fiscal activity in Romania has materialized, primarily through changes to tax laws, particularly the establishment of the Fiscal Code and Fiscal Procedure Code, which attempts to approximate national tax laws of the Romanian legislation.

- Second, the emergence of Euro-regions, by increasing commercial relations, led to the development of business and of companies working in these areas, leading to increased turnover and ultimately increase the state consolidated revenues. In this context, financial support by the European Union to Euro-regions and other financial institutions, has had a great importance in infrastructure development and objectives of Euro-regions established, which was also a good source of budget revenues.

- Thirdly, I think the Euro-regional phenomenon in Romania led to behavior change for the better, a Romanian citizen, who became more confident, more tolerant, more informed and better taxpayer, i.e. the values adhered to by member countries of European Union, long before the actual joining of our country in 2007.

In conclusion, I believe that Romania's participation in regional cooperation within the Euro-region was a good thing for society, contributed to the success of our country's integration with the European Union and this led to the

² art. 91 Treaty of establishing the European Economic Community

modernization of tax administration and its work promoting management based on objectives rather than procedures, thus eliminating an important part of the bureaucracy.

5. The role of Euro-regions in the collection budget debts

Economic and social potential of the Euro-regions identified numerous opportunities in various fields, which will accelerate economic cooperation and boost economic development of participants.

Regional economic integration mechanisms working like that drives economic growth. First, integrating environmental influences the deepening of regional specialization based on comparative advantages of countries. The second mechanism through which regional integration contributes to economic growth is exploitation of economies of scale obtained by markets, and the third mechanism by which regional integration contributes to economic growth is intensifying external competition.

In addition, promoting inter-regional policy is supported by special structural funds, such as the European Regional Development Fund, European Social Fund and European Agricultural Guidance and Guarantee.

Given these economic aspects, I believe that following the economic relations between institutions, businesses and other enterprises in the Euro-regions, result in commercial, civil and budget debts.

If I refer to budgetary debts, then I can say their recovery raises a more special problem because it involves two or more states with different tax laws. In this regard the European Union has issued proceedings to recover tax debts assistance from another Member State. This is a happy event, but what if one party does not belong to the territory of Euro-region EU countries, as in the case

of the Ukrainian Carpathian? In this case, international conventions on double taxation are applied and any references to the recovery of mutual debts.

6. Conclusions

With this in mind, I consider that the existence and continuous development of Euro-regions influence budgetary debts by:

- Development of areas within the Euro-regions which increase incomes and businesses, which increase the volume of debts due to the state budget they belong to;

- facilitates the recovery of parts of a budget debt of a Euro-region located in another state because of our collaboration and exchange of information between these areas;

- close link created between people of different areas, but who have common goals in the Euro-regions leads to mutual respect and respect for the state to which they belong, by increasing compliance with payment of budgetary obligations;

In the same vein, I consider that the budget debts influence as much the Euro-regional development. Thus, a high level of taxation in an area member of a Euro-region can discourage development, while a lower or identical to the neighboring states can encourage development. But for the budget debts, for which if payment is late there are penalties, the level of penalties is also very important. The level of delay penalties and penalties can also distinguish between an attractive and one unattractive in terms of taxation.

In conclusion, I believe that budget debts and the Euro-regions influence each other both through the development and funds attracted by the Euro-region and taxation, the delay increases and penalties in certain areas of states, so states which have areas members of a Euro-region should stimulate their development through

specific levers, and the tax because the climate of peace, tranquility and development of these areas also means prosperity at the borders. developing country and, why not a

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