OPPORTUNITIES FOR PREVENTION AND FIGHTING TAX EVASION

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Abstract: Tax evasion is one of economic and social phenomena particularly important facing the countries of the world. Since the eradication of tax evasion is still a desideratum, states are trying to find solutions to limit as much as unintended consequences of this phenomenon. The negative effects it generates indisputable tax evasion are felt directly on the level of tax revenue receipts, causing major distortions in the functioning of the market mechanism. In Romania tax evasion has taken over the last twenty years, a special scale, severely affecting the country's economic development. However, evasion tax is still very difficult to control and quantify. A thing is due CEST several factors, among which imperfections and particularities of tax law, the low living standards of the majority of the population, low level of civilization, culture and civic consciousness, aggressive fiscal policies promoted by the state and not least corruption, which is present in the bodies with responsibilities in combating tax evasion.

Keywords: tax evasion, tax pressure, tax, investment, efficiency

1. General considerations and trends

Excessive tax burden on the trend of taxable results in its disappearance, knowing that tax kills tax.

Taxpayers aimed almost always put their interests before the general interest of society. Most tax payers considered more as an injury and not as a legitimate contribution to public spending, they see with an evil eye financial bodies the way it reduces income taxes heritage. It is well known that since ancient times, taxpayers have sought to reduce their tax liabilities, using the most varied and ingenious methods.

Tax evasion is the result of imperfections, uncertainties and inconsistencies tax laws and methods of determining the taxable and tax bases.

In conditions of transition to a market economy, economic and financial legislation was drafted late, adaptation to reality, trying to
reconcile both immense bureaucratic state apparatus and incentives to promote private initiative. But the result of these measures has resulted in blocking economic system, rejecting large potential investors abroad uncontrolled leakage of national wealth and artificial concentration of important material and money in the hands of businessmen.

If ignorance is added to these phenomena by officials of the state apparatus operating principles of the market economy and corruption that included these professionals resulting economic and social environment favorable for economy.

In a market economy, financial authorities are faced with a phenomenon that has mass scale tax evasion as a result of the tendency to evade the law under substantial taxable income. The proliferation of illegal acts, especially in finance and economics, is the consequence of imperfect legislation or lack of regulations.

The democratization of our country's finances caused a reaction against taxes especially among those who before the tax reforms were exempt or tax privileges enjoyed significant.

After the events of 1989 occurred overt aggression phenomena of public wealth, illegal transfers of capital, large-scale embezzlement, fraudulent bankruptcy, acts of smuggling, abuse and deception special fake documents evidencing import or export, massive removals country currency, rare and radioactive metals and goods of national and universal cultural heritage.

Almost all sectors have found cases of non-compliance on the establishment of companies, acts of abuse and corruption in the supply of private, state of non-involvement of management and protection factors responsible companies as a whole.

Economic and financial crime in its complexity covered almost all economic and social spheres, from technical-material supply in the economy and ending with the privatization process and settlement of financial transactions, foreign exchange and banking.

In the transition occurred criminal acts of great complexity and diversity in terms of number of participants, injury and economic importance and the institutions concerned.

Romanian society faces the existence of "underground" economy of large-scale, characterized by the infiltration of banking and financial markets by criminal structures and their attempt to take control of important sectors of the national economy.

Business crime tends to be currently an antisocial phenomenon, resulted in a degree of organization and specialization manifested as a formal network of organizations and individuals information which, by
the most diverse and sophisticated means and methods come to corrupt makers place up to the highest level in the political, legislative, judiciary and administration.

Illegal transfer of assets by entrepreneurs, theft, deception and fraud to the detriment of public property, illegal export of capital, smuggling, illegal actions serve the forms and methods more or less sophisticated, but illustrating the term "organized crime economic and financial ".

Tax evasion is manifested not only nationally but also internationally, owing to increased international economic cooperation and development of relations between states with different tax systems and different levels of taxation.

A very commonly used by transnational companies to avoiding the imposition of a portion of the profit, is the establishment of branches and subsidiaries in countries where taxes are lower and the organization of artificial relationships between them and producing units within the territory of another country, the tax is high. Such "tax oasis", "tax havens" or "tax havens" are in Switzerland, Luxembourg, Cyprus, Bermuda, Bahamas, Panama, Balearic Islands, Liechtenstein and others.

2. Subjects and objects of tax evasion

There are numerous means, ways of evading taxes that may be contained in: repercussion taxes and tax evasion.

By means repercussion tax shift from taxable to the recipient subject, ie the tax bearer. In other words, the repercussion is the shift of the tax burden on the taxpayer's actual legal taxpayer. Real taxpayer (tax bearer) is the person or entity required to pay tax effectively and definitively, in the final analysis supporting the income or his wealth.

Transmission of tax burden (repercussion) is achieved most easily if indirect taxes because they are paid by the enterprise to the state budget, and the latter adds to the price of goods and transfers them to the buyers. The repercussion may occur within certain limits and certain direct taxes on income and wealth.

The main routes of transfer of the tax burden on others by entrepreneurs are adding to the sales price of the goods or services of indirect tax rates and recovery from the buyer; buying when the market allows for raw materials, fuels, etc. at low prices, making it possible to translate the buyers tax etc. Tax evasion is to circumvent various ways and in any form, in whole or in part from taxes, fees, contributions and
other amounts owed to the national budget and off-budget special funds by natural or legal persons Romanian and foreign.

If the battle is between taxpayers, one trying to throw each other's shoulders tax, evasion battle is between taxpayers and the state.

Tax evasion is a clever use of the possibilities offered by law to evade the payment of taxes and fees.

Of course in addition to sanctions and even before their citizenship education is needed, fiscal civics, knowing that the company has not only rights but also certain obligations.

May be subject to tax evasion accountants, managers, other employees with tasks in the field of taxation from businesses, regardless of the nature of capital - state, private or mixed - and persons authorized or unauthorized.

Generally, tax evasion is the subject of economic and social relations on the establishment of the state budget revenues, local budgets, budgets of state social insurance, health insurance budget, special extra-budgetary funds, etc., due to legal and natural persons.

3. Forms of tax evasion

The Romanian and foreign specialized literature in law and financial practice known many forms of tax evasion.

After how it can be committed tax evasion two forms, namely:

1) tax evasion legal, lawful (permissible);
2) tax evasion, fraudulent, unlawful, illegal (tax evasion).

1. Tax evasion legal, licit (tolerated) consists in removing, law sheltered from tax as a result of the interpretation of legal regulations on complete and accurate application of the legislation, misapplication of the law, by circumventing the law, intentional or not intent, so that income or parts of them are not taxed. For example, an accountant, ignorance or inattention, gives a partial tax declaration or tax authorities commit some errors in the calculation of income and taxes.

Below are some examples of legal tax evasion:

- overestimation by the legal establishment amortization fund in an amount greater investments required, representing a reduction of taxable income tax base;
- grant temporary exemptions, establishment of new companies from corporation tax;
- granting tax incentives in the form of tax exemptions, partial exemptions, reductions, allowances, which constitutes a
suitable framework detour and evade payment of tax liabilities through various means;

- fiscal gaps using the legal system in Romania etc.

Exporters and importers licit or illicit practice various means to evade the payment of state foreign currency by acute such as private compensation, accurate insufficient tariffs, currency transfers to and from the country in violation of laws, different operations tourism etc.

“fiscal Paradise sites” is an additional way to achieve legitimate tax evasion, because in their domicile and residence are established both the legal platform and the individuals and for these tax havens they direct their profits in other countries, thus avoiding financial bodies.

2. Tax evasion fraudulent, unlawful, illegal (tax evasion), consists of knowingly concealing taxable object in underestimation of the amount of taxable or use other means of evading the payment of taxes due.

Financial Practice confirms that there are a variety of methods for practicing tax evasion and fraudulent taxpayers can use the following forms:

- **accounting tax evasion**, which is difficult to identify in practice is to create the impression of a proper accounting records, using false documents, in order to increase costs, reduce revenues, reduce taxable income and ultimately, tax obligations by the national budget;

- **traditional tax evasion**, which consists of partial or total theft of tax debts by failure to produce documents required by applicable law or incorrect preparation of documents that include operations such as: the pursuit of economic and social activities paid by a clandestine, illegal, intentional and unjustified increase spending by reducing taxable income through cash receipts and sales receipts with no invoice; production and sale of goods, work and services illegally;

- **legal tax evasion** - This is to hide the true nature of a contract to avoid tax obligations;

- **tax evasion through evaluation**, which is to reduce the amount of inventories, depreciation and provisions overestimation in order tax while driving.

Tax fraud is to concern the taxpayer to violate tax laws in force. At the same time, tax evasion can be **national and international**.

**National Tax Evasion** occurs within the borders of each state. It is presented in two forms, namely:
a) National tax evasion craft - has the major characteristic that it is less defined details for carrying out or scale thefts from paying taxes to the state budget, how isolated mode of action of their authors. The craft carrying evasion acting alone without resorting to an organization for this purpose, that does not work with others.;

b) National industrial tax evasion - is manifested through the use of complex procedures and legal arrangements; this guy has both fiscal evasion and criminal. This form of evasion is achieved by splitting the action of evading taxes to the palace in an underground network that aims to support the various operations fictitious. In this form of evasion involving more natural or legal persons carrying large profits by evading taxes.

International Tax Evasion is that which is practiced abroad by playing international double taxation due to national tax regimes and following the tax burden. To avoid being subject to two separate tax, the taxpayer intended to be subjected to none, he fled to areas in terms of tax. The techniques used are numerous, which contains a number of subtle combinations useful.

International Tax evasion is linked to the branching production of certain companies to countries with more favorable tax and social legislation; it is facilitated and encouraged by the existence of free zones, territorial enclaves, customs and foreign element receiving escaping all or part of national laws.

4. Causes and effects of tax evasion

Understanding the phenomenon of tax evasion in all its forms, combating and preventing them require knowledge of its causes first. Fiscal pressure and many excessive tax burdens cause some categories of taxpayers to evade, in various forms and in some ways from the payment of taxes.

The degree of resistance to paying taxes is directly proportional to the amount of tax obligations.

At the same time, it must be said that one of the causes of tax evasion and failure is the civic education, civic, education tax payers and tax bodies’ excesses.

A major cause gain tax evasion is the fiscal and legal system, which although incomplete, has large gaps, inaccuracies, ambiguities and even contradictions, however making a taxpayer escapist have a
wide margin of maneuver to perform various transactions to evade the payment of taxes owed to the state.

Insufficient financial control, no control well organized, professionally-trained personnel, consistent and uncompromising may be another cause of tax evasion offered based impose statement.

In conclusion, the **main causes of tax evasion** are:

- existence of legal regulations ambiguous, incomplete, vague, showing large gaps, uncertainties and allow interpretation of the law in the desired direction, fraudsters having a broad space for maneuver for avoiding tax obligations;
- excessive tax burden on taxpayers presses;
- failure citizenship education and fiscal;
- excess or exaggeration tax authorities;
- inconsistencies between normative acts;
- legislation incomplete, confusing and ambiguous;
- ignorance, ignorance or misapplication and misuse of tax legislation;
- resistance to tax payers as a matter of fiscal civics;
- changes in tax law complexity and imperfections in legal texts developed that subjective determinations and even abusive especially regarding tax benefits for certain categories of taxpayers;
- vagueness, imprecision and lack of unity;

Lack of rigorous control, competent, demanding and well organized to be carried out by a professionally-trained staff, fair, objective and principled

5. Opportunities for preventing and combating tax evasion

Central and local tax authorities have a duty to combat and prevent tax evasion.

For this purpose, the tax system must be thoroughly trained and have the correct behavior, dignified, perfect, to know all the ways of practicing tax evasion, first to inform businesses on the content of tax law to guide on how of their own bookkeeping, preparation of papers, completing the tax return, the accurate calculation of the tax base, the effective enforcement of tax rates, to exercise close supervision, firm, uncompromising, the payments of taxes and, in the case of deviations, applying legal tax penalties.

Combating and preventing tax evasion requires the government to invest significant resources from the state budget in the corresponding
salaries of their staff, very good material supplies (transportation modern computerized technology class, efficient means of communication, etc.), employing specialists related areas of fiscal control (lawyers, engineers, etc.).

At the same time it is necessary cooperation between control bodies and secret services, the latter being able to provide accurate information about tax evasion (companies involved, people, routes, places of storage and marketing, cash transfers or bank settlements, identification the system or corrupt persons involved in illegal trade, etc.).

To combat and prevent tax evasion can be used in the following ways:

▪ unification of tax legislation and its better correlation with the overall legislative framework in the economy;
▪ eliminate those provisions of the normative acts, which may encourage tax evasion and better matching of tax incentives;
▪ reorganization of territorial structures of the Ministry of Finance unit so as to eliminate duplication and overlap in the activity of financial control in terms of fiscal supervision and combating tax evasion;
▪ organization of the tax on the basis of separation of powers;
▪ transition to the forefront of control and permanent control sample;
▪ editing specialized publications by the Ministry of Finance to facilitate uniform interpretation of laws;
▪ determining an optimal ratio between salary and incentives for the fiscal incentives and even abolition of the system damaging both the state and the taxpayer;
▪ implementing a system to provide the data necessary to identify, analyze and combating tax evasion;
▪ establishing a system of internal training and personnel of the Ministry of Finance, with responsibilities in identifying and combating tax evasion etc.

4. Conclusions

Proposals to streamline the fight against tax evasion

To have a consistent and effective regulatory measures to combat tax evasion to consider some key;

▪ The tax authorities must establish taxes so that they are acceptable to taxpayers;
▪ Certainty discovery that the taxpayer's tax evasion has a greater impact than criminal penalties;
Increased training of officials of fiscal control bodies and establish a fair and transparent system of incentives for them;

Intelligent mechanisms must be found to determine the taxpayer to fulfill tax obligations constrained by the need to conduct business;

Regulation of tax evasion offenses should be as clear, accessible recipients criminal law so as to avoid problems of interpretation of the law;

Establishment of a national filing system natural or legal persons who fail to pay outstanding liabilities.

Bibliography
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