

# Empirical Study On The Perception Of The Economic Entities On The Taxation In Romania

**Author:** Lect. univ.dr. Bebeșelea Mihaela, Spiru Haret  
University, Street Unirii, no 32-34, Constantza, Romania,  
mihaelabebeselea@yahoo.com

---

*At the establishment of state taxes is the need to procure resources to cover expenditure to be made to give the role accomplishment.*

*Thus, taxes are a form of removal of part of income and or legal persons or property to the state to cover public spending. This sampling is mandatory, as a non-refundable and without consideration of the state.*

*Starting from this definition of taxes, taxation may be regarded as a link between the state and individuals or legal entities.*

*The main objective of this paper is to assess the perception of economic entities, the main links of value-added creative economy, about taxation in Romania.*

**Keyword:** tax, tax base, tax burden, taxable income, value added

**JEL Classification:** H25, M31

---

## 1. Introduction

Scientific knowledge involves two relatively distinct levels and involves overlap each other: **the doctrinal** and **empirical level**.

Theoretical level of scientific knowledge consists of actual scientific theories, in which laws are formulated essentially explains the various

domains of reality.

Empirical level consists of specific facts and empirical data investigated phenomena of science.

The present research analyzes the empirical is based on statistical data and questionnaire on the perception of economic entities on the taxation in Romania, and the theoretical represent the main notions study of taxation in Romania.

## 2. Research Methodology

Typically, a project research methodology tends to justify a single central method of investigation. In this research is a necessary complementary strategies.

As such, we use the conjunction, whose purpose is to ensure that researchers, their results will be seen by others as credible and relevant.

One of the processes used in conjunction is a combination of methods, which allows obtaining more reliable data, involving the convergence of multiple information sources.

Thus, human social sciences of the methods, which combine and become complementary in this work are mainly:

- analysis;
- mathematical reasoning based on the statistical method is aimed used in order to determine the tax pressure at macro and microeconomic, but also necessary to express correlations between aggregated data and content analysis questionnaire.
- comparative method used in this paper to ensure comparability in time and space of the tax burden;
- prospective case studies, cumulative and narrative;

On the typology of case studies involved in this work, we can say that they have practical reality macro and micro level, making it permanent references to the theory. The case studies focus on the analysis of taxation in Romania so by determining the tax rate at macro and micro.

- questionnaire.

Methodological considerations that require the development and use of the questionnaire as a research tool, in chapter two, shows that this method of data collection - Questionnaire on perception testing economic

entities on taxation in Romania- includes a set of questions designed to analyze the opinions of respondents.

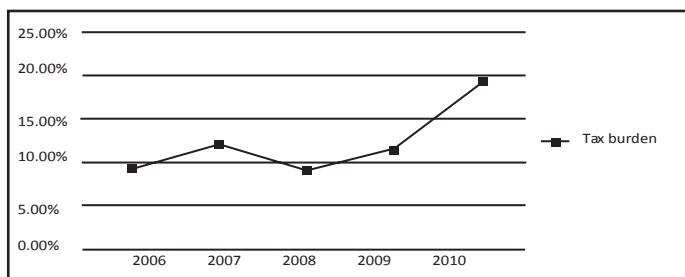
The present questionnaire was constructed by the format, content and mode of expression, freedom to provide respondents in action, by providing a time shaping ideas necessary in order to decrease the number of refusals and to increase the relevance and honesty of responses.

### **3. Approach the tax burden in the microeconomic level. Descriptive analyses**

In the economic operator calculate tax burden that it supports reporting all taxes, contributions and fees paid to the general budget and local budgets to sales (or value added) obtained over a period of one year. Mention that in our example, we used the turnover in the calculation of tax burden, it is an important indicator that is calculated at entity level and representative of the size of an economic entity.

In fact, among the indicators of production value is found turnover, with global production, commodity production, export and import. Directly affecting the economic entity tax is on profits, other payments represented the insurance contributions for social security, taxes on buildings, land, vehicles are included in product prices is the price recovered. However, it is considered that they indirectly influence the size of profit by the cost and therefore we take into account in calculating the tax burden on economic operators. To these would be added to other contributions to special funds, other than insurance and social protection. I tried to illustrate the tax burden on economic operators, for a better understanding of it, through a practical example, if the economic operator SC "TELEDIGI" SRL Constantza. That economic operator deals with cable and internet services and is ranked in the top six among the most competitive operators, prepared by the Chamber of Commerce, Industry, Navigation and Agriculture Constanta on financial and economic situations. The main economic indicators of financial trader, mentioned above, synthesized in following table.

**Figure 1:** Tax burden on economic operators employer SC “TELEDIGI” SRL  
*Graphic 1. Tax burden rate (%)*



#### 4. Empirical Study on perception economic entities on taxation in Romania

Although the tax rate is lower in the economic operator (19,24%) to employee (31,48%) (Bebeșelea, 2010), we considered necessary to evaluate, through the questionnaire, the perception of economic entities on the system of taxes and due to state budget, it rings as economic entities of the national economy are creating added value and significant contributors to the formation of the state budget resources.

To conduct this research was a questionnaire need appropriate research method identified by the author, in terms of type of information, qualitative research combined with elements that quantitative.

Therefore, a questionnaire was chosen to meet both qualitative and quantitative characteristics such:

*Qualitative characteristics*

Open questions with answers

Respondent's opinions

*Quantitative characteristics*

Standardized questions

Random sample set

Regarding the development of this questionnaire involved several steps:

1. setting objectives (identification of fiscal pressure phenomenon at the micro level, identify views on factors affecting the level of taxation, determining respondent's attitudes about the tax relief granted by the legislature;

2. establish the type of questions and the questions (depending on the type of information we wanted to get. We believe that the 8 questions, can

be classified into: identification questions (which are obtained information on the business entity), questions of opinion (opinion respondent required) and questions of knowledge (knowledge about trends in the field), and the type of responses is closed, the choice of a single choice, open and mixed);

3. setting the order of questions (this was done on the principle funnel when start with more general questions and continue with more specific questions);

4. esthetic choice and drafting the questionnaire;

5. measurement, analysis and interpretation of results.

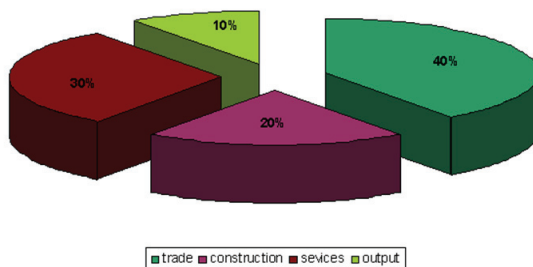
Regarding this type of sampling is fixed random sampling, which involved the establishment of the first sample size, subject to certain restrictions organizational (corporate entities in space arrangement investigated, reduced staff time and investigation).

Although a coefficient of 1.96 to work with, which corresponds to a probability that is guaranteed results of 95% and acceptable error limit  $\pm 5\%$ , size "n" sample determined according to relation (Rădulescu, 2007) is:

$n = t_z \times p(1-p)/\Delta_2 \Rightarrow n = 1,962 \times 0,5(1-0,5)/0,0025 = 385$ ; where,  $t$  -coefficient corresponding to the probability that guarantees results,  $p$  -proportion of sample components possessing characteristics possessed (because, usually, the value of "p" is not known, it is considered equal to 0.5, to make the maximum possible dispersion have),  $\Delta_2$  - acceptable error limit. Due to restrictions mentioned above, the number of entities 385 I fixed from the beginning a sample of 85 entities of which only 30 were agreed to participate in this project. Of the total of 30 entities that have shown initial willingness to participate in this project 7, or were removed from the errors due to non-responses, questionnaires completed by them or failed to meet quality requirements imposed by the author. The first category of errors refers to systematic errors that arise because some of the sampled respondents answer questions not originally planned. In this case non-response rate was 27%.

The second category consists of errors due to respondent's failure to provide accurate information, the rate being 72%. As such, it was a sample of  $n = 23$ . Sample obtained on us particularly interested in the fields distribution companies in the sample fields.

**Figure 2:** Distribution companies in the sample fields



## 5. Analysis of research results

Measuring the perception of economic entities on the system of taxes due the state consolidated budget was done with nominal scale, which, although restrictive in terms of statistical and mathematical is commonly used in research where many variables can not be conceptualized only in form categories. In our research that formed two distinct groups, group who have a favorable image and the group who have an unfavorable image. Therefore, further analysis will be presented possibilities available when two independent samples is considered (among those who have a favorable image and the group who have an unfavorable image) from which they collected information, for which measurement nominal scale was used. Data collected from a sample of 23 economic entities, fields of activity (trade, construction, manufacturing, services) can be organized in a contingency table.

**Table 2:** Distribution of opinions on fields of activity of economic entities

Testimonials	Trade	Construction	Output	Services	Total
Favorable	7(7)	1(1)	-	-	8
Unfavorable	2(3)	1(1)	10(8)	2(3)	15
Total	9	2	10	2	23

Source: author's project of

To test the significance of differences of opinion between subjects grouped in two independent samples on the characteristic investigated,

can use non-parametric test  $\chi^2$ , nominal scale is a nonparametric scale. In applying the test  $\chi^2$  (Hi-square) based on the hypothesis is invalid, that hypothesis that it is estimated that there is no significant difference between groups considered. Null hypothesis in our research is that facility tax on reinvested profit tax does not significantly influence the investment decision of economic entities.

Next, determine  $\chi_c^2$ - calculated value of  $\chi^2$ , using the following formula:

$$\chi_c^2 = \sum_{i=1}^r \sum_{j=1}^k \frac{(O_{ij} - A_{ij})^2}{A_{ij}}, \text{ where:}$$

- "r" and "k" – number of rows respectively columns of contingency table;

-  $O_{ij}$  – row and column frequencies and resulting in observation j

-  $A_{ij}$  - row and column frequencies and j that is expected to result under the null hypothesis (contingency table, these frequencies are listed in parentheses and is determined by multiplying the marginal rate of the row "i" in the column "j" and dividing the product by the number of cases is sample size).

Values resulting from the use of the above formula have a sampling distribution can be approximated by a distribution  $\chi^2$  cu  $(r-1)(k-1)$  degrees of freedom. Then compares the calculated value of  $\chi_c^2$  with theoretical value (table)  $\chi_t^2$ :

- if  $\chi_c^2 \leq \chi_t^2$  – null hypothesis is accepted;

- if  $\chi_c^2 \geq \chi_t^2$  – null hypothesis is rejected.

In our research, the calculated value of  $\chi_c^2$  is as follows:  $\chi_c^2 = 0 + 0 + 0,33 + 0 + 0,5 + 0,33 = 1,16$

Corresponding theoretical value  $(r-1)(k-1)$ , respectively,  $(2-1)(4-1)=3$  degrees of freedom and a probability of 95% results guarantee, is 7,815. Because  $\chi_c^2 (5,85) < \chi_t^2 (7,815)$ , null hypothesis is accepted, facility that is tax on tax exemption for reinvested profit is not sufficient and does not significantly influence the investment decision of economic entities.

Interpretation of other data, for which variables can be conceptualized in form categories, based on statistical sum of data and correlations between them and the content analysis, as follows:

1. In terms of identifying the phenomenon of fiscal pressure at the

microeconomic level, most of the entities argue that the tax burden felt by absolute values, that all taxes due the state budget, without a pressure gauge to determine the tax, expressed in percentage sizes.

Also, 75% of entities surveyed say that if they calculate this indicator of tax burden, the indicator is the turnover, because it is an important indicator that is calculated at entity level and representative of its size, 20% of respondents considered to be representative of the income tax burden, and the rest "do not know" what would be the most significant indicator for the base tax burden at the microeconomic level (5%). The question of the taxation caveat that is high (67%), 32% too large, small (1%).

2. To identify views on the factors that influence the level of taxation, although, respondents were asked an open question, opinions were relatively similar. Thus, most argue that the essential factor which defined the minimum tax was introduced on 1 May 2009, that contributed to the suspension of certain operators (46%), large number of taxes that the taxpayer should bear (23%), frequency change in tax law and even its violation (18%), other reasons (lack of tax incentives, lack of professionalism of staff working in the bodies of the fiscal, tax evasion 13%).

3. Testing the perception of respondents regarding tax exemptions, reveals that 70% of entities deemed insufficient application of tax exemption facility for profit invested in the production and / or purchase of equipment (machinery and work equipment) used to obtain taxable income. The rationale of this perception, the space devoted to observations, is justified as follows:

- investment planning can be done only after the deposit balance, is four months after the end of the year. Basically, to deposit balance for the year, the investment under this facility is blocked;
- goods for which use the facilities (tax exemption on reinvested profit) is not amortized and recorded as a reserve.

This means that if at some point reserve will be canceled (for example by dissolving the economic entity), amount will become taxable entities so that a deferred tax charge facility and not an exemption.

Instead, the remaining entities (30%) believe that the application does not advantageous facility, as do not distribute profits as investments, but agree that this facility can benefit from other economic operators who wish to learn.



## 6. Conclusions, proposals and research perspectives

It noted that respondents consider Romania as excessive taxation, leading to discourage investment (lack of tax), suspension of economic entities (by introducing, even temporarily, the minimum tax), correlation between micro and macro level, and the occurrence of events that inhibit the development of: inflation, unemployment and trade deficit, wage pressures, reduced purchasing power of currency. Accordingly propose the following:

- reducing the tax burden;
- providing tax incentives to encourage investment;
- improve stability and daughter legislation.

## References

- [1] Bebeșelea, M., *“The accounting and financial flow of taxes in Romania”*, Alma Mater Publishing House, 2010;
- [2] Corduneanu, C., *“The tax system in the science of finance”*, Codex Publishing House, 1998;
- [3] Florescu, G., *“Taxation in Romania - Regulatory, doctrine and jurisprudence”*, AllBack Publishing House, 2005;
- [5] Rădulescu M., *“Research methodology”*, Didactic and Pedagogic Publishing House;
- [6] Țățu L., and collective, *“Taxation of the law in practice”*, Fourth Edition, C.H. Beck Publishing House, 2009;
- [7] Văcărel, I., et al., *“Public Finance”*, Fourth Edition, Didactic and Pedagogic Publishing House, 2003;

\*\*\*Law no. 571/2003 about Fiscal Code, as amended and supplemented;

\*\*\*<http://discuții.mfinanțe.ro/static/10/Mfp/buget2010/pdf/Anexanr1.pdf>;

\*\*\*<http://www.cdep.ro/proiecte/2010/700/10/1/raport.pdf>.