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The tax base and tax pressure elements

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According to the literature and the Fiscal Procedure Code, subject to income tax shall personnel individuals residing or residence in the beneficiary of that tax and non-residents who receive income in that State, which is required by law to tax.

Object of taxation is the subject matter of taxation. If the income tax is the income subject to taxation. The tax may be:
a) separately, introduce a single tax for each category of income or is imposed on each source of income.
b) globally, ie a single tax on all income derived by the taxpayer cumulative, regardless of their source or their category.

Keywords: *tax, income tax, taxpayer*

Components of income tax

In the literature we find different definitions, such as: "The set of principles, techniques and procedures circumscribed uniform conceptual approach and targeting a variety of elements (matter taxable allowances, tax subjects etc.) from which manifests itself in the relations generated development, enactment, settlement and tax collection and tax law are managed according to the system in order to achieve goals, objectives derived from the aims of the operation states of the public economy as a whole ".

The presentation of items of income tax is required for taxpayers and for the tax authorities, the payment and collection of this contribution.

In financial theory and practice, income tax items are summarized as follows:

- a tax subject (payer) is the individual who made an income as salary, which is forced by law to tax. In financial practice, the subject of tax is known as the taxpayer[1].
- a tax subject (payer) is the individual who made an income as salary, which is forced by law to tax. In financial practice, the subject of tax is known as the taxpayer.
- a tax bearer or the consignee is the person who actually bears the tax. Typically, the payer is associated with the bearer, but there are certain situations when the bearer is a person other than the payer. These situations are possible because some taxes paid by natural or legal persons may be translated into other people's burden.
- an object of taxation is the subject matter of taxation. If the income tax is the income subject to taxation.
- a source of tax shows what is paid tax of income or wealth. In the case of income tax, tax source coincide in all cases subject to taxation.
- a tax unit is the unit of measurement that expresses the taxable object. The tax on the wages, taxation is the currency unit.
- The tax is a tax on the tax unit. The tax rate may be fixed or percentage (proportional, progressive or regressive) so it can be expressed in absolute or relative size.
- Trim or how to place the tax, is imposed by the tax measures for establishing each taxable subject, size and quantities taxable object state tax due.
- A payment period shall indicate the date or time the subject is obliged to pay that tax. Income tax is a state contribution automatically collected by stopping the source, so that the payment deadline coincides with that income when received.

[1] Lector univ. drd. Adriana Diaconescu, Fiscalitatea firmei, Editura Fundatiei Romania de Maine,Bucuresti, 2004,p.83

Elements of fiscal pressure

Professor, Dr. Constantin Tula, argues in his book that the tax burden "means as oppressive as taxes or, in other words, how much is the tax burden that pressed taxpayers.[2]" .

From this statement, we can associate the tax burden bearable limits imposed by taxpayers. Thus, when taxes exceed those limits, the taxpayer behaviour becomes abnormal, they are tempted to avoid the payment of contributions by any means possible, evasion, avoidance, reduction of activity or even riots, hoping for a reduction in tax burden.

Fiscal pressure can be calculated both at the macroeconomic level, the national fiscal pressure and at the micro level, for each kind of support. Thus, if taxes, the tax burden is calculated as the ratio between taxes and the size of GDP.

A study[3] conducted in 2010 indicates that in 2009, Romania was the position 44 in a ranking based on the index presume of compulsory levies, with a level of 28%, ie 12.6 percentage points less than EU average and 1.58 percentage points above the minimum level recorded by Latvia.

On top of this ranking stood Belgium, Denmark, Germany, France, with over 40% share. Among Community countries, this indicator place our country in second place, with a small number of compulsory levies GDP.

Although it can be compared to that of other EU countries, taxation in Romania was felt most of the Romanian taxpayers, since it cannot be assessed without taking into account the level of the GDP / capita is much lower compared to other European Union countries, and the large number of taxes perception emphasizes the high tax burden.

Income taxes are placed on different types of income, but some are exempt retirement, welfare benefits, grants, interest, etc., with differences by country and time[4].

The object of this tax is the income of any person or entity, which is called gross income. It is adjusted according to the law by deducting certain

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[2] Tulai C., Şerbu Simona, Fiscalitate comparată şi armonizări fiscale, Editura Casa Cărţii de Ştiinţă, Cluj Napoca, 2005,p.114
[3] G. Dobrotă, M. Chirculescu, Analele Universității „Constantin Brâncuşi" din Târgul Jiu, Nr. 4/2010
[4] Tulai,C.,Finantele publice si fiscalitatea,Editura Casa Cartii de Stiinta ,ClujNapoca,2006,p.71

expenses that it has incurred taxpayer, thus obtaining taxable income that is taxable matter, as expression quantitative mass.

Deductible expenses are usually[5]:

- expenses for the activity,
- interest paid on loans used,
- payments to fund the reserve and amortization
- social security contributions,
- insurance premiums,
- Some socio-cultural costs,
- loss from previous years,
- losses from natural disasters

According to objective criteria taxes, income taxes are taxes on personal income and personal income tax law.

The subject of this tax are individuals who are domiciled or resident in the beneficiary of that tax and non-residents (with some exceptions) who receive income in that state[6].

The law exempts usually from paying this tax certain categories of income beneficiaries, such as sovereigns and royal families, foreign diplomats (subject to reciprocity), persons below the minimum taxable income and sometimes military.

Tax settlement is made with or without consideration of the circumstances of the taxpayer: marital status, number of dependents, existence of a disability etc.

The tax may be[7]:

a) separately, ie introduce a single tax for each category of income or is imposed on each;
b) globally, ie a single tax on all income derived by the taxpayer cumulative, regardless of their source or their category. Tax calculation is most often simple or progressive rate tranches.

In Romania, since 01.01.2004 maximum tax rate on personal income (excluding pensions) is 18% for taxable monthly income of up to 2.4 million lei and 28.8 million lei including where income is determined annually ; The

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[5] Lăcriţa, N.G., Probleme şi soluţii privind impozitele şi taxele locale, Editura Tribuna Economică, Bucureşti,p.117
[6] Nicolae Grigorie-Lăcriţa. Mariana-Cristina Ciopонea, Finanţe publice şi fiscalitate, Editura Fundaţiei România de Mâine, Bucureşti, 2004,p.95
[7] Hoanta,N. ,Economie si finante publice,Editura Polirom,Bucuresti,2008,p.51

maximum rate is 40% for income in excess installments 13 000 000 lei per month or 156 million lei when determining annual income.

From the same date personal deduction amount is set at 2 000 000 lei per month, while the professional expenses 180 000 lei per month. Pensions are taxed starting over 8 million lei month income source;

The subject of this tax are legal persons who receive income in the beneficiary of that tax, regardless of their residence. Subjects are usually distinguished by the character of the participants in the Association:

• legal entities resulting from the combination of individuals, called partnership, characterized in that it is difficult to distinguish between wealth and fortune associate company; therefore Taxation procedures is by personal income tax;

• legal entities resulting from the combination of capital, also called capital companies, characterized in that it can distinguish between net wealth and fortune society participants.

The object of this is the income tax legal person. If capital companies can be identified three levels of income[8]:

a) the company's profit before tax

b) the profit distributed as a dividend to shareholders,

c) the remaining profit to the company.

Tax Practice knows four ways of imposing capital companies, ways that take into account the existence of three levels of income above:

(i) it is necessary to a) and, separately, b);

(ii) requires only b);

(iii) does only c);

(iv) does b) and, separately, c).

Each of these ways meet certain economic policy objectives of the beneficiary state tax advantages or disadvantages and generate income for the recipient.

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In Romania profit is taxed at the rate of 25% on taxable profit, calculated from gross profit from core activities plus other revenue (or

[8] Tulai C., Şerbu Simona, Fiscalitate comparată şi armonizări fiscale, Editura Casa Cărţii de Ştiinţă, Cluj Napoca, 2005,p.121

collateral related activities, financial activities, exceptional activities, rental etc.) and some non-deductible expenses (expenses over the statutory rate or sponsorship protocol expenses, etc.) and minus some deductible expenses (financial expenses, the establishment of reserve funds and depreciation, loss or disasters in previous years natural etc.).

This rate is modified in some cases, such as the National Bank, the share is 80% of the profit after deduction of expenses allowed by law and constitution reserve fund.

Taxes on property are placed in relation to property owned by individuals or companies. After proper subject of taxation, property taxes are taxes on the property itself, taxes and property taxes increase the circulation of wealth. The tax payment is made in all cases of income property owner and not the substance, to encourage saving in order to gain. Taxes on property tax itself are the subject of the property owner[9].

The object is the property tax, which may take the form of real estate (land, buildings etc.) or all heritage assets, property or mobile (net assets). According to these forms of wealth, meet two types of taxes:

a) real property tax, sitting on land, buildings and other real estate;
Table of taxable value is determined either by purchase or by value declared either as a result of the income capitalization on account of that good; tax rates are generally low, the tax is relatively inelastic and generally has low yield;

b) tax on net assets, all categories of goods placed on the taxpayer's assets, whose value is subtracted from debts that they generate; as the subject of this tax can be both natural persons and legal entities or only one of two categories; mass usually taxable assets included land and every description of property that serves to subject the activity owner.

Taxes on property subject to these taxes circulation is usually the transferee of assets, which are subject to transfer tax. After such transfer, be the usual three types of taxes:

a) tax documents on real estate sale, which is levied upon notification act, expressly provided by law, without which the act is not recognized by the public authorities; tax rates are increasing with the value of the sale;

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[9] Lăcriţa, N.G., Probleme şi soluţii privind impozitele şi taxele locale, Editura Tribuna Economică, Bucureşti,p.128

b) inheritance tax, which is charged to the successor documents were accepted only those between individuals; tax rates are increasing with the value of the estate and the dilution degree of kinship;

c) donations tax, which is levied on inter vivos transfers of wealth; tax rates are increasing with the value of donated materials and the dilution degree of relationship between donor and donee (who receives donation) and the purpose of the donation (to death effects after death, dying, inter vivos)[10]

Subject wealth tax increase that tax are the owners who have acquired wealth increase property (sometimes movable), which is the subject of the tax increase. The tax is levied on sale of property or a part of it and calculate the growth of its value between the time of purchase and point of sale. Of this amount shall be deducted the costs incurred and substantiated by the owner for improvement / modernization of its wealth.

The rationale behind this tax is to reduce earnings effortlessly acquired by the owner as a result of external causes such as land use change either naturally or as a result of acts of government; execution of public utility works (construction of roads, sewers, electricity); inflation etc.

Indirect taxes

Indirect taxes are placed on sales of goods and services, which gives them the character of tax expenditure or consumption tax. This last statement follows from the fact that the ultimate consumer bearer indirect taxes.

All other companies, including investors, using a good or service including their acquisition costs in the cost of product / service which they plant and it offers for sale on the market. They indirect transfer tax (included in purchase price) on the selling price of his own product / service, so not bear this tax.

Indirect taxes, are included in the purchase price of a good / service can not be placed, in general, taking into account the personal circumstances of the taxpayer in fact, that the buyer / consumer. If we compare this to the consumer incomes, highly varied, that indirect taxes are regressive and respond to a small extent principles of tax fairness requirements.

[10] Tulai C., Şerbu Simona, Fiscalitate comparată şi armonizări fiscale, Editura Casa Cărţii de Ştiinţă, Cluj Napoca, 2005,p.135

From an experience of over 20 years in the tax practice of one of the most common forms of indirect taxation have called value added tax, have resulted in some possibilities to consider items of tax equity, particularly by diversifying the tax rate for products strictly necessary. Because they have a large share in consumption expenditures of low-income social groups, reduce default and collection of income that State practice by imposing consumption.

In Romania, for example, that tax was introduced from 1 July 1993 with a share of 15%, as amended from 1 January 1998 on three levels: 0% (for exports of businesses with headquarters in Romania), 11% (share reduced meat, fish and fish products, bread, flour, medicinal products for human and veterinary education school uniforms for children pregimnazial and some others) and 22% (normal rate). Since 2000 practiced a flat 19%.

For comparison we mention that the European Union member states recommends a reduced rate between 4 and 9% and a standard rate (normal) 14-20%. Liberal economists, such as Milton Friedman, Nobel laureate for economics, recommends the use of indirect taxes and the elimination / reduction of the direct force, as this form for supply / demand market prices that reflect all transactions environment without the need for correction of the final financial results of economic transactions with the impact it has taxing income and wealth.

Another argument is the fact that these tax evasion case is more difficult, so that increases the tax return. This theoretical view is not reflected in the tax practice of many countries (developed or less developed), in the past nearly 15 years, the share of indirect taxes in total tax revenue was maintained, with small oscillations relatively constant.

In the opinion of Julian Văcărel member of the Romanian Academy, the tax authorities for indirect tax preference manifests well as in Romania, is the result of what, in a word, we call convenience.

Our Acclaimed economist makes in this regard, the following indirect taxes: short interval between the time when the decision establishing and running; modest costs of settlement, collection and tracking; veils state as initiator and recipient image, giving the impression that he who is the beneficiary and the originator sells.

Indirect taxes are mainly three forms: consumption taxes, customs duties and general taxes. Other than that, in some countries, there are fiscal monopolies, ie a partial or total concentration in the hands of state production activities and trade (wholesale and / or retail) for certain products, such as tobacco, salt, alcohol, playing cards, etc.

If monopoly fiscal and production and trade (in its entirety), then we call full; if one of Fome cover production and trade (either wholesale or retail), then names part.

Conclusions

I believe it is necessary that each country tax burden is kept in tolerable limits for all taxpayers, but at the same time to be able to meet the basic needs of individuals. This, given the growing advertising expenses increasing resources and at the same time too high taxation is not approved for business.

Therefore the problem of the tax burden on the financial stability of companies is quite complicated, since it discourages taxpayers too much pressure to work, save and invest. It is desirable to combine taxation with satisfaction in a better position as the needs of individuals, so that taxpayers to feel that taxes and duties levied by them are really spent their interest.

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