
Opinions Regarding the Political Interest and the Economic Reality from the Perspective of the New Fiscal Regulations

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The configuration of the politic interest from the fiscal perspective, its impact upon the economic reality and the performance of the feedback by means of the tax payer, remains a field of perpetual controversies. This is the reason for which we considered as being very useful to present, according to our own vision, certain details of the inter-relationship mechanism of the politic interest with the economic reality and the place and role of the tax payer within this process.

Keywords: *fiscal field, politic interest, economic reality, tax payer, taxes, fees, contributions, doctrine, politics, principles, profit, income, active.*

JEL Classification: *A22 – Undergraduate; A23 – Graduate; G18 - Government Policy and Regulation; H32 – Firm; L20 – General; L21 - Business Objectives of the Firm; M41 – Accounting; Q28 - Government Policy.*

Introduction

The development of our proceedings envisages the clarification of certain aspects related to the configuration of the politic interest, with the manner in which the economic reality should be approached from a fiscal point of view, as well as with the identification of the role and place of the tax payer within this context. In this respect, I have structured the work in three sections.

The first section highlights the elements which describe the general framework as well as clarifications such as: different political orientations at global and national level, elements which set the economic reality and the position of the tax payer within the process of interference of the politic interest with the economic reality. In the second section, I presented some approaches with respect to the effects of inter-relationships of the politic interest with the economic reality, the impact upon the tax payer, but also the tax payer's involvement in the development of the respective process, and in the third section, I synthesized the main conclusions resulted from the analysis which was performed

Literature review

The field which is subject to the current work has as reference the theoretical and practical elements resulted within this doctoral research, from the point of view of the dysfunctionalities and uncertainties within the accounting – fiscal – management relationship, induced by the current regulations in force.

We mention that the entire process is based on the provisions of the Fiscal Code, of the Fiscal Procedure Code (approved by Law no. 227/2015 and respectively, by Law no. 207/2015) with their subsequent modifications and completions, as well as on the Methodological Norms on the enforcement of the Fiscal Code (GD no. 1/2016). I took also as reference, some elements related to the micro and macroeconomic indicators, which were presented in the work “Economical and financial analysis”, which belongs to the writers: Willi Păvăloaia and Daniel Păvăloaia (Tehnopress Publishing House, Iași, 2009) and I analyzed the site of the National Institute of Statistics (www.isse.ro/cms/ro/content/buletine-statistic), which presents by means of its reports the evolution of the Gross Domestic Product (GDP) and of the main macro-economic indicators, as well as the elements which influenced the respective trends.

Scientific contents

General considerations

The debates related to the fiscal theme within the academic environment but also the debates of the economic and financial analysts, reflected by mass-media, present a common element, which is the positioning of the tax payer in the area of interference between the politic interests with the economic reality. If the economic reality can be configured, in its dynamics, by means of “studying from the point of view of several aspects of the results of the use of human, material and financial resources [...] at micro and macroeconomic level [...]” (Willi Păvăloaia, Daniel Păvăloaia, *Economical and financial analysis*, Tehnopress Publishing House, Iași, 2009, page 16), the politic interests should be seen, in our opinion, from the point of view of a real fan of politic orientations which are present within a democratic society. So, according to one of the definitions of politics (DEX 2012, page 845) each of them corresponds to the “tactics, strategy, methods and specific means used by the politic leaders for the fulfilment of the objectives which were set”, at which we add – based on our own doctrines with respect to the resolution of the state affairs adopted during the period of preparation for taking over authority and effectively applied, after the authority was taken over.

The current political stage within the democratic societies, at global level, is characterized by 3 main trends: left trend, center trend and right trend. Besides these three, other smaller size trends are remarked: center-left trend, center-right trend, as well as the two extremes, left and right. Each of them aims at achieving its objectives set based on a specific doctrine, represented by the „totality of principles of a politic, scientific, religious, etc. system,” (DEX 2012, page 325). But the doctrine differences not only make a difference between the politic trends, but represent, in fact, the source of permanent confrontations in the politic, economic and social field. Practically, these confrontations determine different polarizations at social level, which, most of the times, are not expressing themselves only through exercising the right to vote in favor of one or another politic party, as it would be normal in a democratic situation, but in some situations confrontations could actually occur. Such extreme situations are produced,

in general, when obscure interests occur (internal, but also external), especially from an economic perspective, but also from political perspective, and lately, more frequently, from a religious perspective. In Romania 3 dominant trends are obvious:

- the center-left trend (social - democracy), which is characterized by a strong social influence, which means that it supports the proceedings for the development and maintenance of a balance between the development and the distribution of the national income, with a focus on the underprivileged members of the society, aspects which imply the use of fiscal measures as an adjustment instrument;
- the right trend (liberalism), which supports the (economic) development from the point of view of individual freedom which implies the following: free manifestation of demand and supply, of the market forces (competitively) and obviously, limitation of the intervention of the state in economy and support of private initiative;
- the center-right trend (conservatism), which is focused on the support of national initiative and sustains that there is a great error to use important techniques and methods without a strong social support.

Due to the limited space which is at our disposal, we briefly presented, only the three dominant politics trends. However, our politics scene includes also lower extend orientations, which favor frequent attitude changes, which consist of the development or the disintegration of different politic alliances. The frequent changes in attitude that we are talking about generate, in their turn, the fading of the impact of the specific characteristics of the main political trends which dominate a coalition or another, through the acceptance for the sake of an alliance of somebody else's principles, especially in the fiscal domain.

This explains the fact that, in our opinion, the mixture of principles, right or left trends, promoted in this period by the main Romanian parties, especially after, at the end of 2015; the technocrat regime took over the political authority. As a result, the fact that at the beginning of 2016, the two main politic parties (social-democrats and liberals), practically, destroyed one another, each of them assuming its paternity over the provisions of the new fiscal regulations, out of which, some are specific to the adverse part

(examples: unique rate of 16%, general reduction of the VAT rate and of the food products VAT rate, the new procedure for the taxation of natural bodies, the non-taxation of certain salary incomes, the reduction to 5 % of the income related to the dividend distributed to Romanian natural bodies or legal entities, etc.). Also, although the new Fiscal code was voted almost unanimously, when the excessive provisions are not highlighted, as the case of the contribution of 5.5% of the minimum economy salary, at the contribution related to social security, due by the natural bodies which do not generate incomes, the discrepancies are more acute, which indicates the fact that the important element in such situations is always constituted by the political interest and not necessarily the concern related to the underprivileged persons.

Starting from these considerations, we present below our vision related to certain aspects related to the inter-relationship between the politic interest and the economic reality, from the perspective of the new fiscal regulations, among which an important role is played by the tax payer.

Approaches related to the inter-relationship between the politic interests and the economic reality based on the new configuration of the fiscal domain

The current configuration of the Fiscal field in Romania is mainly provided by: Law no. 227/2015 regarding the Fiscal Code, Law no. 207/2015 regarding the Fiscal procedure code, with subsequent modifications and completions, the Methodological norms for the enforcement of the Fiscal code (GD no. 1/2016), at which all the order issued by Ministry of Public Finance and National Authority of Fiscal Administration are added together with the comments and details necessary for their enforcement, and the totality of the connected fiscal regulations. But this configuration Is the result of the politic will, generated in its turn from the politic interests of the coalitions with variable composition, which have the authority during 2014 – 2015 and obviously, materialized, from this perspective, by the specialized governmental structures. The fact that all main politic forces accepted to compromise, finally, we ended up, as previously indicated, with the approval in the Parliament, with very few amendments and to the enforcement of the regulations which form the actual fiscal field.

In this background, from the perspective of the politic interest, a few natural questions related to the new regulations still arise; we have selected some of these regulations:

1. Do they fully correspond to the requests expressed in the argumentation for the issuance of regulations regarding simplification and provision of predictability?
2. Do they contain sufficient elements which lead to the effectiveness of the process related to the stimulation of the development of the economic environment, private and public?
3. Are the aspects related to the discrimination of Romanian investors as compared to the foreign ones in the field of taxation eliminated?
4. Do they contain enough provisions which lead for sure to the significant reduction of fiscal evasion?
5. Do they contain sufficient and significant provisions with a positive social impact, so that they will diminish as much as possible the perception related to which they are a fiscal burden?
6. Was a significant progress accomplished in the process of fulfilling the obligation related to the transposition within the national legislation of the decisions of the EU Court of Justice and of the amendments brought to the regulations, directives and other communitarian regulations?

It can be noticed that the normality of the questions consist of the fact that each of them includes elements based on the assembly of which even the principles on which the fiscal field should be based on, as they are configured in article 3 of the Fiscal code, can be built.

So, we are talking about the predictability of the taxation, which is provided by the stability during an extended period of the fiscal regulations, as well as by the principle of taxation certainty, which envisages simplicity, clarity and exclusion of arbitrary interpretations. Then we refer to the efficiency of taxation, which implies the accomplishment of an increased rate of taxes, contributions and fees along the entire economic cycle, simultaneously with the efficiency of the adjustment measures at micro and macroeconomic level for the stimulation of the economic development and, implicitly, of the increase of the used taxation base.

The third question envisages the neutrality of fiscal measures with respect to different categories of investors and capitals. Also, to the certainty and lawfulness of the taxation we also refer when talking about fiscal evasion, due to the fact that in our opinion, certain interpretations which are not only wrong, but mostly abusive, of the accounting and fiscal regulations, such as their avoidance, are elements with a major negative impact upon the amount of the budget incomes.

The fifth question envisages the lawfulness (rightfulness) of the taxation, by means of which it is necessary to take into consideration the contributively capacity of the tax payers, so that the fiscal task which is related to them will not become an abusive burden.

All the above mentioned aspects must be taken into consideration in the context of full integration of Romania to the European Union, which is not possible without the adequate alignment to its regulations and without a unitary jurisdiction.

We mention that the main purpose of listing the questions consists in the highlight of the determinant role of the fiscal principles in the configuration of the fiscal field, as well as of the fact that the central element upon which the fiscal impact is exercised is the tax payer, which is in the position of legal or natural person. From this perspective, the role of determinant factor of providing the state incomes which is related to the potential of the financing sources, represented by all the tax payers (legal and natural bodies) should be highlighted. In this respect we refer effectively to: overall assets, overall incomes, turnover, financial position, and financial performance, macroeconomic and microeconomic indicators, which finally reflect, as a result of a general overview, the economic reality.

Consequently, in our opinion, the tax payer must be seen as being the basic cell of an extended assembly, which is constituted of the economic reality and is positioned in the area in which the economic reality interferes permanently with the political interest. From this point of view an entire theory can be developed, which exceeds the dimensions of our proceedings, with respect to the role and the place of the tax payer in the continuous metamorphosis of economic reality, in its double quality as tax payer to the state income, respectively of economic entity which generates profit or income, as the case may be, or natural body which holds assets and generates incomes. Details indicated in Figure 1.

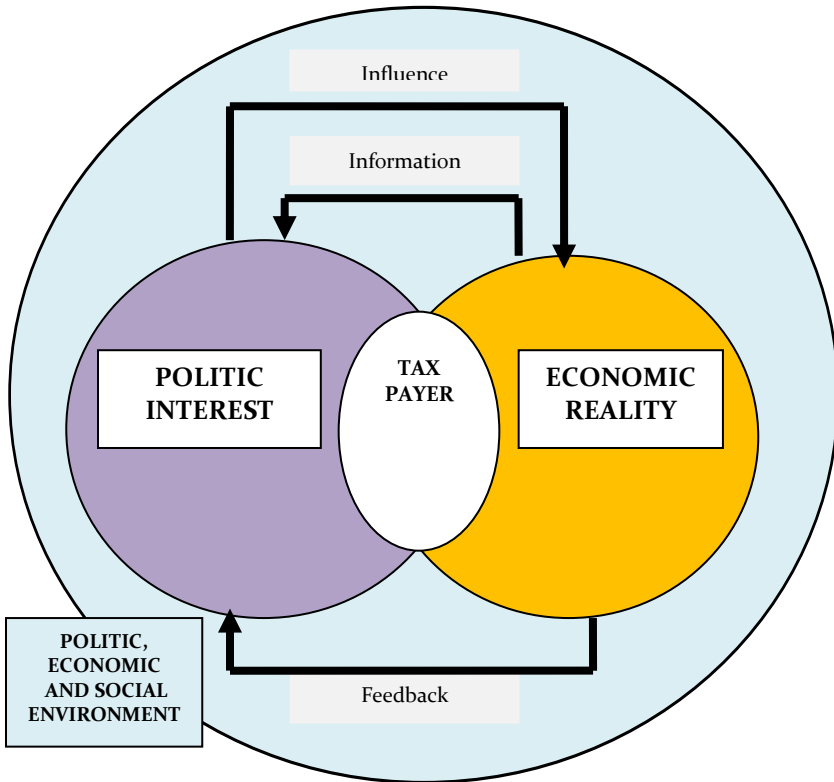


Figure 1: The variant for the representation of the tax payer’s position within the politic, economic and social environment

Source: Authors own thinking

The configuration included in Figure 1 was adopted taking into consideration our opinion according to which from the general assembly background comprising of the politic, economic and social environment, we can divide the political interest and the economic reality, as well as the fact that these two elements interfere permanently, and the main vector of the interference being the tax payer. So, the politic interest generated from the doctrine specific to the dominant politic orientation within the governance and legal framework, will determine based on the information provided by the economic reality, the configuration of objectives, strategies, tactics,

methods and means of their fulfilment, the final purpose being the amelioration from the point of view of the own governance, of the economic reality. The follow up will be, consequently, the influence of the configuration of economic reality, which, in its turn will generate towards the politic interest an adequate feedback; in our opinion this process is continuous and with a variable dynamics with respect to the intensity on the entire area of economic domains and with an adequate impact upon the social environment. In this entire process we see that the tax payer is in the position of a vector with multiple values. So, as previously demonstrated, we consider it as being the basic cell of the economic reality, its status expressed through the position with respect to the microeconomic indicators, leading in the end, based on certain periodic reports, processed according to a sum of laws, procedures and specific assessments, to the configuration by the statistic entities of the overall status of the economic reality (at macroeconomic level).

Another mention which we consider important refers to the fact that the entire process that we have talked about, respectively the obtaining of information from the economic environment, the development and enforcement of fiscal measures with economic and financial impact, the occurrence of mutations within the economic reality framework and transmission of feedback, is tributary to inertia. Each of the listed stages needs variable times and dimensions, function of the specific and actual conditions in which they are developed, at which the period of time needed for debates within the professional and public environment, the period of time necessary for the learning and application by the ones involved and. Most important, the period of time needed for producing the effects and manifestation of feedback is added.

An aspect which most of the time is ignored, but which sometimes has devastating effects in the fiscal field, comprises of the correctness of the reception, the precision of the assessment of the desired effects for each and every fiscal measure. In this sense, an eloquent example is represented by the controversies within the public debates, before and immediately after the start of the implementation of the new Fiscal code, respectively of the new regulations regarding pensions and minimum economy wage. The central element of the disputes is represented by the sustainability for the support of which at 30 days after the enforcement of the new fiscal legislation nobody has yet presented complete computations or relevant

data. In such situations we can talk about the manifestation of arbitral or discretionary methods, favored by an updated component of the politic interest, which is the electoral interest.

At all aspects mentioned above we have added also the amateurism. So, within the debates, both at institutional level (Government, Parliament), of some political parties, but also within the public space, assessments and proposals occur on a frequent basis without any theoretical and practical base consistent enough which sometimes are accepted within the proceedings for the development of certain regulations. From this perspective we reiterate the controversial measures of austerity in 2010, followed by significant external loans, for which, not even now the transparency regarding their real use and impact upon the budget is not manifested. Also, we recall the proposals for the austerity measures, which are currently very popular within this period in the public space. In our opinion, such a mode of approach is outside any scientific base, an affront brought to the academic, professional and business environment.

The approaches presented highlight the special complexity of the processes synthesized in Figure 1, the mutual influences of the elements involved, as well as the special difficulties encountered in the configuration of the effects of the anticipated measures and in the description of the correct and complete proceeding to be followed for the fulfilment of the objectives established by the dominant politic forces within a governance. However, the situation becomes more complicated from the point of view of the fact that the tax payer, in multiple situations, is part of the politic interest through the agreement and effective participation In the fulfilment of some politic objectives related to an orientation or another. On this base, within the politic parties and/or within the Parliament some groups occur which militate for their own interests, succeeding in the confirmation through the regulation of such interests. This thing represents one of the main clauses of the excessive diversification and regulatory modification in certain fields; the impact generated by such modifications is most of the time unpredictable due to the lack of correlation with other regulations in the respective fields, as in the field of fiscal proceedings, of the connected regulations and norms of enforcement. Also, we also highlight the fact that the negative aspects mentioned above are most of the time simplified by the mutations unpredictable in the political and economic environment, as happened with the previous government, which, after a short period of time

after the promulgation of the Fiscal code issued an Emergency ordinance by means of which it brought amendments, and then, in a very short period of time, the respective government resigned, placing the new government in the situation in which from the perspective of the own objectives (program), but also of the pressure created through the mass-media, would anticipate amendments of the fiscal framework.

In our opinion, it is confirmed in this way the continuation of a phenomenon expressed by the statement „another government, another fiscal policy”. If when the government is a politic one it can be accepted that it promotes its own doctrine in the fiscal field, which is different than the ones of its politic competitors, in the situation of the current government, the argumentation is given as it is stated, by the need to ensure sustainability of the implemented measures and placing them in agreement with their own governing programme. Consequently, if we return to the scheme in Figure 1 we will be able to state that we are facing a new paradigm with respect to control upon the inter-relationship between the politic interest and the economic reality and to the fact that the main implications are sustained by the tax payer.

Consequently, we notice the development of a process for the re-assessment of impact of the new regulations, which envisages mainly the following: the assessment of impact related to the reduction of some taxes and contributions upon the available income and savings and, as a consequence, upon the share capital accumulation rate; the effect of reducing the social contribution for employers upon the occupancy of the work force; the impact upon the consumers' behavior; sustainability, respectively the identification of elements which produce distortions at micro and macroeconomic level, with harmful effects (the need for massive reduction of expenses, excessive depreciation of the national currency, sudden increase of the public debt etc.); identification and elimination of unlawful provisions with respect to the contribution capacity etc.

If we accept the fact that the type of measures which were mentioned can have a positive effect of a so called „sanitation” of fiscal field, we cannot ignore the fact that one of the basic principles, which is the principle of predictability, which is based mainly of the stability of fiscal regulations, is permanently in danger of not being observed. In this manner the opinion regarding the positioning of the tax payer in the area of interference between the economic reality and the politic interest, as well as

the fact that this is the main actor which undertakes the impact of precarious predictability is confirmed.

Conclusions

The analysis of inter-relationship between the politic interest with economic reality and the assessment of the tax payer in their area of interference is a very useful proceeding which is also permanently updated. The results of a correct and complete analysis in this field (from the point of view of the fiscal domain), can be the measure of efficiency, of lawful configuration and opportunity of the proceedings undertaken by the politic forces which have authority; these proceedings are obviously developed based on the economic doctrines which are specific to them.

The fiscal field is one of the defining elements of the politic will for exercising authority and in the same time, of the politic interest which derives from it. Also, last but not the least, it should be considered that the fiscal field is one of the important instruments by means of which the sovereignty of a country is exercised.. Consequently, the differentiation of the configuration of politic interest and of the actual manner on which the politic interest will relate with the economic reality, in case of different politic orientations of the ones having authority, can also be the expression of the specifics in the development of the main functions of the fiscal system.

The tax payer is the main vector for the interference of politic interest with the economic reality. It is the basic cell of economic reality, but it can also be a direct participant to the configuration and fulfilment of politic interest, through the affiliation at one political orientation or another, situations in which we can talk about polarizations of group interests, with consequences which are not always favorable to the society. The harmonization from a fiscal perspective of the relationship between politic interest –economic reality, having the tax payer in the position of vector of interference, irrespective of the political orientations of the ones who exercise authority, is a mandatory condition of the development of fiscal predictability and of the development measures on medium and long term. But this challenge cannot be performed otherwise but through the development of CONSENT with respect to the configuration and prevalence of the NATIONAL INTEREST upon all politic interests.

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