

## **EFFICIENT MANAGEMENT OF TAX PAYMENT IN CASH BY LEGAL ENTITIES IN ROMANIA**

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*Abstract: This article aims to highlight the impact of a tax settlement of urgency, for the taxpayers within the desks revenues of the Romanian State Treasury.*

*Being a hard topic to address, it is natural to consider a few aspects that may influence the existence and occurrence of such a fee, a direct approach it is hard to be imposed. We present the results of a questionnaire addressed to the persons present at the desks and cash desks revenue for legal persons from the Arad Treasury, about the need of such a charge. Also we will try modeling the results by changing certain variables processed.*

*Keywords: management, efficiency, tax, duties, cash, legal persons*

### **Introduction**

The public sector must keep up with every moment of refurbishment as the transition to a market economy determines profound changes in all areas of social life. Public management is the practical and theoretical support for implementing new technological trends in public institutions. Professionalism and training for a higher standard of public servants is necessary for restructuring and alignment with international technological standards in the public sector [1].

The transition to the market economy has brought many economic, social and political changes in Romania, affecting not only private sector companies but also public institutions as well as local and central public administrations. Public administrations have shown some organic and structural resistance to this change. Only later, public administrations understood the market and the behavior of citizens, but still not entirely. Obviously, the changes made by these institutions have mainly affected technical and legislative issues, their organization and functioning, so that all processes can be aligned with the related European norms [2]. The extent to which public authorities operate on the principle of institutional modernism and the efficiency of the process is not sufficient, since they do not develop a correct relationship with their citizens and their demands, representing another issue that needs to be addressed appropriately.

An important issue, even a challenge, for Romanian public administration is the promotion of a marketing orientation. All departments and institutions of central or local public administration must pursue the full satisfaction of the citizen's needs [3]. However, they are not really oriented towards achieving this goal or concentrating efforts and concerns on the citizen-client. In general, citizens are asking for/or expecting public administrations to find new solutions to increase the efficiency of citizen's services and to improve processes in public administrations, such as reorganizing the work space and services, easier access to services, the possibility of payments online and receiving advice from the staff of these institutions, etc., and in our case the implementation of an emergency fee.

In general, public services are activities that serve the general / public interest, being provided by local authorities or central public administrations. Public services can be regarded as special activities that need to be regulated by local or central empowered authorities. Public service

management is carried out in accordance with current legislation and directives of central or local authorities. It is an activity that serves the general interest of the community for which it is performed. Institutionally, the public service is registered as a private or public legal entity through which an activity of general interest is carried out [4, 5].

Under the traditional bureaucratic system, the public authority directs public activities to the needs of citizens. End-users of public services have experienced many transition periods so they have benefited from the services of public institutions and failures of it without any choice. Things have changed over time, and public service users have taken on the role of "interlocutor" in dealing with public institutions. Therefore, a new type of user has emerged, the consumer who asks questions, asks for explanations and criticizes public institutions when he thinks the decisions taken were not the most advantageous for the general public. Although not all public services generate a direct profit for public administrations, citizens who benefit from these services must be considered as customers because they are contributors to the state budget from which various funding comes.

An important objective of public administrations is to find ways to improve relations with citizens. This implies increasing the quality of public services and increasing the capacity of the local community to identify the needs of the community and make decisions to meet them. Therefore, the use of modern information and communication technology allows public administrations to change the quality of services provided to citizens. For example, this includes the benefits offered by various software applications, but the Romanian citizen still uses the classical method for payments.

The quality of the services provided can generally be defined as a difference between consumer perceptions of the performance of the institution and its expectations. Applying the quality concept for local or central public administration includes service compliance, citizen's requirements, or creating significant benefits, that is, an added value of the service. Thus, the quality of public service is the result of the comparison between what a citizen expects from the public institution and what is actually done. Quality is satisfactory when performance is in line with citizen's expectations. This will make him convey his gratitude and show a favorable attitude towards the public institution and his services [6].

An important objective of many public administrative officials is to change the expectations of citizens so that they can do so, which can be in line with the public service offer. Improving the quality of public services should be an important objective of the state, and decisions made in this regard should address different aspects such as changing the mentality of people working in public administration as decision-makers or officials so as to approach the citizen as a client in accordance with the model set up by private companies; continuous training of civil servants and rationalization of operational logistics; the supply of modern IT technologies that should ensure the smooth development of the processes, the appropriate transfer of information and streamlining of supply; providing the public service with the highest degree of fairness, in accordance with deontological and ethical norms [7, 8].

### **Methodology and Data**

The main objective of the research was to highlight the level of citizen satisfaction about cashing services provided by local administration – Treasury of Arad County. This was done by measuring the time spend by each taxpayer to pay local taxes, the different ways they pay and to find out their opinion on an emergency tax for opening a new counter and cash desk for reducing the time spend at the treasury. To achieve this goal we conducted a study using the face to face questionnaire survey. The survey was conducted using the responses collected from 100 citizens-taxpayers and representatives of legal entities and public institutions that were waiting in queue during working hours at the Treasury of Arad County.

**Table no. 1.** Importance of time in the life of respondents (by gender)

Time * Gender Crosstabulation					
		gender		Total	
		M	F		
time	1,00	Count	1	0	1
		% within gender	3,1%	0,0%	1,0%
	2,00	Count	0	1	1
		% within gender	0,0%	1,5%	1,0%
	3,00	Count	2	2	4
		% within gender	6,2%	2,9%	4,0%
	4,00	Count	29	65	94
		% within gender	90,6%	95,6%	94,0%
		Count	32	68	100
	Total	% within gender	100,0%	100,0%	100,0%

The rows represent the importance of time: 1 not important; 2 less important; 3 important and 4 very important.

**Table no. 2.** Importance of time in the life of respondents (by age)

time * A029 * A30-49 * A49-99 Crosstabulation						
			A029	A3049	A4999	Total
			1,00	1,00	1,00	
time	1,00	Count	1	0	0	1
		% within time	1,0%	0,0%	0,0%	1,0%
	2,00	Count	1	0	0	1
		% within time	1,0%	0,0%	0,0%	1,0%
	3,00	Count	0	4	0	4
		% within time	0,0%	4,0%	0,0%	4,0%
	4,00	Count	15	42	37	94
		% within time	15,0%	42,0%	37,0%	94,0%
	Total	Count	17	46	37	100

% within time	17,0%	46,0%	37,0%	100,0%
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The rows represent the importance of time: 1 not important; 2 – less important; 3 – important; 4 – very important. The columns represent the age; first column – respondents up to 29 years, second column 30-49 years old and third column more than 49 years old.

**Table no. 3.** Satisfaction of respondents regarding the services offered by the cash desk of Arad County Treasury.

Satisfaction * Respondents Crosstabulation				
		respondents	Total	
		1,00		
satisfaction	1,00	Count	54	54
		% within respondents	54,0%	54,0%
	2,00	Count	30	30
		% within respondents	30,0%	30,0%
	3,00	Count	12	12
		% within respondents	12,0%	12,0%
	4,00	Count	4	4
		% within respondents	4,0%	4,0%
	Total	Count	100	100
		% within respondents	100,0%	100,0%

The rows represent: 1 - not at all satisfied; 2 - less satisfied; 3 – satisfied; 4 - very satisfied.

**Table no. 4.** Preference of respondents as legal representatives about their preferred method of payment

prefpay * respondents Crosstabulation				
		respondents	Total	
		1,00		
prefpay	1,00	Count	70	70
		% within respondents	70,0%	70,0%
	2,00	Count	15	15
		% within respondents	15,0%	15,0%
	3,00	Count	15	15
		% within respondents	15,0%	15,0%
Total	Count	100	100	
	% within respondents	100,0%	100,0%	

The rows represent: 1 – cash; 2 – payment order; 3 – online (card or internet banking)

**Table no. 5.** Preference of respondents regarding the emergency tax proposed for prioritizing tax payers at the counter and cash desk

Respondents * Taxa 5-20 lei * Taxa 20-50 lei * Nu taxa Crosstabulation
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		Taxa 5-20 lei	Taxa 20-50 lei	Nu taxa	
		1,00	1,00		Total
respondents	Count	58	25	17	100
	% within respondents	58,0%	25,0%	17,0%	100,0%
Total	Count	58	25	17	100
	% within respondents	58,0%	25,0%	17,0%	100,0%

### Research results

From the above we can say that time is very important to legal entities and public institution representatives, 90, 6% of male respondents are saying this. More than 95, 6% of women are saying the same thing. Also from those under 29 years which represent 17% of the questioned, 15% gave an affirmative answer regarding the very important value of time in their lives. 42% of those questioned with ages between 30-49 years old said time is very important and from those above 49, only 37% gave the same response, thus we can say that for 94% of the citizens questioned time is very important.

In terms of respondent's satisfaction on the quality of services provided by the Arad Treasury, 54% revealed that they are not at all satisfied, 30% are somewhat satisfied, 12% are satisfied and only 4% are very satisfied with the performance of these services. Queues at counters and then at cashiers is very long, technical equipment at the Treasury being surpassed both morally, functionally and technically, and collection methods are long outdated.

From the answers given by respondents regarding the preferred method of payment resulted that 70% pay cash, 15% use payment orders and 15% use online instruments, such as cards or internet banking.

Reaching the question of opening a new counter and cash desk by paying an emergency tax to reduce the time spent on queues, 58% of respondents would agree to pay a fee between 5-20 lei and 25% would agree to pay between 20-50 lei.

In Arad County, a number of 7951 companies operate according to [9]. Adding the number of public institutions, we have around 8500 tax payers that have to pay their taxes towards the state at the Treasury of Arad County. From those questioned, 58% agreed to pay a tax between 5-20 lei. Considering that 70% pay their taxes with cash, we estimate that at a tax of 10 lei and reducing the number of taxpayers who pay cash to half meaning 35%, reported to the total number of taxpayers from Arad County of 8500, results that during a month at least 3000 taxpayers would pay a tax of 10 lei at least once, which would result in a minimum 30.000 lei being collected by the state. With that money we could pay new public servants for the new counter and cash desk. Considering that the employment of 4 new public servants would produce a total maximum expenditure on wages of 15.000 lei per month and technical equipment, the rest of counter and cash desk costs would be of a maximum of 5.000 lei. This would satisfy both, taxpayers and the state, which would get an additional 10.000 lei to the budget and creating new jobs.

### **Conclusions**

In conclusion we can say that the implementation of an emergency tax is a major concern for the majority of taxpayers and implementing it would change the satisfaction and the perception of taxpayers regarding the quality of public services in a better way.

Public institutions can benefit from the application of a management approach and quality mentality when defining their mission, solving problems and getting results, with the help from clients and carefully observing and measuring their suggestions and proposals. Also by implementing an emergency tax, taxpayers will be satisfied and the state budgets will see an increase in funds.

Administration can be changed from a traditional institution to a modern institution by establishing a close contact with the public and supplying of quality services in exchange for an additional fee which is not mandatory, being at the latitude of the taxpayer if he pays it or not, based on his needs.

The objective of implementing it is to develop a strong and close bond between its citizens and administrative institution. This relationship can be influenced by different strategic orientations:

- Paying full attention to citizens in order to achieve a greater satisfaction by offering higher quality services;
- Personalization of public services in accordance with the individual needs of the clients and reducing the time necessary to carry out these public services;
- Increased transparency in the relationship with clients, so they can appreciate firsthand the added value and quality of public services;
- Extending partnerships with citizens-clients, and the collaboration with the civil society;

The level of satisfaction of citizens varies by age and the preferred method of payment, which implies constantly applying different strategies by the local administration. We also believe it is necessary and appropriate for the government to achieve a better adaptation targeted to citizens to meet their needs and desires. Therefore, a good starting point might be the adaptation of models of private banking environments and checking awareness of citizens more frequently.

At the same time we look forward to future researches in this area which should underline better on how taxpayers can express their desire on modelling public services, adapting to new market conditions, and the state to invest and improve the public services they offer for the community.

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