THE EVOLUTION OF THE FISCAL SYSTEM

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Abstract
Taxation plays one of the most important roles when it comes to decisions of an agricultural holding. The fear of farmers' failure is accentuated by taxation, due to the lack of information sources that will bring them to a degree of awareness. This paper will address the impact of tax systems on the actors in agriculture, but also on the national budget and how they were affected from economic and social point of view. At the same time, it will be presented the method of calculating the income tax on agricultural activities, which, according to Article 71 of the Fiscal Code, is established on the basis of the income norm, introduced in 2013, initially at national level, afterwards from 2014 established at the county level, whether or not proof of product valorisation is made. There are also income from tax-exempt agricultural activities, which will be mentioned in this paper. The single rate was a rule in the mid-nineteenth century in all industrialized countries, and the idea of the unique quota was returned several times later. However, to date, strong Western economies have not gone back to the single quota regime. The tax system must take into account the economic issues of the time it is applied. Among the taxation systems used at international level, the progressive one is considered the one that best fits the tax requirements.

Keywords: fiscal system, agriculture, single rate, progressive, Romania.

Introduction

Tax systems have evolved taking into account the needs and interests of leading classes, making the organization of the tax system not very sympathetic. Any state, from antiquity to date, has customized its own fiscal system as it has gone through smaller or larger economic and military powers. Thus, in connection with the needs of wars waged for territorial expansion or for the defense of borders and the maintenance of internal order, the antiquity fiscal systems of Mesopotamia, China, India, Rome and Egypt appeared. In China, for example, tax reforms have been made since the fifth century BC, when the state monopoly on iron, salt and alcohol was established, and later, in the 7th century after Christ, the harvest tax. (Bistriceanu, G., Romania's fiscal system, 2008)

In ancient Rome, in the sixth year before Christ, a military aircraft, the milliard budget, was set up to pay veterans' pensions and military expenses. At the same time, the establishment of the imperial treasury consisted of a novelty, centralizing the revenues of imperial provinces and customs taxes, sums of confiscations, sales taxes, and slave liberation.

The main source of income for that period was the taxes, which, depending on the wealth taxed, existed:

- direct taxes, tributum capitis – per person, on the ground, and subsequently vicesima hereditatium – on inheritances;
- Indirect taxes, focusing on business activities;
- extraordinary taxes, focusing on private incomes such as confiscations, fines, monopolies.

Taxes and the tax system are useful tools for financing the various state activities that help them to raise their financial resources, redistributing wealth and income. If the fiscal system were a favorable one, the state could improve its social welfare by providing the best solutions. Favorability of the tax system is emphasized by the principles of taxation, such as the principle of advantage and the ability to pay. The first principle, the equivalence or the advantage is found in the examination of the benefits and costs of public activity, involving both the state and the individual citizen. This principle would put the level of consumption in the public goods of each individual, with its contribution, in some degree. The second principle, the taxpayer's ability to pay, establishes the taxing of taxes on the individual's ability to pay. This principle was brought to the attention of economists concerned with public finances of the 19th and 20th centuries, who relied on a minimum tax sacrifice of the taxpayer, but it was achievable and, at the same time, the decrease in public spending. They expressed their desire to create a fair system of taxation, which led to the issuance of minimal, equal and proportionate theories of sacrifice. Minimum sacrifice would involve taxing the structure in order to minimize the loss of aggregate utility. Equal sacrifice is seen as the constant or equal loss of usefulness of each taxpayer, and the proportional sacrifice is defined as the loss of utility that assures that after the taxation, the utility index is equal to the pre-tax index.

1. Literature review

In the "Digestele" legislation, Justinian, the emperor of Byzantium, manifests himself as the defender of the tax by adding a special title entitled "Tax law". He urges those who collect the gifts to be right and upright, such as parents to the children, to defend those who are guilty, but to punish them according to the law for evil payers. Since then, tax systems have been remarkable in their evolution by the size of taxes and their number so as to cover state money; simplifying the collection of taxes; the ability of taxpayers to cope with taxes and the elimination of inequities, which leads to the size of taxpayers.

At the same time, the theory of the progressive sacrifice of J.J. Rousseau, Proudhon and J.B. Say. By the Direct Contributions Act, in 1923, progressive taxation was adopted in Romania. Over time, various misunderstandings have emerged, starting from the idea of limiting progressiveness or fear of tax evasion, where progressiveness leads to overpayment of taxpayers. Globally, tax systems have had different coordinates, including the introduction of synthetic taxes from analytical taxes (considered among the most important tax phenomena); increasing tax returns and acquiring new tax collection and settlement procedures. From another point of view, we can talk about direct and indirect taxes, the latter being borne by the buyer (consumer), which over time indirect taxes on income have passed to taxes on economic sizes (the tax on value added). Direct taxes have evolved into unitary taxation from cedular taxation. The distinction between the two direct and indirect taxes is nowadays replaced by the nature of the economic element subjected to taxation, such as tax on expenditure, income, capital. In the field of tax setting, it has proceeded from index-based pricing to valuation procedures based on a statement that should prove income or turnover subject to taxation from the accounting data. Developments in fiscal techniques have allowed an increase in fiscal pressure in the European Union, from 30.9% in the 1960s to 41.2% in 1992. (Condor, I., Tax and financial law, 1996)

Richard Musgrave, referring to the US tax system, said it evolved because of political, economic and social influences.

2. Creating and developing the Romanian fiscal system

On the Romanian territory, since the 7th century BC, the slave-slave relations appear in the Greek colonies fortified on the Black Sea coast in Dobrogea. Full-fledged citizens held political power, but they were also special colleagues who run public finances from economists, cashiers and dealers.

In Dacia, from the first half of the 1st century BC, the slave relations appear, but they advance after the Roman conquest. Regarding the golden riches of our territory, reality has merged with the legend and is very hard to grasp. The "Iliada" Opera tells us how the Thracian kings who walked on our regions had golden weapons as only the gods have the right to wear. The riches of this land were in Rome's interest in conquering Dacia. According to the sources, the treasure captured by the Romans from Sarmisegetuza in 106 BC covered 165,000 kilograms of gold and 331,000 kilograms of silver, worth 62,200,000 francs of gold, reviving the Roman finances, that the emperor gave tax exemptions, armed, and waged war on the Persians. Byzantine writer Lydus, in his work entitled De Magistratibus, confesses that Train dominated not only the gold and silver riches, but also the tremendous treasures of the Dacian kings. At the same time, he claims that Traian had the highest priority in defeating King Decebal and the Getae, leading to Rome unlimited quantities of gold. (Ţâţu, L., Serbănescu, C., Ștefan, D., Cataramă, D., A. Nica, Taxation from law to practice, 2005)

In the administration of Dacia Roman there was a procurator who also had the task of collecting gifts, such as tributum soli, vicesima hereditatum, tributum capitis, conductor (commercial entrepreneurship), vicesima liberatum slaves), conductores pescui et salinarum (landing and pasture landing).

The first tax in the history of the Roman people has existed since the twelfth century, as the first tax in Europe. We are talking about customs duties, which were considered a way to collect money for the voivodes. (Marin, C., Grunevici, B., Mirică, B., Brief history of Romania's public finances)

2.1. Taxation in the Romanian Countries - Organic Regulations in Muntenia and Moldova

The public finance administration resulted from the imperial Byzantine vision of the country's master. Among the rumors left by the ruler of Wallachia between 1512-1521, Neagoe Basarab, his son, was the following: "(...) and your income that will come from all over your country, be everything in your hands".

In the fourteenth century, besides the customs duties, the dijma (tithing), which was understood during the time of the ruler of Wallachia between 1386-1394 and 1397-1418, Mircea the Elder, was named as customs and was collected in nature. In the fifteenth century, the birch, the only income of the treasury, was a personal gift for every citizen, distinguished in relation to the taxpayer's ability to pay but valid only for the "lower people". The pickup was made by so-called birings, servants of the ruler. The one who managed to pay another person's birch, earns the right to ownership of the assets held by the debtor, without taking into account any other formality. At the beginning of the formation of the feudal state, various gifts were used, such as diamarite or dexatin.

In the eighteenth century, a new type of personal tax was born, called civerts, paid in quarterly quarters. The rest of the income from that period came from capitalizing on salt gains, land or fishing. Although the evolution of capitalism has made some states acquire consistent tax systems, in the Romanian Principalities the transition from gifts and benefits in kind to money laundering and taxes is only taking place in the nineteenth century.

One of the reforms of Prince Constantin Mavrocordat had in mind the attempt to settle and collect taxes, being considered the first such tax reform. The most important feature of the reform is the transformation of the capita from taxes to census taxes. For the most part, the reform of Prince Mavrocordat included:

- the family heads were indebted with the payment of determined bribes at the amount of 10 lei per year;
- peasants were strictly responsible for their contribution;
- the conquest, pogonareitul, ploconul, bairaramul, the peasche of the boyars 'attribution, but also the extraordinary gift, such as the flag of the flag from the peasants' attribution, were abolished;
- Organizing tenders for the purpose of increasing the country's income;
- payment of state officials from its budget;
- lowering the number of small civil servants and taxing them;
- arranging a check on the monastery's budget;
- the growth of some gifts, such as winery, sheep and goats; (Alexandrescu-Dersca Bulgaru, M.M., Cernovodeanu, P., Foreign travelers about the Romanian Countries, vol. VII, 1980).

2.2. Taxation from Organic Regulations to the Paris Convention (1858)

The system of taxation, up to the Organic Regulations, was the result of the social organization of those times, where social inequalities merged into tax inequalities, with the example of boyars who did not pay rent, and land property was exempt from any kind of tax, though would have constituted a source of national income and would have been a guaranteed basis for taxation.

The Organic Regulations of Walachia and Moldavia were the basis of the state finances of our country. These constitutional documents determined the penetration into the annual budget systems, from the financial system and the Byzantine tax, being administered much more organized, more regularly, the budgets being subject to legal and political control by the constitutional bodies of the state.

Among the most significant tax cuts in the Organic Regulations are the fact that the boyars have not been paid any direct tax, thus establishing an inequality, and at the same time the fact that the fruitfulness of agriculture has led to the addition or reduction of gifts, which has been maintained from the old system.

Apart from the fact that the Organic Regulations are in fact, another important moment, namely the Paris Convention of 1858, which brought new principles in the financial field, such as the cancellation of class privileges, parity or equality of Romanians before the law, and the right setting of citizens' contributions, taking into account their income and wealth.

2.3. Taxation during the reign of Prince Alexandru Ioan Cuza and the First World War

The tax system of the reign of Alexandru Ioan Cuza took into account the provisions of the Paris Convention, but he also took into account the actual situations of the application of the Organic Regulations. At the beginning of his reign in 1859, Alexandru Ioan Cuza says that the taxes will be strictly determined following in-depth studies. In 1862, at the same time as the administrative unification, the debut of a financial organization was founded with the aim of unifying the two Principalities. Of course, this concept had the model of the Western countries. On March 31, 1862, the following laws were chosen to have made:

- the land tax should be set at the rate of 4% of the net income;
- to unify road and bridge contributions;

- the 10% tax on real estate to spread in Moldova;
- unify personal contribution;
- to establish the tax for spirit drinks (1867);
- to set up the salary tax (1877), which was later abolished in 1891 but returned to life in 1900, when the finishers' salaries were dictated;
- Establishment of industrial income tax (1912) which generates some advantages, such as the impetus for national industry;
- Establish professional tax on the income of scientists, arts, letters, but also for the income of self-employed persons.

In 1863, a series of laws were adopted, the most important being the Patent Law. In the same year, the "Controller's Code" was printed. Preceptors, helped by tax officials, were responsible for collecting taxes.

At that time, direct taxes were patented, land tax and peasant capita, in force in the years 1859-1866. The three types of taxes failed to obtain the necessary income to balance the budget, so it was considered that the system during the reign of Prince Alexandru Ioan Cuza was deficient.

During the analyzed period, 1866-1916, in our country there were the following types of taxes:
- Direct taxes: agricultural land tax and building tax; patent, where three classes were added, the taxpayer being imposed after occupation and outside signs; the complementary tax; communication paths; tax on income from securities; military taxes and wage tax;
- Indirect taxes: stamp duties; living tax; the tax on spirits; customs duties, in 1875 the customs tariff was developed.
- Consumption taxes: tax on petroleum products; sugar tax and tax on shows.
- Monopolies of the state: the monopoly of tobacco, cigarette paper, salt, matches, rifle dust and playing cards.
- Local taxes: were enacted by the Rural Law of 1864.

2.4. Taxation in the interwar period

During the period between the two world wars, the Romanian state budget fed from the tax revenues, adding revenues from the capitalization of the telecommunication and transport services. The amplification of the general structure of the income system has been achieved through the unceasing evolution of the tax and tax system. The unification of the Romanian Provinces in 1918 made the diversity of existing tax systems to merge and unify, which was accomplished in the years 1923-1927. In the unification process, the foundation was the Old Prag financial institutions. Following the union process, there was a fiscal reform, due to the four different types of regimes, but also to the inefficiency of the existing tax system.

Also, in 1921 was the tax on turnover and luxury, marking a novelty for the fiscal system of that year. The law mentioned taxes on hotels and places of consumption on luxury items, proving to be one of the most productive taxes.

Two years later, in 1923, Vintilă Bratianu proposed a new law on direct contributions, called elementary, replacing the denomination, namely taxes on buildings, agricultural, movable, industry and commerce, salaries and professions. For the assessment of these taxes, the income of the head of the family, of the wife, but also of the other members of the family, was necessary. In the formation of the overall income, the basic taxes plus the interest paid on the mortgage and bailiffs declined, and the shares were between 1% and 30%.

Despite the economic and social difficulties of the years 1921-1924, however, the reform of direct taxes, budget unification, stabilization of external floating debt, minimization of public debt service and creation of industrial credit was achieved.

Between 1924-1928, the budgetary measures aimed at an evolution of revenues (taking into account the revenues of the previous year) and the stability of the expenditures in line with the realized revenues.

Between 1921-1927, budgets were surplus. In 1929, State monopolies and state-owned enterprises were arranged on a commercial basis, acquiring a relative autonomy, reaching commercial houses and kings, and the state budgets no longer covered them.

Between 1930-1942, about 20% of the budget revenues were derived from state monopolies and enterprises. The current global crisis of that period (the big economic crisis) has meant a negative influence for taxation, so it has been acted upon by increases in consumer taxes, changes in wage tax and luxury tax and turnover. In 1934 the progressive tax was abolished, being replaced by a major tax that was applied to the elementary taxes, a step necessary to prevent tax evasion. A year later, indirect taxes on commodity movements, stamp and registration taxes, turnover taxes were increased. After 1936, indirect taxes were the main sources of budget revenue. (Vito Tanzi şi Tsibouris, G., Fiscal Reform Over Ten Years of Transition, op. cit., p. 14.)

Table 1. Specific weight of direct and indirect taxes in 1934/1935, until 1939/1940

	1934/1935	1935/1936	1936/1937	1937/1938	1938/1939	1939/1940
Direct taxes (%)	19,2	17,8	15,9	16,2	24,4	21,0
Indirect taxes (%)	70,3	66,5	66,0	69,3	65,9	65,3

Source: Data are established based on the budget laws of those years and Ministry of Public Finance.

2.5. Taxation during the Second World War

Direct taxes have undergone major restructuring during the Second World War, among which the most important was the introduction of the system of taxation of income from trade and industry in 1941 on the basis of annual turnover. The direct tax system was replaced by a special tax on single people, but, however, the pro-standard source continued to be indirect taxes.

During the Second World War, a type of tax policy was introduced for the simplified and rapid collection of taxes, and a full tax precept was adopted, part of the Code of Fiscal Procedure, adopted in April 1942.

The salary tax was set according to a limit, so if the salary was up to 4000 lei, a 4% quota was applied, and if it exceeded 4000 lei, a double rate of 8% was applied. (Văcărel, I., Public Finance, p. 358., 2003)

2.6. Taxation in the Communist period

The Soviet domination after the Second World War imposed the replacement of the rule of law and the market economy with the state and economic communist dictatorship. The framework for financial leverage, as well as all economic categories in general, was directly linked to, and conditional on, the single national development plan. During this period, the state budget was an instrument of the monopolistic, super-centralized state, having a "technical financial interest subordinated to the principle of socialist planning. The budget has as main role the financing of the national economy, the state budget being subordinated to the economic plan. The revenues of the state budget were made up of the following sources: income from state socialist units, income and other income related to the social security budget, taxes and fees paid by cooperative organizations and economic units of other public organizations, customs duties, taxes and duties from the population, other income.

The decade of the 1990s involved major reforms in most transition economies. Some eastern European and Baltic countries have made rapid progress, while other states have been less successful in implementing tax institutions, controlling fiscal imbalances, and redefining the role of the state. (Rotaru, C., Socialism and Capitalism, 2011)

Conclusions

Although the tax system mainly targets, obtaining the necessary resources for the state, now he cannot be regarded as a simple mechanism used to cover public spending. Thus, through the levers they offer, the state can exercise it intervention in the economy for the purpose of its elimination mitigating the negative impact of the action of some factors disruptive. The absence of a coherent fiscal system in Romania before 1989 and the implementation of a gradual policy of its construction has made its mark on the effectiveness of fiscal measures and, above all, on of the entire economic system.

The volume, the structure of tax revenues and the pressure exerted by them were influenced decisive of the fiscal policy measures promoted by tax authorities in our country during the 1990-2010, alongside other factors, including quality the management of state tax receivables and the degree of voluntary compliance with tax.

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