

ABOUT THE FISCAL CULTURE CONSOLIDATION IN ROMANIA DURING THE COMMUNIST AND POST-COMMUNIST PERIOD¹

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Abstract

Structural changes of tax systems, frequent changes, intensification of the globalization process, fiscal competition to attract capital and increase of tax revenues, and some conflicting states between different divergent tax systems generate a certain culture of taxation.

Frequency and dynamics of such changes, as well as the change of the Tax Code or Tax Procedure Code, without assessing that they are included in the national fiscal culture can generate low levels of collection and a tendency towards non-compliance from the part of taxpayers, who will not feel morally obliged to fulfil their part of the institutional contract with the state, due to difficulties of understanding, adaptation and rapid application of new changes. Such dynamic elements, as a whole, outline the fiscal culture specific to each state. On that basis, we intend to conduct an assessment of cultural accumulation generated by taxation.

Keywords: tax system, fiscal culture, taxpayers, fiscal conduct, authorities

JEL Classification: A13, H3, Z13

1. Introduction

The importance of the fiscal interaction between tax authorities and taxpayers, as an expression of present taxes in every state, is historically presented and supported by a number of researchers in their studies, as Joseph Schumpeter (1929) who stated that "*the spirit*

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of a people, the culture, the social structure, political facts, all these and more can be found in its fiscal history ... who knows how to listen to this message will better understand human history troubles". Based on this evaluation, we consider that the concept of tax culture covers the complexity, history and contemporaneity of the taxable country and express our intentions just "placed" in this paper, because this concept expresses more than the interaction between authority and taxpayers, going beyond fiscal behaviour itself, managed to bring together the knowledge, belief, art, morals, law, custom and any other capabilities and habits acquired by man as a member of society and as a taxpayer.

To achieve the proposed approach, we perform an analysis of the progressive tax education at national level and the historical evolution of the tax system and cultural values related to honesty, fairness and civic duty manifested in the taxpayers.

Based on the results we will try extracting conclusions about the interactional elements of the tax authorities and taxpayers, by revealing the current state of tax culture in Romania.

The paper is conceptual-theoretical nature, and the study of literature and other related specialty (Sociology, Psychology), observing the phenomenon and its manifestation at the national level, we will make a general evaluation and interpretation of the evolution of tax culture in the communist period and post-communist.

2. Evolution of taxation in the communist period

The positive evolution of the Romanian fiscal system and its strengthening were stopped by the investiture of the communist regime in 1948. The tax system after 1948 was characterized by limiting and gradually eliminating private economic activities and implicitly the accumulation of private capital, eliminating the remnants of the previous system, flattening of living standards through taxes, lack of transparency regarding tax rates and use of budgetary resources.

The positive aspect that characterized the communist-era tax system was the lack of the tax evasion phenomenon, the state being the sole owner of the national wealth, and the profits and benefits of economic activities were entirely paid to the state budget. Fiscal control at that time was intended to protect the state wealth against its own officials, against the manner in which public money was spent in various investment projects carried out by the state.

This stage in the history of the Romanian people wiped out the accumulations recorded in fiscal matters and the traces of the new-born fiscal culture were not preserved, the applied tax system was an obscure one that created the impression of its inexistence.

3. Evolution of taxation in the post-communist period

A new stage in the history of the Romanian tax system began when the Communist regime was overthrown in the late 1989. Romanian economy and taxpayers needed a modern, fair and transparent tax system to stimulate economic and social development.

The reform begun in 1990, and which included the elimination of some tax regulations of the previous period, the introduction of tax regulations to stimulate entrepreneurship and to provide the necessary resources for the functioning of the state, has been unfinished. The transition from a centralized economy to a market economy generated, at least in the first part, a vacuum of fiscal legislation, which remained somehow behind the economic development especially in the private sphere, vacuum speculated by economic operators who, after a prolonged period of fiscal civism, easily adapted to the emerged situation. Governments had a difficult task in combating and preventing tax evasion. Difficulties, at least initially, consisted of the adequacy of national legislation, subsequently of the European one, but also of the absence of genuine specialists to implement and ensure the correct enforcement of the law, the formation of a modern tax system that would induce taxpayers a certain education on tax matters.

Democratization of the Romanian fiscal system has generated an anti-tax reaction, thus developing fiscal behaviours of the most various forms. The black economy, tax evasion and consequently, corruption of officials have increased, stimulated by loose and insufficient legislation to combat and prevent anti-fiscal behaviour.

Liberation from the totalitarian regime also manifested itself by negative effects, manifested particularly in the behaviour of taxpayers and authorities characterized by violation of the law, by the desire of quick enrichment. On this background, in the first years after 1989, the fiscal culture, whose elements crystallized in the interwar period were not perpetuated nor preserved in the communist era, devoid of an historical development, was practically non-existent.

4. Crystallization of the fiscal culture in post-communist Romania

At taxpayers' level, the consciousness on the existence of a coercive tax system leads to certain civic and tax feelings and to a fundamental attitude towards some problems of their status. They are trying to understand what do their contributions towards the community consist of when they due various taxes, trying to assess the fiscal policy, tax rates and use of taxes to the provision of public goods, and the interaction between them and tax authorities. Finally, a motivation to comply with tax obligations or not appears, outlining a certain fiscal behaviour, which subsequently becomes a relevant element of the national fiscal culture.

At authority level, the structural changes of tax systems, frequent changes, intensification of the globalization process, fiscal competition to attract capital and increase of tax revenues, and some conflicting states between different divergent tax systems also generate consistent elements that substantiate the fiscal culture.

This arises through the interaction between tax authority and taxpayers, having its source in traditional taxation and in the interaction with cultural values related to honesty, fairness and civic duty. Incorporating these elements of fiscal culture and other external, but influential factors contributes to create fiscal mentality that leads to fiscal morality and discipline, which aim at creating a partnership relationship between taxpayer and tax authority.

Cultural standards and historical development of fiscal institutions contribute to the determination of the tax code, which, in its turn, determines the environment and constraints of fiscal kind (legislation, regulations on enforcement and collection of taxes) and, finally, the interaction between participants.

On this basis we can interpret the country-specific fiscal culture as the totality of dependencies and ties caused by the continuous interaction of formal and informal institutions, historically embedded in the culture of that country, connected to the national tax system and its implementation.

Disruptive elements in the consolidation of the fiscal culture are linked to the magnitude of changes in the tax system, to the history and perception of the national tax system. According to international organizations, in Western societies most tax reforms consist of only minor changes to the tax system, for example,

broadening of a tax base, change of tax rates by one percentage point. In these circumstances, fiscal culture does not change obviously. More obvious are changes in the fiscal culture in the case of fiscal reforms of deeper magnitude, as can be seen in the economies in transformation, as is the case of Romania. In such situations, cultural delays occur on adaptation to the new democratic system, namely the fact of having democratic rights also means having obligations. Some positive developments on the fiscal, behavioural side can be acquired by democratization and transformation only on a long term, as long as taxpayers comply with and observe the tax law.

Resetting the behaviour of taxpayers, which would lead to condensation and strengthening of fiscal culture in emerging economies will require an intensive educational effort and, especially, for a long time. During adaptation to the new fiscal reality, tax systems in these countries will not generate enough revenue.

Such changes, such as changing the Tax Code or Tax Procedure Code, without assessing the fact that they are included in the national fiscal culture, can generate low levels of collection and a tendency towards non-compliance from the part of taxpayers, who will not feel morally obliged to fulfil their part of the institutional contract with the state, as a result of the quality and quantity of public goods provided by the state.

We observe, thus, that a modern tax system does not presume only adding some rules and taxes, but also requires long history of its creation and consolidation, wherein a certain fiscal enculturation of taxpayers to shape and consolidate, which would facilitate the smooth operation and law observance in fiscal matters and beyond.

Tax systems in developed countries are most of them the result of such fiscal developments, of gradual accumulations that were long studied and analysed as to their sanctioning as fiscal rules, which contributed to the formation and consolidation of a culture in fiscal matters that was subsequently integrated into the national culture of those countries.

Frequent changes in the organization mode of the Romanian state affected the consolidation of a modern tax system, based on studies and cultural accumulations in tax matters. Taxpayers' fiscal behaviour manifested differently from one stage to another, which did

not allow any modelling of genetic determinants of taxpayers, particularly at the level of perception and voluntary tax compliance.

In addition to genetic determinants, a man is the product of the environment in which he/she is formed, and the education on the attitude towards taxes can have a decisive impact on his/her fiscal behaviour. The evolution of Romanian society in the last 100 years, during which the formation of such an education towards taxes seems to be plausible, did not show any continuity, perpetuation of values, sufficient respect towards law observance, in general, and tax law observance, in particular.

5. Some conclusions

The interaction between taxpayers and tax authorities has a long history, being present in historical writings and multidisciplinary addressed. This has been addressed more as the behaviour of the two parties involved and less in terms of tax culture as a phenomenon that expresses more than the interaction authority - taxpayer itself, managing to bring together the knowledge, belief, art, morals, law, custom and any other capabilities and habits acquired by man as a member of society and as a taxpayer.

Under the contribution to fiscal consolidation and development of culture, this paper has the merit of "bring" this concept Romanian lands and trying its development assessment under the two ordinances of the Romanian state.

From sociological perspective, taxpayers are positioned to the tax authority by their perception about taxation. They try to understand what their contributions to the community consist in when they due various taxes, try to assess fiscal policy, tax rates and the use of taxes to the provision of public goods, and also the interaction between them and the tax authorities. These assessments outline the motivation to comply with taxes or not and generate the subsequent fiscal behaviour.

From justice and equity point of view, taxation should generate obligations and rights for both sides, respectively for taxpayers and for the state itself as the beneficiary of taxpayers' fiscal contributions. Thus, taxation should be seen as an equitable form for integration of the taxpayer into an open contractual mechanism and not as a submission and isolation one that might deviate his behaviour towards a dangerous trend.

From an economic perspective, taxation is perceived as having its main objective the maximization of revenues to the state budget. This perception, created by authorities, is harmful. The authorities should identify methods of perceiving the taxation as an integration form for the taxpayer in an economic circuit in which he, on one hand, contributes to system supply and, on the other hand, is the beneficiary of public policies through the mechanism of redistribution.

Condensation of taxation interference results with the mentioned disciplines determines a certain culture for taxpayer related to fiscally which creates at society level the so-called tax culture, as an important part of national culture. The longer historical evolution the tax system has, with no frequent changes, the more developed that state is. Emerging countries, as Romania, which have not strengthen an adequate, transparent, non-bureaucratic, with no significant changes fiscal system, are confronting with delays in consolidation of fiscal culture for taxpayers, and these are reflected in national culture as well.

The "status" of the national tax culture is still in search of its own identity, having "heritage" and consistent historical accumulation of taxation, and what has been gained under the influence of the processes of democratization and European Integration of the Romanian society education is insufficient fiscal consolidation and crystallization of a specific tax culture.

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