

The Concept of Taxation and Its Role in an Economic Society Within the Context of Globalization

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Abstract—The paper is a systemic approach to the concept of taxation and its functionality in the context of the contemporary economy. The authors managed to present a new vision on the compatibility of taxation principles and policies in this field. The presentation of the tax system in a new approach is current and obvious for international practices in the field. The combination of theories and practices of co-authors from various countries and areas of activity was the basis for establishing the theoretical foundations of the notion of taxation but also the elements of functionality of the tax system illustrated in the figures presented in this study. The approach of the systemic principle in the contemporary economy is an indispensable element of all economic fields, and the presentation of this concept and the shaping of research under the systemic approach is a new idea for taxation. Ensuring the functionality of the contemporary mechanism of functioning of the taxation of a state under a systemic approach is its efficient functioning and creating the optimal conditions for taxpayers and streamlining the monitoring of their fiscal responsibilities.

Keywords—taxation, fiscal policy, principles of taxation, taxes, public finances

I. INTRODUCTION

Economic and financial instruments, such as taxes, fees, transfers, subsidies, credit, interest, prices, exchange rate, amongst others play a decisive role in regulating or self-regulating economic processes. They also constitute the concept of the economic, institutional and legal framework in order to achieve the functionality of the competitive market. With the emergence of public authority, the economic mechanism selectively influences economic activity through fiscal policy [1], monetary and foreign exchange by financing objectives and actions from public resources. A major component for ensuring economic processes is the country's tax system, which must pursue, in parallel, the alignment with tax practices in developed countries. Taxes and fees are the means available to the state to accumulate budget revenues and, implicitly, to cover expenditures generated by public needs. The fiscal financial resources are collected with certain regularity from natural and legal persons, who carry out

entrepreneurial activity and have economic relations between them and have an important role in the formation of the state budget.

Public money appeared with the advent of the state, financial management bodies and their collection. Gradually, these notions became structures, which over time gained various powers due to the progress made in the governance of public administration. The foundation of taxation can be recognized in the period of feudalism when certain private persons appear as managers of public currency by buying the rights to manage public finances. Such management of public finances did not manifest itself in positive practices, which is why the collection of taxes for the state budget was not crowned by those principles and policies provided by the contemporary tax system, and the path to forming the system was very complicated.

II. RESEARCH ARGUMENTATION

Arguing the value of the research, we present a small evolution of the concept of taxation approached by economists in the period from the nineteenth century to the present. As any notion has several meanings, we start with the explanatory dictionary of the Romanian language. Thus, in the explanatory dictionary of the Romanian language, taxation is defined as "a set of laws, regulations and methods of taxation", which will serve as a starting point for research. The fundamental theoretical arguments considered by the authors in the study are based on the theory of scientists in the field of economics and law. Table 1 presents the work of scientists who have contributed to the theoretical substantiation of the concept of taxation.

TABLE I. SCIENTIFIC INTERPRETATION OF THE CONCEPT OF TAXATION USED AS AN ARGUMENT BY THE AUTHORS THIS STUDY

The name of the scientist and the year the concept was introduced.	The title of the manual
Smith A. (1875)	"The Wealth of Nations" [2]
Allais M. (1990)	"For tax reform" [3]
Alesina and Perotti (1996)	Fiscal Adjustments in OECD Countries: Composition and Macroeconomic Effects [4]
Văcărel I., (2002)	"Public finances" [5]
Șaguna D., and Rotaru, P., (2003)	"Financial and budgetary law" [6]
Tulai, C., (2003)	"Public finances and taxation" [7]
Tătu, L., (2004)	"Taxation" [8]
Drosu, D., Șaguna, A., Moșneanu, N. (2008)	Financial and budgetary law [9]
Brezeanu P. (2010)	Taxation: concepts, theories, policies and practical approaches [10]
Stuart E. (2010)	"Tax Law and Policy" [11]
Armeanic A., Șargu L., Ilana A., (2016)	Fiscal Law [12]
Mariana Rodica Țirlea (2018)	"Taxation. Conceptual theoretical foundation" [14]

^a. Source: authors

III. RESEARCH METHOD

The presented study represents a theoretical research based on the divergence between the knowledge held by the authors and the confrontation with the aspects of the real conjuncture from the current conditions. The research in question is more of an approach to the subject of taxation in terms of the practical element applicable to the contemporary economic-financial system with arguments of previous evolution. The authors highlighted the phenomenon of interpreting economic processes around taxation with explanations on the topics of confrontation. Taxation being a concrete and well-determined action is presented from a systemic point of view in terms of fundamental principles.

The purpose of the research was to form their own visions on taxation in modern conditions by analyzing the tax systems of the two neighboring states of the Republic of Moldova and Romania.

The result of the study being outlined by a systemic functioning mechanism based on the efficient combination of taxation principles with policies in this field.

IV. RESULTS AND DISCUSSIONS

The legal framework with economic character has an objective character that expresses the essence of the economic phenomena and processes on the one hand and the necessary and permanent causal and interdependent connection of these phenomena and processes in the conditions of certain determined relations on the other hand. The most important economic process related to the legal framework is taxation. In the opinion of economists, taxation is the relationship between tax and income, or the activity carried out by a natural and legal person. Taxation aims to ensure the money sources necessary to cover public expenditures, to influence the distribution of revenues, decisions, the degree of taxation and individual consumption and to stimulate the efficiency and

dynamics of production. Culture of knowledge of taxation, in the current conditions it represents not only a duty of every citizen but also an absolute necessity for any economic culture that must orient, motivate, generate and organize [13]. Being one of the few sciences that combines the macroeconomic character with the microeconomic one in application, training and management is a current reason for approach, discussion and research. Because this perspective of deeper knowledge aims to generate cheap solutions that lead to actions of strategic development perspective, training and management are a current reason for approach, discussion and research.

Thus, over the years, the concept of taxation has evolved by combining economic and legal aspects Table 2.

TABLE II. SHORT EVOLUTION OF THE CONCEPT OF TAXATION

The year of presentation	The concept
1958	"System of laws, regulations, provisions concerning the tax fixing and collection"
2002	"As a synthetic definition of taxation, it consists of all taxes and duties regulated by regulations. Taxation can also be defined as a system for collecting taxes, fees and contributions by public authorities in order to achieve the socio-economic functions of the state "
2003	"Taxation can also be defined as a system of collection of taxes and fees by public authorities, in order to achieve the socio-economic functions of the state"
2005	"Taxation is the set of regulations on the collection of taxes and fees in all forms, direct and indirect, within a system of establishing state revenues by redistributing national income"
2007	"Tax activity is a specific activity in which taxpayers such as individuals and legal entities have the obligation to declare correct information on income and taxable assets that constitute the taxable base"
2008	"Taxation is a complex field, but also very dense, concrete, legal par excellence, because the issue of taxation is based on the legislation adopted in the field and is open to other branches of law"
2020	In our opinion, taxation is an economic category that expresses relations of distribution of a share of the revenues of taxpayers like individuals and legal entities, which are mobilized in the form of tax revenues to the single consolidated state budget and then redistributed in the form of budget expenditures. In which the state provides controlling in order to meet certain socio-economic policy objectives.

^b. Source: authors

Taxation has the role of regulating state mechanisms. Taxation acts through specific instruments for calculating and determining levies to the consolidated state budget aimed at achieving the set objectives [14].

In this sense, it is very important the speed of response of the entity to change and adaptation and timely intervention of tactical plans to support and implement strategic plans of economic entities and based on operational plans in which tasks and actions are to support and achieve tactical plans. It is preferable to have a roadmap for unexpected changes. Also, the higher the efficiency of the activities of the economic agents, the more we talk about an increase of the gross domestic product which results in the increase of the withdrawals from the public financial funds. Tax revenues

consist of direct and indirect taxes which, after being collected from taxpayers, form the state budget.

Direct taxes are individualized by the fact that they have a direct character, are established nominally in charge of individuals and legal entities depending on their income or wealth and have payment terms established by law.

Indirect taxes are taxes applied to goods and services and subsequently included in those prices. These taxes are ultimately paid by consumers, albeit through the seller. Indirect taxes are levied when selling goods or providing services.

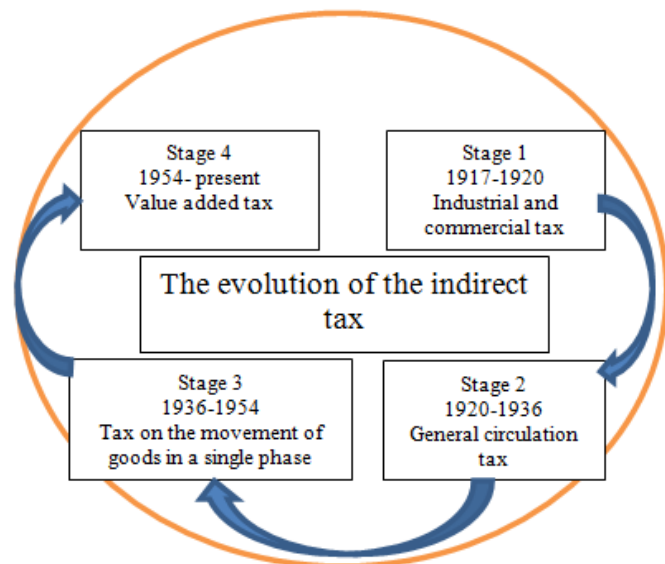


Fig. 1. Evolution of the indirect tax

Value added tax has gradually emerged in various countries of the world as a system with an increasing application to goods delivered and services provided. The contemporary economy approves and promotes taxation and taxation policies at national level, at community, union, etc. level. The approach to taxation in the current conditions becomes the workhorse of each state, and the government has the task of tax collector and also as a trainer of taxes and tax rates. In modern society, taxes are operations called mandatory levies or payment obligations of individuals and legal entities, and special government structures are responsible for monitoring their compliance.

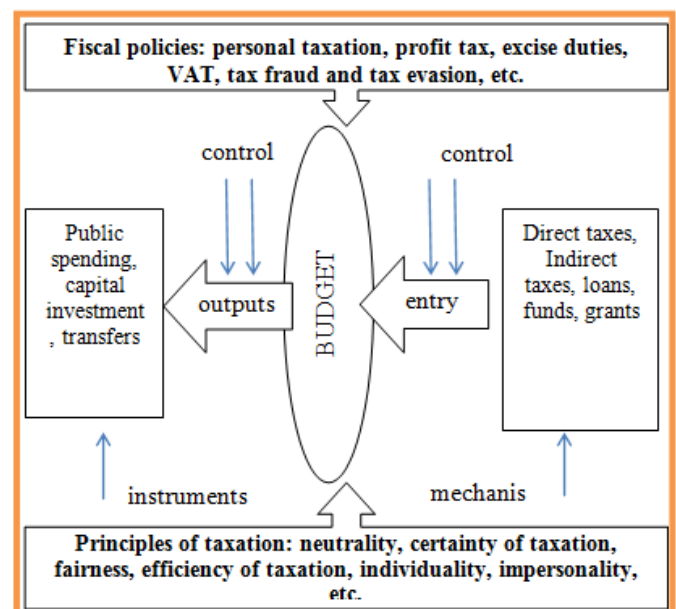


Fig. 2. The contemporary mechanism of functioning of a state's taxation under the systemic approach

Knowledge of taxation is an absolute necessity for any economic culture that must guide, motivate and give impetus. The substantiation of medium and long-term decisions requires knowledge by organizations and the effects of taxation, because the largest share in budget revenues is taxes, contributions and fees, especially since in a market economy predominates the change that leads to new decisions and options, to changes of scenarios regarding the strategic development lines. Taxation represents the financial relations that are established between the state, on the one hand, and the natural and legal taxpayers, on the other hand, who, according to the requirements of the fiscal code, have the obligation to pay taxes,

Among the eight areas of organizational activity presented by P. Drucker, there are also the financial resources that target the sources and resources generating capital on the one hand and the ways of using them.

At the national level of public financial resources, the state is the one that, depending on the policy it promotes, will establish the maximum quantified effort in the amount of expenditures it must cover from the public financial resources procured through the financial policy and the fiscal system practiced. "The tax claim incorporates the right of the state to collect through its fiscal bodies, taxes, fees and other revenues on account of the state budget or in special budgetary funds" [15]

We find that sometimes imbalances can occur in the economy, which requires knowing the degree of satisfaction of public social needs in order to achieve a correct distribution of gross domestic product by destination in order to achieve the strategic objectives of the state.

In order to reach the level of projections on public financial resources, the state must move towards a fiscal system and a fiscal policy that meets the financial objectives

set for the establishment of public financial funds in order to ensure financial balance at scale. national. In order to achieve the major objectives of economic policy on stages of economic development, it is necessary to quickly adapt taxation to the requirements of the moment and the needs of financial resources of the state, and taxation must be seen as a factor of economic stability.

Ensuring the fulfillment of the commitments of natural and legal persons to the fiscal rules of the state goes simultaneously through the prism of its principles. One of which is equity - it is treated vertically and horizontally. Fiscal equity, horizontally, aims to ensure equality before the tax and is achieved when taxpayers with family situations and similar income pay the same tax, and vertically which seeks to achieve equality through taxation and involves differentiating the tax according to a person's ability to contribute. [16] Obviously, the principles of taxation are directly proportional to state policies in this area. The efficiency of taxation is directly proportional to the tax evasion and fraud policies also strongly promoted in the long-term national strategies. At the same time, taxation is the basis for regulating taxes and fees through the Fiscal Code [17].

The basic task of the fiscal body in general is to ensure the fiscal administration, by creating conditions for taxpayers to comply with the law, uniform application of fiscal policy and regulations. In any country, the highest body is the Ministry of Finance.

"Ignorance of the law does not remove the person liable", starting from this phrase, especially for taxpayers who carry out entrepreneurial activity, sooner or later, there is a need to get acquainted with the ways and forms of conducting a tax audit. It is very important for taxpayers to be aware of their rights and obligations when carrying out inspectors within the State Tax Service [18] or other civil servants within another body with fiscal administration responsibilities, within the limits of their competence control. Failure to comply with them, from the incipient phase of fiscal control, may result in some actions to infringe rights or with the application of coercive measures by the bodies with fiscal attribution on economic activity.

V. CONCLUSIONS

In conclusion, we state that taxation is the main pillar responsible for revenue collection in the National Public Budget, which has the obligation to ensure both the improvement of the budget revenue collection process and the increase of public confidence in the tax administration system, by changing the approach to relations. with the taxpayers and by increasing the degree of transparency, taking into account the observance of the legislation in the field of data protection, thus, its activity consists in exercising control over the observance of the fiscal legislation, over the correct calculation, full and timely payment of the fiscal obligations.

In this context, we mention that fiscal policy and regulations are one of the most important elements of economic management in the state, and its efficient operation depends on creating conditions for taxpayers to comply with the law and monitor the compliance process. Increasingly, the

government has to manage the limited public funds collected through the tax system that depend on the relevant fiscal policies. Currently, the trends observed worldwide imply the increasing importance of fiscal policy in regulating and stimulating various processes at the micro- and macroeconomic level.

On the other hand, the need for qualitative changes in tax administration is dictated by the diversification of relations and forms of cooperation, the improvement of management mechanisms and technological processes, the development of information technologies, but also the imperative to maintain competitiveness in relation to business progress. The consolidation of the market economy is also due to a well-defined system of taxes and fees, established according to the conjuncture requirements of the state and the long-term strategic perspectives.

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