Digitalising the Romanian Tax Authority

Abstract

The existing literature and research has shown that the Romanian Tax Authority "RTA" is a very bureaucratic public institution of the Romanian Government (Drogradan, 2018), that has been going through a reform process started in 2013, in order to be in line with the corresponding institution from the other EU Member States. Since then, the RTA has taken small steps in order to, first of all be closer to the Romanian tax payer, by regionalising the RTA (Drogradan, 2018) and secondly digitalising the RTA systems. This way, the Romanian tax payers can be more compliant with the tax legislation in force and the process of submitting tax returns will be much easier.

The existing literature showed that even though the RTA digitalized the submitting process for the tax payers, it did not have the expected outcome on collecting the taxes from the Romanian tax payers. Moreover, the European Commission has recently published the 2016 EU VAT gap study, according to which Romania lost more than 6 billion euros due to the VAT gap. Annually, the European Commission surveys the VAT collection deficit recorded by the European Member States. What is even more worrying is that comparing to the 2015 study, the Romanian VAT gap has actually increased, despite the decrease of the VAT rate from 24% to 20%.

Therefore, the RTA, "Agenția Națională de Administrare Fiscală (ANAF)", is introducing the Standard Audit File for Tax (SAF-T) VAT transactional reporting by the end of 2020.

Romania is planning to make the transactional data exchange regime mandatory for all VAT registered businesses – resident and non-resident. The project is funded by a grant obtained by Romanian government from the EU.

SAF-T was developed by the OECD in 2005 as a standard scheme for the exchange of transaction data for VAT and other tax reporting purposes. The aim was to have an internationally harmonised data exchange format to help companies efficiently exchange information with the tax authorities. It has been adopted in seven European countries, including: Portugal, Austria, Luxembourg, France, Poland, Lithuania, and Norway. Hungary is looking to be the eighth country in the following two years. In addition, Poland has already announced plans to drop the requirement for VAT returns, replacing it with SAF-T submissions.

This paper presents a future project that will be implemented by the RTA regarding the digitalisation of VAT transactional reporting, and will go in-depth of the outcome of different countries that already implement such system.