

**ESTIMATION OF THE FINANCIAL-FISCAL CONTROL EFFECTIVENESS
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Financial control must be carried out on the basis of well-established unitary procedures, which ensure the optimal general framework for the observance of the rights and obligations devolve upon, during the control, both to the taxpayers and to the financial control bodies. The efficiency of financial control involves the observance of unitary rules of action and the adoption of procedures, techniques and modalities, or the use of specific control tools. The purpose of this paper is to estimate the level of effectiveness of fiscal financial control in Moldova, given the magnitude of the tax evasion phenomenon registered in this country, in order to signal the role and importance that should be given to financial control by the legislator.

Key words: *financial-fiscal control, fiscal administration, tax evasion, control procedures*

JEL Classification: *M41*

I. INTRODUCTION

In the current conditions of the market economy, the tax specialists consider that, if the economic and fiscal laws on the one hand, and the organization and endowment of the financial control apparatus on the other hand were better designed, two extremely important things could be achieved. Regarding the combating of economic crime, namely:

- reducing tax evasion (liquidation being practically impossible) and creating a balance between members of society, in order to consolidate the middle class of the population, to accumulate income, while maintaining a central or local budget as balanced as possible, achieved mostly through their contribution;
- the decrease of the fiscal pressure among the taxpayers, which will eventually lead to a decrease of the tax evasion.

The best way to achieve these goals is to continue to improve the tax system to respond permanently to market developments, based on low marginal rates, levied on a broader tax base. An effective way to combat tax evasion is also the concern to focus taxes on areas that can be pursued by tax authorities at the lowest possible cost. In support of this statement is the fact that income taxes based on the assessment by taxpayers, bring to the budget less revenue than those directly withheld by the state. For example, VAT offers lower possibilities for tax evasion than individual consumption taxes and, at the same time, encourages producers to collect the tax, by having the possibility to deduct or refund the tax paid on supply.

According to the legislation, the control system in the Republic of Moldova includes the external financial control body, the specialized internal financial control bodies and the audit firms, respectively (see Figure 1):

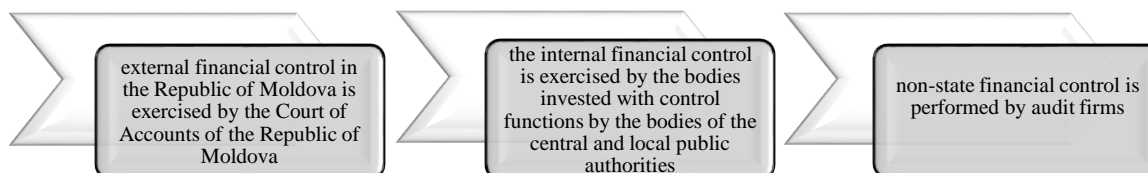


Figure 1 - Control system in the Republic of Moldova

Source: Adaptation of authors after Carapunarli, 2010: 59

In the opinion of Caprian (2010a: 244), economic, financial and management control must be supported by an appropriate legal basis, represented by normative acts regarding the organization and functioning of different specialized control bodies, regulation of institutionalized organizational forms of control and specification of

technical aspects of issues subject to financial and management control (such as, for example, tax legislation).

The direct realization in practice of the financial control activity is based on a series of principles and functions of maximum generality which, regardless of the changes supported in political, economic, social conditions existing at a given moment, allow the efficient use of public and private resources (Caprian , 2010b: 249).

Thus, in order to establish the methods to combat tax evasion, it is necessary to determine the causes that generate it and the effects produced by this phenomenon. Among the causes underlying tax evasion are the excessive tax burdens and the inadequacy of citizens' education. Excessive tax burdens are found in the extent of tax evasion. In this respect, the efficiency of a tax system consists "in the degree of consent to the tax. Insufficient tax education of citizens also has effects on increasing the phenomenon of tax evasion. In the same sense, it should be mentioned that the lack of control performed by qualified personnel and the gaps in tax legislation may lead to amplification of the effect of tax evasion" (Amarița, 2017: 6). The consequences of tax evasion harm both the state and the taxpayers, because the state does not receive the income necessary for its activity, and the taxpayers bear higher taxes on lower incomes.

It therefore assumes that if the chances of being subject to tax control or the severity of the punishment obviously increase the propensity to evade the payment of some taxes and the gain that an individual hopes to obtain from the evasive action decreases.

However, this effect also depends on the individual's attitude towards risk. Among the "banks" of economists, it is a good rule to say that the effectiveness of announcing a new control campaign and a certain sanction is all the stronger the lower the risk tendency of a certain individual or a certain population.

II. IMPROVING THE EFFICIENCY OF FINANCIAL-FISCAL CONTROL IN REDUCING ECONOMIC CONTRIBUTIONS

The efficiency of the financial-fiscal control largely depends on the control techniques and procedures, on the normative-legal means or on the ways of recovering the fiscal revenues found by the control as being evaded from payment (Jeflea, 2011: 11). Financial-fiscal control aims to identify "ideal things, find practical realities and compare them, the ultimate goal being to establish measures to eliminate non-compliance and improve future activity, the financial audit has the mission to collect evidence to be able to express their opinion regarding the regularity and fidelity of the financial-accounting records, ensuring that the financial reports offer a correct and complete image of the patrimony and the result of the exercise "(Moroșanu, 2013: 47).

According to Tudose & Străpuț (2017: 120) financial - fiscal control "is integrated into a wider set of activities for the administration of tax receivables along with: tax registration, declaration, establishment and collection of tax receivables, issuing tax administrative acts, resolving appeals against fiscal administrative acts, the assistance / guidance of taxpayers / payers and the application of sanctions, corresponding to the gravity of the facts and the legal framework in force, in case of finding the fiscal or accounting illegality".

The fight against economic crimes can be achieved by correlating the control activity of the central and territorial fiscal bodies of the Ministry of Finance, with that of the police, prosecutor's office, prices and protection of competition (see https://www.cna.md/public/files/studiu_crime_economice.pdf).

Organizing on the principles of efficiency of financial control is a way to combat and limit economic crimes. Therefore, the specialists from the Ministry of Finance consider that the elimination of the deficiencies found in the development of fiscal control implies the creation of a single control apparatus, both at central and local level, to deal with forms and methods of tax evasion and economic crimes in general, both procedurally and practically. Financial control includes control over compliance with financial and economic legislation in the process of formation and use of funds, financial assessment of economic efficiency of financial and economic operations, rationality of expenditures and estimation of financial possibilities and business plans of enterprises (Cernit, 2010: 127).

The main objective of this single control body must be to ascertain the deviations committed by natural and legal persons with regard to:

- The real ascertainment of the obligations towards the central and local budget;
- The correct keeping, based on the legal documents, of the financial-accounting and fiscal records;
- Guidance for natural and legal persons (taxpayers), in order to comply with economic and fiscal laws.

The single control body set up at municipal level must have the competence to verify all natural and legal persons authorized within the municipality, except those which, based on turnover, are classified as "large taxpayers", their verification being carried out by the single central fiscal control body within the Ministry of Finance.

An important aspect in finding economic crimes is the particularly serious cases, such as: smuggling, fraudulent bankruptcy, embezzlement, illegal trafficking, movement of goods without legal documents, situations in which a special contribution is brought by: National Anticorruption Center (CNA), Customs Surveillance Directorate and Economic-Financial Police Directorate. These, by sending to the fiscal body the control acts, contribute to the capitalization as fast and efficient as possible of their debiting, as well as to the pursuit and collection of the obligations due by the taxpayers to the local or central budget. It is necessary that there be collaborative relations between these control bodies, leading to the elimination of the existing difficulties, by putting into practice the most efficient solutions. But the requests made by the law enforcement bodies, the control body within the Ministry of Finance, must be sufficiently substantiated, filtered, so that time and attention can be given to special cases. Failure to comply with these two conditions leads to a waste of control capacity and a decrease in the efficiency of actions.

In the Republic of Moldova, elements of the French tax system are used to resolve fiscal differences, which allows solving problems within the Tax Service (Caprian & Doga-Mirzac, 2016: 124). In the conditions of restructuring and modernization of the financial system in the Republic of Moldova, subordinated to the requirements of the market economy, the Court of Accounts was established, which monitors the management of public finances, special funds and public credit (Codreanu, 2019: 126).

In this sense, the fact that the criminal investigation bodies sometimes request the performance of financial-fiscal controls, without the existence of concrete causes and arguments, with a small degree of generality, in which, in most cases, they do not lead to concrete and conclusive results in elucidating the cause.

We mention the idea that the efficiency of fiscal control will be much higher if the emphasis is on preventing the evasions phenomenon, which depends not only on the taxpayer's awareness and seriousness, but perhaps, rather, on creating coherent and fair tax laws. decreasing fiscal pressure and increasing the level of economic and social development. The efficiency of fiscal control is directly dependent on maintaining a rigorous economic and financial climate, and not on the volume of deviations and sanctions applied, but also on "creating specific legislation adapted to the market economy and aimed at reducing fiscal pressure" (Amarita, 2017: 19). It can be stated that the acts of tax evasion that must be sanctioned by the rigor of the law, represent in the end, not only deficiencies of the economic-financial activity, but claims of the control apparatus, which did not use all methods, so as to prevent as much as possible, the manifestation of these negative aspects.

Carrying out a rigorous control, which would really allow the limitation of economic crimes, must be carried out on the basis of control procedures (fiscal, financial, customs, foreign exchange, etc.) specific to the Ministry of Finance, procedures to be adopted and applied by all bodies abilitated by the legislature and the executive to carry out control, and, in particular, fiscal control. This condition derives from practical reasons, which show that in the control activity there are some bodies that carry out their activity after different control procedures. Last but not least, when we refer to the fight against economic crimes using as leverage an efficient economic-financial and fiscal control, we must also consider a future investment in the training of the specialists who carry out this activity. Concluding in connection with the presented aspects, we can state that, indeed, the establishment on new bases, in conditions of efficiency and professionalism of the development of economic-financial and fiscal control, can be a safe method of limiting tax evasion, taking into account, at the same time, by two essential characteristics of the human factors involved: respect for territoriality and ethics between taxpayers and the budget and, on the other hand, the intransigence, professionalism and loyalty that tax inspectors and controllers must show.

III. EFFICIENCY OF TAX CONTROL IN THE ELIMINATION OF TAX FRAUD

In the light of the new coordinates, the financial-fiscal control must be analyzed in terms of organization (domestic and international), policies and procedures used, for world governments to achieve, fairly, the objectives assumed (Isac, 2016: 169).

The main mission of any tax administration is to collect the correct amount of taxes and fees and other contributions owed by taxpayers to the public budget, with minimal costs for both the administration and the taxpayer. The tax administration is the one that must ensure the application and observance of the financial-fiscal legislation by the taxpayers. The purpose of any modern tax administration is to achieve the highest possible degree of voluntary tax compliance of taxpayers. Fiscal control, along with taxpayer information and education, is one of the main tools for improving voluntary tax compliance. In the past, fiscal control was mainly focused on attracting additional amounts to the state budget, being perceived by taxpayers as a coercive means of the state on them. In recent years, all tax administrations in economically developed countries have shifted from the quantitative side of fiscal control to the qualitative side. Now, the tax administration treats taxpayers as "business partners", they are seen as "customers" of the administration. In this sense, the Republic of Moldova needs to reform the entire tax system, and public authorities must have a different vision for taxpayers.

Fiscal administration can be considered as an economic category, which is an integral part of the concept of "fiscal policy" and is the object of study of economic theories, taking into account the role of the state in regulating economic processes (Criclivaia & Certan 2015: 2). Emphasizing the role of the state in regulating economic and social processes determines the importance of fiscal administration not only as a way to provide the state with the necessary financial resources, but also as an element of the mechanism of state intervention in the economy. In this sense, tax administration is an important area of scientific research, both practical and methodological.

The detailed description of the organizational-economic mechanism of fiscal control allows us to conclude that, based on certain principles and fulfilling concrete functions, fiscal control appears in several forms and is achieved through control methods. Currently, the emphasis is not only on the quantitative side of fiscal control, but also on the qualitative side, on its role in complying with taxpayers in the voluntary payment of tax obligations.

Analyzing the types of fiscal control and the level of their resultativity, it turned out that the most resultant are the planned fiscal controls. The efficiency of the planned fiscal controls increased substantially from one year to another following the implementation of the mechanism of pre-selection of taxpayers for control (Cojocaru & Rotaru, 2014: 111). Depending on the purpose of the control, these methods can be applied during the fiscal control at the taxpayer's headquarters (on-the-spot control) or during the control performed at the tax office (see <https://www.pwc.com/md/en/publications/Assets/md-tax-guide-2015.pdf>). Thus, only the taxpayers are checked, who commit the most frequent fiscal violations, increasing the accuracy of detecting the fiscal violations at a fiscal control. In the Republic of Moldova, there is no legislative basis developed for the application of indirect methods.

Legislating the possibility of recalculating the tax liability based on the information presented by the tax stations is a very effective method of detecting and preventing cases of tax evasion and a first real attempt to apply in practice the indirect methods of determining tax obligations.

The basic task of the fiscal control planning system is to classify the taxpayers according to the priority of performing the control based on the analysis of the degree of risk at national level. In order to ensure the efficiency of the planning and organization of fiscal controls, it is necessary to continuously improve the assessment of the level of risk, taking into account the results of controls performed, which are subsequently processed to reveal other factors that may influence the correctness of the assessment risk, and, with the essential reduction of the tendency to violate the tax legislation, the statistical methods for determining the risk factors will be gradually applied. The risk formulas are constantly updated, by developing new ones and by eliminating those that are no longer effective. The priorities of this program are that it can be permanently completed without being affected in essence, and the addition of new risk factors does not affect existing ones.

Following the analysis of the fiscal practice of some developed states, we can conclude that the methods of organizing fiscal control, in most states, are based on clear principles and mechanisms, which are regulated by law. Thus, these principles are observed by both tax officials and taxpayers. The basic concept of the activity of the control bodies focuses on the idea that "paying taxes must be convenient". Taxpayers must also be informed about where and for what public money is spent.

In order to exercise the function of fiscal control and ensure transparency in the activity carried out, the State Fiscal Service (SFS) pays special attention to the forced compliance of taxpayers.

In this context, during 2019, the SFS carried out 48,346 fiscal controls, as a result of which 225.28 million lei were calculated in addition to the budget, including the amounts calculated by methods and indirect sources amounting to 539.8 million lei, of which collected - 158.1 million lei. SFS, according to the risk criteria, approved the list of 882 taxpayers, and according to the monthly lists, 379 controls were planned.

As of December 31, 2019, the level of execution of control plans was 100% for both the annual and the monthly control plan. For 2019, 1,130 fiscal controls were performed with the adoption of decisions on cases of fiscal violation, of which the resulting 1,079 fiscal controls, respectively the result of the planned fiscal controls constitute 96%. In 2019, following the performance of the Operational Fiscal Control Departments within the SFS of 15,694 fiscal controls through the method of operative verification, sanctions in the amount of 39.3 million lei were applied. The complex fiscal control actions carried out by the STS, according to the risk analysis, were focused on the following areas (see Figure 2):

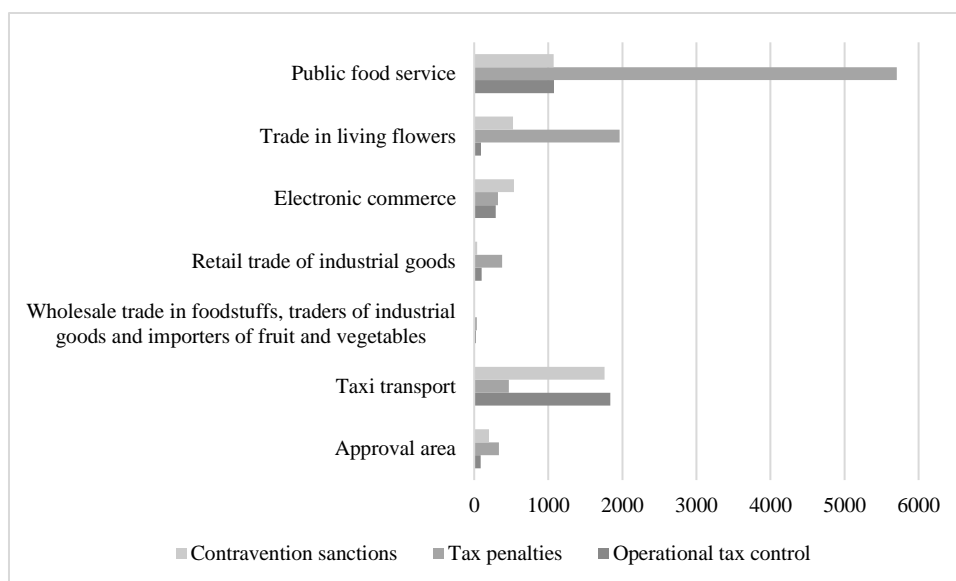


Figure 2 – Fiscal control actions undertaken by SFS in 2019

Source: Authors processing after:

<https://www.sfs.md/Upload/LinkedPDF/Raport%20de%20activitate%20machtetat-vers%20V.pdf>

The efficiency of financial control is achievable by creating a system of financial control that would allow the exclusion of corruption from auditors even if they are prone to be bribed (Maximilian, Caprian & Filip, 2010: 258). From the international experience of conducting tax amnesties, it was observed that the success of the amnesty was largely ensured by the undertaking by state governments of measures aimed at disciplining taxpayers. The way of exercising the financial-fiscal control varies from one country to another. For example, in Ireland, these measures have been manifested by the substantial increase in fines and penalties for tax evasion, the persistent pursuit of tax debts, including by forcing financial institutions to allow access to confidential information about its customers. The Republic of Moldova has followed the same path, tightening, through the Law on amending and supplementing some legislative acts, the way of punishing taxpayers who violate the tax legislation. In accordance with the nominated law, a harsher sanctioning system was approved, merging a series of fines with increasing their amount.

Considering the above, we can generalize that, in order to ensure the success of the tax amnesty in the Republic of Moldova, it is necessary to create the conditions for ensuring the compliance of taxpayers with the voluntary payment of tax obligations, which is the most problematic.

Moreover, we consider that it is necessary to supplement the tax legislation with clear criteria, regarding the methods and indirect sources of determining the tax liability. In particular, it would be necessary to draw up a regulation for internal use for tax authorities, indicating the possibilities for applying indirect methods in various branches of the national economy. The results obtained by the tax stations could serve as priority criteria; personal property of the founders and leaders of the enterprise; social status and standard of living of founders and leaders, etc. If we refer to the fact that the methods and indirect sources of estimating the fiscal obligation are used in the process of selecting taxpayers for control, for their more efficient use it is necessary to regulate, by law, the relations between the fiscal administration bodies and the bodies involved in providing the necessary information (statistical bodies, cadastral bodies, etc.). It is necessary to develop an information base that would allow the storage, processing and analysis of information needed to determine tax liabilities through indirect methods and sources. It is also necessary to implement the progressive elements of international practice in this field in the Republic of Moldova.

Also, in order to detect tax violations at the early stages of the economic agent's activity, it is proposed to organize the control over the quality of the documents submitted by the taxpayer since the registration stage of the economic agent. This refers to the verification of the fiscal discipline of each founder, director, accountant, based on the information existing in the database of the Integrated Initial Flight Plan Processing System (IFPS) in the periods before the founding of the new enterprise. At the same time, in order to improve the mechanism of pre-selection of taxpayers, we propose the elaboration of new risk formulas, which would allow the assessment of the

level of tax evasion by branches of activity of the national economy. This would make it possible to combat tax evasion by economic operators, who, by failing to pay their taxes in full, reduce the delivery price of the products. In this case, the state would direct the economic processes, creating similar conditions for all agents.

By reorienting the fiscal control towards the economic agents with the highest degree of risk, the state supports the economic agents, which do not violate the fiscal legislation. Thus, taxpayers, who honor their tax obligations on time and in full, are placed in more favorable conditions than economic agents, who are sanctioned for tax evasion. Following the tax amnesty, the amounts of tax sanctions have been considerably increased and the harshest will be punished economic agents who, in various ways, reduce the tax base. In these circumstances, we propose the wider use of tax administration mechanisms in developed countries (especially the USA and France). In particular, we propose the delimitation of taxpayers in several categories, depending on their degree of fiscal discipline and granting certain additional facilities to the most disciplined (wider tax consultations, the possibility to participate in drafting legislation, reducing the number of tax controls of their activity, free organization of seminars on the popularization of tax legislation, etc).

Regarding the application of the system of indicators in the territorial state fiscal inspectorates for determining the efficiency of the control activity, within each territory, it is necessary to delimit more concretely some indicators, in terms of the efficiency of carrying out chamber fiscal controls and with travel on the spot to a fiscal official who performs fiscal controls. Thus, an important problem for raising the efficiency of the control activity is the lack of "fiscal culture". It is necessary to take over the practice of developed states in this field and create the conditions for establishing collegial relations between tax officials and taxpayers.

In the conditions of the fiscal amnesty, spent in the Republic of Moldova, the state is forced to look for sources to supplement the budget revenues. Thus, the criterion of detecting additional income and voluntary payment to the budget will serve as an incentive for taxpayers, especially in conditions where the penalty for violating tax legislation is high. The collaboration of the fiscal bodies with the taxpayers must become, in this case, a priority objective.

In order to ensure the successful fiscal amnesty in the Republic of Moldova and to avoid the accumulation of new fiscal debts to the budget, in large proportions, it is necessary to carry out large-scale structural reforms. First of all, it is necessary to create favorable working conditions for economic agents by stimulating those economic agents who did not have the possibility to benefit from the fiscal amnesty, being disciplined taxpayers. Following the tax amnesty, these economic agents were placed in less advantageous conditions compared to the economic agents whose considerable debts to the budget were canceled. Secondly, it is necessary to improve the mechanism of tax administration in order not to allow the accumulation of tax arrears and to reduce the degree of "obsolescence" of tax violations. In this sense, it is useful to perform a permanent and systematic analysis of the level of efficiency of fiscal control in the Republic of Moldova.

IV. CONCLUSION

Based on the investigations we conclude the following that the efficient functioning of the economy of the Republic of Moldova is a way of managing financial flows in the country; it is a means of counteracting economic contraventions; it is a component part of economic security. Financial control, as a practical process, in the Republic of Moldova has a moderate theoretical support. In the financial control system in the country there are certain successes in the process of its efficiency, including performing analyzes (debts in the budget, share of debts in special purpose funds), summaries, establishing general control principles; in the systematic control processes the legislative, normative basis is implemented. Financial control in the Republic of Moldova is the only means of detecting hidden income, money laundering, promoting the check payment policy instead of cash payment. The financial control structures in the Republic of Moldova have achieved considerable success in the control activities, but they have a great need for analytical, theoretical elaborations, efficient control and sanctioning methods.

Financial control can be detailed based on three aspects: the economic aspect - represents the minimization of the cost of resources allocated to achieve the estimated results of an activity, while maintaining the appropriate quality of these results; the aspect of efficiency - consists in maximizing the results of an activity in relation to the resources used. In practice, efficiency can be expressed as the ratio between the results obtained in the form of goods and services and the resources used for their production; the aspect of effectiveness - represents the degree of fulfillment of the objectives programmed for each activity and the ratio between the projected effect and the effective result of the respective activity.

The measures proposed in order to raise the efficiency of the fiscal control allow both the increase of the fiscal obligations paid voluntarily to the budget, and the elimination of the contradictions between the taxpayers and the fiscal bodies. These measures must be developed in accordance with the objectives of fiscal policy, the

priorities of fiscal administration, they must be scientifically argued and, finally, they must contribute to raising the level of tax revenues.

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