

THE FISCAL APPROACH OF THE ENTREPRENEUR IN ROMANIA - BETWEEN LIMITED LIABILITY COMPANY AND AUTHORIZED NATURAL PERSON

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Abstract

In a modern society where the well-being of citizens is pursued and the premise that the development of entrepreneurship has an important contribution to make is taken into account, the state authorities must maintain collaboration and communication with the business environment, so that the adopted fiscal measures would not exert pressure on it, thus cancelling out the effects pursued by these measures, in this case increase the level of budgetary resources. Unfortunately, the Romanian entrepreneur has to keep up with the constantly changing accounting and fiscal changes, so as to ensure a sustainable cash flow and to pay as few taxes and duties as possible (within the limits of the law) and to financially support his current activities of the company. The paper presents a comparison of the existing tax options in 2023 for entrepreneurs in Romania, showing interest for the business environment and specialists in the field.

Keywords: *Entrepreneurship, taxes, limited liability company, authorized natural person*

JEL Classification: *H25, L26*

I. INTRODUCTION

Entrepreneurship can play a key role in creating new jobs and supporting economic growth (Acs, 2006). This is because entrepreneurs are opening new business activities, saving resources, improvising solutions, and offering innovative products and more efficient services to meet customer demand.

Entrepreneurship offers diverse career and income-generating opportunities (Adenutsi, 2009), which encourages both job seekers and those who have certain knowledge, skills, and abilities to use them effectively. This contributes to the growth of the economy and the development of various sectors.

Entrepreneurship also helps the economy diversify into products and services by introducing new products and strategies in certain areas. This contributes to improving competitiveness, and stimulating economic growth, under conditions of efficiency (Morosan-Danila, 2022). A good diversification of the products and services offered makes more alternatives available to consumers and allows them to make informed decisions.

Entrepreneurship also promotes competition by stimulating product and service innovation and high-speed product acquisitions and investments (Kirzner, 2015; Matusik, 2016). This helps to streamline production and reduce costs, which contributes to the creation of new economic opportunities.

Driving from the role of the entrepreneurship, the paper has as objective to present and analyse the fiscal opportunities currently existing in Romania for people who want to start a business.

II. IMPLICATIONS OF CHANGES TO THE FISCAL CODE ON THE BUSINESS ENVIRONMENT IN ROMANIA

In the period 2013-2022, based on the data presented by National Agency for Fiscal Administration (ANAF) regarding the number of active taxpayers classified as microenterprise income tax payers, a significant increase can be observed starting from 2017, so that from 435,869 such enterprises in year 2013, reached at the end of 2022, a number of 912,875 (109.43% increase).

This increase took place in the context where the ceiling of annual revenues up to which an enterprise is included in the category of micro-enterprises underwent numerous changes, from 65,000 euros in 2013, reaching 1,000,000 euros in 2022. Small enterprises had the opportunity to opt for the payment of income tax or profit tax. Created to promote a simple tax system and reduce the phenomenon of tax evasion, the microenterprise income tax was perceived by entrepreneurs as an advantage, as it had low administrative costs. This type of taxation can, however, become a disadvantage in periods of investment or when the micro-enterprise registers losses.

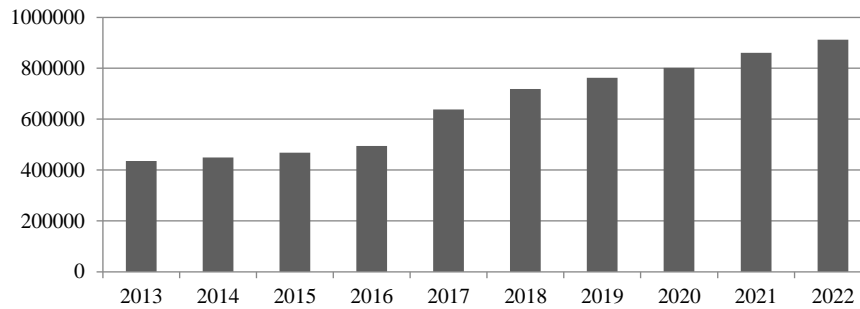


Figure 1. The evolution of the number of LLC active micro-enterprises during 2013-2022
Source: Author's own elaboration according to Fiscal Statistics Bulletin collection

Another eloquent example of the influence of changes in the [Fiscal Code](#) on the decisions of entrepreneurs is that of 2018, the year of the so-called “fiscal revolution”, when social contributions were transferred from the responsibility of the employer to that of the employee, the tax on income from independent activities decreased from 16% to 10%, and social contributions related to income from independent activities are calculated at the level of the minimum wage in the economy (until then, the basis of calculation was the realized income). The consequence in the case of the transfer of contributions was that entrepreneurs were forced to renegotiate the employment contracts of the employees (for them to collect the same net incomes, the gross salaries had to be increased by about 20%), which required a consumption of time and resources, on the other hand, the changes aimed at independent activities were an advantage.

One of the most recent normative acts that brings changes to the [Fiscal Code](#), and which, through the fiscal measures adopted, can have a significant impact on the business environment in Romania, is [Ordinance no. 16/2022](#), published in the Official Gazette no. 716 of July 15, 2022.

The reasons behind the adoption of these changes are, among others, compliance with Component C8 “Fiscal reform and pension system reform” and R4 “Fiscal framework review” from the National Recovery and Resilience Plan (PNRR), as well as the need to ensure resources of the general consolidated budget.

The low level of Romania's tax revenues (including social contributions), of around 26% of GDP (compared to the average of over 40% in the EU), has as consequences both a vulnerability of the public budget and a significant decrease in the possibility of to provide society with public services at European standards (health, education, infrastructure, etc.). This low level is directly related to the dynamics of the budget deficit. A series of factors that constantly reduced public budget revenues (years of pro-cyclical policies, fiscal/budgetary policy errors, combating tax evasion at a low level, yielding to the interests of certain groups, certain tax optimizations) led to the entry, in March 2020, in the excessive deficit procedure (Romania being the only EU member state subject to this procedure, before the outbreak of the pandemic) ([Morosan-Danila et. al., 2023](#)). Both this procedure of excessive deficit and the economic situation of Romania itself made necessary a change of approach regarding the budgetary policy, as well as the taking of measures leading to a correction of the budgetary imbalance.

III. THE MAIN CHANGES BROUGHT TO THE FISCAL CODE BY OG 16/2022

By Ordinance no. 16 of July 15, 2022, several important changes were made in the field of taxation, the most important referring to:

- Profit tax - The tax exemption also applies to the profit reinvested in the assets used in the production and processing activity, or those representing retechnology (these were established by [Order no. 4636/2022 of 30.12.2022](#));
- Dividend tax - The tax rate on dividends paid to legal entities, as well as those collected by individuals, increased from 5% to 8%;
- Tax on the income of micro-enterprises - The notion of micro-enterprise is redefined, in the sense that:
 - the maximum income ceiling up to which a legal person can be a micro-enterprise decreases from the equivalent of 1,000,000 euros to 500,000 (applies starting with the incomes registered from the beginning of the fiscal year 2023);
 - these revenues must be other than those from consulting or management, of at least 80% (with the exception of revenues from tax consulting);
 - there must be at least one employee with a full-time individual employment contract;
 - shareholders/associates do not hold more than 25% of the value/number of shares or voting rights in more than three micro-enterprises;
 - micro-enterprises, by option, can also be legal entities that carry out activities in the HORECA field (thus, the specific tax for these activities disappears);

- this category excludes legal entities that carry out activities in the field of banking, insurance/reinsurance, gambling, exploration, development, exploitation of oil and natural gas deposits;

- the tax on the income of micro-enterprises becomes optional: newly established legal entities, by complying with the condition regarding shareholders/associates and by full-time employment of at least one employee within 30 days of establishment, and legal entities that, after the date of January 1, 2023 there were no more micro-enterprises, starting the following year;

- the single tax rate for micro-enterprises is 1%;

- the order of reduction from the micro-enterprise tax of fiscal facilities is imposed: the amounts related to sponsorships, the cost of purchasing the cash register, the tax reduction in connection with the maintenance/increase of own capital;

- Income tax:

- the ceiling up to which employees in the field of construction and in the agricultural and food production sectors benefit from income tax exemption is reduced to 10,000 (starting with the income related to the month of August 2022);

- the ceiling up to which income from independent activities can be taxed at the income rate is reduced to 25,000 euros (from 100,000 euros until 2022).

A series of benefits received by employees from their employers are exempt from taxation, up to a monthly limit of 33% of the related basic salary, namely:

a) additional benefits received by employees based on the mobility clause according to the law, other than those provided for in art. 76 para. 2 lit. k, within the limit of 2.5 times the legal level established for the delegation/posting allowance, by Government decision, for the staff of public authorities and institutions;

b) the value of the food provided by the employer for its own employees, natural persons who earn income from wages or similar to wages, in other situations than when, according to the relevant legislation, it is prohibited to bring food into the premises, as provided for in the employment contract or in the internal regulations, within the limit of the maximum value, according to the law, of a meal ticket/person/day, provided for on the date of award, in accordance with the legislation in force (except for meal tickets);

c) accommodation and the value of the rent for accommodation/living spaces made available by employers to their own employees, natural persons who earn income from wages or similar to wages, as provided for in the employment contract or in the internal regulations, within the limit of 20% non-taxable of the gross minimum basic salary per country guaranteed in payment/month/person, under certain conditions;

d) the consideration for tourist and/or treatment services, including transport, during the leave period, for own employees and their family members, granted by the employer, as provided for in the employment contract, the internal regulations, or received on the basis of certain laws special and/or financed from the budget, within the limit of an annual ceiling, for each employee, representing the level of an average gross salary used to base the state social insurance budget for the year in which they were granted;

e) contributions to a voluntary pension fund according to [Law no. 204/2006](#), with subsequent amendments and additions, and those representing contributions to optional pension schemes, qualified as such in accordance with the legislation on optional pensions by the Financial Supervisory Authority, administered by authorized entities established in member states of the European Union or belonging to European Economic Area, borne by the employer for its own employees, within the limit of 400 euros per year for each person;

f) voluntary health insurance premiums, as well as medical services provided in the form of a subscription, borne by the employer for its own employees, so that the annual equivalent in lei of 400 euros for each person is not exceeded;

g) the sums granted to employees carrying out telework activities to support utility expenses at the place where the employees work, such as electricity, heating, water and data subscriptions, and the purchase of furniture and office equipment, within the limits established by employer through the employment contract or the internal regulation, within the limit of a monthly limit of 400 lei corresponding to the number of days in the month in which the natural person carries out telework activity. The amounts are granted without the need to present supporting documents.

- the basic personal deduction is changed, in the sense that it is granted to natural persons who have a gross monthly income of up to 2,000 lei above the level of the gross minimum basic salary per country guaranteed in payment approved by Government decision in force, and the additional personal deduction is established by applying specified percentages to incomes that fall within certain intervals that have as a reference the minimum gross salary for the economy; also, an additional deduction of 15% is granted from the gross minimum basic salary per country guaranteed in payment for employees up to the age of 26, whose salary income does not exceed the level of up to 2,000 lei above the level the gross minimum basic salary per country, as well as 100 lei per month for working parents, for each child up to the age of 18, if he is enrolled in an educational unit;

- for the income obtained from the transfer of the use of the goods (other than the income from the lease and from the rental for tourist purposes of the rooms located in personally owned homes) the flat-rate share of expenses of 40% of the gross income is eliminated, the gross income thus becoming taxable income in its entirety;

the persons who make such incomes have the obligation to register the rental contracts, as well as the changes made to them subsequently, if applicable, with the competent fiscal body, within 30 days from the conclusion/production of the changes.

- Social security contribution (SSC):
 - the social security contribution owed by natural persons who obtain income from wages or wages assimilated to wages, based on an individual full-time or part-time employment contract cannot be lower than the level of the social security contribution calculated by applying the SSC quota on the gross minimum basic salary in force in the month for which the social insurance contribution is due, corresponding to the number of working days in the month in which the contract was active (starting with the income related to August 2022);
 - certain limits are established for the incomes made by natural persons from independent activities or from activities provided for in art. 155 para. (1) lit. a), b) and f), limits according to which the basis for calculating the due contribution is established, as follows: for incomes up to 12 minimum wages, the payment of SSC is not mandatory, but it can be opted for, the basis for calculation being the level of 12 minimum wages, for incomes located in the range of 12-24 minimum wages, the basis of calculation will be the level of 12 minimum wages, and for those that exceed 24 minimum wages, the basis of calculation is at the level of 24 minimum wages;
 - Health social insurance contribution (HSIC)
 - the minimum limit from which natural persons who obtain income from the activities provided for in art. 155 para. (1) lit. a), b) and f) of the [Fiscal Code](#) are obliged to pay the HSIC is set at the level of 6 minimum gross salaries per country, and in this case, as in the case of the SSC, there are a series of ceilings for establishing the calculation base of HSIC: the level of 6 gross minimum wages per country for incomes between 6 and 12 gross minimum wages per country, the level of 12 gross minimum wages per country for incomes between 12 and 24 minimum wages, respectively the level of 24 gross minimum wages per country for incomes exceeding 24 gross minimum wages per country;
 - HSIC is due for employees with a part-time individual employment contract in a similar way to SSC;
 - Value Added Tax (VAT):
 - the rate of 19% VAT is established for non-alcoholic beverages classified under NC codes 2202 10 00 and 2202 99 (those with added sugar);
 - there is a 9% rate for accommodation and restaurant services (with the exception of non-alcoholic beverages, for which the rate has been increased to 19%);
- According to the Ministry of Finance, the budgetary impact for 2023 of the above fiscal policy measures is around 9.7 billion lei (0.62% of GDP).

IV. COMPARATIVE STUDY ON THE FORMS OF ORGANIZATION OF ECONOMIC ACTIVITY IN ROMANIA

The existence and operation of an enterprise takes place in an environment where the state, through its fiscal institutions, makes its presence felt by calculating and formulating claims and obliging economic agents to pay their tax duties in compliance with a set of laws, decisions, regulations, orders, and circulars that were issued, published, repealed in whole or in part, republished, added, revised, redefined, suspended, etc. ([Nastase & Morosan-Danila, 2016](#)). In such a context there are numerous cases where business decisions are strongly influenced by tax consequences ([Morosan-Danila & Bordeianu, 2021](#)).

In the case of LLCs, from the perspective of the accounting - taxation - management relationship, from the design phase of a business it is vital that the management has in mind the efficient organization and management of accounting in the context of the permanent impact of taxation ([Morosan-Danila & Grigoras-Ichim, 2015; 2020](#)). The company, as a legal entity that earns income, automatically comes under the impact of tax legislation, which requires the timely obtaining of all the information necessary for the correct application of this legislation, both by it and by the state authorities ([Grigoras-Ichim & Morosan-Danila, 2016](#)). These are the main arguments on the basis of which the legislator ([Accounting Law no. 82/1991](#)) established for administrators the responsibility for the organization and management of accounting, as the main source of information, both for permanent knowledge of one's own situation and for establishing taxes, fees, contributions due to the state ([Morosan-Danila & Fercal, 2022](#)). From the entrepreneurial perspective, to the mentioned arguments is added the need to obtain all the information that competes for the configuration and countering of the risk-generating elements, including the fiscal risks that, due to the imperative of the legislation, can seriously affect the very existence of the enterprise ([Grigoras-Ichim et al., 2020; Bordeianu et al., 2021](#)).

A comparison between independent economic activities organized as Authorized Natural Person, Individual Enterprise or Family Enterprise (for all of them using the generic term ANP), enterprises grouped from a fiscal point of view in micro-enterprises (turnover up to 1 million euros and at least an employee on 31.12.2022) and those that have no employees or whose turnover exceeds 1 million euros on 31.12.2022 (hereinafter referred to as profit tax payers) can be done on several levels, as presented in Table 1.

Table 1. Comparison between individual activity and Limited Liability Company

Stage	Exemplification
Establishment costs at National Trade Registry Office	Regardless of whether it is ANP or LLC, if the entrepreneur is in charge of drawing up the documents himself, there are no significant differences: for ANP there are no costs, and for LLC they are approximately 1000 lei. All the necessary information regarding documents and fees can be found on the National Trade Register Office (ONRC) official website. In practice, for the establishment of an LLC some entrepreneurs use the services of a lawyer, which can increase the establishment costs.
Authorization of economic activities and number of employees	The economic activities to be carried out must also be authorized by ONRC, after they are included, each, in one of the related CAEN codes. For independent activities, these are only those for which the holder proves that he has the necessary training (diploma, graduation certificate, certificate of completion of a course or professional experience as an employee) and are limited to a maximum of 5 for ANP, respectively 10 for individual enterprises. Regarding the number of employees, ANP can employ up to 3 employees, and II up to 8 employees, third parties, with individual employment contracts. For LLC, there are no restrictions neither for the number of activities with CAEN code that can be authorized, nor for the number of people that can be employed with an individual employment contract.
Legal personality and patrimony, availability of income	Independent activities do not have legal personality, therefore the patrimony of the ANP is confused with the personal patrimony of the owner (affected patrimony). The liability of the associates within the LLC is within the limit of the own patrimony of the LLC, distinct from that of the founders, i.e. up to the concurrence of the subscribed social capital, but if the associate is also an administrator, he is jointly and severally liable with the company. For independent activities, the earned income is always available to the owner, in the case of LLC the net profit is available to the associates only after the approval of the financial statements, distribution as dividends and their taxation. Starting from 2019, dividends can also be distributed quarterly, not just annually, with the obligation to draw up quarterly financial statements.
Accounting and fiscal management, taxes and contributions	As an independent activity, the management of the economic activity is carried out according to the principles of single-entry accounting. The Register of receipts and payments, the Register of fiscal records is drawn up and the single declaration on income tax and social contributions owed by natural persons is submitted annually. For LLC, the organization of double-entry bookkeeping is mandatory, and the services of a professional accountant are required. At ANP the income tax is 10% and is applied either to the net income, for the activities imposed in the real system (the net income is the difference between the gross income collected and the deductible expenses paid during the year), or to the income rate, if the activity carried out it can be found in the list of activities for which ANAF establishes income norms (depending also on the domicile of the holder). For LLC the tax is determined as follows: - 1% of the total invoiced revenues if the LLC is a micro-enterprise within the meaning of art. 47 of the Fiscal Code (achieves income equivalent in lei of a maximum of 500,000 euros, has at least one full-time employee on 31.12.2022, achieves a maximum of 20% of income from consultancy activities, except for tax consultancy, insurance-reinsurance, in the field the capital market, including intermediation in these areas, and the associations do not hold more than 25% of the shares in more than 3 legal entities with the same micro-enterprise status); - 16% of net taxable profit, determined as the difference between total taxable income and deductible expenses. As for SSC and HSIC contributions, they are due in a similar way, according to net income (ANP) and net dividend (LLC), respectively, with the three ceilings, 6/12/24 minimum wages per economy.

Source: Author's own elaboration

For the comparison between ANP and LLC-microenterprise from the point of view of fees, taxes and contributions, Table 2 computes the salary expenses for a full-time employee, at the level of the minimum wage in the economy established for the year 2023 (according to GD 1477/ 2022), expenses composed of the gross salary and the insurance contribution for work owed by the employer, in the amount of 2.25% applied to the gross salary. For the calculation of salary expenses, it was assumed that the employee has no dependents, so he only benefits from the basic personal deduction (20% of 3000=600 lei). The provisions of GEO 168/2022 were also taken into account, whereby, for full-time employees whose income is at the level of the minimum gross salary guaranteed in payment (where the basic position is), the amount of 200 lei is exempt from income tax and mandatory social contributions.

Table 2. Salary expenses per employee (at the minimum gross salary 2023=3000)

Total gross income	3000
SSC contribution (2800x25%)	700
HSIC health contribution (2800x10%)	280
personal deduction	600
salary tax	122
CAM (2800x2.25%)	63
Total salary expenses/year (12x3063)	36756
Total contributions and taxes related to salaries / month	1165

Source: Author's own elaboration after Decision no. 1.447/2022

After calculating the annual salary expenses, presented in Table 2, it is possible to calculate the point at which the micro-enterprise that has only one full-time employee has a result of 0, i.e. neither loss nor profit (taking into account only the salary expenses and the micro-enterprise income tax), so:

$$x - \frac{1}{100} * x - 36756 = 0 \Rightarrow x = 37127$$

Thus, in the situation where a micro-enterprise has a full-time employee, remunerated with a salary of 3000 lei gross/monthly, obtains annual income of 37127 lei and has no other expenses, it will record 0 profit.

Table 3. Incomes lower than 6 minimum wages per economy

Net income < 6 minimum wages	LLC	ANP (real system)
Income	13000	13000
30% expenses other than salary	3900	3900
Salary expenses (from table 2)	36756	-
Total expenses	40656	3900
Result (income-expenses)	-27656	9100
Tax	130	910
Salary contributions and taxes (from table 2)	13980	-
Total taxes	14110	910

Source: Author's own elaboration

According to the calculations presented in Table 3, when the net income is below the level of 6 minimum wages, the micro-enterprise that has one employee results in a loss, so it cannot be a question of dividends. Thus, the conclusion is that, for annual revenues less than 6 minimum wages and forecasted expenses of 30%, ANP is a more advantageous form of organization.

Table 4. Income between 6 and 12 minimum wages

Net income between 6 and 12 minimum wages	LLC	ANP (real system)
Income	30000	30000
30% expenses other than salary	9000	9000
Salary expenses (from table 2)	36756	-
Total expenses	45756	9000
Result (income-expenses)	-15756	21000
Tax	300	2100
Salary contributions and taxes (from table 2)	13980	-
HSIC	-	1800
Total taxes	14280	3900

Source: Author's own elaboration

As can be seen in Table no. 4, in this case of net incomes located between 6 and 12 minimum wages, as in the case of those below 6 minimum wages, the micro-enterprise registers a loss, so there is no possibility of distributing dividends. From this comparison it follows that, for annual incomes in the range of 6-12 minimum wages and expenses of 30% of income (other than salary expenses), ANP also remains the more advantageous form.

Table 5. Income between 12 and 24 minimum wages

Net income between 12 and 24 minimum wages	LLC	ANP (real system)
Income	70000	70000
30% expenses other than salary	21000	21000
Salary expenses (from table 2)	36756	-
Total expenses	57756	21000
Result (income-expenses)	12244	49000
Tax	700	4900
Salary contributions and taxes (from table 2)	13980	-
Dividend tax	924	-
HSIC	-	3600
SSC	-	9000
Total taxes	14680	17500

Source: Author's own elaboration

Table 5 shows that, in the given example of incomes between 12 and 24 minimum wages, the micro-enterprise registers an accounting profit of 12,244 lei and, assuming that there is only one associate, he will be able to collect dividends, for which he will owe a computed tax of: $(12244-700) \times 8\%=924$ lei.

It follows that the net dividend will have the value: $12244 - 700 - 924=10620$ lei.

This being below the level of 6 minimum wages, and assuming that the associate has no other income, no other contribution will be due. So, in the situation of annual incomes between 12 and 24 minimum wages, with expenses, other than wages, of 30% of income, the micro-enterprise proves to be more advantageous.

Table 6. Incomes higher than 24 minimum wages

Net income > 24 minimum wages	LLC	ANP (real system)
Income	110000	110000
30% expenses other than salary	33000	33000
Salary expenses (from table 2)	36756	-
Total expenses	69756	33000
Result (income-expenses)	40244	77000
Tax	1100	7700
Salary contributions and taxes (from table 2)	13980	-
Dividend tax	3132	7200
HSIC	3600	18000
SSC	-	-
Total taxes	21812	32900

Source: Author's own elaboration

For the example presented in Table 6, the associates will be able to collect dividends, for which a tax will be paid in the amount of 3132 lei, and the net dividend will be 36012. This amount is in the range of 6-12 minimum wages, therefore, if there is a single associate who collects these dividends will also have to pay the health contribution (HSIC): $3000 \times 12 \times 10\%=3600$ lei.

It is very important to emphasize that, for taxable persons established in Romania who achieve a turnover of over 300,000 lei, the obligation to register for VAT purposes comes into play, according to the provisions of art. 310 para. (1) of the Fiscal Code.

On the other hand, comparing the form of taxation on the profit made with the taxation on the income of the micro-enterprise, if we refer only to taxation (not taking into account salary expenses, dividend tax or SSC, HSIC), at a turnover level of 100,000 lei, the profit tax is the same as that on microenterprise income, i.e. 1000 lei, for a profit margin of 6.25%:

- microenterprise income tax: $100000 \times 1\%=1000$
- profit tax: $\text{profit}=6250 \times 16\%=1000$

In other words, with a turnover of 100000 lei and a profit margin of more than 6.25%, the micro-enterprise option is more advantageous, and for a profit margin of less than 6.25%, the option of a profit tax payer is more advantageous, from the strict point of view of taxation.

V. CONCLUSION

The accounting and fiscal legislation in Romania is constantly changing and adapting to the requirements and needs of the state budget, which adopts various fiscal stimulus measures for taxpayers, focusing also to increase tax revenues. Unfortunately, the Romanian entrepreneur must always adapt to the burden, respectively the fiscal fluctuations of each period. This also involves continuous documentation regarding legislation and changes in the field (Morosan-Danila & Bordeianu, 2020). In 2023, Romanian entrepreneurs can benefit from several tax solutions to manage their business. Here are some of them:

1. Reduction of the profit tax rate - The Romanian Government can decide a reduction of the profit tax rate to stimulate investments and business development. Such a measure could increase company profits and attract more foreign investment.

2. Simplifying tax procedures - The government can take steps to simplify tax procedures, reducing red tape and creating a more business-friendly tax framework. For example, electronic tax reporting and payment platforms can be implemented to facilitate the process and reduce administrative costs.

3. Cash-flow based taxation system - A cash-flow based taxation system can be introduced, where entrepreneurs are taxed only for the income actually collected, not for the invoiced amounts. This could be an effective measure in supporting the working capital and liquidity of companies.

4. Tax incentives for investment in research and development - The government can grant tax incentives for companies that invest in research and development. These may include tax deductions for research and development expenses or income tax exemptions for profits from products or services resulting from research and

development activities.

5. Payroll Tax Cut - The government can cut payroll taxes to encourage employers to offer higher wages and encourage job creation. This could be an effective measure to reduce tax evasion and increase the disposable income of employees.

These are some of the fiscal solutions that Romanian entrepreneurs can have at their disposal in 2023. It is important to note that each measure can be decided and implemented exclusively by the government, depending on the economic policy adopted and the specific needs of the national economy.

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