

IMAS 2025

The 3rd IMAS International Conference on Multidisciplinary Academic Studies, Economy Proceeding Book

Editorial Board

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Dr. Marian Lucian ACHIM
Dr. Alice – Dalina MATEI CERNĂIANU**

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Statement of Responsibility

The legal and scientific responsibility of the manuscripts belongs to the authors.

Declaration

We are pleased to invite you on Friday, May 16, at 09:00 a.m. to the "The 3rd International Conference Multidisciplinary Academic Studies (IMAS 2025)" at TITU MAIORESCU UNIVERSITY of Bucharest, Faculty of Law and Economic Science Targu Jiu Târgu Jiu town. The conference is in a hybrid system, with physical and online participants through Microsoft Teams.

Researchers from eight different countries presented their studies; Romania, Türkiye, North Macedonia, Kosovo, Indonesia, Pakistan, Uganda and Nigeria.

Conference theme: Legal, economic and medical transformations of contemporary society
between tradition and reform

Conference topics: Law, Economics, Accounting, Business Administration, Finance,
Econometrics, Nursing, Health Management.

The written and presentation languages are Romanian and English.

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Appreciation

I am very privileged to express my sincere appreciation as I address this gathering to provide a resolute expression of gratitude to the exceptional individuals who have contributed to the success of the IMAS 2025 Conference. I would like to express my sincere gratitude for the steadfast commitment and exceptional contributions demonstrated by the Congressional Coordinators, Congressional Committees, and Authors.

The unwavering dedication and significant contributions of individuals have played a pivotal role in the conference's remarkable achievements. The level of dedication exhibited by the individuals in devoting their knowledge, effort, and resources towards creating a valuable and instructive event for all participants is deserving of admiration.

When reflecting on my appreciation, I am prompted to acknowledge the significant influence that their cooperative endeavours have exerted on the progress of our mutual objectives and the circulation of innovative knowledge within their individual domains. The extent of their engagement and the exceptional performance they have exhibited are indicative of their steadfast dedication to the advancement of academics and society at large.

In conclusion, I express my utmost appreciation to all individuals who have contributed to the success of IMAS 2025. The combined endeavours and fervour exhibited by all those involved serve as the fundamental basis for the achievement we have attained, and as a result, we express our sincere appreciation. I want to express my gratitude for your assistance.

Lect. Cristian DRĂGHICI, PhD

“Titu Maiorescu” University

Dean of Faculty of Law and Economic Sciences - Târgu Jiu, Romania

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USING ARTIFICIAL INTELLIGENCE TO DETERMINE THE CONCEPTUAL STRUCTURE IN THE INNOVATION PROCESS

VătuIU Teodora¹; Iana Traian²

Abstract: Inteligența Artificial intelligence (AI) can be used to determine the conceptual structure of an innovation and in the digitalization process through several advanced methods, such as data analysis, knowledge modeling and process automation. Once the data collection and processes have been built from different sources, the next step involves their integration and automation of data mining technologies, to be used to generate added value through innovation. In this article, we present some essential stages of this laborious process, intended to ultimately lead to improved quality of life.

Keywords: AI innovation, Conceptual structure, Artificial intelligence, Digital economy, data mining

JEL classification: A14, O30, O35, C81, C88, C63, G38

Introduction

Artificial intelligence, also known by the acronym AI, has been considered a major trend for many years, with most other fields trying to keep up and take advantage of its remarkable benefits. AI plays a crucial role in the future of technology, having a significant impact on various sectors by automating processes and improving decision-making.

The concept of Artificial Intelligence (AI) refers to the ability of machines, tools or applications to exhibit human-like abilities that, over the years, have been considered exclusive

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to humans. These abilities include the ability to reason, learn, plan, adapt to change, infer, and even think creatively.

Procesul The innovation process includes a sequence of activities that try to transform one or more ideas into products or services. In order to have a sufficiently rich portfolio of ideas to choose from, we need to have several sources of ideas and a mechanism for selecting them, a stage in which we can call on the help of artificial intelligence, for better and faster documentation.

AI has become a priority for the European Union, a context in which, in 2013, the European Commission created the Human Brain project (in which over 80 research institutions are involved) to understand how the human brain works and create technologies based on this model.

The United Arab Emirates created, in 2017, the world's first Ministry for AI (Minister of State for Artificial Intelligence). Japan has dedicated research structures in the field present in the Ministry of Education, the Ministry of Economy and the Ministry of the Interior, which benefit from academic and business support.

China aims to become a leader in AI by 2030, with the most advanced population identification and monitoring system using video cameras and facial recognition AI systems.³

Theoretical and Literature Review:

Artificial Intelligence (AI) has become an integral part of our lives, revolutionizing various industries and shaping our future.

The father of artificial intelligence (AI) is considered to be the British mathematician Alan Turing. However, the term artificial intelligence is attributed to John McCarthy, an American computer scientist.⁴

In this article, we delve into the life and contributions of John McCarthy, a pioneering computer scientist who laid the foundations of AI.

³ <https://intelligence.sri.ro/inteligenta-artificiala-informatii-timp-real/>

⁴ AI's Origins: John McCarthy, the Visionary Mind Behind Artificial Intelligence,
<https://www.nowadais.com/ai-john-mccarthy-mind-artificial-intelligence/>

McCarthy's ideas and innovations continue to shape the field of AI today. „This approach to AI, based on logic and computer science, is complementary to approaches that start from the fact that humans exhibit intelligence, and that explore human psychology or human neurophysiology”.⁵(McCarthy, 1988)

Artificial intelligence allows companies and organizations to perform efficiently in the digital era, influencing various innovations (Verganti et al., 2020; Wamba et al., 2021).

These studies legitimize the main non-economic aspects that highlight both certainties and uncertainties conducive to such innovations. Although the technological component is the most popular in our analysis of the non-economic aspects of the AI-I subfield, we find an important emphasis on ethical/moral dimensions conducive to slow innovation principles. We also observe a growing interest in the cultural dimension, specifically exploring potential factors that can lead to better human acceptance of these innovations⁶.

The methodology used

The methodology used is aimed at both quantitative and qualitative research in the international context regarding the use of artificial intelligence to determine the conceptual structure in the innovation process in the context of the digital transition, constituting a key element for the economic development of our country.

The main objective of the study is to identify the opportunities and challenges generated by Artificial Intelligence (AI), which offers potential solutions for a series of innovation challenges. In the analysis we carried out, we took into account the explicit emphasis on the economic side of previous studies focused on the field of AI (Mariani & al., 2023; Truong & Papagiannidis, 2022); we focused mainly on the economic aspects of this field to highlight the diversity of applications that can be made more efficient with the help of AI.

The WoS database⁷ was chosen due to its completeness and frequent use in systematic analyses and reviews of specialized literature (Benavides-Velasco & al., 2013; Khan & Wood, 2015; Köseoglu et al., 2019; Uyar & al., 2020).

⁵ John McCarthy, Artificial intelligence, logic and formalizing common sense, Stanford University, [ailogic.dvi](#); John McCarthy, “Mathematical Logic in Artificial Intelligence”, Daedalus, vol. 117, No. 1, American Academy of Arts and Sciences, Winter, 1988.

⁶ Dragoş M. Obreja, Răzvan Rughiniş, Daniel Rosner, *Mapping the conceptual structure of innovation in artificial intelligence research: A bibliometric analysis and systematic literature review*, Journal of Innovation & Knowledge Vol. 9, Issue 1, 2024, <https://www.sciencedirect.com/science/article/pii/S2444569X24000052>

⁷ <https://www.e-nformation.ro/wp-content/uploads/2024/07/Principalele-noutati-Web-of-Science-si-InCites-in-2024.pdf>

Determining the Conceptual Structure of an Innovation with the Help of AI

AI can help understand and organize innovative ideas primarily through data and trend analysis, with machine learning algorithms being able to analyze large volumes of data to identify relevant patterns and correlations, thus highlighting innovation opportunities.

Data and trend analysis using machine learning (ML) algorithms plays a key role in identifying patterns and innovation opportunities. Extracting useful socio-economic knowledge from large data sets using data mining decision trees was highlighted in (Bădulescu & Nicula, 2008)⁸.

A decision tree is actually a hierarchy of decisions, each of which leads to more decisions until the data can be classified. The system was developed by R. Quinlan, who presented it in 1975 in a book titled *Machine Learning Vol1*. to learn object classification from positive and negative examples.

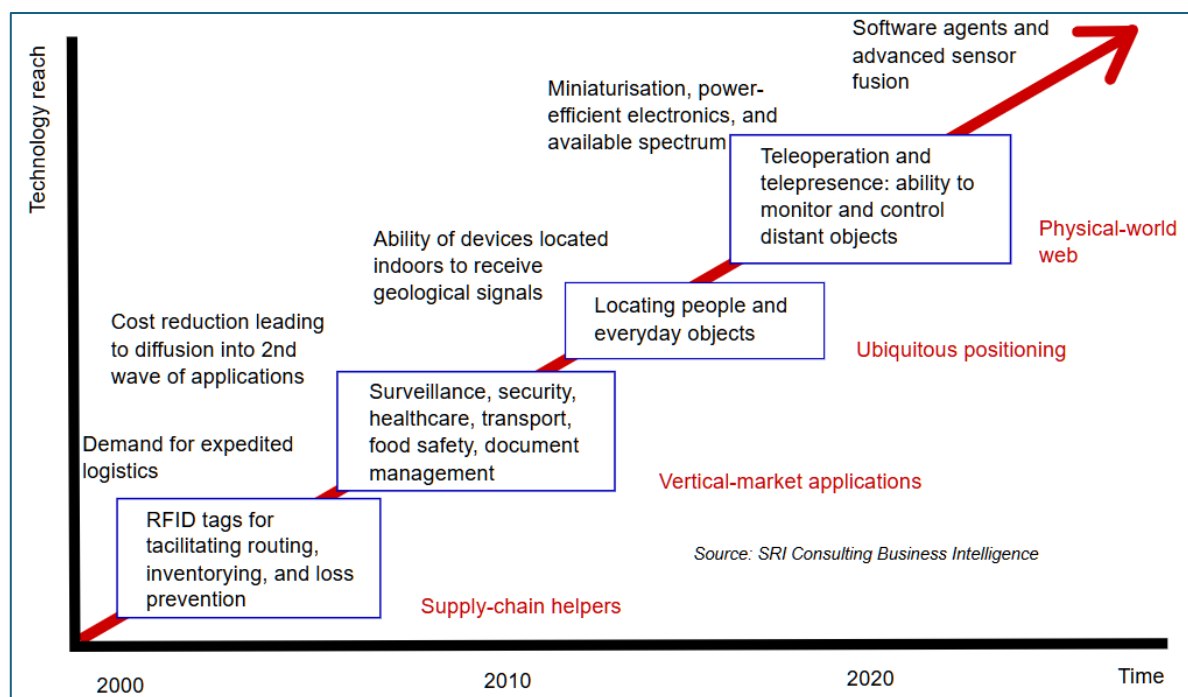
Later, studies such as *SPADE: An Efficient Algorithm for Mining Frequent Se-quences*,⁹ presented efficient Machine Learning algorithms (Zaki, 2001)

For this purpose, AI can be used for data collection and preprocessing, which involves identifying data sources (social media, patent databases, scientific research, sales data, customer feedback, and Internet of Things -IoT sensors),¹⁰ **data cleaning (removing redundant data, filling in missing values, and standardizing formats), and a feature engineering process (selecting and transforming relevant attributes for ML models).**

⁸ Laviniu Aurelian Bădulescu, Adrian Nicula, *Data Mining Decision Trees in Economy*, online at <http://mpra.ub.uni-muenchen.de/9579/>, MPRA Paper No. 9579, 15 iulie, 2008.

⁹ M. J. Zaki, *SPADE: An Efficient Algorithm for Mining Frequent Se-quences*, *Machine Learning*, vol. 42, no.1-2, pp. 31-60, 2001.

¹⁰ <https://www.oracle.com/ro/internet-of-things/>



Evolution of the Internet of Things

Source: https://ro.wikipedia.org/wiki/Internetul_obiectelor

We specify that IoT sensors are electronic devices equipped with sensors and communication technologies that collect and transmit data via the Internet or other communication networks. These sensors monitor various physical or environmental variables, such as temperature, humidity, light, motion, or gas levels, and transmit this information to other devices or systems for analysis and action.

Among the main characteristics of IoT sensors, we mention:

Communication capacity: IoT sensors are equipped with communication modules (such as Wi-Fi, Bluetooth, Zigbee or cellular networks) that allow them to transmit data in real time to storage or processing platforms;

Network integration: These sensors can be integrated into a network of interconnected devices, allowing for large-scale data collection and analysis;

Low energy consumption: To ensure the longest possible lifespan, IoT sensors are designed to operate with minimal energy consumption, often powered by long-lasting batteries or renewable energy sources.

We also exemplify some common application areas of IoT sensors:

Smart home: Monitoring and controlling lighting, heating or security systems to improve comfort and energy efficiency;

Health: Devices that monitor vital signs, such as blood pressure or heart rate, that transmit data to doctors for continuous patient monitoring.

Agriculture: Monitoring soil and environmental conditions to optimize irrigation and fertilizer use.

Industry: Monitoring equipment and production processes to detect and prevent failures, thus improving operational efficiency.

By integrating IoT sensors in various fields, real-time data collection and analysis is facilitated, leading to more efficient processes, informed decisions, and improved quality of life.

Among the advantages offered by AI with applicability in Innovation and Digitalization, we mention:

- **Identifying emerging markets - ML can analyze patents and publications to detect areas with innovation potential.**
- **Optimizing digitalization processes - Analyzing historical data helps make decisions regarding digital transformation.**
- **Personalization of products and services - Recommendation algorithms suggest innovative solutions based on user preferences.**

By applying ML, organizations can make informed decisions, identify unexplored opportunities, and accelerate the digitalization process.

Natural Language Processing (NLP) is a branch of artificial intelligence that allows the computers to understand, generate and manipulate human language¹¹. At the same time, natural language processing (NLP) can analyze patents, scientific papers, and other sources. In the context of analyzing patents, scientific papers, and other sources of information, NLP provides powerful tools for extracting key concepts and generating relevant insights.

Ways of recommendation systems functioning in the context of innovation

Recommender systems based on artificial intelligence (AI) can play a key role in the innovation process, suggesting relevant technologies, methodologies, or partners for project

¹¹ oracle.com

development. These systems analyze large volumes of data to provide personalized suggestions, thus facilitating the identification of the right resources and collaborators.

Recommender systems use machine learning algorithms to analyze data and identify patterns. In the context of innovation, they can:

- Analyze user preferences and behavior: By examining search history, previous projects and interactions, systems can understand the specific needs of users.
- Identifying similarities between projects: Algorithms can compare existing projects to suggest technologies or methodologies that have been successful in similar contexts.
- Recommending potential partners: By analyzing professional networks and previous collaborations, systems can identify organizations or experts relevant to a particular project.

There are several types of recommendation algorithms used in AI:

- collaborative filtering: Rely on the preferences and behaviors of similar users to make recommendations.
- content-based filtering: Analyzes the characteristics of objects (technologies, methodologies, partners) to suggest items similar to those already used.
- hybrid systems: Combines the above methods to improve the accuracy of recommendations.

Recommendation systems can be implemented in various ways to support innovation:

- collaboration platforms: Recommend partners or teams with complementary skills for innovation projects.
- technology databases: Suggest emerging technologies or innovative methodologies relevant to the user's field of interest.
- mentoring programs: Identify suitable experts or mentors to guide the development of innovative projects.

By integrating these recommendation systems, organizations can accelerate the innovation process, having quick access to the resources and collaborators necessary for the success of their projects.

At the same time, the integration of artificial intelligence algorithms in cybersecurity significantly improves the ability to detect and prevent threats, ensuring the effective protection of digital infrastructures.

In digitalization, AI contributes by:

- process automation through Robotic Process Automation (RPA) and the integration of Artificial Intelligence (AI) algorithms allow the takeover of repetitive tasks, thus increasing the efficiency of organizations.
- cybersecurity and data protection – AI algorithms detect and prevent threats in digital infrastructures.¹².

Artificial intelligence (AI) plays an essential role in cybersecurity and data protection, providing advanced solutions for the detection and prevention of threats in digital infrastructures. AI algorithms analyze large volumes of data to identify patterns and anomalies, helping to protect information systems.

Machine learning and deep learning algorithms are used for:

- Anomaly detection: By analyzing the normal behavior of networks and systems, AI can identify suspicious activities that deviate from usual patterns, signaling potential threats¹³.
- Predictive analytics: By evaluating historical data, AI can anticipate possible cyberattacks, allowing the implementation of preventive measures.¹⁴
- Malware detection and classification: Advanced AI algorithms can analyze files and behaviors to identify and block malicious programs before they cause damage.¹⁵

At the same time, AI facilitates continuous monitoring of digital infrastructures, providing:

- Automated response: AI-based systems can immediately react to identified threats, isolating or eliminating dangers without human intervention¹⁶.

¹² <https://chatgpt.com/c/67cdcb35-6d70-8004-8e0c-a303ea3ce506>

¹³ pras.ro

¹⁴ intelligenceinfo.org

¹⁵ dnsc.ro

¹⁶ unite.ai

- Continuous learning: AI algorithms constantly adapt to new types of attacks, improving their effectiveness over time ¹⁷.

AI helps identify weaknesses and assess vulnerabilities in systems by scanning, analyzing network configurations and activities. Thus, AI can discover vulnerabilities and recommend solutions to fix them. ¹⁸.

Conclusions

Artificial intelligence (AI) is a field of computer science that focuses on creating programs and systems that imitate human thinking, with the ability to learn, reason, plan, and even be creative. By combining these methods, AI becomes a powerful tool for innovation and digitalization, transforming ideas into viable and effective solutions.

Innovation is the material result of innovation activities. Not all new, innovative ideas turn into innovations, but the latter constitute the way to fructify the innovation activity, in its entirety.

The main role of innovation activities is to achieve as many effective innovations as possible, and the contribution of AI is essential in this field where you cannot have successful innovations without innovation activities with a solid documentation base, the costs of which weigh on the effectiveness of each innovation.

In conclusion, the integration of artificial intelligence in the analysis and optimization process allows the creation of more efficient and personalized digital interactions, improving user satisfaction and interest.

¹⁷ business24.ro

¹⁸ microsoft.com

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CONTRIBUTION OF DIRECT AND INDIRECT TAXES TO THE SIZE OF ANNUAL BUDGETARY RESOURCES

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Abstract

The appropriate dimensioning of budgetary resources in the establishment of the general consolidated budget takes into account the increase in the degree of collection of direct and indirect taxes by the authorized institutions. Taking into account the fact that the bearer of direct and indirect taxes is the final consumer of goods and services in the economy and the circuit of the taxable flow is closed through the services and goods offered by the state authority to the members of the community, it is necessary to identify a balance between the financial impact felt by the contributor and the quality of the public goods and services they benefit from. Any inconsistency that has the effect of deteriorating this balance leads either to the emergence of social conflicts or to the provision of public goods and services below the expected level. By improving the collection of direct and indirect taxes, respectively through a rational and efficient redistribution of budgetary resources in the economy, the progress of the entire society is certainly ensured.

Keywords: taxes, added value, budgetary resources.

JEL codes: G30, G32, G38

Introduction

Tax is a mandatory, general, definitive and non-reciprocal monetary payment made by individuals and legal entities to the state budget in the amount and within the time limits precisely established by law, without the obligation of the state to provide the payer with a direct and immediate equivalent.

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Tax payment is mandatory for all individuals or legal entities who earn income from a certain source or who own a certain type of wealth. The right to impose taxes is vested in the state, which exercises it, usually through the central government bodies (Parliament), and sometimes through local state administration bodies.

The source from which the tax is paid varies depending on the form in which the income earned by individuals or legal entities takes place. For workers and civil servants, the source of the tax is the salary, for economic agents, the profit, for landowners - rent, for holders of securities - dividends, etc.

The amounts collected by the state budget as taxes are final and non-refundable. In return, the state does not commit to any direct or immediate counter service, and the payers cannot request a counter service of equal or similar value.

Unlike a tax, a fee represents the amount of money paid by a natural or legal person for a service provided to the payer by the state or its institutions. The cost of the service provided by the state or its institutions in favor of natural and legal persons cannot be equated with the amount collected as a fee. As a rule, a fee contains, in addition to the cost of the service provided, some tax elements.

Taxes fulfill a role that manifests itself on a financial, economic and social level. The most important role of a tax manifests itself on a financial level, in the sense that taxes constitute the main means of procuring the necessary financial resources to cover public expenses.

On an economic level, the role of taxes manifests itself through the measures that the state takes to intervene in economic activity with the help of taxes. Thus, taxes can be used as an instrument to stimulate or inhibit an activity, to increase or reduce the production or consumption of a certain product, to stimulate or restrict foreign trade, etc.

On a social level, the role of taxes is materialized in the fact that through them the state proceeds to redistribute a significant part of the GDP between individuals and legal entities.

A characteristic of the evolution of taxes and duties is the tendency of their continuous growth in absolute and relative size.

Theoretical and Literature Review

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Taxation provides budgetary resources for the Government, contributes to the control of economic activities and promotes economic growth (Minh Ha et al., 2022).

Taxation of economic agents through changes in the taxation system creates the premises for sustainable economic growth (Myles, 2009).

Taxes are a form of levying a part of the income and/or wealth of individuals and legal entities at the disposal of the state in order to cover public expenses. This levy is made mandatory, non-refundable and without direct consideration from the state (Vacarel I., 2002).

Taxes impact the quality and yield of securities because they interfere with the circuit of financial flows in the economy. Mendoza et al., argue that consumption taxes indirectly affect the net after-tax yield of physical capital, through the choice of the labor-free time vector, impacting the capital-labor ratio used in production (Mendoza et al., 1997).

In addition, Arnold et al. observed that the value added tax impacts the work-leisure relationship, as the price of consumer goods shows an increasing trend. This desiderata affects the labor supply in the economy because the reward for labor is reduced. All taxes influence the rate of economic growth. Thus, in the formation of public resources, taxes on personal and corporate income have a higher share than taxes on consumption (Arnold et al., 2011).

The direct and indirect taxes in the sizing of annual budgetary resources.

Direct taxes are the oldest and simplest form of taxation. In their evolution, direct taxes have kept pace with economic development, being established either on certain material objects or types of activity, or on income or wealth.

Direct taxes appear in two forms: real taxes and personal taxes. Until the beginning of the 20th century, real taxes prevailed, imposed on material objects or activities, then starting with the first decades of the 20th century, the place of real taxes was taken by personal taxes, which were established on income (salaries, profits) or on wealth.

Direct taxes, being nominative, having a precisely established amount and payment terms and being brought to the attention of payers in advance, are more equitable and preferable to indirect taxes, because with the latter, consumers of various goods and services, as a rule, do

not know in advance when and especially how much they will pay to the state through indirect taxes.

Real taxes

Real direct taxes are among the first forms of taxes to appear and are related to the main forms of wealth. They are placed on objects that represent forms of wealth, wealth that offers its owners the opportunity to obtain certain incomes or to save some expenses.

The first real tax was the land tax, placed on land as the main form of wealth. The assessment was made according to external criteria, taking into account only some of the factors that determined the size of the harvest.

Over time, as buildings began to become an important form of wealth, a new tax was introduced, corresponding to this form, the tax on buildings. And in this case the assessment was also made according to external signs.

Over time, the development of factories, trade, required the introduction of taxes on industrial, commercial activities and the liberal professions, but the basis of this tax were also external criteria, such as: the size of the capital, the size of the locality, the type of enterprise, etc. Neither the income earned nor the production expenses were taken into account.

The development of industry and trade required the development of credit relations, banks and trade in securities. Under these conditions, the tax on money capital was introduced, which was established depending on the volume of interest collected for the capital lent.

Due to some deficiencies, real taxes were replaced by personal taxes. The replacement process began, in some countries, in the middle of the last century, and in others around the First World War. The main reasons for abandoning real taxes were:

- the assessment of the taxable material was approximate, which led to the regressiveness of taxes;
- some fiscal privileges were granted;
- the tendency for every citizen to pay taxes, including those who earn income from wage labor – these were exempt from real taxes, just like other income;
- in the taxation process, there were no distinctions based on contributory capacity, there was no non-taxable minimum, progressivity could not be applied

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Real taxes had a fiscal role and were not used as financial levers primarily because the public authority at that time was not concerned with intervention in the economic field. The place of real taxes is taken by personal taxes, taxes for which the fiscal treatment is differentiated depending on the personal situation of the payer.

Personal taxes

Personal taxes are differentiated according to the object of taxation – on wealth or on income – and according to the type of taxpayer – natural or legal persons

Income taxes

The introduction of income taxes considerably increased the number of taxpayers as a result of the existence of workers and civil servants who earned income in the form of salaries, merchants and bankers who earned income in the form of profit, landowners who obtained income in the form of rent, etc.

Personal income tax

These taxes are owed by individuals who have their domicile or residence in a certain state, as well as by non-resident individuals who earn income from sources located on the territory of this state, with some exceptions provided for by law (royal families, foreign diplomats, individuals who earn income up to a certain ceiling).

The object of the tax is the income earned from: industry, trade, agriculture, banks, insurance, liberal professions, etc. by workers and civil servants, entrepreneurs, freelancers, etc.

Taxable income is what remains of the gross income after certain deductions are made such as: insurance premiums, social security contributions, losses from the activity of previous years, etc.

Income tax is imposed on each person who earned income, being an individual tax. If the income earned jointly by several people cannot be individualized, the taxation is made on all the people who participated in their achievement, that is, on the family or household, e.g. agricultural tax.

In fiscal practice, two systems of taxing the income of individuals are known:

- separate taxation of income from each source. It can be found either in the form of a single income tax or by establishing several taxes, each of which targets the income obtained from a specific source.

- global taxation of income, regardless of the source from which it comes. It involves the cumulation of all income earned by an individual, regardless of the source of origin, and subjecting the cumulated income to a single tax.

Separate taxation of income earned from different sources has the advantage of treating income differently, in terms of the method of settlement and the level of quotas. This benefits people who earn income from several sources, who fall under the incidence of different taxes, because they no longer suffer the effects of progressive taxation, which are found in the case of global taxation. On the other hand, global taxation has the disadvantage of not taking into account the nature of the income, its sources of origin.

=> In some countries there are mixed taxation systems. The global trend is to move to global taxation.

Personal income taxes are usually established based on the taxpayer's tax return or on the elements available to the tax authorities. For taxes related to income from salaries, interests, etc., withholding tax is used. For other income, the related taxes are collected directly from the taxpayer.

Corporate income tax

Corporate income tax differs depending on their legal status (in Romania: SNC, SCS, SCA, SRL, SA) and takes the following forms:

- profit tax
- dividend tax
- asset sale tax

There are several alternative solutions that are practiced when taxing the profit of legal entities:

- a) taxation of the total profit before its distribution, followed by taxation of the profit distributed in the form of dividends. It is noteworthy that we are dealing with double taxation of income: once to the company and a second time to the shareholders.

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b) separate taxation, on the one hand, of the profit retained by the company and on the other hand of the profit distributed to the shareholders in the form of dividends

c) taxation only of the profit distributed for dividends, exempting from taxation the part of the profit remaining at the disposal of the company, in which case the retention of profit for self-financing is encouraged

d) only the part of the profit remaining for the company is taxed and the dividends distributed to the shareholders are exempted from taxation. This method of taxation violates the principle of fiscal equity, because it exempts from taxation the dividends due to the shareholders.

In order to determine the taxable income of a capital company, the balance sheet results are taken as the starting point, to which are added: the inventory balance, income from capital gains, interest on current accounts, income from interest, income from rents, etc. In order to determine the taxable income, production expenses, interest paid, withdrawals from the reserve fund, etc., must be deducted from the gross income thus determined. The tax authorities are tasked with ensuring that deductions from gross income fall within the limits permitted by law.

In Romania, in the period after December 1989, the taxation system for legal entities that make a profit has undergone continuous evolution, characterized by changes both in the taxation system (system based on progressive compound rates, single rates, etc.) and in the percentage values.

Wealth taxes

Wealth taxes are found in financial practice in three forms:

- actual wealth taxes
- taxes on the circulation of wealth
- taxes on the growth of wealth

Proper wealth taxes can be of two types: taxes established on wealth, but which are paid from the income produced by the respective wealth, and taxes on the substance of the wealth.

The latter lead to a decrease in the taxable amount, because they are paid from the substance of the property subject to taxation, which is why they are very rarely encountered as

permanent taxes. In the category of taxes on property itself, the most common are the following: real estate taxes and taxes on net assets.

Real estate taxes are most often found in the form of taxes on land and buildings. These taxes have as their tax base either the replacement value or the value declared by the owner, or the capitalized income regarding the respective assets. Tax rates are generally low and are differentiated depending on both the category of use of the land and its location.

The tax on net assets has as its object all the movable and immovable assets owned by a taxpayer. Although, in principle, all assets that can be assessed should fall under this tax, in reality, only agricultural and forestry assets, land, movable and immovable assets used for carrying out commercial activities, liberal professions, etc. are taxed, from which the debts that encumber them have been deducted. To calculate the tax on net assets, either proportional or progressive rates are used

Taxes on the circulation of wealth have as their object the taxation of the transfer of ownership of certain assets from one person to another. This includes: inheritance tax, donation tax, tax on sale-purchase deeds of certain real estate, tax on securities, tax on stock exchange transactions, etc.

Taxes on the increase in wealth have as their object the increase in value that certain assets have registered over a period of time. As taxes of this type we mention: the tax on the added value of real estate and the tax on the increase in wealth achieved in wartime.

Indirect taxes

General characterization

In general, indirect taxes are established by the state on the sales of goods and the provision of services. The rates used to establish these taxes are not differentiated according to the income, wealth or personal situation of those who buy the goods or use the services that are the subject of indirect taxes. As a result, indirect taxes leave the false impression that they would affect the income of all consumers of goods and services to the same extent.

They particularly affect those with low incomes, because indirect taxes are usually levied on the sale of consumer goods.

Moreover, if we compare indirect taxes to the incomes achieved by different classes, we will find that their share in income is all the greater the lower the incomes achieved.

Indirect taxes are paid to the state budget, as a rule, by traders, producers, service providers, etc., but are borne by consumers, because they are included in the selling price of goods. As a result, indirect taxes do not affect nominal incomes, but only real ones, which means that they reduce purchasing power.

Some economists believe that indirect taxes would have a voluntary character, because by giving up the consumption of taxed goods and services, there is a possibility that they can be avoided. Given that indirect taxes are levied mainly on the sale of consumer goods, this statement remains unsupported. If these taxes were levied, for example, only on the sale of luxury items, then one could speak of their voluntary character, because such goods are not indispensable to life.

In periods when the economy is growing, indirect taxes can have a high fiscal yield, on the other hand, in periods of crisis and depression when production and consumption decrease, indirect tax revenues follow the same negative evolution.

Value Added Tax

The value added tax represents revenue of the state budget, from the category of indirect taxes, which is applied to operations regarding the delivery of movable goods, the transfer of ownership of immovable goods, the import of goods, the provision of services, as well as operations assimilated to them. This emergency ordinance establishes the rules regarding the value added tax.

Taxable transactions:

The scope of application of the value added tax includes payment transactions, as well as those assimilated to them, according to this emergency ordinance, carried out independently by taxpayers, regarding:

a) deliveries of movable goods and/or services performed in the exercise of professional activity, regardless of the legal form through which they are carried out: sale, exchange, contribution of goods to the share capital;

b) transfer of ownership of immovable property between taxpayers, as well as between them and individuals;

c) import of goods;

d) services performed by providers with headquarters or domicile abroad, for which the place of supply is considered to be in Romania in accordance with the territoriality criteria established by the implementing rules of this emergency ordinance.

Tax rates

The following VAT rates apply in Romania: 19%; 9% and 5%

A. The 19% rate for operations regarding the deliveries of movable property and transfers of ownership of immovable property performed in the country, the provision of services, as well as the import of goods, except for those provided for in letter B.

B. The 9% rate applies to:

a) the delivery of prostheses and their accessories, defined by the methodological norms according to the specific legislation, except for dental prostheses exempt from tax according to art. 292 paragraph (1) letter b);

b) supply of orthopedic products;

c) supply of medicines for human and veterinary use;

d) accommodation in the hotel sector or sectors with a similar function, including the rental of land arranged for camping;

e) supply of the following goods: food, including beverages, except alcoholic beverages, intended for human and animal consumption, live animals and birds of domestic species, seeds, plants and ingredients used in the preparation of food, products used to supplement or replace food. The methodological rules shall establish the CN codes corresponding to these goods;

f) restaurant and catering services, except alcoholic beverages, other than beer falling under CN code 22 03 00 10.

C. The 5% rate shall apply to:

a) school textbooks, books, newspapers and magazines, except those intended exclusively or mainly for advertising;

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b) services consisting in allowing access to castles, museums, memorial houses, historical monuments, architectural and archaeological monuments, zoological and botanical gardens, fairs, exhibitions and cultural events, sports events, cinemas, other than those exempted;

c) the delivery of housing as part of social policy, including the land on which they are built. The land on which the housing is built also includes the footprint of the housing. For the purposes of this title, housing delivered as part of social policy means:

The value added tax may be calculated by applying the tax rate:

a) either to the value added at each stage that the goods go through from the producer to the consumer

b) or to the selling price, from which the tax (calculated in the same way) relating to the selling price at the previous stage is deducted. The resulting difference is the value added tax relating to the respective stage.

In practice, two calculation variants are mainly used.

VAT is paid to the budget by each enterprise (which appears as a seller) and is borne by consumers of the respective goods or services upon their purchase.

Excise duties

Excise duties were initially imposed on certain goods and services, especially for current consumption, and then on high-value goods, so that nowadays their scope is more comprehensive, adding goods harmful to health, unique products, luxury products.

Excise duties can be used by the state as financial levers to control consumption in order to reduce it, for those goods that are considered harmful to health and in the name of representing social interests.

Currently, excise duties are calculated either as a fixed amount per unit of measurement or based on percentage rates applied to the selling price. Under normal conditions, imported products must be taxed at the same rates as indigenous products, and products intended for export are usually exempt from excise duties.

In Romania, currently excise duties are paid to the state budget for the following four groups of products:

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- food ethyl alcohol, alcoholic beverages and any other products intended for the food industry that contain food ethyl alcohol

- tobacco products

- petroleum products

- other products and product groups: coffee, mineral waters, natural furs, crystal items, gold jewelry, cars, perfumes, hunting weapons, etc.

Excise duty payers are economic agents, family associations or authorized individuals who produce or import products in the category of those taxed, intermediary economic agents or providers for all quantities of goods or services in the category of those subject to excise duties.

The tax base is established in a differentiated manner depending on the origin of the products and their nature.

Thus, for domestic products, the tax base is:

- the equivalent value of the products delivered (excluding excise duties) including the cost and profit of the producing economic agents

- the purchase price negotiated between the parties in the case of economic agents purchasing products from individual producers for marketing

For imported products, the tax base includes:

- the customs value

- customs duties and other special taxes applied at the time of customs clearance, consisting of customs surcharges, commission for customs activities and storage fees, if these are due

Fiscal monopolies

Fiscal monopolies are established on the production and sale of certain products such as: salt, alcohol, tobacco, gambling, etc.

Fiscal monopolies are of two types:

- full: established on both production and trade

- partial: established on either production or trade

In Romania, fiscal monopolies fall into the following areas: the manufacture and sale of weapons, ammunition and explosives, medicines containing narcotics, the production and issuance of postage stamps and tax stamps, the organization and operation of gambling systems and sports predictions, the manufacture and import of alcohol and distilled spirits, tobacco, etc.

The exploitation of these activities can only be carried out by economic agents that obtain licenses issued under legal conditions by the Ministry of Finance.

Customs duties

State intervention in international trade can take the form of:

- direct: trade prohibitions or quotas
- indirect: the establishment of taxes on products that are the subject of trade (customs duties)

Customs duties are levied on:

- import: import customs duties that the state collects upon entry into the country of goods purchased on the foreign market
- transit: transit customs duties are established on goods that are the subject of foreign trade when crossing the territory of a third country
- export of goods: export customs duties are less frequent because states encourage the export of products

The level of customs duties levied by a state differs depending on the nature of the goods subject to taxation, namely raw materials, semi-finished or finished products, agri-food or industrial products.

The level of customs duties also depends on the nature of the existing trade relations between the importing state and the exporting state. There may be conventions between them by which they grant each other certain customs advantages. In the absence of such conventions, the importing state applies the general customs regime established for countries with which it does not have such conventions.

Depending on the purpose pursued in establishing customs duties, they can be grouped into:

- customs duties of a fiscal nature: they aim to procure income for the state budget
- customs duties of a protective nature: they aim to protect the domestic market from competition from foreign goods.

The set of customs duties of a state forms the customs tariff, and depending on the type of customs duties to which it refers, it can be an import customs tariff or an export customs tariff.

Practically, the customs tariff is represented by a customs list that includes all products that are the object of international trade and are subject to these taxes, containing one or more columns of taxes and specifying the method of collection.

Stamp and registration taxes

Stamp and registration taxes are payments made by individuals and legal entities for services provided to them by public law institutions. Taxes meet a series of attributes specific to taxes (non-refundable, mandatory) but also assume the existence of a counter-performance. There is no equality between the amount paid as a tax and the cost of services provided by the state in exchange for it.

According to their nature, taxes can be: court fees, notary fees, consular fees, administration fees.

Depending on the object of the operation being carried out, the fees can be:

- stamp fees: authentication of documents, issuance of documents, legalization of documents (their collection is done by applying tax stamps)
- registration fees: charged for real estate sales, company formation, mergers, etc.

Conclusions

For the national economy, state intervention by moving towards a system based on indirect taxes or one based on direct taxes constitutes an element of particular importance regarding the future evolution of society both internally and externally, based on considerations such as: the internal economic environment, the income of the population and its structure, the

increase in the degree of mobility of the workforce and capital both within and outside the borders, but also the trend of globalization of markets.

Thus, the option in fiscal matters involves choosing between direct and indirect taxes according to several criteria:

According to the administrative criterion, which is less rigorous but commonly used, the controversy arises in relation to the nature of the two categories of taxes: direct taxes are nominative (taxpayers appear in tax records, for each of them "tax rolls" are opened), while for indirect taxes the payer is not known in advance.

According to another criterion, the economic one, the controversy arises in relation to the incidence of the two categories of taxes: direct incidence in the case of direct taxes and indirect incidence in the case of indirect taxes.

The third main criterion that determines the option for one of the two categories of taxes is the fiscal one, the delimitation being made according to the persistence of the taxable matter: indirect taxes have as their object transitory operations regarding production, trade and import, while direct taxes operate on stable, persistent incomes.

Comparing the two types of taxes, the injustice of indirect taxes can also be noted: indirect taxes are proportional; indirect taxes, to the extent that they are imposed on current consumer goods, without substitutes and with inelastic demand, cannot be avoided. Thus, if direct taxes must have legal constraint to be paid, indirect taxes are mandatory due to the physiological constraint that forces us to consume these goods and services; indirect taxes, to the extent that they are imposed on current consumer goods, are unstable, in the sense that their volume undergoes significant changes in relation to the economic developments.

Double taxation represents the subjection to tax of the same taxable matter and for the same period of time, by two or more tax authorities from different countries. It can occur in the case of residents of a state obtaining income on the territories of other states.

In international tax practice, the following taxation criteria are encountered: the criterion of income origin: taxation is carried out by the tax authorities of the country on whose territory the income or wealth was generated; the criterion of domicile (residence): the taxation of income is carried out by the tax authority of the country to which the resident belongs, without taking into account whether the income or wealth that is the subject of taxation is obtained or

is located on the territory of that state or outside it; the criterion of nationality: a state taxes its residents who earn income or own wealth in the respective state, regardless of whether they live in their country or not.

The way in which these criteria are applied can lead to the appearance of double taxation. Thus, if in one country taxation is based on the criterion of domicile (residence), and in another on the criterion of the origin of income, then a citizen of the first country, in the event that he earns income in the second country, will have to pay taxes for it both in the country of residence and in the country where he earned the income, which leads to double taxation.

Solving the problem of double taxation is possible through an agreement between the interested states that establishes for each category of income or wealth who is competent to collect the tax, but it can also be achieved based on unilateral legislative measures (such as by granting tax reductions or exemptions for income obtained by residents of a state abroad).

Avoiding double taxation based on bilateral or multilateral conventions between states solves the complex problems that arise in this area in better conditions.

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ARTIFICIAL INTELLIGENCE AND ITS ROLE IN GLOBAL INSURANCE SYSTEM REFORMATION

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Abstract: The global insurance system is undergoing an accelerated transformation process, influenced by multiple factors, among which the implementation of artificial intelligence (AI) stands out. AI brings significant opportunities and challenges, fundamentally reshaping the way the insurance industry operates. From risk assessment and fraud detection to policy personalization and process automation, AI has the potential to revolutionize the entire insurance experience for both insurers and insureds. This article aims to explore the impact of AI on the global insurance system, analyzing current transformations and future visions.

Keywords: artificial intelligence, insurance, transformation of the insurance industry, future of insurance industry, AI impact in insurance

JEL: G22 - Insurance

CHAPTER I - THE IMPACT OF AI ON INSURANCE PROCESSES

AI is already influencing various aspects of the insurance industry. A key area is risk assessment. AI algorithms can analyze large volumes of data to identify patterns and predict the likelihood of events, allowing for a much more accurate assessment of risks. This can lead to more personalized and fairer premiums for policyholders. Fraud detection is another field where AI proves extremely useful. By analyzing data and identifying anomalies, AI can quickly detect fraud attempts, reducing financial losses for insurance companies. Process automation is another major benefit of AI implementation. From claim processing to customer communication, AI can automate a wide range of tasks, increasing efficiency and reducing costs²¹.

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Risk assessment is a fundamental aspect of insurance activity, and AI brings significant innovations in this field:

- *Data Analysis* - AI algorithms can analyse large volumes of data from various sources, such as claims history, customer information, and online data. This allows for a more precise assessment of the risks associated with each policyholder.
- *Predictive Analytics* - Using advanced statistical models, AI can identify patterns and correlations not obvious in traditional analyses. Thus, insurers can adjust insurance premiums according to each client's risk profile.

Insurance fraud represents a serious problem affecting companies' profitability. AI significantly contributes to reducing fraud:

- *Anomaly Detection Algorithms* - AI uses machine learning techniques to detect unusual behaviours in claims. This allows for the rapid identification of potential fraud and saving financial resources.
- *Real-Time Monitoring* - Many companies implement AI solutions that analyse transactions in real time, helping prevent fraud before it is finalized.

Process Automation - AI facilitates the automation of processes that previously required human intervention, leading to increased operational efficiency:

- *Claim Processing* - With AI, claims can be processed faster. Algorithms can evaluate documents and required information, reducing client waiting time.
- *Chatbots and Virtual Assistants* - These technologies enable insurers to provide 24/7 support to customers, responding quickly to frequently asked questions and managing basic requests.

Policy Personalization - AI allows for deeper personalization of insurance policies:

- *Tailored Insurance Products* - By analysing customers' history and behaviour, AI can help develop personalized policies that better meet the insureds' individual needs.
- *Dynamic Pricing* - Insurers can offer prices adjusted according to real-time data on customer behaviour, such as driving style for auto insurance.

Challenges and Risks - While AI brings many benefits, there are also challenges that must be addressed:

- *Data Protection* - Using AI involves managing large amounts of personal data. Insurers must comply with data protection regulations (e.g., GDPR) and ensure the security of customer information.

- *Algorithm Bias* - There is a risk that AI may perpetuate biases present in training data, which can lead to discrimination in risk assessment or claims processing.

CHAPTER II - TRANSFORMATIONS IN CLIENT RELATIONSHIPS

AI is also transforming the relationship between insurers and insureds. Policy personalization becomes a reality, with AI enabling the creation of offers tailored to each client's needs and risk profile. AI-based virtual assistance provides 24/7 support, responding quickly to questions and guiding customers through insurance processes. Customer experience is significantly improved through faster, more efficient, and more personalized interactions²².

Personalizing the Customer Experience. Personalization is a key aspect of client relationships, and AI facilitates this process through:

- *Customer Data Analysis:* AI allows detailed analysis of customer behavior, preferences, and interaction history. This information can be used to personalize the products and services offered.
- *Tailored Insurance Products:* Insurers can create personalized policies that meet the specific needs of each client based on collected data. For example, auto insurance can be adjusted according to the insured person's driving style.

Improving Communication. Artificial intelligence transforms how insurance companies communicate with customers:

- *Chatbots and Virtual Assistants:* These tools are available 24/7 and can instantly respond to customer inquiries. This reduces wait times and improves the overall customer experience.
- *Immediate Responses:* AI allows insurers to provide quick responses to client requests, whether for general information or specific claim requests.

Proactivity in Services Offered. AI transforms the client relationship from a reactive to a proactive approach:

²² McKinsey & Company – Insurance 2030 – The impact of AI on the future of insurance, Link: <https://www.mckinsey.com>

- *Predicting Needs:* Using predictive analytics, companies can anticipate customer needs and offer solutions before they are requested. For example, insurers can contact clients to offer policy updates or new products matching their risk profile.
- *Customer Education:* AI can be used to educate customers about insurance products, providing personalized and relevant information based on each person's interest and history.

Efficiency in Claim Processing. Another area where AI influences the client relationship is claim processing:

- *Process Automation:* AI can automate the evaluation of claims, reducing the time needed for processing and improving the customer experience by quickly moving the claim toward completion.
- *AI-Initiated Decisions:* Algorithms can analyze relevant information to determine claim validity, reducing human errors and speeding up approval processes.

Challenges and Limitations. Artificial intelligence (AI) is rapidly transforming the insurance industry, offering significant opportunities for process optimization, cost reduction, customer experience improvement, and increased risk assessment accuracy. Although the introduction of AI brings many benefits, there are also challenges and limitations:

- *Data Protection:* Collecting and using customer data raises serious questions about information privacy and security. Insurers must comply with legal regulations and ensure transparency in data use.
- *Technology Dependence:* Excessive dependence on technology can lead to problems in emergencies or when technology fails. It is important to always have a human contact option available.

AI implementation in the insurance system also comes with challenges and risks. Data protection is a major concern, with insureds' personal data requiring enhanced security. Algorithm bias can lead to discrimination, necessitating careful monitoring and responsible development of AI algorithms. Regulations must be adapted to the new realities created by AI to ensure a safe and fair environment. Major challenges in AI implementation can be summarized as follows:

- *Data quality and availability.* AI models are sensitive to incomplete, erroneous, or biased data that can lead to incorrect risk assessments, discriminatory decisions, and unreliable outcomes.

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- *Legal regulation and compliance.* Lack of clear regulations regarding AI in insurance at the European or Romanian level. GDPR compliance becomes complex when using opaque algorithms (black box AI).
- *Algorithmic ethics.* Models may learn discriminatory behaviors based on biased historical data, and regarding transparency, clients have the right to know how automated decisions that affect them are made (e.g., claim rejection).
- *Customer acceptance.* Reluctance to interact with chatbots or AI systems for sensitive services like claims. Lack of trust in machine-made decisions without human intervention.

CHAPTER III – THE FUTURE OF THE INSURANCE INDUSTRY

The future of the insurance system will be shaped by AI. A deeper integration of AI into all insurance processes is expected, from product development to risk management. On-demand insurance will become more accessible, allowing real-time policy personalization. Predictive systems will play an important role in risk prevention, offering proactive solutions for mitigation. Collaboration between insurers and technology companies will accelerate innovation in the field.

We are witnessing the fundamental transformation of the business model. Artificial intelligence is not just a tool for efficiency, but a catalyst for the complete redefinition of the insurance industry, from a reactive (pay-at-damage) model to a predictive and preventive one. For example²³:

- Insurance that intervenes before damage occurs (predictive prevention).
- Transition from standardized premiums to dynamic, real-time premiums based on behavior, environmental data, health, or mobility.

The future of insurance will be hyper-personalized, with policies automatically created and adjusted for each client, according to their current needs and risks. This means we may reach the use of AI for unique risk profiles based on DNA, lifestyle, location, etc.

²³ Accenture – AI and Machine Learning in Insurance: From Hype to Reality, Link: <https://www.accenture.com>

We will also witness the complete automation of the entire chain. 100% Digital Claims Journey: where claim notification, evaluation, approval, and payment – all through AI. AI systems analyze photos/videos from the app and approve compensation in minutes.

We are not far from Real-Time Behavior-Based Insurance (BIB). AI + IoT (Internet of Things) = dynamic insurance based on real-time data (auto, health, home). Example: do you drive safely? Lower premiums. Do you have high blood pressure or a sedentary lifestyle? Recommendations or penalties based on risk.

Integrated prevention ecosystems, where future insurance will become complete prevention ecosystems:

- Sensors that detect gas/water leaks and automatically send alerts and notifications to the insurance company.
- AI applications that monitor lifestyle and offer health prevention plans.

Finally, we will have AI as an advisory partner – "Personal Insurance Assistant":

- Insurers will offer personal AI assistants, available 24/7, that analyze financial and personal data to propose portfolio optimizations.
- These entities will gradually replace traditional brokers for many retail clients.

In the future, regulatory authorities will also use AI for:

- Continuous market supervision.
- Detection of anomalies or abusive behaviors.
- Automated audits of algorithms used by insurance companies.

CONCLUSIONS

The future vision for the insurance industry, shaped by the implementation of artificial intelligence, is one of smart, proactive, and deeply personalized services. Companies that manage to embrace these changes will become prevention architects and life partners for customers, not just protection providers.

From risk assessment and fraud detection to process automation and policy personalization, AI transforms how insurance companies operate. However, it is essential that these innovations are implemented responsibly, considering data protection and algorithmic fairness challenges. As the insurance sector continues to evolve, AI will play a central role in shaping its future.

The introduction of artificial intelligence in the insurance industry will profoundly transform the client relationship. Personalization, improved communication, proactivity, and efficiency

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in claims processing are just a few of the aspects that have evolved due to AI. However, it is essential that insurers address the challenges of data protection and technology dependence, ensuring a fair and safe experience for customers. As technology continues to advance, the relationship between insurers and customers will evolve, offering new opportunities for improvement and innovation in the insurance sector.

Artificial intelligence offers enormous potential in insurance, but its implementation must be done carefully, respecting fairness, transparency, and consumer protection principles. Only in this way can companies leverage technological advantages without compromising public trust or legal compliance.

AI is a catalyst for the transformation of the global insurance system. The benefits are numerous, from better risk assessment to an improved customer experience. However, it is important to also address the challenges and risks associated with AI implementation to ensure a fair, transparent, and sustainable insurance system in the long term.

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CHANGE MANAGEMENT: A PRIORITY FOR LEADERSHIP IN THE CONTEXT OF ECONOMIC, LEGAL, AND MEDICAL TRANSFORMATIONS IN CONTEMPORARY SOCIETY

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Abstract: In recent years, the term “change” has become ubiquitous in organizational discourse, reflecting the increasing pace, complexity, and frequency of transformations—what is now commonly referred to as „changes to change” (Hiatt, 2006). Contemporary society is undergoing a profound transition—particularly visible in Romania. These systemic changes introduce new challenges and opportunities for both research and practice. Digital transformation, economic uncertainty, and political instability continue to fuel disruption. Within organizations, the rapid pace of change often leads to workforce fatigue. This paper explores the role of change management as a strategic tool for leaders navigating uncertainty and driving sustainable transformation (Kotter, 1996), highlighting the pressing need for organizational flexibility characterized by profound changes in interpersonal dynamics, culture, economic conditions, governance, legislation, and both healthcare and legal systems.

CODE JEL: A19, O30, O44, L21

Keywords: change, change management, adaptability, transformations

1. The global health crisis and organizational adaptability: a consequence of digital transformation in the financial and accounting sectors

As Andrei Burz-Pinzaru, partner at Reff & Associates Deloitte Legal, noted, “The pandemic has accelerated digitalization, transforming what was once viewed as a luxury or long-term goal into an immediate and universal necessity” (Burz-Pânzaru, 2021). The global health crisis significantly accelerated digitization, automation, and remote work—trends that had previously progressed at a slower pace.

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In response, organizations promptly revised strategic plans to align with pandemic-induced constraints. This adaptive behavior highlights the growing importance of organizational adaptability, a multifaceted concept that includes collaboration, resilience, critical thinking, receptivity to feedback, and agility (Bridges, 1991). Adaptability is becoming crucial in both professional and personal contexts.

Deliberate organizational design and a supportive culture are vital for fostering adaptability. Best practices involve:

1. Embracing flexible work arrangements;
2. Investing in training that fosters experimentation and the development of new skills;
3. Allocating time and space within business processes for observation, reflection, and learning from failure;
4. Promoting diversity and inclusive decision-making.

Despite increasing awareness, much work remains—especially at the individual level—to build the adaptive capacity necessary for sustainable change. Change management should be recognized as a strategic priority for effective leadership (Cernăianu, 2007). Recognizing change management as a strategic imperative is essential for effective leadership.

Effective change management provides tools and practices to support organizational transitions. In an environment of constant and often disruptive change, it helps mitigate organizational fatigue and ensures that changes are both implemented and sustained. Effective change management equips leaders with tools and strategies to facilitate successful transitions.

2. The need for change: justifications, scope, and systematic approach

The need for organizational change is driven by:

- Technological advancements,
- Shifts in consumer behavior,
- Mergers and acquisitions,
- Organizational restructuring,
- Process optimization,
- Crisis prevention and response (Muscalu, 2004).

Change management offers a structured framework to address these pressures. It emphasizes not only organizational systems and processes but also the human impact of change (Ceașu, 2004). It offers strategies, resources, and implementation methodologies designed to

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make change as seamless and integrated as possible within the organizational fabric. Change management provides a systematic framework for navigating these challenges. To address these challenges, change management provides a structured and methodical framework.

While it encompasses the entire organization, change management also places particular focus on how transitions affect employees and teams. It emphasizes the human side of transformation, recognizing that successful change depends not only on process and structure but also on people's ability to adapt.

Its core objectives include:

- Strategic implementation of change,
- Guiding and controlling transitions,
- Supporting individuals and teams through adaptation.

By applying systematic approaches, change management enables organizations to evolve intentionally, fostering long-term resilience and effectiveness (Pârgaru, 2004).

3. Impact of change management on processes, systems, and employees

Therefore, effective change management must prioritize the human element and ensure thorough documentation and analysis (Catrina & Guran, 2020). Organizational change impacts systems, workflows, and human resources.

Organizational changes typically fall into three main categories:

- **Developmental Change**—improvements made to existing processes and procedures to enhance efficiency or performance.
- **Transitional Change** — changes that shift an organization from its current state to a clearly defined future state, often involving structural reorganization or the introduction of new systems.
- **Transformational Change**—**profound** changes that redefine the organization's culture, values, and operational framework.

Applying structured change management significantly increases success rates, enabling swift and effective adaptation (Man & Vilkul, 2006).

4. Change management

4.1 Lewin's force field theory

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Kurt Lewin conceptualized change as a dynamic equilibrium between two sets of forces: those that drive change and those that resist it. This balance ultimately determines whether a change will be successfully implemented or obstructed (Lewin, 1947).

Table 1 Lewin's force field model

Forces driving change	Forces resisting change
Technological advancement	Outdated mindsets
Knowledge expansion	Psychological blocks
Product obsolescence	Fear of the unknown
Desire to improve work conditions	Fear of failure
Workforce restructuring	Low professionalism

4.2 Creativity and Organizational Readiness for Change

Organizations that foster creativity are generally more capable of successfully navigating change. Creativity enhances an organization's readiness for transformation by encouraging a mindset of openness and innovation — essential attributes for progress. Only organizations that are adequately prepared can generate and effectively assimilate the types of changes that foster creative expression among their members.

Creativity enables organizations to balance short-term operational efficiency with long-term strategic development. A dynamic system oriented toward creativity is characterized by diversity, adaptability, and flexibility. These qualities support continuous innovation and the rapid implementation of new ideas. As such, it is essential to address change management within the broader context of structural transformations, particularly those involving shifts in ownership and internal organizational design.

Change management can be defined as a set of management processes and relational mechanisms aimed at implementing change and aligning the organization with developmental goals. It involves a systematic sequence of stages, each supported by ongoing feedback mechanisms. The process includes:

1. Identifying the drivers of change
2. Recognizing and understanding the need for change
3. Diagnosing organizational problems

4. Determining the appropriate methods for implementing change
5. Designing implementation strategies
6. Overcoming resistance to change
7. Executing change initiatives

Each stage is essential to ensure that change efforts are intentional, inclusive, and aligned with the organization's strategic objectives.

1. Identifying the Drivers of Change

Organizational change is influenced by both external and internal factors.

- *External factors*, often beyond managerial control, include technological advances, market competition, changing customer expectations, and socio-economic transformations. For example, the integration of robotics and advanced communication technologies can drive operational improvements while simultaneously challenging existing systems.
- *Internal factors*—such as decision-making processes, communication patterns, and interpersonal dynamics—are more controllable and require continuous attention from management.

2. Recognizing and Understanding the Need for Change

Once these factors are identified, organizational leaders must develop a clear and comprehensive understanding of the necessity for change. Awareness alone is insufficient; it must be followed by deliberate managerial actions rooted in a deep understanding of the organizational issues at stake.

3. Diagnosing Organizational Problems

This stage involves identifying symptoms, determining underlying causes, proposing solutions, and estimating the resources required for implementation. The organization must assess four key components:

- *Tasks* (core activities and performance standards);
- *Structures and systems* (hierarchies, procedures, and communication flows);
- *Organizational culture* (values, norms, and informal reward systems);
- *People* (skills, behaviors, attitudes, and interpersonal relations).

4. Determining the Method for Implementing Change

Based on diagnostic findings, managers select the most appropriate techniques and tools for change. These choices should be aligned with organizational objectives and the nature of the proposed transformation.

5. Designing Implementation Strategies

Change may take multiple forms:

- *Structural changes* (task redesign, hierarchy shifts);
- *Staff motivation and skill-level improvements*;
- *Technological upgrades* (new systems or processes);
- *Leadership and management style reforms*.

6. Overcoming Resistance to Change

Resistance to change is natural and typically arises from fear, confusion, disinterest, or self-preservation.

- Provide support and encouragement;
- Foster participation through inclusive decision-making;
- Apply interpersonal influence;
- Use pressure cautiously, as it may lead to resentment or hostility.

7. Executing Change Initiatives

Once resistance is mitigated, implementation begins. This stage necessitates continuous feedback and agile adjustments throughout the organizational transition.

Table 2 Comparative Elements — Traditional vs. Modern Enterprises

No.	Comparison Element	Traditional Enterprise	Modern Enterprise
1	Types of Businesses	Sole proprietorships, associations, and joint stock companies with few shareholders	Sole proprietorships, associations, large joint-stock companies, and multinational firms

No.	Comparison Element	Traditional Enterprise	Modern Enterprise
2	Ownership Structure	Owned by one person or a small group	Owned by an individual or a broad shareholder base
3	Enterprise Size	Small and medium-sized	Small, medium, large, and very large
4	Enterprise Management	Led by owner or entrepreneur; rarely by non-owner managers	Often led by professional managers or boards of directors
5	Pace of Change	Slow and limited to specific areas	Rapid and across multiple areas
6	Forecasting Methods Used	Mostly exploratory and intuitive	Predominantly normative, based on economic models and strategic planning
7	Dominant Type of Objectives	Primarily current-focused	Strategic, tactical, and operational
8	Types of Organizational Structures	Stable, hierarchical, functional, or hybrid	Flexible, dynamic; includes matrix, cybernetic, and other modern structures
9	Leadership Style and Methods	Autocratic or authoritarian; intuitive and empirical methods	Democratic, consultative, participatory; based on scientific methods
10	Top Management Concerns	Focused on production, procurement, and sales	Focused on strategy development and policy implementation

The comparison between traditional and modern enterprises highlights a profound transformation in organizational structure, strategy, and leadership. Modern enterprises are characterized by greater complexity, scalability, and adaptability. They shift from owner-led to professionally managed structures, prioritize strategic planning over intuition, and adopt dynamic, flexible organizational models.

Modern enterprises also place increased emphasis on forecasting, market orientation, and the integration of diverse management techniques. These changes reflect a broader shift toward responsiveness, globalization, and sustainability in today's business environment. Leadership styles have evolved from autocratic to participatory, placing greater emphasis on innovation, collaboration, and strategic foresight.

5. Evaluating efficiency and models for change management

5.1 Evaluating management system efficiency

A change strategy must incorporate planning, communication, testing, and feedback. Management should assess both the macro and micro environments, understand market conditions, and align operations with strategic goals. Structural analysis includes roles, responsibilities, and job descriptions. Improvement strategies involve assessing organizational charts, staffing, and performance (Văduva, 2004).

An organization's management is carried out through a defined management system, responsible for integrating various components and ensuring alignment with strategic objectives. This system brings together structure, relationships, and managerial techniques into a coherent framework to drive performance.

Evaluating the effectiveness of this system involves several stages:

1. Environmental assessment

Management must first assess the micro- and macroeconomic environment in which the company operates. For example, launching a new product without understanding customer demand or market channels may lead to failure. A well-conducted market study helps avoid such strategic errors and is particularly critical when entering foreign markets. This analysis should address:

- Which international markets are most promising;
- Estimated sales volumes;

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- Necessary product adaptations;
- Pricing strategies and profitability;
- Distribution and marketing approaches.

Ongoing research is vital for:

- Aligning operations with objectives;
- Monitoring shifts in market conditions;
- Ensuring efficient resource allocation.

2. Analysis of management structure

This involves evaluating how the organizational structure supports decision-making.

Key considerations include:

- Staff roles and involvement in strategic planning;
- Clear internal regulations outlining tasks, responsibilities, and interrelations;
- Job descriptions and the skills required for each role.

3. Improvement strategies

The final step is identifying areas for improvement within the organizational structure.

This includes:

- Reviewing organizational charts;
- Assessing staffing efficiency;
- Proposing actions to mitigate negative influences on company performance.

Modern managers must anticipate change and continuously seek ways to enhance performance by optimizing the use of human and financial resources.

5.2 Effective models for change management

Several frameworks have proven particularly useful in guiding organizations through transformation:

A) The ADKAR model (Jeff Hiatt) (Hiatt, 2006)

This model outlines five key building blocks for successful change:

- Awareness of the need for change
- Desire to support the change
- Knowledge of how to change
- Ability to implement new behaviors
- Reinforcement to sustain the change

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B) The Bridges transition model (William Bridges) (Bridges, 1991)

Bridges focuses on the psychological transition that accompanies change. His model includes:

- The Ending phase (letting go of the old)
- The Neutral Zone (uncertainty and exploration)
- The New Beginning (embracing the new situation)

C) Kotter's 8-Step model (John Kotter) (Kotter, 1996)

Widely regarded in the field of leadership, Kotter's model includes:

1. Establishing a sense of urgency
2. Creating a guiding coalition
3. Developing a change vision and strategy
4. Communicating the vision
5. Empowering employees by removing obstacles
6. Generating short-term wins
7. Consolidating gains and producing more change
8. Anchoring new approaches in the culture

Each of these models provides a systematic framework. While no single model guarantees success in every situation, they offer valuable tools and perspectives. Ultimately, it is the responsibility of organizational leaders to apply these models thoughtfully, tailoring them to their specific context.

CONCLUSIONS

This paper has examined the concept of change management as a strategic priority for leaders, particularly in the face of ongoing economic, legal, and medical transformations shaping contemporary society. In the Romanian context—marked by rapid private sector expansion and structural shifts within organizations—understanding and managing change has become not only relevant but essential.

Organizational leaders must first recognize the inevitability of change and then actively engage in shaping it. Through modern managerial methods and techniques, they must foster a culture that motivates employees, facilitates collaboration, and encourages active participation in the transformation process.

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The key to navigating change successfully lies in cultivating creativity and adaptability. Leaders with strong managerial expertise and psychosocial competencies are more likely to adapt to dynamic environments and to guide their organizations toward sustainable progress. Ultimately, change management is not just a process but a leadership philosophy that must permeate the entire organization.

Change management is essential in navigating contemporary transformations, particularly in Romania's dynamic context. Leaders must embrace change through strategic action and foster cultures of adaptability and creativity. More than a process, change management is a leadership mindset that must permeate all levels of an organization.

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Green accounting vs. sustainable development: conceptual convergence and implementation challenges

Coconețu Vasilica-Ramona²⁷,

Abstract

In an era where the climate crisis, the depletion of natural resources, and social pressures require a reassessment of traditional economic paradigms, the concepts of green accounting and sustainable development are gaining strategic importance.

The article aims to critically analyze the connection between these two concepts, highlighting their complementarity but also the difficulties of implementation in practice. In a global context marked by increasingly strict regulations on non-financial reporting and increased expectations from investors and consumers, green accounting becomes a fundamental tool for achieving sustainable development goals.

The analysis is supported by examples from practice, relevant case studies, and international theoretical references, falling within an interdisciplinary conceptual framework. It explores not only the benefits of integrating green accounting into economic systems but also the risks, such as greenwashing and methodological difficulties.

Finally, the article proposes concrete directions for action to strengthen the role of green accounting as an essential pillar of corporate sustainability.

JEL: M40, M41

Keywords: green accounting, environmental accounting, sustainable development, green accounting, sustainable development, bibliometric analysis, Scopus, VOS viewer.

1. Introduction

In recent decades, environmental and sustainability concerns have gained increasing relevance in economic, political, and academic discourse. Climate change, the loss of biodiversity, and the depletion of natural resources have generated significant pressures on organizations, causing them to rethink their business models. In this context, traditional

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accounting, mainly focused on financial aspects, is insufficient to reflect the complex reality of the interaction between organizations and the environment. Thus, the need for an accounting that integrates the ecological and social dimension emerged: green accounting.

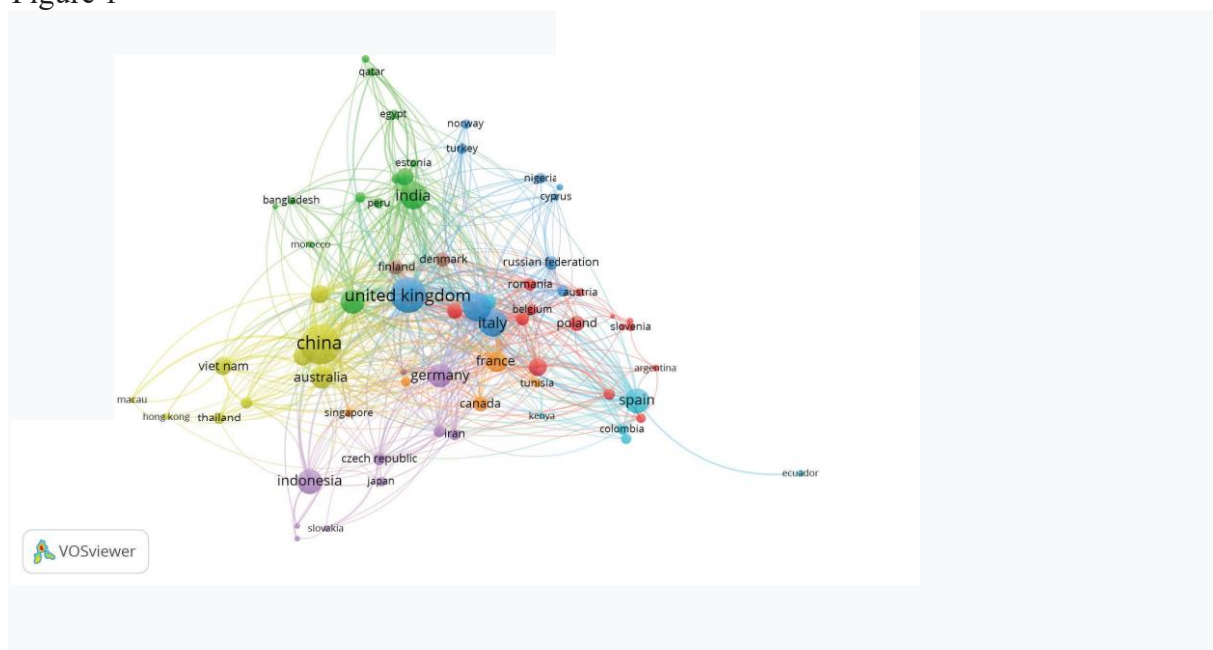
It responds to the demands of a new economy, where performance is not only defined by profit but also by the impact on the planet and society. In parallel, the concept of sustainable development has become a dominant paradigm at the international level, aiming at the balance between economic growth, environmental protection, and social equity. The purpose of this article is to analyze how green accounting contributes to, limits, or complements the goals of sustainable development.

2. Review of scientific literature

The bibliometric analysis was carried out using VOS Viewer software. 2000 documents from the Scopus database, from the field of environmental accounting, were analyzed.

Analysis of collaborative relations between states

Figure 1

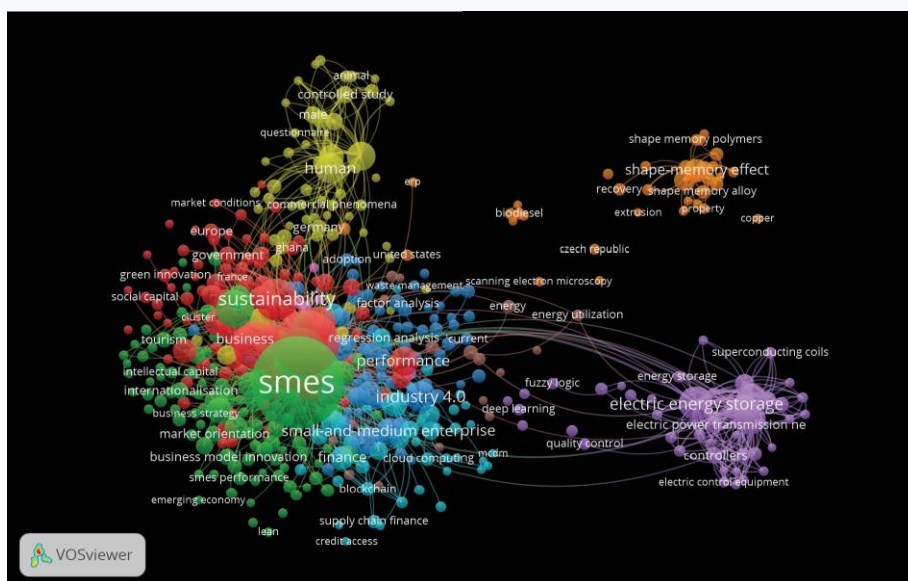


Own conceptualization source

The country that has published the most documents in the field of environmental accounting - is China with 286 documents and 47 collaborative links. In second place is the United Kingdom of Great Britain with 229 published documents and 59 collaborative links. Figure 2 shows the analysis of the keywords used by the authors in the research works in the field of environmental accounting.

Keyword analysis

Fig. 2



The most frequently used word is environmental with 510 occurrences, followed by sustainability with 111 occurrences.

3. Green accounting: definitions, evolution and applicability

3.1. Definitions of Green Accounting

Green accounting, also known as ecological accounting or environmental accounting, is an extension of traditional accounting that integrates the ecological dimension into financial

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and managerial reporting processes. Its purpose is to highlight the impact of economic activities on the environment and support sustainable decision-making. According to the Organization for Economic Co-operation and Development (OECD), green accounting involves measuring the costs and benefits of environmental protection, including external costs such as pollution or depletion of natural resources.

Therefore, green accounting is an emerging branch of accounting that aims to integrate environmental aspects into financial and managerial reporting. This involves identifying, measuring, and communicating the environmental costs and benefits of economic activities, including pollution, resource consumption and investments in clean technologies.

3.2. The evolution of the concept

Green accounting emerged in the 1970s amid growing concerns about pollution and environmental degradation. Initially, concerns focused on the costs of remediating ecological damage. Later, in the 90s, with the development of the concept of sustainable development, environmental accounting began to be integrated into corporate strategies.

The publication of international standards such as ISO 14001 and the GRI (Global Reporting Initiative) initiatives has contributed to the professionalization and standardization of environmental reporting. Currently, green accounting is associated with ESG (Environmental, Social, and Governance), being included in sustainable performance indicators.

3.3. Dimensions and types of green accounting

Green accounting can manifest itself in several forms:

- Environmental financial accounting: Records the financial impact of environmental policies on economic performance.

- Environmental management accounting: Supports internal decision-making regarding efficient use of resources and reduction of emissions.
- Green national accounting: Includes the assessment of natural capital and ecosystem services in macroeconomic indicators (e.g., green GDP).

4. Applicability in practice

Green accounting is applicable in all economic sectors, from industry and agriculture to services and public administration. In large companies, this is reflected in sustainability reports, energy efficiency indicators or carbon footprint reduction strategies. In the public sector, green accounting supports the formulation of green fiscal policies and investments in green infrastructure. Also, international bodies such as the UN, the World Bank and the European Commission promote the inclusion of environmental accounting in global governance policies.

Therefore, its applicability ranges from product life cycle analysis to accounting for external costs such as carbon emissions or waste. It also facilitates transparency in communication with investors and other stakeholders.

5. Challenges and prospects

Although the benefits of green accounting are obvious, there are also numerous challenges: the lack of a unitary regulatory framework, the difficulty of monetary valuation of natural resources or the lack of transparency in environmental reporting. However, technological advances (e.g. digitization, artificial intelligence), social pressures and European regulations (e.g. the Green Deal Package) are driving an increasingly widespread adoption of this type of accounting. In the future, it is expected to be fully integrated into international financial reporting standards.

At the same time, green accounting supports strategic decision-making based on sustainability, demonstrating that environmental protection can become a competitive advantage. However, there are significant challenges in terms of the lack of binding standards.

6. Sustainable development: a systemic and multidimensional approach

The concept of sustainable development was established in 1987 by the Brundtland report, being defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It assumes a balance between three essential dimensions: economic, ecological, and social.

Sustainable development is not just a theoretical ideal but a concrete strategic framework, transposed into national and international policies, such as the UN 2030 Agenda. The Sustainable Development Goals (SDGs) provide a pragmatic framework for action, addressing themes such as poverty reduction, biodiversity protection and responsible consumption.

Organizations are increasingly called upon to align their strategies with these goals, for both ethical and economic reasons. Thus, sustainability becomes an essential condition for the long-term resilience of businesses. However, translation into practice is often fragmented and affected by diverging interests. That is why it is crucial to have tools, such as green accounting, to support decisions based on objective evidence.

Considering the idea that the benefits of economic development must be greater than the costs, including those related to the conservation and improvement of the environment, the first Sustainable Development Strategy of Romania from 1999 had as its objective the gradual improvement and maintenance of the population's well-being in correlation with the requirements of the rational use of natural resources and the conservation of ecosystems. Accession to the European Union in 2007 adjusted national priorities through the National

Strategy for Sustainable Development. Horizons 2013-2020-2030 (SNDD), approved by the Government of Romania on November 12, 2008, aimed at reducing the socio-economic gap with that of the member states of the European Union.

In order for sustainable development to succeed in Romania and therefore the 2030 Agenda, together with the commitments of the European Union, this strategy is built around the citizen and the needs of future generations.

The strategy starts from the premise that sustainable development presents a framework of thinking that will help to create a more equitable society, defined by balance and solidarity and that can face the changes brought by current global, regional, and national problems, including demographic decline. The state's concern for the citizen and the citizen's respect for institutions, for his neighbor, and for moral values and cultural and ethnic diversity will lead to a sustainable society.

On the economic level, there is a need to guarantee a long-term economic growth that will benefit the citizens of Romania.

Although the economy of a country is often measured by numbers, which do not take into account the potential of the citizens, transforming the economy into a sustainable and competitive one requires a new way of action that focuses on the innovation, optimism, and resilience of citizens. Such an approach will create a culture of entrepreneurship in which the citizen can realize himself materially and aspirationally.

From a social point of view, a cohesive society is needed, which benefits from the improvement of the education and health system and the reduction of inequalities between men and women and between the urban and rural environments, which leads to the promotion of an open society, in which citizens can feel appreciated and supported.

There is a need to cultivate the resilience of the population, in such a way that the citizen, in a fair institutional framework, can realize his dreams at home. At the same time, the state must help to increase the potential of the citizen by addressing the problems related to health, education and the limits of the free market, the problem that can be answered through public policies, the result being a higher standard of living for all citizens.

The increase of social capital, the creation of a civic sense defined by trust between citizens, will lead to the unlocking of the potential of Romanian citizens to realize themselves through their own forces, while also ensuring the sustainable development of their communities.

7. The relationship between green accounting and sustainable development

7.1. Convergence and functional integration

Green accounting is an operational expression of the principles of sustainable development within an organization. Through its measurement, evaluation and reporting tools, it enables the quantification of environmental impact and its transformation into relevant data for strategic decision-making.

Thus, companies can identify opportunities for cost reduction, green innovation and social responsibility. By implementing green accounting, the conditions are created for better corporate governance and a transparent relationship with stakeholders. This integration is not only an ethical choice, but also a necessity imposed by the increasingly strict requirements of regulatory authorities.

The convergence between green accounting and sustainability is manifested in integrated reporting, which combines financial and non-financial indicators into a holistic picture. In this way, organizations can demonstrate that they generate value not only for shareholders, but also for society and the environment.

7.2 Epistemological complementarity

Sustainable development has a much broader dimension than accounting, involving public policy, social justice and environmental education. Green accounting, on the other hand, offers a technical framework for quantifying these dimensions, without being able to exhaust them. Thus, the relationship between the two concepts is one of complementarity: sustainable development provides the strategic direction, and green accounting provides the data and monitoring mechanisms. This complementarity is crucial in the implementation of the global objectives at the microeconomic level.

Furthermore, green accounting has the potential to contribute to public policy making by providing reliable information. However, it is essential that this information is contextualized and interpreted in the light of ethical principles and the public interest.

7.3 Tensions and contradictions

Although conceptually compatible, green accounting and sustainable development may conflict in practice. Many companies implement environmental reporting only in response to external pressures, without a real paradigm shift.

Thus phenomena such as the superficiality of reporting or the selective use of data appear, which can mislead the public. Also, green accounting entails additional costs for companies, which may limit its applicability, especially in SMEs. Terms such as greenwashing were invented for such situations - companies report "green" data without implementing real measures. Greenwashing is a marketing practice in which a company falsely or misleadingly conveys the image of being environmentally friendly without any real coverage in its actions. The practice aims to attract environmentally sensitive consumers and investors without implementing genuine sustainable measures.

- green accounting involves additional costs for companies, which can affect competitiveness in the short term.
- Subjectivity: Many ecological data are difficult to standardize, which creates uncertainty in reporting.
- Vague advertising or without concrete data (eg "organic product" without explanation).
- Use of ecological symbols without certification.
- Hiding the real impact by selecting the data presented

Among the companies accused of greenwashing, we mention:

- Volkswagen (Dieselgate): manipulation of car emissions tests to appear environmentally friendly.
- H&M: promoting the 'Conscious' line as sustainable without sufficient evidence.
- BP: Rebranding "Beyond Petroleum" while continuing massive investment in fossil fuels.
- Nestlé: Promoted recycling campaigns despite intensive use of non-recyclable plastic

Impact on public trust and sustainable investment: Greenwashing undermines the credibility of companies and fuels public skepticism about sustainability initiatives. Responsible investors become reluctant to back companies with limited transparency or a history of falsified reporting. Furthermore, this phenomenon distorts green markets, penalizing genuine companies that make real efforts and favoring appearances over substance. For these reasons, it is crucial to introduce clear regulations, effective sanctions and independent audit mechanisms to combat greenwashing.

Sometimes market pressures lead companies to favor easily quantifiable indicators over qualitative ones, leading to a distorted picture of sustainable performance. In the absence of clear regulations and a unified reporting framework, the risks of manipulation or misinterpretation remain high.

8. Methodological challenges and evolving regulations

The implementation of green accounting raises numerous methodological challenges, starting with the lack of universally accepted standards for evaluating the ecological impact. Unlike financial accounting, where indicators are well defined, in green accounting there is a diversity of methods and approaches, which makes comparability between firms difficult. For example, the assessment of CO₂ emissions can be done based on direct estimates, conversion factors or simulation models.

Also, the lack of a clear link between financial and environmental data creates difficulties in their integration into existing accounting systems. In parallel, the regulations in the field are constantly evolving. The European Union introduced the Corporate Sustainability Reporting Directive (CSRD) in 2022, which obliges large companies to report environmental, social and governance indicators. At the same time, the ISSB (International Sustainability Standards Board) works on unified global standards.

However, the applicability of these rules differs from one country to another and from one economic sector to another. In the absence of a coherent framework, green accounting remains a field with potential, but also with significant vulnerabilities.

9. Prospects for development and future directions

As the climate crisis becomes more pressing, green accounting will play a key role in transforming traditional business models. Integrating sustainability into accounting decisions is no longer an option, but a necessity for the long-term survival of organizations. Digitization, artificial intelligence and blockchain will facilitate the collection and verification of environmental data, enabling more accurate and transparent reporting. In parallel, pressures from ESG (Environmental, Social, Governance) investors will cause companies to improve their reporting standards.

Accounting education, in turn, must adapt by introducing courses in environmental accounting and non-financial reporting into university curricula. At the institutional level, international regulatory bodies are expected to unify methodological frameworks so that green accounting becomes common practice.

However, cultural and ethical transformation within organizations is essential to avoid formalism and guarantee authenticity. In conclusion, the prospects are promising, but their realization depends on political will, technological innovation and real corporate responsibility.

Conclusions

The article highlighted the complexity and interdependence between green accounting and sustainable development, highlighting the crucial role these concepts play in redefining organizational performance. Green accounting is not only a technical tool, but also a framework for ethical and strategic reflection on the economic impact on the environment. Through its integration in the decision-making structures of companies.

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AN OVERVIEW OF ROMANIA'S SAF-T IMPLEMENTATION PROCESS, IMPACT, AND PERSPECTIVES OVER THE BUSINESS ENVIRONMENT

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Abstract

Amongst a list of major fiscal changes that impacted Romanian fiscal legislation in the last years, the implementation of SAF-T, which stands for Standard audit file for tax starting 1st of January 2022, is one of the most important, in what regards the costs, the efforts and the work imposed by the process. This paper examines questions raised by the business environment and the accounting practitioners whether the benefits exceed the costs and the efforts incurred along the process. Year 2025 is significant as the declaration becomes compulsory for almost all companies and institutions in Romania, the first mandatory period is January, but existing a period of grace until the end of July. For small companies this period of six month is full of challenges in the process of implementing the technical and human resources needed in order to fulfill the legal duties. Not only the entrepreneurs, but also accountants, IT- stuff and software developers are being involved in this team work. Meeting the deadline is of great importance, as otherwise companies risk to take fines rising to important amounts, which in the case of small to medium enterprises can affect the existence of the business by itself.

Keywords: Standard audit file for tax, accounting profession, ERP, XML, legal compliance, fiscal efficiency.

JEL Code: H23, H83

Introduction

It is important to mention that Romania is one of the European countries which adopted this new fiscal legislation among the first in order to align to the international tax reporting standards imposed by the Organization for Economic Cooperation and Development, aimed at increasing the transparency between the authorities and the business environment and to

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ease the burden of an obsolete fiscal control system. Firstly, SAF-T originated in year 2005 from an initiative of OECD aimed at facilitating the international cooperation in the tax administration system, making the process of fiscal conformation more easy for multinational companies, by creating a unitary reporting process making compliance to various tax regulations more simple.

Being easily deducted from the denomination itself, SAF-T represents a synthetic file of xml²⁹ type, respecting reporting international standards, comprising accounting and tax information extracted from the accounting database of small companies or from ERPs in the case of medium-sized to large companies, used to interchange electronic information between authorities and companies or for the use of external auditors. Due to the fact that the accounting records provided in this declaration respect a range of standards imposed at international level, data becomes both comparable and easy to read regardless of the nationality of its users. The standard imposed by the Organization for Economic Cooperation and Development in 2008 is mandatory, but the specific xml file format and the technical means of implementation lay at individual countries decision according to paragraph 6.28³⁰ of the recommendation.

The first version of the guidance standard for SAF-T was published in 2005 by OECD Committee on Fiscal Affairs and comprised records extracted from the General Ledger, together with masterfiles of customers, suppliers and invoices, payments and adjustments synthesized in a SAF-T.xsd xml format. The reviewed second version included in addition information on stocks and assets and changed the xml syntax to SAF-T_Schema_v_2.00.xsd.

Advantages of SAF-T implementation

Implemented in Europe in several countries such as Portugal, which was the pioneer, Hungary, Lithuania, Poland, Ukraine, Belgium, Austria, Denmark or Norway, for the scope of VAT compliance, the SAF-T system presents many benefits for both companies and fiscal authorities. The list of advantages is non exhaustive and comprises the fact that the system

²⁹ Extensible Markup Language (XML) is a markup language and file format for storing, transmitting, and reconstructing data. It defines a set of rules for encoding documents in a format that is both human-readable and machine-readable.(Wikipedia).

³⁰ "It is entirely a matter for revenue bodies to develop their policies for implementation of SAF-T, including its representation in XML. However, revenue bodies should consider data formats that permit audit automation today while minimising potential costs to all stakeholders when moving to new global open standards for business and financial data such as XBRL, and XBRL_GL in particular."

is most secure, it facilitates data collection reducing costs, it eases the interchange of accounting information transmitted to the state institutions by electronic means, it is also a very efficient way to archive fiscal information, even for the means of fiscal controls, making fiscal audits more efficient and faster, and all in all it favors tax compliance by taxpayers.

Nevertheless, the system comes with a number of obstacles and difficulties on the way to become functional, incurring great costs and allocation of human, technical and financial resources on behalf of the business environment.

In Romania the National Tax Administration Agency imposed the submission of SAF-T system in January 2022 for large companies, followed by the medium companies in January 2023 and in the last stage by all companies as of January 2025. The form of this system file is a readable pdf which embeds a fiscal and accounting database arranged and encrypted respecting the international standards and syntax known as Standard Tax Control File or D406. The declaration comprises a consistent base of fiscal and accounting data and has three forms, with different deadlines to submit. The structure of the SAF-T file format mandatory in Romania respects version OCDE 2.0. and includes four sections: the header section, the masterfiles, the General ledger entries and the source documents. The first section includes general information about the file, including the name of the software producer and the name of the taxpayers in whose name D406 is submitted. The masterfile section comprises several subsections: General ledger accounts, taxonomies, customers, suppliers, the tax table, the Uom table³¹, the analysis type table, the movement type table, products, physical stock, owners and assets. The third section - General ledger entries comprises all the accounting records of the period due for submission as registered in the accounting system according to the Romanian plan of accounts. Last section regarding source documents includes sale invoices, acquisition invoices, payments, documents referring to stock movements, documents for assets transactions.

What exactly SAF-T represents ?

³¹ Uom Table refers to Units of measurement table stands for the Nomenclature for standardized units of measurement derived from the combined customs tariff, containing the list of abbreviations of units of measurement and their codes, and additional units of measurement according to art. 59¹ of Law 207/2015 regarding Fiscal Procedure Code and to Order of the President of the National Tax Administration Agency no. 1783/2021.

Based on these type of information comprised, the legislation stipulates for three types of D406, accordingly each of them having a different submission deadline (in accordance with the each taxpayer vat declaration period).

The first type of D406, which has a monthly or quarterly deadline) should include: the header section, the following masterfiles-General Ledger accounts, customers, suppliers, TaxTable, UOMTable, AnalysisTypeTable, products, the General Ledger entries and the source documents including: sales invoices, purchase invoices and payments.

The second type of this fiscal statement, entitled D406 - Stock, submitted on the demand of fiscal authorities within a period of 30 days includes the following mandatory information: the header, the following masterfiles - General Ledger accounts, TaxTable, UOMTable, AnalysisTypeTable, MovementTypeTable, products, physical stock, owners and the subsection of movement of goods from the source documents section.

The third type of the statement, entitled D406-Assets, submitted on an annually basis, having the same submission deadline as for the balances sheet, respectively five months within the closure of the financial year contains the header section, the masterfiles sections with three specific subsections-General Ledger accounts, Analysis Type Table and assets and the asset transactions subsection of the document source section.

This local adapted format of SAF-T respects the core structure and main elements imposed by this international standard, and it is modeled after the Romanian tax legislation and accounting rules. Thus while aligning **to the global reporting standard, Romania implemented its own specific** requirements for the information to be included, as well as different reporting deadlines, method of submission.

Being one of the major fiscal measures adopted and implemented in Romania, together with the CTC e-invoicing³² which created the start for the digitization of accounting in 2024, the two of them are interrelated and both contribute to streamline compliance and real-time controls by making information being easily accessible electronically, reducing time and efforts, human resources involved in the audit process.

³² The CTC (Continuous Transaction Controls) model is a system where tax authorities receive transactional data—such as e-invoices—directly from businesses in real-time or near-real-time. This model ensures that each transaction is logged and reviewed for compliance as soon as it occurs, preventing errors and tax evasion. (www.b2be.com).

CTC e-invoicing, implemented in January 2024 in business to business relationship represents a digital system used to interchange electronic invoices between entities in real-time or near real-time. On the other hand, SAF-T digitally reports a comprehensive database of financial and accounting information summarized in a standardized format to the fiscal authorities on a periodically base. In this way both systems are related and interconnected and the information provided by both of them must be reconciled and must match, thus offering a complete picture of the business and creating a useful tool for real-time digital fiscal control which helps taxpayers to align to fiscal requirements in time and to avoid the burden of unexpected physical control from state authorities. The continuous process of monitoring and reconciling information from CTC e-invoicing and from SAF-T reduces errors in tax reporting, making the accounting records accurate and in line to local legal requirements.

The regulatory framework regarding SAF-T

The legal framework for SAF-T submission includes primary **Order no.1783/04.11.2021** of the National Tax Administration Agency and the **Fiscal Procedure Code** approved by **Law 207/2015**. Other laws include **Order no.1721/2021** of the National Tax Administration Agency on the Organization of large taxpayer administration and **Order no.1782/2021** of the National Tax Administration Agency stipulating for the List of major taxpayers as of 1 January 2022.

The Fiscal Procedure Code approved by Law 207/2015 establishes the rights, but also the fiscal obligations that taxpayers have with regard to the submission of tax declarations, payment of taxes and fees due to the state, but also providing the control bodies with the requested fiscal information. The same law also specifies the fines that may arise as a result of not submitting declarations on time, the interest and penalties for non-payment or late payment of taxes and fees, and the sanctions for failure to present supporting documents in the event of an audit.

Order no. 1783/2021 provides for the mandatory submission of the D406 Informative Declaration, in electronic format by means of portal e-guvernare.ro.

Sanctions – for failure to submit SAF-T declarations, sanctions such as fines are provided (between 1,000-5,000 lei), while incomplete submission of the declaration is sanctioned with a fine between 500-1,500 lei.

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However no sanctions are applied if the declaration is corrected before the next reporting deadline or if it is corrected as a result of facts not attributable to the taxable person.

However, given the complexity and novelty of this reporting obligation, taxpayers will be granted a grace period of three months for the first reporting, from the date the filing obligation becomes effective for the respective taxpayer. The grace period is six months for the first reporting, respectively five months for the second reporting, four months for the third reporting, three months for the fourth reporting, two months for the fifth reporting, for taxpayers who have the obligation to transmit the SAF-T file monthly and three months for the first reporting, for taxpayers who have the obligation to transmit the SAF-T file quarterly. The grace period is calculated starting from the last day of the reporting period for which it is granted, when the transmission obligation becomes effective for the respective taxpayer. The obligation to submit the standard tax control file (SAF-T) by means of D406 is established by the National Tax Administration Agency for taxpayers who are Romanian legal entities, for units without legal personality in Romania of foreign legal entities in accordance with the obligation to keep double-entry accounting and for non-resident companies that have a registration code in Romania for VAT purposes (taxpayers registered through direct registration, taxpayers registered through a fiscal representative, fixed establishments).

Romanian legal entities, units without legal personality in Romania of foreign legal entities and non-resident companies that have a registration code in Romania for VAT purposes (taxpayers registered through direct registration, taxpayers registered through a fiscal representative, fixed establishments) will also have the obligation to prepare and submit the SAF-T standard tax control file through the D406 Information Declaration.

Thus, according to Order no. 1783/2021 there are several categories of entities required to submit D406 as follows: autonomous public administrations, national research and development institutes, joint-stock companies, limited partnerships, simple limited partnerships, general partnerships, limited liability companies, national societies/companies, craft cooperative organizations, consumer cooperative organizations, credit cooperative organizations, units without legal personality in Romania, which belong to legal entities with their headquarters abroad, foreign legal entities carrying out activity through a permanent establishment/several permanent establishments in Romania, foreign legal entities having their place of effective management in Romania, associations with patrimonial purpose,

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associations/persons without patrimonial purpose, collective investment undertakings not established by a constitutive act, as provided for in the capital market legislation, voluntary pension funds, privately managed pension funds and other entities organized on the basis of the Civil Code, non-resident companies that have a VAT registration code in Romania (taxpayers registered through direct registration, taxpayers registered through a fiscal representative, fixed establishments) and also all other legal entities, which are not expressly mentioned in the list of categories of taxpayers who will not be required to submit the SAF-T file (D406).

The order stipulates precisely the categories of taxpayers who will not be required to submit the SAF-T file: authorized individuals, sole proprietorship, family businesses, individuals carrying out for-profit activities, family associations, professional law firms with limited liability and individual law firms, professional notary firms and individual notary offices, individual medical firms, professional insolvency practitioners, professional sole proprietorship with limited liability, public institutions regardless of their source of financing or the category of taxpayers to which they belong and administrative authorities, regardless of their source of financing.

Regarding the deadlines, the obligation to submit the D406 becomes effective for each category of taxpayers as follows: for taxpayers classified as large taxpayers on January 1, 2022, who were also part of this category in 2021, the obligation to submit the D406 begins on January 1, 2022, which represents the reference date for large taxpayers, for taxpayers classified as large taxpayers on January 1, 2022, who were not part of this category in 2021, the obligation to submit the D406 begins on July 1, 2022, which represents the reference date for new large taxpayers, for taxpayers classified as medium taxpayers on December 31, 2021, the obligation to submit the D406 begins on January 1, 2023, which represents the reference date for medium taxpayers; for taxpayers classified as small taxpayers on December 31, 2021, the obligation to submit the D406 begins on January 1, 2025, which represents the reference date for small taxpayers.

For taxpayers newly registered/classified after the reference date for each category, the obligation to submit the D406 begins from the effective date of registration, with the first submission of the D406 to be made on the last day of the month following the reporting period, after the reference date for the category in which they were registered/classified.

Conclusions

In conclusion year 2025 is crucial for the business environment in what regards the implementation process of SAF-T, representing a big challenge for the majority of companies.

From the practice experience of large and medium-sized companies, there have been registered a lot of mistakes and errors in fulfilling the process of submission correctly and statistics show that seventy percentage of these companies verified by the National Tax Administration Agency encountered difficulties in the process in the month of August 2024. The lack to submit D406 comes with great costs from authorities, thus in order to conform, taxpayers have to allocate important human, money, and technical resources, which can became a burden for small-sized companies. As a conclusion, business owners should take in time measures in order to be ready for this stage of the digitization process. It is of great importance for business owners of small companies to check if the accounting software used is prepared to generate accurate recordings and is compatible with the SAF-T format, in order to generate a correct D406 statement. Nevertheless both the owners, business managers and accountant should be well informed about all the process, should establish correct accounting procedures and be ready for the challenges of the submission process.

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8. Ordinul președintelui ANAF nr.1783 din 04.11.2021, publicat în Monitorul Oficial nr. 1073 din 09.11.2021 - publicat în data de 10 noiembrie 2021

TAX EVASION, TAX FRAUD—THEIR CAUSES AND FORMS OF MANIFESTATION

Popeangă Gabriel³³

Abstract: Tax evasion has been and is an omnipresent phenomenon in economic and social terms. This problem is worrying due to the lack of effective measures to prevent and "listen" to it, all of which affects the economic stability of the state. The most common form of manifestation of tax evasion and otherwise a legal form is tax havens, based on which there are contradictory economic interests. To combat tax evasion, it is necessary, first of all, to implement tax control and an efficient legislative system, and last but not least, tax education for citizens.

The phenomenon of fiscal evasion produces multiple effects both at the macro-economic level and at the individual level, primarily unfavorable, but also some benefits, both in the short term and in the long term, following an attempt to systematize all these effects. It's technically feasible and at the same time very risky.

Keywords: Tax evasion, Tax fraud, Taxation, Corruption, Tax compliance

JEL Code:H26 , H20, H25 , K42 , D73

Introduction

Tax evasion is a mass phenomenon, imprecisely defined, dominated by contradictory opinions. Although it is a very widespread phenomenon, at the Romanian level there is no definition unanimously accepted by politicians and theorists.

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In the working norms developed by the Ministry of Finance and in the Explanatory Dictionary of the Romanian Language, the phenomenon of tax evasion is defined as "total or partial evasion by taxpayers, through various forms, from paying obligations to the budget".

Fiscal evasion is the logical result of the effects and imperfections of imperfect legislation, ineffective application methods, as well as lack of prevention and The lack of legislation, to which excessive taxation, for example, can be as much to blame as what it causes to escape.

In the specialized literature, "tax evasion can be defined as the totality of illicit procedures with the help of which those interested evade in whole or in part their taxable material obligations established by tax laws". The cited work also mentions that "tax evasion consists of taxpayers' evasion from paying their tax obligations, partially or completely by using legislative loopholes or resorting to ingenious maneuvers for the purpose of hiding taxable income"³⁴.

In the modern world, tax evasion has become a phenomenon, and in many countries a scourge, which grinds the economy, a root crop, suffocates it without giving it any hope"³⁵.

We consider that, regardless of how this phenomenon is defined, tax evasion ultimately represents the failure of taxpayers to meet their tax obligations in bad faith.

In Romanian specialized literature, since 1990, tax evasion is generally treated as having two major forms, the criterion for dividing which is the legal nature: fraudulent evasion

³⁴Tulai, C., Public Finance and Taxation, Casa Cărții de Știință Publishing House, Cluj-Napoca, 2003, pp. 297

³⁵ Birle, V., Tax evasion and corruption in the tax system, Publishing House of the Teaching Staff, Baia Mare, 2003

synonymous with tax fraud, illegal, illicit, and fraudulent evasion, legal, that is, "tolerated" by the law or under the shelter of the law, which is manifests itself through taxpayers' exploitation of "loopholes" in the law. The most widespread method of legal tax evasion is the establishment of tax havens.

A tax haven is “a tool for achieving international tax evasion by taxpayers seeking more advantageous tax treatment,” in particular a lower tax rate.

The doctrine of financial and fiscal law, however, associates tax evasion and especially international tax evasion with tax havens located in those territories or countries where the share of tax levies is reduced or non-existent.

The ways in which we believe that a better functioning of the Romanian tax system is possible revolve around the structural changes that need to be made in the Romanian tax system. These changes require in-depth interventions at the level of the elements of the Romanian tax system, which is not easy but also not without difficulty, considering the fact that a good part of the interventions have already been initiated. In this sense, an improvement in the efficiency of taxes and fees is observed and at the same time an attempt to mitigate their strictly resource-mobilizing nature.

As an example in this direction we can provide a change in the model of setting the profit tax for some economic agencies that fall into the category of microenterprises, as well as raising the ceiling below which companies are exempt from paying VAT. Specifically, we will return to this later in the presentation.

As far as fairness is concerned, it is important to clarify that any tax system is a compromise between efficiency and fairness. In this context, it is observed that, as far as the Romanian tax system is concerned, the compromise tends to be mitigated by an increase in efficiency (examples given above) in conditions of reduced vertical imbalances, in the sense that economic agencies that do not have a significant activity have been relieved of some fiscal problems³⁶.

³⁶ Văcărel I., Fiscal and budgetary policies in Romania 1990 – 2000, Expert Publishing House, Bucharest, 2001, p. 459

Legal tax evasion (improperly called) is that which is intentional and is done under the cover of the law, that is, its imperfection or the legislative vacuum regarding some aspects (interpretation of tax laws in favor of the taxpayer). Illegal tax evasion (tax fraud) is determined by the non-declaration or false declaration of taxable matter that escapes taxation and does not give rise to taxation.

Theoretical and Literature Review

When talking about tax fraud, we can talk about tax evasion, tax havens or abuses such as: concealment of taxable matter, underground economy or fictitious accounting operations. Unlike fraud, evasion consists of a legal means of escaping tax, namely by refraining from carrying out the tax-generating act or the taxpayer's ability to exploit loopholes in the legislation.

- We conclude that tax evasion can be committed by a person under the protection of the law (legal evasion) or in violation of legal provisions (fraudulent evasion). In the first case, evasion is not a crime, and in the second case, evasion is considered tax fraud. Among the illicit activities carried out in the space of the economy and the underground economy, we list:
 - Undeclared legal activities: clandestine production, reduced reporting, wages paid and undeclared or declared at a reduced level;
 - Criminal activities: gambling, prostitution, corruption, bribery, drug trafficking, usury
 - Illegal activities: illegal work, labor trafficking, clandestine immigration;
 - Underground economy: evasion of payments due for taxes and fees, evasion of payments for CAS, etc.

In order to have a legal classification of tax fraud, we must admit that there are different degrees of tax fraud, some committed occasionally, and others committed professionally. In the

first case, the excuse of ambiguities in the law can be invoked, while the second manifests a fraudulent intent. There is therefore an administrative fraud that is subject only to tax penalties, while fraud bears criminal sanctions.

Tax evasion is considered as a response of the taxpayer to the coercive action imposed by the state.

Among the causes that generate evasion we can mention:

- Fiscal pressure that leads to a reduced degree of taxpayer affordability and a tendency to ignore tax legislation;
- The tendency of any natural or legal person to obtain as much income as possible with little expenditure;
- The existence of a thick legislation, in some cases unclear, confusing or interpretable;
- Permissive legislative framework;

The methodology used

Forms of tax evasion

In the specialized literature, several manifestations of tax evasion are provided:

- Fictitious operations;
- Shell companies;
- Carousel fraud;
- Money laundering;
- Tax havens. Constituie operațiuni fictive, orice evidențiere în actele contabile a cheltuielilor care nu au la bază operațiuni reale, săvârșite cu scopul de a se sustrage de la plata către bugetul consolidat a impozitelor și taxelor.
- Thus, the taxpayer records in the accounting fictitious transactions of acquisitions of goods or fictitious expenses for a commodity that was not delivered and paid for.
- A shell company is an artificial company that is used in transactions, in order to evade the duty to pay tax obligations.

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- Some specific characteristics can be identified in such companies:

They do not keep accurate accounting records;

- Payments made to their accounts are collected in cash by certain individuals;
- They do not operate at the declared headquarters;
- The company administrator cannot be contacted;
- They operate on the market for a short period of time;

Carousel fraud is common in the field of VAT, this tax being exempt from payment in the case of deliveries within the European Union.

So, this fraud involves at least 2 member states, between which there are hidden links, trying to evade tax regulations. The companies involved in this form of tax fraud remain in operation for a short period of time and then disappear.

Money laundering refers to acts that involve the illicit concealment of illegally obtained profits. In this regard, the National Office for the Prevention and Combating of Money Laundering was established in Romania, whose main task is to receive and process information and notify the competent authorities of cash in foreign currency or in national currency exceeding a certain limit.

Tax havens are found in countries with a very low level of taxation, minimal regulations for granting company operating licenses, and banking secrecy guaranteed by law. These havens have several characteristics:

- Reduced or zero taxation (Cayman Islands, Turkey,);
- Confidentiality of all economic operations, especially banking ones;
- In addition to the benefits granted to economic companies, there are also those that benefit the respective states (high-performance telephone services, telex, air transport, promotional advertising, international seminars).
- Tax havens provide taxpayers with documents attesting to the correctness of transactions, making it more difficult for control bodies to detect irregularities.

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- Depending on how it can be committed, tax evasion has two forms of manifestation: legal and fraudulent (illicit) evasion.

Licit tax evasion

Although no law to combat tax evasion refers to licit (nor illicit) tax evasion, the expression is often found in specialized literature, and the respective practice is even more common.

Licit tax evasion represents the evasion of a portion of taxable income, without this being considered a misdemeanor or a crime. It involves the exploitation of the existing regulatory framework, in the sense of intelligently exploiting inconsistencies, contradictions, or ambiguities of legal provisions, in order to avoid legal obligations to the state.

This frequency is more pronounced during periods when new laws are modified or introduced, as well as when the state intentionally uses taxation to promote incentive policies towards certain socio-professional categories or in certain fields of activity.

In practice, acts of licit tax evasion, based on a favorable interpretation of the law, are very diverse, depending on the inventiveness of the taxpayer and the breadth of the law.

Licit tax evasion is encouraged by:

- granting tax facilities in the form of exemptions, partial exemptions, reductions, deductions, etc.;
- granting temporary limited exemptions, in the case of the establishment of new commercial companies;
- exemption from tax of income related to bank deposits and those derived from investments in bonds issued by the state;
- irregularity of general expenses of commercial companies, creating the temptation to overvalue them through economically unjustified increases;
- taxation of income earned by certain categories of individuals, based on average income norms, creates conditions for taxpayers who earn incomes higher than average not to pay tax for the respective difference;

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- exploitation of loopholes in the law, etc.

In Romania, illegal tax evasion was also carried out on the basis of:

- tax facilities granted by the government: installments, deferrals or exemptions from the payment of taxes and fees, and related surcharges and penalties.

- Thus, bad-paying taxpayers were given advantages over those who understood to honor their tax obligations within the legal terms. Through these facilities, the principle of fiscal equity was directly violated, in order to achieve, rather than declare, some economic or social goals.

- omissions in the regulation of certain taxes and fees. For example, individuals authorized to produce alcoholic beverages, in the period 1993-1995, were omitted from the category of taxable subjects, fuel M and some diesel derivatives were not subject to excise duty, etc.

Illicit tax evasion or tax fraud

Fraudulent tax evasion (tax fraud) constitutes a form of aggravated evasion, being studied, analyzed, legislated and sanctioned, through monetary and custodial measures, whenever it is detected. This consists, therefore, in the illegal concealment, total or partial, of taxable matters from taxpayers, in order to reduce or eliminate the tax obligations that accrue to them.

Fraudulent tax evasion takes the following forms:

- a) traditional evasion (by concealment), which consists of evasion, partial or total, from the payment of tax obligations, either by preparing and submitting incorrect documents, or by failing to prepare the documents required by the legislation in force.

This form of fraudulent tax evasion involves a series of procedures, including:

- preparation of false tax returns or failure to prepare them;
- intentional reduction of receipts, in order to reduce VAT and taxable profits, through cash receipts without receipts and sales without invoices;
- deliberate increase in expenses in order to reduce taxable profits;

- clandestine production and marketing of goods and services;
- carrying out remunerated professional activities clandestinely (on the black market);
- reducing the value of inheritances received and real estate transactions, etc.

b) legal evasion, consists of hiding the true nature of an organization or a contract (for example, when a partnership contract is secretly transformed into an employment contract, so that the beneficiary can obtain certain advantages.

c) accounting evasion, difficult to identify in practice, consists of creating the impression of correct accounting records, using false documents, in order to increase expenses, decrease income, reduce taxable profit and, consequently, the tax obligations owed to the state.

d) valuation evasion consists of undervaluing inventories, overestimating depreciation and provisions in order to shift profits into the future.

Conclusions

The areas most prone to tax fraud are common to all countries, being represented, in particular, by tertiary and construction activities. Fraud is extremely widespread in the case of income declared by taxpayers, as is the case with global income tax and corporate tax. In the case of withholding taxes, as well as in the case of local taxes, when the administration establishes tax bases, the possibilities of fraud are reduced.

These fraudulent tax evasion acts present numerous aspects, among which the main ones refer to: evasion of tax payment through incorrect recording of economic operations in accounting documents; establishment of "shell companies" and conduct of evasive activities in their name; destruction of important documents and accounting records; keeping double accounting records; preparation and presentation of unreal data in accounting balance sheets; failure to declare certain commercial activities or tax sources; existence of economic activities without declaring subsidiaries, work points, and warehouses; presentation of false documents for import-export operations.

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GIG ECONOMY IN ROMANIA AND EUROPE — REALITIES, CHALLENGES, AND PERSPECTIVES

Matei-Cernăianu Alice Dalina³⁷

The rise of the GIG economy, characterized by short-term, task-based, and platform-mediated work, represents one of the most significant transformations of the labor market in the 21st century. In Europe, and particularly in Romania, this phenomenon has expanded rapidly, driven by digital innovation, shifting worker preferences, and the growing demand for flexible services. This paper offers a comprehensive analysis of the current state of the GIG economy in Romania in comparison with other European countries, examining its structural dimensions, legal frameworks, and socio-economic impact.

Using a mixed-method approach, including comparative policy analysis, secondary data from Eurostat and national statistics, and selected case studies, this paper contributes to the academic and policy debate on the future of work in Europe. The findings highlight the urgent need for coherent regulatory responses that can ensure fair working conditions while preserving the innovative potential of digital labor platforms. Romania, situated between Western European regulatory models and Eastern European labor dynamics, provides a relevant case for understanding the broader continental trends in GIG employment.

JEL Codes: J21, J46, O52, L86

Keywords: GIG economy, platform work, labor market regulation, social protection, Romania, European Union, digital platforms

Introduction

The rise of the gig economy represents one of the most significant transformations in modern labor markets. Powered by online platforms such as Uber, Bolt, Glovo, Fiverr, and Upwork, gig work provides flexible employment opportunities outside traditional full-time contracts. In this system, workers perform short-term, task-based, or freelance jobs that are usually mediated by digital applications. The increasing digitalization of economies, combined

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with growing demand for flexible services, has led to the rapid expansion of this sector in both developed and emerging markets.

In Europe, approximately 28 million people engage in platform-based work, a number projected to reach 43 million by 2025 (European Commission, 2023). The European labor market, traditionally built upon stable, long-term employment contracts, is undergoing a deep structural change. The gig economy challenges conventional labor relations by blurring the lines between employment and self-employment. While it provides new income opportunities and greater flexibility, it also raises concerns about precarious work conditions, insufficient labor protection, and inconsistent taxation. Consequently, policymakers across the European Union are facing increasing pressure to adapt social and legal frameworks to the realities of digital labor.

Romania, as one of the EU's emerging digital economies, has witnessed a remarkable rise in gig work during the last decade. The expansion of broadband internet access, the widespread use of smartphones, and the growing popularity of delivery and freelance platforms have turned gig work into an important source of income, especially among young people, students, and urban workers. In a context where formal employment opportunities are sometimes limited, the gig economy has provided flexibility and accessibility to many who would otherwise struggle to enter the labor market. At the same time, this new form of work has exposed existing vulnerabilities in Romania's labor system, such as limited social protection coverage, informal work practices, and low digital literacy in certain regions.

The COVID-19 pandemic further accelerated the adoption of platform-based work across Europe, including Romania. Lockdowns and economic restrictions increased demand for delivery services, remote freelance work, and online tutoring, reinforcing the importance of digital labor as a resilient alternative to traditional employment. However, the pandemic also revealed the fragility of this sector—workers often lacked sick leave, insurance, or stable income when demand declined.

Given these dynamics, it becomes essential to analyse the gig economy not only as a technological phenomenon but also as a socio-economic transformation with profound implications for employment, taxation, and welfare systems. This study aims to explore the current realities, challenges, and future perspectives of the gig economy in Romania and the broader European context. By integrating theoretical perspectives, empirical data, and comparative insights, the paper seeks to contribute to a more comprehensive understanding of

how digital labor reshapes modern work patterns and what policy interventions are needed to ensure fair and sustainable growth.

Theoretical and Literature Review

The concept of the gig economy is rooted in the broader theoretical framework of labor market flexibility, digital capitalism, and the transformation of employment relations in the 21st century. The term “gig” originates from the entertainment industry, where short-term performance contracts were common, and has been adapted to describe temporary, task-based digital work. In the context of modern economies, the gig economy refers to a system in which individuals earn income by completing discrete tasks or “gigs” through online platforms that match supply and demand in real time (De Stefano, 2015).

From a theoretical standpoint, the gig economy represents a key component of what Standing (2016) calls the “precariat” — a new social class characterized by instability, uncertainty, and limited access to traditional employment benefits. Scholars such as Friedman (2014) and Srnicek (2017) view the gig economy as a manifestation of platform capitalism, in which digital intermediaries capture value by monetizing user data and algorithmically managing labor. These platforms—such as Uber, Deliveroo, TaskRabbit, or Fiverr—rely on flexible, on-demand work arrangements that transfer economic risk from employers to workers.

The academic debate surrounding gig work emphasizes both its potential and its pitfalls. On the one hand, proponents argue that it democratizes access to work, promotes entrepreneurship, and allows individuals to balance multiple income sources. Gig work can serve as a steppingstone for marginalized groups, students, or caregivers who require non-traditional schedules. On the other hand, critics point to the erosion of job security, wage instability, and the lack of collective bargaining power among gig workers. Algorithmic management and rating systems, while enhancing efficiency, also create new forms of control and surveillance (Wood et al., 2019).

At the European level, the literature reveals growing policy concern regarding labor protection and the classification of platform workers. The **European Commission’s Directive on Improving Working Conditions in Platform Work (2021)** seeks to address misclassification by ensuring that workers performing core business activities are presumed to be employees rather than independent contractors. Research by Eurofound (2022) highlights

that approximately 11% of adults in the EU have performed platform work at least once, with wide disparities between Western and Eastern Europe. Countries such as Germany, France, and the Netherlands exhibit more mature regulatory frameworks, while Eastern European states, including Romania and Bulgaria, are still in the process of establishing coherent legislative responses.

Romanian academic literature on the gig economy has grown significantly in recent years. Popescu (2021) and Ciucă (2022) identify several structural characteristics of the Romanian context: the prevalence of informal labor, limited access to social insurance among self-employed workers, and an emerging culture of digital entrepreneurship. Many Romanian gig workers operate as freelancers or micro-entrepreneurs registered under simplified tax regimes, which allows flexibility but provides minimal welfare benefits. The Romanian National Institute of Statistics (2023) notes that the majority of gig workers are under 35 years old and primarily engaged in delivery services, online freelancing, and content creation.

Comparative studies between Romania and Western European countries reveal distinct developmental trajectories. While Western economies focus on worker rights, data transparency, and collective representation, Eastern European countries emphasize digital inclusion, labor flexibility, and entrepreneurship (Pichault & McKeown, 2019). This suggests that the gig economy in Romania is not merely a replication of Western models, but a locally adapted system shaped by socio-economic realities such as lower wages, higher informality, and rapid technological catch-up.

Furthermore, recent studies emphasize the intersection between the gig economy and broader digital transformation processes. The rise of artificial intelligence, big data analytics, and mobile platforms has enabled new forms of micro-entrepreneurship but also intensified debates about labor rights, taxation, and the future of work (Kenney & Zysman, 2020). Theoretical models increasingly view the gig economy as part of the “Fourth Industrial Revolution,” where digital intermediaries reshape not only labor markets but also consumption patterns and social relations.

In summary, the literature underscores that the gig economy is a multifaceted phenomenon with economic, technological, and sociological dimensions. In Europe and Romania alike, it presents both opportunities for innovation and challenges for labor equity. Understanding this complexity requires interdisciplinary approaches that integrate economic theory, digital policy, and labor sociology to design effective frameworks for inclusive growth.

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The Methodology Used

This study is based on qualitative analysis of secondary sources, including academic literature, statistical data from Eurostat and the European Commission, and policy reports from Romanian labor authorities. Comparative analysis is used to identify similarities and differences between Romania and other European countries regarding regulation, worker demographics, and socio-economic impacts. The findings aim to synthesize current knowledge and provide grounded insights for policymakers and researchers.

Comparative Analysis: Romania vs. Europe (evidence-based snapshot)

1) Size of platform work and participation

- **EU-27 (aggregate evidence):** Over **28 million** people worked via digital labour platforms, with projections of **43 million by 2025**. A 2022 pilot across 17 countries found **3.0%** of people aged 15–64 did platform work at least once in the last 12 months. Younger (15–29) and tertiary-educated workers are overrepresented³⁸.
- **Romania:** Romania participated in the Eurostat pilot; country-level breakouts aren't published in that note, but Romania's overall labour context provides important framing: an **employment rate of 63% in 2023** (below the OECD average) and relatively **low social spending (17.6% of GDP)**, conditions that can amplify the precarity typical of platform work.³⁹

What it means: EU data confirm platform work is widespread but still a **minority share** of total employment; Romania's lower employment rate and thinner welfare safety net suggest **strong pull factors** into gigs but **higher vulnerability** for those reliant on them.

2) Worker profile, hours, and income dependence (EU evidence as benchmark)

- **Demographics:** Platform work skews **male (3.2% vs 2.8% female)** and **younger (3.6% among 15–29 vs 2.8% for 30–64)**; higher among **the tertiary-educated**.⁴⁰
- **Intensity & reliance:** Among those active in the **last month**, **33.5%** worked **1–9 hours**, **22.7%** worked **30+ hours**. **52.2%** derived **less than 25%** of their personal earned

³⁸ [Consilium+1](#)

³⁹ [OECD+1](#)

⁴⁰ [European Commission](#)

income from platforms, while ~23% derived **75% or more**—i.e., a substantial full-dependency segment.⁴¹

- **Social protection (EU):** >50% reported **no coverage** (unemployment, sickness, work accidents) via platform(s).⁴²

Implication for Romania: Given Romania's lower social transfers, EU patterns of **low coverage** likely translate into **higher risk** locally unless coverage is provided through a main job or voluntary schemes

3) Sectoral footprint and market proxies (Romania)

- **Ride-hailing scale:** As of **May 30, 2025**, authorities had issued ~**54,480** badges for **Bolt** drivers and ~**51,422** for **Uber** (badges ≠ active drivers, but a scale proxy)⁴³
- **Courier/delivery market:** Courier industry revenues hit **RON 8.1bn (+17% y/y)** in **2024**, reflecting strong last-mile and platform-mediated demand. **Glovo** reports presence in **60+ cities** nationwide.⁴⁴
- **Platform penetration over time:** Uber marked **9–10 years** in Romania with hundreds of millions to over **1 billion km** travelled—an indicator of mature demand in urban mobility.⁴⁵

Comparison: Romania's **on-demand mobility and delivery** look **outsized** relative to its population because urban centers adopted these services quickly and consistently—mirroring EU urban trends but with **faster growth** from a lower base.

4) Regulation and near-term outlook

- **EU rulebook:** The Council adopted **new rules (2024)** on platform work; the EU states **28m workers in 2022** and targets clearer **employment-status presumption** and **algorithmic transparency**. Reforms are rolling out across 2025–2026.⁴⁶
- **Practical effect for Romania:** As EU measures phase in, Romanian platforms in ride-hailing and delivery—already large segments—will face **greater compliance** on status, pay transparency, and automated management, which may **increase costs** but **improve**

⁴¹ [European Commission](#)

⁴² [European Commission](#)

⁴³) [Romania Insider](#)

⁴⁴ [Romania Insider+1](#)

⁴⁵ [Business Review+1](#)

⁴⁶ [Consilium+1](#)

protections compared to today. (This inference builds on the EU framework and Romania's sector size.)

Interpretation for your Conclusions section

1. **Romania mirrors EU patterns** (youth/tertiary tilt; many low-hour earners; a sizable fully dependent minority), but the **risk exposure may be higher** given lower social spending.⁴⁷
2. **Urban platform sectors (ride-hailing, delivery)** are comparatively **large and fast-growing** (badges, revenues), suggesting that EU rule changes will have **material effects** on Romanian labour relations and platform costs.⁴⁸
3. **Policy priority:** implement the EU platform-work rules with **clear status tests**, extend **portable social protection**, and support **skills pathways** that let part-time gig workers transition to **formal, better-covered roles**.

Conclusions

The gig economy in Romania and Europe presents both promise and paradox. It encourages innovation, digital inclusion, and labor market participation but also deepens inequality and precarity. For Romania, the main challenges include defining the legal status of platform workers, ensuring fair taxation, and expanding access to health and pension schemes. At the European level, harmonized regulations and cross-border social protections are necessary to prevent fragmentation and exploitation. Future perspectives suggest that with coordinated public policy, digital education, and ethical AI management, the gig economy can evolve into a sustainable driver of inclusive economic growth.

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ACCOUNTING OF THE MAIN FISCAL AND SOCIAL OBLIGATIONS OF ECONOMIC AGENTS

CIUMAG MARIN⁴⁹,

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Abstract

The business environment must know the legal provisions regarding taxes, duties and salary contributions that are due to the general consolidated budget and to correctly record them in accounting, both their establishment and payment to various budgets.

In the paper, we presented the main taxes, duties and social contributions owed by entities with economic activity and their recording in accounting with the help of case studies.

Profit tax, microenterprise income tax, dividend tax are direct taxes and the value added tax is an indirect tax. Salary contributions are obligations of employees and employers, which are determined depending on the level of income earned by employees.

If taxes, duties and contributions are not established correctly or are not paid on time, entities may be sanctioned with misdemeanor fines, increases and late payment penalties or, when necessary, a criminal complaint.

Keywords: salary, contribution, tax, budget, employees

JEL Classification: M40, M41

Introduction

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Taxes, duties, and contributions are collected by the state from economic entities. Their size is determined according to certain indicators, such as turnover, gross salaries of employees, and activity or activities carried out by companies.

Economic entities must determine taxes, duties and contributions correctly and record them in accounting according to legal provisions.

In order to avoid paying fines, surcharges, late payment penalties, we present below the method of determining profit tax, microenterprise income tax, wage income tax, value added tax and wage contributions. The corresponding accounting entries are also made.

Considering the changes in economic activity as well as amendments in the field of tax legislation, we present the new provisions regarding the main taxes, duties and contributions.

1. Microenterprise income tax

The microenterprise income tax is applied by the legal entity that opts, at the beginning of the fiscal year, for the payment of this tax and cumulatively meets the following conditions on December 31 of the previous fiscal year:

- the incomes achieved cumulated with the incomes of related enterprises did not exceed the equivalent, in lei, of 250,000 euros, respectively 100,000 euros starting with January 1, 2026 [13];
- the share capital is not held by the state and the administrative-territorial units;
- it is not in dissolution, followed by liquidation, registered in the trade register or with the courts;
- it has at least one employee;
- it has associates or shareholders who hold, directly or indirectly, over 25% of the value or number of participation titles in a single Romanian legal entity that applies the provisions regarding the microenterprise income tax;
- submitted annual financial statements;
- was no longer a payer of microenterprise income after January 1, 2023.

A microenterprise owes profit tax when it earns income exceeding 250,000 euros, starting with the quarter in which it exceeded this limit or when it no longer meets the conditions for classification as a microenterprise [13].

To determine the tax due, the following rates are applied to taxable income:

- 1% for microenterprises that earn a turnover of up to 60,000 euros, inclusive;

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- 3% for microenterprises that:

- have earned a turnover exceeding 60,000 euros, or,
- carry out, among others, one or more main or secondary activities in the field of HoReCa, IT, legal activities, medical assistance and health, according to the CAEN codes specified in the Fiscal Code [7].

Microenterprises that carry out other activities, which do not fall within the CAEN codes in the mentioned areas, apply the 3% tax rate also for the income obtained from these activities.

$$V_i = V_t - V_n + R_c + D_{cv} + R, \text{ where:}$$

V_i = the sum of taxable income to which the 1% or 3% rate is applied;

V_t = total income;

V_n = non-taxable income;

R_c = trade discounts;

D_{cv} = exchange rate differences;

R = reserves.

The tax on the income of microenterprises is determined, declared and paid quarterly, by the 25th of the month following the quarter for which the tax is calculated [7]. For the fourth quarter of 2024, the declaration and payment deadline is June 25, 2025. The tax is declared using form 100, "Declaration regarding payment obligations to the state budget".

2. Profit tax

Commercial companies that have not opted for the payment of the tax on micro-enterprise income, although they met the legal conditions, owe profit tax.

To determine the profit tax due, the following procedure is followed:

- the accounting result is calculated, as the difference between income and expenses;
- if income is higher than expenses, the accounting gross profit is obtained;
- the taxable profit is obtained by subtracting from the accounting gross profit non-taxable income, tax deductions and items similar to expenses and adding expenses not deductible from a tax point of view and any items similar to income, as follows [7]:

$$P_i = P_{bc} - V_n + C_n + V_s - C_s, \text{ where:}$$

P_i = taxable profit;

P_{bc} = accounting gross profit;

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V_n = non-taxable income;

C_n = expenses not deductible from a tax point of view;

V_s = amounts similar to income;

C_s = amounts similar to expenses.

- the taxable profit is subject to a 16% rate and the profit tax due by the taxpayer is obtained.

For income from activities such as night bars, nightclubs, discos or casinos, a profit tax is due by applying a 5% rate to the income from these activities, if the profit tax, calculated by the general rule, is lower than the amount resulting from applying the 5% rate.

If expenses are higher than income, a tax loss is recorded that must be declared to the tax authorities through the profit tax declaration, respectively form 101. This loss is recovered from the taxable profits made, in the next 5 consecutive years, within the limit of 70% inclusive, in the order of their registration, at the time of payment of the profit tax.

Taxpayers who achieved, in the previous year, a turnover of over 50,000,000 euros and, on payment terms (quarterly, annual), establish a profit tax lower than the minimum turnover tax (IMCA), owe IMCA, according to the formula:

$$IMCA = 1\% \times (V_t - V_s - I - A), \text{ where [7]:}$$

IMCA = minimum turnover tax;

V_T = total revenues, calculated from the beginning of the year until the end of the quarter, respectively the reporting year;

V_s = revenues that are deducted from total revenues for the same period;

I = value of assets under construction, recorded in the accounting records starting with January 1, 2024;

A = historical cost accounting depreciation of assets acquired or produced as of January 1, 2024, less the value of assets from indicator I.

The exempted, reduced profit tax or other amounts that are deducted from profit tax are not deducted from the IMCA due.

Taxpayers who carry out sponsorships or acts of patronage, deduct the respective amounts from the IMCA due at the level of the minimum value between the value calculated by applying the 0.75% rate to the turnover or the value representing 20% of the profit tax [7].

Credit institutions – Romanian legal entities and branches in Romania of credit institutions – foreign legal entities, owe, in addition to the profit tax, a turnover tax calculated

by applying the rate of 2% to the turnover, for the period 1 January 2024 – 31 December 2025 and 1% starting with 1 January 2026.

Legal entities carrying out activities in the oil and natural gas sectors, corresponding to certain CAEN codes and which, in the previous year, achieved a turnover higher than 50,000,000 euros, owe, in addition to the profit tax, a specific turnover tax, as follows:

$$\text{ICAS} = 0.5\% \times (\text{VT} - \text{Vs} - \text{I} - \text{A}), \text{ where:}$$

ICAS = the specific turnover tax, determined cumulatively from the beginning of the year to the end of the reporting quarter or year;

VT = total revenues for the same period;

I = the value of assets under construction, recorded in the accounting records as of January 1, 2024;

A = the accounting depreciation at historical cost related to assets acquired or produced as of January 1, 2024.

The profit tax, the minimum turnover tax and the specific turnover tax are determined, declared and paid quarterly, for quarters I - III, by the 25th inclusive of the month following the quarter for which they are due. The finalization of the tax due, annually, is achieved by submitting the annual declaration by March 25, inclusive, of the following year [7].

3. Dividend tax

Dividends are a distribution in cash or in kind, made by a legal entity to a participant in the legal entity, which may be a natural person or a legal entity. This distribution is made as a result of holding shares in the paid-up share capital of the legal entity, and the size of the dividends is proportional to this participation share.

Dividends are paid in accordance with the decision of the general meeting of associates, or as the case may be, within the term established by special laws, but no later than 6 months from the date of approval of the annual financial statement for the completed financial year. The company distributing dividends may pay damages for the period of delay, at the level of legal interest, if the company's statute or the general meeting for the distribution of dividends has not approved a higher interest rate.

Dividends are distributed only from real profits, which have been established in accordance with legal provisions.

The net profit of the financial year 2024 can be distributed to the following destinations:

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- granting dividends, other reserves, increase in share capital according to the decision of the general meeting;
- covering the accounting loss carried forward according to the decision of the general meeting of shareholders;
- legal reserves, expressly provided by the legislation in force;
- statutory reserves, provided in the company's statute.

The general meeting of shareholders decides, by majority vote, the destination of the net profit, taking into account the financial position of the company and the interests of the shareholders, by creating a balance between these destinations.

Legal reserves are established in the first year in which the entity registers profit, within the limit of a quota of 5% applied to the accounting profit, but not more than 20% of the share capital, before establishing the profit tax.

Statutory reserves are provided in the articles of association and can be used to carry out the company's activity in good conditions or for other destinations.

The dividend tax due by legal entities or individuals entitled to receive dividends is calculated by applying, for the year 2025, a rate of 10% to the amount representing the dividends paid, regardless of the year in which the dividends originate [13].

The obligation to calculate and withhold tax on income in the form of dividends lies with the legal entities that pay dividends to shareholders or associates. The deadline for transferring the tax is until the 25th, inclusive, of the month following the one in which the payment was made. If the dividends have been distributed, but their payment has not been made by the end of the year in which the annual financial statements were approved, the dividend tax is paid until January 25, inclusive, of the following year [7].

4. Value Added Tax

Value Added Tax is an indirect tax that is due for deliveries of goods, services and similar operations, generated by economic activities and carried out for payment by taxable persons.

Registration for VAT purposes can be done:

- at the time of starting the activity, or along the way, even if the ceiling, respectively voluntary registration, has not been achieved;

- mandatory, if the turnover has exceeded the exemption ceiling of 88,500 euros, respectively 395,000 lei, calculated on January 18, 2018.

There are other situations for which a commercial company may become a VAT payer, such as:

- for intra-community purchases or deliveries of goods and services;
- for electronic services provided to beneficiaries from European Union countries;
- for real estate transactions there are special rules.

Value added tax rates are applied to the added value of goods and services, at each stage of the activity carried out.

In Romania, the general VAT rate is applied, which is 19% and two reduced rates of 9% and 5% respectively [7].

Companies that do not exceed the annual ceiling of 395,000 lei are not required to register for VAT purposes, respectively apply the special exemption regime for small enterprises. This regime can be applied by a company from Romania and from other European Union member countries, if the following conditions are met, cumulatively:

- the respective company achieved, in the previous year, and achieves in the current year, an annual turnover, in other European Union states, of 100,000 euros;
- the value of the supplies of goods and services carried out in the respective EU country does not exceed the exemption ceiling that applies to all companies in that country;

Companies that apply the special exemption regime are not required to collect VAT but cannot deduct the value added tax owed to suppliers.

For deliveries made, persons registered for VAT purposes collect the value added tax, namely the amount owed by customers by applying the VAT rate (19%, 9% or 5%) to the value of deliveries. Also, for purchases of goods or services, the company owes the supplier the value added tax, namely the deductible VAT.

Monthly or quarterly, depending on the turnover achieved in the previous year, the respective company compares the collected value added tax with the deductible value added tax, and one of the following situations may result:

- The collected VAT is higher than the deductible VAT, so the company owes this difference to the state budget;
- The collected VAT is less than the deductible VAT, in this situation the company has to receive this difference from the state budget;

- The collected VAT is equal to the deductible VAT, the company does not have to pay VAT but does not have to receive it from the budget either.

5. Wage contributions

For the year 2025, commercial companies owe the following obligations regarding salaries and other personnel rights granted to employees:

a. social insurance contribution (CAS):

- owed by the employee;
- owed by the employer.

b. social health insurance contribution (CASS), owed by the employee;

c. labor insurance contribution, owed by the employer;

d. tax on income from salaries and similar salaries, owed by the employee.

The social insurance contribution owed by employees is determined by applying a rate of 25% on all income earned in a month.

The social insurance contribution owed by the employer is determined by applying a rate of 4% applied to the salary rights of the staff, for special working conditions or a rate of 8% in the case of special working conditions.

The labor insurance contribution (CAM) is borne by the employer and is determined by applying a rate of 2.25% to the amount representing total salary rights.

The social health insurance contribution (CASS) is borne by employees and is calculated by applying a rate of 10% to all salary income, including meal vouchers and vacation vouchers, earned in a month.

The gross minimum wage in the economy (general), as of January 1, 2025, is 4,050 lei, except for the construction sector where the minimum wage is 4,852 lei [10].

For the amount of 300 lei/month representing income from salaries and assimilated to salaries, no income tax and mandatory social contributions are due, if the employee has a gross monthly basic salary of 4,050 lei (the level of the gross minimum basic salary in the country guaranteed in payment), without including bonuses and other additions. This exemption is granted if the employee earns a gross income from wages and salaries, excluding the value of meal vouchers, respectively food allowance, that does not exceed the amount of 4,300 lei inclusive [13].

The tax on income from wages and salaries is determined by applying the tax rate of 10% to the tax calculation base for the basic position [7]. The calculation base is determined as the difference between the net income from wages and the following:

- the personal deduction granted for the respective month;
- the union dues paid in the respective month;
- contributions to voluntary pension funds borne by employees within the limit of the amount of 400 euros in lei equivalent;
- voluntary health insurance premiums, as well as medical services provided in the form of a subscription within the limit of the amount of 400 euros in lei equivalent;
- the equivalent value of subscriptions paid by employees offered by providers with activities under CAEN codes 9311, 9312, 9313, within the limit of 100 euros in lei equivalent.

For income obtained at jobs other than the one where the basic function is, the tax is determined by applying the 10% rate to the calculation base established as the difference between the gross income and the mandatory social contributions.

The personal deduction is determined based on the salary earned at the basic function and consists of:

- basic personal deduction which is granted to employees with a monthly gross income of maximum 6,050 lei and depending on the number of dependents;
- 15% of the minimum gross basic salary per country, for individuals under 25 years of age and who have incomes below 6,050 lei;
- 100 lei per month for each child up to 18 years of age, if they attend classes at an educational institution, an amount that is granted to the employed parent regardless of the income earned.

6. Accounting for taxes, fees and salary contributions

a. Accounting for income tax of microenterprises

A microenterprise with the activity of manufacturing stationery has one employee, achieves an annual turnover of 258,960 lei, respectively 52,000 euros at an exchange rate of 4.98 lei/euro. The microenterprise owes tax on microenterprise income in the amount of 2,589.60 lei, distributed by quarters as follows:

- quarter I $61,000 \times 1\% = 610$ lei

- quarter II $54,000 \times 1\% = 540$ lei
- quarter I $72,000 \times 1\% = 720$ lei
- quarter I $71,960 \times 1\% = 719.60$ lei

For accounting purposes, account 4418 "Income tax" with a liability accounting function is used. The credit of the account records the tax on microenterprise income due by correspondence with the debit of account 698, "Income tax expenses and other taxes not included in the above items", as well as the tax due for previous financial years, in the case of correction of accounting errors, by correspondence with the debit of account 1174, "Retained earnings from correction of accounting errors" [14].

The debit records the income tax paid to the state budget by correspondence with the credit of account 5121, "Bank accounts in lei", as well as the prescribed, exempted or cancelled amounts representing income tax, by correspondence with the credit of account 758, "Other operating income" [2].

The account balance can be credit and represents the amount of income tax owed to the state budget, or debit when the entity has transferred additional amounts, which must be refunded from the state budget or offset with amounts due in the following quarter.

Registration for income tax owed by the micro-enterprise for the first quarter:

698 =	4418	610 lei
"Expenses with income tax and other taxes that do not appear in the above items"	"Income tax"	

- payment of income tax with payment order:

4418 =	5121	610 lei
"Income tax"	"Bank accounts in lei"	

b. Accounting for profit tax

Profit tax liabilities and receivables are reflected in accounting using account 4411, "Profit tax", which has a liability accounting function. The credit of the account provides information on the profit tax owed by the entity, by correspondence with the debit of account 691, "Profit tax expenses", as well as the profit tax related to previous years in the case of correction of accounting errors, by correspondence with the debit of account 1174, "Retained earnings from correction of accounting errors".

The debit of the account reflects information on the amounts that have been paid to the state budget, by correspondence with the credit of account 5121, "Bank accounts in lei", and

the amounts prescribed, exempted or canceled from profit tax by correspondence with the credit of account 758, "Other operating income".

The account balance can be a credit when the entity owes income tax or a debit, which represents payments made in excess of the tax due [2].

For the minimum turnover tax and the additional tax, account 4417 "Profit tax at the level of the minimum turnover tax" is used, in correspondence with the debit of account 697 "Minimum turnover tax expenses" and the debit of account 6351 "Additional tax expenses for specific sectors of activity" [14].

A commercial company operating under CAEN code 4779, "Retail trade in stores" recorded for the first quarter of 2025:

- total income = 125,000 lei

- total expenses = 110,000 lei

$$Pi = V - Ch = 125,000 - 110,000 = 15,000 \text{ lei, where:}$$

Pi = taxable profit

V = total income

Ch = total expenses

Clarification: the commercial company did not record non-taxable income or non-taxable expenses.

$$\text{Profit tax (Ip)} = Pi \times \frac{16}{100} = 15,000 \times \frac{16}{100} = 2,400 \text{ lei}$$

- recording in accounting the profit tax due

$$691 = 4411 \quad 2,400 \text{ lei}$$

"Profit tax expenses" "Profit tax"

- payment of the obligation to the state budget

$$4411 = 5121 \quad 2,400 \text{ lei}$$

"Profit tax" "Bank accounts in lei"

We consider that in the second quarter the company achieved the following:

- total income = 210,000 lei

- total expenses = 220,000 lei

$$Pi = 210,000 - 220,000 = - 10,000 \text{ lei.}$$

The entity recorded an accounting loss of 10,000 lei in the second quarter. Cumulatively, for the first and second quarters, the financial situation is as follows:

$$Pi = 335,000 - 330,000 = 5,000 \text{ lei.}$$

$$Ip = 5,000 \times \frac{16}{100} = 800 \text{ lei.}$$

Since for the first quarter, the entity recorded and paid income tax in the amount of 15,000 lei, and cumulatively, on June 30, it owes 800 lei, the following accounting entry is made by reversing the difference paid in excess, which is not due for the first semester.

$$641 = 4411 - 1,600$$

”Income tax expenses” ” Income tax”

c. Accounting for dividend tax

The accounting of dividends due to shareholders or associates from net profit is carried out using the liability accounting account 457, "Dividends paid". The credit of this account records the dividends due to associates or shareholders from the profit made in previous financial years, by correspondence with the debit of account 117, "Retained earnings".

The debit of the account records the 10% dividend tax, net dividends paid to shareholders or associates, dividend amounts temporarily left at the disposal of the entity, dividends due but prescribed, as well as dividends that were distributed during the financial year and that were regularized according to the annual financial statements, by correspondence with the credit of accounts 446 “Other taxes, fees and similar payments”, 512 “Current accounts with banks”, 531 “Cash”, 455 “Amounts granted to shareholders/associates”, 758 “Other operating income”, and 463 “Receivables representing dividends distributed during the financial year” [3].

Account 457 “Dividends to be paid” may have a credit balance representing dividends due to shareholders or associates.

According to the decision of the general meeting of shareholders, at the commercial company "A", from the net profit for the year 2024, dividends due to the associates in the amount of 20,000 lei were distributed.

$$117 = 457 \quad 10,000 \text{ lei}$$

"Retained earnings" "Dividends to be paid"

Of this amount, in May, the amount of 4,000 lei less tax was paid to the shareholders on the card, and the difference of 6,000 lei less tax was temporarily left by the associates at the disposal of the entity.

457	=	%	9,090.90 lei
"Dividends to be paid"		5121	3,636.40 lei
"Bank accounts in lei"			
		455	5,454.50 lei
"Amounts due to shareholders/associates"			

The dividend tax related to the respective amounts was calculated and transferred

457	=	446	909.10 lei
"Dividends to be paid"		"Other taxes, duties and similar payments"	

For the participation titles it holds in a company „B”, the entity has to collect dividends in the amount of 6,500 lei, with a related tax in the amount of 590.90 lei. The net dividends due were transferred to the bank account:

- dividends due

461	=	761	5,909.10 lei
"Miscellaneous debtors"		"Income from financial assets"	

- dividend collection

5121	=	461	
		5,909.10 lei	
"Bank accounts in lei"		"Miscellaneous debtors"	

For these dividends, the commercial company „B”, which distributes them to shareholders or associates, is obliged to withhold and pay, to the state budget, the related dividend tax. Thus, the following accounting entries are made at the company that distributes them [1]:

457	=	%	6,500.00 lei
"Dividends to be paid"		446	590.90 lei
"Other taxes, fees and similar payments"			
		5121	5,909.10 lei
"Bank accounts in lei"			

d. Accounting for value added tax

Accounting for settlements with the state budget regarding value added tax is carried out using account 442,,Value added tax'', a bifunctional account that develops on the following level II accounts [2]:

- Account 4423,,VAT payable'', with a liability accounting function;
- Account 4424,,VAT to be recovered'', with an asset accounting function;
- Account 4426,,VAT deductible'', with an asset accounting function;
- Account 4427,,VAT collected'', with a liability accounting function;
- Account 4428,,VAT not payable'', a bifunctional account.

The credit of account 4423 "VAT payable" reflects, at the end of each month, the difference between VAT collected (higher) and VAT deductible (lower) in correspondence with the debit of account 4427 "VAT collected". The debit of the account records the amounts paid to the state budget by correspondence with the credit of account 5121 "Bank accounts in lei", VAT payable offset with VAT to be recovered from previous periods by credit of account 4424 "VAT to be recovered", as well as the amounts representing VAT payable exempted or cancelled, by correspondence with the credit of account 758 "Other operating income". The balance may be a credit and represents VAT due and unpaid to the budget [5].

In the debit of account 4424 "VAT to be recovered" the claim against the state budget for the difference between the collected VAT (lower) and the deductible VAT (higher) is recorded at the end of the month, by correspondence with the credit of account 4426 "VAT to be deducted". In the credit of the account are recorded the amounts collected from the budget, by correspondence with the debit of account 5121 "Bank accounts in lei" or the amounts offset in the following period with VAT to be paid, by correspondence with the debit of account 4423 "VAT to be paid". The balance may be debit and represents VAT to be recovered from the state budget.

Account 4426 "VAT deductible" reflects in debit the amounts entered in the purchase journal, through the credit of the corresponding accounts showing the origin of supplies or their payment methods, as well as the VAT that has become due, related to purchases made with installment payments by correspondence with the credit of account 4428 "VAT not due". The credit records the amounts offset from the collected tax, by correspondence with the debit of account 4427 "VAT collected" and the amounts that exceed the collected VAT and that represent tax to be recovered from the budget, by correspondence with the debit of account 4424 "VAT to be recovered". At the end of the period, the account does not have a balance.

The credit of account 4427 "VAT collected" reflects the amounts entered in the sales journal, by correspondence with the debit of accounts showing the beneficiaries of the deliveries. The debit is recorded, at the end of the period, the amounts offset against deductible VAT by correspondence with the credit of account 4426 "VAT deductible", as well as the amounts owed to the state budget, when the tax collected is higher than the deductible tax, by correspondence with the credit of account 4423 "VAT payable". At the end of the period, the analyzed account does not have a balance.

The tax related to operations for which the reverse charge is applied is recorded as follows:

$$\begin{array}{ccc} 4426 & = & 4427 \\ \text{"VAT deductible"} & & \text{"VAT collected"} \end{array}$$

The credit of account 4428 „VAT not chargeable” records, on the one hand, VAT related to deliveries paid in installments or for which no invoices were drawn up, and on the other hand, the tax related to goods entered into retail establishments, as well as the tax due for purchases paid in installments and for invoices received after receipt of the goods from suppliers. The debit reflects the tax related to purchases paid in installments or with invoices not received, as well as the tax related to goods leaving retail establishments and the tax that has become chargeable for sales paid in installments. The balance of the account can be creditor or debtor and represents the tax not chargeable.

At the end of the period, a company can have three situations regarding value added tax:

- Deductible VAT is higher than collected VAT, resulting in recoverable VAT;
- Collected VAT is higher than deductible VAT, resulting in VAT payable to the state budget;
- Deductible VAT is equal to collected VAT, resulting in no obligation or claim to the budget.

VAT Application

S.C. A records deductible VAT in the amount of 8,500 lei and collected VAT in the amount of 6,200 lei in January.

The following entries are made:

$$\begin{array}{ccc} \% & = & 4426 \\ & & \text{"VAT deductible"} \end{array} \quad 8,500 \text{ lei}$$

4427	6,200 lei
"VAT collected"	
4424	2,300 lei
"VAT to be recovered"	

In February, deductible VAT is recorded in the amount of 9,100 lei and VAT collected in the amount of 12,400 lei

The following entries are made:

4427	=	%	12,400 lei
"VAT collected"			
		4426	9,100 lei
"VAT deductible"			
		4423	3,300 lei
"VAT payable"			

and

4423	=	4424	2,300 lei
"VAT payable"		"VAT to be recovered"	

As a result, in the following month, the difference will be paid to the state budget, respectively the amount of 1,000 lei.

4423	=	5121	1,000 lei
"VAT payable"		"Bank accounts in lei"	

e. Accounting for salary contributions

The following accounts are used to record social contributions in accounting [14]:

- account 4311, „Contribution of the unit to social insurance”, liability account;
- account 4315, „Contribution of social insurance”, liability account;
- account 4316, „Contribution of social health insurance”, liability account;
- account 436, „Insurance contribution for labor”, liability account;
- account 444, „Tax on income from salaries”, liability account;

The credit of these accounts records the mentioned contributions and the tax on income from salaries. The debit of the respective accounts records the amounts transferred to social insurance, social health insurance, respectively the state budget, as well as the amounts prescribed, exempted or cancelled, according to the legal provisions.

The balance of these accounts can be credit and represents the amounts owed to social security or the state budget.

Expenses are recorded in accounting using the following accounts:

- account 635,,Expenses with other taxes, duties and similar payments’’;
- account 645,,Expenses regarding insurance and social protection’’;
- account 641,,Expenses with personnel salaries’’.

For accounting purposes, we consider that a commercial company has 2 employees, as follows:

- employee A with a gross tariff salary of 4,050 lei and has 2 dependents;
- employee B with a gross tariff salary of 6,500 lei.

For employee A, the following are established:

- gross salary	4,050 lei
• CAS 25%	938 lei
• CASS 10%	375 lei
• Personal deduction	1,215 lei
• Income tax 10%	122.20 lei
NET SALARY	2,614.80 lei

Employee B achieved the following:

- gross salary	6,500 lei
• CAS 25%	1,625 lei
• CASS 10%	650 lei
• Income tax 10%	422.50 lei
NET SALARY	3,802.50 lei

For the two employees, the following accounting entries are made:

- gross salary expenses

641	=	421	10,550 lei
”Personnel salary expenses”		”Personnel – salaries due”	

- CAS withholding, CASS, income tax

421	=	%	4,132.70 lei
„Personnel – salaries due”		4315	2,563.00 lei
		”Social insurance contribution”	
		4316	1,025.00 lei

"Health social insurance contribution"			
	444		544.70 lei
"Tax on income from wages"			
- company expenses regarding CAM			
646	=	436	237.37 lei
"Expenses regarding the labour insurance contribution"		"Labor insurance contribution"	
- payment of net salary to employees on card			
421	=	5121	6,417.30 lei
"Personnel – salaries due"		"Bank accounts in lei"	

Conclusions

The sources of the consolidated state budget, with a significant share, are the profit tax, the value added tax, the tax on micro-enterprise income, the dividend tax and the salary contributions.

Starting with 2024, economic agents that achieve, annually, a turnover of over 50,000,000 euros, and that determine a profit tax, cumulated from the beginning of the year to the end of the reporting quarter, lower than the minimum turnover tax, owe this tax instead of the determined profit tax. Credit institutions owe, in addition to the profit tax, a turnover tax calculated with a rate of 2% applied to the turnover. Also, legal entities that carry out activities in the oil and natural gas sectors owe, in addition to the profit tax, a specific turnover tax.

For the value added tax, the rates applied for a series of activities and products have been modified, in the sense of increase, by moving from a reduced rate of 5% or 9%, to the higher rate, up to 19% inclusive.

Also, from January 1, 2025, the dividend tax has increased to 10%, and the guaranteed gross minimum wage in payment has increased to 4,050 lei, with influences on the tax on income from salaries and social contributions.

Since the budgetary obligations of economic agents have increased, it is important that the accounting records of these obligations are kept correctly and prepared on time in order to pay the budgetary obligations within the legal term and in the correctly calculated amount.

Otherwise, economic agents will be required to pay the amounts established by the tax

inspection bodies together with the increases and penalties for late payment, and non-deductible expenses from a fiscal point of view will increase.

Given that the Romanian tax system is based on the data provided by accounting, the decisions that a company's management must make are also based on the results highlighted by accounting. Tax authorities verify the correctness of the determination and payment of tax obligations to the consolidated budget using all accounting data. Thus, we can say that in Romania, taxation is connected to accounting and accounting helps determine a correct tax result.

The D406 (SAF-T) information statement is submitted monthly or quarterly, starting with 01.01.2025, by all taxpayers to report the mandatory accounting and tax elements. There is a grace period until 30.06.2025, but starting with 01.07.2025, failure to submit the statement or the existence of inconsistencies between the data contained in the statement will be sanctioned as a misdemeanor with fines between 500 and 5,000 lei. In order to submit accurate reports, the trial balance is prepared monthly [12].

By submitting the 406 declaration, A.N.A.F. has the opportunity to analyze the taxpayer's activity and reduce the number of physical checks, where not necessary, or to carry out tax inspections where possible irregularities are found. The 406 declaration is not submitted by NGOs, PFA, medical offices, lawyers, religious institutions.

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