TRENDS IN THE DEVELOPMENT OF INDIRECT TAXES IN THE MEMBER STATES OF THE EUROPEAN UNION

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ABSTRACT: *In this paper it is showed the trends in the evolution of indirect taxes of the Member States of the European Union, using for this purpose, statistical series, because this category of taxes can be successfully used by the economic situation. As these taxes are placed on transactions, the yield of these taxes is influenced by developments in the tax bases of economic transactions volume, price and level of rates. The importance of the work is based on the fact that there are countries in the single market with different degrees of development and different living standards and fiscal policy through the transition from direct to indirect taxes. This creates a tax base budget by shifting the tax burden from operators for the whole population, consumption being heavily taxed. The consumer society is the company of the tax payer of the consumer society.*

KEY WORDS: *European Union, tax harmonization, indirect taxes.*

JEL CLASSIFICATION: *H20, H21.*

1. INTRODUCTION

An important feature is the indirect tax chargeable event of the tax which relates to the event giving rise to tax liability. By producing specific event (when a sales realization of benefits etc.) tax becomes chargeable tax (for payment). The generating device leads to a tax claim that public decision-maker has on the taxpayer.

The adoption of a restrictive fiscal policy involves reducing public spending and / or increase taxes, aiming for growth in the economy. The effectiveness of fiscal policy can be determined using fiscal multipliers, size indicating how much income level changes, the amendment by one of the tax level.

Because of the way of levying indirect taxes can distort competition, may affect the development of the internal market and trade with third countries Member

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States. To prevent these effects, indirect taxes are regulated by the European Council and European Commission Directives.

Increasing the efficiency of the tax system refers to the process of harmonization of national legislation with Community law by transposition into national law of the Directives adopted at European level in the field of VAT and excise duties, developing the strategy for the new tax regime in the oil and natural gas domain for the period 2015-2024, transposition into national law of Directives that have been adopted by the European Commission in the field of excise duties, within the terms laid down in those directives, for improving tax legislation in relation to escapist phenomena in order to counter them, increasing revenues by broadening the tax base (Ispas, 2013).

Referring to taxes Adam Smith stated in his work that taxes are often more damaging than beneficial for sovereign stockings population (Grigore-Lăcrita, 2015).

Community legislation on indirect taxes and their harmonization is based on the provisions of the European Commission Treaty. According to these provisions, Member States shall adopt measures to harmonize turnover taxes, excise duties and other indirect taxes pursuing the proper functioning of the common market.

Within the European Union is prohibited discriminatory tax measures that could create an advantage for domestic products to the detriment of other European Union member states. The harmonization of indirect taxes was necessary because they affect the free movement of goods and services.

Referring to our country as a member of the EU countries, this one it will behave like other countries, and especially as the last wave of EU membership. Romania will not make discordant note in the European Union because it has made a number of commitments to this organization in all areas where it has negotiated, including fiscal and budget. The implementation of the community acquis in Romania, has imposed such directives adopted by Brussels, especially with the regard to indirect taxes under their jurisdiction. But in this area national authorities have some room for decision: it must establish the standard rate and to reduce the VAT rate within the limits set and not only to practice duty on mineral oils, manufactured tobacco and alcohol products, and other products we considered justified.

2. THE ANALYSIS OF INDIRECT TAXES IN THE MEMBER STATES OF THE EUROPEAN UNION

Analyzing the share of indirect taxes in GDP in the Member States of the European Union (Table. 1) we find that in 2012, Sweden ranks first place, last place is occupied by Slovakia with a level of indirect tax ratio to GDP of 10.2 %, a difference of 8.5%. In Romania, the same indicator in 2012 registered a level of 13.4%, with 1.4% more than in 2008 and 0.5% less than the average UE28.

The graphical representation of the evolution of the share of indirect taxes in GDP in the Member States of the European Union in 2012 compared to 2008 is presented in figure 1.

Table 1. GDP share of indirect taxes in the EU 28 in 2008-2013 and the share of indirect taxes in tax revenues in 2008-2012

- % -

	Indirect taxes /GBP				Indirect taxes / tax revenues		
	2008	**2010**	**2012**	**2013**	**2008**	**2010**	**2012**
Belgium	13,1	13,3	13,4	13,2	29,6	30,3	29,4
Bulgaria	17,8	15.1	15,4	15,2	55,3	54,9	55,3
Czech Republic	10,9	11,4	12,3	13,0	31,6	34,1	35
Denmark	17,2	16,8	16,9	16,9	36,1	35,4	35
Germany	11,2	11,3	11,4	11,0	28,9	29,7	29,2
Estonia	12,3	14,2	14,2	13,5	38,7	41,6	43,7
Ireland	12,5	11,6	11,2	11,0	42,4	41,5	39,1
Greece	12,7	12,5	12,7	13,4	39,6	39,6	37,6
Spain	10,1	10,7	10,7	11,1	30,7	33,2	32,9
France	15,2	15,1	15,7	15,6	35,1	35,5	34,9
Croatia	18	18,0	18,2	18,9	48,7	49,4	50,8
Italy	14	14,3	15,2	14,9	32,9	33,6	34,5
Cyprus	17,9	15,6	15	13,8	46,3	43,8	42,7
Latvya	11,2	11,5	11,8	12,0	38,3	42,2	42,2
Lithuania	11,9	12,0	11,4	11,3	38,6	42,3	41,9
Luxembourg	12,6	12,4	13	13,3	33,7	32,4	33
Hungary	16	17,3	18,5	18,7	39,7	45,5	47,1
Malta	14,4	13,5	13,7	13,1	43,7	42,0	40,7
Netherlands	12,7	12,5	11,9	11,5	32,5	32,2	30,4
Austria	14,4	14,8	14,8	14,5	33,7	35,0	34,4
Poland	14,4	13,8	13,1	12,8	42,1	43,5	40,4
Portugal	14,3	13,6	13,9	14,0	43,7	43,1	42,9
Romania	**12**	**12,1**	**13,4**	**12,8**	**42,7**	**45,1**	**47,2**
Slovenia	14,4	14,3	14,6	15	38,6	38,0	38,8
Slovakia	10,8	10,4	10,2	10,5	37	37,2	36,1
Finland	13,1	13,6	14,7	14,6	30,6	32,0	33,3
Sweden	18,1	18,0	18,7	22,3	39,1	39,7	42,3
UK	12,2	13,0	13,7	13,0	21,9	37,0	38,5
UE 28	13,8	13,7	13,9	13,9	38	38,9	38,9

Source: www.europe.eu.int, Eurostat Statistics

Analyzin figure 1 and Table. 1 we can see that both the 2008 and 2013 Sweden has recorded the highest level 22.3% wirth 8.4% more than the average UE28. Regarding the share of indirect taxes in income for fiscal 2012 the Member States (Table no. 3.) UE28 average was 38.9%. Above average UE28 which recorded 38.9% were the following Member States: Bulgaria (55.3%), Estonia (43.7%), Ireland (39.1%), Croatia (50.8%), Cyprus (42.7%), Latvia (42.2%), Lithuania (41.9%), Hungary (47.1%), Malta (40.7%), Poland (40.4%), Portugal (42.9%), Romania (47.2%), Sweden (42.3%), and while this average is below 15 countries.

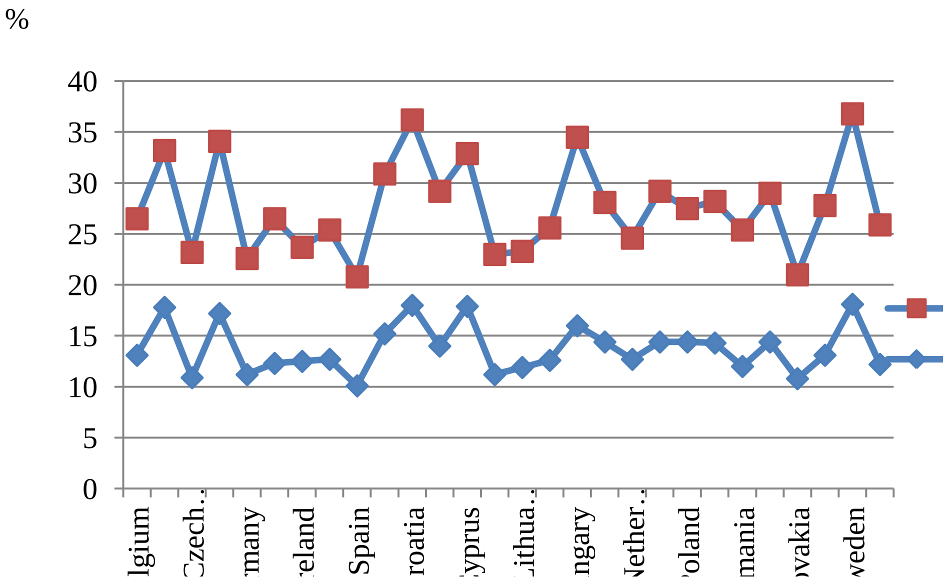

Figure 1. The share of direct taxes in GDP in the European Union, in 2012 compared to 2008 (%)

Graphical representation of the share of indirect taxes in tax revenue across Member States of the European Union over UE28 average is presented in figure 2.

Significant increases in the share of indirect taxes in tax revenues were recorded during the analysis in countries such as Estonia (from 38.7% in 2008 to 43.7% in 2012), Croatia (from 48.7% in 2008 to 50.8% in 2012), Italy (from 32.9% in 2008 to 34.5% in 2012), Lithuania (from 38.6% in 2008 to 41.9% in 2012), Hungary (from 39.7% in 2008 to 47.1% in 2012), Romania (42.7% in 2008 to 47.2% in 2012), Sweden (from 39.1% in 2008, 42.3% in 2012), the United Kingdom (from 32.9% in 2008 to 38.5% in 2012).

Analyzing the share of indirect taxes in tax revenues for the year 2012 count as the highest rate was recorded in Bulgaria (55.3%), while the opposite was Germany with a level of 29.2%

According to the data of Table 3, in 2008 the average statutory rate of VAT in the UE28 was 21.5%. States that have experienced a level of VAT over UE28 average (21.5%) are: Denmark (25%); Ireland (23%); Greece (23%); Croatia (25%); Italy (22%); Hungary (27%); Poland (23%); Portugal (23%); Romania (24%); Slovenia (22%); Finland (24%); Sweden (25%).

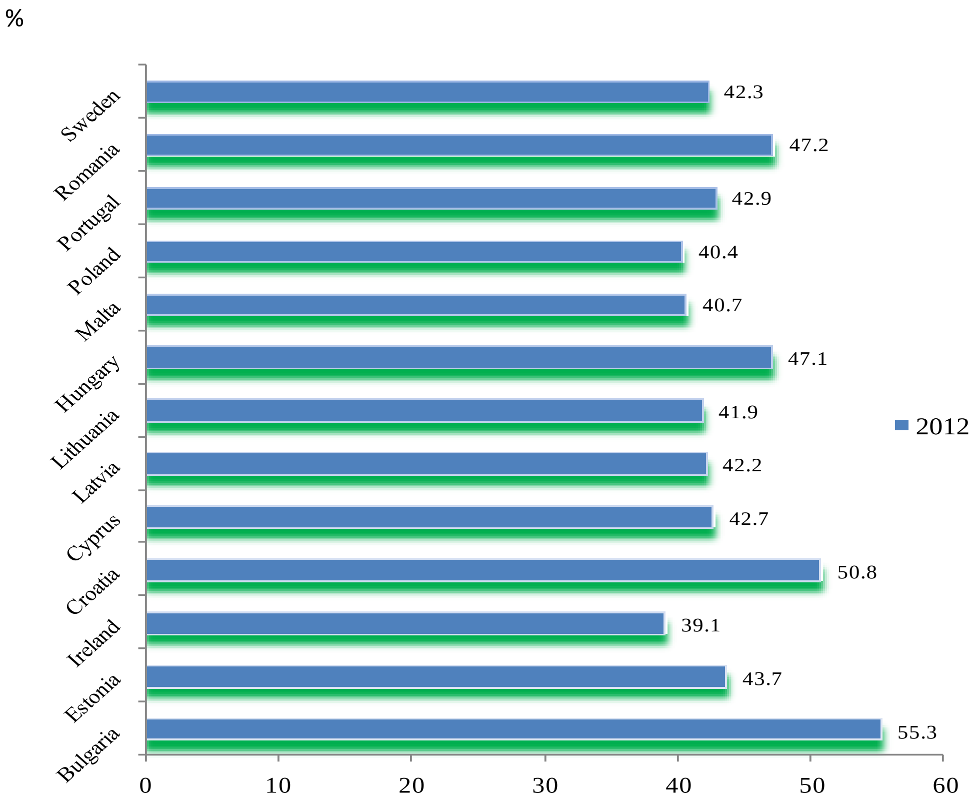

Figure 2. The share of indirect taxes in tax revenues in 2012 for Member States of the European Union which recorded a level above the average UE28 (%)

Table 2. Legal quotas of VAT in the Member States of the European Union in the period 2008-2014

	2008	2010	2012	2013	2014
Belgium	21	21	21	21	21
Bulgaria	20	20	20	20	20
Czech Republic	19	20	20	21	21
Denmark	25	25	25	25	25
Germany	19	19	19	19	19
Estonia	18	20	20	20	20
Ireland	21	21	23	23	23
Greece	19	23	23	23	23
Spain	16	18	18	21	21
France	19,6	19,6	19,6	19,6	20
Croatia	22	23	25	25	25

Italy	20	20	21	21	22
Cyprus	15	15	17	18	19
Latvya	18	21	22	21	21
Lithuania	18	21	21	21	21
Luxembourg	15	15	15	15	15
Hungary	20	25	27	27	27
Malta	18	18	18	18	18
Netherlands	19	19	19	21	21
Austria	20	20	20	20	20
Poland	22	22	23	23	23
Portugal	20	21	23	23	23
Romania	**19**	**24**	**24**	**24**	**24**
Slovenia	20	20	20	22	22
Slovakia	19	19	20	20	20
Finland	22	23	23	24	24
Sweden	25	25	25	25	25
UK	17,5	17,5	20	20	20

Source: www.europe.eu.int, Eurostat Statistics

As can be seen in the graphic representation (chart no. 5), the timeframe 2008-2014 VAT rate recorded in the UE28 a continuous growth trend.

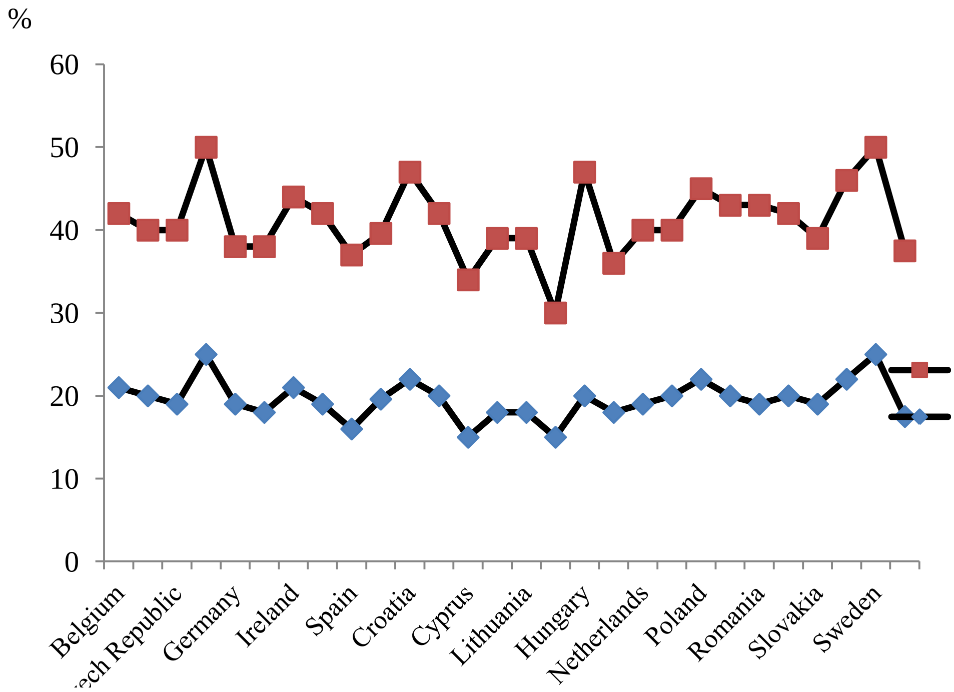

Figure 3. The level of the VAT rates in 2014 compared to 2008

In 2012 in the EU 28, the share of VAT in GDP (table no. 4) was 7.9%, recording a decrease of 0,2% compared to 2008. During the same period, the level at higher share of VAT in GDP was 12.3% registered in Croatia, and the opposite Spain 5.5%.

Table 3. The share of value added tax in GDP and the share of value added tax share in tax revenues in the UE28 in 2008 and 2012

%

	VAT/ GDP		**VAT/ tax revenues**	
	2008	**2012**	**2008**	**2012**
Belgium	7	7,2	15,7	15,8
Bulgary	10,9	9,4	33,8	33,8
Czech Republic	6,8	7,2	19,7	20,6
Denmark	10,1	10	21	20,7
Germany	7,1	7,3	18,3	18,6
Estonia	7,9	8,7	24,9	26,6
Ireland	7,3	6,2	24,6	21,7
Greece	7,3	7,1	22,7	21
Spain	5,1	5,5	15,5	17
Franca	7,1	7	16,5	15,6
Croatia	11,9	12,3	32,2	34,4
Italy	5,9	6,1	13,9	13,9
Cyprus	10,6	8,9	27,4	25,2
Latvia	6,7	7,1	23	25,5
Lithuania	8	7,7	26	28,1
Luxembourg	6,3	7,1	16,8	18,2
Hungaria	7,8	9,4	19,3	23,9
Malta	7,7	7,8	23,3	23,3
Netherlands	7,3	7	18,5	17,8
Austria	7,8	8	18,2	18,6
Poland	8	7,3	23,4	22,5
Portugal	8,4	8,5	25,6	26,2
Romania	**7,9**	**8,5**	**28,2**	**30,1**
Slovenia	8,5	8,2	22,8	21,8
Slovakia	6,9	6,1	23,8	21,5
Finland	8,4	9,2	19,5	20,8
Sweden	9,3	9,3	20	21
UK	6,3	7,3	16,9	20,5
UE 28	7,9	7,9	21,8	22,3

Source: www.europe.eu.int, Eurostat Statistics

In the period 2008-2012 the share of VAT in GDP registered amendments to increase in the following countries: Belgium (0.2%), Czech Republic (0.4%), Croatia

(0.4%) and other countries, while in other Member States of the EU27 were recorded change downwards so: Slovakia (0.8%), Germany (0.2%) etc.

Graphic representation of the GDP share of tax in both 2008 and 2012 is as follows:

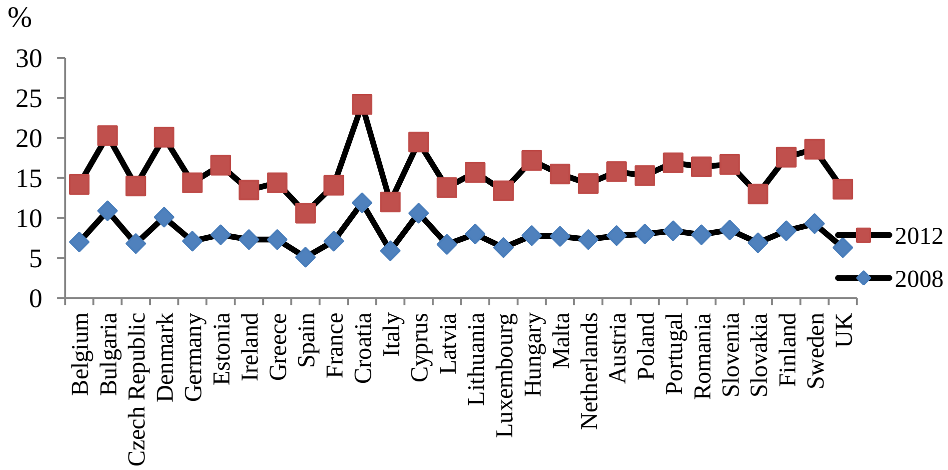

Figure 4. The share of VAT in GDP in the EU countries in 2012 compared to 2008

Concerning excise duties, supporting the existence of a social purpose in their case is questionable, since consumption decisions are psychological, such as restricted by the available income. Limit consumption through excise duties is unacceptable socially because distort individual decisions.

The phenomenon harmonization assets and difficulties encountered since their growth lead to increased tax evasion and reducing revenues. Excise duty is levied special taxes on certain consumer goods: tobacco, alcohol, mineral oils, etc. Their rates are normally expressed in units of currency per unit of product. Excise taxes are taken for various reasons, among which we can mention protecting the health of citizens, environmental protection etc.

In 2008 the share of excise GDP has recorded a level of 3%, increasing by 0.2 percentage points over 2008-2012. The highest level was recorded in Bulgaria 5.9% (in 2008) and 5.1% (in 2012), followed by Luxembourg 3.7% (in 2008) and 3.6% (2012) .

Table 4. The share of GDP and the share of excise in the excise tax revenues in the UE28 in 2008 and 2012

- % -

	Excise / GDP		Excise / tax revenues	
	2008	**2012**	**2008**	**2012**
Belgium	2,1	2,1	4,7	4,6
Bulgary	5,9	5,1	18,4	18,4
Czech Republic	3,3	4	9,5	11,3
Denmark	3,1	3,4	6,6	7
Germany	2,6	2,5	6,6	6,3

Estonia	3,3	4,5	10,4	14
Ireland	2,4	2,4	8,3	8,4
Greece	2,3	3,6	7,2	10,7
Spain	2,2	2,2	6,6	6,6
France	2,1	2,2	4,9	4,9
Croatia	3,6	3,4	9,6	9,5
Italy	1,9	2,4	4,5	5,4
Cyprus	3,3	3,4	8,6	9,6
Latvia	3,2	3,2	11	11,5
Lithuania	3	2,9	9,9	10,5
Luxembourg	3,7	3,6	9,8	9,1
Hungary	3,4	3,5	9,3	9
Malta	3	3	9	9
OlaNetherlandsnda	2,4	2,2	6	5,5
Austria	2,5	2,5	5,8	5,8
Poland	4,4	4	13	12,4
Portugal	2,7	2,7	8,3	8,2
Romania	**2,7**	**3,5**	**9,6**	**12,4**
Slovenia	3,3	4,5	9	12,1
Slovakia	2,7	2,8	9,3	9,8
Finland	3,3	3,9	7,7	8,9
Sweden	2,7	2,6	5,8	5,9
UK	3,2	3,5	8,6	9,8
UE 28	3,0	3,2	8,5	9,2

Source: www.europe.eu.int, Eurostat Statistics

3. CONCLUSIONS

Most countries in transition have passed the first part of this decade major tax reforms that have followed, primarily the introduction of value added tax, instead of "cascading" of tax on movement of goods, but overall - it considers the most important economic bodies and financial affairs - that transition economies evolve the structure of taxes own countries emerging due to the fact that, overall, the transition taxation has been a process ad hoc and progress uneven.

Taxation, both the indirect and the direct one, is not only a problem of institutional mechanism but one that keeps cultural values general willingness to enter and comply with rules that ultimately are passed on variables most important for the individual and society: the standard of living and quality of life. Taxation is an area that correlates with the fundamental values of society and therefore an analysis or an assessment of taxation issues have always done in one context social, cultural and political point. Taxes on goods and services (consumption taxes) are proportionate to consumer spending, but regressive in relation to their income. Consumption taxes have the advantage of a reduced settlement costs and charging them, but they will burden the taxpayers with low incomes, and increasing quotes and tariffs entail price increases. Natural and legal persons participating in the state budget with part of their income, but it is impossible to estimate the optimum these contributions, resulting in conflict between taxpayers and public decision-maker. Taxpayers want that part taken to the state to be minimized and the benefits obtained as high, but the state (due to its increasing needs) wants the opposite. Higher tax revenues mean higher taxes and reduced income individuals and businesses.

In practice tax, indirect taxes can be successfully used by the economic situation. As these taxes are placed on transactions, the yield of these taxes is influenced by developments in the tax bases of economic transactions volume, price and level of rates.

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