

TECHNIQUES AND PROCEDURES FOR MOBILIZATION OF THE LOCAL RESOURCES WITH THE HELP OF STATE TREASURY

DUMITRU POPOVICI, DANIELA MARIOARA POPOVICI
TIBISCUS UNIVERSITY FROM TIMISOARA, DALIEI STREET, NO. 1/A

Abstract:

The paper elaborated by the two authors is based on the Romanian law in the field of state treasury functioning and the concrete activity performed by for the repartition of some amounts pertaining to the state budget to the budgets of the administrative-territorial units.

The repartition of these amounts is made based on three criteria: the criterion of weight of the population of an administrative-territorial unit in the population of the county, the criterion of the weight of the area within the city limits of an administrative-territorial unit in the area within the city limits of the county, the criterion of the financial capacity of the administrative-territorial unit – amounts deducted from the income tax cashed per inhabitant in the year preceding the year of account.

Key words: *treasury, amounts deducted from the value added tax, repartition criteria, budgetary execution, tax*

JEL classification: G21

Local resources in the current acceptation represent the totality of material, financial and human means existing at a certain point in a certain territory organized and managed in accordance with the basic law – the Constitution – and the special laws in the field.

According to art. 21 of the Law 215/2001, the administrative – territorial units are legal entities of public law, with full legal capacity and their own assets. These are legal entities of tax law, holders of the tax registration code and of the accounts opened at the treasury territorial units, as well as bank units. The administrative – territorial units are holders of the rights and obligations deriving from the contracts regarding the management of goods belonging to the public and private domain of which they are part, as well as from the relations with other natural or legal entities, under the law.

From the financial assets of administrative – territorial units, incomes represent the financial resources due to the local budgets, based on legal provisions, composed of: taxes, duties, contributions, other payments, other incomes, quotas deducted from some incomes of the state budget, donations, sponsorships, etc.

Substantiating the local budgets' own incomes is based on the ascertainment, evaluation and inventory of the taxable matter and of the taxation basis depending on which the related taxes and duties are calculated, the evaluation of the provided services and of the incomes obtained from said taxes, as well as on other specific elements, in order for them to be correctly evaluated. The stages of substantiation of the incomes are the laying down, liquidation, issuing, cashing, each stage involving an ensemble of fiscal procedures and techniques used by the body in charge of these activities.

Thus, laying down the tax consists in identifying and dimensioning the taxable matter which a natural or legal entity possesses, liquidation consists in determining the amount of the due tax, issuing the title of cashing the tax, represents the operation by which the tax is recorded in a document (order), cashing the tax consists in the actual cashing of the tax in the agreed amount and within the established terms.

The incomes of the administrative – territorial units consist in:

a) *own incomes*, composed of: taxes, duties, contributions, other payments, other incomes and quotas deducted from the income tax.

The main categories of own incomes are:

1. Profit tax from the autonomous administrations and the trade companies under the authority of local councils
2. Quotas deducted from the income tax,
3. Other income taxes, profit taxes and capital gains:
4. Property taxes and duties: (edifice tax, land tax; legal stamp taxes).
5. Other general taxes and duties on goods and services,
6. Taxes on specific services (show tax);
7. Taxes on the use of goods, for the authorization of the use of goods or on the development of activities (taxes on the means of transport; taxes and duties for issuing licenses operating permits);
8. Other fiscal taxes and duties.
9. Property incomes (incomes from concessions and leases; incomes from dividends)
10. Incomes from interests.
11. Incomes from providing services and other activities:
12. Incomes from valorizing some goods (incomes from valorizing goods of public institutions, incomes from selling dwellings built from the state funds; privatization incomes; incomes from selling goods belonging to the private domain.

b) *amounts deducted from some incomes of the state budget, containing:*

- amounts deducted from the value-added tax for financing the decentralized expenses at the level of communes, towns, cities, sectors and the municipality of Bucharest and used for:

- basic financing of the pre-university state educational institutions;
- paying the amounts provided by court decisions having as object granting certain wage rights established in favor of the staff in the pre-university state educational institutions;
- financing the rights of personal assistants of persons with severe handicap or the monthly indemnities of persons with severe handicap;
- financing the aid for heating the houses with wood, coal and fuels, for the social aid beneficiaries;
- financing the community public services for personal records under the authority of the local councils of communes, towns, cities, sectors and the General Council of the Municipality of Bucharest;
- financing the expenses of nurseries;
- amounts deducted from the value-added tax for the roads;
- amounts deducted from the value – added tax for balancing the local budgets;
- amounts deducted from the value – added tax for developing the infrastructure

and the sports facilities in the rural areas.

c) *subsidies received from the state budget and from other budgets;*

d) *donations and sponsorships;*

e) *amounts received from the European Union and/or other donors in payments made accounts and pre-financings*

Taking into account that the administrative – territorial units have different conditions regarding territory, pedo-climate, human density, infrastructural development, culture, tradition, area, etc., the state treasury in its capacity of a specialized body in the budgetary execution of the consolidated budget, has the possibility to use certain repartition criteria of the sums representing incomes of the state budget per territorial units.

To finance certain public spending and to balance local budgets of local governments, the annual state budget law approves the amounts deducted from certain state income taxes, with special purpose and, respectively, to balance local budgets. Their distribution is made by the General Directorate of Public Finance, a component unit of the Ministry of Public Finance within the National Tax Administration Agency, in two stages:

1st stage

In the first stage, amounts are distributed only to the administrative – territorial units whose average income tax per capita, cashed in the respective administrative – territorial unit in the year preceding the year of account is lower than the average income tax per capita, overall cashed in the county in the year preceding the year of account, based on the following criteria:

- the weight of the population of the administrative – territorial units participating in this stage from the total population of same, in proportion of 75%;
- the weight of the area of the city limits of the administrative – territorial units participating in this stage from the total area of their city limits, in proportion of 25%.

2nd stage

- undistributed amounts remaining in the first phase are distributed in all territorial-administrative units in the county, according to their financial capacity, based on the income tax collected per capita in the year preceding the year of account.

The amounts established for each administrative-territorial unit as a result of the two balancing stages, as well as per county and for Bucharest will be reduced by the level of non collected ones, by multiplying by the subunit factor, calculated as the ratio between the amount of local taxes, rents and royalties collected in the previous financial year ended and the amount of local taxes, rents and royalties to be collected in the previous financial year ended.

From the work for over 20 years of the state treasury on the strength (equity) of these criteria resulted that these criteria favor the large human agglomerations while the units that have a weak infrastructure network and a large area will not benefit from such amounts, save in a very long time, virtually with no effect. For this reason, the state treasury bodies being aware of the “qualitative” limitations of these criteria and in order to carry out accordingly their main attribution, respectively to ensure a sound budgetary execution of the consolidated state budget initiate, without being limited to, the following procedures:

- the permanent analysis of the execution of the amounts deducted from the state budget, drawing up monthly reports. In this sense, if the analysis suggests that the calculated amounts do not ensure the payment of wages in some educational units which are legal entities, within the amounts deducted from the value-added tax, approved for the county / municipality of Bucharest by the state budget law, the general directorates of county public finances, respectively of the municipality of Bucharest, with the specialty technical assistance from the school inspectorates, perform redistributions of the amounts distributed per communes, towns, cities, and sectors of the municipality of Bucharest for this purpose.

- in the situations in which fund deficits are found at county level for certain expenses, the county treasury, by means of the General Directorate of Public Finance, can request additional amounts from the Ministry of Public Finance, for financing certain categories of expenses, such as social assistance rights (financing the staff expenses of personal assistants of disabled persons, monthly indemnities of disabled persons, social aids, grants, etc.) whose financing is partially provided by amounts deducted from the VAT.

- operative analysis of the budgetary execution of expenses which originate in the state budget and proposing concrete measures for each and every case.

- in the case in which the amounts allocated from the state budget exceed the real requirements, the General Directorate of Public Finance by its attributions requests the Ministry of Public Finance to withdraw the exceeding amounts and to redistribute them to other activities in deficit.

- the permanent consultation of budget managers for making available on a temporary basis the amounts for this purpose and with the same origin, because of the budget programming which is not always the best, and assigning them to other budget managers showing a deficit.

The state treasury under the present conditions must be the actual operative instrument of the Ministry of Public Finance working with the public Romanian financial resources and which, by financing the current budget deficit, contributes to the proper course of the financial and fiscal activity in Romania.

BIBLIOGRAPHY

1. Dumitru Popovici and Florin Popovici – Budget and Treasury, 2th edition, Mirton House, Timisoara 2002
2. Marius Herbei and Dumitru Popovici – Public Finance, Mirton House, Timisoara 2005
3. Tatiana Mosteanu and collaborators - Budget and Public Treasury, 3th edition, Tribuna Economica House, Bucuresti 2002
4. *Law no. 215/2001 of the local public administration republished and updated in 2012*
5. *Law no. 273/2006 regarding the local public finances updated in 2011*
6. *Law no. 293/2011 of the state budget for the year 2012*