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THE ESSENCE OF FISCAL MANAGEMENT

Abstract: *The existence of fiscal management determine the identification of the essential coordinates of it: the main objective; the sphere of action; essential characteristics; fundamental values; the main function; principles and legities. The essence of fiscal management represent its functions and on the basis of conceiving and exercising management from fiscality field resides an aggregate of principles. In this paper we will try to define the fiscal management, to identify the fundamental and specific objectives, to specify the content of specific functions and principles.*

Key words: *fiscal activity; fiscal management; functions, principles*

JEL Classification: *E62, H21, O23*

The management is present today in all the economical and social fields, so, implicitly in the fiscal field, its perfecting constitutes the main factor of increasing the efficiency of fiscal activity.

The multiple significations of the concept of management determined the specialists to define this concept, the settle the content and the specific traits. (see E. Petersen and E. Plowman, A. Mackensie, O. Gelinier, A.B. Robertson, K. Jaques, M. Dumitrescu, O. Nicolescu, I. Russu, I.Petrescu).

By analyzing all the definitions we may state that the management is [1]¹:

⇒ *a science* – because by the organized and coherent aggregate of concepts, principles, methods and techniques explains the processes and phenomenon which take place on the management of the organization;

¹ Dumitrescu L., "Managementul întreprinderii comerciale", Ed. "Lucian Blaga" University of sibiu, Sibiu, 2003, p. 14

⇒ *an art* – because it is always imposed the adapting to the realities of different situations, to the influence of exogenous and endogenous factors upon the organization in order to achieve efficiently and with efficacy the proposed objectives;

⇒ *a state of spirit* – because there appear different forms of wanting to change them , to search new methods and techniques, to accept the change, all these should lead to development and progress;

⇒ *a pragmatic measure* - because the scientific management of the organization determine the existence of a coherent aggregate of actions.

Although in the specialty literature, the concept of fiscal management or management of fiscal activity is not very well defined, we will try to define this concept, to identify the fundamental and specific objectives, to specify the content of specific functions and principles.

The essence of fiscal management represent its functions and on the basis of conceiving and exercising management from fiscality field resides an aggregate of principles.

Before specifying the functions and principles of fiscal management, we will try to define this concept, starting from the premises that this is an essential component of the public management.

Considered by some specialists a branch of public administration, the public management consists in integrating the managerial, political legal approaches in the process of accomplishing the mandate of legislative, executive and juridical authorities namely, providing services for society in its whole or for important segment of it.[2]¹

When is tackled the fiscality problem we search for answers such as: Which is the purpose of fiscality ?Who takes care of settling, perceiving and managing the fiscal obligations? Who settles the objectives of fiscal politics and who contributes to achieve these objectives? How is it and how should be organized, led and coordinated the fiscal activity? Which is the result obtained as a result of carrying on the fiscal activity?

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The fiscal management is the one which can offer an answer to these questions because it represents the art and science of applying methods, techniques and procedures in order to substantiate programs, to organize and coordinate the processes of collecting the fiscal incomes, in

¹ Androniceanu A., "Noutăți în managementul public", Ed. Universitară, Bucharest. 2004, p.25

order to use efficiently the public money in order to satisfy the society's needs.

The essential request of the fiscal activity is the quality, because the projection and the construction of quality in this field will contribute to the orientation of the processes dynamics to the tax payers, taking into account the relation increasing- development – progress.

The existence of fiscal management determine the identification of the essential coordinates of it: the main objective; the sphere of action; essential characteristics; fundamental values; the main function; principles and legities.

The fundamental objective of fiscal management is the understanding and the enhancing of the role of the fiscality in the social economical life of a nation, in order to establish a real partnership between the state and tax payers in order to use and form the public financial resources. The outlining of the system of objectives in the fiscal field as well as its achievement, involves the use of principles and fiscal laws by the state with attributions in the fiscal field and by tax payers, natural and juridical persons in the sense of increasing the satisfaction of the general public interest and accepting the fiscality not as a burden but as a stimulator factor.

The action sphere of fiscal management must take into consideration the processes and management relations identified both at national and international organisms level with attributions in the fiscal domain and both at tax payers level. The fiscality analyses must be realized taking into account the local, national and international framework, this is why the mutations which take place in the fiscal management must offer coordinates of a real fiscal reform, set on values and fundamental principles.

The identification of **fiscal management characteristics** has on the basis: the specificity of fiscal obligations; the general principles of taxation; the specific of fiscal and budgetary activities; the tasks and functions which belong to fiscalilty the rights and obligations of tax payers natural and juridical persons.

All these elements determine the adaptation of methods and techniques generated by management so that fiscal management become a management oriented to the participative dimension, based on a coherent system of performance indicators which should promote efficiency and competitiveness.

The fundamental values which must be taken into consideration in determining the processes and the relations of fiscal management have on the basis:

- assuring a coherent functionality of the managerial process and the structures of the entities with attributions in the fiscal field;
- the analyses of the endogenous and exogenous factors which influence the relations of the fiscal institutions with the economical, social and political medium;
- identifying the best modalities of using the resources in the sense of maximizing the fundamental objective of the fiscal management;
- elaborating a realistic fiscal politics based on efficiency and efficacy.

Having in view the specificity of fiscal management, the fundamental values are structures according to their belonging (internal and external values), being recognized values as ethics, moral and democracy.[3]¹

The process of management were first identified by Henry Fayol, who identified the main functions of management on the basis of an analysis, namely: prevision, organizing, command, coordination and control. Subsequently, many famous specialists (L.Gulick, H.Koontz, C.O'Donnel, W.J.Duncan, H.Churg, H.B. Maynard) proposed management functions: prevision, planning, evidence, operating, executing, control, etc.[4]²

These things determine us to specify **the main functions of fiscal management**: the prevision function, the organizing function, the coordination function, training function, control-evaluation function. These functions have the content, requirement and ways of achievement specific to the fiscal activity and due to the complementary character and the connexions between them; they must be treated in interdependency.

A. The prevision function

The economical prevision supposes the anticipation of the evolution of economical phenomenon and processes on the basis of a complex research, the economical prevision reveals the directions, the content of the economical phenomenon sans processes which will take place in the future.

¹ Androniceanu A., idem, pp. 68-70

² Russu C., "Management", Ed. Expert, Bucharest, 1996, p. 59

The fiscal prevision concretizes in quantitative and qualitative evaluations upon the possible and probable evolution of some aspects from the fiscal and budgetary domain.

The prevision function of the fiscal management consists in the ensemble of management processes carried on in the institutions with attributions in the fiscal domain in interdependency with the existent management processes at the level of other public institutions and according to the needs and general public resources.

The action of prevision function is based on: the specific of fiscal sector; the prevision methods used; the previsions' results.

Carrying on an activity in the conditions of efficiency supposes an ordination of all the material, human and financial resources an organization disposes in order to accomplish the objectives.

B. The organizing function

Organizing, as a managerial function can be regarded as a "determination, enumeration and grouping of the necessary activities which are summed up in a complex of measures which aim to achieve the settled objective by using the material, financial and human resources as rational and efficient as possible".[5]¹

Exercising the organization function by the 2 main forms of organization (processual and structural organization) has as result at fiscal management level in outlining all management processes through are projected the components of the internal organizational framework at the fiscal level in accordance with the objectives established and the field they are acting.

The procesual organization result relies in establishing the functions as well the specific activities, tasks and attributions which belong to fiscality and the result of structural organization represent the organizational structure of the unity, services, offices, compartments.

To organise means, on one hand, *to establish from the quantitative and qualitative point of view, all the necessary elements in order to achieve the proposed elements.* On the other hand, *to organise means to establish the correlation between these elements so that they participate accordingly, to complete and activate reciprocally.*

Organising the fiscal activity must take into account this organisational approach from the psychology point of view, so that this

¹ Petrescu I., Cismaru G., "Managerul în lumea afacerilor", Ed. tribuna, Sibiu, 1999, p.118

processual organisation and the structural organisation to become the main factor of a rational managing of the fiscal activity, to become an important lever for increasing the efficiency of the economical activity.

We consider that we should give a special attention to then stages and operations of the methodology of rationalising then organizatorial structure the fiscal territorial unites concretised in:

- Stages – determining the activities carried on at the fiscal unity level; delimiting the concrete content of the functions and positions for each activity; grouping the positions in departments, compartments services; establishing reports between departments, services, compartments; evaluating the organizatorial structured establishes the perfecting possibilities.

- Operations – analyses each activity which should carry on at the fiscal unity level; delimiting the volume of work and the number of persons which must be involved in each activity specific to the fiscal unity; registering in the organigram of the fiscal unity the directorates, the compartments, services, office and establishes the organizatorial relations between them; elaborated the regulations of organisation and functioning of the fiscal unity; job descriptions; eliminating the structure of fiscal unity by the principles of rational organisation.

C. The coordination function

The ensembles of working processes which harmonise the decisions and actions of the company' s staff and of its subsystems , in case of previsions and the organisational system carries on the function of co-ordination.[6]¹

By harmonising, synchronising , equilibrium , proportionality integration, collaborating, co-operating, cohesion, convergence, concordance, symmetry, guiding, removing and eliminating the conflict actions in the fiscal field, there can be realised:

- settling exactly the objectives of the fiscal unity; subordinating all the activities to the objectives proposed; mentioning the performances for each objective which must be achieved in a certain period of time;

- settling the attributions and tasks for each employer of the fiscal unity so that all the fields of activity are covered.

¹ Nicolescu O., Verboncu I., "Management", Ed. Economică, Bucharest, 1996, p. 26

- establishing the collaboration between the directorates, services and hierarchical compartments and the functioning of each fiscal unity.

Settling the concordance between the authority and responsibility, taking put the hierarchy principle of value, by regulating the reports between the leaders (manager, deputy manger, head of service, head of compartment, head office) and the lead (speciality inspector, referent).

D. The training function

The training function consists in the totality of activities of fiscal management, through which the clerks from the institutions with attributions in the fiscal medium are stimulated to participate and contribute to the achievement of the provisioned objectives in the basis of using the motivational factors.

Realising the management on the fiscal domain can not neglect the human resource, reason for which it is imposed:

- developing of some optimal work reports by distributing the staff on subsystems and forming the work groups;
- recognising and evaluating the characteristics and individual talents accordingly;
- existing the possibilities of manifesting so that it should attain the maximum potential by each person.

The characteristics of the fiscal activity take out the action of training function of the following relations;

⇒ the relation "fiscal manager – clerk in the fiscal field";

⇒ the relation "clerk in the fiscal domain – tax payer".

The elements which influence the fiscal manager activity are: attributions, responsibilities, authority, ethics, personality, style and behaviour, the strategic vision, the level of concentration, the success factors, conflict sources, cultivating the attention, anticipating the future value. All these mark the way it is managed and co-ordinated an activity, in order to achieve the objectives.

The motivating system applied depends on the factors followed in the initiation, guiding, or repeating a behaviour relating the problematic which appear, appealing to theories: hierarching the needs (updating needs, esteem needs, social needs, security needs, physiological needs); X theory (using the constraint for working, absence of responsibilities, the need of updating) -Y (pleasure for work, appreciating the responsibilities, the need of updating and esteem); the dual factors (of content or context, which determine satisfactions or dissatisfactions in work); ERG theory

(the existential needs, the relational needs); the theory of expected performances (mixing the individual factors with organisational factors); the theory of equity (correct treatment equally in positive situations and negative ones) [7]¹.

The second type of relation must appear under the form of partnership because obtaining the public financial resources is the main objective followed. The clerks from the fiscal field do not have to exercise the attributions thorough activities of control of the way of paying the fiscal obligations. The motivational factor is important for the taxpayer, he is waiting for motivations from the fiscal organ not only in the total exemptions of taxes or partial from the payment of the fiscal obligations but also the esteem and recognition.

By exercising the training function, the manager of the fiscal institution must follow:

⇒ identifying the motivational factors for the fiscal clerks and for tax payer which should contribute to the its stimulation in order to achieve the provisioned objectives;

⇒ settling a clear, coherent and equitable method of motivating the participants to the fiscal activity;

⇒ identifying the position which must be occupied by each clerk within the organisation according to the degree of realising the objectives and the level of obtained performances;

⇒ the existence of a competitive organisational climate and a grouped cohesion;

⇒ giving assistance to the staff and tax payers so that it is assured the respecting of the fiscal legislation;

⇒ informing the staff and tax payers of the modalities of sanctioning applied according to the way of achieving the objectives.

E. The function of evaluation and control

The function of evaluation and control of fiscal management consists in the ensemble of processes through which are measured and compared the performances of fiscal unity with the standards established initially in order to eliminate the deficiencies.

Control becomes an efficient instrument of management if it is characterised by determination, exigency and objectivity and if its exercising had on the basis substantiated principles and regulations.

¹ Mathis R.L., Nica P.C., Rusu C., "Managementul resurselor umane", Ed. Economică, Bucharest, 1997, pp, 37-49

Having in view the concept of general control as well as specific elements of fiscality, the fiscal control can be defined as an activity checking, supervising and analyses of the way of achieving the objectives referred to the establishing, perceiving and guiding towards the state of the legal obligations representing incomes, taxes and other contributions [8]¹.

This way, through the fiscal control they will follow::

- Verifying the correctness of the declarations regarding the fiscal obligations, handed in by the tax payers;
- Verifying the way of calculus of the incomes, taxes and tax payers;
- Following the way there were made the payments regarding the fiscal obligations within the legal term;
- Taking the legal measures in order to recover the debts towards the state budget;
- Diminishing the phenomenon of fiscal evasion;
- Adapting the methods and techniques of fiscal control to each stage of fiscal policy.

The action of control function in the fiscal management has an impact on the way the strategic objectives of the fiscal control policy are achieved. These objectives refer to: increasing the degree of collecting the fiscal obligations by the volunteer action of the tax payers; consolidating the fiscal education; tracing out the eluded obligations; efficiency in cashing the eluded taxes; improving the fiscal financial discipline; sanctioning the tax dodger behaviour.

The results of evaluation and control in the fiscal field concretises in incomes increasing to the state budget so that the budgetary incomes register both in real and normal terms, an increasing as share of the gross natural product.

Carrying on the tasks and functions generated by evaluation and control in the fiscal management depends on the influence of the following factors:

- ⇒ the existence of clear, concrete laws which should not generate interpretations;
- ⇒ the staff involved in the control activity (number, structure, professional training, experience);

¹ Tara I. G., "Conceptul de control financiar", Review tribuna Economica, no. 6, june 2000, p.17

- ⇒ the tax payers submitted to control;
- ⇒ methods and techniques of control used (control categories, settling the control activities according to the informing sources).

The activity carried on in the fiscal control field by The National Agency of Fiscal Administration has on the basis the achievement of the tasks attributed by the law in the fiscal inspection field, the action strategy in the field of continuing the fiscal reform, preventing and fighting the fiscal evasion.

The results of the fiscal inspections realised by ANAF underline the identification and sanctioning of the situations of infringement of the fiscal-financial legislation in force, all these materialise in attracting additional incomes to the general consolidated budget.

The problems encountered as a result of the checking, which lead to the establishing of additional sums aimed not to pay the fiscal obligations by: not declaring on the whole or declaring partially the taxable incomes; registrations of some fictive expenses without the substantiate documents; or some expenses which have nothing to do with the object of activity; destroying the documents of accounting evidence etc.

Identifying positive and negative aspects as a result of carrying on the fiscal inspection actions, determines the settling of some perfecting measures of the fiscal control activity, the evaluating and control function of the fiscal management. The efficiency and efficacy of the fiscal activity does not have to be quantified by the attracted additional sums but by cashing the fiscal budgetary incomes provisioned through the national public budget and their increasing due to the extension of the taxation basis.

The functions of the fiscal management must be treated in interdependence due to their complementary character and the connections between them.

Respecting *the general principles of fiscal management* aim all those involved in the fiscal budgetary activity, and its exercising shows the level of performance of this activity, the knowing and applying these principles must be achieved by all those involved in the management of fiscal activity. From this point of view, we take into consideration the following:

1. The principle of defining and applying the unitary management according to the influence of the medium – the clear, unitary and commune vision upon the fiscal activity, must be achieved in correlation, adaptation with the management system to the existent situation at a certain moment, upon which economical, technical, technological factors, political factors, juridical and ecological factors.

2. The principle of legality – dimension and structure the processes , methods and relations of fiscal management must be realized on legal basis , the aim is not only to obtain fiscal incomes but also to satisfy the general public interest by using the proper public financial resources accordingly.

3. The principle of motivating all the factors involved in the fiscal activity – the moral and material stimulation of those involved in the fiscal activity lead to the achievement of the indicators of performance established to the increasing of fiscal efficiency.

4. The principle of efficiency – using the means and methods of management accordingly has a direct involvement in the way of managing all the categories of resources (financial, material, human, informational),aiming to maximize the satisfaction degree of social needs by fiscal levers used.

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