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THE ROLE OF MANAGEMENT AND ACCOUNTING IN COMBATING TAX EVASION IN AN EMERGENT COUNTRY

Abstract. On a global scale, regardless of the economic or social development of each individual country, the phenomenon of tax evasion is being debated with growing concern. This phenomenon has been analyzed from both an economic and a social perspective. The objective of the present research was to analyze the role played by accounting—and the accountant—in preventing and combating the phenomenon of tax evasion in the case of Romanian entities. To meet this objective, a questionnaire was developed to which 247 accounting professionals registered with Chartered Certified Accountants (CECCAR) responded. The data collected based on the questionnaire were analyzed to formulate some conclusions and proposals designed to prevent and combat the phenomenon of tax evasion. The research contributes to the state of knowledge regarding the active role that the accounting profession can play in preventing tax evasion.

Keywords: Tax evasion, VAT, accounting, accounting profession.

JEL Classification: M41, G20

1. Introduction

Tax evasion is not a trivial offense; rather, it is a criminal offense that is committed with serious malintent and that provides a focal point for criminal tax law. Criminal tax law is intended to sanction misconduct that runs counter to the correct and timely realization of the state tax claim.

Research in the field indicates that the rich are more prone to tax evasion, as is evident from the Panama Papers.

In Central and Eastern Europe, the fall of the communist economies played a crucial role in the phenomenon of tax evasion. With the collapse of these economies emerged the so-called transition countries, which were known for their

rapid economic changes and rapid institutionalization. Moreover, this conversion phenomenon also brought with it the notion of undeclared work (Feige & Urban, 2008; Schneider et al., 2011; Williams & Round 2010), which is considered a legal and taxable income from economic activities but for which the taxpayer does not pay taxes and fees because it is not declared to the tax authorities (Feld & Larsen, 2005). The authorities believe that undeclared work is not the main cause of evasion (Feld & Larsen, 2012), whereas certain researchers believe it is (Meriküll & Staehr, 2008; Schneide & Enste, 2000). Ultimately, though, if we look at this aspect from an economic and social perspective, it becomes clear that it plays a significant role at the individual level.

Undeclared work is not the only phenomenon that contributes to tax evasion, though; hence, the present research aims to analyze conditions regarding tax evasion that are specific to Romanian entities. To achieve the proposed objective, the present research approaches the subject both qualitatively and quantitatively. Like any research, we close our research with a series of conclusions while allowing room for future research.

2. Conceptual approach of tax evasion

Tax evasion is an important topic that is frequently debated both nationally and internationally. Starting in the 1990s, predominantly as a consequence of the governmental vacuum and the absence of a specific regulation to combat tax evasion, which was adopted only in 1994 (Law no. 87/1994 to combat tax evasion), tax evasion has been a scourge of the Romanian economy.

The phenomenon of tax evasion at the national level has amplified over time and, due to the fiscal strain applied by direct and indirect taxes, it has been corroborated by corruption among civil servants with responsibilities in supervising and combating it. Tax evasion and corruption are mutually reinforcing, with corruption contributing significantly to the spread of tax evasion.

Since 2008, when the global economic crisis struck, sterner actions have been implemented to identify "hidden" incomes (Van Thiel, 2012). As part of this, administrative procedures on tax income collection have become established in the European Union (EU).

Over recent years, the European Parliament has aided in the application of proposals to mitigate tax evasion and money laundering from illegal activities (European Parliament, 2017). In this vein, EU governments have applied more complicated regulation on tax evasion.

A key challenge that governments around the world have confronted in recent years is the failure to meet their planned annual objectives for revenue collection, which is one of the most significant and reliable sources of revenue for any government. The gap between the absolute value of tax revenues and tax revenues accumulated in a fiscal year remains one of the most critical challenges for the majority of economies (Choo et al., 2016).

The concept of tax evasion has been and is a permanent concern of specialists in the field of fi sacralities, while also serving as a hot topic of debate in

the literature (Riahi-Belkaoiu, 2004; Bergman 2009; Abelin, 2012; Martin & Gabay, 2013).

The Organization for Economic Co-operation and Development (OECD) called on its members to take action against damaging tax competition in its 1998 report on Harmful tax competition: an emerging global issue (OECD, 1998), with suggestions for regulation, tax accords, and cooperation. Consequently, the OECD established a standard for tax information exchange agreements (TIEAs), of which over 800 were signed by 2013. In addition to the TIEA, the Council of the European Union introduced the exchange of information for the taxation of interest income between member states. Member states in 2003 (Council Directive 2003/48 / EC) and the EU Savings Tax Directive (STD), implemented in 2005, which provided for multilateral institutional means of tax collection and exchange of information on foreign deposit accounts from the 1950s, are generally designed to encourage foreign investment (Barthel et al., 2010) and harmonization rules between two countries (Dagan, 2009).

European tax evasion is primarily related to the expansion of production / services, with some of their components belonging to national entities in countries where they benefit from more favorable tax and social regulations.

EU Directive 1164/2016—"AntiTax Avoidance Directive" (ATAD), provides new regulations and rules to eliminate the issue of tax avoidance by entities.

ATAD I (EU Directive 1164/2016) is part of a package of European Commission measures against tax avoidance—which was transposed into the national law of 31.12.2018.

ATAD II (Directive 952/2017) makes amendments to ATAD I regarding the fight against the nonuniform treatment of hybrid financial instruments or entities, being transposed into national legislation on 31.12.2019 (entered into force on 01.01.2020).

We conclude that in Romania, although the legislative regulations in the field of tax evasion are among the most repressive in the European Union, aimed especially at large custodial sanctions, our country occupies a "leading" position in Europe in terms of committing acts of tax evasion.

3. Accountancy role in preventing and combating tax evasion

Through this case study, we hope to determine how professional accountants perceive the issue of the responsibility of accountancy in preventing tax evasion. We decided to refer to professional accountants because they are the ones who are directly connected to the issue of tax evasion and ways to combat these practices through accounting and can provide us with additional information.

The accumulation of theoretical information and practical experience is the foundation of the contribution that the professional accountant can make to the development of the business of which he is part. In this way, it becomes a reliable partner of the economic entity it serves and an important binder.

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The ethics and morals of the professional accountant do not stop at the financial frontier. They extend to areas such as corporate social responsibility, which involves ensuring that businesses and advisors are aware of their own ethical responsibilities.

Professional accountants are important for our study because of their direct involvement in the practical reality of accountancy, being those who lead the accounting of economic entities, sign financial statements, submit tax returns, apply accounting expertise, and develop an understanding of the tax behavior of the entity's management.

The professional accountant, being familiar with the fiscal and accounting regulations, functions as a fiscal advisor to the entity's management by providing solutions from a fiscal perspective.

In the literature we can find several mathematical models illustrating the consequences of various tax evasion behaviors, because this occurrence of tax evasion denotes a significant problem for numerous states. Having as a central concern a diminution of the tax revenue, it negatively influences a proper operation of the private and public sector.

The basic model of evasion was developed by Allingham and Sandmo (1972) according to which the taxpayer is rational and self-interested, so that he only voluntarily pays taxes at all if evasion is discovered and punished with a positive probability. The optimal evasion is a consequence of weighing the benefits (avoided taxes) and costs (expected penalty payment). Unless the tax authority controls every taxpayer with certainty, income is stochastic; the decision is therefore made under uncertainty.

Consider an individual with income Y whose utility function is defined by consumption. There is a linear income tax with rate Θ. Thus, while the individual's tax liability is ΘY, he actually pays only X, where X is the declared income.

The difference Y - X is the evasion. The individual faces an exogenous probability p that the tax authority will check his tax return and uncover the evasion. In such a case, he must pay the evaded taxes and, additionally, the authority will levy a fine based on the amount evaded.

A rational individual now chooses the amount of tax evasion to maximize his anticipated benefit:

$$E[U] = (1-p)U(Y- \Theta X)+ pU(Y- \Theta X-\pi(Y-X)) \qquad (1)$$

The first-order condition of (1) is as follows:

$$-\Theta(1-p)U'(Y- \Theta X)- (\Theta- \pi)pU'(Y- \Theta X- \pi(Y-X))=0 \qquad (2)$$

The second-order condition,

$$D= \Theta^2(1\text{-}p)U''(Y\text{-} \Theta X)+(\Theta\text{-} \pi)2pU''(Y\text{-} \Theta X\text{-} \pi(Y\text{-}X)), \quad (3)$$

is fulfilled thanks to the assumptions made about the utility function.

Next, we consider the comparative statics of the problem by differentiating Equation (2) and using the first-order condition to obtain the following:

$$\frac{\partial X}{\partial Y} = \frac{1}{D}[\Theta(1\text{-}p)U''(Y\text{-} \Theta X)+(\Theta\text{-} \pi)(\text{-}1\text{-} \pi)pU''(Y\text{-} \Theta X\text{-} \pi(Y\text{-}X))] \quad (4)$$

Equation (4) shows that evasion increases (or decreases/remains constant) with income if the efficiency utility is considered by declining total risk aversion (or increasing/constant risk aversion). The first case appears to be empirically more relevant. Moreover, looking at the proportion of income that is evaded shows that it increases (decreases) when relative risk aversion decreases or increases with income.

We now differentiate (2) with respect to Θ:

$$\frac{\partial X}{\partial Y} = \frac{1}{D}X\theta \ (1\text{-}p) \ U'(Y\text{-} \Theta X)[RA(Y\text{-} \Theta X)\text{-}RA(Y\text{-} \Theta X\text{-} \pi(Y\text{-}X))]+\frac{1}{D}[(1\text{-}p)$$
$$U'(Y\text{-} \Theta X)+p \ U'(Y\text{-} \Theta X\text{-} \pi(Y\text{-}X))] \quad (5)$$

The next of the two positions on the right is unequivocally depressing. The first term is positive, zero, or negative according to whether absolute risk aversion is decreasing, constant, or increasing. Among these, a decreasing absolute risk aversion seems to be the most attractive assumption, but we must then conclude that no clearcut hypothesis emerges regarding the connection between the regular tax rate and reported income.

The economic meaning of this result is best understood if we regard the two terms in (6) as the income effect and the substitution effect, respectively. The latter is negative because an increase in the tax rate makes it more profitable to evade taxes on the margin.

The next question investigates how reported income depends on the penalty rate:

$$\frac{\partial X}{\partial Y} = \frac{1}{D}[\ \}U'(Y\text{-} \Theta X)+(\Theta\text{-} \pi)U'(Y\text{-} \Theta X\text{-} \pi(Y\text{-}X))] \quad (6)$$

These terms are both positive, meaning that an increase in the penalty rate will always increase the fraction of actual income declared.

Thus, given that the topic addressed is the link between tax evasion and accounting, we consider that the accounting experts are the most representative for the application of the questionnaire, and CECCAR (Chartered Certified Accountants of Romania) is the professional body of accounting experts. This can serve as a first step in determining the importance of tax evasion.

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4. Research methodology

To carry out the case study, we employed a deductive approach, starting from the literature to develop a questionnaire to test the perception of accounting experts of the role of accounting in combating tax evasion.

To ensure the representativeness of the sample and the extrapolation of the results while taking into account the above-mentioned research objectives and hypotheses, we considered an appropriate non-probabilistic sampling technique that uses the sampling of quotas. Regarding the representativeness of the sample in relation to the general statistical population, composed of all accounting experts related to the Cluj, the sample respects the restrictions imposed by the research. The total of valid questionnaires (N 228) represents approximately 19% of the number of experts at the level of the Cluj.

The questionnaire contains 29 questions through which the perception of accounting experts on tax evasion at the national level was followed, as well as the identification of the accountancy methods for avoiding and reducing tax evasion in the Romanian commercial entities.

Therefore, we avoided direct questions regarding tax evasion in our questionnaire. An example of the various indirect questions used as a basis for collecting information on tax evasion could be the following:

In the last 5 years, have the companies you have collaborated with done so under fiscal controls or have they been sanctioned by the National Agency for Fiscal Administration representatives?

The initial database comprised 247 respondents, ultimately leading to 228 valid questionnaire responses by accounting experts. Respondents who did not complete the questionnaire were eliminated (N = 19) so as not to jeopardize the results.

The pilot study included 20 accounting experts, each of whom performed a content analysis of the scales used. Please note that their answers are not included in the final sample.

The issue of how best to measure tax evasion has been addressed in various scientific papers, primarily due to the fact that it is a problem without a clear and reliable solution. In addition, the result of measuring tax evasion is very sensitive when using model approaches because it depends on the choices made regarding the causes and indicators (variables) used in the model structure.

Based on the answers collected following the application of the questionnaire and the specialized literature presented and discussed in the previous chapters, we structured the questions according to the following research hypotheses:

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Table 1. Research hypotheses

H1: The relevance of the answers is reflected by the vast experience in the field.	Q1: Your experience in the current field is: Q2: The number of companies you have collaborated with (employed or through the provision of services) in the last 5 years is: Q3: In which field of activity do the companies you collaborate with have collaborated in the last 5 years? Q4: The categories of economic entities with which you have collaborated / collaborated in the last 5 years were:
H2: The influence of professional accounting reasoning on taxation is a positive one.	Q15: Do you consider that the existence of a link between taxation and accounting determines the professional accountant to manifest his professional reasoning? Q16: Would you use professional accounting reasoning to optimize taxation at the request of the entity's management? Q17: Do you consider it advisable to disconnect tax accounting? Q18: In your opinion, do the Romanian accounting regulations offer enough opportunities for the manifestation of professional reasoning in the fiscal perimeter?
H3: The level of fiscal pressure exerted by the fiscal control bodies is a positive one.	Q19: Who do you think should regulate accounting in Romania? Q12: In the last 5 years, have the companies you collaborate with collaborated under fiscal control or have they been sanctioned by the National Agency for Fiscal Administration representatives?
H4: The vision of accounting experts regarding legislative gaps vs. creative accounting.	Q13: Do you consider that there are major gaps in tax and accounting legislation in Romania that encourage companies to commit tax evasion? Q20: Regarding the concept of creative accounting, which of the following statements do you consider more appropriate?
H5: The level of tax evasion in Romania is moderate in correlation with that at the EU level.	Q7: How do you consider the level of tax evasion in Romania? Q8: How do you consider the level of VAT applied in Romania? Q9: How do you consider the level of profit tax applied to Romanian companies? Q10: How do you consider the level of income tax on microenterprises applied in Romania? Q11: How do you consider the level of salary taxes applied in Romania?

H6: The most practiced methods of committing tax evasion are: changing the bases for calculating taxes and duties.	Q21: From your perspective, the most common mechanism for committing tax evasion in the field of value added tax is represented by: Q22: From your perspective, the most common method of committing tax evasion in the field of corporate tax is: Q23: From your perspective, the most common method of committing tax evasion in the field of microenterprise income tax is: Q24: From your perspective, the most common method of committing tax evasion in the field of salary contributions and taxes assimilated to them is: Q25: From your perspective, the most common method of committing tax evasion in the field of excise duties is:
H7: The most important mechanisms for preventing and combating tax evasion are reflected in tax forms and declarations.	Q14: In your vision, in Romania, the connection between accounting and taxation is at a level: Q26: Assess on a scale of 1 (minimum) to 5 (maximum), the importance of each accounting mechanism set out below in preventing and combating tax evasion: tax returns, financial statements, financial audit, use of electronic cash registers and tax control: Q27: Evaluate on a scale of 1 (minimum) to 5 (maximum) the importance of tax returns that you consider effective in preventing and combating tax evasion: F300, F390, F394, F100, F101 and F112. Q28: Evaluate on a scale of 1 (minimum) to 5 (maximum) the importance of financial statements that you consider effective in preventing and combating tax evasion: F10, F20, F30 and F40. Q29: Do you consider that the indicators provided in the content of the annual financial statements represent important elements for the fiscal verification and control exercised by the fiscal bodies to prevent and combat tax evasion?
H8: The concept of tax evasion and its determinants, in the opinion of accounting experts.	Q5: In your view, tax evasion is most evident in one of the following statements: Q6: In your opinion, what are the main factors that determine Romanian companies to commit tax evasion?

By inviting accounting experts to complete the questionnaire, we hoped to establish the opinions of specialists in the financial accounting field.

To measure the strength and direction, we applied the Pearson's r
(decreasing or increasing, depending on the sign) of a linear relationship between
two variables X and Y, which can be defined as Pearson correlation coefficient (*r*):

$$r = \frac{\sum(X - \bar{X})(Y - \bar{Y})}{\sqrt{\sum(X - \bar{X})^2 \sum(Y - \bar{Y})^2}} \tag{7}$$

where
x̄ = Mean of x variable
ȳ = Mean of y variable
The relationship (or the correlation) between the two variables is denoted
by the letter r and quantified with a number, which varies between −1 and +1. Zero
means there is no correlation, whereas 1 denotes a complete or perfect correlation.
The sign of the r indicates the direction of the correlation, with a negative r
meaning that the variables are inversely related. The strength of the correlation
increases both from 0 to +1 and 0 to −1.

Based on the results obtained during the application of the questionnaire,
the aim is to obtain solutions to improve the current legislative measures, as well as
practical solutions in terms of preventing and combating tax evasion.

5. Data analysis and results of the study

For hypothesis H1, we wanted to determine whether the respondents with a
higher level of experience influenced the variables established by us regarding tax
evasion in Romania. Thus, following the results obtained at a descriptive level for
each question included in the questionnaire, we analyzed the correlation between
professional experience and other factors involved. Professional experience is
reflected through years of experience, number of economic entities, category of
entities, and field of activity. As we noted in the previous subchapter, the
respondents to the questionnaire have extensive experience in the field, which is
reflected by the large number of accounting experts with more than 10 years'
experience and by the large number of entities they have collaborated with.

Thus, we found that that an analysis of the correlation between
professional experience and the hypotheses formulated, analyzed by us, is required.
Below we present the statistical results obtained based on our analysis, which was
conducted using the SPSS program.

The results of the analysis of the correlation between the experience of
accounting experts and the accounting reasoning on taxation can be seen in the
table below. Professional accounting reasoning is based on hypothesis H2.

Table 2. Correlation of professional experience—professional reasoning

Experience of accounting experts	Q15: (n=228)		Q16: (n=228)		Q17: (n=228)		Q18: (n=228)	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD
1–5 years	1.44	0.53	1.56	0.88	1.22	0.67	1.44	0.53
5–10 years	2.79	0.58	2.86	0.36	2.07	0.27	2.29	0.61
> 10 years	2.90	0.38	2.75	0.59	2.38	0.49	2.28	0.45
Pearson	0.6 (Sig. 0.00001)		0.37 (Sig. 0.00001)		0.52 (Sig. 0.00001)		0.35 (Sig. 0.00001)	

In this case, accountants with more than 10 years of experience in the field, as well as those with 5–10 years of experience, have a better understanding of the link between taxation and accounting as well as experts with less experience.

Consequently, we asked the respondents whether they believed the existence of a link between taxation and accounting encourages the professional accountant to express his professional reasoning, and most respondents with more than 10 years' experience confirmed this—we obtained a correlation of 0.6 (a value between 0.5 and 0.7 is considered a moderate positive correlation) with a sig. 0.00001, which reflects a correlation between the two. Overall, 86.70% of respondents agreed with the requirement of a link between taxation and accounting and the determination of the professional accountant to manifest their professional reasoning.

Analyzing the connection between professional experience and the use of professional accounting reasoning, to optimize taxation to the sociality of the entity's management (Q16), we obtained a correlation lower than 0.37 with a sig. 0.00001, which indicates the existence of a low ascending linear correlation between the two variables caused by the undecided respondents with a percentage of 42.7%.

Meanwhile, regarding the disconnection of tax accounting, we obtained a correlation of 0.52, which practically through the averages offered by the categories of answers is around the average of 2 and reflects the negative answer obtained at the level of this question in a percentage of 69.3%.

Most respondents expressed their belief that the Romanian accounting regulations do not offer sufficient opportunities for the manifestation of professional reasoning in the fiscal perimeter, meaning that we obtained a low correlation for this question of 0.35, which indicates a weak ascending correlation.

Taken together, the analysis of the answers to these four questions does not show a clear correlation, with two questions with a medium correlation and two with a weak correlation. As such, the hypothesis regarding the link between professional experience and professional accounting reasoning on taxation cannot be validated, having only a partial correlation.

The result of the analysis of the correlation between the experience of the accounting experts and the level of fiscal pressure exerted by the fiscal control bodies can be observed in the table below. The level of fiscal pressure exerted by the fiscal control bodies was based on hypothesis H3.

Table 3. Correlation of professional experience—the fiscal pressure exerted by the fiscal control bodies

Experience of accounting experts	Q13: (n=228)		Q20: (n=228)	
	Mean	**SD**	**Mean**	**SD**
1–5 years	2.22	0.53	2.11	0.60
5–10 years	2.07	0.58	2.23	0.59
> 10 years	2.38	0.38	2.05	0.58
Pearson	0.08 (Sig. 0.22)		-0.06 (Sig. 0.36)	

In this case, we do not observe a significant difference between the three categories of accounting experts, and we see from our results the nonexistence of the correlation indicated by the low level of the Pearson coefficient, which is negative in the case of question 20, indicating the nonexistence of a linear relationship between the two questions. Consequently, taken as a whole, the correlation must be rejected due to the existence of a low or extremely low correlation.

Continuing the analysis of the correlation between the experience of accounting experts and their vision on legislative gaps vs. creative accounting, one can see the results obtained in the table below.

Table 4. The correlation of professional experience—legislative gaps vs. creative accounting

Experience of accounting experts	Q19: (n=228)		Q12: (n=228)	
	Mean	**SD**	**Mean**	**SD**
1–5 years	2.44	0.72	2.55	0.72
5–10 years	2.42	0.90	2.50	0.52
> 10 years	2.27	0.92	2.51	0.55
Pearson	-0.06 (Sig. 0.36)		-0.01 (Sig. 0.88)	

In this situation, as in the case of hypothesis H3, we notice the nonexistence of a correlation between professional experience and legislative gaps, respectively, with creative accounting being represented by the negative value of

283

the correlation. Therefore, hypothesis H4 must also be rejected due to the nonexistence of a linear relationship between variables.

For the correlation between the experience of the accounting experts and hypothesis H5, we obtained the following results:

Table 5. Correlation of professional experience—the level of tax evasion

Experience of accounting experts	Q7: (n=228)		Q8: (n=228)		Q9: (n=228)		Q10: (n=228)	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD
1–5 years	1.22	0.44	1.55	0.72	1.33	0.50	1.55	0.88
5–10 years	2.66	0.47	2.41	0.49	2.15	0.37	2.78	0.41
> 10 years	2.23	0.43	2.07	0.27	2.24	0.45	2.08	0.27
Pearson	0.82 (Sig. 0.00001)		0.64 (Sig. 0.00001)		0.52 (Sig. 0.00001)		0.63 (Sig. 0.00001)	

In this case, the accounting experts with more than 10 years of experience in the field, as well as those with 5–10 years of experience, believe that the level of tax evasion is moderately reflected through taxes and duties.

Consequently, respondents were asked how they view the level of tax evasion in Romania (Q7). As can be seen in the table above, the average for this question in the two categories mentioned by us is around 2, which indicates the moderate level of tax evasion, as also reflected by the response of 50.8% of respondents. Moreover, we note that there is a significant correlation between professional experience and the perception of tax evasion, which is reflected by the correlation coefficient of 0.82, which indicates a strong upward linear relationship between the two variables. We also notice this ascending trend at the level of taxes and fees, as indicated by correlation indicators of over 0.52. A lower value pertains to the answer to the question related to the level of income tax of microenterprises; that is, although we have a very low level of tax, we still notice a significant correlation between the two variables. In conclusion, we can validate this hypothesis with certainty.

It is not only the level of tax evasion that is important to analyze here but also the methods used to commit tax evasion. Thus, at the level of hypothesis H6, we analyzed the relationship between professional experience and the most commonly practiced methods of committing tax evasion. The results of the research presented in the table below suggest a close link between the methods of committing tax evasion and the experience of professional accountants.

**Table 6. Correlation of professional experience—the most practical methods
of committing tax evasion**

Experience of accounting experts	Q21: (n=228)		Q22: (n=228)		Q23: (n=228)		Q24: (n=228)		Q25: (n=228)	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD
1–5 years	1.55	0.88	1.66	0.98	1.44	0.72	1.55	0.72	1.22	0.44
5–10 years	2.30	0.63	2.92	0.27	2.07	0.27	2.07	0.27	2.07	0.49
> 10 years	2.66	0.64	2.94	0.23	2.65	0.48	2.80	0.78	3.42	1.38
Pearson	0.80		0.86		0.87		0.73		0.75	
	(Sig. 0.00001)		(Sig. 0.00001)		(Sig. 0.00001)		(Sig. 0.00001)		(Sig. 0.00001)	

As we can see from the table above, the values of the correlation coefficient are over 0.73, which indicates a strong linear relationship between variables. Thus, hypothesis H6 is validated.

An important component of our research was to analyze the mechanisms for preventing and combating tax evasion. As we have shown in previous chapters, there are a number of mechanisms to prevent and combat tax evasion that are closely linked to the experience of professional accountants. Thus, it was necessary to analyze the correlation between the professional experience of accounting experts and the mechanisms for preventing and combating tax evasion.

**Table 7. Correlation Professional experience—mechanisms for preventing and
combating tax evasion**

Experience of accounting experts	Q14: (n=228)		Q26: (n=228)		Q27: (n=228)		Q28: (n=228)		Q29: (n=228)	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD
1–5 years	1.66	0.70	1.77	0.83	1.55	0.72	1.88	1.05	1.66	0.70
5–10 years	3.23	1.30	3.07	1.03	2.84	1.14	2.69	1.18	2.07	0.64
> 10 years	4.36	0.94	4.36	0.95	4.36	0.95	4.36	0.95	4.36	0.95
Pearson	0.81		0.86		0.87		0.85		0.89	
	(Sig. 0.00001)		(Sig. 0.00001)		(Sig. 0.00001)		(Sig. 0.00001)		(Sig. 0.00001)	

Consequently, respondents had to assess the importance of these documents to prevent and combat tax evasion. As we have seen, at a descriptive level, the answers fall with a percentage of over 41% at the maximum value of importance, which is also reflected in the strong correlation between the professional experience of the accounting experts and the value of the correlation on each question. Overall, we can certainly validate this hypothesis.

Finally, we wanted to observe the connection between professional experience, the concept of tax evasion, and its determinants.

Table 8. Correlation of professional experience—the concept of tax evasion and its determinants

Experience of accounting experts	Q5: (n=228)		Q6: (n=228)	
	Mean	**SD**	**Mean**	**SD**
1–5 years	1.88	0.78	1.11	0.33
5–10 years	2.46	0.51	2.07	0.86
> 10 years	3.34	1.92	3.02	0.42
Pearson	0.08 (Sig. 0.22)		0.75 (Sig. 0.00001)	

As expected, this hypothesis is only partially validated given that a concept cannot be significantly influenced by professional experience. Compared to the determined factors of tax evasion encountered during the activity carried out by the accounting experts, it was expected that there would be a significant correlation with a value of 0.75.

In conclusion, we note that out of the total of eight hypotheses that we analyzed, four were confirmed, two were partially confirmed, and two were rejected on the basis that there was no significant correlation between variables. The results of our research at the theoretical level are confirmed by the results obtained in the applied empirical study.

6. Conclusions

The phenomenon of tax evasion is complex and has been wrestled with for many years. In recent times, though, in line with economic developments both at the national and international level, the phenomenon of evasion has started to become increasingly complex.

Indeed, across the world the issue of tax evasion has been rigorously debated because it is a current and constantly changing topic that does not depend on the specific level of economic or social development of each country. Due to the fact that tax evasion occurs in the business environment, it has been analyzed over time from an economic, ethical, and legal perspective. Thus, most countries around the world face the problems of preventing and combating tax evasion to avoid the major implications it can have on the economic and social environment.

Following the research undertaken here, we can conclude that the phenomenon of tax evasion represents all the methods and means by which those involved attempt to conceal or reduce their tax obligations in whole or in part.

In terms of VAT, additional efforts are still needed to reduce evasion and fraud, but, as research shows, the COVID-19 pandemic has hindered this process while the European Commission's recommendation for digitization and simplification has been transposed by many of the fiscal administrations.

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The first step towards the digitization reform and simplification of procedures by the National Fiscal Administration Agency in Romania was somewhat imposed as a consequence of this health crisis. However, this process must become the number-one priority due to the frequent legislative changes which, through digitization, can bring about an increase in VAT collection.

Preventing and combating tax evasion is a challenging process due to rapid legislative changes and cultural implications. As our study demonstrates, many are aware of this phenomenon and believe that a first step towards preventing and combating tax evasion must come from the legislative side. Of the eight hypotheses formulated, four were confirmed by the practitioners, two were rejected, and for two we obtained a partial confirmation.

Hypotheses	Confirmed / partially confirmed / rejected
H1	✔
H2	✔ ✘
H3	✘
H4	✘
H5	✔
H6	✔
H7	✔
H8	✔ ✘

The purpose of this research was to investigate the phenomenon of tax evasion in Romania in the hope of awakening an interest in and awareness of the importance of preventing and combating tax evasion. However, here we have only managed to present a partial picture of what it means to measure, prevent, and combat tax evasion, so further research in this area is still required.

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289