Abstract
The official data concerning the general consolidated budget show that it recorded, at the end of the year 2015, a cash deficit of only 1.47% from the GDP (Gross domestic product), and the result recorded is the best from the past 10 years. The positive internal economic background will suffer a series of challenges in the year 2016, given by the international circumstances, as well as the maturity degree of the political decision makers, who risk subordinating certain budgetary fiscal measures to the political interests generated by the local and general elections.

It is worth keeping in mind that the reduction of fiscality lead to a relative growth of the entrepreneurs’ trust in the state fiscal institutions, but this should be followed by the decrease of the negative effects of the pressure exerted on payers by the fiscal institutions, who do not distinguish between honest taxpayers and the ones who turn to tax evasion, and who must suffer the rigors of the law.
To this, it is added the legislation that is sometimes contradictory and excessively heavy, the fact that the National Agency of Fiscal Administration does not have a clear and efficient system for the detection of activities with a high fiscal risk, which may be accomplished through the inter-connection of the specific databases of the specialized institutions of the state.

Keywords: Cash deficit, budgetary execution, fiscal framework, tax incentives, business plans

1. Budgetary execution and the budgetary deficit in the year 2015
The data published by the Ministry of Public Finances regarding the general consolidated budget show that it recorded in the year 2015, a cash deficit of only 1.47 from the GDP which was estimated for the last year as

1 Associate Professor, Ph.D., Faculty of Economic Sciences, Lucian Blaga University of Sibiu
amounting to 704,542 million lei, presented in Table no. 1 and it is the best from the past 10 years (Table 2).

Table no. 1 the results of the budgetary execution for the year 2015 in absolute sums and in relation to the estimated GDP.
The results of budgetary execution for 2015

<table>
<thead>
<tr>
<th>Budget</th>
<th>Income (mil. Lei)</th>
<th>%GDP</th>
<th>Expenses (mil lei)</th>
<th>%GDP</th>
<th>Deficit (mil. Lei)</th>
<th>%GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>General consolidated budget</td>
<td>233.554,3</td>
<td>33,1</td>
<td>243.915,5</td>
<td>34,6</td>
<td>-10.361,3</td>
<td>-1,47</td>
</tr>
<tr>
<td>-State budget</td>
<td>105.705,6</td>
<td>15,0</td>
<td>125.215,8</td>
<td>17,8</td>
<td>-19.510,3</td>
<td>-2,77</td>
</tr>
<tr>
<td>-Local budgets</td>
<td>71.712,5</td>
<td>10,2</td>
<td>72.477,1</td>
<td>10,3</td>
<td>-764,6</td>
<td>-0,11</td>
</tr>
<tr>
<td>-the budget of social insurance</td>
<td>54.944,1</td>
<td>7,8</td>
<td>54.704,1</td>
<td>7,8</td>
<td>240.0</td>
<td>+0,03</td>
</tr>
<tr>
<td>-The national fund for health insurance</td>
<td>23.301,0</td>
<td>3,3</td>
<td>23.474,3</td>
<td>3,3</td>
<td>-173,3</td>
<td>-0,02</td>
</tr>
</tbody>
</table>

Source: The Ministry of Finances, own calculations

Concerning the published results of the budgetary execution for the year 2015, the following aspects can be noted:

- Through the state budget approximately 45% from the general consolidated budget and approximately 51% from the expenses are managed,
- In the year 2015, the state budget recorded a deficit of 2.77% from the GDP, as opposed to the general consolidated budget deficit of 1.47% from the GDP.
- The budget of state social insurances had a self-funding degree of only 66.4% as opposed to 74.2% in the year 2014, and from the state budget important amounts were allocated for the balancing of 18.363,7 million lei (2,61% from the GDP), as an effect of the intensifying of the social protection measures,
- The budget for health had a self-funding degree of only 82.7%, in growth as opposed to the year 2014, when it was situated at 76.5% and from the state budget sums in amount of 2.229,6 million lei (0.32% from the GDP) were allocated for balancing.
The low level of investments financed from the local budgets by way of maintaining the deficit at a low level (-0.11% from GDP), approach which lead to shortcomings in the financing of the local infrastructure and the failure to access the European Funds for regional development as an effect of the failure to provide local co-financing (5-15% from the necessary amount)

The amounts collected to the consolidated state budget in the year 2015 have exceeded the maximum amount recorded in the year 2012 (Table 2), in what regards expenses, after a consecutive decrease in the period 2010-2014, their share of GDP has increased.

Table 2. The evolution of the collections to the consolidated state budget in the period 2006-2015.

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (% of GDP)</th>
<th>Expenses (% from GDP)</th>
<th>Deficit (% from GDP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>31.8</td>
<td>33.5</td>
<td>-1.68</td>
</tr>
<tr>
<td>2007</td>
<td>32.5</td>
<td>34.9</td>
<td>-2.4</td>
</tr>
<tr>
<td>2008</td>
<td>32.0</td>
<td>36.9</td>
<td>-4.8</td>
</tr>
<tr>
<td>2009</td>
<td>31.0</td>
<td>38.2</td>
<td>-7.2</td>
</tr>
<tr>
<td>2010</td>
<td>32.8</td>
<td>39.4</td>
<td>-6.51</td>
</tr>
<tr>
<td>2011</td>
<td>32.7</td>
<td>37.0</td>
<td>-4.29</td>
</tr>
<tr>
<td>2012</td>
<td>32.9</td>
<td>35.4</td>
<td>-2.51</td>
</tr>
<tr>
<td>2013</td>
<td>31.3</td>
<td>33.8</td>
<td>-2.47</td>
</tr>
<tr>
<td>2014</td>
<td>31.7</td>
<td>33.6</td>
<td>-1.85</td>
</tr>
<tr>
<td>2015</td>
<td>33.1</td>
<td>34.6</td>
<td>-1.47</td>
</tr>
</tbody>
</table>


In what regards revenues, the positive aspects are given by the growth of collections from the VAT (under the circumstances of the decrease to 20% of the quota), from 7.6 to 8.1. of the GDP, the weight increasing of the excise duties, from 3.3% to 3.7% from GDP, the increase of the profit tax weight (from 1.8% to 2.0% of the GDP) and the increase of the tax on salaries and income (from 3.5% to 3.8% of the GDP).

Concerning the amounts received from the EU in the account of the payments made, these have been almost 17 billion lei (2.4% of GDP), by 49.3% more as opposed to the same period of the year 2014.

- Under Expenses (Table 3), the negative aspects are given by the stagnation of expenses with the public investments at 2.6% of GDP and the fact that the expenses for social care have increased in what regards their weight
from the GDP from 10.7% to 10.8%, which means that the improvement of social protection exceeded the possibilities generated by the economic growth.

The positive aspects are the following:
- The allocations for the personnel expenses decreased from 7.5% to 7.4% of the GDP, although they have been increased by almost two billion lei, but they have exceeded the threshold of 7% set as upper limit,
- The reduction of the amounts paid to the account of the interests to the contracted credits
- The diminishing of the amounts paid for goods and services as weight from GDP, although they have increased in nominal terms,

<table>
<thead>
<tr>
<th>Period</th>
<th>Year 2014 (bil lei)</th>
<th>(% of GDP)</th>
<th>Year 2015 (bil lei)</th>
<th>(% of GDP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total expenses</td>
<td>225.81</td>
<td>33.8</td>
<td>243.92</td>
<td>34.6</td>
</tr>
<tr>
<td>Of which:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-Personnel expenses</td>
<td>50.40</td>
<td>7.5</td>
<td>52.03</td>
<td>7.4</td>
</tr>
<tr>
<td>-Goods and services</td>
<td>39.54</td>
<td>5.9</td>
<td>40.81</td>
<td>5.8</td>
</tr>
<tr>
<td>Interests</td>
<td>10.20</td>
<td>1.5</td>
<td>9.57</td>
<td>1.4</td>
</tr>
<tr>
<td>Subsidies</td>
<td>6.11</td>
<td>0.9</td>
<td>6.27</td>
<td>0.9</td>
</tr>
<tr>
<td>Projects with external grants</td>
<td>14.82</td>
<td>2.2</td>
<td>24.07</td>
<td>3.4</td>
</tr>
<tr>
<td>Social care</td>
<td>71.19</td>
<td>10.7</td>
<td>75.95</td>
<td>10.8</td>
</tr>
<tr>
<td>Capital expenses</td>
<td>17.25</td>
<td>2.6</td>
<td>18.26</td>
<td>2.6</td>
</tr>
</tbody>
</table>

Source: cursdeguvernare.ro accessed on 29.1.2016

2. The challenges in economy in the year 2016
The analyses of the perspectives of the economy in the year 2016 makes the object of certain studies and opinions expressed by analysts who link the positive evolution of the economy to the international circumstances, to the evolution of fiscality and to the maturity of the political decision makers which shall be influenced by local and general elections.

From this perspective, according to a survey in the business environment, conducted by KeysFIIn in the period 1-20 December 2015, to the question „How do you visualize Romania’s economic evolution in 2016?”, the ones estimating a positive trend of the economy represent 57%, 28% see a moderate evolution and only 15% see a negative evolution. The results are encouraging in comparison to the economic barometer realized in the period 1-
15 June 2015, when the ones forecasting a negative evolution represented 33%, and the ones with reserved estimations represented 18%.

According to the conclusions of the study mentioned, the main arguments sustaining a positive evolution of the economy are given by the evolution of consumption, sustained by the reduction of VAT, by the decrease of the fuel cost and by the un-blocking of bank finances for sustaining investment in agriculture and constructions.

Concerning the last aspect, in agriculture it is noted the process of re-engineering and the favourable weather forecast for the year 2016, which predicts a good agricultural year, sustained in the real economy by the growth of the companies from agriculture, from 8067 in 2010 to 9929 in 2014 and of the turnover from 11.8 billion lei to 20.8 billion lei in the same period. In constructions, the positive evolution can be sustained by the development of crediting and by the growing appetite of the population, as an effect of the decrease of price in the real estate sector.

In a counterweight with the positive aspects signalled, certain system reconditioning is noted, given by the instability from the previous years of the fiscal framework that might be subject to certain amendments, which might influence the business plan in respect of the amounts allocated for investment, by the efficiency of tax collection and by the degree of accessing European funds.

Concerning the European funds, the fears are justified is we have in view the existence of certain development projects with a major impact on economy as an effect of the lack of vision in accessing the European funds. These projects should result in a Master Plan of the Transportation Infrastructure that, after nine years from adherence, is still not assumed by the public decision makers through a normative document. Supporting the matters above, comes also the fact that, according to the balance sheet of the European Commission, after a year from the commissioning of the Juncker Plan, Romania is situated in the group of the European States which do not have any funding approved from the European Fund for Strategic Investment.

To the challenges affirmed, we can also add a potential crisis of the workforce and the necessity to ensure balance between the contribution of foreign capital and the Romanian one to the budget. The workforce crisis is the consequence of the fact that the weight of the population domiciled in the country, but who reside abroad has increased from approximately 5% in the year 2002 to approximately 10% at present (Pană, M Cum ar arăta PIB-ul și bugetele
dacă românii din străinătate ar munci în țară, cursdeguvernare.ro/5.1.2016), and the INS data show a number of 1.06 million immigrants 13 years ago and 2.38 million Romanian immigrants at the beginning of 2015. The consequences of this exodus are transmitted to the non-collection of budgetary revenues and to the evolution of the potential GDP.

In the given sense, the data communicated by the National Committee of Prognosis in the Convergence Program 2015-2018, presented on the website of the Ministry of Finance shows that the human resource led to the diminishing of the potential GDP of the year 2014. In addition, the reduced number of active population leads to a reduced contribution to economic growth (the estimate is that of 12% for the year 2018), removing the horizon of a real convergence for Romania.

Concerning the necessity to assure the balance between the foreign capital contribution and to Romanian one to the budget, it must be showed that in Romania’s economy the external capital represents 48% and, logically, it should contribute at least in the same proportion to the state budget by the payment of taxes, a result of the management practiced. However, in reality, according to the data published by the Ministry of Public Finances, profit is gained in a proportion of 77% by the indigenous capital and only the losses are proportionate between the two types of capital. (Eficienta capitalului extern si a celui autohton fata cu dezvoltarea României. cursdeguvernare.ro 14.12.2015)

Questions concerning the efficiency of certain public policies are raised by state aids granted for the 91 private companies, in amount of approximately 730 million euros, in the period 2007-2015. Thus, an analysis of the National Confederation of Romanian Patronage O analiza CNPR, cifrele seci ale eficientei ajutoarelor de stat in privat, cursdeguvernare.ro, 25.4.2016, reveals the fact that the beneficiaries of the state aids were companies with foreign private capital, many of which have been incorporated in the year when the support was granted or in the year prior to granting the aid. The same data indicate the fact that a series of beneficiaries of significant amounts in the form of state aids record decreasing profits or even negative ones.

The forecasts for the year 2015 refer to the impact of certain external factors, too, which might affect the evolution of economy in Romania. Of these, the following hold the attention Crăciun, R. România anului 2016 și sursele de contagiune, cursdeguvernare.ro/8.1.2016:
• The Middle Eastern Crisis which might offer turns of events with reverberations on a global scale, with the outbreak of certain conflicts having a negative impact on the supply of oil and to a temporary price increase;
• The impact of the decrease of oil revenues on the states which have based their economy on such revenues, with an effect in the redefining of the global power centers, financial markets and, last but not least, of the influence of the sovereign investment funds.
• The unstable economic situation in China, where certain sectors of economy remain over-indebted, and the economic slow-down persists, the stock exchange remains volatile, and the government faces problems in redirecting the economy from exports to the internal consumption.
• The American economy’s re-emergence signals, which raises certain issues given by the fact that the inflation is brought to a halt,
• The internal dynamics of the UE and of the euro area.

From the mentioned factors, an immediate effect on Romania have the ones generated by the issues of UE’s dynamics, under the conditions in which the adherence horizon to the euro area becomes farther and farther, motivated by the failure to meet certain criteria of real convergence.

The dynamics of the European Union, of which Romania is dependent from an economic, political and cultural standpoint, may influence the evolution of the economy by the manner in which the problems concerning the following matters will be solved:
- the manner of administration of the immigrant exodus which is added to the already-existing problems in relation to the architecture of the euro area and the growth of the degree of integration.
- the East-West divergences in what regards the relation with Russia
- the referendum for the exit of the United Kingdom from the EU in the conditions in which a positive vote for the exit would impact the EU, the transatlantic relations and the integrity of the United Kingdom, considering a potential negative reaction from Scotland.

3. Financing the budgetary deficit in 2016

The state budget for the year 2016, as an effect of the reduction of fiscality and of the policies to increase certain public expenses, is built with a budgetary deficit of approximately 21 billion lei, which represent 2.8% of the GDP.
From the indicative Program of securities issued by state for the year 2016, published by the Ministry of Public Finances in December 2015, it is retained that the budgetary deficit will be financed in a proportion of 50% from the external markets and from the local market. (http://cursdegovermare.ro/Cum va fi finantat deficitul pe-2016 html 4.1.2016) From the external market 4.5 billion euros are intended to be borrowed, by way of Eurobonds and by draws from loans contracted from the international financial institutions, and from the local market 48-50 billion lei is to be attracted, through the issuance of securities by state, through the issuance of treasury certificates and benchmark bonds.

In another document, the Report concerning the macro-economic situation for the year 2016 and its projection for the years 2017-2019, the estimated level of the gross governmental debt for the year 2015 is of 38.8% from the GDP, and for a medium-term (2016-2019) it will be situated under 41% from the GDP, while the level of the net governmental debt is estimated at 32.0% for the end of the year 2015. For a medium term, it shall not exceed 35.0% from the GDP.

Under the given conditions, the financing of the budgetary deficit may not be considered a problem for Romania, a state that does not have a tendency to borrow excessively, and in the EU in the year 2014, it ranks third in the top of the states with the lowest governmental debts, after Estonia (10.5% from the GDP) and Luxembourg (23.1%). In comparison with the other states, Romania has a very good position this indicator, considering that, according to the data presented by Eurostat, the highest degrees of indebtedness at the end of the second trimester of the year 2014 were recorded in Italy (133.8% from GDP), Portugal (129.4%) and Ireland (116.16%).

Supporting the above mentioned, there is the fact that, after the period of 2013-2015, the amounts that had to be reimbursed were between 8 and 10 billion euros per year, and in this year as well as in the next, they will be reduced below 4 billion euros, under the conditions in which during the year 2016 the last installment shall be paid to the IMF (122.4 billion euros, undertaken by the Ministry of Finances for sustaining the payment of the pensions which were excessively increased in the year 2008).

4. Fiscality and the business environment in the year 2016

The reduction of fiscality and the results recorded in the control of corruption have led to a relative growth the degree of trust of the entrepreneurs in the fiscal institutions of the state. The positive aspects mentioned are,
however, counterbalanced by the negative effects of the pressure of the fiscal institutions which do not distinguish between the honest taxpayers, payers of taxes and the ones who recourse to tax evasion who must suffer the rigors of the law. To this, the contradicting legislation is added, excessively heavy, the fact that the national Agency of Fiscal Administration does not have an efficient system for the detection of high-risk fiscal activities, which can be accomplished by interconnecting the specific databases between the specialized state institutions.

Supporting the ideas expressed above, there is the analysis of the results reported by the national Agency of Fiscal Administration for the year 2015 (Instanța îndreaptă erori de peste un miliard de euro ale ANAF. www.capital.ro, accessed on 29th March 2016), which were concretized in a number of approximately 25 thousand fiscal inspection, for which the additional amounts payable were of 18.8 billion lei (4.2 billion euros), of which the value of the prejudice which makes the object of certain criminal prosecutions were of 11.2 billion lei (2.5 billion euros).

In contradiction with the results presented, the inefficiency of the fiscal inspections appears, if we consider that these amounts do not reflect in the state budget (the ratio of collection was only of 5%), as well as the aspects resulted from the conclusion of a study of the Capital magazine (Instanța îndreaptă erori de peste un miliard de euro ale ANAF www.capital.ro, accessed on 29th March 2016), which shows that the value of the disputes recorded in court by the taxpayers against the National Agency of Fiscal Administration are of approximately 2 billion euros and have a success rate situated between 60 and 80%.

In relation to the business environment, which must be considered as an economic partner, the fiscality implemented through tax policies must have in view the following requirements:
• The clarification of the fiscal procedures through the establishment of certain relevant criteria according to which the risk analyses should be performed by The National Agency of Fiscal Administration (see form 088) or as it is the case of the procedures of forced execution. For instance in the case of forced execution based on a garnishment, the current procedure may block the activity of the taxpayer, if it has accounts opened at several banks, the money existing in each account can be retained, and the company is deprived of liquidities and pays an amount multiplied by the number of accounts opened.

• The reduction of bureaucracy from the duty of the taxpayer having in view that the volume of information requested by the National Agency for Fiscal Administration is higher after the entering into force of the New Fiscal Code and of the Code of Fiscal procedure, as an effect of the approx. 50 orders issued already in the year 2016.

• From the new measure which create the discomfort of the business environment, the following hold the attention:
  - The obligation to declare the number and date of the annulled and reversed invoices by the retail companies
  - the lack of technical solutions for the cash registers, which should divide the VAT according to the respective quota, which leads to additional operational costs for the companies. The obligation to keep the memories of the cash registers for ten years, their deterioration being sanctioned with a fine of 11,000 euros and may be considered a criminal offence.

• High interests, of up to 200%, which are charged in the event in which additional amount payable are set by the fiscal inspection.

• Reconsideration of the fiscal framework for over-taxation of medium and long-term financial investments, which is interpreted as financial speculation. Financial investments are treated similarly with the taxation of interest collected for the bank deposits, guaranteed to the limit of 100,000 euros per depositor and bank or they are discriminant towards the ones investing in state-issued bonds which are exempt from the payment of tax.

• The regulation of the preparation of files with the transfer prices through the introduction of a legislation which should force only the multinational companies to prepare the file on the transfer prices., the document generates costs ranging from a couple of thousand euros for the small companies to hundreds of thousands euros for the large companies.
**Conclusion**

According to the data presented in the first part of the paper, the general consolidated budget recorded at the end of the year 2015 a cash deficit of only 1.47% from GDP and it can be considered the best from the past years.

The analysis of the budgetary execution for the last year highlights positive aspects, but negative aspect, too, and it is worthy to retain the fact that execution on budgetary executions and expenses does not approach the European average yet, which is at 45% and, respectively 48% from the GDP.

The analyses of the economy’s perspectives in the year 2016 makes the object of certain permanent preoccupations which generally converge and which condition the positive evolution of the economy from the international circumstances, of fiscal improvement, of accessing the European funds, but also the degree of maturity of the political decision makers influenced by the political interest given by the local and general elections.

From the external factors the ones that hold the attention is the dynamics of the European Union.

The financing of the budgetary deficit cannot be considered a problem for Romania who does not have a tendency to borrow excessively, but also the fact that the amounts to be reimbursed will be reduced even more in the upcoming period.

The reduction of fiscality and the results recorded in combatting corruption lead to a relative growth of the entrepreneurs’ trust in the state’s fiscal institutions, but this trust must be consolidated by eliminating the contradicting aspects from the legislation, by building an efficient system for the detection of high-risk financial activities and by measures which should lead to the balancing of the tax incentives provided for the indigenous capital.

**References**

- Pană, M. *Executia pe 2015*. cursdeguvernare.ro 29.1.2016,
- *Programul indicativ de emisiuni de titluri de stat pe anul 2016*, published by the Ministry of Public Finances in December 2015,
- *Raportul privind situația macroeconomică pe anul 2016 și proiecția acesteia pe anii 2017-2019*