

THE SUSTAINABILITY OF THE FISCAL-BUDGETARY POLICY IN THE CONTEXT OF TAXATION SYSTEM REDUCTION

Cristian MOCAN

West University of Timisoara, Romania
cristianmocan1973@yahoo.com

Abstract

The estimation of the budgetary impact determined by the Government's proposition of modifying Law no. 571/2003 regarding the Fiscal code, respectively the diminution of the central levies and taxes (VAT, profit tax, income tax, microenterprises' income tax, excises, etc.), represents a mandatory condition provided by the legislation in the field, having as primary role the observance of the fiscal budgetary policy's objectives on medium-term and long-term assumed by Romania through the Treaty regarding the stability, coordination and governance in the European Union. The tax sustainability on medium-term and long-term supposes that the Government promotes a cautious fiscal-budgetary policy and an efficient administration of the appeared risks that wouldn't imply adjustments of the expenses, incomes or a budgetary deficit with adverse economic and social effects.

This work intends to analyze the financial impact on Romania's budget following the proposition of the Government to reduce the central levies and taxes, the opportunity of adopting a high fiscal relaxation while observing the medium-term and long-term budgetary objectives and the consolidation of the existing macroeconomic balances. The data used in the proposed scientific work takes into consideration the estimated VAT and GDP for 2015-2017 in Romania. The set of used data was available in the database of ANAF and the data provided in the Fiscal budgetary strategy 2015-2017.

The results of the study highlight the importance of the correct dimensioning of the effects of the first round and those of the second round represented by the fiscal relaxation measures in the revision project of law no. 571/2003 regarding the Fiscal code in the context of using fiscal multipliers and the elasticity of the budgetary aggregates.

Key words: *budgetary deficit, Fiscal Code modifications, Romania*

JEL Classification: *H21, H22, H30*

I. INTRODUCTION

The purpose of the research is to determine the sustainability of the Romanian fiscal system on the grounds of the analyze of the financial-budgetary impact caused to Romania's budget following the Government's proposition to reduce the main levies and taxes, respectively the opportunity of adopting a high fiscal relaxation while observing the medium-term and long-term budgetary objectives and the consolidation of the existing macroeconomic balances. The goals of the medium-term and long-term fiscal budgetary policy assumed by Romania through the Treaty regarding the stability, coordination and governance in the European Union, as well as the principles and regulations covered by the Law of fiscal-budgetary responsibility are the limits of the fiscal structural position.

The work shows the correct dimensioning of the first round's effects and those of the second round represented by the financial relaxation measures included in the revision project of law no. 571/2003 regarding the Fiscal code on the grounds of fiscal multipliers and the elasticity of the budgetary aggregates, compared to the assessment made in the Fiscal-Budgetary Strategy 2015/2017. It is known the fact that the lack of usage or the incorrect usage of the fiscal multipliers and the elasticity of the budgetary incomes on the GDP may generate prognosis errors concerning the economic growth of a country.

The assessment of the financial-budgetary impact will be made for the fiscal years 2016 and 2017 using the information that are available in the database of ANAF and the data provided in the Fiscal budgetary strategy 2015-2017.

In the second section, the article shows the modification propositions of the Fiscal code, the existing researchers in the specialty literature and the theories regarding the sustainability of the fiscal-budgetary policy, the fiscal multipliers and the elasticity of the income aggregates reported to the variation of the GDP.

The third section includes the calculation of the financial-budgetary impact following the reduction of the VAT, using the following indicators: the structural deficit after the implementation of the measures according to the estimations from the Fiscal Budgetary Strategy 2015/2017, the structural deficit after the application of the measures according to the own estimation, the gross governmental debt adjusted after the implementation of the VAT reduction according to the own estimation and the total national debt adjusted after the implementation of the VAT reduction according to the estimations of the Fiscal Budgetary Strategy 2015/2017.

II. LITERATURE REVIEW

The sustainability of public finances means that on a medium-term and long-term the Government has the possibility to handle risks without having to operate significant adjustments of the expenses, incomes or budgetary deficit with destabilizing economic and social effects. Furthermore, (Moldovan et al, 2014) focusing on the institutional construction of economic policies finds the importance of prioritizing the fiscal policies, necessary to correct every discrepancies and imperfections of the market more than pragmatic character of monetarism approaches.

The fiscal policies are those policies that don't lead to the excessive growth of the country's debt degree or following which there aren't adopted measures of tax increase, drastic reduction of public expenses, monetization of budgetary deficit or public debt repudiation – (Blanchard,1990).

Generally, the stability of public finances is analyzed on the grounds of the following indicators, namely: the budgetary expenses reported to the GDP, the budgetary incomes reported to the GDP, the loans of the public sector reported to the GDP and the public debt reported to the GDP.

In order to be optimal, a fiscal system must fulfill the following requirements: to develop sufficient and stable budgetary resources in conditions of efficiency and effectiveness, to reduce the administration costs of the budgetary apparatus and voluntary compliance of the taxpayers, to be flexible, simple, transparent and adjustable to the objectives of the fiscal-budgetary policy of the European Union. (Dima et al, 2009) considering the Romanian reality finds empirical evidencies that fiscal policy was based, on a significantly more pronounced way, to the adjustments in the level and structure of tax levels against the reduction of public expenditure, in order to maintain budgetary balance. The Government of Romania through the project of the new Fiscal Code implements major modifications concerning the taxation quotas and the taxation basis afferent to the main categories of levies and taxes. The modifications with significant budgetary impact are the following:

A. The Value Added Tax:

Considering the fiscal-budgetary strategy for 2015-2017 that provides the reduction of the value added tax as the collecting of budgetary incomes improves, the Government of Romania proposed the reduction of the standard VAT quota from 24% to 19%, beginning with the fiscal year 2016. At the same time, it is proposed the extension of the application of the reduced VAT quota of 9% beginning with the fiscal year 2016 for restaurant and catering services (except alcohol), food delivery including beverages (except alcohol). Through the new fiscal code it was also considered necessary the clarification of some legal provisions, the elimination of some breakdowns and the implementation of some measures having as main purpose the simplification of the existing regulations and the growth of the value added tax application efficiency. These measures comply with the community *acquis* and will contribute to the reduction of tax evasion, the growth on internal consumption and the stimulation of economic growth.

B. Excises:

The provisions proposed for the modification of the Fiscal Code regarding the excises mainly aims the diminution of excises for the basic energetic products (gasoline, Diesel fuel), the diminution of the excises for alcohol and alcoholic drinks, the elimination from the category of excises' application of internal production oil and of the products that are presently included in the category "other excisable products" among which coffee, jewelry, fur clothes, vehicles, etc., the introduction of the provision regarding the self-consumption of electricity.

C. Income tax:

At title IV entitled "income tax" of Law no. 571/2003 regarding the Fiscal code, it is proposed the extension on the non-taxable incomes over the prizes gained by the medalist athletes within the Paralympic games, the modification of the legal margin for the social expenses that are deductible when calculating the income tax, meaning that it increases from 2% to 5% from the annual value of the expenses represented by the staff's wage.

The limited deductible expenses of title IV "Income tax" were correlated with the similar provisions of title II "Profit tax". The limit settled for the expenses representing contributions paid to professional associations was modified, meaning that they are limited to 4.000 Euro/year. Also, the expense represented by the voluntary health insurance premiums, according to Law no. 95/2006 regarding the reform in the field of health, with the subsequent amendments and completions, paid for the personal interest of the taxpayer, regardless if the activity is developed individually or in a form of association, was increased from the equivalent in lei of 250 euro/year/person to the equivalent in lei of 400 euro/year for each person.

In the case of wages, the project of fiscal code provides the modification of the personal deductions granted to employees with incomes from wages at the place where the basic function is of up to 1500 lei inclusively, depending on the number of dependants, namely:

	Taxpayers without dependents	Taxpayers with one dependant	Taxpayers with two dependants	Taxpayers with three dependants	Taxpayers with four or more dependants
Personal deduction granted to employees with incomes from wages	250-300 lei	350-400 lei	450-500 lei	550-600 lei	650-700 lei

Also, the margin of the gross incomes from wages for which the taxpayers beneficiate of degressive personal deductions was modified from 1000-3000 lei to 1501-3000.

For the calculation of the annual net income from rents and land leases, the new fiscal code provides the deduction from the gross income of the expenses determined by the application of the 40% quota on the gross income instead of the existing 25%.

In the case of incomes from pensions it was entered the provision regarding the annual increase, beginning with the fiscal year 2016, of the existing non-taxable income's margin (1000 lei) with the amount of 50 lei / year, until the value of 1200 lei is reached.

D. Profit tax:

Through the project of fiscal code it was modified the legal margin for the social expenses deductible when calculating the profit tax, in the sense that it was increased from 2% to 5% from the value of the expenses with the staff. It was also introduced in the fiscal code the provision regarding the economic deductibility when calculating the profit tax, of the costs representing holiday vouchers granted by the employers to the employees. From the profit, the tax was eliminated the fiscal margins for the expenses made on the behalf of an employee, the optional pension schemes and the expenses with the voluntary health insurance premiums. These amounts were reconsidered in the category of wage incomes being limitedly deductible when calculating the tax for the incomes from wages and assimilated to wages to the amount of 400 Euro/year. The sponsorship expenses that are deducted from the profit tax if the applicable accountancy regulations do not define the indicator <<turnover>> were modified through the new fiscal code from 3 per thousand from the turnover to 0,5% from the turnover. There were also modified the provisions regarding the statement and payment of the profit tax.

E. The tax applied to the incomes of microenterprises

With the purpose of encouraging newly founded legal entities that have employed staff, it was introduced the model based on differentiated tax quotas. Besides the tax quota applied to the incomes of micro enterprises that exists in the fiscal code, namely 3%, through the new project it was introduced the tax allowance of 1% that is applied in the first 24 months since the date on which the legal entity was registered, for the newly founded legal entities that have at least one employee and are constituted for a duration that is larger than 48 months and the shareholders / associates did not have equity interests within other legal entities. It was modified the method of leaving the taxation system applied to the incomes of micro enterprises, namely that if a company does not fulfill the requirements of a microenterprise, the taxpayer owes a profit tax beginning with the applicable trimester. There were also excluded from the category of Romanian legal entities that are not covered by title IV of Law no. 571/2003 regarding the Fiscal code the companies that develop activities of exploration, development, exploitation of oil pools and natural gas layers.

F. Dividend tax

The new project of Fiscal code provides the reduction of the tax quota from 16% to 5% in the case of the gross dividend paid to a Romanian legal entity.

The objective of this work is the analysis of the opportunity to adopt a high fiscal relaxation (the reduction of VAT from 24% to 19%) while observing the medium-term and long-term budgetary targets, the consolidation of the existing macroeconomic balances and the quantification of the financial impact on the budget of Romania.

On a national level, the calculation of the financial impact caused by the reduction of fiscality (Substantiation note afferent to the modification project of the Fiscal Code, Fiscal-budgetary strategy 2015/2017) is made without taking into consideration the theory regarding the fiscal multipliers and the elasticity of the budgetary incomes reported to the variation of GDP, which determines an inaccurate estimation of the financial impact.

In the specialty literature, the fiscal multipliers are not used on a large scale by economists for the dimensioning of the effects generated by the modification of the fiscal policy due to the complexity of their estimation.

(Lobont; Nicolescu, 2012) consider that measuring the performance of the public sector is a difficult task, justified through the definition of performance itself, the efficient way to obtain it and the identification of the indicators that measure it.

The Keynesian economic theory mentions that the level of fiscal multipliers is within 0 and 1, being different in the case of budgetary expenses from those of budgetary incomes, the latter being inferior. This phenomenon is explained by the fact that the population tends to save the income additionally obtained following the reduction of fiscality.

(Ilzetzki, 2011) finds that on a short-term, the expense multipliers vary between 0.1-0.3, while the income multipliers are within 0,2 and 0,4.

The dimension of the fiscal multipliers shows major deviations depending on the cyclic position of the economy, meaning that they tend to be larger in the economies that are in recession.

Business cycle	Expansion	Linear	Recession
Auerbach and Gorodnichenko (2012)	0	0,4	1,7
Auerbach and Gorodnichenko (2012) , OECD	-0,2	-0,2	0,5
Hernandez de Cos and Moral –Benito (2013) , Spain	0,6	0,65	1,3

The fiscal multipliers estimated on the grounds of OECD Macroeconomic pattern highlight the existence of some small differences among the member states and the superiority of the public investments' multiplying effect (in the second year after the fiscal shock):

	Multiplier of public investments	Multiplier of governmental consumption	Multiplier of transfers	Multiplier of indirect levies	Multiplier of applied levies
Germany	1,2	0,8	0,7	0,4	0,7
France	1,2	1	0,8	0,4	0,8
Italy	1,2	1	0,8	0,4	0,8
Great Britain	1,2	0,9	0,8	0,4	0,8

Blinder (2004) showed that the temporary reductions of taxes tend to generate the increase of the actual consumption (and not its decrease, according to the Ricardian equivalence) because the consumers act in a forward-looking manner and will want to maximize their actual consumption at the expense of future consumption (with higher taxes).

III. METHODOLOGY AND DATA

Within the activity regarding the improvement of the economic governance in the European Union, the Treaty regarding the stability, coordination and governance in the European Union and Monetary (Fiscal Treaty-2013) sets out clear rules by which the contracting parties are required to observe/assure the convergence towards the country's specific medium-term budgetary objective (MTO), as it is defined by the Stability and Growth Pact, with an inferior margin of the structural deficit of 0,5% of the GDP, respectively of 1,0% of the GDP for the member states having a governmental debt under 60% of the GDP. The enforcements of this treaty force the member states to observe some budgetary deficit margins depending on the governmental debt's level. Such a level of the structural deficit is considered to be necessary to assure the sustainability of public finances, creating a safety reserve for the economy's accommodation in case that some unfavorable cyclic evolutions appear.

The fiscal sustainability is an important objective for each state that is a member of the European Union, especially because the economy of several countries of the continent was seriously affected by the worldwide financial and economic crisis and also because the medium-term and long-term forecasts regarding the increase of public expenses following the demographic changes, especially the population's aging and the accumulation of an excessive balance of the public debt.

An optimum fiscal system, which is sustainable on a medium-term and long-term, must assure the necessary budgetary incomes under conditions of efficiency, vertical and horizontal equity, with minimum administration and confirmation expenses, being flexible, stable, transparent and internationally adjustable, regardless of the macroeconomic conditions. Generally, the sustainability of public finances is analyzed depending of the following indicators, namely: the public expenses reported to the GDP, the public incomes reported to the GDP, the loans of the public sector reported to the GDP and the public debt reported to the GDP.

The adoption of some permanent measures of fiscal relaxation through the reduction of taxes and levies (the project of Fiscal Code modification) imply the necessity of adopting some continuous compensating structural measures, such as: reductions/freeze of expenses compared to the initial scenario, the increase of the efficiency budgetary resources collecting, the improvement of voluntary confirmation, the increase of other taxes, etc.

Considering that the reduction of the VAT from 24% to 19% beginning with the fiscal year 2016 is the main modification of the fiscal code with a major fiscal effect, in this work I proceeded to the dimensioning of the financial impact caused to the budget of Romania, while observing the budgetary goals on medium-term and long-term and the consolidation of the existing macroeconomic balances.

The effect of the fiscal policy measures (the reduction of taxes and levies) can be divided into a structural component and one of an automatic stabilizer. The estimation of the budgetary incomes generated by the additional economical growth determined by the measures of fiscal relaxation (the reduction of the VAT) was made using:

a) the fiscal impact multiplier calculated according to the methodology described by Batini Nicoletta and the fiscal multiplier for the indirect taxes estimated on the grounds of OECD Macroeconomic pattern for the member states;

b) the elasticity of the budgetary incomes reported to the variation of GDP estimated for Romania by the European Commission.

It is important to calculate as accurately as possible the fiscal multiplier when forecasting the effects of the fiscal policy, as (Blanchard remarks, 2013), the under-sizing of fiscal multipliers at the beginning of the crisis significantly contributed to the forecast errors concerning economic growth.

The first round effects describe the impact on the income aggregates in the hypothesis in which the macroeconomic base/economic growth stays the same as in the initial situation (that would have prevailed in the absence of measures), while the second round effects describe the impact on the budgetary aggregates caused by the modifications that occur at the level of macroeconomic bases/economic growth (compared to the initial situation, actually the additional economic growth) following the introduction of the fiscal measures. The first round effect intervenes exclusively at the level of the category of incomes that are to be modified, while the second round effect intervenes at the level of all incomes and expenses susceptible to the variation of economic growth.

On the grounds of the analysis of the specialty literature, (Mineshima and others, 2014) consider that the fiscal multiplier in the second year is average with 10-30% higher than in the first year.

According to the methodology described by Batini (2014), the fiscal multiplier is defined as being the proportion between the GDP's variation (ΔY) and the impact of the initiated tax reductions (ΔT) in year T (Spilimbergo and others, 2009).

Thus, the fiscal multiplier measures the effect of a modification by one leu of the fiscal incomes at the GDP's level. Usually, there are used two multipliers, namely: the impact multiplier = $\Delta Y(t) / \Delta T(t)$ and the horizon multiplier $i = \Delta Y(t+i) / \Delta T(t+i)$, where t can be considered a year or a fraction of year depending on the frequency of the data used in the study.

The factors that contribute to a higher dimensioning of the fiscal multipliers are (Batini et. al., 2014): the low trade opening (the share of imports in the internal request <30% during the last five years), the high rigidity of the labour market (the labour market is regulated), the reduced dimension of the automatic stabilizers (the share of public expenses in the GDP <0,4), the low level of public debt, the efficient management of the expenses and incomes, fix exchange rate. After the assignment and summation of the basic scores on the grounds of the structural characteristics of Romania results a medium type multiplier, namely 0,4 for the first year (2016) and 0,52 for the second year (plus 30% compared to the level of the first year).

The fiscal multiplier for the indirect taxes estimated on the grounds of OECD Macroeconomic pattern for the member states is 0,4.

The elasticity of the budgetary income aggregates to the variation of GDP estimated for Romania by the European Commission is 1.

The second round effects are relevant from the perspective of observing the goal of structural deficit only to the extent to which the generated additional economic growth can be found in the potential GDP, which is very unlikely to happen to a significant extent, especially because the reduction of the consumption's taxation represents the most consistent part in the package of discretionary measures included in the new Fiscal Code. The ranking of the effects on the long-term economic growth highlight the fact that the consumption's taxation is considered in the specialty literature to be among the tax categories with the most reduced influence on the long-term economic growth (Cournède et. al., 2013).

The estimated budgetary impact following the reduction of VAT quota from 24% to 19% is of 7.353 mil. Lei in 2016 and 6.185 mil. lei. For the effectuated forecast I used the incomes from VAT, GDP and the forecasted structural deficit according to the Fiscal-Budgetary Strategy 2015-2017, the fiscal multiplier = 0.4 for 2016 and 0.52 for 2017, the elasticity of the value added tax = 1. Following the reduction of the VAT, I calculated that the structural deficit after the implementation of measures is: 1,9% from the GDP in 2016 and 1,7% of the GDP in 2017, having a deviation from the structural deficit assumed by Romania (1%).

In the Fiscal-Budgetary Strategy 2015-2017 it is presented the budgetary impact that it would be caused through the application of a standard VAT quota of 19% for the fiscal years 2016 and 2017, being calculated to the amount of 11.900 mil. Lei (2016), respectively 12.885 mil. Lei (2017). Considering the budgetary impact set

according to the Fiscal-Budgetary Strategy 2015-2017, I recalculated the structural deficit as being 2,5 from the GDP in 2016 and 2017. The estimation of the budgetary impact when the VAT quota is reduced, mentioned in the Fiscal-Budgetary Strategy 2015/2017, does not include the influence of the fiscal multipliers and the elasticity of incomes when GDP is modified. Thus, a positive deviation of 0,6% results concerning the calculation of the GDP for 2016 and of 0,8% for 2017.

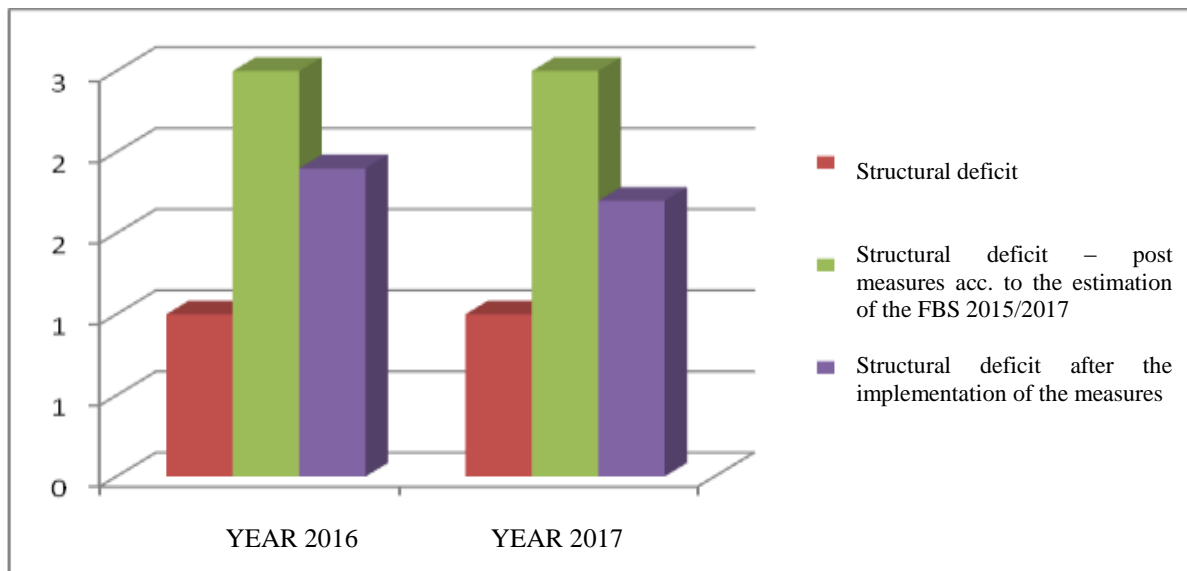


Figure 1. The impact of the VAT modification on the structural deficit for the fiscal years 2016 and 2017

Romania took the decision to increase the defense expenses of the country from 0.8% of the GDP in the present to 2% of the GDP beginning with 2017, which will determine the increase of the structural deficit and of the governmental debt.

The national debt of Romania forecasted in the Fiscal-Budgetary Strategy 2015/2017 is of 39,6% from the GDP for 2015, 39,2% from the GDP for 2016, 38,5% from the GDP for 2017. Considering the two budgetary adjustments (income, expense) mentioned previously, the estimated gross governmental debt will be: 40,18% of the GDP in 2016 and 40,21% of the GDP in 2017, which will generate at its turn additional loan costs.

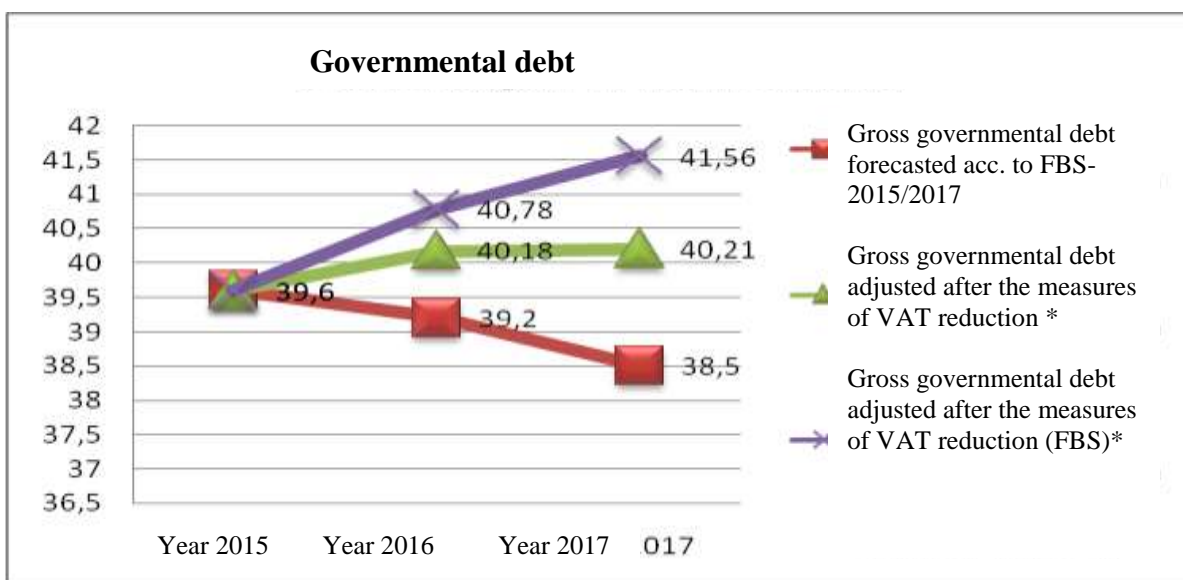


Figure 2 Gross governmental debt after the measures of VAT reduction

The increase of the gross governmental debt corroborated with the promotion of a fiscal relaxation with effect on the sustainability of public finances can constitute important factors in the negative revision of Romania's rating, which would imply the increase of the financing costs for both public and private system.

IV. CONCLUSIONS

Romania must promote a sustainable pattern of economic development that can satisfy the needs of the present generations without compromising the capacity of the future generations to meet their needs.

In Romania, the reduction of fiscalty according to the modification project of the Fiscal code can be sustainable if the budgetary impact is covered from other sources, namely: the resulted additional economic growth, the improvement of the efficiency of budgetary incomes' collecting, the increase of the voluntary confirmation degree and the reduction of the budgetary expenses within the limit of the structural deficit without jeopardizing the preservation of the macroeconomic balances, which represents an essential ingredient of a sustainable process of actual convergence.

Taking into consideration: The Sustainability Report made by the European Commission that stipulates that our country is in the category of the high risk countries along with: Czech Republic, Ireland, Spain, Greece, Cyprus, Latvia, Lithuania, Malta, Netherlands, Slovenia and Great Britain, the principle of fiscal responsibility provided by the Law of fiscal-budgetary responsibility, the goals of structural deficit assumed by Romania and the financial impact afferent to the reduction of the VAT quota calculated in this work, for the consolidation of the sustainable trend of the fiscal policy is imposed the gradual reduction of the VAT quota.

From the comparison made between the estimation of the budgetary impact in the situation of the VAT quota reduction mentioned in the Fiscal-Budgetary Strategy 2015/2017 (calculation made without the influence of the fiscal multipliers and the elasticity of incomes at the modification of the GDP) and my own estimation presented in this work, results a positive difference of 0,6% with regard to the calculation of the GDP for 2016 and 0,8% for 2017.

Considering the previously mentioned facts, I believe that the implementation of the fiscalty reduction in Romania should be founded on the grounds of some thorough estimations of the generated fiscal effects as well as on showing some credible covering/financing sources of the additional budgetary deficits.

V. REFERENCES

1. Batini, N., Eyraud, L., Weber, A. (2014): *A Simple Method to Compute Fiscal Multipliers*, IMF Working Paper.
2. Batini, N., Eyraud, L., Foni, L., Weber, A. (2014): *Fiscal Multipliers and the State of the Economy*, IMF Working Paper.
3. Blanchard, O. and R. Perotti (2002). "An Empirical Investigation of the Dynamic Effects of Shocks to Government Spending and Taxes on Output." *Quarterly Journal of Economics* 110.
4. Blanchard, O., and D. Leigh, (2013), *Growth Forecast Errors and Fiscal Multipliers*, *American Economic Review*, vol. 103, no. 3.
5. Dima Bogdan, Lobonț Oana, Nicolescu Cristina, (2009), *The fiscal revenues and public expenditures: is their evolution sustainable? The Romanian case*, *Annales Universitatis Apulensis Series Oeconomica*, vol. 11(1), pag. 416-425.
6. Ghosh, A., and L. Rahman, (2008), *The Impact of Fiscal Adjustment on Economic Activity*, Washington International Monetary Fund, unpublished.
7. Ilzetzi E., E. G. Mendoza, and C. A. Vegh, (2013), *How Big Are Fiscal Multipliers*, *Journal of Monetary Economics*, vol.60.
8. Law no. 571 / 2003 regarding the Fiscal Code.
9. Law no. 69/2010 regarding the fiscal-budgetary responsibility.
10. Lobonț Oana-Ramona, Nicolescu Ana-Cristina (2012): *Controversies and Perspectives on Public Sector Performance Measurements*, *Ovidius University Annals, Economic Sciences Series*, 11(1), Volume XII, Issue 2, 2012, ISSN 1582 – 9383.
11. Moldovan Nicoleta, Hatmanu Mariana, Lobonț Oana, (2014), *Reflections on the Romanian Fiscal Policy-driven Election Manipulation Phenomenon*, *Journal of Economic Computation and Economic Cybernetics Studies and Research*, Volum 48, nr. 2/2014, pag. 91-113.
12. Mineshima, A. M. Poplaswski-Ribeiro, and A. Weber, (2014), *Fiscal Multipliers*, in *Post-Crisis Fiscal Policy*, ed, by, C. Cotarelli, P. Gerson.
13. Price, R. W., Dang T., Guillemette, Y. (2014) : *New Tax and Expenditure Elasticity Estimates for EU Budget Surveillance*, OECD Economics Department Working Papers, No. 1174, OECD Publishing.
14. The Fiscal-Budgetary Strategy 2015-2017.
15. Woodford, M., (2013), *Simple Analytics of the Government Expenditure Multipliers*, *American Economic Journal*, vol.3, no. 1, pp. 1-35.
16. (<http://www.mfinante.ro/contacte.html?pagina=acasa>).

Acknowledgment

This work was supported by the project "Excellence academic routes in doctoral and postdoctoral research - READ" co-funded from the European Social Fund through the Development of Human Resources Operational Programme 2007-2013, contract no. POSDRU/159/1.5/S/137926.