

LOCAL TAXES AND DUTIES OF THE MUNICIPALITY OF OȘORHEI

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**Abstract:** Taxes are the most important financial source of the state, and the oldest. Taxes are a government levy part of the income or wealth of natural or legal persons in order to cover public expenditure. This levy is compulsory, non-refundable and without any consideration from the state. The tax rates differ in several respects, the main one being that the state must provide a direct and immediate service to the taxpayer. The case study of the paper is the method of determining taxes, their classification, their amount and their weighting in the revenues of the Territorial Administrative Unit OȘORHEI.

**Key words:** Local taxes, duties, Territorial administrative

INTRODUCTION

Taxes are the most important financial source of the state, and the oldest. Taxes are a government levy part of the income or wealth of natural or legal persons in order to cover public expenditure. This levy is compulsory, non-refundable and without any consideration from the state. The tax rates differ in several respects, the main one being that the state must provide a direct and immediate service to the taxpayer [1]. The case study of the paper is the method of determining taxes, their classification, their amount and their weighting in the revenues of the Territorial Administrative Unit Oșorhei.

Oșorhei commune consists of the following villages: Oșorhei (commune residence), Fughiu, Alparea, Cheri and Felcheriu. Oșorhei commune is located in the central part of Bihor county, within the North-West Development Region. In the Oradea Metropolitan Area, the commune is located in the southeastern part, on the international road E 60, along the Oradea - Cluj railway line. It is located on the course of Crisului Repede in a hilly area located in the extension of the Apuseni Mountains[15,16].

The organizational structure of the mayor's office can be found in the organizational chart below [20]:

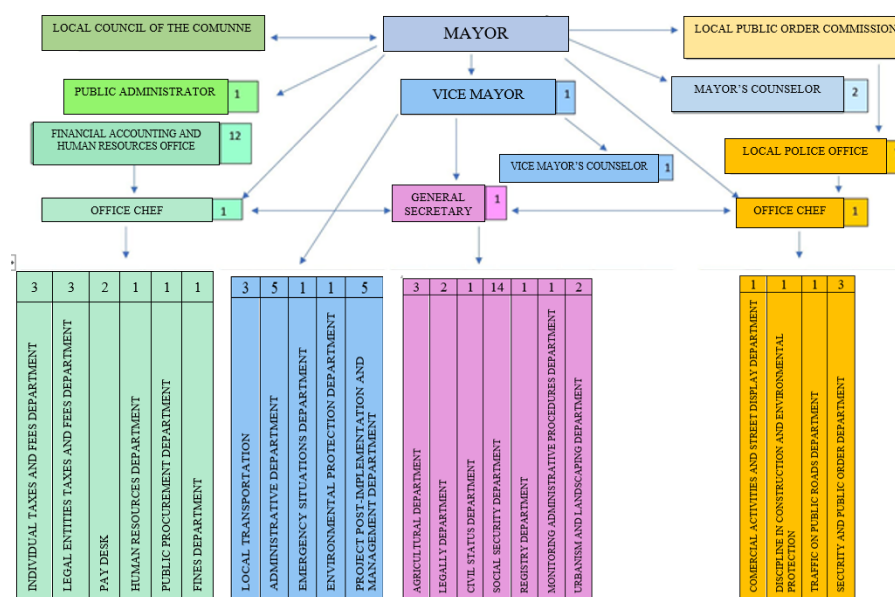


Figure 1. The organizational structure of the Oșorhei mayor's office

## MATERIALS AND METHODS

The documentation in order to prepare the paper "Local taxes and fees of Oșorhei Commune" involved first of all the use of bibliographic sources, the most important of which are the articles of legislation in force [3,8,9,10,11,12,13]. Also, a research was carried out on the spot, the author traveling personally, to Oșorhei ATU.

The **interview** was used as a research method. Thus, through the interview with the chief accountant of Oșorhei ATU, information was obtained on the organization of this Territorial Administrative Unit. Within the financial-fiscal department, information related to the size of the revenue budget of Oșorhei ATU as well as the Council Decisions underlying its execution were obtained and subsequently analyzed.

The main objective of this paper was the analysis of the level of taxes and fees charged by ATU Oșorhei [4,17]. In order to achieve this objective, the "Detailed local budget for revenues by chapters and subchapters and paragraphs for 2020" was studied. From this document were extracted and analyzed the tax revenues, which are the object of study of this paper.

## RESEARCH RESULTS

The financial resources of the territorial administrative units consist of taxes, fees and other fiscal revenues, non-fiscal revenues, capital revenues, quotas and amounts deducted from some state budget revenues and special purpose revenues [2].

The imposition of taxes and duties involves the performance of several successive operations, consisting of:

- placement (setting the size of the taxable object);
- liquidation (determination of the amount of tax or fee);
- ordering (establishing the natural and legal persons taxpayers who are to pay taxes and fees);
- payment (actual collection of the tax or fee) [6,7].

The assessment of taxable matter consists in determining its size, which can be achieved by using the method of direct assessment based on evidence, or the method of indirect assessment, based on presumption. The direct assessment is made on the basis of the taxpayer's declaration or on the basis of a third party's declaration. Indirect valuation has several variants of realization, as follows: valuation based on external characteristics of the taxable object; flat rate assessment; administrative evaluation.

Thus, within the Oșorhei ATU, based on an Approval Report with no. 19506 / 12.12.2019 and the Report of the relevant department no. 19507 / 12.12.2019, a Draft Decision on the establishment of the level of local taxes and duties was proposed, and by the vote of the councilors (14 votes in favor, 0 against and one abstention), Council Decision no. 123 of December 18, 2019, which establishes the level of taxes and duties applied in this commune[5,19].

In order to determine the taxes and duties on buildings, urban lands and extra-urban lands as well as for the issuance of building permits for 2020, CL Oșorhei decided to maintain the delimitations of the respective areas:

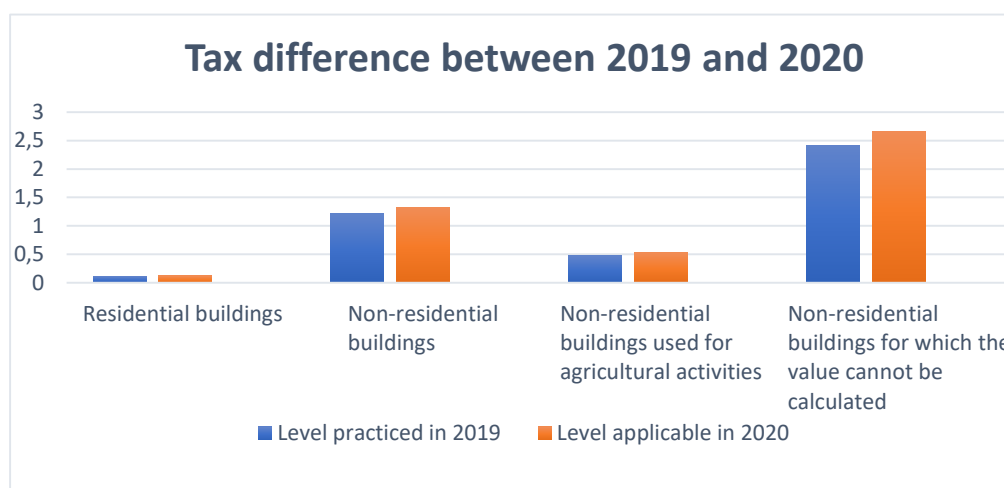
- Zone A for all urban and extra-urban buildings and land;
- Rank IV for Oșorhei locality, applying the correction coefficient of 1.10;
- Rank V for the localities of Alparea, Fughiu, Cheri, Felcheriu applying the correction coefficient of 1.05;

The local council of Oșorhei commune decided:

**Table 1.**

**Decisions of the local council of Osorhei**

<b>Building tax</b>	<b>The level established by the Fiscal Code</b>	<b>The level practiced in 2019</b>	<b>Level applicable in 2020</b>	<b>Percentage change 2020/2019</b>
Residential buildings	0.08% -0.2%	0.12%	0.13%	10%
Non-residential buildings	0.2% -1.3%	1.21%	1.33%	10%
Non-residential buildings used for agricultural activities	0.4%	0.48%	0.53%	10%
Non-residential buildings for which the value cannot be calculated	2%	2.42%	2.66%	10%
Buildings owned by legal entities for which the taxable amount has not been updated	5%	7.5%	7.5%	0%



**Figure 2. Tax difference between 2019 and 2020**

**Table 2.**

**The level of land tax, lei/ha**

<b>Land type</b>	<b>The level of land tax lei / ha</b>					
	<b>Oșorhei locality Rank IV zone A</b>			<b>The localities Fughiu, Alparea, Cheriu, Felcheriu rank V zone A</b>		
	<b>The level established by the Fiscal Code</b>	<b>Level 2019</b>	<b>Level 2020</b>	<b>The level established by the Fiscal Code</b>	<b>Level 2019</b>	<b>Level 2020</b>
<b>I. Urban land - the category of lands with constructions belonging to natural and legal persons</b>	711-1788	1,075.69	1,183.26	569-1422	860.31	946.34

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<b>II. Land located in urban areas - other than the category of land with constructions belonging to individuals and legal entities that do not have as object of activity agriculture</b>	<b>The level established by the Fiscal Code</b>	<b>The level of tax resulting from the application of the coefficient. correct correction. rank. Place.</b>		<b>Level 2019</b>		<b>Level 2020</b>	
		<b>Rank IV</b>	<b>Rank V</b>	<b>Rank IV</b>	<b>Rank V</b>	<b>Rank IV</b>	<b>Rank V</b>
1. Arable land	28	30.8	28	43.12	39.2	46.2	42
2. Pasture	21	23.1	21	32.34	29.4	34.65	31.5
3. Haystack	21	23.1	21	32.34	29.4	34.65	31.5
4. Vie	46	50.6	46	70.84	64.4	75.9	69
5. Orchard	53	58.3	53	81.62	74.2	87.45	79.5
6. Forest or other land with forest vegetation	28	30.8	28	43.12	39.2	46.2	42
7. Land with water	15	16.5	15	23.10	21	24.75	22.5
8. Roads and railways	0	0	0	0	0	0	0
9. Unproductive	0	0	0	0	0	0	0
<b>III. Land located outside the built-up area - other than that of land with constructions belonging to natural and legal persons who have as object of activity and realize incomes from agriculture</b>							
1. Land with constructions	31	34.1	32.55	47.74	45.57	51.15	48.83
2. Arable land	50	55	52.5	77	73.5	82.5	78.75
3. Pasture	28	30.8	29.4	43.12	41.16	46.2	44.1
4. Hay	28	30.8	29.4	43.12	41.16	46.2	44.1
5. Live on fruit	55	60.5	57.75	84.7	80.85	90.75	86.63
6. Live until it bears fruit	0	0	0	0	0	0	0
7. Orchard on fruit	56	61.6	58.8	86.24	82.32	92.4	88.2
8. Orchard until it bears fruit	0	0	0	0	0	0	0
9. Forest or other land with forest vegetation	16	17.6	16.8	24.64	23.52	26.4	25.2
10. Forest up to 20 years old and forest with a protective role	0	0	0	0	0	0	0
11. Land with water, other than those with fishing facilities	6	6.6	6.3	9.24	8.82	9.9	9.45
12. Land with fishing facilities	34	37.4	35.7	52.36	49.98	56.1	53.55
13. Roads and railways	0	0	0	0	0	0	0
14. Unproductive	0	0	0	0	0	0	0

Source: H.C.L. No 123 of 18.12.2019

**Ordering** - is the operation by which the amount of payment is communicated to the taxpayer based on the documents prepared regarding the taxes and fees owed by individuals or legal entities. The order consists in drawing up the notification of payment, communicating the minutes on the amounts due of the minutes on enforcement or other documents on the obligations to pay taxes and fees.

The amounts owed by taxpayers can be found in a form called PAYMENT OBLIGATIONS drawn up according to the model (Table 3).

Table 3.

## Payment obligations

The nature of the budgetary obligation	Sum - lei						
	Debit 2020	Remaining previous years	Accessories 15.02.2020	Payments 2020	Allowance 2020	Remaining payment for 2020	Remaining
Car tax	239.6	0	0	0	0	239.6	0
Building tax	58	0	0	0	0	58	0
Urban land tax without street	7.11	0	0	0	0	7.11	0
<b>TOTAL</b>	<b>304.71</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>304.71</b>	<b>0</b>

Source: MINUTES for the calculation of the building tax due by PF

According to Law no. 227/2015 regarding the Fiscal Code, with the subsequent completions and of the taxpayer's declaration, the payment obligations for the building from the mentioned address owned are established [14].

Table 4.

## The taxable value of the building-determined by area

The type of building	Usable area-sqm	Surface-sqm	Value-sqm	Coef.rang / zone	Taxable amount RON	Taxable value RON	Proc. tax	Annual tax-RON
Clad. concrete							0.13	
Wooden clad		97	330	1.1	35,211	Total value 44,683		45.77
Concrete annex								
Wood attachments		103	83.60	1.1	9,472			12.31

Building Tax = Area x Rule x Correction Coefficient x Tax Rate

Source: MINUTES for the calculation of the land tax due by PF

According to Law no. 227/2015 on the Fiscal Code, the payment obligations for the land from the mentioned address owned (Table 5) [14].

Table 5.

## Calculation of land tax

Category of use	Area-sqm	Value-sqm	Coef. correction	Total tax in 2020	Deadline
Construction					
<b>Arable</b>	<b>1400</b>	0.00462	1.1	<b>7.11</b>	<b>30.09.2021</b>
GRASSLAND					
Rough					

Tax = Area x Taxable value x Correction coefficient

The share of taxes and fees in the revenues of Oșorhei ATU

Analyzing the financial data on the revenues obtained by Oșorhei City Hall in 2020, the following considerations can be established.

The total INCOME (receipts) in the amount of **18,442 thousand lei** consists of CURRENT INCOME ( **14,196.00 thousand lei** ) + SUBSIDIES ( **1,207 thousand lei** ).

**Table 6.**

**Current revenues of Oșorhei ATU in 2020**

<b>ROAD SIGN</b>	<b>Absolute value - thousand lei</b>	<b>Relative value (weight) -%</b>
TOTAL Current income	<b>14,196.00</b>	100%
Tax revenue	10,947.00	77%
Non-tax revenues	3,249.00	2. 3%

**Table 7.**

**Tax revenues of Oșorhei ATU in 2020**

<b>ROAD SIGN</b>	<b>Absolute value, thousand lei</b>	<b>Relative value (weight), %</b>
<b>TOTAL Tax revenues</b>	<b>10,947</b>	<b>100%</b>
Income tax, profit and capital gains	3,889	36%
Taxes and property taxes	2,205	20%
Taxes and duties on goods and services	4,808	44%

Analyzing this situation, we can conclude that the most important share in tax revenues is **taxes and duties on goods and services** from total tax revenues. These taxes and duties on goods and services are obtained from the amounts deducted from VAT + taxes on the use of goods, authorization of the use of goods or on the conduct of business. The amounts deducted from VAT can be amounts for financing decentralized expenditures at the level of communes or amounts for balancing the local budget. Taxes on the use of goods are in fact taxes on means of transport, taxes and fees for the issue of licenses and operating authorizations, as well as other taxes on the use of goods, authorization to use goods or on carrying out activities.

**Table 8.**

**Taxes and property taxes of Oșorhei in 2020**

<b>ROAD SIGN</b>	<b>Absolute value , thousand lei</b>	<b>Relative value (weight), %</b>
TOTAL Property taxes and fees	2,205	100%
Tax on buildings	1,350	61%
Taxes and fees on land	820	37%
Judicial stamp duties and other stamp duties	15	1%
Other property taxes and fees	20	1%

In respect of these amounts they come from building taxes and duties, land taxes and fees, judicial stamp duties and other stamp duties and other property taxes and fees. It can be observed that within the amounts collected from property taxes and fees, the largest share is the taxes and fees on buildings.

The facilities for the payment of taxes and the fiscal facilities are established by each administrative unit separately, by the Decision of the Local Council adopted annually.

Thus, for the study year of this paper, namely 2020, we find in HCL no. 123 decision CL of the commune of Oșorhei on granting bonuses and exemptions from the payment of taxes and fees as follows:

Considering the provisions of art. 462 para. 2, art.467 para. 2 and art. 472 para. 2 of the law no. 227/2015 [14]. by which the advance payment of taxpayers until March 31 of local taxes due for the entire year will be granted a bonus of up to 10%, as follows:

- a. 5% in the case of the building tax for individuals / legal entities;
- b. 5% in the case of land tax for individuals / legal entities;
- c. 5% in the case of the tax on means of transport for natural / legal persons;

## CONCLUSIONS

In conclusion, following the fiscal situation presented in the research, it was observed that the main sources of revenue to the local budget of Oșorhei commune are fiscal revenues, ie local taxes and fees, the mayor's office having non-fiscal revenues only one third of the tax. Fines and penalties are the largest component of non-tax revenues, which means that ATU Oșorhei supervised compliance with legal provisions by the inhabitants of the commune, ie the way in which they carried out their economic activities (persons / legal entities), whether or not they were submitted waste improperly, if the constructed buildings comply with the construction permits, etc.

Another observation was that the most important share, within the fiscal revenues at Oșorhei ATU, is the taxes and duties on goods and services (4808 thousand lei), ie 44% of the total fiscal revenues. These taxes and duties on goods and services are obtained from the amounts deducted from VAT + taxes on the use of goods, authorization of the use of goods or the carrying out of activities. The amounts deducted from VAT can be amounts granted by the state to finance decentralized expenditures at the level of communes or to balance the local budget. ATU Oșorhei received from the state an amount of 3,958 thousand lei, which represents 82.3% of the total taxes and fees on goods and services.

I also mention that among the amounts collected from property taxes and duties, the largest share is the taxes and fees on buildings, ie 61%.

Another clarification I want to make is that subsidies were granted from the AFIR budget [18], to support PNDR projects worth 1,203 thousand lei, which means that PNDR projects are carried out on the territory of the commune, one known is the dental office in the village Alparea.

The economic life of Oșorhei commune is in full development, especially in the field of agriculture and trade. The local public authority is also concerned with the social needs of its inhabitants. The schools are properly equipped and have all the necessary utilities, the cultural homes have also been renovated and can be financial resources for the local budget by renting them for various events. There is even a football field in the village of Alparea where people can recreate.

The citizens of the commune have easy access to supermarkets (Penny, Profi, La Doi Pași, Spielman), banks or ATMs, Pharmacies (they are located in Oșorhei), medical offices. At the exit from Oșorhei there is also a gas station. All these businesses contribute to the income of the commune full payment of taxes and fees. As the social comfort of the inhabitants increased, the number of people moving to the commune increased. In the localities of Alparea and Oșorhei, land is being purchased and many houses are being built.

A problem that the town of Oșorhei has been facing in recent years is the congested traffic, because it is on a heavily trafficked route Oradea - Cluj Napoca, but with the help of the county council a project has been started to make a bypass, it will have a length of 5.8 km.

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