

RESEARCH ON TAX ANALYSIS FOR AGRICULTURAL PRODUCERS

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Abstract: *Financing is an essential activity for the development in optimal conditions of any economic process. The long-term financing of the national economy, especially in the agricultural sector, is an important concern for the country specialists. Therefore, the topic of the paper is interesting, first and foremost, due to its currentness in the context of our country's integration into the European Union and regarding the regulations and restrictions in the agricultural production of the period. At international level, special attention is paid to financial mechanisms, both at European Union level and worldwide. The topic of this paper is the implementation of agricultural and fiscal policies in our country, the emphasis being on how these policies affect sustainable development. The research focuses on the analysis of sustainable development opportunities and of the usefulness of the Arad County taxation system and presents partial results of the doctoral thesis entitled "Study on the usefulness of fiscal facilities for agricultural producers".*

Key words: *taxation, economic situation, agriculture, regulations, development*

INTRODUCTION

The financial balance of an enterprise is conditioned by the proper management of its patrimonial components, especially in maintaining the ability to honor obligations that have reached maturity (maintaining solvency). Otherwise (insolvency), the debtor company is put in unpleasant situations that can become extremely serious when the creditors [2,3,15] of the insolvent company will ask the courts to initiate bankruptcy proceedings, which can lead to the liquidation and therefore to the disappearance of the company. [7,9,12]

It is obvious that maintaining solvency is the fundamental condition for removing the risk of bankruptcy. [4,] However, maintaining solvency is an essential condition in all economies where monetary exchanges are dominant. A proper financial management will constantly analyze the evolution of other external factors generating instability, in order to be able to control them (interest rate risk, currency exchange risk, etc.).

From January 1, 2017, farmers who deal with agricultural production and agricultural services can opt for the application of a special value added tax (VAT) regime, according to a normative act recently published in the Official Gazette and which amended the Fiscal Code in this regard. Thus, regardless of the form in which they carry out their activity, farmers can now choose between the special regime and the normal VAT regime, depending on which is more advantageous [1,4,14].

Arad County has an important agricultural potential, especially in the western half, where the natural conditions are particularly favorable for the cultivation of plants and vines [10]. Agricultural lands hold more than 66% from the total area in the county, of which arable land represents 68.2% and pastures and natural hayfields 30%, orchards 1.1% and vineyards 0.7%. Most of the arable land is located in the western half, in the plain and hill regions and is mainly cultivated with cereals (wheat and corn). The share of arable land gradually decreases towards the east, being replaced by pastures and natural hay on the basis of which animal husbandry has developed a lot.

In Arad County there are 88,305 agricultural holdings, of which 99.2% are individual agricultural holdings and only 0.8% are units with legal personality. Within

agricultural holdings, very small and small holdings with an area of less than 5 ha predominate (approximately 87%). These holdings practice subsistence agriculture, the products being mostly intended for own consumption. Small to medium farms with between 5 and 10 ha represent 9%, and medium and large farms with an area between 10 and 50 ha and over 50 ha hold only 4% of the total agricultural holdings.

In order to have a real picture of the economic results of the agricultural holdings from rural area [13] of Arad County, we resorted to drawing up some tables, in which we collected data with reference to the economic size of the agricultural farms, considering the main economic performance indicators, being highlighted in the multiannual reports submitted to the finances of Arad County.

In order to have a real statistical interpretation, we studied a period of three years, namely the years 2019-2020-2021.

The studied economic indicators refer to the turnover, total capital, various taxes, VAT and profit achieved. There is a wide variety of economic results depending mainly on the organization way, on the climatic conditions and finally on the fiscal facilities offered to farmers.

MATERIALS AND METHODS

This paper deals with the implementation of agricultural and taxation policies from our country, in the context of sustainable development, especially after Romania's accession to the European Union. [10,11] The research focuses on the analysis of sustainable development possibilities and the usefulness of the taxation of Arad County. The main methods addressed mainly in the present research are: the analytical and synthetic method; quantitative and qualitative analysis; graphic interpretation; data processing and interpretation; the case study.

RESEARCH RESULTS

Analyzing the economic results of the agricultural holdings studied, can be illustrated through the tables below regarding the years 2019-2020 and 2021. There is a wide variety of economic results depending mainly on the organization way, on the climatic conditions and finally on the fiscal facilities offered to farmers.

Table 1.

Presenting the economic results of the agricultural holdings studied

Year	Total income	Total expenses	Tax Cass, Cas+Others	Profit Tax	Net Income
2019	2967598	3697927	125343	110505	375180
2020	5090710	4609917	315754	224417	529399
2021	5535458	5689120	154346	84906	-794003

Analyzing the profit and loss account, we notice that in the case of semi-subsistence and small holdings[5,6,8] where the submission of the economic results is made on the basis of the single declaration, a great variability is found, due to the subjective declaration of the owners of the holding, which produces a great variability of the tax base having a negative influence on the tax base. Moreover, there is also a lack of continuity of holdings activity in agricultural field. The abandonment of the agricultural activity is also noted.

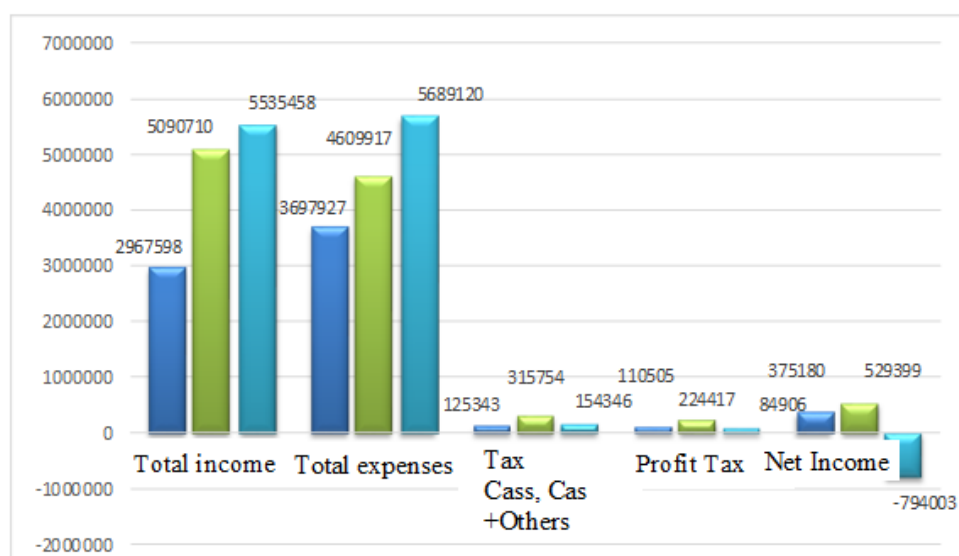


Figure 1. Presenting the economic results of the agricultural holdings studied

At the medium and large holdings, it is found that the agricultural activity is maintained and a relatively constant tax base that ensures an acceptable taxation, generating the continuity of the agricultural activity.

This variability of economic results is due not only to technological difficulties and the uncertainty of meteorological conditions, but to a large extent it is also due to the conditions of 2019-2021 in which the Covid-19 Pandemic affected not only the agricultural branch but also the entire national and world economy.

Analysis of the share of taxes in total revenues according to the size of agricultural holdings

Regarding the share of taxes owed and collected by ANAF, we find a wide variety of them, especially at the level of semi-subsistence and small holdings, where this share varies between 3.2-22.0% depending on the single declaration and the year of the declaration.

We also note that many holdings actually disappear for various reasons, this disappearance reaches 40% in the case of semi-subsistence holdings and 20% in the case of small holdings in 2021.

Table 2. Analysis of the share of taxes in total revenues according to the size of agricultural holdings

Economic Dimension	YEAR	TOTAL INCOME	TAX	TAX %	PROFIT	PROFIT %
SEMI-SUBSISTENCE 2000-7999	2019	15490	2709	17,4	5637	36,4
	2020	33602	7407	22,0	4296	12,7
	2021	8600	2470	28,7	20892	242,9
THE AVERAGE		19231	4195	21,8	10275	53,4
SMALL 8000-11999	2019	33602	7407	22,0	10555	31,4
	2020	274071	8883	3,2	33065	12,1
	2021	1759676	2012	0,1	17870	1,1
THE AVERAGE		689116	6101	0,9	20497	3,0
MEDIUM 12000-250000	2019	1677644	487145	29,0	725522	43,2
	2020	2763365	624583	22,6	253148	9,2
	2021	1779829	227790	12,7	78884	4,4
THE AVERAGE		2073613	446506	21,5	352518	17,0
LARGE <250000	2019	10143657	446133	4,3	759008	7,4
	2020	17284604	1521820	8,8	1810491	10,5
	2021	18593729	724733	3,8	-3277065	-17,6
THE AVERAGE		15340663	897562	5,9	-235855	1,5

As a general conclusion, we can state that taxation in the agricultural environment using all the legal facilities made available to agricultural holdings is not excessively high and in the case of their use, the owners of agricultural holdings can benefit from many tax facilities that lead to their reduction even more.

CONCLUSIONS

From the case study that we carried out at the level of Arad County, following the financial results of agricultural holdings and the usefulness of fiscal facilities for agriculture in Arad County, a series of conclusions can be drawn, namely:

1-The semi-subsistence farms benefit from a substantial fiscal facility due to the single declaration and are not VAT payers due to the legislation in force.

2-Small farms are also not VAT payers according to the law, they also pay tax according to the single declaration, and having no employees or only a few employees, they pay neither CASS nor CAS.

3-Medium holdings are taxpayers on the realized income, they pay CASS and CAS depending on the employees and they also pay VAT depending on the deductible VAT.

4-Large holdings are the safest from a financial point of view, because all taxes due to the state are regulated from the point of view of ANAF. They pay CASS and CAS depending on the number of employees, and VAT depending on the deductible VAT and pay income tax as well as profit tax. However, we observed in the material presented that these taxes do not total more than 29% maximum.

5 - The finding that we allow ourselves to draw is that the semi-subsistence and small holdings, although they have many facilities in the fiscal field, are very vulnerable. The vulnerability consists in very low adaptability to natural conditions and economic inflexibility. We also find a very easy abandonment of the object of activity, they simply abandon agriculture. Although the small size should allow a quick change of strategy both in the short and medium term, it is better to abandon the continuation of the activity. It is true that after a year or two resume the basic activity in the same or similar field.

6 - In the case of large and very large holdings, there are certain restrictions both in the field of organization and management, but also in the financial field.

Large and very large holdings operate organized in the form of a SRL or SA that have a shareholding, a capital, they have management bodies, and they also have employees. In this way, they have both personal and financial responsibilities. In this way, they cannot give up their basic activity so easily. They also have a fiscal obligation, being obliged to submit the annual balance sheet to the territorial fiscal body, which is checked and based on it, the annual taxes and contributions are determined. This is also the reason that for these holdings, the taxes are higher in percentage than for small and medium ones, and they are also constant.

7 - As a final conclusion, we can say that semi-subsistence and small holdings, although they are more advantageous from a financial point of view (they have lower taxes and make a higher profit), are more vulnerable and often end up being dissolved.

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