

COMPARATIVE VALUE ADDED TAX BETWEEN ITALY-UNITED KINGDOM OF GREAT BRITAIN, FRANCE AND ROMANIA

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In the present study aimed to perform a comparison of value added tax situation in Romania, Italy, France and the United Kingdom.

Besides presenting a name that carries value added tax, the date on which it is introduced and the legislative act that governs the existence of this institution in the state that performed the analysis were presented and certain aspects that we considered essential, given the existence of differences between the states analyzed. Means income that were presented in the paper the quality of those who are contributors who, which are the subjects of tax exemptions and deductions and whether and what they are.

Also the work analysed the changes in annual tax revenue, tax revenues as a percentage of GDP and tax revenues as a percentage of total tax revenue. It made a comparison between VAT existente în Italy, France, United Kingdom of Great Britain and Romania, to analyze the reduced rate, super low rate and standard rate of VAT.

1. History notion

Value added tax is a new plan Bets, originally adopted in France at the initiative of M. Laura. In subsequent years, this tax was extended in several countries in Europe, America, Africa. Community financial proposal from the Commission of the European value added tax was adopted on 1 January 1970 to all Common Market countries, replacing the tax goods.²

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² Luminita Ionescu, "Control and economic implications of financial and fiscal indirect taxes", Bucharest, ed. Economics, 2001

2. Italy

VAT in Italy called "impostor aggiunto sul cee," and was introduced in January 1, 1973, is part of indirect taxes and the enactment it is regulated by the EC Directive / 112 / 2006 of 28/11/2006. The tax rate and tax base are set by the central and all they who are the beneficiaries.

Who are the contributors? All persons whether or not organized in a company that develops industrial, commercial or agricultural, artists and associations and bodies of any who are excluded or in principle engaged in a trade or agriculture, any person carrying out import. All persons providing goods or services for which VAT applies, and must meet gifted pay all operations effectuate tax collector's office.

Tax purpose? Operations are considered taxable transactions involving third countries are considered to be imports or exports. For supplies and services tax is based on the total amount due in accordance with contract terms, including costs and expenses incurred in performing the contract debts or other liabilities due to third parties that are assumed by the transferee or the client. For imports, the fee is fixed taking into account the customs value of goods if it is shown on the invoice, or in the absence of this information, the invoice date. For intra-Community transactions, the tax is assessed on the same basis as for domestic transactions, except for transactions in foreign currency exchange rate in which case it must be the set for the day to perform the operation.

Deductions and exemptions? Deductions to allocate taxes paid by the taxpayer or his charges debited in respect of goods and services imported or purchased for the purposes of its business, trade or profession. Exemptions apply for credit and financing transactions, insurance transactions regarding foreign exchange transactions, transactions in shares and bonds, some leasing and rental real estate, and mediation services intermediate agencies deliveries of gold services provided ambulance transport services related to postal services, hospitalization and treatment in hospitals and clinics approved educational services provided by libraries and museums services, social services and assistance for employees and health and social services.

In Italy the rate is super low of 4% on basic needs perceived and mass market items such as prostheses and certain foods. Reduced rate of VAT of 10% is charged for certain services and products, such as certain foods, water, gas, electricity, access to cultural. And the start rate fr Vat is 20%.

Tabel no. 1

Year	Annual tax revenues (millions)	Currency	Tax revenues as a percentage of GDP	Tax revenues as a percentage of total tax revenue
2005	85.317	Euro	5.96	14.77
2006	92.992	Euro	6.26	14.90
2007	95.623	Euro	6.18	14.36
2008	92.811	Euro	5.91	13.79

Source: Eurostat

The analysis of table no. 1 shows an increase in tax revenue annually from 85,317 in 2005 to 95,623 in 2007 and then witness a decline of up to 92,811 in 2008. Tax revenues as a percentage of GDP is increasing until 2006 and then followed by a decrease to 5.91 in 2008. Tax revenue as a percentage of total tax revenue has a titling positionm that's way it increased in 2005-2006 and then it was followed by a decrease in 2007-2008.

3. Great Britain

In the UK VAT is called "Value Added Tax" and is from 01 April 1973 and is part of indirect taxes, the enactment governing VAT is Value Added Tax Act 1994. As in Italy and the United Kingdom the tax rate and tax base are set by the central and all they who are the beneficiaries.

Who are the contributors? Any person engaged in business with a turnover of more than 68,000 taxable year GBE.

Tax purpose? Are considered taxable transactions taxable goods and some services provided in the UK by overseas companies. Deliveries of goods or services made in the United Kingdom by a taxable person during or promote any business opportunity. In addition to imports customs value of the product will be able to add any additional taxes, fees or special rights, and any expenditure in regard to the first destination delivery.

Deductions and exemptions? Exemptions apply to land transactions and property (including rent, but excluding the sale of new commercial buildings and civil engineering works and industrial, hotel, parking and mooring facilities and other minor), insurance, postal services, gambling, sports, cultural, health and welfare services, Financial Services

transactions in the membership of trade unions, professional and other public bodies. Unlike Italy and France, the United Kingdom at the end of each fiscal period (usually three months), the taxpayer must make a go back VAT. Taxpayers with turnover of up to 1350000 GBP can choose to make annual statements of regular installment payments throughout the year.

In the UK, the standard VAT rate is 20.00%. Reduced VAT rate is% and applies to domestic fuel, the installation of energy saving materials in all homes, contraceptive products. Apply zero rate among others, the most food (except for catering), clothing and footwear for young children, printed materials, construction of new dwellings and public buildings for residential water and sewerage services provided to non consumers – industrial, residential caravans and boats, some supplies of gold, banknotes, certain international services, certain medications, certain disabled persons, exports of aircraft stores.

Table no. 2

Year	Annual tax revenues (millions)	Currency	Tax revenues as a percentage of GDP	Tax revenues as a percentage of total tax revenue
2005	73.005	GBP	5.82	16.16
2006	76.104	GBP	5.74	15.59
2007	80.299	GBP	5.74	15.74
2008	80.708	GBP	5.57	14.93
2009	68.635		4.91	

Source: Eurostat

From the analysis of table no. 2 we see that tax revenue is growing each year in 2005-2008 from 73,005 to 80,708, following a decline in 2009 to 68,635. Tax revenue as a percentage of GDP is continuously decreasing from 5.82 in 2005 to 4.91 in 2009. Also the tax revenues as a percentage of total tax revenue is decreasing in the period from 16.16 in 2005 to 14.93 in 2008, although there is a slight increase in 2006-2007 from 15.59 to 15.74.

4. France

VAT in France is called taxes sur la Valeur ajoutée and is used from 01 January 1954, also part as in others countries analyzed in indirect tax category. VAT is regulated by Articles 256 and following of the general tax code and Directive 77/388/EEC EEC of 17 May 1977.

Also just like in Italy and the United Kingdom and France both tax rate and tax base are set by the central and all they who are the beneficiaries.

Who are the contributors? VAT is charged independent for the people who provide goods or services resulting from economic activity, whether natural or legal persons and regardless of the position that these people have towards other fees, producers wholesalers, retailers, craftsmen, builders, surveyors, traders, owners of furnished rooms, entertainment promoters, architects, accountants.

Tax purpose? Are considered taxable transactions, in general terms, the supply of goods, providing services and equivalent operations effected by taxpayers as part of a business such as industrial, trading names, agricultural or civil. Purchase of tangible goods by taxable persons or by certain non-taxable legal person from taxable persons established in other Member States of the European Union, imports of goods.

Like the United Kingdom in France quarterly returns (in the case of France and monthly) are made with the VAT due. SMEs can choose to pay VAT in a simplified form involving the deposit of an annual go back, together with the provisional rate and a special back that outstanding amount is fixed at fiscal year end. Businesses whose turnover is below a fixed threshold are exempt from VAT.

Deductions and exemptions? With some exceptions, the VAT paid on purchase of goods or services for business use is deductible from the VAT due in terms of sales. Taxpayers can get a refund of any quarterly or annual VAT overpaid.

Exemptions are as follows: exports and equivalent transactions, certain banking and financial activities subject to tax local entertainment (sports, clubs, gambling and casinos), certain activities of nonprofit organizations in which their leadership have any interest, medical and paramedical activities, some imports, educational activities.

Super share is reduced by 2.10% in France and is particularly applicable to medicinal products and newspapers. The reduced rate is 5.50% and applies to agricultural

products, most food, books and entertainment. This rate applies to labor-intensive sectors such as construction, domestic workers and the standard VAT rate is 19.60%.

Table no. 3

Year	Annual tax revenues (millions)	Currency	Tax revenues as a percentage of GDP	Tax revenues as a percentage of total tax revenue
2005	126.949	Euro	7.35	16.85
2006	132.252	Euro	7.32	16.66
2007	137.101	Euro	7.23	16.75
2008	138.156	Euro	16.55	16.55

Source: Eurostat

The analysis of table no. 3 shows that in France has been a steady increase in annual tax revenues through the period under review, so we have an increase from 126.949 in 2005 to 138.156 in 2008. Tax revenues as a percentage of GDP is increasing from 7.35 in 2005 to 16.55 in 2008, although it was the period 2005-2007 a decrease from 7.35 to 7.23. Tax revenues as a percentage of total tax revenue is decreasing in 2005-2006 and 2007-2008, the only time when it is increasing from 16.66 to 16.75 2006-2007, overall we see a decrease from 16.85 in 2005 to 16.55 in 2008.

5. Romania

In Romania, the VAT was introduced on July 1, 1993 and is regulated under Title 6 of the Tax Code. As in the other countries considered tax rate and tax base are set by the central and all they who are the beneficiaries.

Who are the contributors? A taxable person is any person engaged in an independent manner and regardless of location, economic activities, regardless of purpose or result of such activities. Taxable person established in Romania and is engaged or intending to pursue an economic activity involving taxable operations and/or exempt operations with right of deduction apply to be registered for VAT to the tax authorities.

Fiscal object? Are considered taxable operations: operations that are treated with a supply of goods or provision of services within the scope of duty, for consideration, import of goods made in Romania by any person if the place of import Romania; purchase intra-

Community goods. For supplies and services for the amount of value added tax taxable consists of what constitutes a counterpart that has been or will be obtained from provider to purchaser, recipient or a therapeutic, including subsidies, which are directly linked to the price of such operations. For imported goods, the taxable amount is the customs value of goods determined in accordance with customs legislation in force, plus any taxes, other charges due outside Romania, and those due by reason of imports of these products Romania, excluding VAT.

Deductions and exemptions? Are exempt from VAT without the right to deduct the following: hospital and medical treatment, educational activities, the services and/or deliveries of goods closely related to the protection of children and young people by public institutions or other entities recognized as having a social character the provision of cultural and/or goods closely linked thereto supplied by bodies governed by law or by other public bodies non-profit cultural specific activities of public radio and television, public postal services, certain banking and financial transactions. VAT exemptions with deductibility are: provision of services related to exports of goods, delivery of goods which are dispatched or transported outside the Community by the supplier or by another person on his behalf, international passenger transportations. As regards imports are exempt from VAT: imports of goods by diplomatic missions and consular offices exempt from customs duties, import of gas through the gas distribution system and electricity import, the import of gold National Bank of Romania's imports of goods made by representatives of international organizations and governmental offices accredited in Romania, and by their members, within and under the conditions laid down in the conventions establishing such organizations.

The tax period is the calendar month. Notwithstanding the fiscal period is the calendar quarter for taxable person during the preceding calendar year achieved a turnover of taxable operations and/or exempt operations with right of deduction and operations/or taxable, but is deductible in Romania not exceed 100,000 euro, unless the taxpayer has made in the preceding calendar year one or more purchases of goods. The fee for imported goods, except those which are exempt from VAT, is charged by customs authorities in accordance with the rules on import duties. By way of exception, a certain period of time, from 15 April 2007 to 31 December 2010, the actual payment of VAT to the customs authorities is not taxable persons identified for VAT purposes in that made in previous significant imports and obtained certificates of deferred payment of VAT.

In Romania apply standard 24% rate and a reduced VAT rate of 9% and 5%. 9% reduced rate applies to the tax base for the following supplies services: delivery of books, newspapers, magazines, textbooks, supply of prostheses of any type and accessories thereof, except dentures, denture delivery orthopedic delivery of human and veterinary medicines, the provision of accommodation in the hotel sector or similar sectors, including the rental of land prepared for camping. Reduced rate of 5% applies to the tax base for the delivery of housing as part of social policy, including the land they are built.

Table no. 4

Year	Annual tax revenues (millions)	Currency	Tax revenues as a percentage of GDP	Tax revenues as a percentage of total tax revenue
2005	6.439	Euro	8.06	29.04
2006	7.740	Euro	7.91	27.75
2007	9.923	Euro	7.95	27.42
2008	10.884	Euro	7.78	27.78

Source: Eurostat

From Table. 4, we observe that during the four years analyzed changes occurred in the sense that tax revenue has increased significantly from 6439 in 2005 to 10,884 in 2008. While tax revenue as a percentage of GDP has been declining in 2005-2006 and 2007-2008. The only period in which it grew was 2006-2007, when increased by 0.04%. On the other hand, tax revenue as a percentage of total tax revenue was still down in 2005-2007, when he fell from 29.04 to 27.42, following a slight increase in 2007-2008 from 2007 at 27.78 in the existing value.

Table no. 5

	Britain	Italy	Romania	France
Super reduced rate	%	4.00%	%	2.10%
Standard rate	20.00%	20.00%	24.00%	19.60%
Reduced rate	5.00%	10.00%	9.00%, 5.00%	5.50%

Source: Eurostat

From the analysis of table no.5 we may see that only Italy and France have super low rate of 4.00% and 2.10%, while Romania and the UK have such a quota. The standard rate is lowest in France by 19.60% and the highest is 24% in Romania, Britain and France with a standard rate of 20.00% and 19.60%. Country has the lowest reduced rate of 5.00% is the United Kingdom and Romania in certain cases, France has a reduced rate of 5.50%, and Romania and with the reduced rate of 9%, while the highest reduced rate of countries surveyed Italy is 10.00%.

Table no.6

	France	Italy	Romania	Britain
Food	X	X		X
Water supply	X	X		X
Pharmaceuticals	X	X	X	X
Medical equipment for people with disabilities	X	X	X	X
Car seats for children				X
Passenger	X	X		X
Books	X	X	X	X
Access to cultural services	X	X	X	
Entries in amusement parks	X		X	
TV licences	X	X		X
Writers	X	X		
Housing	X	X		
Housing renovations and repairs	X	X		X
Accommodation in hotels	X	X	X	

Table. 6 shows the products on which the reduced rate of VAT applies. Thus, we see that France and Italy apply reduced VAT rates for all products listed, except for car seats for children over which the quota is reduced only in the UK and Italy in May are still an exception and joining the amusement parks.

From the table analyzed we can see that Romania is interested in protecting citizens while not apply a reduced rate of VAT on food, water, housing and housing renovation and

repairs, as do the other three countries analyzed. Instead it seems that Romania put great emphasis on tourism and culture, not that I criticize this, because Romania is indeed a real important tourist potential, and not a political motivation not to think about who chose these products to receive the reduced rate of VAT applied to our country.

6. Conclusions

Taking into account all the elements analyzed in this study we can conclude by saying that Romania's position compared to other states analyzed is not the best, since taking into account such tax year 2008 in Romania where income is much lower than the position of France or Great Britain Italy, Romania with a tax value of 10.884, while France has one of 138.156.