

Fiscal competitiveness issues in Romania

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World Bank Doing Business Report – Ranking (out of 189 countries)

	Ease of Doing Business	Starting a Business	Dealing with Construction Permits	Getting Electricity				Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Resolving Insolvency			
	Rank	Rank	Rank	Procedures (number)	Time (days)	Cost (% of income per capita)	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Time (years)	Cost (% of estate)	Recovery rate (cents on the dollar)	Rank
United States	4	20	34	4	60	16	13	25	3	6	64	22	11	1.5	7	81.5	17
Germany	21	111	12	3	17	47	3	81	28	98	89	14	5	1.2	8	82.9	13
Poland	45	116	88	6	161	205	137	54	3	52	113	49	55	3.0	15	54.8	37
Slovak Republic	49	108	53	5	158	11	65	11	42	115	102	108	65	4.0	18	54.1	38
Hungary	54	59	47	5	252	116	112	45	55	128	124	70	15	2.0	14.5	38.3	70
Bulgaria	58	65	118	6	130	320	135	62	28	52	81	79	79	3.3	9	32.6	92
Romania	73	60	136	7	223	534	174	70	13	52	134	76	53	3.3	10.5	30.0	99
Czech Republic	75	146	86	6	279	179	146	37	55	98	122	68	75	2.1	17	65.0	29

Source: World Bank Doing Business 2013-2014 Report

World Economic Forum World Competitiveness Report – Ranking (out of 144 countries)

		Romania	Bulgaria	Czech Republic	Hungary	Poland	Slovak Republic
WORST	7.05 Effect of taxation on incentives to work, 1-7 (best)	140	91	110	128	88	119
	6.04 Effect of taxation on incentives to invest, 1-7 (best)	128	81	107	133	102	114
	7.08 Country capacity to retain talent, 1-7 (best)	128	142	80	122	117	130
	7.07 Reliance on professional management, 1-7 (best)	126	113	47	114	71	74
	7.01 Cooperation in labor-employer relations, 1-7 (best)	125	111	52	71	100	105
	2.02 Quality of roads, 1-7 (best)	121	106	81	58	89	82
	6.01 Intensity of local competition, 1-7 (best)	120	75	17	47	51	32
	6.09 Prevalence of trade barriers, 1-7 (best)	117	99	72	30	66	38
	1.08 Wastefulness of government spending, 1-7 (best)	116	98	7	96	85	126
	7.09 Country capacity to attract talent, 1-7 (best)	115	142	93	118	124	117
	1.07 Favoritism in decisions of government officials, 1-7 (best)	114	134	106	122	67	141
	4.10 Primary education enrollment, net %*	114	66	55	95	49	n/a
	1.17 Ethical behavior of firms, 1-7 (best)	112	101	94	96	57	123
	1. Corporate ethics	112	101	94	96	57	123
....							
BEST	5.06 Internet access in schools, 1-7 (best)	53	45	27	35	50	31
	2.09 Fixed telephone lines/100 pop.*	52	42	63	37	78	68
	9.03 FDI and technology transfer, 1-7 (best)	49	91	36	19	68	18
	6.07 No. days to start a business*	48	84	92	14	111	87
	1.21 Strength of investor protection, 0–10 (best)*	45	45	83	105	45	98
	10.01 Domestic market size index, 1–7 (best)*	44	66	48	56	20	61
	9.05 Fixed broadband Internet subscriptions/100 pop.*	40	39	41	31	46	47
	6.06 No. procedures to start a business*	32	22	106	22	22	78
	5.04 Quality of math and science education, 1-7 (best)	31	54	74	60	50	75
	9.06 Int'l Internet bandwidth, kb/s per user*	19	27	25	75	37	93
	8.08 Legal rights index, 0–10 (best)*	11	11	63	43	11	29
	7.04 Redundancy costs, weeks of salary*	7	21	95	61	89	89

Source: The Global Competitiveness report, World Economic Forum, 2014-2015

World Bank Doing Business Report – Paying taxes, ranking (out of 189 countries)

	Rank	Payments (number per year)	Time (hours per year)	Profit tax (%)	Labor tax and contributions (%)	Other taxes (%)	Total tax rate (% profit)
Ireland	6	9	80	12.3	12.1	1.3	25.7
Estonia	32	7	81	8.1	39.4	2	49.4
Latvia	49	7	264	4.9	27.3	3.7	35.9
Slovenia	54	11	260	12.9	18.2	1.4	32.5
Lithuania	56	11	175	6	35.2	1.9	43.1
<i>United States</i>	<i>64</i>	<i>11</i>	<i>175</i>	<i>27.9</i>	<i>9.9</i>	<i>8.4</i>	<i>46.3</i>
Bulgaria	81	13	454	4.9	20.2	2.6	27.7
<i>Germany</i>	<i>89</i>	<i>9</i>	<i>218</i>	<i>23</i>	<i>21.8</i>	<i>4.6</i>	<i>49.4</i>
Slovak Republic	102	20	207	7	39.6	0.6	47.2
Poland	113	18	286	14.1	26	1.5	41.6
Czech Republic	122	8	413	7.7	38.4	2	48.1
Hungary	124	12	277	11.6	34.6	3.5	49.7
Kyrgyz Republic	127	51	210	6.2	19.5	7.7	33.4
Sierra Leone	128	33	353	18.2	11.3	2.9	32.4
Mozambique	129	37	230	30.9	4.5	2.1	37.5
Yemen, Rep.	129	44	248	20.1	11.3	1.4	32.7
Belarus	133	10	319	13.4	39	1.5	54
Romania	134	39	200	10.3	31.5	1.1	42.9
<i>Europe & Central Asia</i>	<i>..</i>	<i>26</i>	<i>246</i>	<i>9</i>	<i>22.6</i>	<i>7</i>	<i>38.7</i>
<i>OECD high income</i>	<i>..</i>	<i>12</i>	<i>175</i>	<i>16.1</i>	<i>23.1</i>	<i>2</i>	<i>41.3</i>

Source: World Bank Doing Business 2013-2014 Report

Bulgaria			
Tax or mandatory contribution	Payments (number)	Notes on Payments	Total tax rate (% profit)
Social security contributions	1	online filing	20.2
Corporate income tax	1	online filing	4.9
Fees for municipal services (garbage collection fee) - Sofia	4		0.9
Stamp duty on property transfer	1		0.9
Vignette	1		0.4
Real estate tax on the land and building	1		0.3
Vehicle tax	1		0.1
Fuel tax	1		..
Value added tax (VAT)	1	online filing	..
Final/one-off tax on certain expenses	1	online filing	..
Totals:	13		27.7

Romania			
Tax or mandatory contribution	Payments (number)	Notes on Payments	Total tax rate (% profit)
Social security contributions	12		23.5
Corporate income tax	4		10.3
Health insurance contributions	0	paid jointly	5.9
Medical leave	0	paid jointly	1
Building tax	2		1
Unemployment contribution	0	paid jointly	0.6
Accident risk fund	0	paid jointly	0.4
Guarantee fund	0	paid jointly	0.3
Vehicle tax	2		0.1
Firm tax	2		0
Urbanism tax	1		0
Land tax	2		0
Value added tax (VAT)	12		..
Environmental taxes	1		..
Fuel tax	1		..
Stamp duty on contracts	0		..
Totals:	39		42.9

Czech Republic			
Tax or mandatory contribution	Payments (number)	Notes on Payments	Total tax rate (% profit)
Social security contributions	1	online filing	24.3
Health Insurance	1	online filing	10.2
Corporate income tax	1	online filing	7.7
Sickness insurance	0	paid jointly	2.6
Property transfer tax	1		1.8
Unemployment contribution	0	paid jointly	1.4
Road tax	1	online filing	0.1
Real estate tax	1		0
Value added tax (VAT)	1	online filing	..
Fuel tax	1		..
Totals:	8		48.1

Hungary			
Tax or mandatory contribution	Payments (number)	Notes on Payments	Total tax rate (% profit)
Social tax	1	online filing	30.5
Local business tax	1	online filing	5.9
Corporate income tax	1	online filing	5.8
Rehabilitation contribution	1	online filing	2.4
Training contribution	0	paid jointly	1.7
Special tax	1	online filing	1.4
Property tax	1	online filing	0.9
R&D Tax	1	online filing	0.9
Land tax	1	online filing	0.2
Vehicle tax	1	online filing	0.2
Fuel tax	1		..
Value added tax (VAT)	1	online filing	..
Environmental tax	1		..
Totals:	12		49.7

Poland			
Tax or mandatory contribution	Payments (number)	Notes on Payments	Total tax rate (% profit)
Social security contributions	1	online filing	18.9
Corporate income tax	1	online filing	14.1
National disabled fund	0	paid jointly	4.2
Labor fund	0	paid jointly	2.8
Property tax	1		1.4
Guaranteed employees' fund	0	paid jointly	0.1
Transport tax	2		0.1
Fuel tax	1		..
Value added tax (VAT)	12		..
Totals:	18		41.6

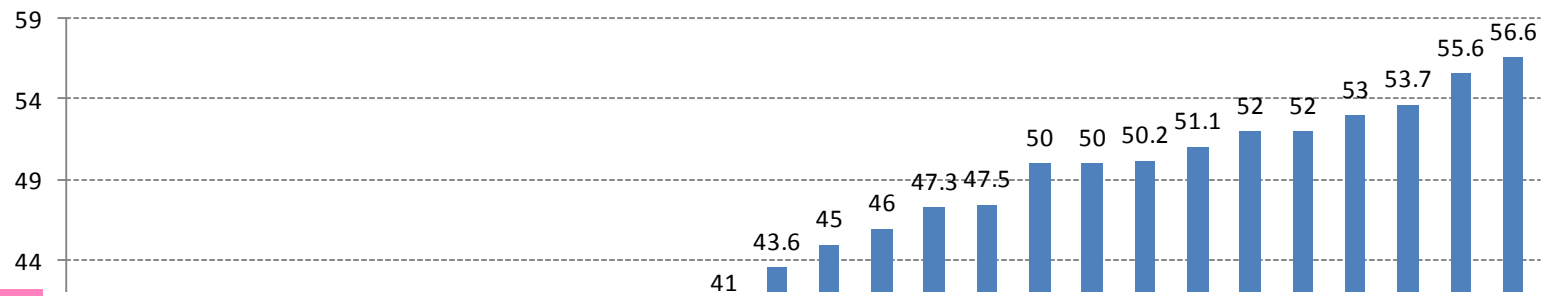
Slovak Republic			
Tax or mandatory contribution	Payments (number)	Notes on Payments	Total tax rate (% profit)
Social security contributions	1	online filing	39.6
Corporate income tax	1		7
Tax on interest	0		0.5
Property tax	4		0.4
Motor vehicle tax	1		0.2
Fuel tax	1		..
Value added tax (VAT)	12		..
Totals:	20		47.2

Source: World Bank Doing Business 2013-2014 Report

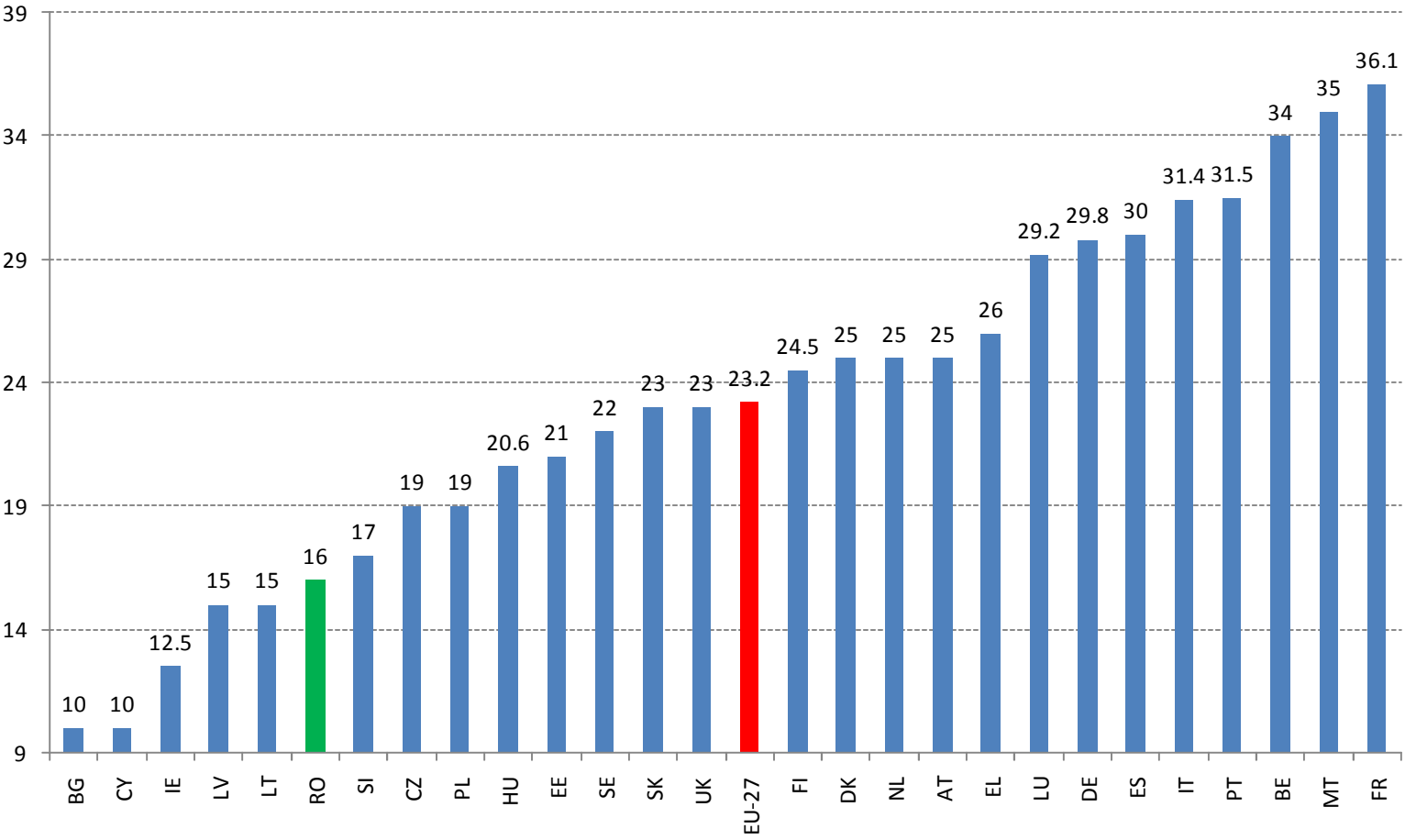
VAT rate (as of 2013)



Top personal income tax rates (as of 2013)

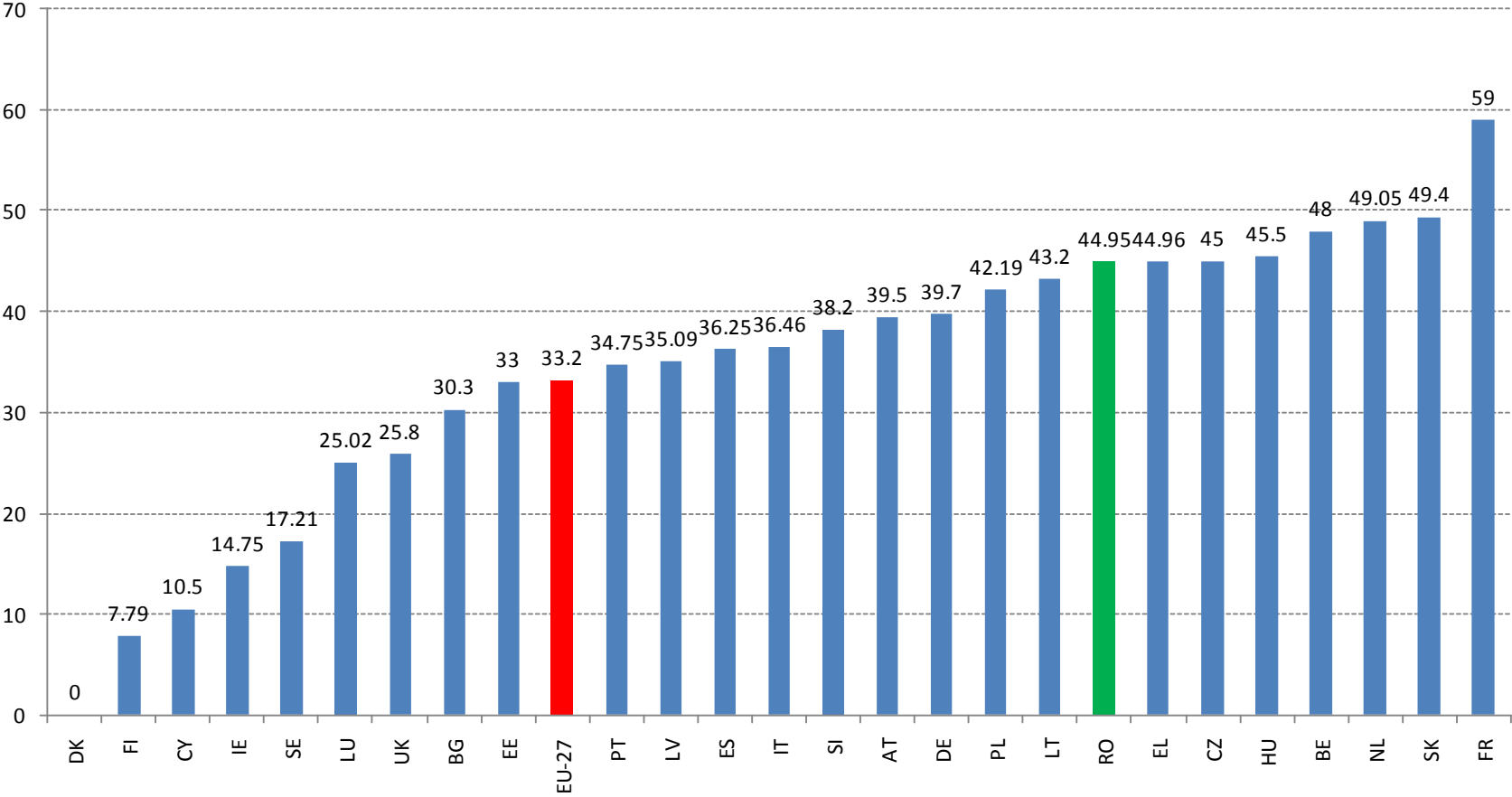


Top statutory tax rate on corporate income (as of 2013)



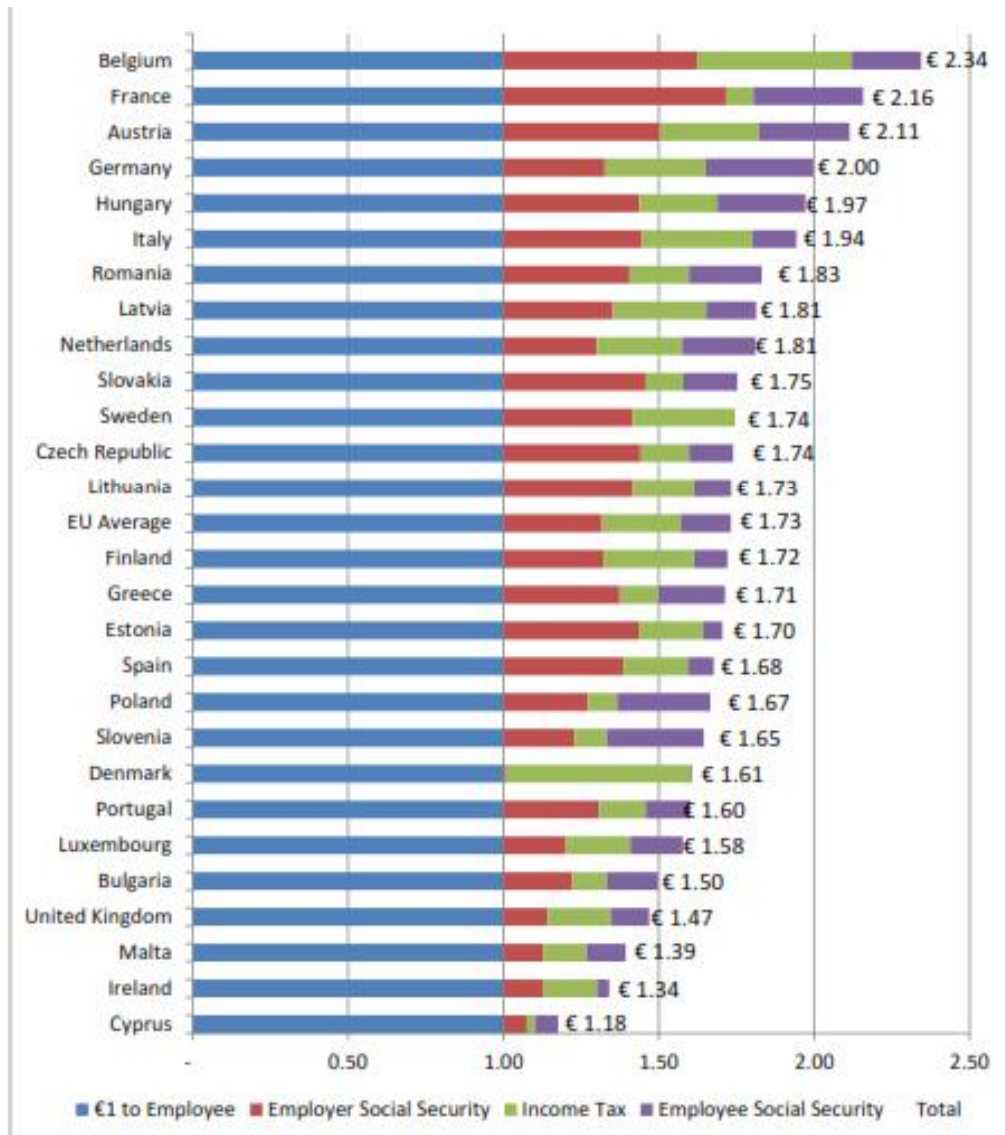
Source: European Commission

Social security contributions (as of 2013)



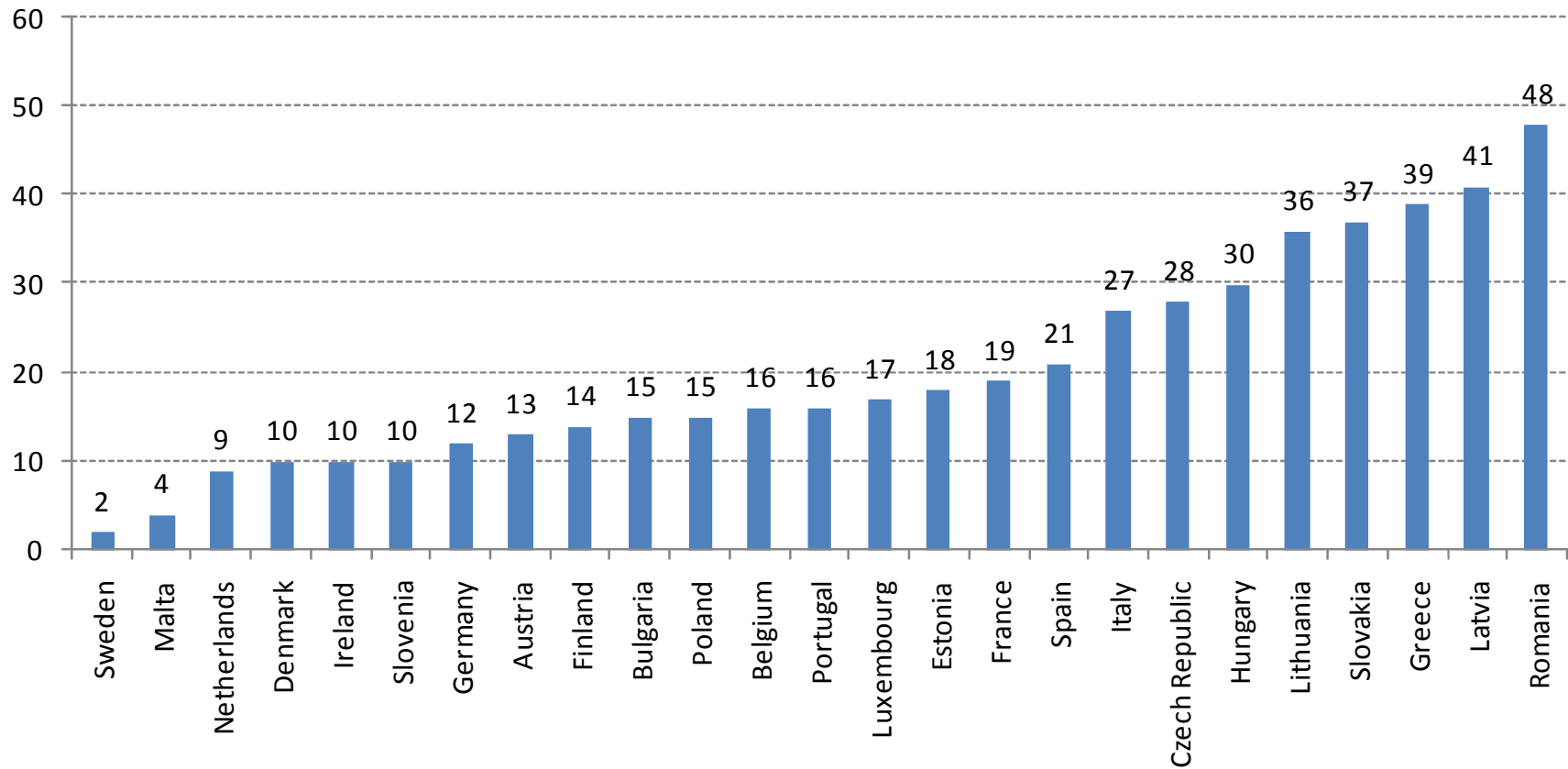
Source: European Commission

What employers must spend to pay each net euro to an employee



Source: Molinari Economic Institute, The Tax Burden of Typical Workers in the EU 27, 2013

VAT gap (% of VAT liability)



Sursa: Study to quantify and analyse the VAT Gap in the EU-27 Member States Final Report , TAXUD/2012/DE/316, European Commission, 2013