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ADMINISTRATION OF FISCAL REVENUES BY THE CUSTOMS SERVICE OF THE REPUBLIC OF MOLDOVA

Nadejda BERGHE,

University Associate Professor, Finance and insurance,
AESM, Chisinau, Moldova, berghe.nadejda@ase.md

Abstract: *Fiscal collections administered by the Customs Service have the largest share in the total of taxes and fees levied in the National Public Budget. These receipts are represented by import-export rights that are collected by the customs authority when goods are introduced or removed from the customs territory of the Republic of Moldova and which, according to the provisions of the Customs Code, include: customs tax, tax for customs procedures, value added tax, excise duties and any other sums due to the state for the import of goods, collected by the customs institution.*

The purpose of the paper is determined by the analysis of customs statistics from the perspective of taxes and duties collected for import-export operations by the Customs Service of the Republic of Moldova, respectively the examination of their evolution and the contribution to the formation of NPB revenues. The researched subject is the collection of import and export duties for goods brought into or out of the territory of our country. In order to achieve the proposed goal, the research methodology was focused on the method of analysis and synthesis, and the results obtained were interpreted and the relevant conclusions were formulated respectively. The conclusions express the significant contribution of taxes collected on import-export operations as revenues administered by the Customs Service. Thus, analyzing all the taxes and charges levied on import and export and respectively collected as revenues in the national public budget, we found the significant weight held by excises and VAT for the goods produced and imported services compared to those provided on the territory of the Republic of Moldova and which cumulatively with the taxes on foreign trade and foreign operations constitute 37 percent of the total revenues of the NPB or 58 percent of the total taxes and fees.

Keywords: customs service, import-export rights, customs statistics, National Public Budget's revenue, customs tax.

JEL Classification: H27, H71, H72

1 Introduction

The Customs Service is the administrative authority that carries out its activity under the Ministry of Finance, being a separate organizational structure in the administrative system of this ministry, established for the provision of public administrative services to customs payers, for the exercise and improvement of customs control, including the legality of the introduction/exit of goods in / from the customs territory, performing customs formalities, creating the conditions for accelerating the traffic of goods across the customs border. The basic duties of the customs service are regulated in Section 2, Article 11 of the Customs Code of the Republic of Moldova:

- participates in the elaboration of the customs policy of the state and implements this policy;
- ensures compliance with customs and fiscal legislation; defends the rights and legitimate interests of the person within the customs activity;
- contribute, within the limits of competence, to ensuring the economic security of the state;
- apply customs procedures for regulating economic and commercial relations;
- collect import rights and export rights;

- coordinates the application of the Combined Nomenclature of goods;
- manages the Integrated Customs Tariff of the Republic of Moldova (ICTRM);
- fight against smuggling, the violation of customs regulations and fiscal legislation that refers to the passage of goods across the customs border, the illegal passage across the customs border of narcotic substances, weapons, art objects, objects of historical and archaeological value, intellectual property objects, species of endangered animals and plants (derivatives and their parts), other goods;
 - contributes to the prevention and combating of money laundering, as well as international terrorism;
 - exercises and perfects customs control, performs customs clearance, creates conditions for speeding up the traffic of goods across the customs border;
 - contributes and participates in the elaboration of foreign trade customs statistics and special customs statistics;
 - exercise customs control over currency values, within the limits of competence;
 - ensures the fulfillment of the state's international obligations in the customs field;
- participates in the elaboration of international agreements in the customs field, in collaboration with customs services, with other public authorities from abroad, with international organizations in the customs field;
 - manages the origin certification system, in the cases established by the Government, including certifying the origin of the goods and issuing certificates of origin against payment for the export of the goods;
 - carry out the necessary activities for risk management;
 - ensures the dissemination of customs legislation and access to information of public interest;
 - develops the public-private partnership in the customs field and collaborates with the business environment;
 - exercise other duties established by legislation. [3]

The State Fiscal Service is the public authority, empowered to administer taxes, fees and other payments in the interest of the state. The mission of the State Fiscal Service is to ensure an efficient process of tax administration and service by creating conditions for taxpayers to comply with the legislation, the uniform application of policy and regulations in the tax field, ensuring the level of resources necessary for the state to finance social projects and good development of society as a whole. [2] Voluntary compliance is for the Fiscal Service the priority tool for ensuring revenue, and in this sense the efficient collection of taxes and fees is a cornerstone of an efficient budget system.

In carrying out its functions, the State Fiscal Service has the following general attributions:

- contributes to the implementation, in its field of activity, of the government program and other public policies by elaborating and applying medium- and long-term development strategies, general or sectoral;
- pursues the organization of an efficient and coherent management of the fiscal administration;
- directs the activity of local tax collection services;

- implements the institution's internal and external risk management model;
- participates in the development of amendments and additions to fiscal legislation, in the development of draft methodological norms and other normative acts that contain provisions related to fiscal administration;
 - elaborates projects of normative acts and the procedures for applying the provisions relating to the administration of the national public budget revenues given in its competence, including expressing the official position of the State Fiscal Service. The official position of the State Fiscal Service is approved by order of the State Fiscal Service management and is published on the official website of the State Fiscal Service;
 - initiates measures for the development and development in good conditions of international relations in its field of activity;
 - manages information regarding the collection of administered revenues;
 - elaborates procedures and methodological norms in its field of activity for its own structures and for taxpayers; prepares studies, analyzes and surveys regarding the organization of its own activity;
 - collects, verifies, processes and archives data and fiscal information necessary for carrying out its activity, also constitutes its own databases of relevant data and manages the collaboration with the competent national authorities regarding the information held, in accordance with the law;
 - issues and implements policies and action plans regarding ensuring information security;
 - administers and develops the information system of the State Fiscal Service;
 - represents the state in the courts and in the criminal investigation structures as the subject of rights and obligations regarding fiscal legal relations, as well as any other legal relations resulting from the activity of the State Fiscal Service;
 - organizes professional development programs for the staff of the State Fiscal Service at the central level and at the level of subordinate structures;
 - controls compliance with fiscal legislation in the process of issuing, awarding, accepting and reimbursing the value of meal vouchers;
 - issues and presents, in the established manner, budget proposals based on programs;
 - ensures administrative cooperation, including the exchange of information, with other institutions in the country and with tax administrations from other states or international organizations regarding its object of activity;
 - ensures the application of the fiscal provisions of the international treaties to which the Republic of Moldova is a party;
 - concludes agreements at departmental level and conventions with tax administrations from other states, with international organizations or with other entities in its field of activity according to the provisions of the legislation in force;
 - participates in the elaboration of the medium-term budget framework and the drafts of the annual budget laws by presenting proposals for the objectives of the fiscal administration policy and the medium-term estimates regarding the administered revenues. [5]

2. Tax collections administered by the State Fiscal Service

Tax collections administered by the State Fiscal Service hold a significant share in the overall revenues of the National Public Budget. Figure 1 shows the evolution of the total revenues that make up the national public budget, the emphasis being, in this case, on tax revenues.

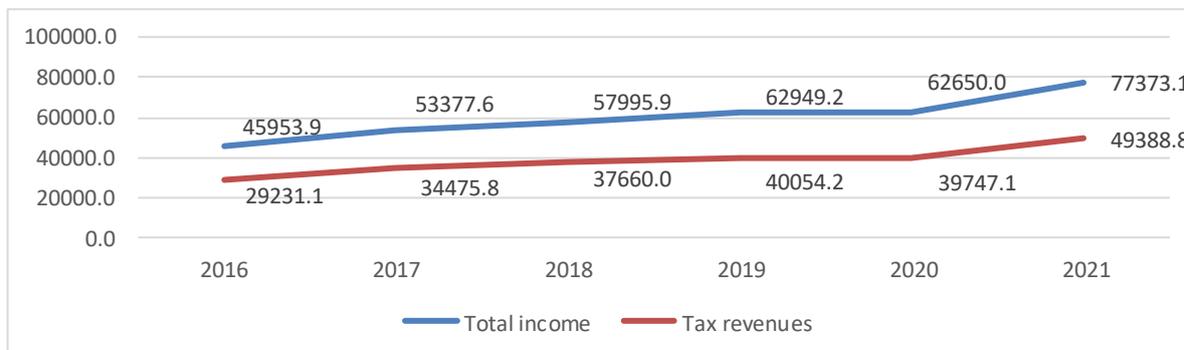


Figure 1. Evolution of total and fiscal revenues for the period 2016-2021, million lei

Source: developed by the author based on the data www.date.gov.md/ro/system/files/resources/2021-06/BPN-evolutia%20indicatorilor%202016-2021.xls

According to the data in figure 1, there is a uniform increase in the two types of budget revenues. The rectilinear path of graphic representation is the same for the two indicators, a fact that attests to a direct dependence between the total collected amounts and tax revenues. This fact demonstrates the primary role of tax revenues in the formation and consolidation of the national budget, having the largest share of total revenues.

Fiscal collections administered by the Customs Service constitute the largest share of the total taxes and charges levied in the National Public Budget (about 58%).

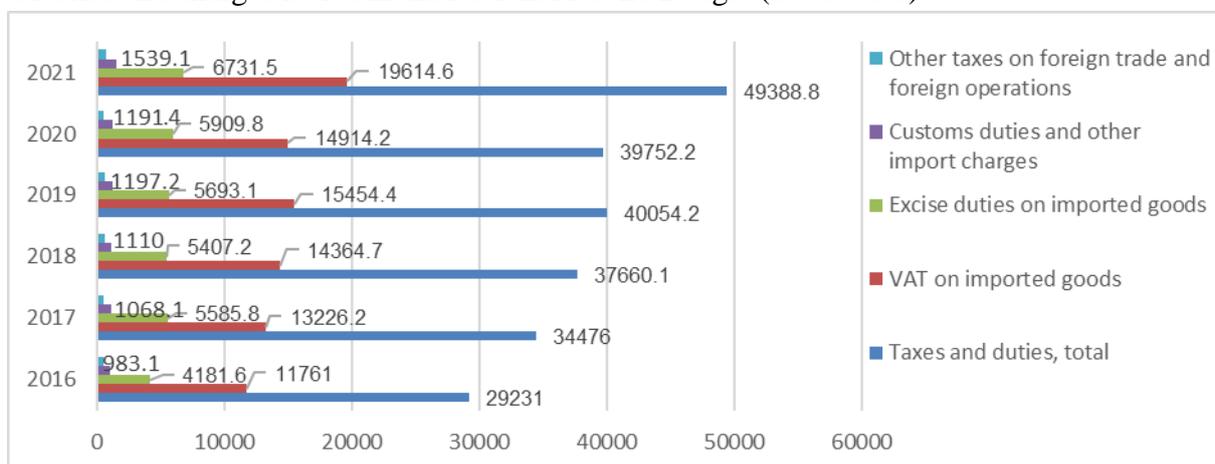


Figure 2. The table of fiscal receipts administered by CS against total taxes and fees collected in NPB for the years 2016-2021, million lei

Source: elaborated by the author based on the NPB Execution Reports for the years 2016-2021

Analyzing the figure above, a considerable increase in import-export taxes and duties can be observed in 2021, following the consequences of the 2020 pandemic, which left its mark in all fields of activity. The VAT increased by 4700.4 million lei, i.e. from 14914.2 million lei in 2020 to 19614.6 million lei in 2021. The value of excise duties according to the data in the figure shows that it has not undergone any changes of stagnation, as it is in a continues to grow in 2021, however, there is an increase of 821.7 million lei compared to the increase of 216.7 million lei in

2020 compared to 2019. Customs duties in 2020 decreased insignificantly compared to 2019, instead in in 2021, they also increased by approximately 347.7 million lei. Other taxes on foreign trade include the customs procedures charged, which also decreased in 2020, but in 2021 it increased from 547.5 million lei to 713.9 million lei. Since imports in 2021 increased at a higher rate than in previous years, the increase in customs value, customs duties and customs procedures of goods and services also influenced the increase, which respectively led to the increase in value added tax theirs.

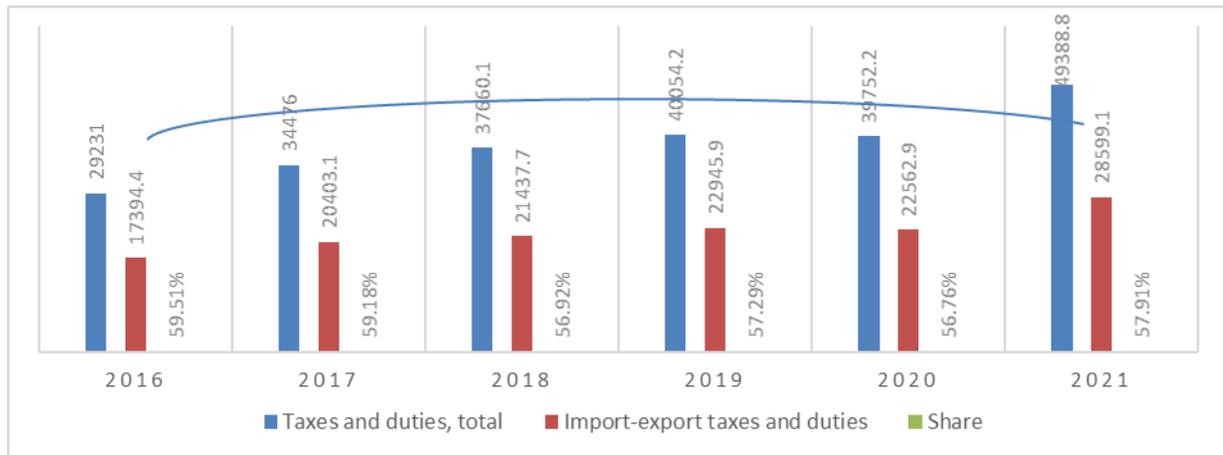


Figure 3. Share of taxes and duties collected on import-export in total taxes and duties collected in NPB, %.

Source: developed by the author based on figure 2

The figure above shows the share of fiscal revenues administered by the Customs Service in fiscal revenues administered by the Fiscal Service. Thus, it can be observed that the values vary in the range of 56-59%, which is positively appreciated taking into account the fact that these taxes collected on import-export exceed the taxes collected on the territory of the Republic of Moldova, so that the fiscal burden is lower for individual taxpayers and, respectively, the income in the budget, it is supplemented from the account of the fiscal obligations of economic agents.

In conclusion, we can state with certainty that the values of both VAT and excise duties paid on import considerably exceed those charged for goods and services produced in the country: for example, in 2021 the VAT for goods produced and services provided on the territory of the Republic of Moldova was 8918.4 mil. lei, and for imported 19614.6 mil. lei, a substantial difference that proves that more is imported than produced.

This difference between VAT and excise duties paid on import and VAT and excise duties paid for goods produced on the territory of the country is structurally analyzed for the year 2021 and is reflected in the figures below.

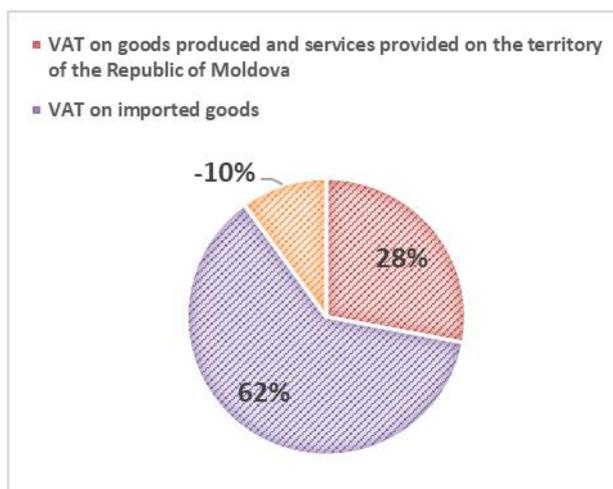


Figure 4. Distribution of VAT in total revenues collected from VAT in NPB, year 2021

Source: developed by the author

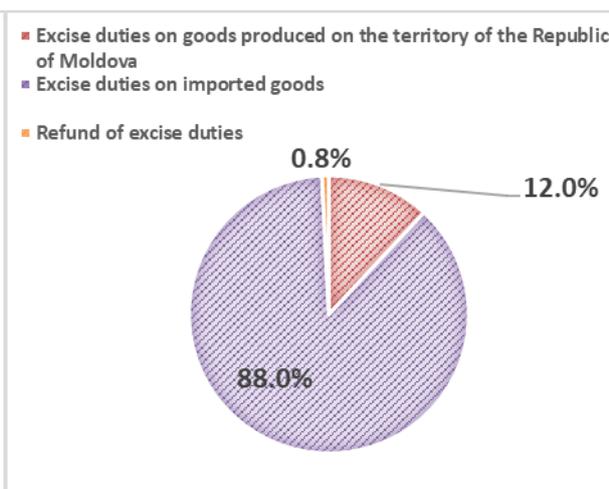


Figure 5. Distribution of excise duties in total revenues collected from excise duties in NPB, year 2021

Source: developed by the author

The figures presented above show that 62% constitutes VAT for imported goods and 28% VAT for goods produced and services provided in the country. Also, in the case of excise duties, the largest share goes to excise duties on imported goods, approximately 88% and only 12% on those on the territory of the country.

Thus, we can highlight the role of taxes levied on the introduction and removal of goods from the country for the formation of the national public budget and the development of the economy. In fact, these statistical data demonstrate the importance of taxes and duties collected on imported goods in the formation of the NPB revenues of the Republic of Moldova, which also shows the importance of the activity of the Customs Service.

3. Tax collections administered by the Customs Service

The Customs Service of the Republic of Moldova is the public administration authority, subordinate to the Ministry of Finance, which contributes to the development of the Republic of Moldova by ensuring the economic and fiscal security of the state, facilitating legitimate trade and offering quality public services to the business environment and citizens. For this purpose, the Customs Service ensures the administration of customs revenues, exercises control and supervision duties based on risk analysis and applies modern customs clearance techniques in a professional, transparent and responsible manner. [4]

Tax collections administered by the Customs Service are represented by import-export rights. Import duties include taxes, fees and charges levied by the customs authority on the importation of goods, namely:

- custom duty;
- value added tax;
- excise taxes;

- the tax for customs procedures, including any other amounts due to the state for the import and export of goods, collected by the customs service in accordance with the legislation. [6]

Statistical data on exports and imports of goods are collected, verified, processed by the Customs Service, in accordance with article 321 of the Customs Code of the Republic of Moldova no. 1149 of 20.07.2000 and submitted to the National Bureau of Statistics for verification, completion, validation, processing, rectification, finalization and dissemination in accordance with the Law of the Republic of Moldova "On Official Statistics", no. 93 of May 26, 2017. For exports and imports of material goods that are the subject of commercial transactions, the basic document for the record statistics is the customs declaration in detail, which is drawn up at the customs points when the goods enter or leave the country.

Table 1. Collection of import-export rights for the years 2011-2022, thousands of lei

Year	Custom duty	The tax for customs procedures	Special taxes	Excises	VAT	Other payment:	Total
2011	832 672	305 780	2218	2 182 956	8 547 924	25 605	11 897 155
2012	938 081	309 454	50	2 440 248	8 911 222	13 228	12 612 282
2013	1 024 627	349 391	1	3 059 507	10 106 119	66 469	14 606 114
2014	1 053 604	366 602	-	3 039 478	10 892 346	73 069	15 425 099
2015	907 954	372 746	-	3 483 848	10 952 370	108 431	15 825 349
2016	983 075	410 294	-	4 181 602	11 760 977	140 155	17 476 103
2017	1 068 102	457 985	-	5 585 759	13 226 179	34 541	20 372 566
2018	1 109 989	487 320	-	5 407 231	14 364 710	41 034	21 410 283
2019	1 197 137	525 827	-	5 693 137	15 454 380	26 171	22 896 651
2020	1 191 460	489 378	-	5 909 805	14 914 169	21 994	22 526 806
2021	1,539,139	635,925	-	6,731,461	19,614,568	32,651	28,553,743
2022 (6 months)	830,594	353,234	-	3,119,677	11,215,676	15,682	15,534,863

Sursa: <https://customs.gov.md/ro/articles/date-statistic>

Customs services accumulate (on the basis of customs declarations) and process data on the passage of goods across the customs border. The data related to an operation or a specific economic agent are considered confidential and cannot be transmitted to third parties or other public authorities without the permission of the declarant, except in the cases provided by the legislation. The data sources for customs statistics are the documentation and information presented for customs clearance and customs control. Table 1 shows the fees charged for import-export rights.

Based on the data in table 1, it can be observed that the taxes collected on import-export in the Republic of Moldova for the period of 2011-2021 are increasing. If in 2011 the fees and taxes paid constituted 11,897,155 thousand lei, in 2021 they constitute 28,553,743 lei, increasing by 16,656,588 lei. However, we can note that in 2020, both foreign trade and the entire economy underwent significant changes, as total taxes paid decreased from 22,896,651 lei in 2019 to 22,526,806 lei in 2020, but this decline was followed by a considerable increase the following year.

Figure 6 shows the evolution of fees and taxes for the period 2011-2021 charged and paid for the import and export of goods and services.

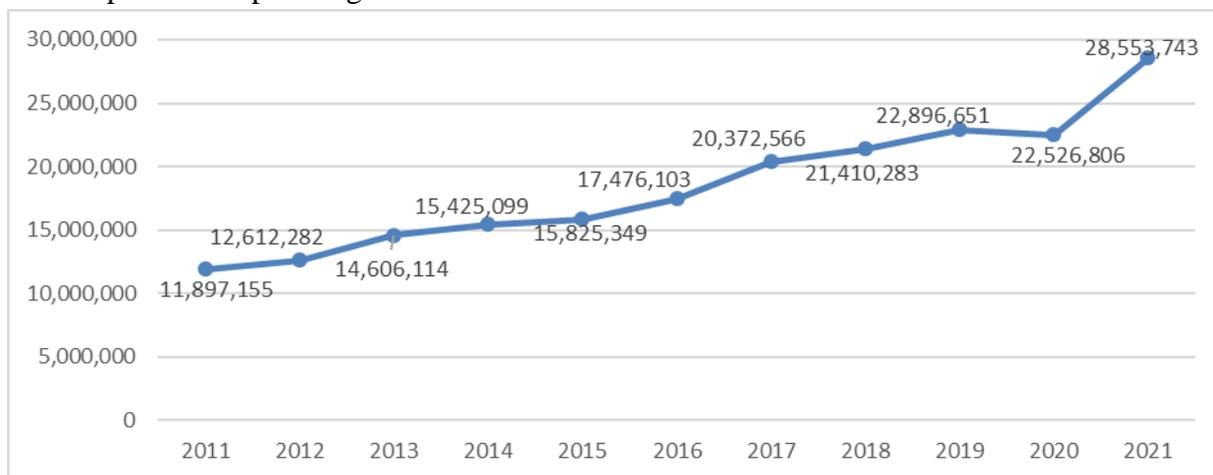


Figure 6. Dynamics of import-export rights for the years 2011-2021, thousands of lei

Source: developed by the author based on Table 1

Analyzing the data above, it can be seen that until 2020 import-export taxes registered an increasing trend, a fact due to the increase in imports and exports for the given period. The growth rate of taxes and fees for 2019 compared to 2011 is 92.40%. As mentioned above, in 2020 there is a decrease in values, as the whole economy was affected by the consequences of the pandemic, respectively import/export also suffered, which also led to the reduction of taxes paid by taxpayers.

Therefore, in 2020 total taxes and duties decreased compared to 2019 by approximately 1.7%, and in 2021 they increased by 26.70% compared to 2020. This increase shows that foreign trade managed to evolve and overcome the period of stagnation, as exports of goods from Moldova in 2021 exceeded 3 billion dollars for the first time in history. Imports and the trade deficit also reached record levels. In addition, the entire foreign trade has crossed the psychological threshold of 10 billion dollars.

As for the structure of taxes and duties levied on import-export, it has not changed essentially, with the largest share being recorded by VAT, followed by excise and customs duties.

From those represented graphically in the figures below, in 2011 VAT constitutes 72% of the total receipts, excises account for 18%, customs duty - 7% and customs procedures only 3%. The percentage of 72% for VAT also includes the values of the other taxes and fees, since the VAT calculation basis for import includes the customs fee, the fee for customs procedures and excise duties if they are charged. In 2021, there are small changes, more precisely the reduction of receipts from customs duties, customs procedures and VAT, as a share of total receipts, while excise duties increased by 6 p.p. in 2021 compared to 2011.

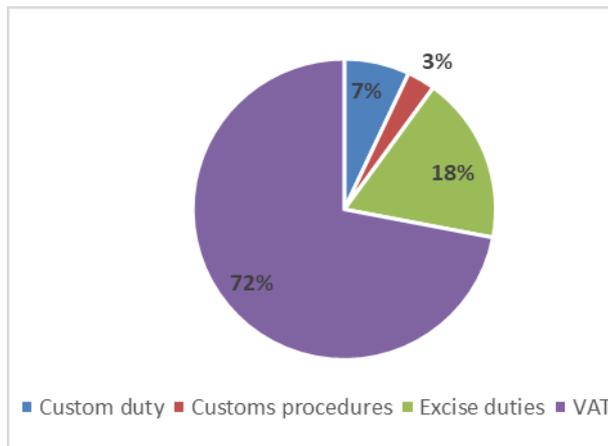


Figure 7. Structure of import-export rights for 2011

Source: developed by the author based on table 1

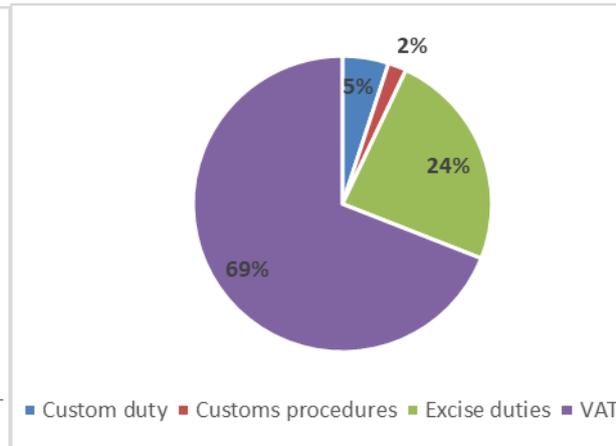


Figure 8. Structure of import-export rights for 2021

Source: developed by the author based on table 1

In the context of the analysis of the evolution of import-export rights as tax receipts, it is important to also examine the amount of imports and exports, because their dynamics directly influence the amount of taxes and fees paid by individuals and legal entities, which later accumulate as revenues in the state budget.

The figure below highlights the evolution of international trade in goods, emphasizing the comparative values between the sum of imports and exports carried out during the years 2017-2022.

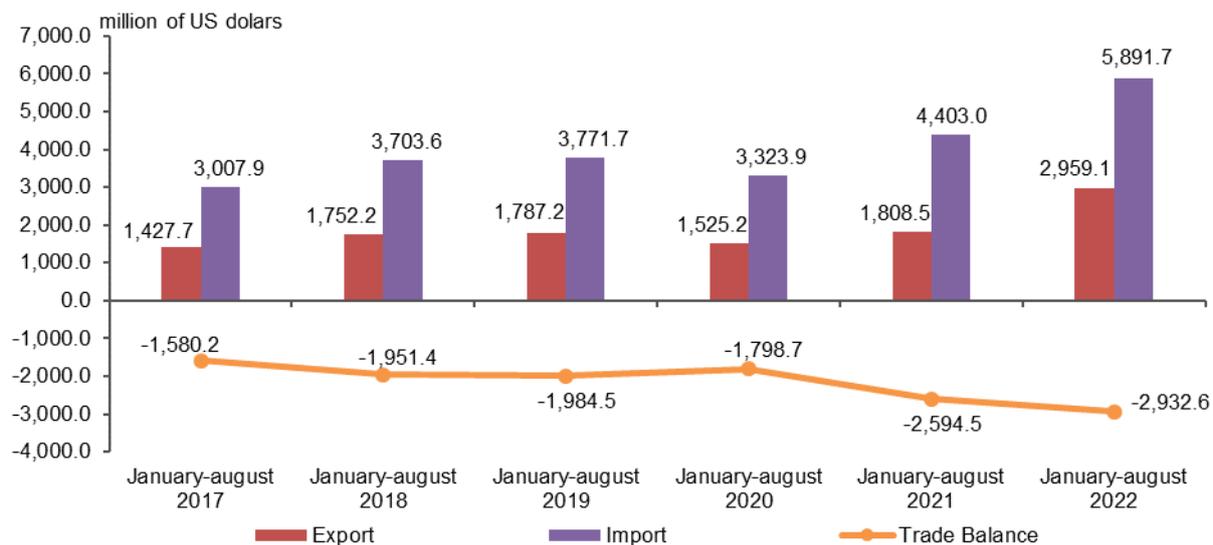


Figure 9. Trends in international trade in goods, in January - August 2017-2022 (millions of US dollars)

Sursa: https://statistica.gov.md/ro/comertul-international-cu-marfuri-al-republicii-moldovain-luna-august-si-in-ianu-9539_59932.html

The considerable gap between exports and imports of goods led to the accumulation, in January-August 2022, of a deficit of the trade balance in the amount of 2932.6 million US dollars

or 338.1 million US dollars (+13.0%) more, compared to the one recorded in the same period of 2021. One of the determining factors of the reduction in imports is the fact that natural persons imported, in January-August 2022, goods worth 151.1 million US dollars, 12.3% more slightly, compared to the corresponding period of 2021. The decrease was conditioned, mainly, by the reduction in the number of imported cars (-24.1%), which accounted for 84.4% of the imports made by natural persons.

In total, the foreign trade of the Republic of Moldova in 2021 was 10.3 billion dollars, an increase of 2.4 billion dollars compared to 2020 and significantly higher than the previous record of 8.6 billion dollars recorded in 2019. The trade deficit increased by more than a billion dollars (+36.5%), reaching a total of about 4.03 billion dollars, which is 128% of the total exports and also a new anti-record.

In 2021, the trade balance with the EU countries stood at a deficit of 1229.7 million dollars, and with the CIS countries at 1439.1 million dollars, increasing by 399.3 million dollars and 498.3, respectively million dollars compared to the values recorded in the previous year.

For the Republic of Moldova, the export of goods and services is an extremely important issue in terms of increasing revenues in the state budget, since the efficiency of foreign trade is influenced by several factors: a) the level of labor productivity in the national economy; b) production expenses in the branches and sectors of activity; c) price level and purchasing power of the national currency, etc.

The main measures to increase the efficiency of foreign trade can be determined by increasing the degree of processing of raw materials and the competitiveness of services intended for export; the specialization of export production, which is accompanied by an increase in labor productivity; raising the quality of export products and services; improvement of the commercialization activity and the implementation of international export-import standards. [1]

4. Conclusion

The Customs Service proposes a series of short, medium or long-term strategic objectives, depending on their degree of complexity. First of all, it aims to further develop the concept of Electronic Customs (E-customs) and promote cross-border customs cooperation mechanisms (joint control, information exchange, mutual recognition of the AEO Program about Authorised Economic Operator, etc.). The Customs Service also has as a major strategic objective the strengthening of operational capacities to prevent and combat customs fraud, a phenomenon that affects the degree of collection of budget revenues.

Every week the Customs Service reports receipts to the state budget according to the budget burden established for a certain interval. The money collected from taxpayers is paid directly into the state budget and redistributed for salaries, infrastructure development, social projects, etc.

Also, the number of completed customs declarations and the flow of means of transport are reported weekly. In the chapter on combating fraud, in the relevant periods, violations of customs legislation and the amount of fines applied are found.

As a result, as a result of the development of new technologies, the Customs Service proposes to modernize the information programs at the internal customs control posts by adapting the "Integrated Customs Information System" to data exchange conditions with other state

institutions, as well as interstate in order to ensure maximum compliance with customs and fiscal legislation through the correct collection of import and export rights, since according to what was previously analyzed, the taxes paid for the import and export of goods and products constitute an instrument for the achievement of several essential functions, the primary being the accumulation of revenues in the public budget national. The evolution of imports and exports in/from the territory of the Republic of Moldova, the correct determination of the value in customs and respectively of the customs tax and the customs procedure directly influence the revenues collected in the budget and respectively the entire economic process.

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