

THE MECHANISMS FOR ESTIMATING THE INTRA-COMMUNITY TAX FRAUD

Assistant professor PhD Cristina Gabriela COSMULESE
Stefan cel Mare University of Suceava, 720229, Romania
gabriela.cosmulese@usm.ro

Abstract

In the current economic and social context, the difficulties induced by the economic crisis, respectively, the public finance crisis, the black economy and the high level of evasion, the diversification of means / possibilities to evade the fulfillment of legal obligations, the need to fulfill obligations by joining various supranational bodies, have led over time to a series of debates about the interaction between accounting and taxation, the outcome and the elements influenced by this interaction. The purpose of this article is to analyze, at a theoretical level, how tax evasion can be generated by non-compliant economic practices related to intra-Community operations.

Key words: *tax evasion, fraud mechanisms, method, corporation and personal income tax*

JEL Classification: *M41*

INTRODUCTION

Over time, in terms of intra-Community transactions, mechanisms of tax fraud in the field of VAT and excise duties have developed, this type of fraud involving a chain of successive sale-purchase operations, carried out within the Community market and on the national territory, with the purpose of “cheapening” the goods that are the object of the transactions, by using “ghost” type companies both on the documentary and on the banking circuit, or by not declaring the incomes. Tax fraud, especially VAT fraud, causes market disturbances, promotes unfair competition and significantly reduces public revenues (European Commission, 2013).

With Romania's accession to the European Union, it was proposed a transformation of foreign trade transactions, in relation to customs borders, into intra-community and international transactions, respectively. The way they are carried out is now characterized by common economic and financial features (such as economic character, diversity and specificity of foreign trade, transport of goods, complex nature of applicable regulations), as well as by specific features of each category of transaction. Thus, the specificity of intra - Community trade lies in the fact that trade in goods and / or services takes place between entities belonging to the Member States of the European Union. In this context, intra-Community suppliers registered for VAT purposes have the right to apply a zero VAT rate for their sales to buyers registered for VAT purposes in other Member States. In principle, this tax should be paid in the Member State where the goods are consumed.

The Convention concluded under the Treaty establishing the European Union (EU) on the protection of the European Communities' financial interests defines fraud as any intentional act or omission relating to: “the use or presentation of false, incorrect or incomplete declarations or documents, which has the effect of misappropriating or withholding funds from the general budget of the European Communities or from budgets managed by them or on their behalf; non-disclosure of information and violation of a specific obligation, with the same effect; improper use of these funds for purposes other than those for which they were originally granted” (White & Neagu, 2010).

The suspicion of fraud, according to Regulation (EC) No 1828/2006 (article 27 (c)), is an irregularity [1] which leads to the initiation of an administrative or judicial proceeding at national level to establish the existence of an intention, in especially fraud. EU budget resources come from (European Commission, 2010: 6):

- a) traditional own resources (TOR) - mainly taxes on imports of products from non-EU countries - about 13% of total revenues;
- b) resource based on value added tax (VAT) - represents a fixed rate applied to the harmonized VAT revenues of each Member State - about 11% of total revenues;
- c) resource based on gross national income (GNI) - is a fixed percentage rate applied to the GNI of each Member State - about 76% of total revenue.

We can therefore accept, by extension, that the definition of fraud and suspected fraud can also be adopted in relation to tax fraud, specifying that, in this case, socially dangerous acts take place in the process of forming the budgetary resources necessary for the functioning of the Union and Community development (stage, obviously distinct from the process of spending these resources in development programs on regional, structural or cohesion development funds).

I. TAX EVASION ACCORDING TO COMMUNITY REGULATIONS

Tax evasion is, among other things, the logical result of the defects and inaccuracies of imperfect and poorly assimilated legislation, of faulty methods and methods of application, as well as the unpredictability and incompetence of the legislator whose excessive taxation is as guilty as those it thus causes them to evade (Şaguna & Şova, 2011: 281).

Depending on the purpose pursued, three fraud mechanisms can be identified: a) total evasion of the payment of due tax obligations; b) partial evasion from the payment of the due fiscal obligations; c) illegal reimbursements from the general consolidated state budget. The global picture of the evolution of fraud is shown in Figure 1:

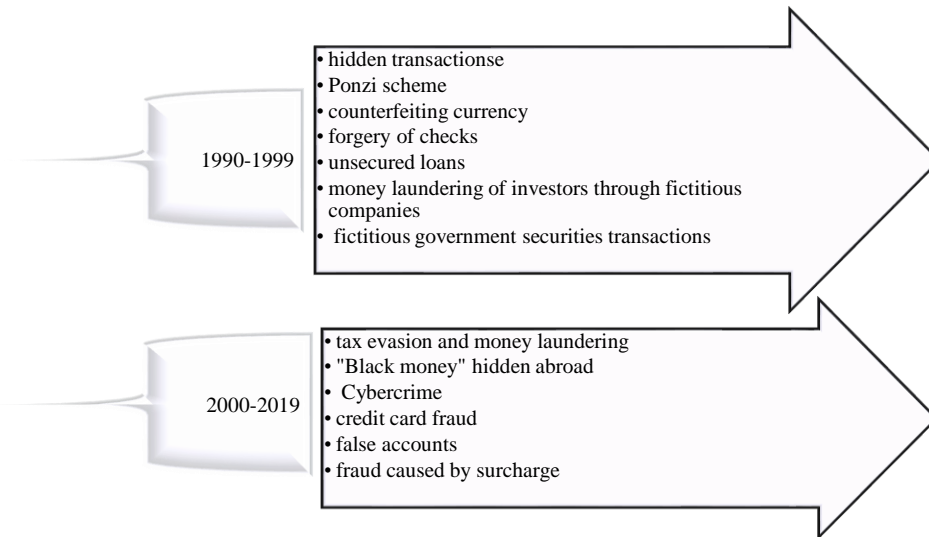


Figure 1 – Evolution of tax fraud
Source: Author's own elaboration

In other words, the literature has found the existence of three reasons that simultaneously contribute to fraud and can be represented as a "triangle of fraud" (Cendrowski, Martin, Petro, 2007: 41): opportunity, justification, financial pressure.

The Association of Authorized Experts in Fraud Investigation (ACFE: 24) uses the following taxonomy of fraud, as a benchmark in identifying areas vulnerable to fraud for an entity:

- intentional manipulation of financial statements, for example: incorrect reporting of income, non-fulfillment or bad faith fulfillment of declaratory obligations.
- any type of misappropriation of tangible or intangible goods, for example: fraudulent VAT refunds.
- corruption, for example: bribery, money laundering, manipulation of procedures, non-declaration of conflicts of interest, misappropriation of funds.

Tax fraud (F) could be represented as an empirical function of form (Hurloiu, 2008: 220)

$$F = f(u,x,y) \tag{1}$$

Where:

u = variable that expresses the tendency towards fiscal non-compliance with bad faith (civic culture, economic and moral "health" of society);

x = variable expressing fiscal policy (fiscal pressure, fiscal system tolerance);

y = variable that expresses the real state of the economy (P.I.B.).

In other words, breaking this triangle is the answer to preventing and combating fraud. Transposed into intra-Community operations, the fraud triangle could mean: opportunity - the enlarged European area, without customs controls within the Union and with cooperation mechanisms at the level of tax authorities hampered by bureaucracy specific to nationalized institutions justification - the freedom of the individual to consider that the benefit is worth taking the risk; financial pressure - the need to get rid of too high fiscal pressure, as an extrinsic factor, or avarice, as an intrinsic factor, eminently taking into account the way of being of the individual. It can be seen that opportunity is the easiest element to manage, by adopting an appropriate system of internal control in the Member States and mechanisms for Community cooperation between these systems.

II. ADDED TAX FRAUD MECHANISMS IN INTRA-COMMUNITY TRANSACTIONS

With Romania's accession to the EU, the VAT exemption for the export of goods was replaced by the exemption on intra-Community supply, when the goods are destined for another Member State, and the taxable event on the import of goods was replaced by the intra-Community acquisition. come from another Member State.

National legislation and Community provisions admit that the payment of VAT on intra-Community acquisitions of goods is not an effective payment. This is because economic operators who are VAT payers enter in the VAT return both a collected tax and a deductible tax.

The Romanian buyer will account for a purchase of goods, simultaneously with the debt to the supplier, without deducting VAT, because the fiscal and accounting treatment of the intra-community acquisition of goods usually involves the application of the reverse charge regime. It should be noted that, in order for the transaction to be considered intra-Community and to benefit from the reverse charge regime, both operators must communicate valid VAT codes, registered with the tax authorities of their countries; the object of the transaction is to constitute the tangible economic goods and to be able to prove the transport of the goods.

Failure to meet at least one of the conditions implies the taxation of the transaction by the supplier with VAT, ie the party who is obliged to pay VAT.

In conclusion, the supplier registered as a VAT payer in a Member State, with a valid VAT code, issues the invoice without VAT for the delivered goods, and the Romanian buyer, registered as a VAT payer, with a valid code, in Romania, enters the debt in the accounts. to the supplier and makes reverse charge, each entity declaring, at the same time, the intra-Community operation carried out in its recapitulative statement.

If the supplier is not registered for VAT purposes (he is not a VAT payer), the sale is without VAT precisely because he has a special regime; the seller issues the invoice without VAT; the buyer makes reverse charge; the seller does not declare in the recapitulative statement; nor does the buyer declare in the form form 390. As a result of this simplified fee payment procedure, the following fraud mechanisms have been identified (see Figure 2):

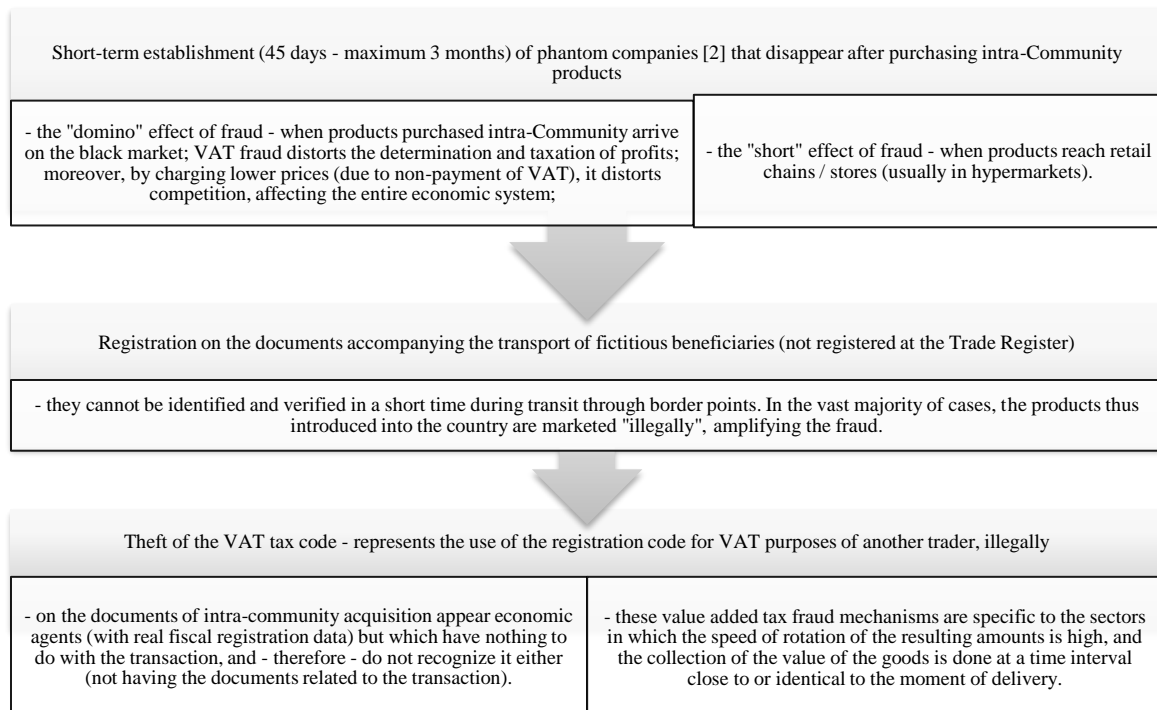


Figure 2 – Fraud mechanisms

Source: <https://www2.deloitte.com/ro/ro/pages/tax/articles/reguli-noi-de-tva-in-ue-schimbare-drastica-de-sistem-exemple-si-potential-impact-pentru-companii.html>

The specialized literature (Pătroi, Cuciureanu & Bența, 2013: 43-106) reveals a wide range of analyzes regarding the fraud mechanism based on the transitional regime of taxation of intra-community exchanges of goods

(between taxable persons, in the Member State of destination). Table 1 shows the four methods of state budget fraud, by the carousel method [3].

Table 1. Methods of fraud of the state budget, by the carousel method

No	Method	Scope of application - cases
1.	Classical method	It refers to intra-community acquisitions made by an economic operator "A" in Romania from a company "B" located in a Member State. In order to avoid paying the related VAT, company "A" establishes (or cooperates to identify one) a phantom company "C" declared as VAT payer by option (taking care to declare an annual turnover below the value threshold of 100,000 euros, for to benefit from the possibility of quarterly submission of the VAT return). Immediately after the establishment, company "C" makes intra-Community acquisitions from company "B" (applying the reverse charge regime) and then invoices them to the rightful beneficiary, company "A", which, based on the invoices of this phantom company ("C") deduct VAT. At the quarterly deadline for submitting the statement, the ghost company ("C") is abandoned, disappearing from a fiscal point of view.
2.	Improved carousel method	Continuing the previous strategy, the products go from company "A" to company "B" (initial supplier). This method can be identified as the mechanism of self-generation of "carousel" type fraud, with visible effects in the cheapening of the products that are the subject of these transactions.
3.	Simulated delivery method	A Romanian company, registered for VAT purposes, sells (delivers) the products "to an economic agent from another Member State, registered for VAT purposes based on the specific legislation of the Member State to which it belongs. Being an intra-community delivery, the Romanian company invoices without VAT based on the VAT code belonging to an external economic agent from the community space, but, in fact, it sells the respective products on the domestic market "on the black". The operation can be carried out either with the complicity of the external partner, who communicates his VAT code, or without his knowledge, for example, by procuring the VAT code from various media".
4.	Parallel sales method	A Romanian company, registered for VAT purposes, "makes an intra-community acquisition and declares all the operations performed in this respect, behaving absolutely legally. Subsequently, it registers a tiny commercial addition and simulates retail sales through electronic fiscal cash registers. In fact, those products are marketed on the 'parallel market' at much higher prices" than those recorded in the accounts (i.e. agri-food products - flour, or vegetables and fruits marketed).

Source: Author adaptation after Nykiel-Mateo, 2017

It can be seen that in all four cases, the direct intention of the administrators of economic entities to defraud the state, by not paying in full the related VAT, resulting from intra-Community trade, is obvious.

In the early 2000s (before accession to the European Union) studies (Fudulu, Albu, Baboi-Stroe, 2002) revealed that the most common mechanisms of tax evasion were those specific to: a) the import, production and trade of crude oil and products from crude oil; b) import, production and trade in alcohol and alcoholic beverages; c) services and constructions; d) imports and exports; e) disadvantaged areas.

The project "Strengthening the capacity of law enforcement authorities to combat intra-community fraud - INTRAFRAUD", coordinated by the General Inspectorate of the Romanian Police through the Economic Crime Investigation Directorate (2015) reveals a more complex grouping of frauds starting from the final objective of fraudster namely:

- a. Fraud by totally evading the payment of obligations due, respectively: typical intra-community fraud - Missing Trader Intra-Community (MTIC), illegal VAT deduction (cross-invoicing), fictitious intra-community deliveries, CASH & CARRY fraud, import using customs procedure 42.00.
- b. Fraud by partial evasion of the obligations due, respectively: making undervalued intra-Community acquisitions, margin fraud
- c. Fraud through illegal VAT refunds, respectively carousel type fraud (Perpelea & Perpelea, 2018).

In conclusion, I believe that the mechanisms used for the purpose of evading the payment of tax obligations consist in diverting some legislative provisions from the purpose pursued by the legislator and translate into:

- misapplication (erroneous or malicious) of deduction schemes;
- not including some operations from the VAT sphere in the calculation base;
- non-highlighting and non-transfer of VAT related to advances received from customers;
- erroneous application of the zero quota;
- evasion of VAT payment by declaring some imports as temporary, etc.

Figure 2 below shows the average values of the level of VAT tax evasion (VAT gap) expressed as a percentage of the theoretical level of VAT collection, in countries that are part of the sample analyzed, from 2011 to 2015, according to the availability of extracted data from the Eurostat databases (Timofte & Socoliuc, 2019: 490):

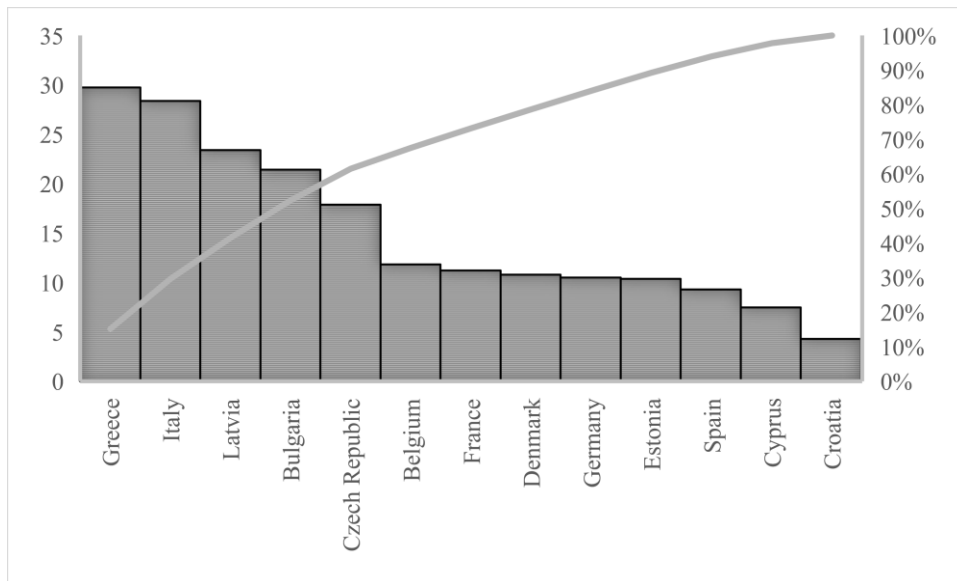


Figure 2 - Average VAT gap in EU Member States, 2011-2015

Source: DG Taxation and Customs Union, Eurostat data,

https://ec.europa.eu/taxation_customs/sites/taxation/files/study_and_reports_on_the_vat_gap_2017.pdf

Moreover, as long as the registration for VAT purposes could be made only on the basis of the registration declaration submitted by the taxable person (ignoring the analysis of his tax profile and behavior), any taxable person registered for VAT purposes, regardless of the tax risk presents him, he was able to act as an intra-community operator, increasing the risk of fraud.

Therefore, the measure of analyzing the application for registration for VAT purposes, from the point of view of the tax risk posed by the applicant, is the first step in reducing the potential risk of VAT tax fraud.

III. EXCISE FRAUD SPECIFIC MECHANISMS

The subject of these frauds is "tobacco products (especially cigarettes), alcoholic beverages, but especially fuels. Fiscally, excisable products involve the payment of sums, representing obligations to the state budget, which are found in a percentage (sometimes significant) in the market price of the product. Therefore, tax evasion in this area materializes in circumventing the payment of these tax obligations" ((Tudose & Strapuc, 2016: 17-18):

The major context of fraud is the storage of excisable products under excise duty suspension, which allows the postponement of the obligation to pay excise duties to the state budget. With regard to excise duties, the mechanisms used to evade the payment of tax obligations are based on the following aspects, both for indigenous excise goods and for intra-Community operations:

1. *Storage of excisable products under excise duty suspension.* According to the legal provisions, the authorization of the fiscal warehouses, of the registered consignees, of the registered consignors and of the authorized importers led to the postponement of the birth of the obligation to pay the excises to the state budget.

2. *The conditions for authorizing economic operators as warehousekeepers* for the production of excisable products, respectively, issuing authorizations without specifying a validity deadline, had the effect of registering a large number of fiscal warehouses, including storage, a situation that did not allow effective monitoring of these,

which led to the increase of tax evasion with such products. The excisable products, which are most often the subject of this mechanism, are energy and alcoholic products resulting from illegal production processes. Anti-fraud controls have identified (most often in isolated areas) clandestine spaces and facilities for the illicit production of spirits or cigarettes, specific equipment, raw materials (food ethyl alcohol, crushed tobacco), necessary auxiliary materials (labels, packages, containers). for bottling, corks, etc.) or even devices for printing stamps and marking banners or false labels.

3. *Insufficient coverage through the guarantee system* of the products held in the fiscal warehouses. In obvious cases of fraud, the guarantees provided do not cover the excise duty due. Moreover, these companies "take care" to record other debts to the general consolidated budget for which the guarantee cannot be fulfilled.

4. *Mixing ethyl alcohol by distillation with still fermented beverages or wines*, obtaining products included in the group of intermediate products, for which it is difficult to ascertain the observance of the manufacturing recipe in the proportion declared in the authorization.

5. *Counterfeiting or substitution of other non-excisable products*. Anti-fraud checks revealed the diversion of non-excise mineral oils from another Member State from the declared legal destination, which were in fact illegally traded as fuel through distribution stations. Another example is the identification of large quantities of alcohol which, although, declaratively, were intended for the production of non-excisable goods (windshield fluid, medicinal alcohol, etc.), in reality, were used to obtain spirits, excisable goods, marketed subsequently illicit.

6. *The goods are illegally removed from the tax supervision regime (fiscal warehouse)*. The anti-fraud inspectors discovered the illicit production, within some specialized fiscal warehouses (alcohol factories), of significant quantities of alcohol and spirits, by altering the financial-accounting records. Subsequently, these goods were traded in "black" to third parties.

7. *Non-declaration to customs of the entire quantity of excisable products or, worse, smuggling of such products*. To avoid excise duty, travelers declare quantities below the limits set for personal use. From small border traffic to smuggling (usually from non-EU countries - Ukraine, Republic of Moldova) with excisable products (alcohol, but especially cigarettes) transported illegally (disguised / camouflaged, without documents of origin), non-registration of imported products customs determines the non-realization of state revenues as: customs duties, VAT, customs commission, excise duties, profit tax (resulting from the sale of trafficked goods), toll (in the case of fuel).

8. *Creating "favorable situations" for the recovery of excise duty on fuels*. The provisions of Directive 96/2003 (applicable in 6 member countries of the European Union, but also in Romania), ensure the legal framework for the return of excise duties on diesel for professional users. Such an example was the decision of the Romanian executive to reimburse to carriers a part of the total excise duty on diesel, which practically widened the scope of action of fraudsters.

In conclusion, with regard to excise duties, fraud techniques are based on the non-registration or partial registration of sources of income in the accounting records, the reduction of the tax base, the use of lower than real rates or the incorrect non-declaration of real transactions with excisable products in traffic. borders.

IV. MECHANISMS OF PROFIT TAX AND DIVIDENDS TAX FRAUD

Corporate taxation is relatively simple in a closed economy, but becomes more complicated when companies operate in different countries. Managers can manipulate income for their own personal benefit (Noor, Sanusia, Heang, Iskandar, & Isa, 2015).

Since 1923, three principles have been founded, still recognized today as the "pillars of international taxation" (Zucman, 2014: 121-148):

- income tax must be paid to the government of the country in which it has its source
- setting prices under normal market conditions (full competition); the allocation of profits of multinational companies depends on this aspect;
- international tax issues need to be addressed both through multilateral, global and bilateral agreements.

The most common means of evading income tax is the artificial increase of expenses and the decrease of the tax base, using invoices issued by phantom companies (most often from within the Community). The reduction of the tax base can also be achieved by not fully registering the realized income, by transferring the taxable income to newly established entities within the same group, or by erroneously classing in the exemption period.

Another fraud mechanism is generated by the intention to optimize taxation by setting up companies in offshore jurisdictions with a "favorable tax climate". The basic elements of the attraction of tax havens are fiscal lightness, banking secrecy, a good communications network, as well as political stability.

Seen as refuges for high-income individuals or legal entities "seeking to avoid taxation in their country of origin, tax havens and offshore centers are characterized as sophisticated tools of international tax evasion, existing as shown in the literature" (Trandafir, 2012: 56), a very fine and sensitive line between "tax evasion" and "the

right to avoid taxes”. The disclosures made by the Panama Papers have retracted the boundaries between tax optimization and tax evasion.

The National Agency for Fiscal Administration (ANAF) set up an interdepartmental working group to verify the information from the “Panama Papers” journalistic investigation regarding the origin of the money, respectively, if it was legally transferred from Romania. For the US, things seem to be much clearer: tax havens are barriers to international tax fraud (Gravelle, 2015).

A study by Afrăsinei (2013) presents a list of tax havens and offshore financial centers nominated by the OECD, IMF and TJN (Tax Justice Network). The list includes ”81 such jurisdictions, Romania having concluded double taxation agreements with 37% of them (Australia, Austria, Belgium, Canada, Cyprus, Finland, France, Germany, Greece, Hungary, Ireland, Israel, Italy, Korea , Lithuania, Lebanon, Luxembourg, Malaysia, Malta, Netherlands, Portugal, Russia, San Marino, South Africa, Spain, Sweden, Switzerland, Turkey, United Kingdom, USA)”.

National Trade Register Office (ONRC, 2015: 26) reported for 2014 that the participation of foreign capital in companies registered in Romania comes from states with important tax havens (see Figure 2):

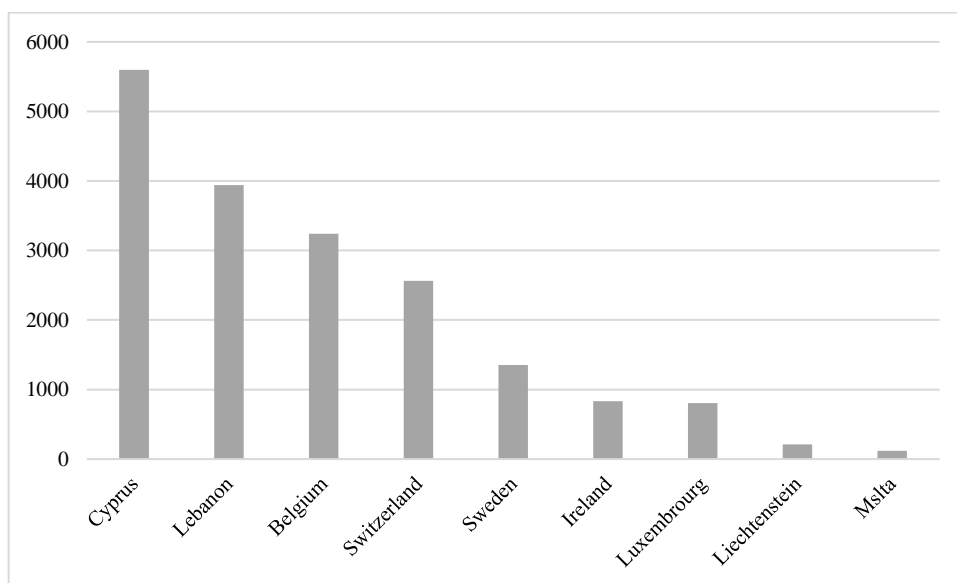


Figure 2 – Participation of foreign capital in companies registered in Romania

Source: <http://www.onrc.ro>

From the figure above it can be seen that Cyprus owns 5597 companies, on the second place being Lebanon with 3941 companies), the third position being occupied by Belgium with 3241 companies, the last country in the ranking being Malta - 119 companies. Also, the president of the National Union of Romanian Employers (UNPR) showed that “In Romania only 5% of the capital is Romanian, over 70% is foreign capital and the rest is state capital. However, the big evasionists are not found in the 5%. It should be seen how many phantom companies have appeared in the country, how many offshores registered through Mauritius or other tax havens, and measures taken. This is where the currency hemorrhage comes from, which drains without stopping abroad”(Miluț, 2009). Therefore, it is easy to understand that some of the capital stolen from the Romanian economy (and from taxation) through multinational companies return to the country in various forms:

- foreign direct investment, on which occasion a second fraud of the legislation is carried out (by the fact that the owners of the capitals also capitalize on the facilities related to foreign investments);
- undeclared money that fuels corruption, being managed by businessmen in order to obtain advantages even at the risk of undermining the national economy

V. FRAUD MECHANISMS AIMING AT THE INCOME OF INDIVIDUALS

Undeclared work

At both national and Community level, the main ways of tax evasion are:

- a) the non-evidenced and untaxed activity, carried out without individual employment contract, without legal payroll and payment of obligations to the state budget, without timekeeping for highlighting the time norm,

without documents regarding the production norm and type of work and non-nomination in any way of the person performing the work;

b) partially highlighted and taxed work, performed by double evidence of working time and implicitly of the paid salary and, respectively, a concealment of full-time work through part-time contracts, the payment of the salary being made partially at the contract level and partially « in hand »;

c) work in the so-called "probationary periods", not evidenced in documents, or the activity carried out on a permanent basis and which is disguised in daily work.

Lately, undeclared work is a phenomenon that has grown both in Romania and in European countries, especially among immigrants.

The report for 2014, published by Special Eurobarometer 402 (2015), shows the mechanisms of evasion through undeclared work both from the perspective of the labor demand carrier (who purchases goods / services made through undeclared work) and from the perspective of bidders labor force (which provides goods / services performed through undeclared work). The key motivation for purchasing these undeclared resources is price. The main causes identified for undeclared work are: a) in legal business salaries are too low; b) lack of regular jobs on the labor market; c) taxes and / or social security contributions too high; d) lack of control of the authorities.

At Community level, the most common type of undeclared work is in the area of repairs or renovations, namely gardening, cleaning work, childcare / care for the elderly. Europeans' motivations for undeclared work are: b) mutual benefit (beneficiary / provider); b) relatively low detection probability; c) "bearable" sanctions

Transfer / hiding income

According to Romanian law, incomes and assets obtained by Romanian citizens outside the country are subject to domestic tax law upon their transfer or bringing into the country, unless there is an agreement to avoid double taxation with the country of origin. /goods

Fraudulent methods by individuals can take various forms, all of which are facilitated by international financial globalization / regionalization and the ease of conducting transactions on the Internet. Individuals can purchase foreign direct investment, can deposit money in foreign bank accounts (offshore), without reporting income.

In the Community, dividends, interest, capital gains on trade or business, as well as certain rents, are subject to taxation. Although the mechanism for collecting these taxes is withholding tax, new techniques have been developed to circumvent the tax burden through derivative instruments.

VI. CONCLUSIONS

With regard to the criminal legislation on the fiscal field, we emphasize the need to resume the expressis verbis definition of tax evasion through a legal norm in force. The current regulations (L.241 / 2005), although they bring new elements to the old law (on prevention, sanctioning, criminalization and definition of certain terms), omit the definition of tax evasion.

The hegemony of the "lawful" or "illicit" in tax evasion is far from improved. Intentionally, unknowingly, unknowingly, with variable doses of morality, tax evasion remains a problem, a "stain" on the economy (making it dual, dark, underground), gray) and a great injustice for the right taxpayer, who competes unfairly.

As a complex economic and social phenomenon, the criminal law classifies tax evasion in the category of crimes. The fiscal legal doctrine, nuanced the concept, uses for the definition of the same phenomenon - the taxpayer's failure to fulfill its legal fiscal obligations - a terminological diversity. In order to eliminate any favorable or equivocal interpretations, we consider necessary the elaboration of a common framework for accepting the meanings of each term or expression: tax fraud (illegal or illegitimate), lawful or illegal tax evasion, international evasion, tax haven or refuge, abuse of to run away from the tax ", from the freedom to choose the least imposing path or the fiscal underestimation, the fraud to the law or the underground economy. Guilt, in the case of lawful evasion, may be associated, as the case may be, with the evasionist or the legislator. This two-way association is the result of the conjunction between a competence (the taxpayer's competence to choose the most advantageous solution in the law) and an incompetence (the legislator's incompetence to comprehensively include in the regulation the possible situations / contexts).

End notes

[1] For the purposes of Regulation (EC) No Having regard to Council Regulation (EC) No 2988/95 of 18 December 1995 on the protection of the European Communities' financial interests, the term "irregularity" is a broad concept and covers both intentional and unintentional irregularities committed by economic operators.

[2] phantom company = entity registered for VAT purposes which makes or declares purchases of goods or services without payment of VAT and supplies these goods or services with VAT, but without paying the VAT due to the tax authority;

[3] carousel fraud = fraud whereby an entity liable to pay VAT on intra-Community acquisitions resells the goods subject to VAT but "disappears" before paying the VAT due to the tax authority.

REFERENCES

1. European Commission (2013). Fighting tax evasion: Commission proposes widest scope of automatic exchange of information within the EU. Retrieved August 17, 2019 from https://ec.europa.eu/commission/presscorner/detail/en/IP_13_530
2. Convention drawn up on the basis of Article K.3 of the Treaty on European Union, on the protection of the European Communities' financial interests. Retrieved August 27, 2019 from <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A41995A1127%2803%29>
3. European Commission (2010). The European Union budget at a glance, Publications Office of the European Union, Luxembourg. Retrieved August 27, 2019 from https://ec.europa.eu/budget/library/biblio/publications/glance/budget_glance_en.pdf
4. Șaguna D.D., Șova D. (2011). *Drept fiscal*, Edition 4, C.H. Beck, Bucharest, Romania.
5. Cendrowski, H., Martin, J. P., & Petro, L. W. (2007). Handbook of fraud deterrence. John Wiley & Sons, New York.
6. The Institute of Internal Auditors, The American Institute of Certified Public Accountants & Association of Certified Fraud Examiners, (2008). Managing the Business Risk of Fraud – A Practical Guide. Retrieved August 28, 2019 https://www.acfe.com/uploadedfiles/acfe_website/content/documents/managing-business-risk.pdf.
7. Pătroi, D., Cuciureanu, F., Benta, A. (2013). TVA național versus intracomunitar. Cazuri și necazuri, C. H. Beck, Bucharest, Romania.
8. Reguli noi de TVA în UE: Schimbare drastică de sistem, exemple și potențial impact pentru companii, 5 June 2018. Retrieved 6 January 2020 from <https://www2.deloitte.com/ro/ro/pages/tax/articles/reguli-noi-de-tva-in-ue-schimbare-drastica-de-sistem-exemple-si-potențial-impact-pentru-companii.html>
9. Fudulu, P., Albu, L., Baboi-Stroe, A. (2002). Studii de Impact (procesul de pre-aderare): Cerințele pentru preluarea legislației UE privind lupta împotriva criminalității economice și financiare. Retrieved 6 January 2020 from http://beta.ier.ro/documente/studiideimpactPaisI_ro/Pais1_studiu_12_ro.pdf
10. Noor, N. F. M., Sanusia, Z. M., Heang, L. T., Iskandar, T. M., & Isa, Y. M. (2015). Fraud motives and opportunities factors on earnings manipulations. *Procedia Economics and Finance*, 28, 126-135.
11. Zucman, G. (2014). Taxing across borders: Tracking personal wealth and corporate profits. *Journal of economic perspectives*, 28(4), 121-48.
12. Trandafir, C. (2012). *Societățile off-shore între reglementare legală și ilicită*, Universul Juridic, Bucharest, Romania.
13. Miluț, M.P., (2009). Impozitul forfetar va spori abuzurile Garzii Financiare, Business24, Economie Section. Retrieved 3 September 2019 from <http://www.business24.ro/taxe-si-impozite/impozit-forfetar/milut-impozitul-forfetar-va-spori-abuzurile-garzii-financiare-1452980>
14. Undeclared Work in the European Union, Special Eurobarometer 402 (2013-2014). Retrieved 7 September 2019 from https://ec.europa.eu/commfrontoffice/publicopinion/archives/ebs/ebs_402_en.pdf
15. Perpelea, S. G., & Perpelea, M. O. (2018). The „Carousel” Tax Fraud. *Finance: Challenges of the Future*, 18(20), 131- 137. Retrieved 7 September 2020 from http://financejournal.ro/fisiere/revista/15524371713_Perpelea%20G%20si%20O%20en.pdf
16. Timofte, C., Socoliuc, M. (2019). Tax evasion and government effectiveness and regulatory quality indicators. Evidence from the european union member states. *Identity and dialogue in the era of globalization*, 488-495.
17. Gravelle, J. (2015). *Tax Havens: International Tax Avoidance and Evasion*, Congressional Research Service Report, Retrieved 7 September 2019 from <https://www.fas.org/sgp/crs/misc/R40623.pdf>, accesat: 06.05.2016
18. Afrasinei, M. B. (2013). The problem of tax havens and the romanian tax authorities' reaction. *CES Working Papers*, 5(2), 149-159.
19. Hurloiu, I. I. (2008). Evaziunea fiscală–funcții, mijloace de cuantificare și forme de manifestare. *Analele Universității Libere Internaționale din Moldova*, 7, 220-228.
20. Commission Regulation (EC) No 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund
21. Raport sinteză, Investiție străină, January 2015. Retrieved 6 January 2020 from <http://www.onrc.ro>
22. Neagu, N. (2010). Accession blues: modest successes and major difficulties in Romania, *Journal of Financial Crime*, 17(1), 47-60. <https://doi.org/10.1108/13590791011009365>
23. Tudose, B., & Strapuc, C. (2016). Specific mechanisms and methods for estimating tax fraud. *Studies and scientific researches. Economics edition*, (24), 15-22.