

Trends in the fiscal policy in the countries of Central and Eastern Europe: tax obligations of entrepreneurs

Fiscal policy in Poland in the analysed period was mostly oriented towards maximisation of the fiscal effect, practically disregarding the expenses incurred by enterprises, including small and mid-sized ones. / Analysis of judgements of the Polish Supreme Administrative Court indicates that the time between the moment of an economic event determining the size of VAT and the issuance of a final decision appealed in a court is usually about 5 years. / Many changes that were to be introduced in connection with the COVID-19 pandemic were delayed (such as changes concerning the new SAF-T, new rules of tax deducted at source, new matrix of VAT rates or deferral of tax on retail sales). Thus, the legislator in a way admitted that there will probably be problems with implementation of new instruments.

Analyses of instruments for tightening the tax system introduced after 2016 allow to assess their effectiveness, understood as a relation of the fiscal effect to costs generated by the economy as a whole. The collected data make it possible to draw a couple of conclusions about fiscal policy of the examined countries of Central and Eastern Europe. As a part of the integration association of which these countries are members, measures are undertaken to maintain at least formal compliance with the EU law. In a more long-term perspective legislation measures are determined by

the social and economic situation and legislative system of each country. Against this background differences among individual countries are best visible. The differences include:

- 1) very strong resistance to discretion of the fiscal administration's actions (typical for Polish tax legislation), which is not visible to such an extent in other similar countries; this situation can be perceived positively as a broader legal scope of effective administrative authority in Hungary and Slovakia, which is connected with greater confidence in the fiscal administration;
- 2) the legislator's focus on Poland's internal economy compared to much greater openness to new taxpayers in other examined countries (mostly the case of the Czech and Slovak taxation systems), which minimises the burden of legal institutions, even at the cost of state revenues.

In Poland individual taxes are treated unequally when it comes to complexity and coherence of regulatory policy. While some tendency to secure coherence of fiscal policy can be identified in indirect taxes, which are the main source of state budget funds, income taxes are characterised by a lack of coherence in fiscal policy and greater acceptance for legislative initiatives from outside the Council of Ministers, disregarding detailed economic analyses and undertaking *ad hoc* regulatory measures.

Summing up the detailed survey, it should be highlighted that the data seem to confirm the thesis that fiscal policy in the analysed period was most of all oriented towards maximisation of the fiscal effect, practically disregarding the expenses incurred by enterprises, including small and mid-sized ones. An example may be the way the SAF-T currently in force was

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It is too early to establish how the COVID-19 crisis will impact the situation of taxpayers in their relations with tax authorities. It seems that, apart from the legislative aspect (and related uncertainty caused by both the complexity and a clearly visible scope of the legislator's interference with economic processes) the process of law enforcement during tax and customs control will be of key significance.

Previous experiences show what role the mechanics of the fiscal authority activities plays in this process. For instance, an analysis of judgements of the Polish Supreme Administrative Court indicates that the time between the moment of an economic event determining the size of VAT and the issuance of a final decision appealed in a court is usually about 5 years. Such factors seem to impact the effectiveness of the fiscal authority activities not only from the perspective of the number and amounts of fiscal and customs control findings, but also all the funds received on this basis by the state budget.

Attention should also be paid to measures undertaken by the legislator in the circumstances of the pandemic. For apart from extension of tax payment or settlement deadlines, many changes that were to be introduced were delayed, such as changes concerning the new SAF-T, new rules of tax deducted at source, new matrix of VAT rates or deferral of tax on retail sales. These measures were often a response to proposals of entrepreneurs, who said that it would be particularly difficult to adjust to new legal regulations during the pandemic. Therefore, by making the aforementioned changes, the legislator in a way admitted that introducing new instruments would entail problems and many doubts which should be minimized after the crisis. It is a clear evidence that the legislator is aware of significant problems that enterprises encounter in practice in the face of fiscal law changes.

introduced, largely duplicating already existing information obligations related to VAT declaration, which it could replace. Thus, the costs of measures that are supposed to increase the volume of tax revenue are transferred to taxpayers, and they seem to be more burdensome for smaller entities which cannot count on the support of specialised legal and tax departments.

This tendency is reflected by an analysis of regulatory impact assessment (RIA), which is an instrument for creating law based on evidence. In principle, these documents are not precise or even at variance with reasons for introduction of normative changes (e.g. assessment of fiscal impact of spreading the SAF-T obligation to all entities). It seems characteristic that among the analysed instruments the most thorough assessment of fiscal impact concerned allowance for R&D.

The effectiveness of fiscal policy instruments – a category of economic sciences – is expressed by the construction of the

proportionality principle, which is one of the foundations of the EU law. It involves adequacy of objectives and measures of introduced regulations, creating not only instruments implemented at the international level (such as ATAD Directive), but also actions undertaken to implement them. It seems that the importance of paying much more attention to these matters should be highlighted in proposals directed to the Polish legislator.

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