

ELEMENTS TAX OPTIMIZATION SMALL AND MEDIUM ECONOMIC AGENTS DURING CRISIS

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In Romania there is a high level of taxation, which dramatically reduces the remaining cash available to economic agents in the conditions in which short and long-term loans are granted at interest rates two to three times higher than in the European, US, and Japan. Failure to pay the debts to the state lead to access (interest, penalties and fines) significant delay for one year can double duty. Under these conditions, small businesses are forced to seek personal savings (hopefully) to offset debts receivable at IFNs in disadvantageous conditions of interest, or the underworld loan sharks. In these circumstances it is not surprising that the number of corporate bankrupts multiplied. In our attempt to answer PFA alternative employment or as a form of tax optimization.

Key words: optimization; taxation; PFA; net salary, profit and complete; employee health insurance

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1. Employed or PFA?

A potential future employee or workman employed for an indefinite period may opt to other forms of cooperation with an employer: SRL, micro, PFA- real income, income norm PFA-.

The table below shows that all alternatives are engaged position financially better in terms of the degree of tax determined as the ratio between taxes paid and net income.

Table 1– Employed or PFA

No.	Situation	Taxes paid	Net revenues	The tax burden (tax)
1	Employee net wage 900 ROL / month Gross salary: 1231 ROL Completely Salary: 1513 ROL	613 ROL	900 ROL	68,11%
2	Employee net salary 1800 ROL / month Gross salary: 2552 ROL Completely Salary: 3139 ROL	1339 ROL	1800 ROL	74,39%
3	SRL- profit tax	16% profit tax 16% tax on dividends	70.56%	$16\%+0,84 \times 16\%=29,44\%$
4	SRL- income tax	3% income tax 16% tax on dividends	81.48%	$3\%+0,97 \times 16\%=18,52\%$
5	PFA- real income	5,5% CASS 16% The flat tax	79,38%	$5,5\%+0,945 \times 16\%=20,62\%$
6	PFA- time income IT Services Localization in Galati Rule 2015: ROL 17500 Estimated revenue 2015: ROL 17500	3609 ROL 5.5 % CASS 16% The flat tax Calculate the standard ROL 17500	13891 ROL 78,38%	25,98% $5,5\% + 0,945 \times 16\%=20,62\%$
7	PFA- time income IT Services	3609 ROL 5.5 % CASS	216291 ROL	1,67%

No.	Situation	Taxes paid	Net revenues	The tax burden (tax)
	Localization in Galati Rule 2015: ROL 17500 Estimated revenue 2015: ROL 21900	16% The flat tax Calculate the norm		
8	SRL profit tax Loss of intellectual property in the amount of 2,200,000 ROL 10 years amortization As brand protection 10 years	0	220000:12=1 8333 ROL/month	0 %

Source: Own contribution

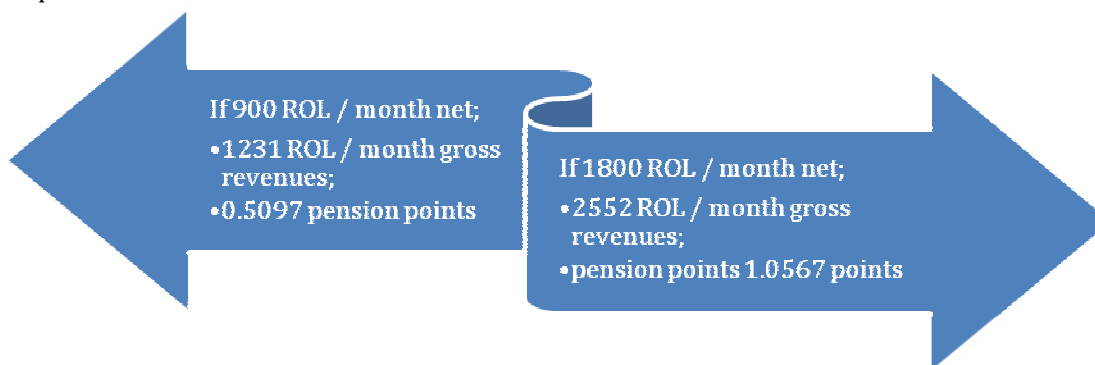
2. Points pension, pension estimated

According to the Law 187/2014 regarding the substantiation Romania budget 2015 has been considered a monthly gross income of 2415 ROL economy.

If you make a working hypothesis that an employee has worked in Romania 40 years, 12 months a year and a gross salary ROL 1231 and 2552 respectively resulting ROL at the end of the period, the employee will receive:

a) If ROL 900 / month net; 1231 ROL / month gross revenues; pension points $1231 \cdot 2415 = 0.5097$ points

b) If ROL 1800 / month net; 2552 ROL / month gross revenues; pension points $2552 \cdot 2415 = 1.0567$ points



3. Get monthly interest capitalization state taxes (employer and employee)

Compound interest means that each year the interest is added to the initial amount borrowed time and that the next year will be taken in the calculation of interest as initial amount.

Table 2: Monthly Fees paid to the State

Net Monthly Salary	Monthly Fees employer	Monthly fees employee	Charges monthly employee and employer
900 ROL	282 ROL	331 ROL	613 ROL
1800 ROL	587 ROL	752 ROL	1339 ROL

Source: Own contribution

After 40 years, the employer had accounts at a bank following nominal amounts

a) If ROL 900 monthly net salary: $613 \text{ ROL} / \text{month} \times 12 \text{ months} \times 40 \text{ years} = \text{ROL } 294,240$

b) If monthly net salary ROL 1800 : $1339 \text{ ROL} / \text{month} \times 12 \text{ months} \times 40 \text{ years} = \text{ROL}$



642,720

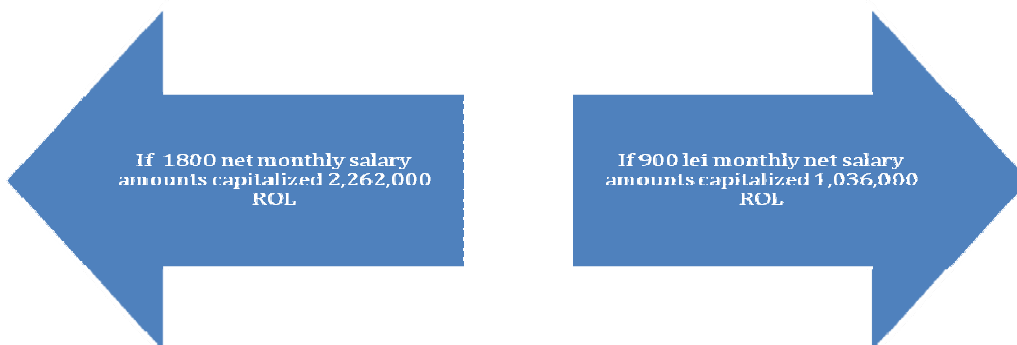
In reality the employee would have received a monthly capitalized interest which would have led to the end of the period the following amounts:

a) If 900 ROL net salary per month

$$\text{Average balance} \times (1 + \text{estimated annual rate}) = \frac{0 + 294240}{2} \times (1.05)^{40} = 147120 \times (1.05)^5 \times (1.05)^5 \times (1.05)^{10} \times (1.05)^{20} = 147120 \times 7,0399887 = 1.035.723,14 \text{ ROL round } 1.036.000 \text{ ROL}$$

b) If 1800 ROL net salary per month

$$\text{Average balance} \times (1 + \text{estimated annual rate}) = \frac{0 + 642720}{2} \times (1.05)^{40} = 321360 \times (1.05)^5 \times (1.05)^5 \times (1.05)^{10} \times (1.05)^{20} = 321360 \times 7,0399887 = 2.262.370,77 \text{ ROL round } 2.262.000 \text{ ROL}$$

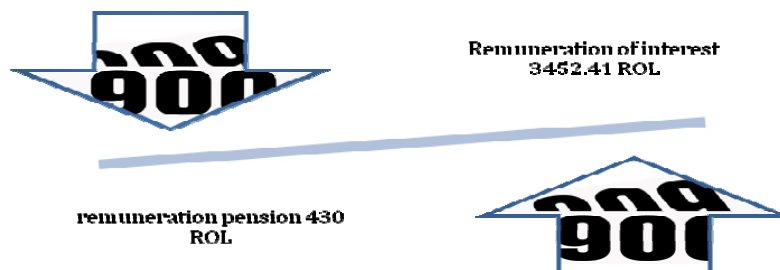


If we estimate the real interest rate of 4% per year result that the employee will receive interest:

a) If 900 ROL net salary per month

$$\frac{\text{Fund interest per year}}{12} = \frac{1036000 \times 0.04}{12} = 3.452,41 \text{ ROL/month}$$

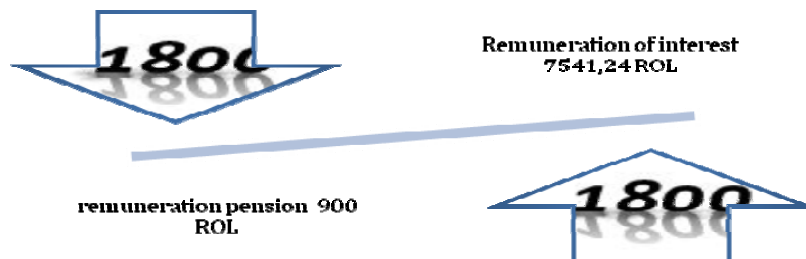
Compared to a monthly pension of 430 ROL



b) If 1800 ROL net salary per month

$$\frac{\text{Fund interest per year}}{12} = \frac{2262000 \times 0.04}{12} = 7541,24 \text{ ROL/month}$$

Compared to a monthly pension of 900 ROL



4. Advantages / Disadvantages between employees versus legal person

In my opinion there are advantages to the situation prevailing legal person versus person employed by labor contract. Deductions are generated by the response to the following questions:

1. Do you have a pension at retirement age?

Response:

You will not have a significant pension! However, if you pay CAS that you have a pension PFA estimated at 300 ROL / month money January 2015

2. Do you of medical services if I get sick?

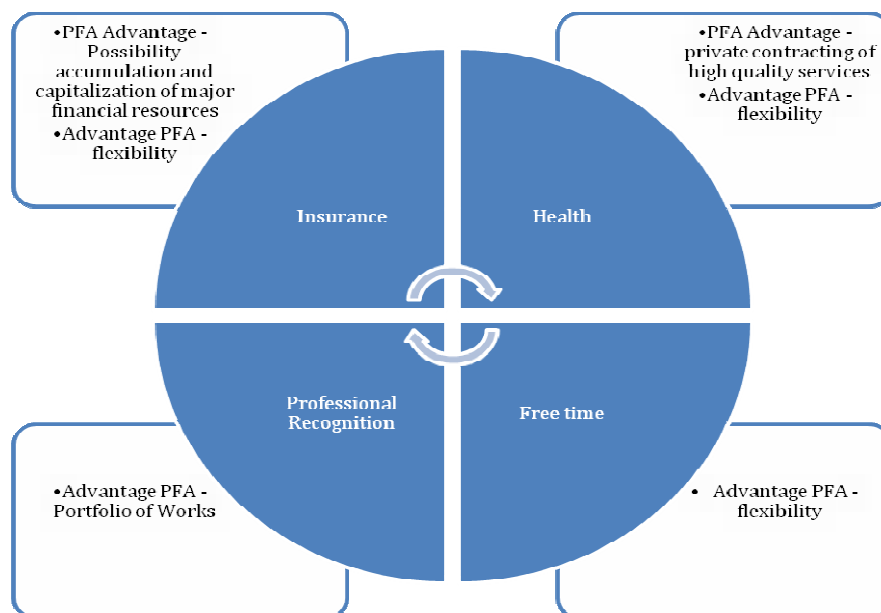
Response:

Yes you will benefit because the PFA is obliged to pay 5.5% real income CASS either be the norm income

3. How can you prove experience in a field if I did not work contract?

Response:

Quite simply, by asking a sample of it. In future the focus will be on real and not relevant papers about studies. Therefore you need a competence based CV, that is really what you know to do and not studies. In other news can demonstrate competence with personal casuistry which includes works, situations, and experiences accepted and paid by a beneficiary.



5. Changes in attitudes

If you take the decision service as a legal entity and not as an employee need to understand a few basic things, of which the most important are:

- a) learn to have achievements by others, to communicate and ultimately constituted an environmental requested and accepted value and payment (leadership concept)
- b) apply in everyday life all 4 known leadership styles:
 - TELL – dictatorial say what to do without giving explanations
 - SELL – first give some explanations and know what to do
 - ASK – will be advised by staff and then make a decision together with them that will make

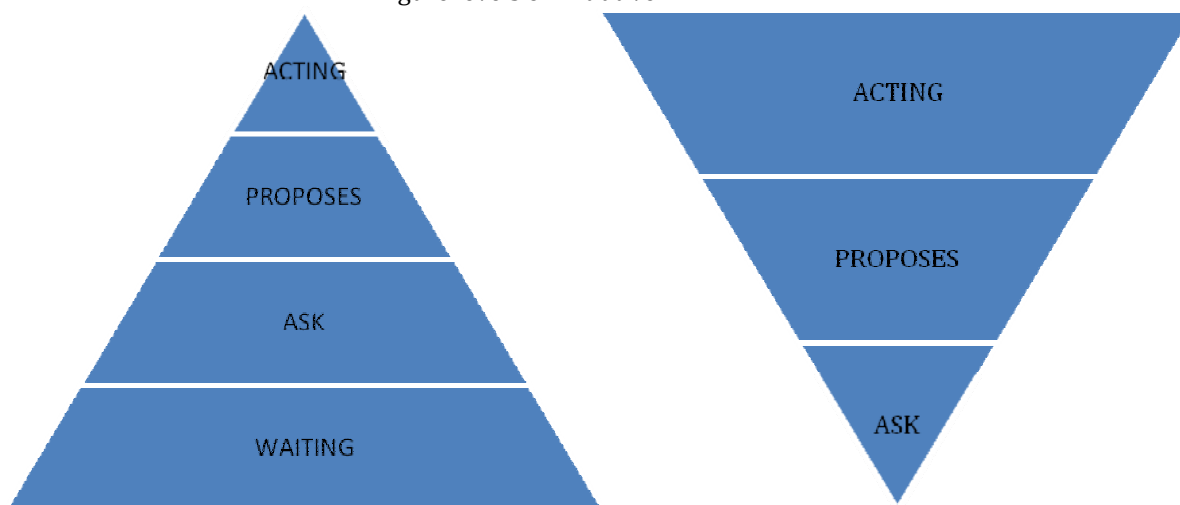
JOIN – build working procedures for each employee so that everyone knows what to do, how long and for what money.

Figure Leadership Styles



c) Choose to refine the initiative: ACTING

In the literature (e.g. Octavian Pantis) meet 4 levels of initiative:
Figure levels of initiative



In the organization they build or do part would be good to get involved in sending staff on the competition and encouraged expect a gradual transition from the staff asked to propose and then to act.

6. Conclusions

In Romania there is a high degree of labor taxation, which exceed 65% of net income; To raise cash, the employee may choose another form of cooperation, namely, providing services on account of a legal person: PFA, LLC or micro; Liquidity resulting from nonpayment CAS, CASS and other taxes may be funded monthly bank deposits that after 40 years provides a monthly interest higher than the pension resulting from payment CAS - site; Since the PFA pays 5.5% CASS, access to health services is guaranteed Involvement in term papers and recipient shall ensure that a portfolio of work, which is a significant and relevant business card;

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