

CONSIDERATIONS ON FISCAL HARMONIZATION IN THE EU IN THE FIELD OF VALUE ADDED TAX

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ABSTRACT: The proper functioning of the European internal market would be impossible without fiscal harmonization. The main objective of fiscal harmonization process is the prevention of distortions of the competitive process and the attainment of an equitable allocation of financial resources between Member States. The aim is not to realize a uniform tax system for the Member States of the Union, but achieving a minimum level of harmonization of the national tax systems, in order to prevent harmful fiscal competition between member States. The paper at hand presents the major aspects of fiscal harmonization in general and some aspects of fiscal harmonization in the field of value added tax (VAT) from an interdisciplinary perspective. The paper analyzes the major legal instruments used in the context of the harmonization process. It also refers to the main obstacles in achieving the objective of harmonization, such as the rule of unanimity at the adoption of measures at the Union level and proposes some solutions. The authors also try to explain why the directives are the mainly used legislative instruments in the context of harmonization process. The ultimate objective of the recent adopted EU tax rules in the field is the creation of a tax system based on the principle of taxation at the origin, in order to reduce the administrative burden on taxpayer and to prevent illegal capital movement between Member States. The final part of the paper presents the major characteristics of the actual common system of VAT applicable in the European Union and mentions some of the major obstacles in attaining the above mentioned objective regarding the establishment of a more efficient tax system in the field of VAT.

Keywords: fiscal harmonization, EU tax policy, national tax systems, Value Added Tax (VAT), common VAT system;

JEL Codes: K34, H21, H25, H32