

THE DIGITALIZATION OF THE TAX ADMINISTRATION AND THE IMPLEMENTATION OF THE SAF-T STANDARD

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Abstract: *If in the past digitization was only an option, nowadays it has become a necessity due to the speed of evolution and date changes that have taken place in this field. A new challenge in the financial services sector can be seen by implementing in Romania the international standard for the electronic exchange of accounting data between companies /organizations and tax authorities, SAF-T (Standard Audit File for Tax). The need to adopt this standard appears in a globalized environment with different accounting systems, standardization being essential for the identification of tax fraud. SAF-T was introduced by the OECD, which is seen as automatically generating files in a common, readable and easily exportable format, regardless of the software used according to a defined set of accounting records. SAF-T has already been implemented by several European tax authorities and will be implemented in our country in July 2021 according to the press release of 31.12.2020 sent by ANAF. The objective of the paper is to present the SAF_T standard, the evolution of its implementation in the Member States, the stages of SAF-T implementation in Romania as well as the advantages and implications of its adoption and the necessary conditions to be met.*

Keywords: *SAF-T, OECD, ANAF Digitization, SAF-T in Romania, Fiscal Reporting.*

JEL Classification: *M40, M42, M48.*

1. Introduction

The need to adopt this standard appears in a globalized environment with different accounting systems, standardization being essential for the identification of tax fraud. Also for the identification of the tax fraud was implemented the procedure of connecting the fiscal cash registers to the computer system of MF-ANAF starting with 31.03.2021 according to ANAF no. 435/2021.

The connection will be made as follows: GPRS connection, LAN connection, wi-fi connection.

The cash registers will automatically transmit, at the end of each day, as soon as the closure report has been issued, the necessary data to the ANAF server. The need to adopt integrative applications that have a good functioning and flexibility of processes, appears in a globalized environment with more and more varied accounting programs.

SAF-T is a standard file used by European tax authorities: Portugal, Hungary, Poland, Norway, Lithuania, Luxembourg, Austria, as a means of filing tax returns electronically.

Romania has taken over the implementation of SAF-T in order to reduce the VAT collection deficit to the state budget. Our country follows as an example other Member States that have managed to increase the collection in recent years, Poland being a good example. The integration of the SAF-T Audit Standard in Poland was based on three strong supporting ideas: modern legislation, efficient tax administration and close cooperation with the business environment.

SAF-T is a tool that has a positive effect in combating the preparation of false invoices and reduces the risk of VAT fraud. The first version v.1.0 of the standard audit file SAF-T was published in May 2005 by the OECD and is based on general ledger records, customer and supplier account statements, details of invoices, orders, payments and receipts. The SAF-T audit standard has as its syntax the schema in XML format.

Since April 2010, version v2.0 has been updated and for its improvement, the suggestions of OECD member countries, which have included inventory information and fixed assets, have also been taken into account. The OECD leaves it to each country to choose how to implement the information that will be transmitted through the standard audit files.

For the implementation of strategies in the field of digital transformation and information society, a new structure has been organized and operates the Romanian Digitization Authority (ADR) which brings together all departments or services of strategy, coordination, supervision and implementation in e-government (which comes from 4 institutions).

This article seeks to highlight the importance of digitizing the tax administration due to the globalized environment and different accounting systems.

2. Review of scientific literature

The studied subject is one of current interest in terms of the digital strategy for automating the tax administration. According to the presentation of the digital strategy for the period 2021-2025 by the National Agency for Fiscal Administration, it is for the transformation of the ANAF institution into a digital organization in order to increase the efficiency in collection and facilitating the interaction between the tax administration and taxpayers (Digital Strategy 2021-2025 ANAF).

More than ever due to the constraints imposed by the pandemic, digitization is necessary for easy communication with taxpayers and the business environment. According to the press release of December 31, 2020, ANAF will complete the development of the SAF-T IT system in July 2021, Project co-financed by the European Social Fund, through the Operational Program Administrative Capacity 2014-2020. SAF-T is an international standard file that allows the exchange of information between tax authorities and taxpayers, based on a standardized format.

The file was designed taking into account the financial-accounting data usually held by taxpayers (cf. no. 68/2020). The benefits of SAF-T implementation both for the taxpayer and for the Romanian state authorities are:

- Secure files exported in a standard XML format
- Simplifies the procedure of data collection in electronic format to ANAF
- The standard format provides easy-to-interpret data regardless of the accounting system used
- Automation of identification and preparation of essential data for declaration and control
- Support for identifying reporting errors;
- More precise identification of fiscal risk areas and implicitly targeting controls to cases of tax evasion and less to errors;
- Faster reimbursement of taxes for companies and with lower risks for the state;
- Improving the collection of taxes and duties (deloitte / digitization map)

2.1 The evolution of SAF-T in Europe

The first country in Europe to adopt reporting using the SAF-T standard audit file was Portugal. **Portugal** implemented the system in 2008 but the real expansion began in 2013 when a law was passed requiring companies to migrate to the SAFT-PT electronic system. Since then, all Portuguese companies have had to adapt their ERPs in stages and establish automatic communication channels with the Directorate-General for Taxation. Since 2018, companies have also been asked to include in the new SAF-T accounting file:

detailed lists of customers and suppliers; VAT classification, accounting movements and chart of accounts.

Poland uses the SAF-T JPK_VAT system for electronic VAT returns, which is mandatory for both Polish companies and companies operating in the country. Starting in April 2020, a new format that changes the data structure of the file will be mandatory for large companies and all taxpayers on July 1, 2020.

Austria introduced the standard tax audit file or SAF-T, in 2009, by decree of 20 March 2009, BMF -010102 / 0002-IV / 2/2009, the previously accepted data formats have been extended to include the XML format under form SAF-T AT. Currently, companies are not required to submit the periodic report but are required upon request in tax inspections.

Lithuania started implementing the standard tax audit file (SAF-T) in early 2016 and completed it for all companies at the beginning of 2020.

Implementation period:

January 2017 for companies with an income over 8 million euros per year

January 2018 for companies with an income over EUR 750 thousand per year

January 2019 for companies with an income over EUR 45 thousand per year

January 2020 for all companies

Lithuanian authorities have implemented SAF-T audit files in much more detail than Polish or Portuguese files. There are three types of SAF-T reporting in Lithuania:

- Data on the i.SAF invoice This electronic XML register of sales and purchase invoices is sent monthly with the VAT return until the 20th of the month following the reporting period. All VAT-registered businesses must complete the filing.
- i.VAZ transport / shipping document XML data Supporting documents for internal movement of goods by road
- Reporting i.SAF-T accounting transactions only for resident enterprises. This is not mandatory; instead only on request.

Luxembourg introduced the standard tax audit file (SAF-T) on 1 January 2011. The Luxembourg version of SAF-T is the FAIA (Computerized Audit File Administration of Registration and Domains). The FAIA file is a computerized file that contains all the information needed for a VAT audit. The FAIA report is requested only upon request by the authorities before a full audit.

France imposed the SAF-T standard audit file on 1 January 2014. The French version of the SAF-T program is FEC (Fichier des écritures comptables). SAF-T files are presented as annexes to the profit tax return and requested on request by the tax authorities before a control.

In **Norway**, mandatory SAF-T reporting has been introduced since 1 January 2020.

The submission of SAF-T files will be made by the companies with a turnover of at least 5201000 Euro, ie approximately NOK 5 million. In case of a fiscal audit, SAF-T files are requested only upon request by the authorities.

3. Questionnaire Analysis - Implementation of the SAF-T audit standard in Romania

The situation presented below was developed following an extensive study conducted using the tool implemented by Google by creating a free Gmail account and using the Google form, a component of Google Drive applications that allows surveying and consulting results in a summary.

IMPLEMENTAREA STANDARDULUI DE
AUDIT (SAF-T) ÎN ROMÂNIA

1. În ce categorie de vârstă vă încadrați?

18-24
 25-40
 >40
 Altele: _____

15. Considerați ca fișierele standard de raportare SAF-T va îmbunătăți comunicarea cu bancile ?

Da
 Nu
 Altele: _____

Trimiteți

Nu trimiteți parole prin formularele Google.

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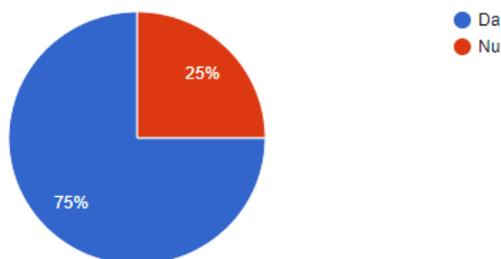
Formulare Google

Following the opinion poll regarding the implementation of SAF-T in Romania addressed to the specialists on the specialized groups, they answered as follows:

- 52.8% specialists aged between 25-40 years
- 44.4% specialists over the age of 40
- 2.8% specialists over the age of 56
- 86.1% working in the public environment
- 13.9 in the private sector
- 37.1% having a management position
- 62.9% execution
- 88.9% working in the economic field
- 11.1% working in another field
- 50% with more than 10 years experience
- 30.6% with experience between 5-10 years
- 13.9% with experience between 5-10 years
- 5.5% with 32 years of experience

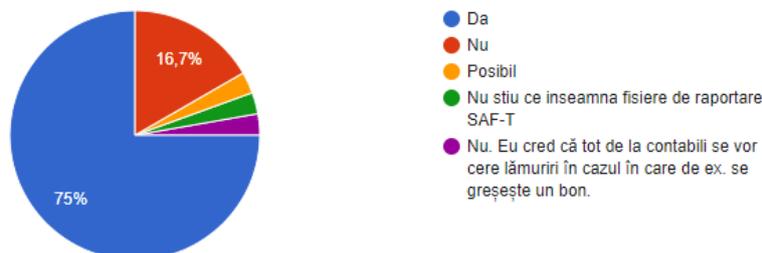
The questions in the questionnaire were answered as follows:

1. Have you heard of the implementation of SAF-T within the ANAF institution?



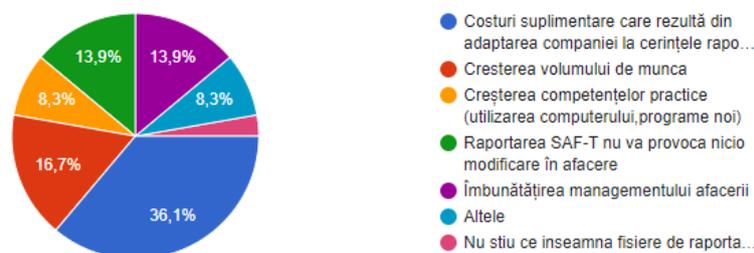
- 75% answered in the affirmative
- 25% not being informed

2. Do you think that standard SAF-T reporting files will improve communication with state institutions?



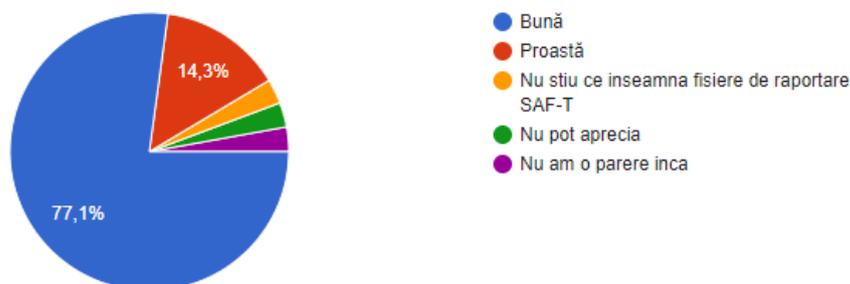
- 75% of respondents believe that the implementation of the standard SAF-T audit file will improve communication with state institutions, the rest being pessimistic and based on the support of the accountant for any errors in the operation of the cash register.

3. SAF-T reporting involves the following within your company



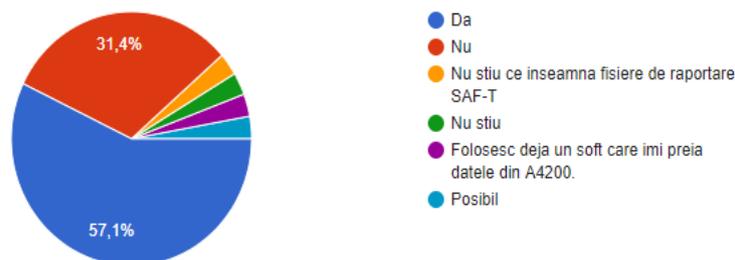
- 36.1% answered that they will suffer additional costs, as a result of the company's adaptation to the SAF-T reporting requirements
- 16.7% will have an increase in workload
- 8.3% saw an increase in practical skills
- 13.9% of the surveyed staff saw it as an improvement in business management and the rest do not know what SAF-T reporting means or have other answers

4. How do you appreciate the idea of implementing the SAF-T electronic reporting standard?



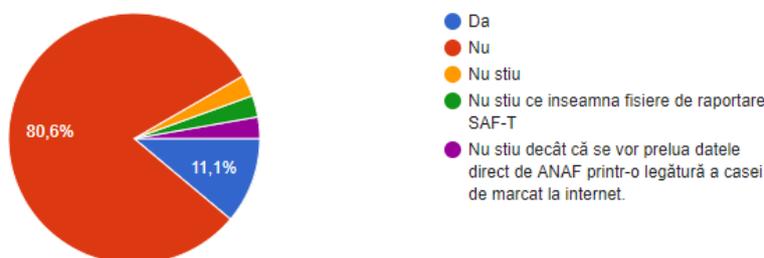
- 77.1% have a good opinion
- 14.3% not very good
- 8.6% can't appreciate, don't have an opinion yet, don't know

5. As an Accountant / Economist / Accounting Firm, do you think that the SAF-T files that are sent to ANAF would help you to restore the accounting statements?



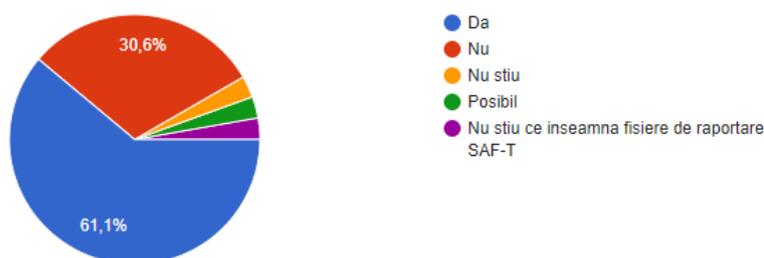
- 57.1% answered in the affirmative
- 31.4% answered negatively
- 11.5% are in the other categories

6. Have you been informed by the state institution regarding the taking of measures for the implementation of SAF-T within the company?



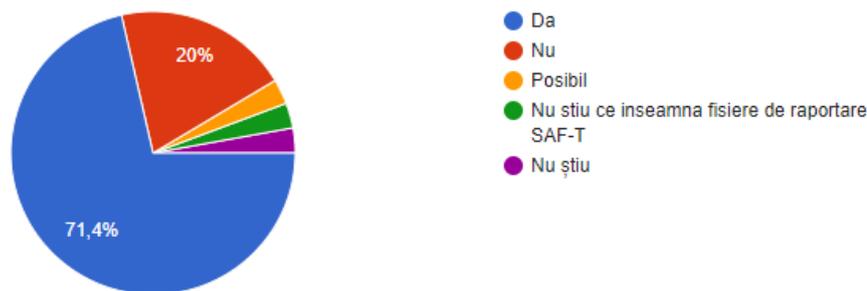
- 80.6% answered negatively
- 11.1% answered negatively
- 8.3% are in the other categories

7. Do you think that the implementation of SAF-T in document archiving would help you in the medium and long term?



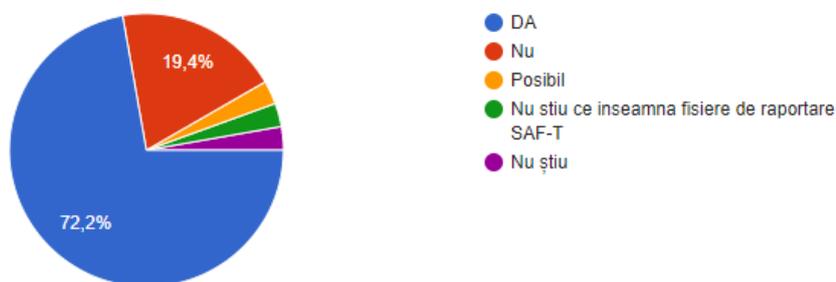
- 61.1% answered positively
- 30.6% answered negatively
- 8.3% are in the other categories

8. In the case of an accounting expertise, do you think that the standard SAF-T reporting file would help you?



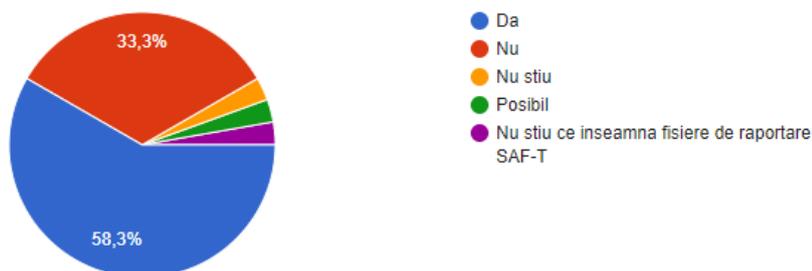
- 71.4% responded positively
- 20% answered negatively
- 8.6% are in the other categories

9. In the case of an AUDIT, do you think that the standard SAF-T reporting file would help you?



- 72.2% responded positively
- 19.1% answered negatively
- 8.7% are in the other categories

10. Do you think that standard SAF-T reporting files will improve your communication with banks?



- 58.3% answered positively
- 33.3% answered negatively
- 8.4% are in the other categories

4. Conclusions

This paper aims to highlight the need for digitization by completing a questionnaire based on the response to the need for the design of financial control procedures that require adjustments to the new conditions after the introduction of SAF-T.

During the paper we noticed that the specialists responded positively and accept with optimism the implementation of SAF-T.

The conclusion of the paper is that digitalization is more than ever necessary to better serve taxpayers and the business environment, to ensure coordination of administrative efforts with the way taxpayers use digital technology, to increase the performance of public services in tax administration, reduce the administrative burden and facilitate communication between ANAF and taxpayers in both directions (digital strategy 2021-2025).

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