

TAX INCIDENCE AND THE STRUCTURE OF TAXATION IN ROMANIA

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Abstract: Taxes are compulsory contributions to government finances for which taxpayers are unable to claim direct benefits. An underlying principle of most tax systems is equity. This may be achieved by applying either the benefit principle or ability-to-pay principle. The effective incidence of a tax refers to the final resting place of the tax after all agents have adjusted their economic behaviour in respect of hours of work, spending, saving and investment. The imposition of a tax may result in a misallocation of resources.

Key words: taxes, taxpayers, benefit principle, ability-to-pay principle, horizontal equity, vertical equity, tax incidence, excess burden.

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