European Fiscal Policy and Taxation System in Italy

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Abstract

The budget of all countries, large or small, developed or developing, are supplied mainly from compulsory levies. Everywhere, so budget revenues is about tax, by compulsory taxes. Collection of these requirements may be: tax (tax on the exact meaning of the word) or para (contributions). It can be seen that the range of fiscal instruments is very wide and, as things stand everywhere, does not seem to stop here. This is because fiscal instruments are less politically risky and more financially profitable. In this regard, the number and size of taxes, there are countries that are part of the so-called tax haven countries and living a true fiscal nightmare.

Key words: taxes, fiscal instrument, fiscal policy, taxation system
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1. Introduction

As an essential component of economic policy of each state fiscal policy is contributing to the financing of public expenditure, thus becoming an attribute of national sovereignty. (Angelescu C, 2006).

From this perspective, we are always looking for the answer to whether or not there is a European fiscal policy.

European fiscal policy cannot institute a global standardization on Member States' tax systems (Baldwin R, Wyplosz C, 2006).

The action of European fiscal policy can be observed, on the basis of the common objectives set out in the treaties concluded..

Significant tax differentiation in EU countries determines the involvement of the European Commission through fiscal coordination, not to attack national fiscal sovereignty, but to enable companies and individuals to take full advantage of the single market, by supporting the overall EU policy objectives and the alignment of policy EU tax and other employment policies, consumer protection, energy, the environment, etc (Marin D., 2006).

The different structure of national tax systems in the UE, determine the appropriate choice of taxes and fees that will fall under the tax harmonization and those that will be subject to tax coordination.

The term harmonizing means the action of (harmonizing) (respectively harmonizing), making it or being consistent (Popeangă Vasile, Popeangă Vasile Nicolae, Crăciunescu Daniel Viorel, 2006).

The notion of coordination is the action to coordinate and its outcome. Coordination (coming from the fr coordinator) involves agreeing the parts of everything, guiding in a unitary sense a series of activities for the same purpose in order to obtain a coherent ensemble (Brezeanu P.,2005).

2. The tax system in Italy

The Italian tax system has experienced a major change, with further changes being made.

Thus, the characteristics of the new changes in the Italian tax system are:

- the rate of tax on profit was reduced to 27%;
- capital gains were cleared by 95%;
- the dividend tax was replaced by an exemption of 95% for companies registered in Italy or abroad;
- the introduction of a global tax by which both Italian and foreign companies taken together can calculate a single source of taxable income for the parent company resident in Italy;
- exemption from capital gains reinvested in start-ups.

There is no wealth tax as such, but there are stamp duties that are charged on bank accounts and securities (0.1%, with an increase to 0.15 in 2013). Replacing the property tax will result in significantly higher revenue due to higher values of land and also repeal the exemption of owner's residence in 2008.

3. Personal income tax

Taxation of individuals' income is now governed by consolidated corporate tax. (Testo Unico delle impostor sui Reddit - TUIR). Now there is no double taxation.

Individuals who are not resident in Italy will be taxed only for the income they will earn in Italy. Progressive tax rates (from 23% to 43%) will apply to income.

4. Property Transfer Fees

With the new changes in the new Italian tax code, the transfer of ownership begins to be subject to taxation in accordance with cadastral registers.

There is a unique tax of 168 EUR on the transfer of ownership, but also other quotas: proportionate to the value of the transferred asset (3%) and the 15% share of the registration and stamp duties.

5. Property Tax

Annual municipal property tax is due by the owners and holders (resident in Italy or abroad), with real rights over immovable property situated in Italy, except households.

The tax base of this tax is represented by the value of the property taken from the property registers, a value that results from the multiplication of the income obtained from the property with a legal data.

The rate is set by each municipality within a period ranging between 0.4% and 0.7%.

6. Inheritance tax

Inheritance tax applies to transfers of assets or rights on death (except in transfer state securities Italian claims to the Italian State or units of investment funds in the amount of any Italian government securities held). Inheritance tax is levied on the value of individual shares allocated to each heir, at a rate ranging between 4% and 8%.

7. Taxes on donations

The new Italian tax code will charge a tax on donations, transfers of assets or free transfers, which provides for certain restrictions on the destination of funds. If real estate, mortgage imposta (2%) and cadastral imposta (1%) are due in addition to the inheritance tax or donor. As regards the transfer of ownership or majority of shares in companies, it is exempt from donation tax. Beneficiary of the control is necessary to continue to maintain for five years from the date of transfer.

8. Conclusions

In a global economy in which labor and capital movements go beyond national borders, the fiscal policies adopted by each state have become increasingly important in attempts to attract international financial resources. In recent years, emerging countries have sought to attract foreign investment by reducing taxation, while developed countries impose high taxation in order to protect the national economy.

Although there are many who argue that in a modern society and decent is better than the rich to pay more will not solve any problem. Trying to extract too much money from taxpayers by avalanche gear cumbersome tax, finance ministry incentive to find other ways to disguise income (Brezeanu P., 2005). More specifically the wealthy and high income have the means and expertise to make (by companies, investments, insurance) and State vainly chasing after them, that will always be an inventive step; This shows that the higher the tax system is more complicated and progressive, the more he will push harder, paradoxically, those with low incomes.. The more he includes several exceptions, deductions, special arrangements, etc., so it can be easily exploited by the wealthy, who have the advantage of material, knowledge and a strong motivation to do so. This explains why a simpler tax, light and neutral in Russia led to a spectacular increase revenues to the state budget.

In conclusion, it can be said that the Italian tax system is always characterized by intense normative production, from the fiscal policy alternative, due to the frequent succession of governments with different political orientations and to their consequence by the lack of tax programs, which will take time, not contributed to an efficient pursuit of the objectives of efficiency and fiscal correctness, initially required.

The future objectives of the Italian Fiscal System are as follows:

- libering the country's resources by the fiscal weight;
- reducing investment and employment, while respecting the need to strengthen the balance sheet.
- interventions to combat evasion;
- simplification of the tax system;
- better fiscal transparency.

The purpose of Personal Income Tax was to achieve the principle of universality and progression, worsening of the incomes and the exemption of the small ones, the opposite happened, and the tax on the income of individuals was transformed into a fragmented and selective tax, where progressiveness is only adjacent with labor incomes, with a reversal of the starting point and a qualified contronature description.

Behind the facade of general income tax complexity, or chaotic multiplied substitution regime and exceptional rules, without any idea recognized by tax design.

It is therefore necessary to exploit the possibility of uniting the consensus around another hypothesis that could be achieved provided it goes beyond the dogma of the gradual rates, in favor of a progressive deduction, obtained with flat tax: a fixed rate tax.

As has already happened in other countries (Germany and Poland), political debates have brought to the forefront a flat tax that Italian politicians say would bring enormous benefits, especially for the Budget.

In fact, the axiom of this lower-cost taxation methodology, and the same for all, would correspond to the outflow of all undeclared revenues in order to avoid the taxing mechanism considered excessive and penalizing for taxpayers. By the effect of the application of the single tax rate, to the surface with a less onerous tax system, guaranteeing higher tax revenues.

In Western Europe, the single tax rate cannot have the same success as the eastern countries, but without any doubt the tax competition, even with the consequences of introducing this kind of taxation, is burning, especially for companies' taxes.

This is an inevitable consequence of the relocation of societies, where they are subject to a more favorable tax regime. Societies tend to transfer where environmental conditions are more welcoming, especially fiscal and single tax rates with more simplified and lower tax rates may be an important element of migration.

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