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Tax Risk—A Vital Legal-Economic Category for Strengthening Fiscal Control

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Abstract: *Our study explores the concept of tax risk through a multidisciplinary approach, integrating legal, economic, and public policy perspectives, within the context of Romania's current macroeconomic priorities—focused on the sustainable consolidation of public finances and fiscal modernization. In order to analyze the role of tax risk in enhancing revenue collection efficiency and improving institutional performance, the author employs both qualitative and quantitative methods, using official data provided by NAFA (National Agency for Fiscal Administration), the Ministry of Finance, and the SAI Romania. The research succeeds in identifying the main economic and fiscal vulnerabilities that exacerbate non-compliance risks. It also highlights the structural reforms implemented at the level of the tax administration, particularly the transition toward risk-based management, the facilitation of voluntary compliance, and digital transformation. The empirical sections examine the evolution of NAFA's inspection and anti-fraud activities, the outcomes associated with the risk-based audit model, as well as the institutional impact of tax gap estimations and evaluations conducted at the European Union level. The paper argues that improved tax risk management contributes not only to reducing the budget deficit and curbing tax evasion, but also to strengthening Romania's capacity to meet European convergence criteria and to ensure macroeconomic stability. The study concludes that redefining tax risk as a central tool in public revenue administration marks a necessary transition toward a modern, responsive, and transparent fiscal system.*

Keywords: *fiscal control; tax risk; compliance management; NAFA; public revenue; digital transformation; tax administration reform.*

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Introduction

We approach this topic within a macroeconomic context in which Romania is defining an ambitious strategic agenda, oriented toward the sustainable consolidation of public finances and the modernization of the fiscal framework. The country aims to maintain macroeconomic stability and build a framework for sustainable, equitable, and inclusive development that supports a competitive, innovative, and decarbonization-oriented economy. At the same time, it seeks to correct structural imbalances, mitigate emerging risks, and achieve a decent standard of living for the entire population.

In the medium and long term, Romania aims to consolidate public finances by complying with the European convergence criteria, particularly by keeping the budget deficit below the 3% of GDP threshold, in accordance with the Treaty on the Functioning of the European Union (TFEU), and guiding public debt on a downward trajectory below the 60% of GDP ceiling. A gradual fiscal adjustment is planned, starting from an estimated ESA deficit of 7% in 2025, reaching 5% in 2028, and ultimately 2.5% in 2031 (MF, 2024), as part of an effort to strengthen fiscal discipline and reduce vulnerabilities threatening macroeconomic stability.

Within this framework, a key objective is to maintain a steady pace of public investment, aimed at the full absorption of European funds. The efficient and transparent implementation of investment projects becomes important—not only for economic growth but also for boosting gross fixed capital formation with a multiplier effect on the economy. At the same time, ensuring fiscal predictability by increasing budget revenues is a strategic goal. This is supported by reforms undertaken through the National Recovery and Resilience Plan (NRRP), as well as by measures designed to improve revenue collection while adapting public policies to the new economic realities.

In a context marked by overlapping crises, it becomes imperative to strengthen the response capacity of the tax administration in order to support a favorable business environment and create the foundations for sustainable economic growth. Against this backdrop, Romania is considering the modernization and diversification of public debt management instruments to ensure that public debt remains within a sustainable framework. In addition, budgetary consolidation measures are planned through structural reforms in key areas such as the labor market, wage policy, and the pension system, along with active interventions to support vulnerable groups. The streamlining of public spending, the strengthening of fiscal discipline among economic operators, and improved budgetary programming complement this reform agenda, laying the groundwork for a

modern, proactive tax administration adapted to the new demands of financial governance (MF, 2024).

To ensure that the socio-economic system evolves in a harmonious and sustainable way, it is important to maintain a fair balance between the rights and obligations of taxpayers and those of tax authorities. In this logic, improving the efficiency of tax and duty administration becomes a strategic priority, while legislative policies aimed at combating tax evasion should contribute not only to increased revenue collection but also to strengthening a stable economic environment in which the distortive risks generated by non-compliance with tax regulations are reduced.

At the same time, such a framework must promote the strengthening of taxpayer trust in the fiscal system, as a key factor in fostering voluntary compliance and enhancing administrative performance (Costaş & Tofan, 2023; Tofan et al., 2020). Indeed, given the increasing intolerance toward tax evasion/fraud due to its gravity (Costea, 2010; Dinga, 2008; Lazăr & Bostan, 2023), any normative act regulating the financial and fiscal-budgetary sphere should aim to reinforce a trust-based relationship between the tax authority and the taxpayer. This relationship must be founded on the guarantee and strengthening of procedural rights for both parties involved in the fiscal legal relationship, while also ensuring the normative clarity needed to eliminate any uncertainty regarding the exercise of rights or the fulfillment of fiscal obligations (Bostan, 2003).

Our approach to the selected topic places particular emphasis on the recent activity of the Romanian institution tasked, among other things, with supporting taxpayer compliance and maintaining a fair economic environment. The structure we have adopted is as follows: (1) Introduction; (2) Research methodology; (3) Considerations on tax risk in the context of multiple economic and financial risks (3.1. Economic and financial risks for Romania's economy - 3.1.1. Risks at the EU level; 3.1.2. The national level; 3.2. Tax risk); (4) Reconsidering tax risk in institutional management activities. Emerging effects (4.1. Reforming the management of fiscal non-compliance risk; 4.2. Annual results concerning NAFA's activities (2024) - 4.2.1. Preliminary remarks; 4.2.2. Tax inspection activity; 4.2.3. Anti-fraud activity); (5) Findings of the SAI Romania (2024) Based on risk analyses of NAFA's revenue collection activities; and (6) Conclusion.

Research methodology

This research adopts a multidisciplinary approach, integrating legal, economic, and public policy perspectives in order to highlight the relevance of fiscal risk as an important instrument in optimizing control activities and

the collection of public revenues. The analysis is based on both qualitative and quantitative research methods, utilizing doctrinal sources (scientific studies, specialized articles, and key works in the field of taxation), as well as official statistical data from relevant institutions such as the National Agency for Fiscal Administration (NAFA), the Ministry of Finance, and the Romanian Supreme Audit Institution (SAI Romania).

The investigative process employed the following main methods: documentary analysis, comparison of legislation and institutional practices, quantitative analysis of fiscal performance indicators (especially for the year 2024), as well as content analysis of public reports regarding the activity of NAFA and of the findings issued by the Supreme Audit Institution (SAI) of Romania. In addition, desk research was used to extract relevant information from certain strategic documents aimed at increasing the efficiency of tax administration.

Importantly, the study also proposes a conceptual reinterpretation of fiscal risk, aligned with the new requirements for institutional management reform, particularly in the context of using risk analysis to select taxpayers subject to audit.

Considerations regarding fiscal risk in the context of a multitude of economic and financial risks

Economic and financial risks for the Romanian economy

The Romanian economy is facing a wide range of risks, of which we will highlight below several relevant aspects, viewed both from a European and a national perspective.

Risks at the EU Level

The outlook for the European economy is marked by uncertainty, within a complex external environment dominated by challenges that threaten the continent's energy security and could trigger a new surge in commodity prices (MF, 2024).

In this context, an intensification of protectionist policies risks amplifying trade tensions and disrupting supply chains, thus affecting the pace of investment. At the same time, there is a risk of renewed inflationary pressures, which could prompt central banks to raise policy interest rates. Higher interest rates, maintained over extended periods, may exacerbate fiscal, financial, and external risks.

Furthermore, regional instability and external uncertainties can negatively influence both consumption and investment, with the possibility that households may continue to save at the expense of consumption, and

companies may postpone investment decisions—potentially reducing productivity and innovation capacity at a time when the EU economy is already facing competitiveness challenges.

Structural challenges in the automotive sector are significant, stemming from the energy transition, rapid technological progress, changing consumer preferences, and global competition—factors that generate a high contagion effect.

Delays in the implementation of reforms and investments financed through the Recovery and Resilience Facility hinder economic growth, while restrictive fiscal policies (typical of countries with high public debt) can severely affect economic progress.

Increasing geo-economic fragmentation may constrain trade flows and generate additional price volatility. Likewise, protectionist policies adopted by major economies and market volatility represent significant risks for the evolution of foreign trade, potentially affecting the competitiveness of Romanian exports. Disruptions in supply chains and resource crises—such as those affecting energy and raw materials—can raise production costs and, implicitly, negatively impact exports and the trade balance.

The national level

Referring to the domestic level, uncertainties and risks remain significantly influenced by the future conduct of fiscal-budgetary and income policies, "taking into account, on the one hand, the dynamics of public sector wages and the full impact of the new pension law, and, on the other hand, the fiscal-budgetary measures that will be adopted in the context of the excessive deficit procedure and the conditionalities associated with agreements with the European Commission" (MF, 2024).

It is important to note that most European economies, including Romania, avoided recession in 2022 and 2023, which demonstrates a certain degree of resilience. Romania managed to maintain a positive GDP growth trend, benefiting from significant EU resources, and the financial assistance provided by the European Union constitutes a major advantage of belonging to the community bloc—just as NATO represents an important guarantee for national security. EU funds support necessary reforms, the development of basic infrastructure, and investments in education and public health, thereby contributing to the prevention of sovereign risk deterioration.

However, Romania's budgetary situation is complex (MF, 2024): on the one hand, the difficult geostrategic context, challenges of the energy transition and climate change, wage increases in the public sector, and the costs of pension reform place significant pressure on the budget. On the

other hand, it is important to continue the process of fiscal consolidation to stabilize public debt, maintain currency stability, and protect macroeconomic balances. These considerations highlight the need for a prudent and balanced approach to fiscal-budgetary policies by creating appropriate fiscal space, safeguarding macroeconomic stability, and strictly allocating budgetary resources to pressing priorities.

Nevertheless, the execution of the general consolidated budget for the year 2024 (MF, 2024) ended with a significant deficit, amounting to 152.72 billion RON, equivalent to 8.65% of GDP, a visible increase compared to the 2023 deficit of 90.06 billion RON (5.61% of GDP). On the revenue side, the state collected a total of 574.60 billion RON, representing an annual increase of 10.4%. This growth was mainly supported by the rise in current revenues, which increased by 17.4%, driven by social insurance contributions, value-added tax (VAT), excise duties, income and salary tax, corporate tax, as well as non-tax revenues. The latter were also influenced by the application of the previously established tax amnesty.

On the other hand, public expenditures continued to accelerate, reaching 727.32 billion RON, representing a nominal increase of 19.1% compared to the previous year. Relative to the size of the economy, public expenditures rose by 3.16 percentage points, from 38.06% of GDP in 2023 to 41.22% of GDP in 2024. A major contributor to this budgetary expansion was personnel spending, which totaled 164.60 billion RON, marking a 24.0% increase over the previous year. As a share of GDP, these expenditures reached 9.3%, one percentage point above the level recorded in 2023, reflecting the salary increases granted in both 2023 and 2024.

In this context, the Romanian Government adopted a series of restrictive financial measures aimed at maintaining control over public spending (RG, 2024). These include maintaining salaries and allowances at the level of November 2024, postponing the implementation of certain legal provisions regarding special pensions for mayors and county council presidents, and keeping pensions in the public and special systems at the same level. Limits were also set on the granting of bonuses, overtime pay, and other benefits (except for childcare vouchers), while the value of holiday vouchers in the public sector was fixed at 800 RON, with an equal copayment.

Other measures (RG, 2024) include maintaining food and equipment allowances at the level of December 2024, as well as prohibiting the acquisition of furniture, buildings, vehicles, and equipment by public authorities. The payment of enforceable court decisions will be made in installments in 2025, and the entry into force of certain provisions from the

new education and research laws has been postponed. At the same time, the number of free rail transport trips for certain social categories was limited, and the procedure for granting student benefits was modified. Under these conditions, budget indicators will reflect these adjustments and restrictions (Table 1).

Table 1. Projection of budgetary indicators for the period 2022-2028 (% of GDP) (MF, 2024)

	2022	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
Consolidated general budget revenues (cash basis)	33.1	32.4	32.6	34.9	33.0	31.8	31.5
Consolidated general budget expenditures (cash basis)	38.9	38.1	41.2	41.9	39.5	37.5	36.5
Consolidated general budget balance (cash basis)	-5.8	-5.6	-8.7	-7.0	-6.4	-5.7	-5.0
Consolidated general budget balance (ESA basis) (ESA = European System of Accounts)	-6.4	-6.5	-8.7	-7.0	-6.4	-5.7	-5.0
Structural Budget Balance	-6.2	-6.2	-8.2	-6.4	-6.0	-5.5	-5.0

The projected budget revenues for 2025 are expected to represent approximately 34.9% of GDP, however, a decline of this indicator to 31.8% of GDP is anticipated by 2027, followed by a slight further decrease to 31.5% of GDP in 2028. This evolution correlates with the forecasted changes in macroeconomic indicators and the legislative measures adopted so far, which have the effect of increasing the nominal value of revenues (MF, 2024).

On the other hand, estimated budget expenditures for 2025 are set at 41.9% of GDP, with a decline expected to 36.5% by 2028. This percentage reduction is part of a gradual effort to reduce the budget deficit. The aim is to consolidate the sustainability of public finances in the period 2025-2027 and beyond, by complying with the target set by the Treaty on the Functioning of the European Union (TFEU) regarding a maximum budget deficit of 3% of GDP and maintaining public debt on a downward trajectory, below the 60% of GDP threshold over the reference horizon.

The adjustment of the budget deficit is planned to start from an estimated level of 7% of GDP in 2025, progressively reducing to 5% in 2028 and reaching 2.5% in 2031, at which point the deficit will be within the 3% limit stipulated by the TFEU, thus reducing risks to macroeconomic stability. It is true that in recent years there has been positive GDP growth

that generated a significant increase in public revenues, but these additional resources have mostly been directed toward covering rising expenditures rather than budget consolidation, contrary to the recommendations of the European Commission.

Therefore, there are strong arguments supporting the Commission's position that Romania faces major macroeconomic imbalances, mainly caused by the persistence and growth of the public deficit and vulnerabilities in external accounts, exacerbated by high price and cost pressures and insufficient political responses.

Hence, a prudent fiscal policy is important to reduce public deficits and core inflation (which remains significantly above the European average) in Romania's attempt to increase competitiveness and strengthen its external position.

Fiscal risk

Fiscal risk can be defined as the probability that a taxpayer or payer will fail to comply with their tax obligations. Ideally, this risk should be minimal or nonexistent, as it is closely linked to tax evasion, which represents a major threat to the economy and public budget of any country (Benkraimen et al., 2021; Anitei & Lazar, 2013; Pițu et al., 2021; Costea, 2011).

Combating fiscal risk requires the implementation of effective tax control strategies, and success in this area is almost guaranteed if risk analysis results are used. Risk analysis is an activity carried out by the tax authority to identify, assess, and manage the risks of tax non-compliance, as well as to prioritize tax administration actions (RP, 2015a).

Furthermore, with the adoption of the Fiscal Procedure Code (FPC) in 2015, the persons subject to tax inspections were clarified, avoiding erroneous interpretations that all entities must be audited, recognizing the limitations related to human resources and the need for selection based on risk analysis (RP, 2015b).

Tax professionals can relatively easily identify the risk that a company might engage in evasive behavior by observing signals such as repeated accounting losses over a five-year period, profit margins below the sector average, discrepancies between declared tax obligations and those of business partners, delays or failures in filing tax returns, differences between amounts in financial statements and tax returns, transactions with affiliated parties, or services of significant value (Atipics.ro, 2020).

The Fiscal Procedure Code establishes four general criteria for fiscal risk, namely: tax registration, filing of declarations, level of declaration, and

fulfillment of payment obligations, each detailed in specific subcriteria (RP, 2015b).

In the past, the National Agency for Fiscal Administration (NAFA, 2012) identified a high level of fiscal risk for companies presenting certain characteristics, such as having offenses recorded in their fiscal record, being newly established, lacking employees, lacking assets in their patrimony, initiating insolvency procedures, being registered in special records, or being declared inactive.

According to some specialists, the criterion regarding the "level of declaration" should have included from the start the mandatory certification of tax declarations by an authorized tax consultant (Boiciuc, 2023), and this certification should not be optional for the taxpayer, as currently provided in Article 104 paragraph (1) of the Fiscal Procedure Code, which states that "The taxpayer/payer may opt to certify the tax declaration, including any corrective declarations, before submitting it to the central fiscal authority, by a tax consultant registered in the Register of Tax Consultants." (RP, 2015b).

At the level of 2025, new criteria were established for evaluating the high fiscal risk of legal entity taxpayers (Figure 1).

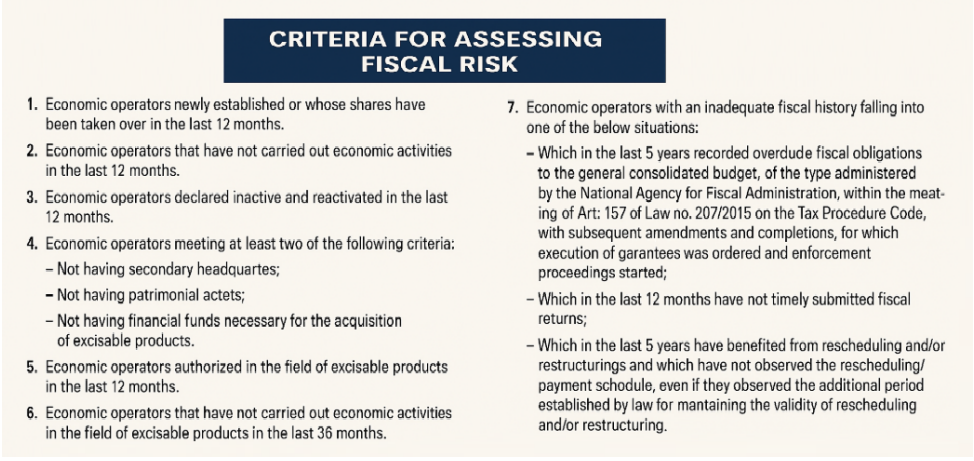


Figure 1. The set of criteria for evaluating the high fiscal risk of companies (Prepared by the author based on: [NAFA, 2025])

Criterion number 7, entitled "Inadequate Fiscal History," provides a detailed overview of the types of companies considered to have a high fiscal risk. This includes companies that, over the past five years, have accumulated outstanding tax obligations to the general consolidated budget,

administered by the NAFA, cases where guarantees have been executed and enforcement procedures initiated.

Also included in this category are firms that, in the last 12 months, have failed to submit their tax declarations within the established deadlines. The criterion also targets entities that have benefited, during the last five years, from payment rescheduling or restructuring arrangements but failed to comply with the schedules associated with these agreements, even if they respected the additional legal deadline for maintaining the validity of these tax facilities.

Furthermore, the criterion mentions companies that have shareholders or administrators who were previously involved in other companies that experienced fiscal issues, such as periods of fiscal inactivity, deregistration, assignment, or insolvency, including periods of observation, judicial reorganization, or bankruptcy.

Despite this detailed description, it is notable that this set of criteria does not include any reference to the certification of tax declarations.

Reconsidering fiscal risk in institutional management activities. Some emerging effects

Reforming the management of tax non-compliance risk

Given the objective of ensuring the sustainability of public finances (Onofrei et al., 2020), the latest measures for reorganizing the NAFA in 2020 and 2021 highlight a new design focused on risk management, voluntary compliance, and accelerating the digitalization of services and operational processes. The reforms, measures, and investments proposed by NAFA — considering its mission (protecting the financial interests of Romania and the European Union, providing services and a fair environment for taxpayers, and ensuring the correct administration of taxes and duties)—are mutually supportive and complementary in achieving two comprehensive indicators (Figure 2).

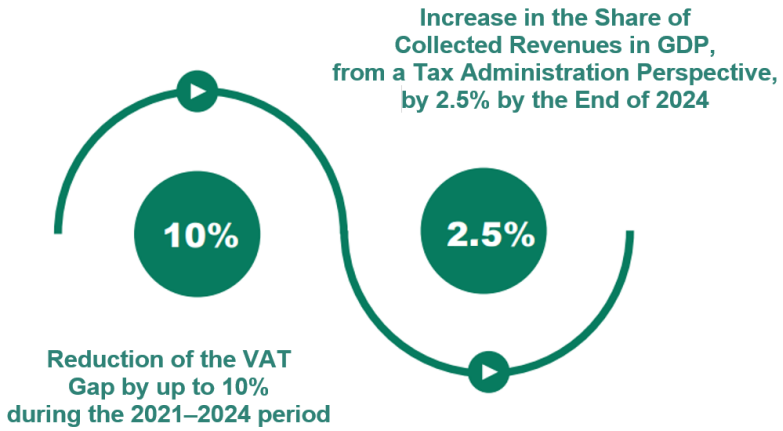


Figure 2. Targets to be achieved by NAFA by the end of 2024 (NAFA, 2021)

As highlighted by the Romanian Supreme Audit Institution report (RCA, 2025), gaps in VAT compliance significantly improved in 2022, with the related indicator dropping to 30.6 percentage points compared to 34.8 points in the previous year, 2021. Concurrently, the efforts of the NAFA and the Ministry of Finance to develop rigorous activities for estimating tax gaps and forecasting revenues will strengthen the institutional capacity of the Ministry to collaborate effectively with European Commission bodies responsible for assessing VAT compliance gaps in member states, such as the Directorate-General for Taxation and Customs Union.

Methodologies applied both by the European Commission and the International Monetary Fund highlight the important role of fiscal policy in determining the level of the VAT gap in Romania, which is influenced by the existing VAT legislation provisions, such as exemptions or reduced rates, that create differences in the actual tax collection. To achieve NAFA's strategic objectives — improving services, preventing and combating tax evasion, implementing integrated digital solutions, and increasing efficiency and transparency (NAFA, 2021) — a strong synergy between digitalization and efficient human resource management is necessary. These two components are fundamental to increasing the volume of collected revenues and combating tax evasion and unfair fiscal competition.

NAFA's digital transformation involves implementing integrated digital solutions that fully leverage available data and information, thereby contributing to a strengthened partnership relationship with taxpayers and the continuous improvement of provided services. This transformation is important to respond effectively to complex informational challenges, both

present and future. NAFA's strategic documents outline clearly defined directions such as facilitating taxpayer access to digital services with positive user experiences, applying digitalization across all fiscal administration domains, ensuring the continuous development capacity of these services, and guaranteeing a robust technological framework for the transition toward a digital administration.

Within the new strategic orientation on managing fiscal risk and combating evasion, NAFA aims to "reform the management of tax non-compliance risk through its full operationalization, the development of specific action plans for each tax type, continuous updating of the risk register based on socio-economic changes," with an emphasis on segmenting taxpayers according to risk levels and implementing pilot voluntary compliance projects targeted at high-risk categories (NAFA, 2021). Moreover, the institution seeks the integrated use of data from both internal sources and third parties to increase voluntary compliance, expand the volume of available information on online platforms for identifying non-compliant behavior, and appropriately adapt applied measures, as well as intensify complex, targeted actions toward taxpayers with high fiscal risk to ensure a fair fiscal environment and discourage unfair competition.

This strategy also involves increasing the share of documentary controls relative to classical audits, these being based on clearly identified risks, having shorter durations, and generating rapid collections; better data collection and analysis through advanced technologies; the use of innovative models to estimate the tax gap by economic sectors; and ensuring functional interoperability with other public institutions to facilitate data and information exchange (NAFA, 2021).

Annual results regarding NAFA activity (2024)

Preliminaries

In 2024, a series of actions were carried out, focused especially on continuing the implementation of the integrated fiscal risk management process, which represents an important component of the strategic objectives assumed by the NAFA. By the end of the year, the module enabling the use of data from the RO e-Invoice system was received, alongside the module dedicated to detecting intra-community VAT fraud. These modules operate based on a well-defined set of risk indicators designed to identify cases of non-compliance related to the registration, declaration, and payment of tax obligations. The results obtained from applying these indicators are utilized by specialized units in tax inspection,

anti-fraud control, and collection activities, enhancing the efficiency of fiscal interventions.

In parallel, the continuous updating of risk indicators within the Fiscal Risk Registry was supported, a vital tool in the risk management process that provides a clear overview of risks by categories of taxes, taxpayer segments, and economic sectors. The Registry is a dynamic instrument, subject to ongoing modifications and adjustments to remain relevant and effective (NAFA, 2025b).

Furthermore, the institution identified a specific set of indicators for medium-sized taxpayers, which served as the basis for developing a pilot IT application within the APIC platform. This application aims to facilitate the classification of medium taxpayers into risk classes or subclasses, thereby contributing to a more precise and targeted management of risks related to this important segment. Regarding the achieved level of some strategic indicators in 2024, this can be observed in Table 2.

Table 2. Achieved levels of selected strategic indicators of NAFA for 2024 (NAFA, 2025b)

Indicator name	Unit of measurem	Annual program	2023	2024
Voluntary filing rate of tax returns, by types of taxes and categories of taxpayers	%	96	94.12	94.40
Voluntary compliance rate in the payment of tax obligations (in value), including partial payments	%	89	86.39	86.32
Share of active taxpayers in the total number of registered taxpayers	%	84	80.88	79.99
Share of documentary verifications in the total number of tax audits	%	55	49.04	62.36
Increase in the number of tax control actions (tax inspections and documentary verifications)	%	10	-	104.53
Increase in tax compliance of individuals through the application of alternative tax treatments to tax control and through tax control actions for taxpayers selected based on risk analysis	%	5	4.43	44.41
RON spent per one million RON of net budget revenues	RON	7,054	7,675.81	7,770.06

Tax inspection activity

During 2024, documentary verification actions accounted for 57.82% of the total fiscal control actions, approaching the target set for 2025, which is 60% (NAFA, 2025b). Taxpayers who did not remediate their fiscal risks after receiving compliance notifications were subjected to tax inspections. In the same year, a total of 21,387 tax inspections were carried out, of which 15,908 targeted legal entities and 5,479 targeted individuals. Following these inspections, additional amounts totaling 5.56 billion RON were established, of which 5.46 billion RON pertained to legal entities and 0.10 billion RON to individuals.

Additionally, 134 precautionary measures were imposed, amounting to 165.43 million RON. The majority (119 measures) were applied to legal entity taxpayers, totaling 148.41 million RON, while the remainder, 17.02 million RON, were applied to individuals. Moreover, 1,449 fines were issued, totaling 9.27 million RON —1,359 fines to legal entities amounting to 9.06 million RON, and 90 fines to individuals amounting to 0.21 million RON (NAFA, 2025b).

Furthermore, 356 reports were forwarded to criminal investigation bodies, of which 348 concerned legal entity taxpayers for a total prejudice of 4.95 billion RON, and 8 concerned individual taxpayers for a prejudice of 0.67 million RON.

As a result of these actions, the fiscal loss was reduced by 4.43 billion RON. To identify fiscal risks, 11,513 unannounced checks and on-site verifications were also performed in 2024, complementing the fiscal control activities efficiently (NAFA, 2025b).

Tax anti-fraud activity

Throughout 2024, inspectors identified and quantified fiscal implications covering VAT, taxes, social contributions, and other receivables, totaling 2.18 billion RON. This amount represents the estimated value of discovered tax evasion (NAFA, 2025b). In this context, 334 reports were submitted to criminal investigation authorities, corresponding to a total damage of 930.16 million RON, of which cases with damages exceeding one million RON accounted for 92.8% of the total reported damage. To ensure debt recovery, 133 precautionary measures were ordered, valued at 213.14 million RON.

In the area of tax evasion prevention, 14,659 primary contraventional sanctions were applied, including 13,247 fines and 1,412 warnings, with the total value of fines reaching 143.95 million RON. Regarding confiscations, the estimated value of cash, income from illicit

activities, and confiscated goods amounted to 279.84 million RON, and authorities ordered the suspension of activity for 274 taxpayers (NAFA, 2025b).

Additionally, following documentary verifications, tax assessments were issued for 1,843 entities, with the total amount of additional tax obligations established reaching 738.42 million RON.

Findings of SAI Romania (2024) based on risk analyses regarding NAFA's activity in collecting budget revenues

In 2023, the manner in which the NAFA fulfilled its legal responsibilities regarding the collection of revenues for the consolidated general budget, as well as compliance with the provisions concerning the formation, recording, monitoring, and collection of these revenues, was subject to a compliance audit conducted by the SAI Romania. The audit mission focused on NAFA's activities carried out during that year, with a particular emphasis on fiscal risk, highlighting several significant deficiencies (RCA, 2025).

Firstly, it was found that the General Directorate for Risk Management (DGMR) did not conduct adequate analyses to identify taxpayers presenting fiscal risk, and the structures responsible in this area did not investigate the situation of taxpayers who had their fiscal addresses registered at the same locations and who reported significant debts to the state budget. The evaluation carried out by SAI Romania, based on data provided by the General Directorate for Fiscal Antifraud, the National Center for Financial Information, and the National Trade Registry Office, revealed that as of December 31, 2023, there were 2,440 addresses in Romania where total debts to the state budget exceeded one million RON per address, and these locations were registered as the legal headquarters for a total of 47,513 companies, accumulating debts of nearly 29.7 billion RON. Furthermore, 361 addresses were identified where more than 10 companies operated, including 72 locations where over 100 companies had their legal headquarters (RCA, 2025).

Although fiscal control bodies conducted inspections at some of these addresses, the risks associated with the concentration of a very large number of companies at the same location were not properly analyzed or exploited, with most inspections concluding without significant findings and without these situations being reported by the antifraud inspection teams, which should have conducted further investigations. This practice generates a major fiscal risk because the operation of numerous companies at a single legal address may conceal mechanisms for transferring and "burying"

companies with large debts to the state budget through changes in shareholders and administrators, aimed at avoiding the recovery of fiscal claims.

In this context, analyzing the fiscal risk associated with these "incubators" of companies and identifying the individuals who provide hosting services and facilitate the transfer of shares will enable NAFA to take effective legal measures to combat tax evasion and increase the recovery of budgetary claims, thereby contributing to strengthening the integrity and efficiency of the fiscal system (RCA, 2025).

In the Activity Program of the DGMR for 2023, the development of the Non-Compliance Risk Management Strategy at NAFA was planned; however, this strategy had not been finalized by 2024. Therefore, it was recommended that NAFA's leadership require DGMR to undertake all necessary steps to promptly finalize and submit the strategy for approval to the institution's executive management (RCA, 2025). Without this strategy, there is a risk that NAFA's strategic objectives—such as reducing the fiscal gap for the main taxes, increasing the share of collected revenues, and improving taxpayers' compliance rates—which are also important components of the NAFA reforms outlined in the NRRP—may not be effectively achieved.

Additionally, since certain categories of high fiscal risk taxpayers were not identified, it was recommended that NAFA's leadership order the DGMR to carry out a specific analysis of the fiscal risk associated with taxpayers whose fiscal addresses are registered at the same location and who have significant debts to the state budget. The purpose of this analysis is to identify cases where companies with large debts have changed their legal headquarters to addresses specialized in "hosting" the registered offices of a large number of companies, to identify shareholders or associates who transferred ownership of these companies to avoid legal responsibility, as well as to identify groups specialized in facilitating the transfer of companies with debts to other shareholders and administrators, thereby blocking the effectiveness of enforcement actions initiated by the fiscal authorities.

Moreover, the recommendation calls for initiating all legal measures to hold accountable the persons who, as administrators, associates, or shareholders of these indebted companies, have effectively benefited from funds passing through the companies' bank accounts. It also aims to identify all firms or individuals involved in the circuit of tax evasion and avoidance of payments owed to the state budget, so that fiscal inspections can be initiated based on the risk analysis results (RCA, 2025).

Finally, it was also suggested that NAFA submit a request to the Ministry of Finance to initiate amendments to the legal framework regulating the registration of the legal headquarters of legal entities, in order to eliminate or significantly restrict the possibility of registering a large number of multiple legal addresses at the same location, thereby reducing the practice of "hosting" companies with high fiscal risk.

Conclusion

Over the past decades, the concept of fiscal risk has emerged as an extremely important dimension in the architecture of modern financial governance, transcending the strict framework of tax administration to become a key instrument in the formulation and implementation of economic policies. This study has demonstrated that approaching fiscal risk as a juridical-economic category allows both the early identification of vulnerabilities within the fiscal system and the efficient targeting of control and audit resources toward areas with the highest potential for non-compliance.

Our integrated analysis — legal, economic, and public policy-oriented — emphasizes that the efficiency of budget revenue collection can no longer be conceived without risk-based management. Recent reforms implemented in Romania, particularly at the level of NAFA, show a clear tendency toward modernization through digitalization, risk management, and the encouragement of voluntary compliance, in line with European practices and recommendations.

The empirical data analyzed indicate that a risk-based inspection and fiscal audit model generates superior strategic results in terms of control activity efficiency, reduction of tax evasion, and limitation of budget revenue losses. Moreover, integrating fiscal risk assessments into the public policy cycle allows for better adaptation to changing economic conditions, increasing the resilience of fiscal institutions and contributing to the strengthening of budgetary discipline.

Therefore, redefining and operationalizing fiscal risk as a central pillar in public revenue administration must continue, being of great importance for achieving fiscal sustainability goals, compliance with European standards, and macroeconomic stability. Hence, in our view, Romania has both the opportunity and the responsibility to fully leverage this instrument in the transition toward a modern, proactive, and performance-oriented fiscal system.

Research limitations

Beyond the fact that the objective of this paper (to create an integrated perspective on fiscal risk, with an emphasis on its applicability within the Romanian tax administration) was achieved, we point out certain methodological and contextual limitations. Among others, the author's analysis was predominantly based on secondary data provided by national institutions, which may introduce a degree of dependence on the accuracy and timeliness of official information. On the other hand, the empirical dimension did not include microeconomic case studies or comparative evaluations with other European countries, which would have offered even greater interpretative depth.

Future Research Directions

The author intends, within a reasonable timeframe, to develop comparative analyses at the level of other EU member states, aiming to highlight best practices in fiscal risk management and to provide recommendations adaptable to the Romanian context. This way, we will be able to contribute to strengthening research in the field and to the foundation of more efficient and equitable fiscal policies within a dynamic and digitalized economic environment.

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