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PhD Thesis Summary

**The Discretionary Power of Public Administration
and the Standards of Good Administration in the
Activity of the National Agency for Fiscal
Administration**

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INTRODUCTION

In the context of digital transformation, analyzing how public administration manages discretionary power is becoming increasingly relevant. Digitalization is not merely about automating processes, but rather a paradigm shift that demands transparency, efficiency, and accountability in governance. In this regard, tax administrations like the National Agency for Fiscal Administration (ANAF) play a important role, being at the forefront of interactions with taxpayers and managing large volumes of data and decisions that directly impact citizens' rights. Digitalizing tax administration involves not only implementing technology but also reforming the exercise of public power, requiring alignment with good governance principles such as legality, transparency, and reasoned decision-making (Petrescu, 2013; Bălan, 2016; Dina, 2013).

The academic literature emphasizes that discretionary power is an essential tool in the decision-making process of public administration, allowing adaptation to complex situations, but also highlights the risks of power overreach, which can lead to administrative abuses and reduce public trust (Andreescu, 2012; Gilson et al., 2014). In this context, the principles of good administration become critical balancing mechanisms, designed to limit arbitrariness and ensure fair and transparent governance (Olanescu, 2021).

At the European level, the Charter of Fundamental Rights and the case law of the Court of Justice of the European Union establish clear standards for good administration, including obligations for transparency, impartiality, and reasoned decision-making (Craig, 2022). Recent studies indicate that digitalization and automation of tax processes can significantly reduce excessive discretionary power by increasing the transparency and predictability of decisions (Pang and Hua, 2024). However, these technological innovations require careful regulation to avoid new forms of power abuse.

Therefore, researching the discretionary power of ANAF is essential for understanding how a more equitable and accountable administration can be promoted, contributing to strengthening taxpayer trust and modernizing Romania's tax administration.

The research approach combines a theoretical analysis of fundamental concepts with an applied dimension centred on practices, case studies, and the perceptions of involved actors, in order to assess the extent to which the current legislative and procedural framework succeeds in balancing the need for discretionary decisions with the observance of good administration principles.

By analysing the mechanisms for controlling the abuse of power and the integration of principles such as proportionality, accountability, and good administration, the research contributes to the international debate on public administration reform in the digital age. Furthermore, the use of a theoretical framework grounded in the case law of the Court of Justice of the European Union and in documents such as Article 41 of the Charter of Fundamental Rights of the European Union connects the Romanian discourse to European and international standards regarding the rule of law and the protection of fundamental rights.

The research objectives include the definition and theoretical analysis of discretionary power and good administration standards, highlighting the role and responsibilities of ANAF in this context, as well as exploring how discretionary power is exercised in administrative practice. The study aims to identify situations where ANAF decisions may be perceived as arbitrary, to evaluate the level of transparency and fairness of the institution's activity, and to determine the extent to which the principles of good administration are observed.

The applied objectives target the implementation of empirical studies that investigate the perceptions of taxpayers, fiscal experts, and public officials on these matters. The research seeks to analyse examples of good practice in the digitalisation of financial administration at the European level, in order to propose concrete solutions for reforming ANAF's activity, reducing excessive discretion, and increasing taxpayers' trust in public institutions. This perspective enables the identification of challenges and the provision of recommendations that contribute to improving administrative processes and strengthening fair and transparent fiscal governance.

The general approach of the research combines theoretical and empirical methods to provide a comprehensive and interdisciplinary perspective on discretionary power and the application of good administration standards in the activity of the National Agency for Fiscal Administration. The adopted methodology is structured along two main directions: conceptual and normative analysis on the one hand, and applied research based on case studies and quantitative methods on the other.

The research proposes the following key questions, aimed at investigating the relationship between administrative discretion and the quality of fiscal governance in Romania:

- In what manner is discretionary power exercised by the National Agency for Fiscal Administration?
- To what extent does it comply with the standards of good administration within the current context of Romanian public administration?

The thesis is structured into ten chapters, providing a detailed analysis of the issue of discretionary power in public administration and the application of good

administration standards, with a particular emphasis on the activity of the National Agency for Fiscal Administration.

The theoretical and practical contribution of the study lies in its exploration of a complex and timely topic, involving the analysis of the relationship between discretionary power in public administration and the implementation of good administration standards, with a specific focus on the activity of ANAF. The work stands out through its contributions in several key directions.

From a **theoretical perspective**, the thesis clarifies and deepens the fundamental concepts of discretionary power and good administration, offering a systematic analysis from legal, administrative, and doctrinal standpoints. It details the characteristics and limits of discretionary power, as well as how it is regulated in public administration, with reference to both national and international literature. The research also contributes to the development of the theory of good administration standards by integrating European principles and analysing how these can be applied in Romania's fiscal administration.

From a **practical standpoint**, the study adds value through its analysis of ANAF's activity, a central institution in public administration, responsible for implementing fiscal policies and engaging directly with taxpayers. The empirical studies conducted, including surveys addressed to taxpayers and fiscal experts, provide relevant insights into their perceptions regarding the transparency, impartiality, and predictability of ANAF's decisions. The research findings identify the main issues associated with the institution's discretionary power and propose concrete solutions to improve the relationship between the fiscal administration and taxpayers.

The paper also distinguishes itself through its **comparative dimension**, analysing good practices in the digitalisation of financial administration at the European level. Models from countries such as Spain, Estonia, and Finland serve as benchmarks for identifying and adapting effective solutions to the Romanian administrative context, thereby contributing to the modernisation and alignment of ANAF's operations with European standards.

By integrating theoretical and practical perspectives, the study contributes to the development of the field of public administration and to the improvement of administrative and fiscal processes in Romania. The formulated recommendations provide valuable directions for reducing excessive discretion, enhancing administrative transparency and efficiency, and strengthening taxpayers' trust in public institutions.

PART I. DISCRETIONARY POWER AND GOOD ADMINISTRATION

CHAPTER I. The concept of discretionary power in public administration

Discretionary power is a fundamental concept in administrative law, representing the authority of public institutions to choose, within the limits of the law, among multiple possible solutions to achieve public interest objectives. This margin of appreciation is necessary in contexts where the law cannot anticipate all specific circumstances, thus providing public administration the flexibility to adapt decisions to changing social and economic realities (Cornea, 2024). However, this decision-making freedom should not be confused with arbitrariness, as it is conditioned by the principles of the rule of law, such as legality, proportionality, and transparency, ensuring a balance between administrative efficiency and the protection of fundamental rights.

Discretionary power is fundamentally different from bound competence in terms of decision-making freedom. While bound competence requires the strict application of legal norms without room for adaptation, discretionary power allows authorities to choose the most appropriate solution from several legal options, based on the specific circumstances and the legislator's intent (Deliu, 2021). This flexibility is essential for efficient administration, but it must be exercised proportionately and justifiably to avoid abuse of power, defined as the abusive or unjustified use of administrative discretion. Abuse of power occurs when a public authority exceeds the limits of its competence or uses discretion contrary to the purpose of the law, thereby affecting the legitimate rights and interests of citizens (Maryanne et al., 2025).

To prevent such abuses, Romanian legislation, through Law No. 554/2004 on administrative litigation, establishes clear limits on discretionary power, introducing the concept of "abuse of power" and defining it as the exercise of discretion in violation of legal limits or fundamental citizen rights. Additionally, the Romanian Administrative Code sets out principles such as legality, proportionality, transparency, and reasoned decision-making, thereby strengthening the legal framework for discretionary power and creating the conditions for its rigorous oversight (Marin, 2020).

Control over discretionary power is exercised through various mechanisms, including judicial review by administrative courts, which can assess the legality, appropriateness, and proportionality of administrative decisions. Moreover, institutions such as the Ombudsman and the Court of Accounts play a important role in overseeing how public authorities use this power, providing citizens with

mechanisms to defend themselves against potential abuses (Băbălău, 2020). Furthermore, public participation and decision-making transparency are essential for limiting excessive discretion, ensuring that decisions are justified and made in the general interest rather than for the benefit of narrow interest groups (Cezar, 2020).

The exercise of discretionary power is therefore conditioned by the respect for fundamental principles such as proportionality and equality. The principle of proportionality requires that the measures adopted be appropriate and necessary to achieve the intended goal, without causing excessive harm compared to the benefits provided to the public interest (Trykhlil, 2020). Similarly, the principle of equality excludes arbitrary or preferential application of the law, requiring non-discriminatory treatment for all recipients of administrative acts (Erhan, 2023).

Thus, discretionary power remains an essential tool for the efficient functioning of public administration, but its use must always be measured against the principles of legality and good administration. Only within this normative framework can we speak of legitimate, transparent, and accountable governance that respects citizens' fundamental rights and contributes to building public trust in state institutions (Drăghici, 2022).

CHAPTER II. The principle of good administration in public law

The concept of good administration has evolved throughout history as a core component of efficient and fair governance, reflecting the political, economic, and technological transformations of human societies. The origins of this principle can be traced back to the earliest forms of state organization, where resource management and conflict resolution were essential for the survival and cohesion of communities. For example, in antiquity, the administrative systems of Pharaonic Egypt, Mesopotamia, and Ancient Rome developed complex bureaucratic structures to manage taxes, military forces, and public infrastructure, while legal codes such as the Code of Hammurabi and the Corpus Iuris Civilis established standards of justice and accountability for public officials (Tsujimura, 2021). These texts anticipated modern principles of good administration, such as proportionality of sanctions and the responsibility of authorities towards citizens.

During the Middle Ages and the early modern period, efficient administration became increasingly complex with the centralization of power and the formation of nation-states. Governance during this era was characterised by a mix of religious authority and secular power, which influenced the development of administrative norms. For instance, the Magna Carta of 1215 introduced the principle of the rule of law over the monarchy, establishing clear limits on the exercise of royal power and guaranteeing fundamental rights for citizens, such as protection against arbitrary detention. This evolution continued during the Enlightenment, when philosophers

like Montesquieu and Locke theorised the separation of powers and fundamental rights as essential elements of good governance (Blanton et al., 2021).

A major shift occurred during the Industrial Revolution, when the rapid growth of cities and economic expansion demanded a profound reform of public administration. In this context, Max Weber developed the bureaucratic theory, defining the essential characteristics of modern administration: specialization, clear hierarchy, formal rules, and professionalism (Filipescu, 2023). These principles were later adopted by modern governments to efficiently organize administrative structures and deliver effective public services in increasingly complex economic and social environments.

In the contemporary era, the concept of good administration has been formalised and reinforced through international regulations and national legislation. At the European level, Article 41 of the Charter of Fundamental Rights of the European Union enshrines the right to good administration as a fundamental right, guaranteeing citizens fair treatment, access to information, and the right to be heard before an administrative decision is made (Sari, 2023). This regulation has transformed good administration from an ideal of governance into a binding legal standard, applicable to European institutions and, by extension, to national administrations in the member states.

In Romania, good administrative practices have been progressively integrated into national legislation through acts such as Law No. 554/2004 on administrative litigation and Law No. 544/2001 on free access to public information. These regulations impose clear obligations on public authorities, including the duty to provide reasoned decisions, ensure transparency, and respect citizens' fundamental rights, thereby reinforcing the principle of good administration as a central element of the rule of law (Giorgi, 2019).

In addition to the legal framework, good administrative practices are supported by public policies and national strategies. For example, the Strategy for Strengthening Public Administration 2014–2020 and the Strategy for Better Regulation 2014–2020 have promoted the modernization of the civil service, reduction of bureaucracy, and digitalization of public services, aligning Romanian administration with European standards of transparency and accountability (Kosach et al., 2022).

Therefore, the concept of good administration has evolved from simple practices of efficient governance in antiquity to a fundamental principle of modern law, enshrined in both national and international regulations. This evolution reflects the need for transparent, accountable, and citizen-oriented administration as a critical element of a modern democratic society. Strengthening this principle remains an ongoing challenge, shaped by the political, cultural, and economic contexts of each state, but it is essential for maintaining the legitimacy and efficiency of contemporary governance.

PART II. ANAF, ROLE AND PROCEDURES IN THE CURRENT ADMINISTRATION

CHAPTER III. The role and functions of the national agency for fiscal administration (ANAF)

The National Agency for Fiscal Administration (ANAF) is one of the most important institutions within the central public administration in Romania, playing a important role in managing the state's financial resources. Established in 2003 through the separation of specialised departments from the Ministry of Finance responsible for public revenue administration, ANAF gained legal personality in 2004, becoming a specialised body with extensive responsibilities and a distinct institutional identity, subordinated to the Ministry of Finance (Băbălău, 2020, p.113). This transformation marked the beginning of a process of professionalization and autonomy for the fiscal administration, including measures to strengthen its fiscal and control functions, such as the merger by absorption of the National Customs Authority and the Financial Guard, as regulated by Government Decision No. 520/2013 regarding the organization and functioning of ANAF.

Under this regulation, ANAF assumed broader responsibilities, including the administration of taxes and contributions, the exercise of customs authority, and the conduct of operational control activities to prevent and combat tax and customs evasion. This expansion required significant organizational restructuring to optimize institutional capacity and improve administrative efficiency. The maximum number of positions was reduced from 27,100 to 25,582, and the institutional structure was reorganised to include eight Regional General Directorates for Public Finances (DGRFP), corresponding to Romania's development regions (Ban, 2019, p.3).

Another significant milestone in ANAF's evolution was the adoption of Law No. 268/2021 regarding the establishment of the Romanian Customs Authority and the amendment of related legislative acts, which formalised the separation of customs and fiscal functions, aiming to improve functional specialization and strengthen control capacity in the area of international trade. This reorganization was driven by the need to align with international standards of efficiency, transparency, and integrity, as promoted by the European Union and the World Customs Organization (Băbălău, 2020, p.113).

From a functional perspective, ANAF is responsible for managing all budget revenues, including taxes, duties, social contributions, and other amounts owed to the general consolidated budget. Its activity is organised into four main areas: tax obligation management, revenue collection, tax control, and the development of

institutional relations with taxpayers. These functions are regulated by an extensive legal framework, including the Tax Code and the Fiscal Procedure Code, as well as a series of secondary regulations, such as orders issued by the ANAF president and European directives (Tebieş, 2022, p.95).

To support voluntary compliance and reduce tax evasion, ANAF has implemented a series of digital reforms, such as the Virtual Private Space (SPV), the e-Invoice electronic billing system, and SAF-T (Standard Audit File for Tax) reporting. These measures have been adopted in the context of a global trend towards digitalization of tax administrations, aimed at improving transparency, simplifying procedures, and increasing the level of tax compliance (Rada, 2024, p.327).

However, the implementation of these reforms has generated significant challenges, especially for small and medium-sized taxpayers, who face difficulties in adapting to new technologies and incur additional costs for implementing digital systems. Moreover, ANAF's use of coercive measures, such as bank account garnishments or sanctions for non-compliance, has been criticised for lacking proportionality and for having a negative impact on taxpayer liquidity (Gligam, 2024, p.168).

ANAF plays a critical role in consolidating Romania's public finances and supporting economic development, but its success depends significantly on its ability to adapt internal structures, professionalize its staff, and create a predictable and fair tax environment for all taxpayers. Only through a balanced approach, emphasizing transparency, predictability, and respect for taxpayer rights, can ANAF genuinely contribute to financial stability and increase public trust in state institutions.

CHAPTER IV. The exercise of discretionary power by ANAF in practice

The tax audit procedures conducted by the National Agency for Fiscal Administration (ANAF) are a central example of the exercise of discretionary power in public administration, as they involve the interpretation and application of tax regulations in the specific context of each taxpayer. These procedures grant tax officials the right to verify taxpayers' fiscal status, establish additional tax obligations, impose sanctions, and recommend corrective measures. Although these powers are legally regulated, they inherently involve a degree of judgment, as the legal framework cannot anticipate all possible circumstances, leaving room for varying interpretations depending on the nature of the transactions, the taxpayer's conduct, and the available evidence (Alm, 2019, p.745).

However, discretionary power becomes problematic when exercised arbitrarily, without clear justification or objective criteria, which can significantly undermine taxpayers' trust in the fairness and impartiality of the tax administration. In practice, it has been observed that some tax audits are initiated without solid risk

assessments, based on unsubstantiated reports or excessively strict interpretations of tax law. Additionally, the excessive duration of inspections, lack of transparency in communicating results, and insufficient reasoning in tax decisions contribute to the perception of an opaque and inefficient authority (Blanchard et al., 2021, p.198).

A typical example of discretionary power in practice is the way tax inspectors interpret legal provisions during audits. In numerous cases, taxpayers have reported restrictive or even incorrect interpretations of tax rules, ignoring national jurisprudence and the decisions of the Court of Justice of the European Union. This inconsistency in legal interpretation can lead to unequal tax treatment and disproportionate sanctions, violating the principles of good administration and the rule of law. Moreover, the excessive length of inspections and the lack of clear deadlines for their completion are frequently criticised, as they create legal uncertainty and can negatively impact taxpayers' economic activities (Speriusi-Vlad, 2022, p.22).

Additionally, discretionary power is significantly exercised during the evaluation of documents and evidence provided by taxpayers. Tax inspectors have considerable discretion in assessing the authenticity of transactions, the deductibility of expenses, and the reality of the supply of goods and services, which increases the risk of arbitrary decisions. Although taxpayers theoretically benefit from procedural safeguards, such as the right to defense and access to appeal mechanisms, these rights are often limited in practice by the excessive complexity of procedures and short deadlines for filing appeals (Blanchard et al., 2021, p.198).

In the current context, there is an emerging trend toward strengthening judicial oversight over administrative tax decisions. Administrative courts have frequently sanctioned the lack of proportionality in the application of sanctions, the lack of reasoning in decisions, and violations of fundamental principles of good administration, such as transparency and legal certainty. These rulings contribute to defining clearer standards for the exercise of discretionary power and reduce the risk of administrative abuses (Speriusi-Vlad, 2022, p.22).

To mitigate the risks associated with the exercise of discretionary power, it is essential for ANAF to implement additional measures for transparency and accountability, including the development of standardised risk assessment methodologies, the publication of binding interpretative guidelines, and the strengthening of the independence of appeal departments. Furthermore, the complete digitalization of control procedures and the standardization of reasoning in administrative decisions would significantly reduce the risk of excessive power and increase the level of voluntary compliance (Speriusi-Vlad, 2022, p.22).

While discretionary power is a critical component of tax audit activities, it must be exercised within the limits of legality, proportionality, and transparency to effectively protect taxpayers' rights and restore confidence in the tax administration.

Only through coherent and comprehensive reform of administrative practices can ANAF become a modern, accountable, and citizen-oriented institution, in line with the principles of good governance and the rule of law.

CHAPTER V. Standards of good administration in ANAF's activities

Properly defining fundamental concepts is essential for understanding the functioning of public administration and its relationship with citizens. In the context of analyzing good administration and the exercise of discretionary power, notions such as "reasonable time frame," "decision-making transparency," "public administration," and "public decision" are critical, as they shape the rights and obligations arising from the administration-citizen relationship and serve as benchmarks for the legality control exercised by courts or other oversight institutions. The concept of a "reasonable time frame" is one of the most sophisticated and complex in European public law, explicitly enshrined in Article 6, paragraph 1 of the European Convention on Human Rights, which guarantees everyone's right to a fair trial "within a reasonable time." This notion obliges authorities, including administrative bodies, to resolve claims and appeals within a timeframe that does not undermine the substance of guaranteed rights, closely linking it to the principles of good administration and the rule of law (Ștefănoaia, 2023, p.155).

In Romanian constitutional law, the reasonable time frame is regulated by Article 21 of the Romanian Constitution, which enshrines the right to free access to justice, guaranteeing the parties' right to a fair trial and the resolution of cases "within a reasonable time." This provision gives the concept a dual dimension, applicable both in the judicial and administrative spheres, as individual or normative administrative decisions directly affect the exercise of fundamental rights and cannot be delayed without violating the principle of legality (Cîrnat, 2019, p.207). Additionally, Article 51 of the Romanian Constitution guarantees the right to petition, allowing citizens to address public authorities through petitions and imposing a clear procedural obligation on the administration to respond to these requests within the time limits and conditions set by law. This principle creates a clear procedural obligation for the administration to handle petitions in a transparent and prompt manner, helping to prevent abuses and maintain public trust in state institutions (Gudană, 2023, p.150).

The concept of "decision-making transparency" is a fundamental principle of good governance, enshrined in Law no. 52/2003 on the transparency of decision-making in public administration. This law imposes an obligation on authorities to publish draft normative acts and ensure public access to information of public interest. Decision-making transparency goes beyond the mere formal publication of acts and involves creating an open framework for public consultation and citizen

participation in the decision-making process, ensuring a more participatory and accountable governance (Boc, 2021, p.10). By publishing draft normative acts and organizing public debates, authorities must ensure a constant flow of information, enabling citizens to understand and influence the decisions that affect their rights and interests.

The concept of "public administration" is defined in both doctrine and legislation as the set of activities carried out under public power, aimed at satisfying the general interest. The Romanian Administrative Code, regulated by Government Emergency Ordinance no. 57/2019, defines public administration as a professional, stable, efficient, transparent, and impartial public service, oriented towards both the interests of citizens and public authorities (Luca, 2019, p.10). Thus, public administration is not merely an executor of the law but also the primary vector for implementing public policies and maintaining social cohesion in a democratic system.

A "public decision" is the tool through which the administration translates policies and legislative intent into concrete actions that impact society. It reflects the institutional capacity to adopt coherent, responsible, and well-founded measures, and the decision-making process must be efficient, transparent, and focused on the public good. The quality of public decisions depends on the ability of institutions to analyze community needs, mobilize relevant resources, and generate sustainable solutions within an open and inclusive process. In this sense, a public decision is more than just an administrative act; it is an act of governance that involves political commitment, technical evaluation, and openness to social dialogue (McDonald, 2022, p.170).

Therefore, defining and clarifying these concepts is essential for ensuring an efficient, transparent, and citizen-oriented public administration. They provide a reference framework for evaluating administrative performance and strengthening public trust in institutions, while also serving as a fundamental benchmark for legality control over administrative acts and the protection of individuals' fundamental rights.

CHAPTER VI. Perspectives for reforming ANAF's activities

In the context of the National Agency for Fiscal Administration (ANAF) activities, the need to balance the exercise of discretionary power and the protection of taxpayers has become a central concern in the institutional reform process. Discretionary power, while necessary for the application of tax rules, should not devolve into arbitrariness or abuse but should be exercised in the spirit of legality, proportionality, and fairness. Taxpayers, who find themselves in an asymmetric relationship with the tax administration, must benefit from sufficient procedural safeguards that allow them to exercise their rights effectively, without fear of unequal or retaliatory treatment (Majka, 2020, p.190).

Decisions involving discretionary margins, such as initiating tax audits, granting payment facilities, imposing sanctions, or triggering enforced collection, must always be based on objective, verifiable, and transparent criteria. The absence of clear mechanisms to distinguish between legitimate discretion and excessive or abusive practices not only affects individual rights but also undermines taxpayers' trust in the tax authority. Institutional reform should prioritize the standardization of administrative practices, the development of clear and uniform procedures, and the establishment of internal control filters to limit the risks associated with inappropriate discretionary exercise.

Recent digitalization projects at ANAF, such as the implementation of the Virtual Private Space (SPV), the e-Factura system, and the Standard Audit File for Tax (SAF-T), reflect efforts to reduce subjective decision-making and improve fiscal transparency (Mihai et al., 2021, p.225). These tools enable real-time monitoring of taxpayer behavior and reduce the risk of arbitrariness by automating workflows, generating electronic decisions, and ensuring complete traceability of administrative documents. Moreover, digitalization reinforces the principle of good administration, providing taxpayers with quick and easy access to their tax records and secure, direct interaction with the tax administration, in line with Article 41 of the Charter of Fundamental Rights of the European Union.

However, taxpayer protection cannot be reduced to the mere automation of tax procedures. It is also essential to strengthen internal control mechanisms, provide continuous professional training for tax officials, and introduce clear standards for decision-making. These measures are necessary to prevent abuses, ensure proportionality in tax measures, and guarantee taxpayers' access to fair administrative justice. Additionally, developing real public consultation mechanisms and facilitating access to tax information are important for strengthening public trust in the tax authority (Boc, 2021, p.10).

In this regard, ANAF's reform must also include measures to prevent conflicts of interest and strengthen institutional transparency. This could involve introducing mandatory pre-decision hearings before issuing major impact decisions, as well as establishing clear mechanisms for evaluating administrative performance, based on indicators such as case resolution times and taxpayer satisfaction levels (Mashchenko, 2024, p.268).

Therefore, the balance between exercising discretionary power and protecting taxpayers should not be seen as a limitation on administrative efficiency, but as an essential condition for achieving sustainable and voluntary compliance. In a modern tax system, protecting taxpayers' rights is not an obstacle but a prerequisite for the efficiency and legitimacy of administrative decisions. For ANAF's reform to be truly sustainable, it must be complemented by a strategic vision in which taxpayer

protection is an integral part of good governance, not just an exceptional concession by the state (Woldu, 2019, p.46).

PART III. METHODOLOGICAL APPROACHES TO THE RESEARCH

CHAPTER VII. Research design

The purpose of this research is to analyze how discretionary power is exercised by the National Agency for Fiscal Administration (ANAF) within the framework of European and international standards for good administration, and to identify best practices in digitalizing tax administration within the European context. The study aims to provide concrete proposals for optimizing ANAF's operations and strengthening taxpayer trust in tax institutions, through a comparative and applied approach to European models of digital governance.

The main research questions are as follows: How is discretionary power exercised by the National Agency for Fiscal Administration? To what extent does ANAF comply with good administration standards in the current context of Romanian public administration?

In order to provide precise and well-founded answers to the main research questions, it is necessary to undertake an analytical breakdown into specific sub-questions that allow for a detailed examination of the institutional, legal, and operational aspects involved. These sub-questions serve as tools for in-depth investigation, facilitating a structured and coherent approach to the research topic.

In the context of analysing how the National Agency for Fiscal Administration (ANAF) exercises administrative discretion and complies with the standards of good administration, these sub-questions address not only the normative framework and control mechanisms, but also public perception and the impact of digitalisation on institutional practices.

- What are the main models of fiscal digitalisation implemented in European countries renowned for the performance of their tax administrations, such as Spain, Estonia, and Finland?
- To what extent can these models be adapted to the context of Romania's fiscal administration?
- How has the digitalisation of fiscal administration influenced the reduction of administrative discretionary power and the enhancement of institutional transparency in the European countries analysed?
- How are the standards of good administration implemented within the fiscal digitalisation processes at European Union level?
- To what extent is the activity of ANAF aligned with these standards?

- How do Romanian taxpayers perceive the way in which ANAF applies the principles of good administration and exercises discretionary power?
- What are the main dysfunctions identified, along with possible solutions for improving the relationship between citizens and the fiscal administration?

The general objective of the research is to assess the influence of discretionary power and ANAF's compliance with good administration standards, based on the analysis of taxpayer experiences, expert perceptions, and a comparative study of tax digitalization processes in other European countries. The goal is to identify concrete directions for reform and modernization of the Romanian tax administration, in line with current trends and requirements within the European Union.

Through the delineation of these objectives, the aim is not only to describe the current situation, but also to identify potential dysfunctions, best practices, and possible directions for improving fiscal governance in Romania.

Research objectives:

- O1. To analyse the relationship between taxpayers' perceptions of the administrative discretion exercised by ANAF and their level of trust in the institution.
- O2. To evaluate the extent to which digitalisation contributes to the application of good administration standards and to the improvement of ANAF's performance.
- O3. To determine the impact of perceptions regarding the observance of good administration standards on taxpayers' trust and their voluntary tax compliance.

Research hypotheses:

- H1. Taxpayers' perception of ANAF's discretionary power as excessive has a negative impact on their level of trust in the institution.
- H2. The digitalisation of fiscal administration significantly contributes to the implementation of good administration standards and to the improvement of ANAF's institutional performance.
- H3. The implementation of good administration standards contributes to increased taxpayer trust and encourages voluntary tax compliance.

The theoretical part analyses legislation, literature, and case law concerning administrative discretion. On the empirical side, questionnaires were addressed to taxpayers and experts, supplemented by statistical analysis and a comparative study of European digitalisation models (Spain, Estonia, Finland). This structure supports the formulation of practical recommendations applicable to the reform of Romania's fiscal administration.

The research has a cross-sectional design, aiming to collect data at a single point in time in order to capture the perceptions of taxpayers and fiscal experts regarding ANAF's activity. This approach allows for the evaluation of how discretionary power is exercised and good administration standards are applied, in parallel with the impact of digitalisation on transparency and fiscal efficiency, both in Romania and in the European context.

The study has a mixed character, combining theoretical and empirical methods within an interdisciplinary framework – legal, administrative, and economic. The theoretical part analyses legislation, literature, and case law regarding administrative discretion. On the empirical side, questionnaires addressed to taxpayers and experts are used, complemented by statistical analysis and a comparative study of European digitalisation models (Spain, Estonia, Finland). This structure supports the formulation of applicable recommendations for the reform of fiscal administration in Romania.

The selection of Spain, Estonia, Finland, and Romania for the comparative analysis of the digitalisation of financial and fiscal administration at European level is justified by the diversity of institutional models and their different degrees of digital maturity. Spain, Estonia, and Finland consistently rank among the top five in the DESI (Digital Economy and Society Index), reflecting consolidated development of digital public services, including in the fiscal field. Romania, although positioned lower, was included in order to provide a valuable contrast and to anchor the analysis in the national context, with the goal of substantiating recommendations applicable to the National Agency for Fiscal Administration (ANAF).

The analysis was based on a set of comparable indicators for the period 2014–2024: (i) positioning in the DESI index, “Digital Public Services” subcomponent; (ii) the level of adoption of digital tax platforms; (iii) the reduction of discretionary power through process automation; (iv) the average processing time of taxpayer requests; (v) the level of taxpayer satisfaction regarding the use of platforms; and (vi) financial investments allocated to digitalisation, with emphasis on post-2020 European funds (NRRP). These indicators enabled a balanced evaluation of both progress and the difficulties encountered by each state.

The results highlight structural differences: Spain constitutes a model of real-time reporting through the SII system (Suministro Inmediato de Información), which has reduced tax evasion and officials’ discretion. Estonia, considered a global leader in digital governance, has implemented a full integration of fiscal services, reducing direct interaction between taxpayer and official, and implicitly, the space for discretionary decisions. Finland has stood out through the use of algorithms and artificial intelligence for selecting taxpayers for audits, promoting objectivity and fairness in the application of tax rules. Romania, through instruments such as the Virtual Private Space, SAF-T, and e-Invoice, is at an early stage, marked by institutional fragmentation and resistance to change, but supported by recent investments through the NRRP.

To consolidate the comparative framework, the analysis was completed with data from European Commission, OECD, and other international organisations’ reports, which confirm the general trend of expanding digital fiscal services and standardising interoperability in the European Union.

On the empirical side, the research included two online surveys, conducted via Google Forms (January–February 2025). The first, addressed to taxpayers (n=250), focused on perceptions regarding ANAF’s discretion, decision-making transparency, and the use of digital tools. The second, addressed to fiscal experts (n=200), evaluated the application of good administration standards and the impact of digitalisation on reducing discretionary power. The use of this mixed methodology enabled data triangulation, offering a solid empirical foundation for the formulation of recommendations regarding the modernisation of ANAF.

CHAPTER VIII. Case study on the digitalization of financial and tax administration in Europe

8.1. Digitalisation of fiscal administration and algorithmic discretion: legal and ethical challenges

The digitalisation of fiscal administration promises efficiency and transparency, but also raises serious legal and ethical challenges. The specialised literature draws attention to algorithmic opacity, the risk of amplifying inequalities, and the transfer of administrative discretion to technological systems that are difficult to challenge.

Major concerns relate to data protection, the right to human review, and the digital exclusion of vulnerable groups. Recent European regulations (the AI Act, Digital Services Act – DSA) require transparency, auditability, and accountability, yet effective implementation demands algorithmic governance and institutional safeguards.

8.2. Spain

In the context of strengthening European governance and increasing demands for administrative efficiency, Spain stands as a remarkable example of tax administration digitalization. The Spanish tax administration, through the Agencia Estatal de Administración Tributaria (AEAT), has pursued a progressive digitalization strategy since the 1990s, significantly accelerating over the past two decades amid international pressure to combat tax evasion and improve public revenue collection efficiency.

The central element of this process is the Suministro Inmediato de Información (SII) system, implemented in 2017, which requires VAT-registered companies to transmit near real-time data on issued and received invoices. This system has significantly reduced fraud risks, improved transparency, and strengthened preventive tax control by providing tax authorities with up-to-date and detailed information on economic transactions (Martinez-Vazquez et al., 2023).

In addition to the SII, Spain has developed advanced electronic platforms, such as the Sede Electrónica de la Agencia Tributaria, which allow taxpayers to file tax returns, request refunds, and access tax documents online without the need to visit tax offices. These services have been supported by massive investments in digital infrastructure, including the use of European funds for IT system modernization and staff training (Bisciari et al., 2022).

Moreover, Spain has integrated advanced technologies such as artificial intelligence and machine learning to identify non-compliance risks and efficiently allocate audit resources, thereby reducing interventions on compliant taxpayers and limiting the discretion of tax officials (Kergroach, 2021).

This digital transformation has fundamentally changed the relationship between taxpayers and the tax administration, promoting a model of cooperation based on transparency and accessibility, supporting good governance objectives, and increasing public trust in government institutions.

8.3. Estonia

Estonia is recognised as a global leader in the digitalization of public administration, with its tax system serving as a remarkable example of efficiency and transparency. This transformation has been made possible through a coherent strategic vision, advanced technological infrastructure, and a well-developed digital culture among the population. The Estonian tax system is managed by the Eesti Maksu- ja Tolliamet (Estonian Tax and Customs Board), which offers nearly all of its services in digital format through the e-Tax platform, integrated into the broader e-Estonia ecosystem (Espinosa and Pino, 2025). Over 96% of Estonian citizens file their tax returns online, and businesses use digital platforms exclusively for tax reporting, thanks to the interoperability provided by X-Road, the backbone of Estonia's digital infrastructure.

X-Road enables the automatic and secure exchange of data between public institutions, eliminating the need for physical documents and significantly reducing bureaucracy. Through this network, the Tax Authority can access real-time data on taxpayers' income and transactions without requiring additional information, greatly reducing the scope for discretionary decision-making and ensuring uniform and transparent tax enforcement. Moreover, all data accesses are logged and visible to citizens, enhancing public trust and protecting privacy (Allaste and Cairns, 2024).

Estonia has made substantial investments in cybersecurity and personal data protection, implementing secure digital authentication and advanced encryption technologies. The tax systems are supported by artificial intelligence and predictive algorithms that quickly identify non-compliance risks and suspicious behaviors, directing audit resources to high-risk areas. Additionally, the digital platforms are designed to offer personalised and proactive services, such as pre-filled tax returns,

which only require taxpayer confirmation, a process that typically takes just a few minutes.

Thus, Estonia demonstrates that digitalization is not merely a technological shift but an effective public policy that reduces administrative costs and strengthens citizens' trust in public institutions.

8.4. Finlanda

Finland is recognised for its advanced model of tax administration digitalization, characterised by automation, transparency, and taxpayer-centric services. Tax administration in Finland is managed by Verohallinto, an institution that offers almost all of its services through the digital platform OmaVero, which was officially launched in 2017. This online interface allows taxpayers to file returns, pay taxes, manage refunds, and communicate with the tax authority, all within a secure and user-friendly environment (Haapaniemi, 2023). The OmaVero system is integrated with other public databases, ensuring automatic information exchange and reducing bureaucracy by eliminating the need for repeated document requests.

A key feature of the Finnish model is the use of advanced algorithms and artificial intelligence to automate tax processes and assess risks. These systems enable the automatic detection of suspicious tax behaviors and efficient allocation of resources for audits, limiting manual interventions and reducing the risk of discretionary treatment. For instance, tax returns are automatically pre-filled based on data collected from employers, financial institutions, and other public authorities, and taxpayers only need to confirm their accuracy. This approach simplifies procedures and reflects a genuine commitment to the principle of good administration, through accessibility, predictability, and reduced unnecessary administrative interactions (Saunavaara et al., 2022).

Tax digitalization in Finland is also supported by a robust technological infrastructure, enabling real-time data exchange between institutions, in compliance with data protection legislation and public service interoperability standards. Additionally, Finland has invested in taxpayer digital education through awareness campaigns, interactive guides, and online support, aiming to prevent digital exclusion and ensure equal access to tax services (Dhaliwal et al., 2023).

Finland offers a solid example of good tax administration in the digital age, combining technology with transparency and a citizen-centric approach, serving as a valuable model for other European countries, including Romania.

8.5. Romania

Poor governance in Romania continues to limit national development and hinder effective integration into the European Union. According to the 2022 Sustainable Governance Indicators published by Bertelsmann Stiftung, the efficiency

of public administration in Romania remains below the European average, with significantly lower scores in critical areas such as ministerial coordination, agency oversight, and regulatory enforcement. These deficiencies are reflected in the limited capacity for public policy implementation and the lack of strategic alignment between government objectives and resource allocation (Bertelsmann Stiftung, 2022).

A major issue is the dominant presence of state-owned enterprises (SOEs) in key economic sectors such as energy, gas, and transportation. Romania has the highest number of state-owned enterprises in the EU, including companies like Romgaz, Transgaz, and Electrica, which often struggle with budgetary losses and inefficient management. These companies control strategic segments of the economy, but their poor performance and reliance on subsidies negatively impact market competitiveness and reduce the attractiveness of private investment (World Bank, 2023).

In the infrastructure sector, deficiencies are evident in water, sewage, and energy networks. Romania is the only EU member state that does not provide universal access to running water, and the rehabilitation of irrigation systems and flood protection infrastructure requires investments of billions of euros. The lack of infrastructure investment exacerbates regional economic disparities and limits sustainable economic development (Bertelsmann Stiftung, 2022).

In the healthcare sector, fragmented decision-making and poor coordination among authorities lead to significant inefficiencies. Medical equipment and drug procurement are conducted at the level of individual healthcare units, reducing economic efficiency and affecting the quality of medical services. Similarly, the education system suffers from weak implementation of reform policies, lacking a coherent framework for performance monitoring and evaluation (Bertelsmann Stiftung, 2022).

8.6. Comparative Analysis of Public Administration Digitalization Across Four Countries: Spain, Estonia, Finland, and Romania

The digitalization of financial and tax administration has become a central pillar of institutional modernization within the European Union, aimed at strengthening good governance, reducing tax evasion, and improving the relationship between the state and taxpayers. The digitalization models of Spain, Estonia, Finland, and Romania reflect diverse approaches, each adapted to the specific economic and cultural contexts of these countries. Estonia stands out for its fully digital system, integrated through the X-Road platform, which enables automatic data exchange between institutions and provides taxpayers with rapid, transparent access to their own fiscal information (Espinosa and Pino, 2025). This model significantly reduces the risk of discretionary exercise of tax power and promotes efficient governance, but

it involves high infrastructure costs and requires constant technological updates (Allaste and Cairns, 2024).

Finland has developed a balanced model, where digitalization is combined with active taxpayer support through the OmaVero platform, which provides an intuitive interface and easy access to tax services (Saunavaara et al., 2022). This system uses advanced algorithms for tax risk assessment and ensures a high level of voluntary compliance, but it faces challenges related to the digital exclusion of vulnerable populations and the need to balance automation with human interaction (Safarov, 2023).

Spain has implemented a model focused on fraud prevention through systems like the SII (Suministro Inmediato de Información), which allows real-time transaction reporting and reduces tax evasion risks. However, it struggles with procedural complexity and limited interoperability between institutions (Martinez-Vazquez et al., 2023).

Romania, on the other hand, is in a transitional phase, with initiatives like SPV (Virtual Private Space), e-Factura, and SAF-T, but it faces significant challenges in the widespread adoption of these platforms due to the lack of a coherent digital infrastructure and low digital skills among taxpayers (Păunescu, 2023). In this context, the success of tax digitalization in Romania depends on an integrated strategy that includes automation, interoperability, and active user support, aimed at reducing administrative discretion and improving government transparency.

8.7. Analysis of Digitalization Progress in Public Administration at the European Union Level

The digitalization of tax administration has become a strategic priority for the European Union, with the primary goals of modernizing state-taxpayer interactions, increasing administrative efficiency, and combating tax evasion. This digital transformation accelerated significantly after 2015, following the launch of the Digital Single Market Strategy, which promoted the development of digital infrastructure, system interoperability, and the simplification of administrative procedures (European Commission, 2023). Initiatives such as real-time digital reporting, the automation of tax processes, and the use of predictive data analytics have become essential for member states aiming to improve tax performance and reduce the administrative burden on taxpayers.

Estonia, a recognised leader in digitalization, has implemented a fully integrated system through the X-Road platform, which enables automatic data exchange between institutions and provides citizens with rapid access to tax services (Espinosa and Pino, 2025). This model has fundamentally transformed the relationship between taxpayers and the administration, significantly reducing the risk of discretionary tax power.

Finland has adopted a similar strategy, combining automation with active taxpayer support through the OmaVero platform, which uses advanced algorithms for tax risk detection and ensures a simplified digital experience (Saunavaara et al., 2022). Although it faces challenges related to the digital exclusion of vulnerable populations, this model has proven effective in increasing voluntary tax compliance.

Spain has developed a fraud prevention-oriented model through the implementation of the SII (Sistema de Información Inmediata), which allows real-time digital transaction reporting and significantly reduces VAT evasion (Martinez-Vazquez et al., 2023). However, Spain also faces challenges related to the complexity of its platforms and the lack of full interoperability between institutions.

Romania, in an early stage of digitalization, has introduced platforms such as SPV (Virtual Private Space), e-Factura, and SAF-T, but faces major challenges related to fragmented digital infrastructure and low digital skills among taxpayers (Păunescu, 2023). The National Recovery and Resilience Plan (PNRR) offers significant opportunities for modernizing tax administration, but the success of these initiatives depends on the adoption of a coherent strategy and consistent investments in digital infrastructure and professional training.

Therefore, the success of tax digitalization in the European Union depends not only on the implementation of modern technologies but also on integrating them into a coherent, citizen-oriented administrative system, supported by consistent public policies.

CHAPTER IX. Study on taxpayers' perception of discretionary power and good administration standards in ANAF's activities

The survey conducted on a sample of 300 respondents reveals several essential characteristics of taxpayers and their perception of ANAF's activities. The gender distribution indicates that 58% of the respondents are women and 42% are men, suggesting significant female participation in evaluating tax services (Table 9.1). In terms of age, most respondents fall within the 36-50 age range (54%), followed by the 51-65 age group (25%) and the 26-35 age group (17.7%), reflecting a professionally active population, likely with significant roles in business management.

Regarding education, the majority of respondents hold higher education degrees: 55.7% have postgraduate studies, 36% have university degrees, and 8.3% have completed secondary education (Table 9.3). This high educational profile may influence expectations regarding ANAF's transparency and professionalism.

In terms of taxpayer status, 81.7% are individual taxpayers, 16.3% are legal entities, and 2% are self-employed individuals (PFA), indicating a predominance of individual taxpayers in the sample.

With respect to income, most respondents fall within the 50,000-100,000 RON/year range (38%), followed by those earning over 100,000 RON/year (27%) and those earning less than 10,000 RON/year (18%), indicating a significant presence of medium- and high-income taxpayers (Table 9.5).

Most respondents live in urban areas (90%), with a strong concentration in Bucharest (62.7%) and Ilfov (17%), reflecting a trend toward economic centralization.

CHAPTER X. Study on the perception of tax experts and specialists regarding discretionary power and the application of good administration standards in ANAF's activities

The analysis of the survey conducted on a sample of 300 respondents reveals several important aspects related to the profile of taxpayers and their perception of ANAF's activities. In terms of gender, 64.5% of the respondents are women, while 35.5% are men, reflecting a higher female participation in the evaluation of tax services. Regarding age, most respondents (38.8%) are between 30 and 40 years old, followed by those aged 41 to 50 (32.4%), while only 8% are over 60 years old (Table 10.2), indicating a significant presence of active professionals.

From an educational perspective, 55.2% hold postgraduate degrees (master's or doctoral studies), while 44.8% have bachelor's degrees, suggesting a high level of professionalization. In terms of professional qualifications, 59.2% are members of CECCAR, 15.1% of INPPA, 13.4% of CAFR, and 12.4% of ACCA, reflecting a significant presence of accounting experts and auditors in the sample.

Most respondents work in accounting (63.5%), followed by tax law (15.1%), financial auditing (14.7%), and tax consulting (6.7%) (Table 10.5), which can influence their perceptions of the complexity of ANAF's regulations. In terms of professional experience, 70.2% have more than 10 years of experience, suggesting a high critical capacity in evaluating tax practices.

These data highlight a clear need for the optimization of tax procedures, transparency, and predictability, essential aspects for strengthening trust in the tax administration.

ANAF's discretionary power is perceived as being used in a balanced manner by the majority of respondents, but a significant segment points to arbitrary applications. These findings are supported by the literature on abuse of power and discretionary administrative decisions, which link such perceptions to a lack of

professionalism and the absence of clear procedures (Olanescu, 2021; Asta, 2020 and Andreescu, 2023a).

ANAF's decision transparency is rated negatively by a significant portion of respondents, reflecting the conclusions of international research regarding the deficit in decision motivation in tax administrations (Craig, 2022 and Dhaliwal et al., 2023). The ambiguity of legislation is identified as a major cause of excessive discretion, a recurring theme in studies on tax regimes in various countries (Majka, 2020; Tatarashvili, 2022 and Lazar, 2004).

Respondents highlight key deficiencies such as long processing times for requests, inconsistency in decisions, and lack of transparency, aspects well-documented in the specialised literature, which links these issues to the lack of professionalization among public officials and the uneven application of the law (Floştoiu, 2023; Deliu, 2021 and Galle & Shay, 2022).

While digitalization is seen as a positive step, many respondents emphasize its limited scope and the need for a coherent strategy, a concern also reflected in recent analyses warning that digitalization without legislative reform cannot address structural problems (Durach et al., 2021; Dhaliwal et al., 2023 and Galan, 2022).

A significant proportion of respondents recommend the development of efficient digital platforms and the simplification of legislation, confirming that digitalization is perceived not only as a technological solution but also as an institutional change necessary to reduce discretionary power (Mirabela & Loredana, 2023; Mihai et al., 2021; Ranchordas and Scarcella, 2021).

This perception suggests that digitalization, supported by legislative clarity and professional training, can significantly contribute to increasing transparency and administrative accountability.

GENERAL CONCLUSIONS

The research highlighted that the digitalization of tax administration in the European Union has become a central vector of public governance modernization, moving beyond mere technology adoption to reflect a profound structural transformation. Romania, currently in an early stage of this process, faces significant challenges related to legislative ambiguity, limited administrative capacity, and low levels of digitalization. In this context, the study analysed how the National Agency for Fiscal Administration (ANAF) exercises discretionary power and adheres to the principles of good administration, comparing these aspects with established European models, such as those in Spain, Estonia, and Finland.

The Spanish, Estonian, and Finnish models provide examples of best practices in tax digitalization, emphasizing the importance of interoperability, process automation, and decision-making transparency. Spain has implemented the SII

(Suministro Inmediato de Información) system and the Sede Electrónica platform, which have reduced bureaucracy and improved voluntary compliance, while Estonia has developed a fully integrated digital infrastructure through the X-Road platform, ensuring transparency and efficiency through total interoperability (Espinosa and Pino, 2025). Finland, through its OmaVero platform, has focused on accessibility and user support, thereby strengthening taxpayer trust (Saunavaara et al., 2022).

On the other hand, Romania faces challenges such as fragmented IT systems, lack of interoperability, and low digital skills among tax personnel. Partial digitalization, through tools like SPV, SAF-T, and e-Factura, has marked some progress, but the lack of a coherent strategy and adequate infrastructure remains a major barrier (Păunescu, 2023). The European models analysed suggest that the success of tax digitalization depends not only on technology but also on institutional leadership, inter-agency collaboration, and digital education.

RECOMMENDATIONS

- ✓ For ANAF to become a modern, efficient, taxpayer-centered fiscal institution, it is essential to adopt a digital strategy inspired by European best practices. Models from Estonia, Finland, and Spain demonstrate that the success of tax digitalization depends on the integration of technology with a clear strategic vision, an open institutional culture, and a constant focus on the user (Espinosa and Pino, 2025; Saunavaara et al., 2022).
- ✓ Modernizing the Virtual Private Space (SPV) platform to provide a fully digital experience, similar to Estonia's e-Tax system or Finland's OmaVero platform. These systems enable comprehensive, transparent, and personalised interactions with tax authorities, offering taxpayers quick access to tax information and services (Kitsing, 2024).
- ✓ Another strategic pillar is the interoperability of tax systems. In Estonia, the X-Road platform facilitates automated data exchange between various public institutions, eliminating administrative redundancies and reducing the bureaucratic burden on taxpayers (Allaste and Cairns, 2024).
- ✓ Romania should implement a similar system that enables secure data exchange between ANAF, the Trade Register (ONRC), the Pension House, and other relevant authorities, ensuring more efficient and transparent tax administration (Păunescu, 2023).
- ✓ Additionally, digitalization should be supported by advanced algorithms for fiscal risk analysis. Predictive models based on artificial intelligence can reduce administrative discretion and allocate control resources more efficiently, as seen in Finland and Spain (Galan, 2023). At the same time, it is essential to develop proactive services, such as pre-filled tax returns,

which reduce errors and simplify voluntary compliance (Dhaliwal et al., 2023).

- ✓ For these reforms to be effective, digital education for taxpayers, active support, and decision-making transparency are also critical to building a trust-based partnership between the state and its citizens (Mirabela and Loredana, 2023).

THE IMPACT OF DIGITAL TAX POLICIES ON VOLUNTARY COMPLIANCE

Digitalizing tax administration is not just a technological upgrade but also a important tool for increasing taxpayer voluntary compliance. In this context, digital platforms significantly simplify tax processes, reducing administrative barriers and providing taxpayers with a clearer and more efficient experience. This is evident in countries like Estonia and Finland, where a high level of digitalization has led to significantly higher voluntary compliance rates compared to countries where tax interactions remain predominantly traditional (Espinosa and Pino, 2025; Saunavaara et al., 2022).

One major benefit of digitalization is the increased transparency and trust in tax institutions. Modern platforms provide quick access to tax information, transaction histories, and automated notifications, reinforcing perceptions of fairness and predictability in the tax system. This kind of access to personal data and tax history reduces uncertainty and gives taxpayers greater control over their obligations, thereby encouraging voluntary compliance (Dhaliwal et al., 2023).

Additionally, the automation of tax processes reduces administrative costs for both taxpayers and tax authorities. It eliminates the need for physical interactions and printed documents, allowing taxpayers to manage their obligations efficiently from a distance. Pre-filled tax systems, like those used in Finland, significantly reduce errors and the time required for filing, transforming the tax interaction into a straightforward and predictable process (Haapaniemi, 2023).

However, the success of these policies depends on the stability of digital platforms, the tax literacy of users, and equitable access to technology. To maximize the impact of digitalization, tax administrations must ensure algorithmic transparency, data security, and continuous taxpayer support, thereby fostering a positive and sustainable tax culture (Galan, 2023; Mirabela and Loredana, 2023).

ETHICS AND SECURITY IN DIGITAL TAX ADMINISTRATION

- ✓ Digitalizing tax administration brings significant benefits for revenue collection efficiency, but it also introduces risks related to data privacy and

excessive surveillance, which require strict regulations and protective measures (Craig, 2022).

- ✓ Algorithmic transparency is essential, as automated systems that identify tax risks and trigger sanctions must adhere to principles of fairness and non-discrimination. Taxpayers have the right to understand how these decisions are made, and algorithms should be regularly audited to prevent errors and abuses (Galan, 2022).
- ✓ Measures such as data encryption and staff training in IT security are critical for protecting taxpayer confidentiality and maintaining public trust in digital systems (Durach et al., 2021).
- ✓ Digital inclusion is another challenge, as taxpayers with limited digital skills risk being excluded from the system, requiring the development of accessible alternatives and personalised support channels to ensure equitable access (Blanton et al., 2021).

PERSONAL CONTRIBUTIONS

This work makes an original contribution to the understanding of the digitalization of fiscal and financial administration, focusing on the relationship between technology, the discretionary power of authorities, and the principles of good administration. Through a comparative analysis of four European countries – Spain, Estonia, Finland, and Romania – the research highlights how digitalization can reduce arbitrary decision-making and enhance fiscal transparency.

I conducted both doctrinal and practical research, clarifying the concept of discretionary power and distinguishing it from the abuse of power, exploring the legal framework and the legitimate limits of this form of authority. I also examined the principle of good administration, emphasizing its connection to citizens' fundamental rights, demonstrating that efficient and fair public administration can reduce the risk of discretionary abuse. Additionally, I analysed the critical role of ANAF, both as a tax institution and as an administrative entity with significant prerogatives, identifying potential vulnerabilities in the exercise of its duties.

My contribution lies in investigating the concrete ways in which discretionary power is exercised in ANAF's practice, including the study of relevant cases, controversies in the authority-taxpayer relationship, and the analysis of tax control procedures. I proposed recommendations to improve transparency and decision-making accountability, including encouraging digitalization and the automation of administrative processes as modern solutions to enhance the institution's efficiency. These proposals are supported by a comparative analysis with successful European models, such as those from Estonia and Finland, known for their digital efficiency (Espinosa and Pino, 2025; Saunavaara et al., 2022).

Moreover, the thesis introduces the concept of algorithmic discretion, emphasizing that digitalization does not entirely eliminate discretionary space but rather redistributes it to the areas of technological design and algorithmic rule-setting. Consequently, the proposed reforms include measures to ensure algorithmic transparency, meaningful human oversight, and the auditability of automated decisions, contributing to the consolidation of a modern and equitable tax administration (Craig, 2022; Dhaliwal et al., 2023).

UTILITY AND FUTURE RESEARCH DIRECTIONS

The research has significant practical and theoretical value for public administration specialists and institutional decision-makers, providing an analytical framework adapted to digital governance and voluntary compliance. The findings can support the development of efficient and transparent fiscal policies, making them valuable for ANAF strategies and EU-funded e-government projects (Craig, 2022).

On the practical side, the work proposes digitalization measures inspired by successful European models, such as those in Estonia, Finland, and Spain, but adapted to the Romanian context. It emphasizes the importance of algorithmic transparency and human oversight in automated decision-making, which are essential for maintaining fairness and accountability in digital public administration (Espinosa and Pino, 2025; Saunavaara et al., 2022).

For future research, it is recommended to expand the analysis to other EU member states and to explore the impact of emerging technologies, such as artificial intelligence and blockchain, for a more comprehensive understanding of digital administration's evolution (Galan, 2022).

LIMITATIONS OF THE RESEARCH

The research presents several limitations that should be considered. One of these is the predominant use of secondary data, such as official reports and public statistics, without incorporating field studies or direct interviews with institutional decision-makers and users of digital tax services. This approach may limit the ability to capture in-depth perceptions and real challenges encountered in practice, providing a less nuanced view of the digital transformation process (Galan, 2022).

Another limitation is the dynamic nature of digitalization processes, which evolve rapidly and can undergo significant changes within a short period. In this context, some of the conclusions drawn may quickly become outdated, requiring constant updates to maintain the practical relevance of the recommendations and ensure an accurate assessment of the impact of digitalization on tax administration (Espinosa and Pino, 2025).

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