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A PACKAGE FOR SMES. A SECOND STEP TOWARDS A DEFINITIVE VAT SYSTEM IN ORDER TO STRENGTHEN THE TAX COMPLIANCE OF THE TAXPAYER

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Abstract:

In this study we reveal the measures taken by the Council of the European Union in the field of VAT to support SMEs and the reasons that led the Council of the European Union to take these decisions. It is also indicated the general definition of SMEs in European law as it has been taken up by various other authors, as well as the supportive behavior of SMEs that the European Commission has always had. On the other hand, we carried out a study that included variables defining SMEs in three fields of activity from four countries, located territorially in different areas of the European Union and we identified, using statistical correlation, different coefficients of correlation between the value added the number of SMEs, the number of people employed by SMEs, their turnover in that field of activity. The correlation coefficients that indicated a strong / moderate linearity link indicated that the measures taken by the European Union, through the Council and the European Commission, are welcome as the added value in many areas of activity shows a strong correlation with the number of taxable persons, the number employees of those taxable persons and their turnover.

Key words: *statistical correlation, correlation coefficients, income tax, VAT, directive, tax compliance.*

1. Introduction

This study consists of 5 chapters. Thus, in this first part we will present the structure and a summary of each chapter. The second part presents the specialized literature, starting from a general framework for SMEs, meaning a definition given by several authors starting with the European Union legislation and up to a definition of SMEs in the context of the European tax legislation on VAT. This second part presents both the reasons that led to the taking of a set of measures regarding the simplification of the VAT legislation for SMEs, as well as the set of measures actually. A brief presentation of the European Commission's SME support is also given. The third chapter entitled Research methodology and the data used presents both the data used in the study, their relevance, the training mode, as well as the type of statistical analysis we have used and the tools by which we obtained the results. The fourth chapter must be interpreted together with the results in the Appendix, it presents the results for each selected country and the linearity relations thus obtained, as well as their interpretation. Chapter 5 is a chapter of the conclusions, by which we confirm the opportunity of the support granted to SMEs, from the VAT perspective, through the light of the moderate / strong relations that have been identified between the added value and other indicators that define the importance of the SMEs.

2. Literature review

Robu (2013) highlights the importance of SMEs by ensuring that they promote competitiveness and bring new products and techniques to market. Of these, the author shows that he ensures his productivity increase mainly through external financing, in order to invest in technology and expand his business, which will ultimately make him competitive on the market. More than that, one can say about a national economy that is efficient and developed if it provides a proper environment for SME development. This is also due to a statistic compiled by the author, according to which in 132 countries analyzed there are 125 million SMEs, and 89 million SMEs are in developed countries.

Ignatescu (2010) shows that SMEs are those legal entities with a maximum of 250 employees, with a turnover of maximum 50 million euros and assets up to 43 million euros. However, the vast majority of SMEs in the European Union are much smaller, and this is an obstacle to obtaining financing, access to know-how and other resources, because if large companies have specialized departments for technology monitoring, the study of the competition of human resources, within the SMEs, only one department/the same people can perform several functions at once. However, the author shows that their role in the economy is a substantial one, since through the products and services provided, by their value, by their jobs and their performance, they ensure a development of the state and the economy as a whole.

According to Istocescu (2008) as of January 1, 2005, the category of SMEs, respectively the category of micro-enterprises, small or medium-sized enterprises, represents in fact those companies that have a maximum number of employees of 250,

with a maximum of 50 million euros for the figure annual net business and/or total assets up to 43 million euros. According to the author, these categories of companies are classified according to 3 important criteria: the number of employees, the net value of the annual turnover, the value of the total assets. About the number of these enterprises at the level of the European Union is shown to constitute 96 - 99% of the total business.

However, at the level of each Member State their share in the total business differs, because each Member State has a certain potential of entrepreneurs, is characterized by a certain degree of confidence of the entrepreneurs in the authorities and the legal framework, and each Member State has its own "economy" as a whole. The author also shows what is the relationship between the type of company and the standard criteria of separation, a micro-enterprise has a maximum number of 10 employees and a maximum level for annual turnover and total assets of maximum 2 million euros, a small enterprise has a maximum number of employees between 10 and 49, and a level of turnover and total assets of maximum 10 million, a medium-sized company has a maximum number of employees between 50 and 249 and a level of business and total assets of up to 43 million euros.

From a VAT perspective, SMEs have a different definition, one that restricts the companies that can benefit from the more favorable treatment offered by the VAT legislation at EU level, as compared to the general definition of SMEs at EU level, as we will see below. In COM (2017) 566 final, the European Commission shows that, within its working agenda, a priority remains to ensure a "fair and efficient system at EU level". In this regard, in the next period, starting with the year 2027, a definitive VAT system is foreseen, which would be implemented gradually in 2 stages: a first stage to establish the VAT treatment in the case of deliveries of goods between taxable persons at EU level (based on the destination tax principle), a second step that includes all cross-border operations including service provision. The first stage regarding the definitive VAT system includes, besides the 4 "quick solutions" and 2 other policies: "a modernized policy on quotas" and a policy that consists of a set of VAT measures in favor of SMEs.

Because this study concerns the EU Council package of measures to support SMEs, we will continue to focus on explaining each of these measures, with the mention and reasons that led to the EU Council taking these measures (hereinafter also the Council).). Thus, in COM (2018) 21 final, 2018, the Council sets out 5 reasons that affect small businesses and for which it is necessary to revise the existing VAT system. Three of these reasons are listed by the Council as main, respectively:

- a first reason - because they only benefit from exemption in the Member State in which they are established, SMEs are at a disadvantage when they conduct cross-border trade, because within their cross-border trade they may be required to comply with certain tax obligations that are complex and diverse, SMEs could also be affected by the high costs of ensuring compliance;
- a second reason refers to the period of installation of the definitive VAT regime, when SMEs, on the one hand (in the absence of any revision of the VAT system) would not benefit from a level playing field, and on the other hand, be discouraged to carry out cross-border trade, the explanation lies in the principle of destination taxation from the definitive VAT system, because VAT will have to be declared and recorded in the

accounting in the Member State of destination - of the client and not in the home Member State - where it is established the supplier / SME;

- another reason would also be to avoid the "ceiling effect"; the ceiling effect implies that companies listed as SMEs, wishing to be inside the ceiling and to benefit from simplified obligations (such as applying VAT exemption), could knowingly slow their economic growth;

- another third reason is to encourage voluntary compliance, due to the desire to reduce VAT losses as a result of poor compliance or fraud in the field.

As shown above, 5 substantial reasons prompted the Council to adopt this set of measures for SMEs. In addition to the 3 main reasons, the preamble to the proposal for a directive from COM (2018) 21 final, 2018, also provides 2 secondary reasons, which can be stated as follows: an VAT regime for SMEs exceeded, a VAT regime for SMEs unsustainable.

- The Council shows that the scheme is outdated because it currently operates in many

Member States on the basis of derogations from Directive (EU) 2006/112 on the common system of value added tax (hereinafter Directive (EU) 2006/112). . The directive providing for the VAT exemption for SMEs is only applicable if the annual turnover is less than 5,000 euros. However, at present 19 ceilings are set for other ceilings, 10 states operate under them and the Council continues to receive requests for the approval of derogations.

- The Council shows that the regime is unsustainable in the context of the definitive VAT regime, when the taxation of the principle at destination will work.

Before proceeding to the effective announcement of the measures taken by the EU Council, it should be mentioned that this set of measures in support of SMEs of the European Union is not a singular and isolated case. For example, in COM (2015), 550 final, 2015, the Commission defines straightforward SMEs as the "backbone of the European economy" and indicates that it is aware of the obstacles that start-ups and young entrepreneurs face, more than that. it also provides a set of solutions for each problem that has been reported by SMEs. These include:

- for the complexity of VAT regulations - the Commission has been committed since 2015 to adopt legislative simplification measures for SMEs in the e-commerce sector and to adopt a large package of simplification measures for SMEs;

- for uncertainties in corporate law - the Commission has made a proposal on single partner companies, aimed at reducing registration costs and simplifying procedures, while showing that the company will continue to fight against screen companies. Also in order to remedy this obstacle, the Commission undertook to examine the rules on cross-border mergers and cross-border divisions in order to update them;

- to identify and comply with regulations - the Commission is committed to launching an initiative for newly established companies, with a view to improving their business environment in Europe, in which several actors will be involved: entrepreneurs, newly established business communities, national authorities, etc. The Commission also points out that when considering legislation or solutions to certain political situations, particular attention is given to SMEs based on the "think small first" principle.

Within the same Communication, the Commission has proposed different solutions for the effects of bankruptcy, obstacles to innovation, as well as for situations where SMEs are getting poorly financed.

In COM (2016) 733 FINAL, 2016, he carried out a study, and his results revealed that the newly established companies face 3 categories of obstacles: administrative and regulatory, the small number of opportunities as well as the difficult access to financing. The Commission has shown that steps need to be taken to support start-ups as they create new jobs, because they can compete in the market and are socially responsible. However, given that, given the obstacles encountered in the single market, they may decide to operate in jurisdictions other than those within the EU, the result would be the loss of jobs and, in our opinion, considerable incomes to national budgets/union budget.

The actions of the European Commission are not recent, for example in COM (2008) 394 final, the Commission states that it has taken a "decisive step" through the "Small Business Act" initiative. The Commission has also shown that SMEs make a substantial contribution to job growth and economic prosperity, and the dominant policy must be favorable to SMEs, by rules that respect most of them, on the principle of "Thinking First small scale".

Returning to the set of proposals in favor of SMEs, applicable until the definitive installation of the definitive VAT regime, which we find in COM (2018) 21 FINAL, 2018, that by this proposal of Directive amending Directive (EU) 2006 / 112 and whose provisions would be applied from 2022, we identify the following measures designed to support SMEs:

- delete the exemption threshold of 5.000 euros, which, in the preamble to the proposal states that, since it was established since 1977, it is inappropriate. The new exemption ceiling is up to the level of 85.000 euros;
- new definitions are introduced, and "small business" defines that taxable person whose turnover in the European Union does not exceed 2 million euros;
- the exemption of SMEs is opened to all enterprises in the Union, whether or not they are established in the state where VAT will be declared and recorded in the accounting records, given the future applicability of the tax principle to the destination. However, it is shown that a small business will be able to benefit from the exemption in a state where it is not established insofar as it meets two conditions simultaneously: its turnover is lower than the "annual turnover at Member State level", And its overall turnover, also called "global turnover at Union level", is less than 100.000 euros. In this regard, the proposal for a directive also introduced 2 new concepts, namely "annual turnover at Member State level" and "overall turnover at Union level";
- introducing the possibility for Member States to simplify certain VAT obligations, such as identifying, billing, keeping accounting records and returning VAT.

Regarding the taxpayer's behavior, Todor et al. (2019) suggest that there are some variables which must be taken into account regarding the non – compliance phenomenon: tax evasion and fiscal fraud. According to Opreț et al. (2017) it is necessary at the European Union level to create a common unitary framework regarding the general coordinates of tax evasion. The influence of fiscal pressure upon the taxpayer's behavior must encompass a series of interconnection factors: economical, psychological, religious

and cultural ones (Todor et al. 2016). In Romania, the compliance based on excise duties depends on GDP and consumption but also on the upon the purchasing power influence (Todor et al. 2017a).

Tax compliance at Romanian's level is highlighted by several underlying influence factors such as: labour productivity, poverty, the population confidence in the central and local authorities, GDP per capita upon fiscal behavior and their impact upon the tax rate (Todor et al. 2018). Consequently, the degree of compliance based on VAT in Romania is constructed upon a three unifactorial regression models for the illustration of the VAT impact upon GDP expressed by annual checks and balances of the taxpayer and household final consumption expenditure (Todor et al. 2017b).

3. Research methodology and empirical data

As we could see in chapter no. 2 SMEs are defined in European law as micro-enterprises, small and medium-sized enterprises, and the criteria according to which they are classified are: number of employees, turnover and value of total assets. However, the European VAT tax law restricts this area of the definition of SMEs from the VAT perspective, by the criterion of the turnover according to which a small business is a taxable person whose turnover cannot exceed 2 million euros.

Through this article, given the multitude of efforts of the European Commission and the Council of the European Union to help SMEs, we will try to identify at the level of 4 Member States a statistical correlation between the value added to the cost factors (as a basis, in principle, for the value of the value added tax) and the number of SMEs, the value of their turnover and the number of persons employed in 3 fields of activity, namely transportation and storage, construction, mining and quarries. We say that, in principle, value added to cost factors is the basis for value added tax, because, as shown above, up to a certain level of turnover SMEs are exempt from tax, having the option, in certain conditions, to opt for a tax regime.

Regarding the countries chosen by us in this study, we can say that we used a territorial criterion of their location, choosing one country from each region of the European Union, respectively a northern country from the Finno-Scandian region of Northern Europe, Finland; a country in Southern Europe, Italy; a state in South - Eastern Central Europe, Romania, and a country in the Iberian Peninsula in Southern Europe - West, Portugal.

For the selected fields of activity we can say that the criterion considered was the sufficiency of the data. The data were selected from the Eurostat online platform - representing the official statistics of the European Union from the European Commission's website - europa.eu, therefore their relevance cannot be questioned. The fields of activity presented represent the general field of activity of that sector, therefore the transport and storage area includes all the SMEs and from the following sub-domains: transport and storage, land transport and pipeline transport, rail passenger transport, interurban transport freight rail, other ground passenger transport; the field of constructions includes: constructions, constructions and buildings, development of construction projects, construction of residential and non-residential buildings, civil engineering; mining and

quarrying includes: mining and quarrying, coal and lignite mining, coal mining, lignite mining, crude oil and natural gas extraction.

The variables selected by us, for each chosen field of activity, were the number of SMEs in that field, the value added to the cost factors for that field, the value of the turnover and the number of persons employed. We would like to point out that not all SMEs have been selected, as they are generally defined by European Union laws, but only SMEs with a maximum number of 9 employees and a maximum turnover of 2 million euro.

The analysis used in this study was the statistical correlation. The correlation was between the variable representing the added value of the cost factors and the rest of the variables: the number of SMEs, the value of their cumulative turnover, the number of people employed in the 3 countries for each of the 3 domains, all to identify a correlation capable of explaining the sustained nature of the efforts of the European Commission and the European Council to support SMEs.

Statistical correlation is a method that studies the connection/association between 2 or more variables. Statistical correlation can be determined using different correlation coefficients, among which the most used are Pearson correlation coefficients and Spearman correlation coefficients.

The Pearson correlation coefficient indicates the degree of association between certain variables calculated over a range / ratio. The mathematical formula for calculating this coefficient is: $r = \frac{\sum(x_i - \bar{x})(y_i - \bar{y})}{\sqrt{(\sum(x_i - \bar{x})^2 \sum(y_i - \bar{y})^2)}}$. The range of variation of this coefficient is from -

1 to 1, where the value $r = -1$ signifies a perfectly negative correlation, and the value of $r = 1$ a perfectly positive correlation. If there is a coefficient $r = 0$ between the variables, there is no connection. If $r = 1$, there is a perfect correlation between the variables, and the scatter chart will indicate some points contained by a single line, while a $r = 0$ will indicate randomly scattered points, regardless of the right being drawn or which they can be arranged in a curvilinear fashion. According to Bolboaca (2011), the Pearson correlation coefficient describes a statistical technique by which it is measured and describes the linear association between 2 normally distributed continuous quantitative variables. And the assumptions of the Pearson coefficient are: the data errors are independent, there is a linearity relation between the analyzed variables and these follow a normal bivariate distribution. The results of this coefficient indicate on the one hand the power of the association, and on the other hand the degree of the association. Colton (1974) also establishes certain intervals of intensity of the relationship as follows:

- $r \in [-0,25; +0,25]$ → the Pearson coefficient within the limits of this interval denotes the absence of a linearity relation;
- $r \in (-0,25; -0,50] \cup (+0,25; +0,50]$ → the Pearson coefficient within the limits of this range denotes a weak linearity relation;
- $r \in (-0,5; -0,75] \cup (+0,5; +0,75]$ → the Pearson coefficient within the limits of this range denotes a moderate linearity relation;
- $r \in (-0,75; -1] \cup (+0,75; +1]$ → the Pearson coefficient within the limits of this range denotes a strong linearity relation.

The Spearman correlation coefficient indicates, at the level of the analyzed variables, the direction of the association. Thus, the "-" sign indicates that the analyzed variables are inversely proportional, and the "+" sign that the variables are directly proportional. A Spearman coefficient level equal to 1 indicates a monotone relationship. Noting the Spearman coefficient with ρ , the calculation formula for it follows

$$\rho = \frac{\sum_{i=1}^n (x_i - \bar{x})(y_i - \bar{y})}{\sqrt{\sum_{i=1}^n (x_i - \bar{x})^2 \sum_{i=1}^n (y_i - \bar{y})^2}}.$$

Unlike the Pearson coefficient, in the case of the Spearman coefficient, any type of data can be used and there is no normal bivariate distribution of the 2 variables analyzed. As we have shown above, the Pearson correlation coefficient is used for 2 continuous quantitative variables, while the Spearman correlation coefficient for any type of variable. However, for the Spearman correlation coefficient there are opinions according to which it is used only for analyzing the association between ordinal variables. In this sense it is necessary to define the quantitative and continuous variables, as well as the ordinal ones.

Thus, in his paper entitled "Statistical variables" Nicolae Valentin (2011) shows that quantitative variables are variables that can be expressed numerically and which in turn are divided into 2 sub-categories of quantitative variables of interval and ratio. Continuous variables are variables that can take any values on their scale of variation. On the ordinary (ordinal) it is shown that they represent a category of qualitative variables. However, quality variables are usually designated by words and indicate the individual's belonging to one of the categories of the scale. An explicit definition of ordinal variables is provided by Băicuș (2009), according to which ordinal variables are variables classified into several categories, and for these categories there is a natural order. Even though some may be numerical, they remain ordinary because they do not meet the conditions of measurable quantities.

Given that the variables described by us are continuous quantity variables for the association study we will use the Pearson coefficient, and the results will be calculated with SPSS Statistics software version 19.

4. Empirical results

The results obtained with the SPSS Statistics software version 19 are shown in Table no. 1.

Thus according to Table no. 1 we reveal that for Italy the results indicate, in the case of SMEs working in the field of Transport and storage, a coefficient of 0.605 between the added value of the cost factors and the turnover, which at a first level of the analysis would indicate a relation of moderate linearity, however, because the probability is $p = 0.064 > 0.05$ we cannot say that the correlation coefficient is statistically significant. On the other hand, for the SMEs active in the field of construction in Italy, the obtained results indicate a strong correlation of the value added variable with each of the remaining variables analyzed: number of enterprises ($r = 0.762$), turnover ($r = 0.928$) and the

number of persons employed ($r = 0.807$). Because the probability obtained for each coefficient is lower than the significance level, we can state for all 3 cases ($p_1 = 0.01 < 0.05$; $p_2 = 0.00 < 0.01$; $p_3 = 0.005 < 0.01$) that the correlation coefficient obtained in each case is statistically significant.

Table no.1. Empirical results

Country - field/ variable			Variable 1 no. Companies (2 - 9 employees)	Variable 2 Turnover (millions of euro)	Variable 3 Value added at factor costs (millions of euros)	Variables
						Employees
Italy Transport and storage	Variable 3 Value added at factor costs (millions of euros)	Pearson Correlation	.383	.605	1	.250
		Meaning -Sig. (2- tailed)	.274	.064		.486
Portugal Transport and storage	Variable 3 Value added at factor costs (millions of euros)	Pearson Correlation	.645* * The correlation is significant at the level of 0.05 (2 head-tail)	.677* * The correlation is significant at the level of 0.05 (2 head- tail)	1	.689* * The correlation is significant at the level of 0.05 (2 head-tail)
		Meaning -Sig. (2- tailed)	.044	.032		.027
Romania Transport and storage	Variable 3 Value added at factor costs (millions of euros)	Pearson Correlation	.893* * The correlation is significant at a level of 0.01 (2 head - tail)	.879* ** The correlation is significant at a level of 0.01 (2 head - tail)	1	.908* ** The correlation is significant at a level of 0.01 (2 head - tail)
		Meaning -Sig. (2- tailed)	.001	.001		.000
Finland Transport and storage	Variable 3 Value added at factor costs (millions of euros)	Pearson Correlation	-.260	.788* * The correlation is significant at a level of 0.01 (2 head - tail)	1	.594
		Meaning -Sig. (2- tailed)	.468	.007		.070
Italy Construction	Variable 3 Value added at factor costs (millions of euros)	Pearson Correlation	.762* * The correlation is significant at the level of 0.05 (2 head-tail)	.928** ** The correlation is significant at the level of 0.01 (2 head-tail)	1	.807** ** The correlation is significant at the level of 0.01 (2 head-tail)
		Meaning -Sig. (2- tailed)	.010	.000		.005
Portugal Construction	Variable 3 Value added at factor costs (millions of euros)	Pearson Correlation	.984** ** The correlation is significant at the level of 0.01 (2 head-tail)	.954** ** The correlation is significant at the level of 0.01 (2 head-tail)	1	.975** ** The correlation is significant at the level of 0.01 (2 head-tail)
		Meaning -Sig. (2- tailed)	.000	.000		.000

Romania Constructions	Variable 3 Value added at factor costs (millions of euros)	Pearson Correlation	.545	.171	1	.491
		Meaning - Sig. (2- tailed)	.103	.637		.150
Finland Constructions	Variable 3 Value added at factor costs (millions of euros)	Pearson Correlation	.390	.973** ** The correlation is significant at the level of 0.01 (2 head-tail)	1	.660* * The correlation is significant at the level of 0.05 (2 head-tail)
		Meaning - Sig. (2- tailed)	.265	.000		.038
Italy mining and quarries	Variable 3 Value added at factor costs (millions of euros)	Pearson Correlation	-.354	.396	1	-.230
		Meaning - Sig. (2- tailed)	.315	.257		.523
Portugal mining and quarries	Variable 3 Value added at factor costs (millions of euros)	Pearson Correlation	.907** ** The correlation is significant at the level of 0.01 (2 head-tail)	.885** ** The correlation is significant at the level of 0.01 (2 head-tail)	1	.913** ** The correlation is significant at the level of 0.01 (2 head-tail)
		Meaning - Sig. (2- tailed)	.000	.001		.000
Romania mining and quarries	Variable 3 Value added at factor costs (millions of euros)	Pearson Correlation	-.061	.406	1	-.144
		Meaning - Sig. (2- tailed)	.867	.244		.692
Finland mining and quarries	Variable 3 Value added at factor costs (millions of euros)	Pearson Correlation	-.123	.286	1	.256
		Meaning - Sig. (2- tailed)	.735	.423		.476

Source: Own processing based on statistics taken from Eurostat, results calculated with SPSS Statistics 19.

Table no.2. Empirical data – part I

Counties/ Years	Italy				Portugal			
Variables used (Transport and Storage)	Number of companies (2-9 employees)	Turnover (million euro)	Added value at cost of factors (million euro)	Persons employed	Number of companies (2-9 employees)	Turnover (million euro)	Added value at cost of factors (million euro)	Persons employed
2007	49,675	26,488.5	6,278.4	177,361	9,259	2,146.5	642.7	31,154
2008	49,999	22,433.8	5,724.5	183,885	9,289	2,330.2	727.7	31,600
2009	49,030	17,651.4	5,300.1	179,942	8,892	2,095.4	673.7	30,325
2010	48,733	22,666.9	5,112.9	179,776	8,679	2,562.3	720.8	29,922
2011	47,751	20,172.7	5,648.5	176,797	8,536	2,649.0	689.4	29,358
2012	46,906	22,043.1	5,224.4	173,606	8,030	2,523.0	685.8	27,526
2013	45,334	21,082.0	5,302.1	167,114	7,534	2,136.9	612.6	25,838
2014	43,883	20,851.5	5,266.8	162,507	7,434	2,001.2	568.5	25,787
2015	44,049	20,989.3	5,421.1	163,353	7,450	2,010.4	649.5	26,035
2016	43,999	20,113.8	5,571.4	164,807	7,522	1,936.6	652.4	26,519

Counties/ Years	Romania				Finland			
Variables used (Transport and Storage)	Number of companies (2-9 employees)	Turnover (million euro)	Added value at cost of factors (million euro)	Persons employed	Number of companies (2-9 employees)	Turnover (million euro)	Added value at cost of factors (million euro)	Persons employed
2007	13,811	1,622.6	367.6	50,574	7,762	3,162.5	1,280.2	29,204
2008	15,684	2,102.5	426.5	56,822	7,878	3,420.0	1,390.1	29,739
2009	15,451	1,827.0	400.4	54,613	7,825	3,036.5	1,299.1	29,293
2010	14,405	1,972.6	355.4	51,523	7,706	3,363.7	1,305.3	29,191
2011	14,938	2,300.5	385.8	54,848	7,739	3,531.1	1,359.6	29,541
2012	15,425	1,892.5	372.7	56,677	7,185	3,806.8	1,339.5	27,780
2013	16,504	2,349.6	427.7	60,393	6,661	3,897.0	1,417.4	31,321
2014	15,970	2,604.9	447.2	58,673	8,052	3,798.9	1,389.2	30,355
2015	16,365	2,925.2	540.2	61,100	7,688	3,730.4	1,397.3	29,556
2016	18,207	3,016.2	642.4	66,780	7,838	3,583.6	1,386.3	29,510

Source: Own processing based on statistics taken from Eurostat.

For Portugal, the results obtained indicate for the SMEs in the field of activity Transport and storage a moderate linearity relationship between the variable on value added to cost factors (for simplification, further and added value) and the number of enterprises ($r = 0.645$), turnover ($r = 0.677$), number of persons employed ($r = 0.689$). Because the probabilities are always lower than the significance level ($p_1 = 0.044 < 0.05$; $p_2 = 0.032 < 0.05$; $p_3 = 0.027 < 0.05$), we can say that the correlation coefficients obtained are statistically significant. On the other hand, in the field of constructions there were 3

correlation coefficients that indicate a strong linearity link between the value added and the rest of the variables, respectively the number of enterprises ($r = 0.984$), the turnover ($r = 0.954$) and the number of persons employed ($r = 0.975$). Because the obtained probabilities were $p_1 = p_2 = p_3 = 0.000 < 0.01$, we can say that the coefficients thus obtained are statistically significant. In the Mining and Careers field, there were 3 other correlation coefficients that indicate a strong linearity link between the value added and the rest of the variables, respectively the number of enterprises ($r = 0.907$), the turnover ($r = 0.885$) and the number of persons employed ($r = 0.913$); because the obtained probabilities were $p_1 = p_3 = 0.000 < 0.01$ and $p_2 = 0.001 < 0.01$, we can say that the coefficients thus obtained are statistically significant.

Table no.3. Empirical data – part II

Counties/ Years	Italy				Portugal			
Variables used (Mining and Quarries)	Number of companies (2-9 employees)	Turnover (million euro)	Added value at cost of factors (million euro)	Persons employed	Number of companies (2-9 employees)	Turnover (million euro)	Added value at cost of factors (million euro)	Persons employed
2007	2,119	1,246.7	398.4	7,692	1,158	162.1	57.6	3,012
2008	2,097	810.6	277.2	7,107	1,177	156.4	54.5	3,063
2009	1,927	996.4	229.4	6,549	1,124	137.1	51.3	2,876
2010	1,911	849.6	292.0	6,492	1,040	124.9	47.7	2,656
2011	1,927	1,000.5	337.6	5,884	998	121.8	45.2	2,636
2012	1,907	751.4	221.5	5,624	941	110.8	37.2	2,466
2013	1,850	703.6	224.0	5,482	944	116.5	51.3	2,396
2014	1,775	1,752.9	252.9	5,047	891	106.1	32.4	2,196
2015	1,712	2,371.5	417.9	4,885	851	106.8	31.5	2,078
2016	1,686	1,152.1	552.5	4,832	830	97.9	27.3	1,980

Counties/ Years	Romania				Finland			
Variables used (Mining and Quarries)	Number of companies (2-9 employees)	Turnover (million euro)	Added value at cost of factors (million euro)	Persons employed	Number of companies (2-9 employees)	Turnover (million euro)	Added value at cost of factors (million euro)	Persons employed
2007	604	86.0	16.1	1,761	925	222.5	84.5	1,623
2008	753	95.1	98.3	2,103	893	220.9	84.3	1,527
2009	194	127.5	23.3	2,574	800	219.7	88.5	1,540
2010	870	115.9	30.6	2,395	779	223.1	92.1	1,552
2011	800	78.4	20.5	2,373	790	241.0	660.3	1,571
2012	775	101.2	30.7	2,263	800	250.7	89.4	1,479
2013	760	85.4	81.8	2,274	820	n.a.	n.a.	n.a.

2014	806	114.5	53.3	2,198	804	256.2	85.2	1,705
2015	789	229.0	95.6	2,165	765	228.7	73.9	1,541
2016	745	160.2	49.1	2,052	734	229.1	73.8	1,506

Source: Own processing based on statistics taken from Eurostat.

For Romania the results indicate a strong linearity relation Transport and storage area. Thus, in the field of Transport and storage, the added value is correlated with the number of strong enterprises ($r = 0.893$), with the turnover ($r = 0.879$) and with the number of employed persons ($r = 0.908$). Given that $p_1 = p_2 = 0.001 < 0.01$ and $p_3 = 0.000 < 0.01$, we can say that the coefficients thus obtained are statistically significant. In the field of constructions we observe a moderate relation between the value added and the number of enterprises, $r = 0.545$, but given the probability of $0.103 > 0.05$ we cannot consider this statistically significant coefficient.

For Finland, the only statistically significant correlations obtained that denote a linearity relation are in the field of constructions, respectively the correlation coefficient with the number of enterprises is $r = 0.973$, $p = 0.000 < 0.01$, which denotes a strong linearity relation and a probability that confirms the statistical significance of the correlation coefficient and a moderate correlation relation with the number of employed persons, marked by a $r = 0.660$ and a probability of $p = 0.038 < 0.05$, indicating that the coefficient is statistically significant.

Table no. 3. Empirical data – part III

Counties/ Years	Italy				Portugal			
Variables used (Constructions)	Number of companies (2-9 employees)	Turnover (million euro)	Added value at cost of factors (million euro)	Persons employed	Number of companies (2-9 employees)	Turnover (million euro)	Added value at cost of factors (million euro)	Persons employed
2007	589,361	122,098.5	37,874.3	1,271,444	115,803	11,929.4	3,340.2	226,700
2008	600,427	136,448.9	47,965.3	1,273,991	115,310	11,540.5	3,308.7	225,951
2009	591,475	74,706.5	28,575.0	1,222,707	107,952	10,888.4	2,840.8	212,781
2010	587,109	102,709.2	30,871.0	1,172,089	97,607	11,702.9	2,561.4	196,237
2011	564,289	99,407.9	30,914.6	1,077,338	90,968	9,054.9	2,032.1	182,956
2012	548,709	96,983.2	27,708.2	1,024,710	82,023	6,450.8	1,487.9	161,508
2013	528,592	89,524.8	26,052.0	965,227	76,562	5,949.4	1,376.0	146,565
2014	509,648	86,245.6	24,771.4	912,585	73,245	5,591.9	1,423.6	139,787
2015	492,388	82,630.0	24,637.8	883,003	73,115	5,735.6	1,518.4	139,051
2016	489,349	82,360.2	24,588.5	874,110	71,900	5,710.5	1,533.2	140,441

Counties/ Years	Romania				Finland			
Variables used (Constructions)	Number of companies (2-9 employees)	Turnover (million euro)	Added value at cost of factors (million euro)	Persons employed	Number of companies (2-9 employees)	Turnover (million euro)	Added value at cost of factors (million euro)	Persons employed
2007	40,317	3,533.2	1,070.8	104,202	37,439	6,945.6	2,886.0	68,633
2008	50,717	4,985.7	1,310.1	130,110	39,621	7,605.3	3,090.4	71,367
2009	52,059	3,684.2	1,088.3	124,784	39,659	7,319.5	3,028.4	70,240
2010	42,384	4,321.1	1,080.0	101,130	39,655	7,239.7	2,976.0	71,339
2011	35,951	4,080.5	889.6	96,461	39,813	7,843.3	3,163.6	72,761
2012	36,864	4,111.4	825.4	94,920	39,712	8,037.0	3,249.9	72,885
2013	38,045	3,968.3	1,072.0	97,938	40,213	8,504.7	3,361.6	75,329
2014	40,669	3,828.6	1,247.3	98,877	38,495	7,708.1	3,054.9	74,591
2015	40,999	4,161.5	988.2	99,080	38,199	7,388.3	2,993.2	72,683
2016	42,195	3,899.3	1,358.9	103,451	37,390	7,928.7	3,249.5	71,590

Source: Own processing based on statistics taken from Eurostat.

5. Conclusions

In conclusion, we can say that, in relation to the obtained results, the added value even though it is not necessarily an SME decision factor, but given the strong and moderate correlations obtained, we can say that it is of particular importance in the development and viability of SMEs in CEs. In this regard, we find timely and beneficial the measures taken by the European Commission and the European Council to support SMEs by simplifying the VAT legislation.

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