

IS TIME ALWAYS MONEY? DIGITALIZATION AND TAX ADMINISTRATION PERFORMANCE IN CENTRAL AND EASTERN EUROPE

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Abstract

The following research aims to examine the relationship between tax administration burden and tax revenue performance in the Central and Eastern European (CEE) countries during 2014-2018. The study is using a quantitative method approach, using panel data from the World Bank and Eurostat to demonstrate how the number of hours required to prepare and pay taxes, and the Paying Taxes Score, are influencing the tax-to-GDP ratio across the CEE economies. The Paying Taxes Score and the number of hours to prepare and pay taxes, and the number of internet users are considered digitalisation proxy variables used to evaluate whether countries with more advanced tax administration systems exhibit different revenue outcomes.

The results of this study show that, once country-specific characteristics and common time effects are considered, the number of hours required to prepare and pay taxes, the paying taxes score, and the number of internet users do not exhibit a statistically significant independent effect on the tax revenues as a percentage of GDP ratio.

The findings imply that in the countries with a high level of adoption of technology in tax administration, this may be associated with tax-collecting efficiency and more structured procedural enforcement rather than a reduced administrative burden.

These results suggest that previously observed associations between tax administration efficiency and tax revenue performance largely reflect structural and institutional differences across countries rather than within-country efficiency gains over time.

The conclusion drawn from this study offers practical implications for the tax policy reform in the CEE region and contributes to the existing literature, extending information on the importance of the digitalisation infrastructure in improving the fiscal system's efficiency.

Keywords

tax digitalisation, tax collection efficiency, tax revenues, tax administration

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