SUSTAINABLE ECONOMIC DEVELOPMENT OF SLOVAKIA: FACTORS DETERMINING OPTIMAL TAX COLLECTION

Ján Dobrovič1, Anton Korauš2, Lucia Dančišinová3

1 University of Prešov in Prešov, Faculty of Management, Konštantínova 16, 080 01 Prešov, Slovak Republic
2 Paneuropean University in Bratislava, Faculty of Economics and Entrepreneurship, Tematínská 10, 851 05 Bratislava, Slovak Republic
3 University of Prešov in Prešov, Faculty of Management, Konštantínova 16, 080 01 Prešov, Slovak Republic

E-mails: 1jan.dobrovic@unipo.sk; 3 lucia.dancisinova@unipo.sk

Received 10 February 2016; accepted 26 May 2016

Abstract. We based our research on existing functional organizational structures and systems of financial administration of Slovakia. We worked on the assumption that improvement of effectiveness of the system of optimal tax collection was necessary for sustainable development of Slovak socio-economic system as such. Based on the current trends analysis we assume that a forthcoming tax and customs administration reform would significantly increase the effectiveness of the system and as a result it would also lead to a more positive view of taxes as socially unpopular obligations. By this process, Slovakia aims at effective tax system, which can lead to increase in efficiency and higher competitiveness of our state among EU countries. Based on the survey in three Slovak regions and by factor analysis we want to analyze the structure of following social factors: collection of contributions and accessibility, competency of tax administration employees, electronization of tax administration, effectiveness of tax collection, labor costs, and administrative burden of tax administration. These are considered to be hidden reasons of mutually correlated variables. The aim is to explain and clarify the observed correlations. It can lead to improvement of the conditions of tax collection for taxpayers when they can use electronic form of their declarations of contributions and taxes (taxes, contributions: social security and health insurance) based on which the state can distribute via a unique identifier the funds to individual institutions.


Key words: Taxes, Tax reform, Tax administration, Efficiency, Process management

JEL Classifications: H02

1. Introduction

One of the basic features of functioning of all economically active subjects in national economies is their contribution to the tax system of a country and their own tax liability. For a complex context of a tax system as a whole, it is important to know the effects and impacts of the accession of the Slovak Republic to the EU as well as tax administrations in its states. Since the beginning of the integration process in the 50ties of the last century, a different level of harmonization in different areas of the economic life of the member countries has been achieved. One of the most sensitive areas is the issue of taxes. Tax revenues of each state create a substantial part of the income of its budget, it is therefore not easy to achieve any form of common steps of all interested in this field. Passing new European legislative in the area of taxes takes incomparably long time and the process
of achieving an agreement is accompanied by numerous difficulties. It is a technically very complicated issue and its harmonization at the level of the European Union has not been finished yet. The biggest progress has been achieved in the area of indirect taxes. The area of direct taxes remains completely in the competence of each individual member country. There are efforts to deepen the integration in the tax area but after monetary policy, the individual countries are not prepared to give up another significant tool to influence the economic development of a country (Dobrovič 2011).

2. Processes of Tax System Origins

From the very beginning (approximately at the time of first state systems), taxes originated as sovereign’s revenue. Later, in the period of antiquity, the sovereign’s revenue merged with state revenue and their later separation was established step by step with an increasing importance of individual state functions and their rising financial needs. Period of tax payment importance suppression followed when taxes were collected only sporadically to finance wars and maintain order. They were in a form of payment in kind and in ancient Greece, they were voluntary, i.e. they were linked to the level of citizen awareness and their sense of belonging to a state and nation. Significant changes occurred with the introduction of a dual system in the period of feudalism. Indirect taxes in the form of so-called excises and direct taxes, i.e. contributions (excises – in Middle Ages taxes per head, from gross revenue, property taxes, etc) were collected by a sovereign. Tax revenues should serve all without any discrimination and represent certain countervalue for state services provided for citizens. However, the first comprehensive view on tax policy, Adam Smith’s “invisible hand of the market”, was introduced in the period of classic English economic theory which considered a freedom leading to natural order as a basis of functional market economy. He also analysed state expense financed by taxes. A state should pay by taxes especially for activities connected with country protection against external threats, law and order maintenance development, and service of such public sector facilities in which no individual is interested as they are not profitable.

The first coherent tax system of direct and indirect taxes came in 1880s. Indirect taxes had a dominant position from which a small number of taxable products yielding to high excise duties was selected. In this period, from among direct taxes, besides property taxes, pension taxes also appeared understood as taxes taking into account personal eligibility of an individual. The introduction of pension taxation was characterized by a period of growth in economic power of monopolies. Pension taxes accepted taxpayer’s conditions, i.e. the application of progressive tax rates. In taxation, the system of tax exemption and relief was used. The question of tax burden and its distribution among different social groups of citizens came into the foreground. In the market economies of many countries of 1980s, tax reforms took place. It was due to the fact that in the period of economic growth, there was a need for public expense growth, therefore tax progressivity was gradually increasing (maximum tax rates increase). This caused a reduction in the pace of growth of tax revenue, which led to its stagnation. A. B. Laffer also tried to find a solution to this problem. His famous Laffer Curve (Figure 1) reflects the dependence of tax revenue on tax rate. He came to the conclusion that economic recovery could occur by reducing maximum tax rates and many developed countries also did so in their tax reforms. According to him, maximum tax rate T represents a point at which so-called substitution effect of taxes causing a change of preferences of economic subjects starts to manifest itself and additional tax rate increase would result in tax revenue decrease. Higher tax weakens economic performance, increases the tax evasion, causes transfer of capital abroad, and weakens the motivation of people to work and save money.
Don Fullerton gave the curve irregular shape, where the point showing tax rate is shifted beyond 50% and the growth of tax rate is proportional, and the impact of substitution tax effect increases.

On the contrary, tax cuts have two effects according to Laffer:
1. Arithmetic effect associated with the reduction of income of state budget from taxes as a result of tax rates decrease while the same tax basis – short-term, tax cuts cause production growth and that way also of the tax basis.
2. Economic effect – by lowering tax rates, after-tax real income increases what motivates and stimulates economic subjects to work, save and invest; it stimulates production, increases tax basis, state budget tax revenue increases – long-term, it brings economic recovery.

Although experience has proved that behaviour of subjects according to Laffer Curve is not a general rule, this phenomenon cannot be ignored. We can give the events of 1980s in the US as an example, when tax revenue collected from taxpayers subjected to the highest tax rates increased after the tax rate was reduced. This historical example corresponds to Zubaľová’s view, when she states that “the idea of the functioning of the mechanism of tax cuts with consequent increase of tax revenue for the budget can be correct in the case when we use it for taxpayers that are subjected to the highest tax rates” (Zubaľová et al. 2003).

3. Optimal Tax System – Scientific Approach

A good tax system should bring sufficient revenues to the state treasury (Šimelytė Antanavičienė 2013) it should not be an administrative burden and have to be sufficiently transparent. Its mission is to balance the tax burden in a homogeneous way. The optimal tax system puts emphasis on two aspects: justice and efficiency. We can compare it to a situation in any company. To increase the efficiency of administrative and production processes in a private company, it is necessary to look for specific knowledge and behaviours (Chromjaková 2016; Laužikas et al. 2015). Taxes have been from its inception to the present day linked to the development of state and political establishment, they have reflected changes in human society, and ideological, administrative and economic maturity of individual countries. The fact is, however, that taxes – in various forms – have existed in the past and will still be there because of their indispensable role in the functioning of the state economy and the state as a whole. Taxes and tax laws are directly, more or less, related to each person and his or her finances. They determine when, to whom and for what we have to pay tax, but they also determine what is exempt from taxation. Their constant development is a living proof that the tax system in no country can be absolutely closed. The main task in creating a tax system is to create such a system, which would make it possible to accumulate sufficient funds necessary to finance the essential functions of a state and its regions, and at the same time leaving sufficient financial resources to economic subjects necessary for their survival and development. The importance of taxation lies especially in the fact that they represent a main source of
state income. They existed even before the most important component of the system of public budgets did, i.e. the state’s budget, which is, together with tax revenue, widely considered a significant tool of government and state policy using it to implement its economic goals and tasks. Tax system corresponds with an economic and political organization of a state, its government, and also with a current political atmosphere. Slovakia is in such a stage of development when it is trying to reach the economic level of the European Union countries and at the same time to create an attractive business environment and successfully compete with them. To meet this objective, it is necessary to ensure appropriate conditions for the business environment, to which ends the tax system of the country significantly contributes. Ključnikov et al. (2016) also point out that for the creation of quality business environment necessary for economic development, social, cultural and other factors besides those economic are important. In this context, Belás et al. (2014) add that optimism of the economic system participants is also substantial for its optimal functioning.

4. Liberal Approach and Principles of Taxation in Optimal System

Even classical economics has been looking for answers to questions concerning the balance of efficiency and justice of tax system. Legitimacy of taxes is justified by the services and benefits provided by a state for its taxpayers. In this context, classical economics defines state functions as securing external and internal protection and public services. For the sake of the national wealth growth in general, there is a tendency for the lowest possible level of state expense so as not to restrict the accumulation and productivity of resources in the private sector. Tax theory development was significantly influenced by the contributions of Adam Smith, David Ricardo and John Stuart Mill. Smith in his theory of value and distribution presented a view that a tax had to be paid from three kinds of income and resources – from labour, land and capital and he observed four sources of inefficiency of tax collection:
1. when tax collection requires the work of too many officials,
2. when taxes prevent business and discourage from certain economic activities,
3. when tax execution can affect a taxpayer so that it destroys him or her economically,
4. when tax collection is connected with bullying and injustice, it is another burden for a taxpayer.

It is these arguments that we are going to study based on the analysis of tax system through macroeconomic indicators, overall tax system, but also financial administration organization.

Determination of direct administrative costs is related to answers to the following questions (Pudil, Vybíhal, Vítek, Pavel et al. 2004):
1. how many resources should be allocated into the system of tax collection,
2. what should be the structure of tax administration expenditure,
3. what should be the timing of allocation of the resources.

While these questions are of normative character, answers to them can be quantified only approximately. According to Dean (1975), additional expenditure of tax administration (growth of administrative costs) is reasonable only to the point at which maximum administrative expenditure is equal to maximum benefit caused by it. However, there is a time shift as a government obtains maximum yield in different time periods (tax increase as a result of better tax collection in a given year, tax revenue increase in the future in connection with implementation of measures to prevent tax evasion, additional tax collection, etc.). Therefore, it would be necessary to discount future tax revenue to current value and only after that compare them to maximum administrative costs.

Nevertheless, determining of the amount of direct administrative costs displays critical and disputable aspects related to the fact that funds meant for financial administration do not produce any products nor services. That is why, according to economists, analogy between company outputs and studying of equation of maximum income and expense is not applicable. In that case “it is possible to use the theory of public choice, or determine the amount of resources on the basis of collective vote in elections or in the parliament” (Pudil, Vybíhal, Vítek, Pavel et al. 2004).

However, for managing the financial administration from the point of view of management, more precisely
quality management, in this paper, principles of private sector managing and their parallel with public sector managing are required.

5. Philosophical and Theoretical Foundations and Theses

Adam Smith (1789), in his already mentioned theory of values and distribution, stated four maxims of taxation valid even today, which also create the basis of current requirements for the effective tax system:

- proportionality – “The subjects of every state ought to contribute towards the support of the government, as nearly as possible, in proportion to their respective abilities; that is, in proportion to the revenue which they respectively enjoy under the protection of the state.”
- transparency – “The tax which each individual is bound to pay ought to be certain, and not arbitrary. The time of payment, the manner of payment, the quantity to be paid, ought all to be clear and plain to the contributor, and to every other person.”
- convenience – “Every tax ought to be levied at the time, or in the manner, in which it is most likely to be convenient for the contributor to pay it.”
- efficiency – “Every tax ought to be so contrived as both to take out and to keep out of the pockets of the people as little as possible over and above what it brings into the public treasury of the state” (Smith 1789).

Requirements formulated in this way do not take into account administration and the system of management which are inevitable part of the system’s efficiency. In 1980, Joseph E. Stiglitz summarized desirable characteristics of tax systems into five points on which also the current tax theory is based:

1. economic efficiency – taxes should not prevent effective allocation of resources;
2. administrative simplicity – tax system should be simple and easily observable;
3. flexibility – tax system should promptly and in some cases automatically react to any changes in economic development;
4. transparency – tax system should allow all citizens a clear knowledge of how much and to whom they pay, so that the result would match their preferences;
5. justice – existing tax system should guarantee a fair treatment of different individuals.

The mentioned principles are in many ways similar to the Smith’s criteria, but current experience emphasizes economic effect of taxation due to a significant increase in the volume of taxes. However, the internal concept of principles changed. While Smith emphasized the questions of equality, the main issue of today is a degree of progressivity – the ability to pay. Hogye (1997) defines similar principles: the principle of justice, efficiency, neutrality and the principle of creation of preconditions for the use of stabilizing and growing period fiscal policy. Similarly to other economists dealing with the problem of taxation based on Smith’s teaching, James and Nobes (2002) consider the following to be basic principles of tax system: efficiency, motivation, justice and macroeconomic flexibility. Široký (2003) describes four principles which a tax system should satisfy: the principle of efficiency, administrative simplicity together with the requirement of political transparency and the principle of flexibility and justice (Kubátová 2003).

According to Kubátová (2003), there are five principles of good taxation which, apart from principles according to Široký, contain the principle of positively influencing behaviour of economic subjects, or limitation of negative influences. Therefore, we can define the system of tax administration in general as a relationship between a citizen and a state (Fig. 2), which is an important tool of political power and fiscal policy ensuring competitiveness of the state. From the point of view of political philosophy, this relationship has several levels, each of which aims at defining it on the basis of the ratio between freedom and order in it. In this relationship, a citizen gives up a part of his or her freedom in order for a state to be able to provide optimal free environment, i.e. the environment in which everybody has a right to treatment in accordance with the law.
The first condition of a free state is not a government absolutely determined by a ruler, but a government ruled by fixed legal rules of which the ruler is also a subject. However, the law prevents other individuals to the same extent so that they do not treat others arbitrarily. That is why a state should secure an impartial application of law. Freedom as a basic “self-perception” of a man comes from a Greek word “eleutheria” and as a point of departure for the issue of tax administration, it will be sufficient to understand freedom objectively as a legal-political term (That town is free, which is not subjected to outside domination. In it, a citizen is free with all rights and obligations). Fundamental freedom is a condition of intellectual knowledge, human thinking, speaking, actions and finding out the truth. Knowledge has in its substance only intermediary function. The essence of freedom is realized and fulfilled in free and responsible action and relationship.

The freedom itself, associated with tax administration, is strictly determined by the law and ultimately related to the stimulation of a state budget and, therefore, a limitation of state freedom is necessary for its further existence. On the other hand, though, a citizen giving up this kind of freedom enjoys state social securities. Thus, we will consider freedom respecting the principle of subsidiarity as a basic condition of functioning of the relationship between a citizen and a state to be the first pillar or a theoretical basis of effective tax system. Rules of the relationship given by the law set inviolable boundaries and paradoxically create a feeling of oppression in citizens which results in unwillingness to take part in this relationship. Effective tax administration should always find a suitable way and space for elimination of such feelings and creation of equivalence. We consider this requirement to be the thesis which realization in practice we will try to confirm, or alternatively propose a suitable solution for its implementation into the tax system of Slovakia.

Justice as a central theme of political philosophy is another theoretical-philosophical pillar. Together with the law, it creates internal as well as external stability of a state, while the basic idea of this approach is the fact that a success of each economy depends on managing the fiscal policy. In the field of present day tax theories, important economists pay attention to broader national economic aspects of taxes and their connection with the problem of monetary policy with social consequences of changes in tax policy concepts and with harmonization processes in the field of taxation. Economists study systematic effects of taxation and justice from the point of view or quantitative characteristics. “Tax justice is achieved if, for each individual, it is true that he or she contributes to the payment of social expenses in the form of taxes in an adequate, fair proportion.” (Kubátová 2003).

This research paper aims at maximizing efficiency of tax administration as a system from the point of view of quality management and in this context, it considers justice to be a merit of people which can help them to provide mutual rights and secure appropriate organization of external manifestation of mutual relations in taxation administration and institutions. Justice as the second pillar of tax administration can be classified into:

- justice of social exchange requiring the law abidance and politeness of each individual; in a relationship of a
We can find qualitative parallels with this theory also in the system of tax administration. Justice of social exchange in the sense of the mentioned power ethics places demands on legislative power of a state. We can add to this statement a view of economists who classify the principle of justice into horizontal and vertical, while both have to be in effect at the same time (Kubátová 2003):

- **Horizontal justice** – individuals that are in relevant aspects at the same level should pay the same tax. Setting the same conditions according to the same advantages can be defined as a beneficial definition of horizontal justice consisting of two levels:
  If, at the absence of taxes, the level of advantages for two individuals is the same, this level should stay the same also after taxation, taxes should not change the order of advantages – if an individual is at a better economic level than other individual before taxation, he or she should stay at a better economic level also after taxation.

- **Vertical justice** – an individual that is in relevant aspects at higher level should pay higher tax. Law justice is closely connected to the mentioned pillar of effective tax administration, and distribution justice provides a space for participation in the creation of the system also by filling up the state budget for the sake of common good. Publication of so formulated principles aims at mutual positive picture of tax administration institutions on one side and public on the other one. We can quantify and consequently verify this pillar by, for example, macroeconomic indicators, because we assume that in healthy and functioning economy, also justice is healthy and functioning, what is another thesis of the paper. The third pillar, the executive body of tax administration, is a hierarchically organized system of tax offices which administratively support, control and manage the taxes. Submitted hypotheses of efficiency are based on a modern form of bureaucracy based on private sector platform respecting the limitations and inherent differences in public sector. Within such bureaucratic system, each official should be so-called public manager and their organization a market subject. Such a behaviour of the organization would ensure the competitiveness of a state. In this context, we will examine the implementation of the principles of private sector management in the public sector provided that there is an optimal legislation

### 6. Quantitative Analysis of the Research: (Dobrovič 2015):

- monitored period: 01/12/14 – 31/8/15
- monitored Cities: Prešov, Košice, Žilina, Bratislava
- age structure of respondents: 18 – 60 years old
- employed as: clerks, businessmen, students, some did not disclose their occupation
- representative sample: 1 500
- number of collected questionnaires: 2963

#### Table 1 Quantitative analysis by age of the respondents (Source: Own processing based on processed questionnaires)

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Cumulative (Frequency)</th>
<th>Relative (Frequency)</th>
<th>Cumulative (Relative Freq.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>26 – 35 years old</td>
<td>369</td>
<td>369</td>
<td>24,60000</td>
<td>24,6000</td>
</tr>
<tr>
<td>36 – 45 years old</td>
<td>359</td>
<td>728</td>
<td>23,93333</td>
<td>48,5333</td>
</tr>
<tr>
<td>46 – 60 years old</td>
<td>388</td>
<td>1116</td>
<td>25,86667</td>
<td>74,4000</td>
</tr>
<tr>
<td>18 – 25 years old</td>
<td>384</td>
<td>1500</td>
<td>25,60000</td>
<td>100,0000</td>
</tr>
<tr>
<td>ChD</td>
<td>0</td>
<td>1500</td>
<td>0,00000</td>
<td>100,0000</td>
</tr>
</tbody>
</table>

*Source: Own research based on the processed questionnaires*
Graphical representation of the age composition of the respondents in the Figure 1 (Dobrovič 2015) [3]:

![Histogram: Age](image)

**Fig. 1.** Distribution of respondents in terms of their age  
*(Source: Own research based on the processed questionnaires)*

Based on KMO test results, we can state that the reached value 0.895 points out the suitability of using factor analysis by processing the research data. The statistics of Bartlett’s Test of Sphericity acquires the value of 91.564 by the number of degrees of freedom 66. The corresponding p-value is 0.001, so the hypothesis that the realization of selection correlation matrix with 12 considered variables is a unit matrix is rejected on the asymptotic level of significance 0.05. The assumptions of the application of factor analysis have been thus fulfilled and its usage for the data analysis is justified (Dobrovič 2015):

**Table 2 KMO test, Bartlett’s test**

<table>
<thead>
<tr>
<th>Kaiser-Meyer-Olkin Measure of Sampling Adequacy</th>
<th>.895</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bartlett’s Test of Sphericity</td>
<td>Approx. Chi-Square 91.564</td>
</tr>
<tr>
<td>Df</td>
<td>66</td>
</tr>
<tr>
<td>Sig.</td>
<td>.001</td>
</tr>
</tbody>
</table>

(Source: Own research based on the processed questionnaires)

For the assessment of the number of common explanatory factors, which are in the background, the matrix of eigenvalues has been realized, whereby the method of principal components has been selected as an extract method. According to Kaiser’s criterion, the eigenvalue has to be more than 1. As it follows from Table 4, there are 6 common factors in the background of research data matrix with 12 variables. These six common factors explain cumulatively 54.21 % of the total dispersion (Dobrovič 2015).

**Table 3 The Table of Eigenvalues**

<table>
<thead>
<tr>
<th>Value</th>
<th>VI numbers (Dissertation Questionnaire)</th>
<th>Extraction: Key Components</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Eigenvalue</td>
<td>% of Total Variance</td>
</tr>
<tr>
<td>1</td>
<td>1,185683</td>
<td>9.880695</td>
</tr>
<tr>
<td>2</td>
<td>1,129148</td>
<td>9.409563</td>
</tr>
<tr>
<td>3</td>
<td>1,073402</td>
<td>8.945018</td>
</tr>
<tr>
<td>4</td>
<td>1,054944</td>
<td>8.791202</td>
</tr>
<tr>
<td>5</td>
<td>1,035592</td>
<td>8.629930</td>
</tr>
<tr>
<td>6</td>
<td>1,026562</td>
<td>8.554679</td>
</tr>
</tbody>
</table>
For the objectification of the number of common factors, we will use the Sutin’s graph of eigenvalues (Fig. 2), the sixth factor in sequence can be called the break-even (critical) point (regarding the slight change in the point 7). Thus to explain the variability of respondents’ replies, six common factors can be used (Dobrovič 2015).

![Fig. 2. Sutin’s Graph of Eigenvalues](Source: Own research based on the processed questionnaires)

**Qualitative Survey**

![Fig. 3: Results of the survey](Source: Own research based on the processed questionnaires)
Table 4 Factorial Loads

<table>
<thead>
<tr>
<th>Variable</th>
<th>Factor loads (Varimax norm.) (Dissertation Questionnaire)</th>
<th>Extraction: KeyComponents (Load code are &gt;0.600000)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Faktor (1)</td>
<td>Faktor (2)</td>
</tr>
<tr>
<td>1. Willingness</td>
<td>0.247480</td>
<td>0.407177</td>
</tr>
<tr>
<td>2. Competency</td>
<td>-0.055020</td>
<td><strong>0.681540</strong></td>
</tr>
<tr>
<td>3. Collection of Taxes</td>
<td>0.208022</td>
<td>0.193628</td>
</tr>
<tr>
<td>4. Collection of Duties</td>
<td>0.132591</td>
<td>0.065282</td>
</tr>
<tr>
<td>5. Collection of Contributions</td>
<td><strong>0.681574</strong></td>
<td>-0.003556</td>
</tr>
<tr>
<td>6. Administrative Burden</td>
<td>0.059084</td>
<td>-0.045698</td>
</tr>
<tr>
<td>7. Time Saved</td>
<td>-0.019193</td>
<td>0.122648</td>
</tr>
<tr>
<td>8. Accessibility</td>
<td><strong>0.631722</strong></td>
<td>-0.009950</td>
</tr>
<tr>
<td>9. Electronization</td>
<td>-0.246514</td>
<td>0.479615</td>
</tr>
<tr>
<td>10. Transaction Costs</td>
<td>0.164648</td>
<td>0.278856</td>
</tr>
<tr>
<td>11. Mailing costs</td>
<td>-0.015977</td>
<td>0.224791</td>
</tr>
<tr>
<td>12. Workforce Costs</td>
<td>-0.152111</td>
<td>0.061086</td>
</tr>
<tr>
<td>Expository Types criteria</td>
<td>1.103872</td>
<td>1.051341</td>
</tr>
<tr>
<td>criteria</td>
<td>0.091989</td>
<td>0.087612</td>
</tr>
</tbody>
</table>

(Source: Own research based on the processed questionnaires)

Based on the set criteria 1 – 12 given in Fig. 4, the average values obtained by the survey and transformed into numbers in the figure, determine the mean value of less than 2 and higher than 1.5. These values were given verbal description – absolute dissatisfaction and dissatisfaction.

Conclusions

For the creation of representative sample, we chose 1,500 questionnaires so that the homogeneity was observed. Because of the extent and complexity of the survey, Tables 1 to 4 show only final results, i.e. total numbers reached by the above described means. Table 4 transformed into Figure 3 proves dissatisfaction with an overall tax and customs system in Slovakia, while the most critical point is the cost of labour connected with tax and customs agenda as well as the time cost of the execution of this agenda. Table 2 shows the need of simplification of tax and customs system in the form of electronization of the agenda, transparency of public finances and overall dissatisfaction of citizens with mechanisms of tax evasion limitation and with the amount of finances spent on running the tax and customs offices. Based on the expected profit from the tax reform introduced in the document “Concept of the Reform of Tax and Customs Administration with Prospects of Tax, Customs and Contributions Collection Unification” prepared by the department of strategies of the Ministry of Finance of Slovakia, the upcoming reform would bring better perception of given criteria and it would most likely change the current state of dissatisfaction for the better (Dobrovič 2015).

Apart from the defined goals, the research has revealed also other shortcomings in the area of financial administration for an optimal tax collection by a sustainable development of socio-economic system mainly regarding the need of citizens’ education. From the total amount of collected completed questionnaires, 447 questionnaires were filled in by respondents from 18 to 25 years old, from the point of view of the respondents’ age, out of which only 291 were relevant. These numbers reveal low awareness of young people. It is therefore necessary to improve the awareness and to bring the system of financial administration in Slovakia closer to the students of secondary schools and universities. This issue could be also partly improved by a potential information campaign about the introduction of optimal tax collection by a sustainable development of socio-economic system of the Slovak Republic. (Dobrovič 2015).
Acknowledgements

This publication has been prepared and issued in resolving scientific project VEGA 1/0513/14. Research on opportunities for measuring and assessing the impact of human resource management practices on organizational performance.

References


