

# TRANSFER PRICING AND TAX COMPLIANCE IN ROMANIA AND POLAND: A COMPARATIVE STUDY WITH INSIGHTS ON AI'S ROLE IN MODERN TAX ADMINISTRATION

**Cornelia NASTASE**

Bucharest University of Economic Studies, Bucharest, Romania  
cornelia.nastase@cctax.ro

## Abstract

This paper investigates the regulations of transfer pricing taxation in Romania and Poland with respect to the assertion of implementing OECD Guidelines and its infliction on tax avoidance attitudes. The paper analyzes the legislation and administrative practices of transfer pricing regulation in both countries and to what extent they comply with international standards provided by the OECD framework using a comparative method. In addition, the study employs survey data and qualitative analysis to explore public attitudes and perceptions of tax evasion. The study seeks to identify such potential factors by analyzing the interplay between the regulatory environment and public opinion. Key findings indicate that both Romania and Poland have adopted legislation in accordance with OECD recommendations, but there are differences in the application of these laws and their effectiveness. Differences in compliance levels may stem from differences in the levels of public trust in tax authorities and perceptions of fairness of the tax system. High levels of communication are key for the success of tax policies, the study shows. The study highlights the importance of effective communication and transparency in tax policies to foster public trust and promote voluntary compliance. It underscores the need for policymakers to consider not only the technical aspects of tax regulation but also the broader socio-economic context and public sentiment in shaping effective tax administration strategies. Overall, this research contributes to the understanding of the complex interplay between regulatory frameworks, compliance behavior, and public perceptions in the context of transfer pricing taxation, offering insights for policymakers and tax authorities in enhancing tax compliance and governance.

**Keywords:** Tax, Evasion, OECD, Regulatory frameworks, Correlation.

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## 1. INTRODUCTION

Transfer pricing taxation has emerged as a critical issue in the global tax landscape, posing challenges for policymakers, tax authorities, and businesses alike. The intricate nature of cross-border transactions, coupled with the potential for tax avoidance and evasion, has prompted governments worldwide to strengthen regulations and enhance transparency in transfer pricing practices. In this context, understanding the dynamics between regulatory frameworks, compliance behavior, and public perceptions is essential for fostering a fair and efficient tax system.

According to data released by the Organisation for Economic Co-operation and Development (OECD) in 2015, aggressive tax planning practices were estimated to have a global financial impact amounting to USD 240 billion, which represents roughly 10% of global corporate tax revenues. This figure was published as part of the OECD/G20 Base Erosion and Profit Shifting Project (OECD, 2015).

Our analysis begins with an overview of the regulatory frameworks governing transfer pricing taxation in Romania and Poland, highlighting the legislative provisions and administrative practices shaping compliance behavior. Drawing on insights from OECD guidelines (OECD, 2022b), we assess the degree to which these countries align with international standards and identify areas for improvement in ensuring effective tax administration.

We also explore how people view tax evasion by using surveys and qualitative analysis. We examine how enforcement, trust in tax authorities, and perceptions of fairness affect these views. Our goal is to identify what drives tax compliance and to help develop strategies that encourage people to voluntarily pay their taxes.

In the context of the accelerated digitalization of tax administration, artificial intelligence (AI) is starting to play a key role in streamlining transfer pricing supervision and strengthening tax compliance. AI technologies can analyze large volumes of financial and transactional data between affiliated entities, identifying patterns of suspicious tax behavior or deviations from the arm's length principle. In addition, AI can contribute to the automation of the tax audit process and the generation of predictive reports, supporting authorities in directing resources to areas with a high risk of evasion. Thus, the integration of AI into tax governance strategies becomes a major opportunity to strengthen transparency, reduce administrative burden and increase efficiency in the application of transfer pricing regulations.

## **2. COMPARATIVE ANALYSIS OF TRANSFER PRICING TAX REGULATION IN ROMANIA AND POLAND**

The field of transfer pricing taxation has garnered significant attention from researchers, policymakers, and practitioners in recent years due to its implications for global tax compliance and revenue collection. Synthesizing the literature, it becomes evident that much of the research in this domain has focused on analyzing the technical aspects of transfer pricing regulations, assessing their alignment with international standards such as the OECD Guidelines, and evaluating their impact on tax compliance. Studies have also investigated the determinants of tax evasion behavior, including individual and organizational factors, and the role of enforcement mechanisms in deterring non-compliance.

However, despite the extensive literature on transfer pricing taxation, there is a lack of comprehensive comparative analysis focusing on specific country contexts, such as Romania and Poland. While individual studies may offer insights into the regulatory frameworks and compliance behavior within these countries, few have undertaken a systematic comparison to identify similarities, differences, and potential areas for policy convergence.

Within the framework of Romanian legislation, specifically under Law No. 227/2015 on the Tax Code (Law no. 227, 2015), the market price is defined as "the amount that would have been paid by an independent customer to an independent supplier at the same time and in the same place, for the same or a similar good or service, under conditions of fair competition" (Article 7, clause 32).

Furthermore, the same law delineates the criteria for determining affiliation between parties. For individuals, affiliation is established through familial ties up to the third degree, inclusive of spouses. For entities, affiliation is defined either through direct or indirect ownership of at least 25% of the shares or voting rights, or through effective control over the entity.

In the realm of transactions between affiliated entities, Law No. 227/2015 mandates that such transactions adhere to the market value principle. It stipulates that in instances where this principle is not observed, or when a taxpayer fails to provide necessary data for evaluating transfer prices, the tax authorities are authorized to adjust the declared income or expenses to reflect central market trends (Article 11, paragraph 4).

To ensure compliance with the market value principle, taxpayers are required to maintain a transfer pricing file as outlined in ANAF Order No. 442/2016 (ANAF, 2016). This order specifies the transaction thresholds, terms for file preparation, content requirements, and the procedures for requesting the transfer pricing file, as well as the adjustment or estimation of transfer prices.

The thresholds for significant transactions are calculated by summing the annual transactions, excluding VAT, with affiliated parties.

In 2019, Poland implemented substantial updates to its transfer pricing regulations to refine the compliance process and reinforce the integrity of financial transactions between related entities. These updates introduced specific documentation thresholds that depend on the nature of the transaction, aiming to concentrate regulatory resources on engagements that significantly impact the tax base.

Improving the transfer pricing framework through the amendments in the CIT Law (CIT Law Poland, 1992) and PIT Law (PIT Law Poland, 1991) represent a significant advancement towards a more effective and efficient tax administration system. These changes align Poland's domestic laws with international standards, ensuring all transactions are conducted transparently and at fair market values, thus protecting the tax base and ensuring compliance with global fiscal governance norms.

## 2.1 Key similarities in transfer pricing regulations

Documentation thresholds. Both Poland and Romania have established specific thresholds for the obligation to prepare transfer pricing documentation, although the actual threshold values differ. These thresholds are intended to focus compliance efforts on transactions that pose significant tax base risks, ensuring that administrative resources are allocated efficiently.

TABLE 1. SIGNIFICANCE THRESHOLDS

Significance threshold	Romania	Poland
Large taxpayers		
Financial transaction	€ 200,000.00	€ 2,300,000
Service provision	€ 250,000.00	€ 460,000.00
Purchase/sale of tangible or intangible assets	€ 350,000.00	€ 2,300,000
Rest of the taxpayers		
Financial transaction	€ 50,000.00	-
Service provision	€ 50,000.00	-
Purchase/sale of tangible or intangible assets	€ 100,000.00	-

Source: Decree no. 442/2016, Article 23w of the PIT Law, Art. 11k par. 2 of the CIT Law

Categorization of transactions. Each country requires that transactions be categorized into types such as commodity, financial, service, or other. This classification system is pivotal in determining the necessity for documentation, ensuring that only significant transactions undergo rigorous scrutiny.

Exemptions and simplifications. Both countries offer exemptions from documentation requirements under certain conditions, typically aimed at reducing the regulatory burden for purely domestic transactions between related parties. These exemptions are contingent on specific criteria being met, such as the absence of losses or special economic zone benefits, which helps streamline the compliance process without compromising tax integrity.

Adherence to the arm's length principle. Poland and Romania are committed to the arm's length principle, requiring that transfer prices among related entities reflect the conditions that would have been set between independent entities under comparable circumstances. This commitment is foundational to preventing tax avoidance and ensuring that all taxable entities contribute fairly to national revenues.

Enforcement and compliance. Both countries have implemented detailed enforcement mechanisms and compliance checks to oversee and ensure adherence to transfer pricing regulations. This includes the requirement for detailed documentation and timely submission of transfer pricing reports.

## 2.2 Compliance with OECD transfer pricing guidelines

Poland and Romania exhibit notable similarities in their transfer pricing regulations, as evidenced by the comprehensive review and analysis presented above. Both countries have implemented robust frameworks designed to align with international standards, particularly those set by the OECD, to ensure

that transactions between related entities adhere to the arm's length principle. This alignment is crucial for maintaining fair market practices and protecting the integrity of each nation's tax base.

The OECD country reports (OECD, 2021, 2022a) highlight several areas in which Romania and Poland have made significant strides in aligning their transfer pricing regulations with international norms.

TABLE 2. COMPLIANCE WITH OECD TPG

ROMANIA	POLAND
<b>Reference to the Arm's Length Principle</b>	
YES	YES
<b>Role of the OECD Transfer Pricing Guidelines</b>	
Guidance for the interpretation of the articles in the Tax Act	Explanatory instrument
<b>Transfer pricing documentation</b>	
<input checked="" type="checkbox"/> Master file consistent with Annex I to Chapter V of the TPG <input checked="" type="checkbox"/> Local file consistent with Annex II to Chapter V of the TPG <input checked="" type="checkbox"/> Country-by-country report consistent with Annex III to Chapter V of the TPG <input type="checkbox"/> Specific transfer pricing returns (separate or annexed to the tax return)	<input checked="" type="checkbox"/> Master file consistent with Annex I to Chapter V of the TPG <input checked="" type="checkbox"/> Local file consistent with Annex II to Chapter V of the TPG <input checked="" type="checkbox"/> Country-by-country report consistent with Annex III to Chapter V of the TPG <input checked="" type="checkbox"/> Specific transfer pricing returns (separate or annexed to the tax return)
<b>Definition of related parties</b>	
<p>Affiliated persons - a person is affiliated with another person if the relationship between them is defined in at least one of the following cases:</p> <p>a) a natural person is affiliated with another natural person if such persons are spouse or relatives up to the third degree, inclusive;</p> <p>b) a natural person is affiliated with a legal person if the person owns, directly or indirectly, including holdings of affiliated persons, a minimum of 25% by value/number of the participation titles, or voting rights in the legal person, or effectively controls the legal person;</p> <p>c) a legal person is affiliated with another legal person if the person owns, directly or indirectly, including holdings of affiliated persons, a minimum of 25% by value/number of the participation titles, or voting rights in the legal person, or effectively controls the legal person;</p> <p>d) a legal person is affiliated with another legal person if a (third) legal person owns, directly or indirectly, including holdings of affiliated persons, a minimum of 25% by value/number of the participation titles, or voting rights of both legal person, or effectively controls both legal person;</p>	<p>Related subjects – this shall mean:</p> <p>a) the subjects out of which one subject exerts considerable influence upon at least one other subject; or</p> <p>b) the subjects upon which the following subjects or persons exert considerable influence:</p> <p>– the same other subject or</p> <p>– a spouse, relative or relative by affinity up to second degree of a natural person exerts considerable influence upon at least one subject; or</p> <p>c) a partnership and its partners; or</p> <p>d) a taxpayer and its foreign establishment, and in the case of a tax capital group – a company belonging to the group and its foreign establishment.</p> <p>Exerting of significant influence referred to in letters a and b shall be understood as:</p> <p>1) holding directly or indirectly at least 25 per cent:</p> <p>a. of shares in capital or</p> <p>b. of voting rights in control bodies, decision-making bodies or managing bodies; or</p> <p>c. of shares or rights to share in profits or property or expectancy thereof, including participation units and investment certificates; or</p> <p>2) actual ability of a natural person to influence taking key economic decisions by a legal person or an organizational unit which has no legal personality; or</p> <p>3) remaining in a marriage or occurrence of consanguinity or affinity up to the second degree.</p>
<b>Penalties and/or compliance incentives regarding transfer pricing documentation</b>	
Penalty of RON 2 000-3 500 for small and medium taxpayers and of RON 12 000-14 000 (2500 eur aprox) for large	A financial penalty is imposed by the Head of the National Revenue Administration, by way of a decision, in the amount

taxpayers (art 336 of Fiscal Procedural Code) for not providing or incomplete TP documentation	not exceeding PLN 1 000 000 (230.000 eur aprox)
<b>Mechanisms available to prevent and/or resolve transfer pricing disputes</b>	
<input checked="" type="checkbox"/> Rulings <input type="checkbox"/> Enhanced engagement programs <input checked="" type="checkbox"/> Advance Pricing Agreements (APA) <input checked="" type="checkbox"/> Unilateral APAs <input checked="" type="checkbox"/> Bilateral APAs <input checked="" type="checkbox"/> Multilateral APAs <input checked="" type="checkbox"/> Mutual Agreement Procedures <input checked="" type="checkbox"/> Other (please specify): Multilateral Controls (e.g. simultaneous audits), Double tax treaties	<input checked="" type="checkbox"/> Rulings <input checked="" type="checkbox"/> Enhanced engagement programs <input checked="" type="checkbox"/> Advance Pricing Agreements (APA) <input checked="" type="checkbox"/> Unilateral APAs <input checked="" type="checkbox"/> Bilateral APAs <input checked="" type="checkbox"/> Multilateral APAs <input checked="" type="checkbox"/> Mutual Agreement Procedures

Source: OECD, 2021, 2022a

Richupan (1987) provided a seminal analysis in his study, concluding that an extensive and complex regulatory framework can inadvertently promote tax evasion. They articulate that: "The preponderance of rules and regulations imposed by the government tends to increase tax evasion. This is because in an economy where there are too many and too complicated rules and regulations governing business practices, it is generally difficult, often not profitable, and sometimes impossible to do business legally." This assertion underscores the paradox that while regulations are essential for ensuring compliance and fairness in economic transactions, overly burdensome regulatory environments may hinder lawful business operations, thereby fostering conditions conducive to tax evasion. The intricate balance required in regulatory frameworks highlights the need for policies that not only deter illegal activities but also facilitate a conducive environment for legitimate business endeavors. While studies have explored public attitudes towards taxation and compliance in general, there is a paucity of research examining how perceptions of fairness, trust in tax authorities, and socio-cultural factors influence compliance behavior in the context of transfer pricing taxation.

Our goal is to enrich the ongoing discussion on transfer pricing taxation and provide valuable insights for policymakers, tax professionals, and stakeholders to navigate the complexities of today's tax environment.

### 3. THE CORRELATION POTENTIAL BETWEEN THE LEVEL OF REGULATION AND THE PUBLIC PERCEPTION OF TAX EVASION

The foundational literature review on factors influencing tax evasion was first systematically compiled by Wallschutzky (1984) and further refined by Jackson and Milliron (1986). These factors are examined through both micro-level (firm or taxpayer-specific data) and macro-level (national data) analyses. While these studies made significant methodological contributions, the utility of the results derived from individual

variables for shaping general taxation policies was limited. This limitation arises because the models primarily focused on taxpayer behaviors without integrating broader policy implications (Hji Panayi, 2018). The data extracted from the "World Values Survey Wave 7: 2017-2022" (World Values Survey Association, n.d.) provides a compelling comparative analysis of public attitudes towards tax evasion in Poland and Romania. This survey illuminates the ethical and moral considerations that individuals in these countries hold regarding the justifiability of cheating on taxes.

TABLE 3. PUBLIC PERCEPTION OF TAX EVASION

	TOTAL	ISO 3166-1 numeric country code	
		Poland	Romania
Never justifiable	68.7% (2,043)	76.4	62.2
2	7.9% (234)	10.9	5.3
3	4.5% (133)	4.3	4.6
4	3.0% (90)	1.7	4.1
5	3.9% (117)	2.1	5.4
6	2.3% (68)	1.4	3
7	2.0% (59)	0.5	3.2
8	1.1% (34)	0.3	1.8
9	0.8% (23)	0.2	1.3
Always justifiable	4.2% (125)	0.9	7
Don't know	1.3% (39)	1	1.6
No answer	0.3% (10)	0.2	0.4
(N)	2974	1358	1616
Mean	2.19	1.56	2.72
Std Dev.	2.37	1.43	2.83
Base mean	2926	1341	1584

Source: World Values Survey Association, n.d.

In Poland, a substantial majority of 68.7% of respondents assert that cheating on taxes is never justifiable, reflecting a robust ethical opposition to tax evasion. In contrast, Romania exhibits a slightly stronger ethical stance against tax evasion, with 76.4% of respondents deeming it never justifiable. This suggests a higher ethical disapproval of tax evasion among Romanians compared to their Polish counterparts.

Conversely, the proportion of respondents who believe tax evasion is always justifiable also varies between the two countries. In Poland, only 4.2% endorse this view, whereas in Romania, the figure is notably higher at 7.0%. This indicates a greater tolerance or acceptance of tax evasion under certain circumstances among a small yet significant segment of the Romanian population.

The survey also captures a spectrum of opinions with intermediate levels of justification (rated between 2 and 9 on the survey's scale), where fewer respondents in Poland find tax cheating justifiable to any degree compared to Romania. However, both countries exhibit a minority viewpoint that occasionally or under specific conditions, tax evasion might be justifiable.

Statistical measures further enrich this analysis. The mean response in Poland is 2.19, indicating a lower average acceptance of tax cheating, compared to Romania's mean of 2.72. The higher standard deviation in Romania (2.83 compared to Poland's 2.37) suggests a broader dispersion of opinions, reflecting a more divided stance among Romanians regarding the justifiability of tax evasion.



This nuanced exploration of public perceptions in Poland and Romania reveals significant insights into cultural, economic, and systemic factors that may influence public opinion on tax compliance. Understanding these perceptions is crucial for policymakers aiming to enhance the effectiveness of tax systems and foster greater voluntary compliance. The findings underscore the importance of considering public attitudes in the formulation and implementation of tax policies to ensure they resonate well with societal values and expectations.

Historically, both Romania and Poland have grappled with high levels of perceived corruption and tax evasion. This perception impacts public trust in the tax system and in governmental institutions more broadly. When taxpayers believe that tax evasion is widespread, particularly among the wealthy and corporations, it can erode their sense of fairness and equity, potentially leading to lower compliance rates among the general population.

In summary, in countries like Romania and Poland, strengthening regulatory compliance through reforms, improving the perception of the tax system by tackling evasion, and building trust through transparent and fair tax administration are all crucial for creating a virtuous cycle that benefits the entire tax ecosystem. These efforts collectively enhance taxpayer morale and contribute to the financial health of the country.

#### 4. THE ROLE OF ARTIFICIAL INTELLIGENCE IN TRANSFER PRICING ANALYSIS

The implementation of artificial intelligence (AI) in tax offers opportunities to optimize transfer pricing strategies and increase efficiency in tax compliance globally. Multinational companies can use AI to rapidly analyze large volumes of financial and transactional data, supporting decisions regarding alignment with the market value principle and minimizing tax risks. This new kind of technology facilitates a proactive approach, based on predictive models, to identify high-risk areas of non-compliance and adjust tax strategies in real time.

However, integrating AI into tax systems faces considerable challenges. The high upfront costs associated with digital infrastructure and staff training, along with concerns about data protection and cybersecurity, often limit implementation in emerging economies. In addition, skepticism from taxpayers and tax authorities on the reliability of automated decisions and possible algorithmic errors can generate resistance to adoption.

Gidisu et al. (2025) showed that AI could play a critical role in improving tax compliance, contributing significantly to tax fraud detection, to increase revenue collection, and better audit processes. Analyzing data between 2020 and 2024, the authors found an impressive increase in AI-assisted tax revenues, from \$20 billion in 2021 to \$120 billion in 2024, with a compound annual growth rate of 7%. In addition, AI's



ability to identify tax evasion cases increased from 14.7% to 55%, and the average duration of an audit was halved, from 30 to 15 days, with an improvement in accuracy from 85% to 95%.

According to country reports available on the Tax Administration AI platform (TaxAdmin.AI, 2024), both Romania and Poland have launched significant initiatives to integrate artificial intelligence (AI) into their tax administrations, but with different levels of technological maturity. In Romania, the National Agency for Tax Administration (ANAF) has started implementing AI-based solutions since 2023, focusing on identifying tax risks through automatic correlation of VAT data, using RPA (robotic process automation) tools combined with machine learning. ANAF also announced the launch of an intelligent chatbot for tax assistance, planned for the second half of 2024. These measures are supported by the National Strategy for Artificial Intelligence 2024–2027, which foresees the application of AI in risk analysis and the streamlining of public services.

In contrast, Poland is considered an example of regional good practice in the use of AI in taxation. Since 2017, the STIR system has been implemented, which allows real-time analysis of bank transactions to prevent tax fraud, including the possibility of blocking suspicious bank accounts. In addition, Polish tax authorities use analytical tools such as ARANEUM – designed to visualize relationships between taxpayers – and personalized communication techniques (“nudging”), which adapt tax messages according to the compliance profile of each taxpayer. These solutions are supported by existing digital infrastructure, such as the JPK\_VAT and KSeF systems, providing an optimal framework for the full integration of AI into tax audit and compliance processes.

## 5. RESEARCH METHODS

This study employs a mixed-methods approach, combining both quantitative and qualitative research methods to achieve a comprehensive understanding of transfer pricing taxation in Romania and Poland. The research methods include:

**Literature review.** A systematic review of existing academic literature and relevant policy documents is conducted to provide a comprehensive overview of transfer pricing tax regulations, compliance behavior, and public perceptions in Romania and Poland. This literature review serves as the foundation for framing research questions and hypotheses.

**Quantitative data collection.** This article incorporates empirical data from the World Values Survey, a unique global research project that explores people's beliefs and values. Specifically, the acceptance of tax evasion was analyzed, representing the quantitative aspect of the research conducted for this article.

**Qualitative data collection.** Semi-structured interviews are conducted with tax professionals, policymakers, and representatives from tax authorities in Romania and Poland to gather qualitative insights into

regulatory practices, enforcement mechanisms, and challenges related to transfer pricing taxation. The interviews provide valuable contextual information and allow for a deeper exploration of key themes emerging from the quantitative analysis.

Comparative analysis. The quantitative and qualitative findings are integrated to provide a comprehensive comparative analysis of transfer pricing taxation in Romania and Poland. Key themes and insights are synthesized to address research questions and objectives, highlighting similarities, differences, and potential areas for policy convergence.

## 6. FINDINGS

This article presents in-depth research focused on dynamic regulatory, economic, and societal aspects of tax evasion in the context of two countries, Romania and Poland, which have developed similar economic structures yet have important differences both in the details of domestic tax regulations and in public awareness of tax records. While both countries have established transfer pricing regulations in accordance with international guidelines, particularly those of the OECD, the nuances of their legal systems reflect differing philosophies regarding enforcement and compliance ideals.

The general legal environment in Poland has relatively higher penalties for violations, which function as a more stringent deterrent against manipulation of transfer prices by multinationals. Whereas Romania, with its lower thresholds for reporting requirements, has an approach that seems more like a regulatory strategy that seeks to widen the scope of transactions to be examined, thus extending compliance obligations to a larger number of business operations, including minor enterprises. This might add the administrative burden on smaller firms but could add more transparency and oversight.

There are some differences by citizenship as well, as more Romanians excuse tax evasion under certain conditions compared to respondents from Poland. Romania's lower reporting thresholds extend regulatory scrutiny, which could affect wider attitudes to what constitutes acceptable behavior in terms of taxation; this variation may also explain the gap.

Linking Romania's lower thresholds directly to a higher acceptance of tax evasion is, however, a bit harder. And tax evasion is influenced by a lot of things, like the state of the economy, cultural customs, and the perceived fairness of the tax system. Although the regulatory frameworks establish a strong basis for comparison, the differences in public attitudes highlight the extent to which regulations and societal attitudes toward tax compliance are intertwined.

The research results highlight that, although both Romania and Poland have adopted transfer pricing regulations in line with OECD guidelines, the level of sophistication of digital and AI-based tools differs

significantly. Poland stands out for its integrated use of AI-based systems, such as STIR and ARANEUM, which allow for real-time analysis of taxpayer behavior and optimization of the tax audit process. In contrast, Romania is at an early stage, focusing on the implementation of tax risk detection tools and the development of a tax chatbot, in parallel with strategic initiatives at the national level. These findings suggest that integrating AI into tax administration can positively influence compliance levels and operational efficiency, but success depends on the existing digital infrastructure, available resources and the degree of institutional acceptance.

Such simple observations reinforce differences in underlying social and cultural aspects between Romania and Poland as economies that seem to be overall similar but have diverged paths in certain details, where tax compliance and treatment of transfer pricing are concerned. For policymakers, understanding this matters a lot in creating effective—as well as contextually relevant—budgets and taxes and guidelines.

## 7. CONCLUSIONS

In conclusion, the findings presented in this study provide an understanding of transfer pricing and tax evasion in Romania and Poland and their distinct outcomes in relation to transfer pricing regulations affect firms and business practices, and how the wider public perceptions regarding tax evasion are shaped by cultural and institutional differences. It gets clear that meeting international benchmarks, such as those established by the OECD, provides a solid starting point, but that incorporating country-specific features into regulation is essential.

Poland has stricter penalties for tax evasion, which some may argue have led to better compliance and therefore fewer instances of tax evasion. That said, this mechanism needs to be carefully balanced against fairness and economic burden on enterprises, especially in tight margin sectors or where the cost of regulation compliance is not trivial. Romania's lower thresholds, on the contrary, may lead to higher administrative burdens for a larger proportion of stakeholders, but the trade-off in increasing transparency and compliance considering that transfer pricing regulations will reach small and medium enterprises, as well as larger stakeholders, may have positive effects.

In conclusion, the study confirms the importance of a coherent regulatory framework and a favourable institutional climate for improving tax compliance in the context of transfer pricing. The integration of emerging technologies, in particular artificial intelligence, can be a differentiating factor between efficient and reactive tax administrations. The Polish experience demonstrates that a systematic approach and sustained investments in digital infrastructure can strengthen tax control and prevent evasion in a proactive manner. For Romania, the priority should be to develop institutional capacities and gradually integrate AI into tax collection, analysis and communication processes, in parallel with measures that enhance

taxpayer confidence. Thus, a balanced approach that combines technology with transparency and social dialogue can significantly contribute to making the tax system more efficient and increasing voluntary compliance.

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