

Study Regarding the Obligation of Financial Accounting Reports Regarding the Merging of the Fiscal Statements of the Economic Agents

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Abstract

Accounting has a special role in the economy, and its tax implications cannot be denied by anyone. This results from the accounting and fiscal regulations applicable in Romania, although the ideal of preferences is the detaching taxation from accounting. In this situation, the integrated approach of some investigations regarding the union of some fiscal declarations is necessary.

In this article, we have analyzed a project to combine the statements D100, D300, D301, D311 and we identified the positive and negative consequences of this merger from the point of view of the economic agents. An advantage identified was the reduction of the workload by merger and a disadvantage is that the correlation of these documents requires a greater attention.

Key words: accounting regulations, financial statements, tax return, small and medium-sized enterprises

J.E.L. classification: M40, M41, C23

1. Introduction

The harmonization of national, international financial, fiscal and accounting legislation it represents a topical theme that results from the changes of the fiscal and economic legislation. On these changes were made several analyzes in the fiscal and accounting field that contributed to the improvement of the activity of the economic agents and of the specialized literature. This consisted in measuring and reporting accounting information, financial statements and accounting summary documents needed in the management and marketing of economic entities. The decision-making process of an economic entity must be based on market behavior. Fiscal research is carried out in the accounting field and is similar to accounting research, being both normative and positivist. These studies address American literature for the past 20 years.

At the global level, the connection between accounting and taxation has been determined by the two models of accounting systems: the Anglo-Saxon model and the continental model.

In the Anglo-Saxon model, the financing modalities of the entities are different: they provide the financial resources they need from the capital markets. Transparent is one of the basic criteria and is essential unlike the continental accounting model where the economic agents provide the financial resources they need.

Taxation is not subordinated to the supreme principle of the faithful image, it imposes the rules in the situations of divergence with accounting, economic and social either by collecting financial resources available to the state.

The legislation on the taxation of EU countries is not yet harmonized, although many projects have been made in this regard. This has as a consequence the problems existing in the tax administrations as well as the companies.

2. Literature review

Over time, several researchers have the two systems: the fiscal system and the accounting system. There have been studies regarding the history of accounting, the relation between taxation and accounting, the role of taxation in the activity of economic entities, studies of financial

reporting, etc.

The first researchers who have been concerned about the connection between accounting and taxation have been the Americans since 2001. In Europe, starting with 2007, there are concerns about accounting data based on IFRS, whether or not they represent tax bases. The result was affirmative.

Some research in Europe has shown that SMEs in proportion of 26.17% and large entities in proportion of 15.08% in accounting policy decisions are based on fiscal influence.

In Romania, the economic entities with a percentage of 9.54% take into account the fiscal consideration in the decision-making factors of the accounting policy. Some authors, such as Fekete and Cuzdriorean, have analyzed the influence of taxation according to the size of the entities and the evolution over time. The implications of taxation in accounting refer to the assessment of inventories, protocol, duration and method of depreciation, impairment or loss of value, interest expense, expenses with donations, expenses with pensions, provisions, etc. Large entities are based on accounting rules, and small entities are on fiscal ones.

Fiscal regulations do not influence accounting regulations. The choice between the two depends on each entity and not on the legal regulations. One thing is certain, the two are mutually conditioned. The relationship between the accounting system and the fiscal system is a set of convergent and divergent opinions that manifest daily in the accounting activity. Neamțiu (2008, pp.442-445) considers that accounting information is a priority, it has high quality. The possibility of disconnecting accounting from taxation is a wish, the origin of the fiscal influence deriving from the fact that the state is the main user of the accounting information. Bunget & Dumitrescu (2008, pp.1039-1043), who considers that the accounting-tax relationship is rather an ensemble of convergent and divergent opinions, a debate on tolerance and intolerance, a permanent dispute over the quality of accounting information, which is manifested through the daily activity of the Romanian accountant. Neamțiu (2008, pp.442-445), approaching from an international perspective the relationship between accounting and taxation, differentiates between the Anglo-Saxon and the Continental-European vision. While, the first accounting system is seen as less tax-influenced compared to the latter, the author claims that given this fact, the accounting information has more quality. Thus, in the author's opinion, the influence of taxation on accounting leads to distortion of accounting information.

3. Data analysis and methodology

In Romania, there were several concerns regarding the consensuality between accounting and taxation, a fact that results from the legislative measures adopted. Such a measure is also the Government Emergency Ordinance no. 79/2017 for amending and supplementing Law no. 227/2015 regarding the Fiscal Code, published in the Official Gazette, Part I, no. 885 of November 10, 2017, by which the profit tax was replaced by the one on the turnover, thus, the companies with incomes between half a million and one million euros, who paid until December 31, 2017 a tax on profit in quota of 16 %, pass, from 2018, to the tax regime of micro-enterprises, where it applies either a tax rate of 1%, in the case of the existence of at least one employee, or a rate of 3%, for those who do not have employees.

A proposal that comes for the economic agents is also the possibility of combining some tax returns.

In this article we have made an analysis of this project of combining fiscal statements D100 (Declaration on payment obligations to the state budget), D300 (Statement of value added tax), D301 (Special statement of value added tax, D311 (Declaration regarding the value added tax collected, due by the taxable persons whose registration code for value added tax purposes has been canceled) identifying its advantages and disadvantages.

The data analyzed in the present research were taken from the databases of the Ministry of Finance, consulting the legislation in force (Law 227/2015 on the Fiscal Code, Law 31/1990 on Commercial Companies, Accounting Law no. 82/1991). The companies included in the study were taken from the databases of the Chamber of Commerce and Industry, but also from the archives of the Trade Register.

The method used, mainly, to achieve the objective is represented by the interview, which was applied to managers and / or chief accountants, respectively economic directors of companies with various fields of activity operating in Alba county, Romania. Thus, centralized, the data regarding the interviews carried out are found in Table 1. The total number of respondent entities is 39, out of a total of 7 fields of activity.

Table no. 1 Respondents by activity areas

Respondents	Manufacturing industry	Wholesale	Industry metallurgical	Services and tourism	Other areas
Managers	8	2	1	15	2
Economic directors	4	1	0	4	2
Chief accountants					

Source: own processing

4. Results

As a result of applying the interview to managers and / or chief accountants, respectively economic directors of companies with various fields of activity that operate in Alba county, Romania were identified consequences of this merger.

The advantage mentioned by the respondents in proportion of 90% is the reduction of the volume of work by merging and the disadvantage is that to correlate the documents in order to submit the fiscal declarations, there is a need for increased attention, and in the event of an error the consequences are not known.

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6. Conclusions

The need for reconciliation between the accounting and fiscal systems highlights the conflictual state between the two determined by the diversity of fiscal rules in accounting. This relationship must answer both the interests of the economic entities and the state. This is also exemplified by the draft law on the merging of tax declarations that were the object of study of this article.

The proportion of 90% of the no. the respondents is a clear answer to the agreement regarding this merger. From this, it follows that between accounting and taxation there must be independent, neutral, useful relationships.

The accounting information is the basis of any decision of an entity, and the state can capitalize through the financial reports of the entity.

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