

TAX AND ACCOUNTING REPERCUSSIONS ON VAT COLLECTION SYSTEM

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Abstract:

The economic theory of taxation lies at the heart of the study tax effects , at both micro and macro . In this respect , the basic concept is the tax incidence , that is how ultimately bear the burden of tax and how to disseminate it through the price system throughout the economy. The level of taxation in an economy is related to the role of the state and that they need to assume the economic and social development , influenced by the relationship between the public and private sectors in the economy of a country.

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1. Introduction

Indirect taxes being placed on consumption, are considered by some experts preferred income taxes because, by excluding from the tax savings , the conditions to stimulate savings and investment.

The importance of indirect taxes has increased in most countries because of the effects on the allocation and redistribution . This phenomenon was accompanied in our country taking a unique solution , namely the introduction of VAT inclusive without paying sufficient attention to substantive issues regarding the functioning administratively horizontal inequity of the tax system , tax substitution effects . [1].

Analyzed in the light of the principles of taxation, indirect taxes appear in manifest contradiction with the principle of fairness. These taxes are of deeply unfair because it presents in terms of tax technology, fewer opportunities to take into account the ability to pay the bearer - the final consumers of goods and services. In this regard, the literature emphasizes the negative economic plan - social, whereas indirect taxes affecting mainly consumer goods needed people, they are unjust, unfair, reduces incomes of the poor and create privileges for the rich.

Indirect taxes correspond more tax -efficient requirements , especially the requirements in terms of neutrality - not distortion in the decisions of economic agents , applying generally in the form of quotas on all goods and services in the economy , where value added tax , and selectively to certain goods and services, regardless of manufacturer . From the perspective of economic efficiency , indirect taxes are less exposed to the phenomenon of tax competition manifested in direct taxes and beginning to worry about becoming more international and national authorities of developed countries . Indirect taxes , namely VAT, meet the requirements of the principle of fiscal efficiency . Thus, these taxes are paid by all persons who procure goods and services on which they are placed . At the same time , economic theory emphasizes the possibilities reduced expression of tax evasion and fraud because they provide procedures and documents which allow a better control than other taxes. [2].

Indirect taxes and the compatibility with the principle of elasticity can be increased accordingly when needs in terms of budget revenues , require, becoming operational in a short period of time when the decision is received by adding the prices and tariffs of goods and services possible subsequent decision to reduce the tax rate in a noncompetitive economy , leading to increased margins of traders , not to reduce prices and tariffs . In light of the uniqueness of taxation, indirect taxes leads to the establishment of economic double taxation on income individuals.

As an instrument of state intervention in the economy , indirect taxes , especially VAT , can cause changes in consumer behavior , directing them eating , aim sought for products whose consumption harmful to health or social threat . [3].

Representative indirect taxes value added tax that is placed on almost all goods and services in the economy , increasing prices and tariffs when entering or increase tax rates.

Using indirect taxation as an instrument of intervention in the economy, mainly to ensure a certain level of revenues, is convenient for the authorities since increased tax burden is hidden in prices and rates, leading to their growth and reducing purchasing power by reducing income real . [4].

Tax inspectors have the right to conduct inspections and investigations on persons liable to pay value added tax on compliance with this Act, including records for this purpose and they are required to submit related documents. In 2012, the Government Ordinance no. 15/2012 was approved VAT collection system, which is one of the most difficult tax levels, which way to implement economic accounting gives rise to multiple interpretations.

Applying VAT collection system is an exception to the general rule of chargeability of VAT because:

- Chargeability of tax occurs on collection fee all or part of the supply of goods or services, but not later than the 90th calendar day after the date of invoice or the statutory deadline for issuing the invoice .
- Right to deduct VAT is deferred until the tax on goods and services delivered or rendered to the purchaser or the provider has been paid.

Essentially, VAT will not collect the invoice, but to collect them and will not be deducted upon receipt of invoice, but to pay them.

For the application of VAT collection system, taxable persons registered for VAT and have his business in Romania will differ in terms of the VAT tax regime based on turnover threshold of £ 2,250,000 for the calendar year in the following categories people:

1. Normal persons registered for VAT purposes according to art . 153 of the Tax Code , whose turnover for the period 1 October 2011 - 30 September . To 2012 did not exceed the ceiling of 2,250,000 lei, VAT collection system applies from 1 January 2013. These people were obliged to submit to the tax , until October 25, 2012 including Form 097 - Notice to the collection , showing turnover for the period 1 October 2011 - 30 September . 2012, and including not exceed the threshold of £ 2,250,000 .
2. Normal persons registered for VAT purposes in excess of £ 2,250,000 ceiling does not apply VAT system proceeds and submit the notification .
3. Taxpayers who register for VAT after October 1 . 2012 turnover not exceeding £ 2,250,000 in the period in which they were registered for VAT arrangements apply from 1 February 2013 that the monthly tax period , April 1, 2013 and those that quarterly fiscal period . And those people were required to submit to the tax until January 25, 2013 form 097 showing that turnover of 31 December 2012 did not exceed the ceiling of 2,250,000 lei.
4. Taxable persons who are registered for VAT during 2013 applies the scheme from the date of registration for VAT purposes . These people are not obliged to submit notification being registered in the tax office in the Register of taxable persons applying VAT collection system and do not take into account for determining the ceiling of the previous year turnover of transactions made after 1 October 2012.

VAT collection system, regardless of the turnover threshold in the amount of 2,250,000 lei not apply to economic facts:

- Supplies of goods or services for which the recipient is liable to pay tax;
- Supplies of goods or services which are exempt from VAT;
- Transactions subject to special regimes (single service provided by travel agencies, second - hand goods, works of art, collectors' items and antiques, gold investment);
- Supplies of goods or services for which payment is received, partly or wholly in cash payable by the taxable person for VAT collection system applying the legal beneficiaries, individuals register for VAT, freelancers, self - employed and unincorporated associations;
- Supplies of goods and services for which the recipient is not affiliated with the supplier.

Obligations of applying VAT collection system are:

- The invoice with statement " VAT collection " where VAT chargeability occurs on full or partial consideration receipt of delivery of goods or the provision of services
- To declare the VAT , output VAT on the supply of taxable goods or services until the 25th of the month following the tax period (month / quarter) in which they received full or partial consideration . Properly declare in Form 394 "Statement of information on the supply and procurement services on national territory " . If not collecting the full or partial delivery of goods or services within 90 days from the date of invoice, they had to declare the VAT , the VAT collected on up to date the 25th of the month following the tax period (month or quarter) which celebrates the 90th calendar day after the date of invoice ;
- To deduct VAT invoices for purchases of goods and services transactions referred to in art . 145 para 2 of the Tax Code , only when they pay their suppliers (whether or not the suppliers VAT collection system) by declaring it as VAT deductible VAT return for the tax period in which payments are partially or totally procurement bill (regardless of destination purchases for transactions which are subject to the VAT collection system) .

Logs for sales and purchases of the person applying for VAT collection system and logs for purchases of products that make purchases from those applying VAT returns must be adopted to allow taxpayers to track and charge each fiscal period differences both due in respect of tax collected and the tax on deductible. [5].

VAT collection system and product changes for VAT return in February 2013 after tax authorities filed a new section introduced with the implementation of the system in early 2013. This new section is informative and reflects the balance of all the VAT at the end of each tax period.

In this balance will be entered information on value added tax to become due or to be exercised right of deduction in future periods as a result of the VAT collection system, both for economic transactions made during the reporting period, and prior periods.

It can be concluded that the VAT collection system is a problem faced by businesses since the beginning of 2013, the already present negative for entities to apply, namely:

- Impaired financial record keeping documents - accounting by introducing the term 'VAT receipts "for invoices issued by them;
- Creating additional costs to change systems;
- Verification of the client by that provider on the application of the VAT system in collecting the Register of applying VAT collection system available on the PPA website, do not lose the right to deduct VAT.

Also, the application of this system is mandatory for operators falling turnover threshold of £ 2,250,000 and not optional.

As negative aspects can mention the increased time of registration of invoices, checking them and tracking the amount of those bills payments, accounting registration of operations ie chargeability plus VAT on an invoice paid subsequently, reduction of economic contracts or their cancellation between operators who apply the new VAT system and large entities, because they can not deduct VAT until they pay their bills, but the general rule collects VAT chargeability, which penalizes.

This system can be considered a deferred payment of VAT, a reduction of tax evasion for the tax authorities by a company.

Conclusion

In order to contain the hopes for applying VAT supplies of goods and services must be made with payment. To determine whether an economic operation can be placed in the scope of VAT, it must first bring a customer edge and the price is about the advantage received.

The chargeable value added arises upon the delivery of goods or when the services are performed, unless otherwise provided by law.

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