

**ANALYSIS OF THE RECONCILIATION OF THE ACCOUNTING RESULT WITH THE  
FISCAL RESULT. CASE STUDY: THE COMPANY “MACOM UNIREA” SRL  
HUNEDOARA**

**ILIE RĂSCOLEAN**

ASSOC.PROF.DR. – UNIVERSITY OF PETROȘANI

e-mail:ilierascolean@yahoo.com

**ILEANA-SORINA RAKOS**

PROF.ASSIST.DR. – UNIVERSITY OF PETROȘANI

e-mail:nihilsinedeo\_68@yahoo.com

**TRAIAN-OVIDIU CALOTĂ**

ASSOC.PROF.DR. – “TITU MAIORESCU” UNIVERSITY OF BUCAREST

traian.calota@yahoo.com

**Rezumat**

By the present paper, the authors aim to analyze the reconciliation between the accounting result and the fiscal result obtained by a company of the Romanian national economy. Based on an empirical study, this analysis aims to determine the taxable profit for the period 01.01.2013-31.12.2015, during which we determined the tax refunds and non-refundable expenses through the prism of the influence of taxation – as a lever stimulating the activity of the company, but also constraining it, reflected in the adjustments made on the accounting result in order to obtain the taxable result[2,3]. Taxation acts in the sense of stimulating the investment activity on the level of the company, which highlights the dual character of taxation: on the one hand, it materializes in obligatory taxes paid to the State which directly influence the result and the treasury of the company, and on the other hand the company can use the fiscal advantages to its benefit. The accounting result represents either the accounting profit before the final taxation, if the income is higher than the expenses, or otherwise the accounting loss before the final taxation.

**Cuvinte cheie:** fiscal analysis, expenses, accounting result, fiscal result, income.

**Clasificare JEL:** M41

## 1. Introduction

The result before the final taxation equals the difference between the total income pertaining to the taxable year and the expenses made during the respective taxable year, except for the taxation on profit[1].

The fiscal or taxable result (whether we talk about taxable profit or about fiscal loss) of a *contributor* paying tax on profit is determined starting from the income and expenses pertaining to a taxable year which are recorded in the *accounting* according to the accounting regulations given in the Accountancy Law 82/1991, republished with its subsequent modifications and completions. Evidently, we need to take into account all the adjustments requested by the Fiscal Code. If we refer to the concrete conditions related to tax on profit in Romania, the fiscal result can be explained by the relation[4, 5, 6]:

- Total income
- (-) Total expenses (excluding the tax on profit)
- = Accounting net result (before taxation)
- (-) Fiscal refunds (Art. 19 index 1 and Art. 22 Fiscal Code)
- (-) Non-taxable income (Art. 20 Fiscal Code)
- (-) Elements similar to expenses (pt. 12 of the Norms to Art. 19 Fiscal Code)
- (+) Elements similar to income (pt. 12 of the Norms to Art. 19 Fiscal Code)
- (+) Non-refundable expenses (Art. 21 Para. (3) and (4), Art. 22, Art. 23 and Art. 24)
- = Fiscal result of the current taxable year
- (-) Fiscal losses of the previous years (Art. 26 Fiscal Code)
- = Fiscal result before fiscal credit
- = Tax on profit (16% \* Fiscal profit)
- (-) Fiscal credit
- = **Final tax on profit**

The non-taxable income foreseen in Art. 20 of the Fiscal Code needs to be taken out of the accounting result, because the fiscal authority does not tax it; and the economic entity had this in view at the calculation of the accounting result. The tax on profit is calculated and determined applying the taxation level foreseen by the Fiscal Code regarding the taxable profit. According to Art. 17 of the Fiscal Code, the level of the tax on profit is 16%, with the exceptions foreseen in Art. 38 of the Fiscal Code. We remind that during the period 01.05.2009-30.09.2010, the Fiscal Code foresaw the payment of a minimum tax (O.U.G. no. 34/2009). The accounting result after taxation is given by the difference between the accounting result before taxation and the current tax on profit, representing either net proceeds or net loss in accounting.

Examples of non-taxable incomes are the dividends received from a Romanian juridical person, revenues from a reduction or annulment of provisions with no right of deduction granted, etc.

*Non-deductible expenses* are added to the mass of the accounting result, as, even though they were deducted from the accounting revenues, the Fiscal Code does not acknowledge them, either definitively or temporarily. An example of such expenses are protocol expenses, if they exceed the limit of 2% imposed by the legislator, expenses on fines, penalties, penalties of delay owed to the Romanian authorities, expenses on taxes not withheld at the source in the name of non-resident persons for revenues realized in Romania, expenses on various services for which the company has no contract or for which it cannot justify the need of using them etc..

*Fiscal deductions* are taken out when the fiscal result is calculated; such is the legal reserve within the limit imposed by Art. 22, para. (1) of the Fiscal Code.

*Elements similar to income* are those sums added when the fiscal result is calculated; such are the reserves coming from a reevaluation of fixed means, according to the provisions of Art. 22, para. (5) and para. (5<sup>1</sup>) of the Fiscal Code.

*What is the period of recovery of the annual fiscal loss?* According to art. 26 of the Fiscal Code, beginning with the year 2009, the annual loss, established by the tax-on-profit declaration, is reclaimed from the taxable profits obtained in the following 7 consecutive years. The reclaiming of the losses shall be made in the order in which they were recorded, at every payment term of the tax on profit, according to the legal provisions in force in the year when they were recorded.

The tax on profit is calculated and determined applying the taxation ratio foreseen by the Fiscal Code for taxable profit. According to Art. 17 of the Fiscal Code, the tax on profit is 16%, with the exceptions foreseen in Art. 38 of the Fiscal Code. We remind that during the period 01.05.2009-30.09.2010 the Fiscal Code foresaw the payment of a minimum tax on profit (Emergency Governmental Decision O.U.G. no. 34/2009).

The accounting result after taxation is given by the difference between the accounting result before taxation and the current tax on profit, representing either net loss or net profit in accounting.

In our opinion, a strict supervision of the fiscal results of each fiscal year is necessary, both to avoid calculation errors and declare the accounting and fiscal results, and to correlate the information written in the Profit and Loss Account (as yearly financial statement) with that in the yearly tax-on-profit declaration. Moreover, it becomes easier to trace the reclaiming of eventual fiscal losses in time. For this reason, the legislator obliges the tax-payers to draft a *tax register* (Fiscal Accounting Register), as regulated by the *Order 870/2005*.

*What are declarative obligations?* The company under analysis is a tax-payer based on Art. 13 Letter a) of Title II of the Fiscal Code, mentioning that the Romanian juridical persons, subsequently called tax-payers, are obliged to pay a tax on profit, according to the respective title.

*What are the ways of declaring and paying the tax on profit from the perspective of Title II of the Fiscal Code?* Beginning with *01 January 2012*, Art. 34 and 35 of the Fiscal Code introduced the present provisions regarding the tax-on-profit declaration, by the Governmental Decisions O.G. 30/2011 and O.U.G. 125/2011, valid for the tax-on-profit declaration pertaining to the fiscal year 2012. At the same time, *beginning with 01 January 2013* certain tax-payers are allowed to opt for the annual system with trimestrial payments made in advance according to the consumption prices indices.

The company under analysis declares its tax on profit trimestrially, according to Art. 34 para. (1) and para. (5) Let. c) of the Fiscal Code up to the date of 25, inclusively, of the first month following the conclusion of the trimesters 1-3 (25 April, 25 July and 25 October). For the 4<sup>th</sup> trimester it is not necessary to declare and pay the tax on profit, as this is realized at the deadline for handing over the tax-on-profit declaration.

More concretely, we are talking about the following stages of declaring the tax on profit:

- stage 1: The company determines the tax on profit pertaining to the respective trimester, based on the revenues and expenses actually recorded in the accounting, accumulated from the beginning of the fiscal year until the end of the trimester for which the calculation is made;
- stage 2: declaration of the tax on profit in Form 100 during the first three trimesters;
- stage 3: definitization and payment of the tax on profit pertaining to the respective fiscal year by Form 101, no later than 25 March of the year following that for which the tax on profit has been calculated, deadline foreseen by Art. 35 of the Fiscal Code.

We draw the attention that every payer of tax on profit needs to check at the end of each fiscal year if he still meets or not the cumulative conditions foreseen by the Fiscal Code for microenterprise tax-payers (*conditions related to size of revenues, nature of activities, structure of share-holders etc.*). The reason is the principle of taxation of the revenues introduced after 01.02.2013: to the extent to which they meet the respective cumulative conditions, the tax-payers can keep or have the obligation to change the taxation system, through the application of the taxation system according to revenues (since taxation is obligatory).

## 2. Specialized literature

Following the researches undertaken by very many specialists and professors in the domain of accounting and taxation, in the national and international specialized literature, in time there have been different perspectives on the calculation and declaration of the accounting and fiscal result. Beginning with January 1, 2012, in Art. 34 and 35 of the Fiscal Code, specific provisions have been introduced regarding the declaration of the tax on profit, by O.G.30/2011 and O.U.G. 125/2011, valid for the declaration of the tax on profit pertaining to the taxable year 2012[7, 8, 9].

At the same time, beginning with January 1, 2013, certain tax-payers have been allowed to opt for the annual system using quarterly payments made in advance according to the index of the consumption prices.

In our opinion, a strict accounting of the fiscal result of each fiscal year is needed, both to avoid calculation and declaration errors in accounting and fiscal results, and to correlate the information put down in the Profit and Loss Account (as an annual financial statement), with that in the Annual Tax-On-Profit Declaration. Moreover, it becomes easier to follow in time the recovery of the eventual fiscal losses. For this reason, the legislator obliges the tax-payers to fill in the Fiscal Accounting Register, as it has been regulated by the Order 870/2005.

## 3. Research methodology

Starting from the research undertaken by various specialists in accounting and taxation, we have aimed to demonstrate that the two results, namely the accounting result and the fiscal result, can be reconciled, in the context of the use of the current taxation method. Consequently, we have tried to find answers to the following questions: *What are the obligations in point of statements /declarations? What are the modalities of declaring and paying the tax on profit from the perspective of Title II of the Fiscal Code?*

## 4. Reconciliation of the accounting result with the fiscal one, in the context of the use of the current taxation method

During this study, the authors had in view the fact that the company under analysis is a tax-payer based on Art.13, let. a) of Title II of the Fiscal Code, which mentions that “*the Romanian legal persons, subsequently called tax-payers are obliged to pay a tax on profit*”. At the same time, the company under analysis declares its tax on profit quarterly, according to Art. 34, para. (1) and para. (5), let. c) of the Fiscal Code, before the 25<sup>th</sup> day, inclusively, of the first month following the conclusion of the trimesters I – III (25 April, 25 July and 25 October). For the IV<sup>th</sup> trimester, it is not necessary to declare and to pay a tax on profit, as this is done when the declaration regarding the tax on profit is handed over[2,3]. The processing of the data recorded during the period under analysis (2013-2015) has led to the determination of the following taxable results (table no.1).

**Table 1. Determination of the taxable result at SC Macom Unirea S.R.L. Hunedoara during the period 01.01.2013-31.12.2015 (lei)**

No.	Explanations	Value 31.12.2013	Value 31.12.2014	Value 31.12.2015
1.	Total income realized from any source (VT)	19,771,424	24,740,102	20,854,097
2.	Total expenses made to realize income (CT), except for tax on profit	19,484,127	22,792,907	20,189,945
3.	Non-taxable income (Vn)	0	0	0
4.	Expenses pertaining to non-taxable income (Cvn)	0	0	0
5.	Non-refundable expenses at the calculation of the taxable profit, other than the ones pertaining to non-taxable income (Cn) and tax on profit	2,512,566	2,581,236	2,456,017
6.	Other fiscal refunds (D)	2,450,217	2,601,907	2,330,970
7.	<b>Taxable result</b> (1 – 2 – 3 + 4 + 5 – 6)	<b>349,646</b>	<b>1,926,524</b>	<b>789,199</b>

We shall mention that the data concerning the IV<sup>th</sup> trimester of 2015 are forecasts. According to the provisions of the Fiscal Code, the taxable profit is determined as follows:

**Taxable result = VT – CT – Vn + Cvn + Cn – D**, where:

VT = total income realized from any source;

CT = total expenses made in order to realize income;

Vn = non-taxable income;

Cvn = expenses pertaining to non-taxable income;

Cn = non-refundable expenses at the calculation of the taxable profit, other than those pertaining to non-taxable income;

D = other fiscal refunds.

The tax on profit paid by the company has been determined by taking out the expenses for sponsoring from the tax on profit determined through the application of the legal taxation level on the previously-determined taxable result (Table no. 2).

**Table 2. Tax on profit paid during the period 01.01.2013-31.12.2015 (lei)**

No.	Explanations	Value 31.12.2012	Value 31.12.2013	Value Trim. I-III 2015	Forecast value IV <sup>th</sup> trim. 2015
1.	Tax on profit	55,943	308,244	208,995	0
2.	Expenses for sponsoring	8,000	47,500	350	0
3.	Tax on profit paid (1 – 2)	47,943	260,744	208,645	0

The determination of the taxable profit and of the tax on profit during the period under analysis was realized based on the data taken out of the tax-on-profit declaration (table no.3).

**Table 3. Calculation of the taxable profit and of the tax on profit  
at SC Macom Unirea S.R.L. Hunedoara SA during the period 01.01.2013-31.12.2015 -lei-**

No.	Explanations	Value 31.12.2013	Value 31.12.2014	Value 31.12.2015
1.	Income from exploitation	19,757,904	24,644,514	20,613,460
2.	Financial income	13,520	95,588	240,637
3.	<b>Total income (1+2)</b>	<b>19,771,424</b>	<b>24,740,102</b>	<b>20,854,097</b>
4.	Exploitation expenses	17,652,230	20,865,203	18,883,997
5.	Financial expenses	1,831,897	1,927,704	1,305,948
6.	Expenses for tax on profit	47,943	260,744	114,722
7.	<b>Total expenses (4+5+6)</b>	<b>19,532,070</b>	<b>23,053,651</b>	<b>20,304,667</b>
8.	<b>Net result (including the expenses for tax on profit) (3-7)</b>	<b>239,354</b>	<b>1,686,451</b>	<b>549,430</b>
9.	<b>Total refunds, out of which: (10+11+12)</b>	<b>2,450,217</b>	<b>2,601,907</b>	<b>2,330,970</b>
10.	Fiscal amortization	2,435,852	2,392,831	2,212,081
11.	Refundable legal reserve	14,365	97,359	33,208
12.	Other refundable sums (reinvested profit, according to Art.19 (2) Law 329/2009)	0	111,717	88,681
13.	<b>Total non-refundable expenses, out of which: (14+15+16+17+18+19)</b>	<b>2,560,509</b>	<b>2,841,980</b>	<b>2,570,739</b>
14.	- expenses for tax on profit	47,943	260,744	114,722
15.	- fines and penalties owed to the Romanian authorities	22,834	109,685	157,026
16.	- protocol expenses over the limit foreseen by the law	6,613	476	1,340
17.	- sponsoring expenses	8,000	47,500	11,550
18.	- expenses for accounting amortization	2,435,852	2,392,831	2,241,923
19.	- other non-refundable expenses	39,267	30,744	44,178
20.	<b>Total taxable profit (8-9+13)</b>	<b>349,646</b>	<b>1,926,524</b>	<b>789,199</b>
21.	<b>Taxation ratio</b>	<b>16%</b>	<b>16%</b>	<b>16%</b>
22.	<b>Total tax on profit (20 x 21)</b>	<b>55,943</b>	<b>308,244</b>	<b>126,272</b>
23.	Sum representing sponsoring within the limit foreseen by the law **	8,000	47,500	11,550

No.	Explanations	Value 31.12.2013	Value 31.12.2014	Value 31.12.2015
24.	Tax on annual profit (22-23)	47,943	260,744	114,722
25.	Tax on profit (declared through the Form 100 during the first three trimesters)	13,290	101,830	208,645
26.	Remaining tax on profit (24-25)	34,653	158,914	(93,923)

(\*) due to the way of interpretation, the reinvested profit has been considered as fiscal refund. A more adequate interpretation would have been to present it as an exemption of tax on profit pertaining to the reinvested profit.

(\*\*) from the sum pertaining to the tax on profit, we took out the expenses for admissible sponsoring calculated according to Art. 21, para. (4), let. p) of the Fiscal Code.

**Table 4. Determination of the net result, on 31.12.2015 (lei)**

No.	Explanations	Value 01.01 - 31.12.2015
1.	Result from exploitation (profit/loss)	1,729,463
2.	Financial result (loss)	- 1,065,311
3.	Current result (profit)	664,152
4.	Extraordinary result	0
5.	<b>Net result before taxation</b>	<b>664,152</b>
6.	Total fiscal refunds	2,330,970
7.	Total non-refundable expenses (excluding tax on profit)	2,456,017
8.	<b>Taxable result</b>	<b>789,199</b>
9.	Tax on profit calculated	126,272
10.	Expenses for sponsoring	11,550
11.	Tax on profit owed	114,722
10.	<b>Net result</b>	<b>549,430</b>

The tax refunds and non-refundable expenses intervening in the calculation of the result determined previously are presented (in tables no.5 and 6).

**Table 5. Tax refunds (one taxable year) (lei)**

No.	Explanations	Value at 31.12.2015
1.	Fiscal amortization	2,212,081
2.	Legal reserve exempted from fiscal taxation*	33,208
3.	Reinvested profit according to Art. 19 para. (2) of Law 329/2009	88,681
	<b>Total fiscal refunds</b>	<b>2,330,970</b>

\* On 31.12.2015, the existing legal reserve was 47,097 lei, and the dimension of the existing social capital was 2,164,000 lei.

•	Necessary legal reserve (2,164,000 lei/5 = 800,000 lei)	432,800 lei
(-)	Existing reserve	150,100 lei
=	Maximum reserve to be constituted	282,700 lei

The accounting legal reserve = 5% \* Gross accounting profit. The reserve fund constituted was within the limit of 5% of the gross profit: 664,152 lei x 5% = 33,208 lei. We had in view Art. 183, para. (1) of Law 31/1990, republished (*from the profit of the company, every year, at least 5 % shall be taken to form the reserve fund, until it reaches at least a fifth of the social capital*).

The fiscal legal reserve was determined based on Art. 22, para. (1), let. a) of the Fiscal Code. The legal reserve is refundable within the limit of a 5% ratio applied on the accounting profit before the determination of the tax on profit, out of which the non-taxable income is taken out, adding the expenses pertaining to the non-taxable income, until the value of one fifth of the social capital subscribed or of the patrimony is attained, according to case, according to the organization-and-functioning legislation.

**Table 6. Structure of the non-refundable expenses (lei)**

No.	Explanations	Value at 31.12.2015
1.	Fines and delay penalties (account 6581- State budget + Local budget)	157,026
2.	Sponsoring expenses (account 6582)	11,550
3.	VAT pertaining to the acquisition of alcoholic drinks for other purposes than reselling	2,295

	(account 635)	
4.	Expenses for fuel – O.U.G. 34/2009 (account 6022)	18,974
5.	Expenses for maintenance and repairs – O.U.G. 34/2009 (account 611)	9,259
6.	Expenses for social security (account 6458)	13,650
7.	Expenses for protocol (account 623)	1,340
8.	Expenses for accounting amortization – total, out of which:	2,241,923
	Expenses regarding the amortization of fixed means from reinvested profit	29,842
<b>12.</b>	<b>Total non-refundable expenses</b>	<b>2,456,017</b>

The determination of the expenses for sponsoring that can be taken out from the tax on profit according to Art. 21, para. (4), let. p) of the Fiscal Code is realized as follows:

- $3\% \times \text{turnover} = 3\% \times 19,771,549 \text{ lei} = 59,315 \text{ lei}$
- $20\% \times \text{tax on profit owed} = 20\% \times 126,272 = 25,254 \text{ lei}$

Maximal sponsoring expenses that can be taken out of the tax on profit: 25,254 lei

Sponsoring expenses realized (account 6582): 11,550 lei

Sponsoring expenses refundable from the tax on profit: 11,550 lei

The expenses on social security can be refunded when the taxable profit is calculated within the limit of 2% of the salary fund:  $2,710,888 \times 2\% = 54,218 \text{ lei}$ . Since the social expenses recorded in accounting (account 6458) are 67,868 lei, it results that the difference of 13,650 lei shall be considered non-refundable expenses when the taxable profit is calculated (67,868 lei minus the admissible limit: 54,218 lei). Maximal protocol expenses:  $2\% \times 807,922 \text{ lei}$  ( $20,854,097 - 20,189,945 + 126,272 + 17,498$ ) = 16,158 lei. The protocol expenses realized (account 623) are 17,498 lei ( $17,498 > 16,158$ ); consequently, the protocol expenses totalling 1,340 lei are non-refundable when the taxable profit is calculated.

To highlight the influence of fiscal advantages, we considered it necessary to present the dynamics of the Actual taxation rate (*Rata de impozitare efectivă* - RIE) during the period 2012 – 2015. This indicator reflects the relation between the tax on profit paid by the company and the accounting profit. The indicator was calculated for the two situations analyzed: with application of the Law 329/2009 (RIE2) and without its application (RIE1).

$\text{RIE} = \text{Paid tax} / \text{Accounting result} \times 100$

A value of the indicator lower than the legal taxation rate (16%) reflects a situation favorable to the company, determined by the effect of the fiscal advantages. Values higher than the legal taxation rate highlight the existence of a fiscal result higher than the accounting result. This is due to the non-deductible elements taken into account in the calculation of the tax on profit.

Starting from the premise according to which the net result is the main means of evaluation and analysis of the company's profitability, we considered it necessary to compare the Net margin rate and the Financial profitability rate during the period 2012-2015. The diminution of the expenses by the tax on profit determines a higher net profit, and consequently a higher financial profitability (Tabel 7).

**Table 7. Net margin rate and Financial profitability  
during the period 01.01.2012-31.12.2015**

<b>Explanations</b>	<b>31.12.2013</b>	<b>31.12.2014</b>	<b>31.12.2015</b>
Net Result (RN) (lei)	239,354	1,686,451	549,430
Turnover (CA) (lei)	17,724,984	24,278,065	19,771,549
Own capital (CPR) (lei)	3,658,996	5,232,953	5,392,985
Net margin rate (RN/CA) (%)	1.35	6.95	2.78
Financial profitability (RN/CPR) (%)	6.54	32.23	10.31

The financial profitability indicators (net margin rate and financial profitability rate) were also diminished.

## 5. Concluzii

The influence of taxation, as a lever stimulating the activity of the company, but also constraining it, is reflected by the adjustments made on the accounting result in order to obtain the taxable result. The possibility of diminishing the tax on profit by the value of the expenses for sponsoring constituted an advantage provided by taxation and profitably used by the company. Taxation has acted in the sense of a stimulation of the company's investment activity. The tax-on-profit exemption pertaining to the investments realized according to Law no. 329/2009 had a favorable influence on the result, both on the level of the year 2013, and on the level of the year 2014. We can talk

about the dual character of taxation: on the one hand, it materializes in obligatory taxes paid to the State which directly influence the result and the treasury of the company, and, on the other hand, the company can use the fiscal advantages to its benefit. The investment activity of the company has used practices whose fiscal consequences gave it advantages materialized in a treasury situation favorable for the company (example: reinvestment of the profit, use of subventions for investments).

The accounting policies adopted by the management of the company are reflected on the level of the accounting result obtained.

The analysis of the evaluation bases used to assess intangible assets highlights that the company uses both the assets' historical cost and their just value. The just value is the result of the reevaluation of the intangible assets. The use of the just value resulted in the adjustment of the costs of acquisition of the assets by their market value. By the use of the just value, along with the operational result obtained from actual transactions, in the result are included also virtual elements, generated by the market evolution, representing only potential earnings or losses.

Along with the accounting policies concerning the evaluation basis, the amortization policy chosen by the company management consists in the use of linear amortization, resulting in the recognition of constant expenses throughout the useful life of the asset. Concerning the policy of adjustments for depreciation and provisions, the company had a reserved attitude. This fact had a negative influence on the faithful image of the financial statement. The recommendation made to the company management was in the sense of reviewing this attitude and creating adjustments for depreciation (in the case of uncertain clients, depreciated merchandise stock).

By this approach, the financial information users can make a distinction between a pure result, obtained from the exploitation activity, and a result distorted by the influence of exceptional operations.

The determination of the financial lever effect highlighted the fact that indebtedness determined the decrease of the company's financial profitability in the year 2013, because the economic profitability was lower than the average interest rate. A favorable situation was recorded in the years 2014 and 2015, when the economic profitability was above the average interest rate.

The influence of taxation, as lever stimulating the activity of the company, but also constraining it, is reflected by the adjustments made on the accounting result in order to obtain the taxable result. The possibility of diminishing the tax on profit by the value of the sponsoring expenses was an advantage offered by taxation and profitably used by the company.

Taxation acted in the sense of stimulating the investment activity on the level of the company. The exemption from the tax on profit pertaining to the investments realized according to the Law no. 329/2009 had a favorable influence on the result, both on the level of the year 2013, and on the level of the year 2014. Even though in reality this advantage represents just a postponement of the payment of the tax on profit (following the reconsideration of the expenses of amortization of the investment as being non-deductible from the perspective of taxation, in the financial years subsequent to the date of realization of the investments) the difference resulted by the application of this taxation advantage remained available to the company, which contributed to the increase of the value of the company.

We can talk about the dual character of taxation: on the one hand, it is concretized in obligatory taxes paid to the State, which have a direct influence on the result and the treasury of the company; on the other hand, the company can use taxation advantages to its benefit. In the framework of the investment activity, the company has used practices whose fiscal effects were advantageous, concretized in a treasury situation favorable to it (e.g.: profit reinvestment, use of subventions for investments).

Following the realization of a simulation concerning the impact of taking into account the postponed taxes in the result and financial statements, one can affirm that the recognition of a debt concerning the postponed tax can trigger a prudent approach of the company management. This approach consists in allocating the fiscal costs pertaining to assets during their useful lifetime. The main advantage offered by the use of postponed taxes consists in the presentation of financial statements reflecting the real situation of the company (faithful image).

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