

## ACCOUNTING INFORMATION BETWEEN ECONOMIC DECISION AND FISCAL MANAGEMENT IN THE ENTERPRISE LEVEL

**HOLT GHEORGHE**

PROFESSOR PH.D. „CONSTANTIN BRANCUSI” UNIVERSITY OF TARGU JIU

e-mail:alinaholt03@gmail.com

### **Abstract**

*Anchored in reflecting reality, as secular science and practice, accounting has demonstrated continuously opening towards progress and social involvement. The information provided by operators underlie the economic and political decision of a wide range of users.*

*The variety of funding determines the specific behavior of the company. In an economic environment with largely financing through bank loans, companies and their creditors directs its decision in particular on collateral, receivables and payables at a time. In an environment with its own financing, the interests of users of accounting information is moving mainly on growth equity, results and cash holdings.*

**Key word:** *accounting information, tax system, tax management, state budget, financial revenues, patrimonial, financial and fiscal situations*

### **1. Introduction**

Being an essential tool for economic, financial, tax and management knowledge of patrimonial units, accounting information has a recognized utility in economic and social life. By its methods and procedures, the accounting is processing objectively the economic data, giving to internal or external users, truthful and reliable information on fiscal management and economic decisions of the company.

Accounting information is given special importance by its obligation to express the true image of a heritage, the fairness, clarity and precision to the causal links between economic decisions and fiscal management at the enterprise level. Accounting, economic management and taxation show causation connections, mutually reinforcing, due to active implications in the economic life of an enterprises.

### **2. The role of accounting information in strengthening tax administration**

Tax matters are ongoing concerns for enterprise and this starting on the stage of its creation and especially during the time in which it operates, when there are changes and transformations, as well as its disappearance, by merger or liquidation, problems that constitute important targets for the management team.

Fiscality is integrated into the environmental data of the enterprise and is, on the one hand, a variable influencing economic decision, which requires that the adoption to be done taking into account the fiscal nature obligations, and on the other hand, an important objective in the management activity, significantly influencing the performance of its functions or attributes.[1]

In a competitive market economy, the main feature is that it positively influences the economic environment in the sense of reconciling economic management and taxation. It stresses that the problems mentioned, currently existing in our country, are only partially solved, tax adversely affecting the level and dynamics of economic development.[4] So, fiscal management must be recognized as a specific and unique area, in terms of its techniques and culture in all disciplines that contribute to management of the enterprise.

The use of accounting information into the decision-making, as well as the fiscal instruments, is a prerequisite condition for achieving the envisaged economic objectives and also constitutes a specific objective in decision making.[2]

In this regard, we can withheld that taxation directly influence the economic policy of the enterprise, being necessary that the fiscal instruments, outstanding at a time, to be so used that the negative influences that they determine to be minimal, and economic development to be sustainable.

Between taxation and business management, in other words, between fiscal costs and the total ones, there is a reasonable relationship so that taxation does not constitute an instrument of coercion, but one that is natural and justified under the market economy, that allows the formation of a image corresponding to fiscal management.[5]

For an overview of taxation in our country, in which can act operators, we can mention the fact that in the literature is expressed the opinion, that the configuration of a tax system depends on whether the option for optimize the functioning of the spontaneous market economy in terms of economic efficiency, income and wealth distribution and the ability to achieve and maintain a satisfactory growth to fill the full or nearly full employment.

The accounting provides all information regarding tax liabilities, annexes developed for the balance sheet and the accounting reporting make a distinction regarding their destination for: the state budget, local budget, special funds and social security.

Fiscal management is extremely important within the company level as it ensures the proper evaluation and accurately determination regarding tax obligations embodied in taxes owed to the state.

In order to achieve such goals are necessary quality and operative informations, on the subject of taxation, referred to as the taxable matters, the calculation base or tax assessments and tax rate. In this respect, it can hold that the existence of an adequate information system is essential to fulfill the goals devolving upon the fiscal management.

### **3. Major influences of the economical decision on tax administration**

Economic decision deals with all aspects of maximizing enterprise value and achieving results expected in the future as a result of using the accumulated heritage. Every company has its own strategic objectives for whose achievement is necessary to create an aggregate of economic, financial and fiscal decisions.

Regarding the relationship between business management and taxation, we can highlight the fact that the last one manifests its effectiveness only in the situation in that she ensures the reduction of the fiscal costs, meaning that, in the management process, must be made the appeal and mainstream of the tax dimension into the economic decisions undertaking the enterprise activity.[3]

In the context of the variety and particularities that present the taxes, this attribute of tax management is manifested more pronounced when those tax are withheld at source, which give rise to costs for the enterprise.

In order to achieve a fiscal management at the enterprise level, it requires, inter alia, the creation of an information system that allows to manage the myriad of tax rules on fully identification of taxable matters, evaluation, calculation base, tax rate, term payment, facilities and tax penalties.

Such a system must be so organized in order to preventive and insurer respond to tax rights and obligations, as well as at the appropriate sanctions that deviate from the rules.

This approach, respectively to search and ensure safety in legal relations, constitute the basic requirement of the tax management, the company being bound, and also concerned, to strictly abide the principles, rules and norms laid down by the tax law and thus to avoid sanctions and fiscal penalties that can be devastating for any company, even if its financial situation was positive earlier.[4] In order to achieve the informational system is envisaged that the accounting data and information, appropriate quantitative and qualitative, are indispensable, being provided by many instruments used, including summary statements or reports, that are especially important.

The annual financial statements reflect the results of work undertaken by the enterprise, and provides the vast majority of information necessary for determining taxable income, being known that the imposition is usually done annually on the statement entity using existing information in the balance sheet.[1]

Within the financial accounting information system components, an important place is hold by the tax and social obligations subsystem that provides the necessary information concerning taxes and social contributions, information that is recovered in the management process of the company. Quality accounting information are characterized by: relevance, utility, fidelity, realism, completeness and comparability, which gives them a privileged status in modern business management.

The information on obligations to the state budget are taxes for: profit, wages, salary income, dividend income and interest, income of nonresident legal entities, crude oil from domestic production, dividends; taxes: on the value of consumption and gambling, customs stamp, the net profit of the payments autonomous administrations; penalties and fines for not paying on time.

In relation to the above information, states that these taxes are so structured that each of them let a knowledge of useful elements, namely: annual or biannual requires, as appropriate, cumulated with the amount on the start of the reporting period, as being due and unsettled; the liability for the current period which deducted from the previous amount ensure the knowledge of unsettled obligations related to previous period; the actually paid amount during the reporting period; unsettled obligation at the end of this time, delimited on the terms of payment until the day after the end of the relevant period and the extra payments made.

Regarding the tax liabilities analyzed above, we can note also that in the annexes to the balance sheet and on the semester reporting, it also provides a centrally overview of their, as indicators regarding other debts to the state and public institutions, but each of these indicators is limited depending on maturities, which may be under one year, 1-5 and over 5 years.

Initial data, necessary to obtain the information mentioned above, is taken from synthetic and analytical accounts, as appropriate, open by categories of obligations, accounts that provide extra information at the end of each month, ensuring a more efficiency analysis that is performed through accounting instruments work, such as sheets for certain synthetic and analytic accounts, purchases and sales journals, trial balances for synthetic and analytical accounts, specific information situation, etc., to obtain additional information regarding the fiscal management of the company, like:[3]

- The value of supplies that generate input and under settlement VAT;

- The sales value that generates collected VAT;
- Production of goods that are subject to excise duty;
- The value of imports for which customs excise duty are collected;
- export value with "zero" rate VAT but with deductibility;
- Non fiscal deductible expenses;
- Appropriate amount of deductions from the taxable profit etc .

The multitude of data and information that accounting provide, with respect to fiscal obligations, provides a real basis for findings and detailed analyzes that allow the formulation of relevant conclusions to the fiscal management, conclusions that contribute to the correct and efficient orientation of future economic decisions.

Taxation, by its nature, is one source of external constraint to which enterprises are very sensitive and this because there is a wide range of taxes that influence their decisions both the current decisions, but also the medium and long-term projects, orienting them, as usually, to objectives capable of making a reduction in fiscal exposure.

Taxes and social contributions are imperative to payment and they have a sanctionative nature for late payments, this being a reason on which fiscal management is a major concern in the process of adopting economic decision at the company level.

Economic decision is playing an important role in ensuring the continue and sustainable development of economic management of the company and is only effective to the extent in which is grounded in substance, based on scientific criteria, taking advantage competently all internal and external information including fiscal ones.[2]

Even in the case of a excessive fiscal policy, as it is in our country during the current period, economic decision can then be taken as to lessen the adverse effects thereof, or to be chosen skillfully the economic choices corresponding to lower tax rate, which contribute directly to reducing the influence of unfavorable tax burden and, equally, to strengthen economic management of the company.

In connection with the decision-making process, there have been significant changes in the way of thinking and appreciate the ability to acquire and exploit financial information to solve problems skillfully, aiming to adopt the most advantageous economic decisions that ensure reduction in the effects of the tax burden and consolidation of the financial situation of the company.

Accounting information is used as object and as support for the determination and settlement of any particular case of tax or social obligations, and also for making the economic decision.

Between accounting and taxation exist both integration ratios and also neutrality ratios, which normally should be considered during development of any business plan. In this regard it is justified targeting efforts on establishing this plan so that, inter alia, be determined rigorously and taken into account the following three elements:[1]

- Optimal solutions for patrimonial unit on the subject of taxation, legal grace periods and the weight of taxes in the turnover;
- The conditions or prerequisites for the company to benefit from tax incentives and measures required to be taken;
- Options on request postponements or rescheduling of tax law when the enterprise has temporary financial difficulties.

In order to meet the interests of the company it is also necessary that the professional accountant to know in detail the duties, restrictions and sanctions on taxation and before the adoption of any strategic decisions regarding future business activity, to accurately assess the fiscal impact on its results.

For this purpose, it requires a careful analysis of expenses related to tax and social obligations using, among other things, an analysis model, through which is performing the weighting of taxes in the total turnover, the structural analysis of those obligations, in terms of the share they hold in total operating costs, which are crucial for increasing economic efficiency and thus to substantiate decisions to be adopted in this regard, a comparative analysis with related income level of operating activity.

It is also necessary to mention that it is relatively difficult to achieve such objectives that contribute to the adoption of the best economic decisions and this because of the inconvenience, with practical negative effects, which is that, insofar as the information pursuant increases by the abundance of regulations on obligations to different state institutions, often contradictory, unstable interpretation or lack of communication support, the ability of economic agents receiving and selecting it reduces the acquisition of primary information concerning the obligations of the company to the state administration involving a growing workload, even with the use of electronic computer techniques.[4]

Accounting information is ensured through financial statements and other accounting tools, related to fiscal management, as well as those obtained by the specialist in the accounting profession, that are also particularly useful in the management process. To the extent that they are valorized with carefully and professionalism, they contribute significantly to the economic decisions taken at the company level.

#### 4. Conclusion

The adopted economic decisions are influenced by the tax cost in order to diminish it, its justified to develop more options for each decision after careful analysis of them to adopt the most advantageous of them, which requires the use of adequate information, proper quantitative and qualitative, information in which are relevant and important particularly those of an accounting nature.

The issues addressed in this paper materializes at the level of companies, where the economical decision and tax management gets significant tangible forms of supervision and control on the patrimonial, financial and fiscal situations. To achieve these goals, accounting provides all the necessary information that can not be obtained by other means.

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