

II Секція

«МІЖДИСЦИПЛІНАРНИЙ ПІДХІД У ДОСЛІДЖЕННІ СУЧАСНИХ СОЦІАЛЬНО-ЕКОНОМІЧНИХ ПРОЦЕСІВ»

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THE PERSPECTIVE OF HARMONIZATION OF FINANCIAL TAX ACCOUNTING IN GEORGIA

Paper Introduction and Aim

Shaping a governmental budget is not feasible without paying taxes. The tool for tax administration is financial accounting. In Georgia, as in many other countries, financial accounting is a compulsory activity in accordance with IFRS. And for tax administration there are varied regulations in operation, determined by tax legislation, which creates difference between financial and tax revenues.

Therefore, the submitted paper's aim is to substantiate the necessity for approximating different approaches of financial and tax revenues' base and to outline the possibilities of harmonizing diversions between them.

Paper Research Methodology

The theoretical and methodological base for the research is the concepts of IFRS, tax administration regulating standard acts and the works of the researchers, interested in aforementioned topic.

Results and Implications

It should be noted that the business of tax administration practice, the determination of the tax base and the IAS requirements are gravely away from each other. In fact, there are two approaches:

- income and expenditure form the accounting (financial) purposes;
- formation of income and expenses for tax purposes.

According to international accounting standards, income and expenses are recognized in total without any restrictions, if the transaction meets the criteria for recognition of revenues and expenses. The Tax Code of Georgia is:

- Income and expenses are formed only by permitted deductions in mind;
- Revenues and expenses are recognized in a cash or accrual basis.

Exactly – the allowed deductions (restrictions) create the main difference between financial and tax profits (accounting).

The survey results showed, that the differences between accounting (financial) and tax revenues can be temporary and permanent. Unlike the temporary differences, the compensation of arising permanent differences between accounting (financial) and tax profits does not happen in the future reporting periods. For example, funds paid by the taxpayer for the sanction/fine, above norm recognized interest rate expenses, representative expenses, expenses for charity etc. won't be deducted. What is important is not the costs of permanent differences generating the content side, but the methodological basis, which is calculated according to their size. So, what's the basis for the underlying methodology, for example, the Tax Code of deductible expenses of one (1) percent level? (Why can not it be more or less), or even, thus motivated to a charity donation of ten (10) percent of restrictions, what are the business trips, or even for the overnight trip to the established norms of funds based on? etc.

Obviously, the necessity of such restrictions in Georgian Tax Code is dictated by the taxpayers' constant motivation of tax evasion. However, the circumstances of those subjects actually inhibit business enterprises. In addition to this, they have to do tax and financial accounting separately. We believe, that in the conditions of today's accounting technologies and strict control on economic processes, it is possible to minimize it, and with the further improvement of tax codex and improving the tax paying culture of the taxpayers — complete eradication.

In the occasion of the temporary differences, the compensation of the temporary differences aroused between accounting(financial) and tax revenue, unlike permanent differences, happens in future accounting period. It's origin is conditioned by recognition of the revenue and expenses of accounting and tax purposes in different periods of time. So, the temporary differences arise when the tax revenues of the reporting period is not excluded from the same period of the accounting (financial) cost. Meaning, that the deduction will be made in the future reporting period. These include repair costs, depreciation costs, etc.

Conclusion

For realization of intentioned aim is essential to:

- Make capacitive responsible changes to aforementioned topic's regulating standard acts.
- Create such tax politics, that will balance payers' and administrators' interests.

- Simplify taxation legislation and orient it to economical development.
- Overcome mental barrier and create mood for taxation and financial accountings' rational harmonization, so that mobilizing budgets revenues won't be interrupted.

Keywords in English

Tax Administration, temporary and constant differences, harmonizing.

Used literature

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DOES REALLY RELIGION MATTER? POLISH-NORWEGIAN CROSS-CULTURAL STUDIES ON YOUTH ATTITUDES TOWARD WORK ETHICS

The main goal of this work is a presentation of the catholic and protestant social teaching and its evolution regarding the labor and business issues.

For the explanation of relations between individuals and their Institutional environment researchers commonly perform an analysis on *micro*, *meso* and *macro* level of analysis (Gryffin, 2002; Walczak-Duraj, 2002; Carrol, 1991). Summarizing this approach, we can say that the *micro* level of analysis present employees relation to their company, the *meso* level shows company's relation to its employee, and the *macro* level presents company's relations to its business entities and other stakeholders. The *macro* level of analysis, in fact, is a level of Corporate Social Responsibility (CSR). It defines moral duties that go beyond the law or economic obligations that companies have towards environment (Carrol, 1991; Akerman, 1975).