Abstract

This paper is aimed to analyze the taxation influence upon the company’s activity. Fiscal management is integrated into the company management and must therefore be defined in terms of general policy objectives of the company. The efficiency of fiscal policy is an essential element of fiscal management. This can be achieved directly (through the tax law that includes measures of fiscal incitement) or indirectly (when the tax system offers a number of tax deductions for expenses, the possibility to cover losses from previous financial periods, the limitation of deductible expenses according to earnings before taxes etc.). The two forms of efficiency of fiscal policy are placed in the calculation of relations between fiscal management, strategic planning, tax risk and accounting. Fiscal policy should aim at the company’s research and to achieve optimal cost of taxation. This paper analyses the methods that the companies dispose of in order to reduce this cost.

Keywords: fiscal management, fiscal policy, fiscal efficiency, cost of taxation, fiscal optimization.

Introduction

Fiscal instability and the great number of laws which regulate various economic activities influence decisively the business environment from Romania.

No matter how reticent the economic agents may be at the idea of taxation, lasting existence and in conditions of legality of a company on the market oblige them to know and observe the fiscal legislation. Even for those economic agents who want to avoid the payment of some taxes or charges, it is important for them to know the legislative provisions in domain in order to choose the most legal ways in this sense.

I shall present in this paper some concrete modalities through which managers can use the fiscal provisions in order to influence positively the company’s economic and financial performances.

Since there are not aspects of financial and implicitly fiscal nature, which do not suppose, in countertrade, the registration in accountancy, I considered necessary to tackle, in the first section, the problem of the convergence between taxation and how the accounting theory can be applied in the enterprise’s life. The role of fiscal management is to analyse the deviations resulted from the incompatibility between the fiscal rule and the accounting one, the convergences between them, as
well as to establish on the basis of this analyse, the fiscal risk and the modalities of growth of the company’s fiscal efficiency.

In the second section of this paper, I emphasized the objectives of the fiscal management: diminution of pressure of taxation and its deferral in time, use of fiscal variable with the purpose of regularization in time of profit’s level registered by the company and assurance of carrying out the company’s tax liabilities with a very reduced cost and diminution of fiscal risk.

For the fulfillment of each objective, the company uses various fiscal optimization methods and techniques. The third section comprises an analysis of the most used above techniques, starting with the observation that fiscal optimization is realized at two levels: at the level of fiscal regulations, by the retention of the most appropriate fiscal options and by the exploitation of fiscal advantages offered by the fiscal law and at the level of management decisions, through the integration of the fiscal parameter in taking decisions.

1. The relations between accountancy and taxation

Accountancy represents an instrument of knowledge and management of the patrimony, financial situation and obtained result. It must ensure information for capital investors, for state’s institutions (including fiscal administration), suppliers and employees.

With regard to these users, the accountancy should render a true, clear and complete image upon the patrimonial and financial situation, as well as upon the result. The fiscal rules don’t subordinate to the presentation of the true and faire view of patrimonial situation, but they rather aim to stimulate or to inhibit some activities. In this sense, we have the example of the investments’ stimulation which is accomplished by different fiscal levers, as the accelerated depreciation or the tax exemption for the profit reinvested in the production or purchase of technological equipments.

When the accounting principles are contradictory to the fiscal ones, the conciliation problem arises between accountancy, which represents the society’s interest and taxation, which represents the state’s interest.

The company’s managers have to make arbitrations between the duty to present the accounts observing the true and faire view principle and the desire to optimize the fiscal cost of the company’s activity. A solution conformable to the accounting rules and principles can be incompatible with the taxation’s point of view, which brings down penalties upon the company.

The profit and loss account as document attached to the balance sheet, in which the criterion of delimitation of expenses and incomes is realized depending upon their economic nature, satisfies first of all the state’s interest. The company’s managers, who use the accounting information for analysis, prevision and decision find in this document only but the profit’s value and its origin after nature. Therefore, there are used in practice other models of the profit and loss account, as for example the model of the Intermediate Management Balances. This model offers the possibility to the financial analyst to establish the strategy regarding the company’s commercial policy, the suppliers’ policy, the production policy, the efficiency of the physical capital and its renewal period, the analyse of the fiscal cost and its optimization, the staff’s efficiency and the way of growth of labour productivity.

The excessive taxation and the instability of fiscal regulations determine companies to choose some accounting methods which finally don’t render a true and faire view of the patrimonial situation, but one adapted to fiscal and conjunctural rules. Given this situation, it arises the problem of delimitation and classification on the hierarchical system of the relations between the company’s accountancy and taxation.

These relations can be classified in two categories: integrated relations and neutral relations.

Integrated relations are relations of connection or engagement, being determined by the intersection between the accounting interest and the fiscal one. In the case of these relations, there
are discrepancies between the principles of accountancy and the fiscal ones, which have to be harmonized. In the sphere of these relations, we notice especially three problems: the depreciation of fixed assets, the accounting evaluation of the patrimony and the corporate tax.

In the practice of countries where the accountancy is connected to taxation, there are primarily deductible the expenses with the devaluation corresponding to the real depreciation, justified from an economic point of view, being imposed the accounting norms. Taxation is also used to incite companies to achieve productive investments. In this situation, the companies have the possibility to register in accountancy buying up of annuities that don’t correspond to an economically justified depreciation of the physical capital. Thus, the accounting instrumentation through the fiscal rule has a double drawback: on the one hand, a sub evaluation of the accounting net value of the material investment in comparison with its use, and on the other hand an over measure of expenses with the depreciation correspondent to the operating activity. The implications of the fiscal rule lead to the obtainment of unreal Intermediate Management Balances which are contradictory to the objective of true and faire view of annual financial documents.

In Romania, according to the Fiscal Code, the fiscal depreciation is realized without taking into consideration the accounting depreciation, the text of the law lacking a clear delimitation between the two procedures.

The Order of MFP no. 3055/2009 defines the fixed assets as being those assets intended to be used on a continuous base for the development of the entity’s activity. Relating to duration, the same order shows that the depreciation of tangible assets is calculated beginning with the next month of the putting into service and until the complete recovery of their entry value, depending on the duration of the economic use and their conditions of use.

From a fiscal point of view, it is applied the article 8 from the Law no. 15/1994, by which the normal duration of operation as well as the classification of fixed assets is approved of through the government decision.

The Law no. 571/2003 regarding the Fiscal Code defines the fiscal value used for the calculus of fiscal depreciation as the purchase cost, the production cost or the market value of fixed assets earned for good and valuable consideration or constituted as a contribution, at the date of entry in the tax payer’s patrimony. In the fiscal value, there are also included the accounting revaluations performed according to the law.

From an accounting point of view, the revaluation of tangible assets is made at the fair value from the date of the balance sheet. In case there are performed revaluations of redeemable fixed assets which determine a diminution of their value under the entry cost, the fiscal value remained unredeemable is recalculated till the level of the value established on the basis of the entry cost.

Any behavior regarding the principles and methods of evaluation is propagated directly upon the depreciation and profit. Therefore, in the profit case, the taxation appropriated some principles of accountancy. We refer to the principle according to which the evaluation methods of the patrimony must be the same during the all financial year, as well as from a financial year to another. If there are justified cases in which methods are changed, one must calculate the influences upon the patrimonial and financial situation, as well as upon the level of the profit tax.

In the sphere of delimitation of integrated relations between accountancy and taxation, it is of great interest their analysis through the provisions of the Fiscal Code, with reference to the deductibility of expenses in the determination of the company’s taxable profit. The allowable expenses from a fiscal point of view are analysed from various points of view.

A first aspect refers to the fact that there are nondeductible from a fiscal point of view those expenses that are enumerated in the Fiscal Code, no matter the nature of activity deployed by the company.

The variety of expenses that are occasioned by the activity of economic agents makes impossible a strict enumeration of non-deductible expenses from a fiscal point of view. Thus, the
principle of connecting expenses to incomes must be applied, since it imposes the recognition in the financial situations only of those expenses occasioned by the current development of the commercial society’s activity. Any other occasioned expenses must not be recognized in the financial situations. This point of view is more one of a strictly accounting nature. But, taking into consideration the fiscal aspect of the problem, the company must register all documents that are realized in its name, which it means that some of them contain expenses that are not recognized. These expenses must be registered in accountancy, but they must be eliminated at the calculus of the profit tax, thus obtaining a bigger value of the taxable profit and implicitly of the profit tax due to state budget.

Another consequence of the application of connecting expenses to incomes principle is the following: an expense is deductible from a fiscal point of view only if there are generated incomes through its achievement. For example, if a company registers expenses during the period when it doesn’t deploy any activity, the occasioned expenses are considered non-deductible from a fiscal point of view.

In the category of non-deductible expenses from a fiscal point of view, we can also mention those expenses that produce incomes, but of inferior value. Thus, if an enterprise realizes expenses generating incomes, but of inferior value, the difference between expenses (bigger) and incomes (smaller) is considered no-deductible from a fiscal point of view, thus increasing the taxation base of the profit tax. For example, a stock deficit due to a natural calamity will generate an expense by registering as expense the value of the stock found deficits in the inventory. If this stock was ensured and the enterprise receives from the insurance company the equivalent value of the stock found deficitary at the inventory, the value of this expense is considered deductible from a fiscal point of view; in the opposite direction, the value of the respective expense is considered non-deductible.

These solutions for profit taxation are of a conciliating nature, in the sense that taxation recognizes the accounting rules and principles and in consequence, it accepts the passage solution between the accounting result and the fiscal one.

Neutral relations between accountancy and taxation don’t affect directly the company’s profitableness; they appear in the case of dividends tax, wages tax, contributions to social insurances, VAT (when it has a deductible pro-rata of 100%). The information offered by accountancy is used by taxation in the calculus and discount of taxes, charges and contributions.

As a rule, neutral relations don’t generate problems regarding the harmonization of the two interests. These relations can become inciting for the company’s fiscal management, implicitly for accountancy, only as far as they mobilize the imposed subject to a behaviour registered in the fiscal efficiency.

2. The objectives of fiscal management

Taxation presents a double aspect for the economic agent. On the one hand, it concretizes in compulsory tax bites for the state, with influence upon the company’s treasury. This aspect gives content to the notion of pressure of taxation.

On the other hand, the company can also use in its interest the fiscal methods and principles. Thus, in operating activities, financial or of company’s investments, there can be used methods and techniques whose fiscal incidences offer advantages concretized in tax discounts or in a more favorable treasury situation. To administrate taxes means, first of all, to accept the fact that these taxes, even if they are compulsory, they can be used in its interest, by transforming them in an active variable of strategy.

There are at least two criteria of the quality appreciation of actions and decisions taken in the fiscal management of the company: fiscal efficiency and confirmation of the observance of fiscal regulations to the fiscal administration.
a. Fiscal efficiency constitutes an essential element of fiscal management. The fiscal management, as well as the commercial management or of production, integrates in the company’s management and therefore it must be defined depending on the objectives of the company’s general policy or in relation with the adopted strategy. The company’s fiscal strategy must be considered as a sub-strategy of the company’s general development. The fiscal management must be centered upon the identification of means of fiscal efficiency, of conditions and directions of this efficiency.

The company’s fiscal efficiency can be achieved directly or indirectly.

Direct fiscal efficiency can be realized through the fiscal law which comprises measures of help or of fiscal incitement. The company which uses the best these incitement measures obtains an immediately financial advantage. This is the most important aspect in the research of fiscal efficiency. The obtainment of legal fiscal advantages supposes that the company knows well the set of measures in force, despite of the temporary character of fiscal rule and of frequent legislative modifications which characterize the Romanian economic environment.

Among the means of obtainment of direct fiscal efficiency, we can mention:
- Use of evaluation methods of output stocks depending on inflation (LIFO);
- Profit investment in the production or purchase of technological equipments, with the consequence of the total profit tax exemption;
- Option to use the accelerated depreciation instead of the linear one for some fixed assets (with the approval of the Ministry of Finance on the basis of the documentation presented by the company);
- Option to be or not to be VAT payer under the legal level of the exempt turnover.

Indirect fiscal efficiency is possible on condition that the system of taxes, charges and contributions offers the possibility of fiscal deduction of some expenses, limitation of deductibility of other expenses depending on the gross mass of the profit, coverage of losses from previous financial periods etc.

b. Confirmation of observance of fiscal regulations. The company assumes a fiscal risk, and the control authorities accept and admit certain ability in relation to regulations of fiscal nature. The limit that divides the acknowledged fiscal ability from the excessive one is far to be established. This delimitation of the fiscal management doesn’t involve the abuse of fiscal law.

As a result of the verification by fiscal administration of the correctness used by the company to honor its obligations to the state, we can sometimes emphasize actions whose character can be considered abnormal (that means it doesn’t require any countertrade for it). The appreciation of the normality of an act of management can be yet quite subjective and it is rather made at economic level than at juridical level.

Here are some examples of situations that can be considered abnormal by fiscal administration:
- Unjustified expenses as a rule (those which have nothing to do with the company’s interest);
- Expenses whose size is exaggerated (which generally concretize in advantages conferred to company’s administrators or partners);
- Renunciation of some incomes without countertrade or without justification (renunciation of debts, granting of advances without interests);
- Transfer of pressure of taxation to other tax-payers;
- A “broader” interpretation of accounting principles (as the independence of financial periods).

In Romania, such acts could be identified in:
- Advances offered between companies, which can constitute real inter-companies loans, without interests;
• Renunciations of debts inside the groups;
• Purchase by the enterprises’ owners of cars of personal use, but which are registered in the company’s accountancy, for the obtainment of obvious fiscal advantages: deduction from incomes of a supplementary depreciation which diminishes the taxable profit. Until the issue of OUG no. 34/2009, another fiscal advantage in such a situation was constituted by the VAT deduction from the supplier’s invoice (this tax was completely supported by the enterprise’s owner, if the purchase was made in his name). At present, the right to VAT deduction is exerted only in a few situations stipulated deliberately by law.

The fiscal administration is considered a frontier which divides the acknowledged fiscal facilities from the exaggerated ones.

The company’s fiscal management must be correct, the choices we make must correspond to the rules of fiscal law. Their infringement leads to an incorrect fiscal management or to tax evasion.

The fiscal law defines the tax evasion as embezzlement from taxation of the taxable matter. Depending the way it is performed, the tax evasion can be: legal (licit) and illegal (fraudulent or illicit). In most cases, the legal tax evasion is defined as a versatile use of possibilities offered by law and is distinguished from the fraudulent tax evasion which designates a law infringement.

The legal tax evasion allows the embezzlement from taxation of a part from the taxable matter, thing which is not considered contravention or infringement. This becomes possible because the legislation from different world countries allows the taking out from the tax incidence of some incomes, parts of incomes, components of fortune or of some acts and facts that on conditions of a rigorous observance of legislation and taxation principles, they shouldn’t be exempted from taxation.

The licit tax evasion is favored by:
- granting some fiscal facilities under the form of exonerations, partial exemptions, discounts, deductions etc.;
- granting some temporarily defined exemptions, in the case of setting up of new commercial companies;
- exploitation of some law’s gaps etc.

Tax havens are a form of the licit tax evasion. They represent little juridical entities of the State or they have special statute, offering fiscal advantages, in comparison with other juridical entities, to companies which establish their registered office or to private individuals who have their residence on their territory. On the territory of these states, there are set up many foreign companies to which are directed the profits of productive units being on the territory of other countries, the tax collector being thus evaded.

Among the advantages offered by tax havens to companies, we mention the following:
- Income and profit tax exemption (or the application of a very reduced quota),
- Absence of some restrictive regulations regarding the banking and financial system,
- Absence of a control upon exchanges, etc.

Fraudulent tax evasion is present on a larger scale than legal tax evasion and it is based on fraud and dishonesty.

Even if there are many proceedings to make a fraudulent tax evasion, this can be classified in four categories (table 1).

For the delimitation of the frontier between legal and illegal tax evasion, the doctrine has systematized three criteria: the taxpayer’s fiscal motivation, the forced use of civil law and the fiscal profit obtained from the respective operation.

Tax audit can provide useful information not only to the purposes of fiscal bodies but also, for example, to investors or even to a company’s administrators, regarding the efficiency in taking decisions or the way operations were carried on in the respective company.
### Table 1: Categories of fraudulent tax evasion

<table>
<thead>
<tr>
<th>Fraudulent tax evasion</th>
<th>Explanations</th>
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<tbody>
<tr>
<td><strong>Traditional fraud (through dissimulation)</strong></td>
<td>\textit{Traditional fraud} consists in the non-drawing up of documents asked by legislation in force or their incorrect drawing up. Examples:</td>
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<td>- Drawing up of false fiscal statements, when there are deliberately mentioned only a part from the realized incomes;</td>
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<td>- Drawing up of false customs declarations at the goods’ import;</td>
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<td>- Sales without invoice;</td>
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<td>- Registration of fictitious expenses;</td>
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<td>- Recompense of some activities in a secret manner (for example, illicit work).</td>
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<td><strong>Juridical fraud</strong></td>
<td>\textit{Juridical fraud} consists in hiding the nature of a contract or agency with the purpose of reducing tax liabilities. Examples:</td>
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<td>- An economic activity can be deployed under the form of an association without lucrative purpose in order not to be liable to the profit tax which naturally has to be due if this is deployed in participation in a business of full member type.</td>
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<td>- Setting up of commercial firms “in chain” by the same employer or group of associates immediately after their society came out of the period of profit tax exemption from payment (in the period when new established companies benefited by this exemption).</td>
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<tr>
<td><strong>Accounting fraud</strong></td>
<td>\textit{Accounting fraud} consists in false or inexact entries in the accounts which affect the balance sheet, having as a result a diminution of tax liabilities. Examples:</td>
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<td>- Entries with the purpose of reducing the results;</td>
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<td>- Setting up of passive accounts with fictitious nomenclatures;</td>
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<td>- Illegal liquidations and liquidations at overestimations;</td>
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<td></td>
<td>- Undisclosed reserves;</td>
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<td></td>
<td>- Wrongful entries with legal documents;</td>
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<td></td>
<td>- Entry of unreal figures in commercial ledgers;</td>
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<td></td>
<td>- Concealments of parts from profit by omission;</td>
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<td></td>
<td>- Booking of expenses and fictitious invoices etc.</td>
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<tr>
<td><strong>Fraud by evaluation</strong></td>
<td>\textit{Fraud by evaluation} consists in the subevaluation of the amount of taxable matter. Examples:</td>
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<td>- diminution of stocks’ value and overestimation of liquidations and provisions with the purpose of delaying the profit</td>
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<td></td>
<td>- in the case of authentication of buildings’ alienation acts, the parties often understand each other that the sale price registered in the notarially certified act of sale be inferior to the one practiced in reality, in order that the stamp tax be calculated at a smaller price.</td>
</tr>
</tbody>
</table>
In conclusion, fiscal management consists in the administration of the company’s fiscal side, so that be ensured the observance of regulations with fiscal character and be optimized the level of pressure of taxation on condition that the realized gain justifies the efforts made.

Yet, fiscal options at the level of the economic agent have also limits such as:
- juridical limits, in order not to slip down in tax evasion.
- opportunity limit which derives from the company’s general policy confronted with certain strategic objectives. Some fiscal options can contravene to long-term objectives regarding the imperatives of the capital’s financing or mobility. Therefore, the profit diminution through fiscal techniques can reduce the investors’ trust, diminishing their interest and deteriorating the company’s image on the financial market. Also, even in an environment where the financial market hasn’t a very important role (as it is the case of Romania) there are situations when the board of administration or the company’s managers have an interest that, through methods and options of any nature (including the accounting and fiscal ones), to achieve a bigger declared profit. This behavior can be explained by the fact that the management position and the managers’ remuneration are often related to performances in terms of profit realized by the company in a given period.

Taking into account the definition given to the fiscal management and the limits specified below, we can emphasize the following objectives of the fiscal management:

- Diminution of pressure of taxation, as an absolute size and as share in the turnover;
- Deferral in time of pressure of taxation;
- Use of fiscal variable with the purpose of settlement in time of the level of the profit registered by the company;
- Assurance of carrying out the company’s tax liabilities with a very reduced cost and diminution of fiscal risk.

For the fulfillment of each objective, the company will adopt proper fiscal policies.

The diminution of pressure of taxation supposes as a rule, the diminution of taxable profit, because the possibilities to influence other components of the pressure of taxation are rather limited. This objective can be realized by using some evaluation methods, through the optimum determination of profit or through reorganization operations.

The deferral in time of pressure of taxation is the objective which offers most of the possibilities of realization. In conditions of inflation, its importance increases due to the favorable influence it has upon the treasury situation.

The company’s interest is not always satisfied through diminution or deferral in time of pressure of taxation. There are situations in which it is preferable to declare, in annual accounts, bigger profits than those actually realized in the fiscal period, either to ensure a relatively constant level of these profits from an year to another, or with the purpose of distribution of regular dividends, either to transfer them in more generous fiscal territories, or for reasons of image, financial or commercial nature.

In all these situations, the fiscal instruments can be used successfully. Sometimes, even some components of the company’s strategy make no sense but in the context of the fiscal advantage they offer (fiscal leasing, constitution of subsidiaries in tax havens).

3. Techniques of fiscal optimization

Fiscal policy at the company’s level represents the concrete manner through which there are used the specific instruments and techniques in order to realize the objectives of the fiscal management. The fiscal management supposes a series of activities and technical competences which can be synthesized as follows (table 2):
Table 2: Activities of fiscal management

<table>
<thead>
<tr>
<th>Activities</th>
<th>Technical competences</th>
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<tbody>
<tr>
<td>Assurance of juridical supervision necessary to the application of tax liabilities</td>
<td>Selection and consultation of adapted and updated sources of information</td>
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<td>Identification of fiscal evolutions having consequences upon the company</td>
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<tr>
<td>Identification of the sphere of application of company’s taxes and operations deployed by them</td>
<td>Identification of fiscal disposals applicable to the company and operations deployed by them</td>
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<td></td>
<td>Taking into consideration the evolution of fiscal regulations and the analysis of their consequences</td>
</tr>
<tr>
<td>Identification of terms of realization of fiscal works</td>
<td>Determination of nature and periodicity of different fiscal obligations and their incidence upon the company</td>
</tr>
<tr>
<td>Realization and control of fiscal works regarding the taxes due by the company</td>
<td>Determination of tax base for the taxes due by the company</td>
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<tr>
<td></td>
<td>Drawing up of fiscal declarations</td>
</tr>
<tr>
<td></td>
<td>Operation of taxes and charges</td>
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<td></td>
<td>Detection of anomalies after the effectuation of the control</td>
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<tr>
<td>Participation to the evaluation of fiscal options</td>
<td>Sighting and analysis of different fiscal options of the company</td>
</tr>
<tr>
<td></td>
<td>Simulation of the effects of fiscal decisions</td>
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<tr>
<td></td>
<td>Evaluation of financial impact upon the fiscal decisions</td>
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</tbody>
</table>

Fiscal optimization is realized at two levels:

A) at the level of fiscal regulations, by the retention of the most appropriate fiscal options, among those proposed by law and by the exploitation of fiscal advantages offered by the fiscal law;

B) at the level of management decisions, through the integration of the fiscal parameter in taking decisions.

A) The identification of optimum fiscal options aims especially to obtain one of the following advantages: deferral in time of tax liabilities and diminution of the tax base for the taxes due by the company.

The deferral in time of tax liabilities can be realized through a set of fiscal measures such as:
- appropriate use of evaluation methods at the entry of goods in patrimony,
- appropriate use of evaluation methods at the output of goods from patrimony,
- optimum use of amortization systems,
- constitution of provisions;
- choice of the VAT term of payment (monthly, quarterly, half-yearly or annually);

Regarding the evaluation at the entry in patrimony, if the company has an interest to defer a part from the pressure of taxation, then it will act so that a greater part from the expenses that could be found in the entry value (purchase cost or production cost) be considered expenses of the period, thus enjoying the immediate and integral deductibility. The other way, if we desire the accounting determination of a bigger profit, then there will be included in the entry value as many expenses as possible. In this case, the deductibility of the respective expenses is deferred till the output from patrimony (in case of stocks) or till the moment of the amortizations book entry (in case of fixed assets – within the limit of the degree of use).

Evaluation at the output from patrimony of interchangeable (or fungible) elements, as stocks and securities, can be made through various methods. Here also, the fiscal interest recommends the
use of the method which allows the evaluation at the biggest price. In conditions of inflation, such an approach is better also due to its financial implications.

The fact that legal regulations allow the use of three depreciation systems for fixed assets, offers the possibility to the company to choose between a faster or a slower recovery of the amounts invested in immobilizations. From a fiscal point of view, it is favourable the method of depreciation which defers the pressure of taxation, that is the method which allows a faster recovery through value depreciation of fixed assets. The systems of regressive and accelerated depreciation are also useful to fiscal management objectives: in the first years, the expense with the depreciation is bigger, so the fiscal profit and the tax are lower, while, in the last part of the normal duration of functioning, the depreciation is lower and it is paid a bigger tax.

Provisions, whose constitution is based upon the probability of appearance of losses, risks or depreciations, represent an instrument privileged by fiscal policy as far as their fiscal deductibility is admitted. At constitution, the taxable result diminishes, without generating payments, and at cancellation or diminution there are discovered incomes which don’t generate incomings.

The company’s fiscal options can aim to minimize costs with the due taxes. Among these, we mention:

- Option to be registered as unincorporated enterprise (income tax payer) instead of trading company (profit tax payer). This option has become more and more attractive for many enterprises in conditions of the introduction from 2009 of the minimum tax, through OUG no. 34/2009.
- Option of companies with annual turnover inferior to the limit of 35,000 euro, to be VAT payers. Exporters can be interested to choose the VAT payment, thus having the possibility to recover the VAT paid to purchases, as well as the little tradesmen or service providers, who will deduce the VAT corresponding to supplies and will transfer the right of deduction upon the clients. In this way, the VAT is no longer considered an element of expense, so it will not influence the profit and loss account.
- Option to invest the profit in the production or purchase of technological equipments, with the purpose to benefit by the total profit tax exemption, according to the Law 329/2009.
- Restructuring of companies as fusion or assets’ distribution; the advantage of such a measure is that the possible loss of one of the companies is deductible from the profit of the company resulting after the restructuring.

Fiscal management has not in view only the national frame, but it is also extended to the relations of the company with other countries. There are taken into consideration the possibilities of optimization of treasury flows in conditions of international financial, commercial and fiscal assemblies.

Also, the enterpisers’ interest to concede to state authorities as less as possible from the realized incomes incites to optimum determination of profits, on the basis of a real international fiscal strategy. This method of fiscal optimization can be used with good results at the level of groups of companies, through the transfers of profits between the companies from the same group, so that in fiscal territories with a high quota of tax, the profit be smaller or inexist, while where taxation is made in more favourable conditions, the profit be as big as possible. The practical realization of this objective is made through the transfer prices between the group’s companies, through the control of inter-group circulation of licences, certificates or technologies or through the creation of „captive companies”.

B) Management decisions and fiscal options

Management decisions which can have fiscal implications, generally aim to choose the company’s juridical form, decision of investments, choice of instruments of money investment, of financing modalities, of the allocation way of the net profit etc.

The decisions of money investment are taken depending on the risk and efficiency, but also on the fiscal advantages correspondent to each category of investment (tax exemptions, smaller quotas of taxation etc.).
The decision of investments must take into account the fiscal parameter. We shall analyze first of all the fiscal implications of the decision to buy or to hire a frozen asset in leasing system.

- In order to buy the asset, the company must establish a financing plan. The fiscal cost of financing varies depending the financing source: internal (self-financing) or external (increase of capital or loan). If the company is the owner of the frozen asset, this will appear in the balance sheet. This thing allows the thirds’ information upon the content of the operating capital disposed of by the company. Moreover, the company could deduce its expenses with the depreciation and maintenance of the respective goods.

- In case it resorts to leasing, the company uses the hired asset for a certain period, having the possibility to buy it at the end of the contract at a pre-established value (residual value). The leasing has the advantage of flexibility, but it is more expensive, despite the deductions offered to the company. It allows the differentiation in time of the tax as a result of the deduction of royalties during a period inferior to the amortization period. In a fiscal plan, companies which resort to leasing benefit more rapidly by a tax saving because the annual royalty is in most of the cases bigger than the annual amortization expense.

The decision of financing must take into consideration the following aspects:

- through indebtedness, the companies benefit by a tax saving, as a result of deductibility of interest expenses (total deductibility in case of banking loans and limited deductibility in case of loans from associates or thirds) and by depreciation expenses.

- In comparison with financing through loans, financing through leasing has as a fiscal advantage the fact that royalties’ expenses are bigger than the amount of interest and depreciation expenses. Royalties are submitted to VAT, which is deductible.

- Self-financing has two components whose fiscal cost is different: current self-financing or maintenance, formed of annual liquidations, which allows for the compensation of immobilizations’ depreciation, and self-financing of increase, which represents the net income reinvested in the company.

The depreciation expense generates a fiscal economy through taxation and also acts upon the capacity of company’s self-financing, an action that could generate superior economic and financial results in the future.

**Conclusions**

The interdependence between accountancy and taxation is decisive within the company’s fiscal management, even on conditions of incompatibility of some of their rules. The cause of this incompatibility is the fact that the accounting principles regarding evaluation and economic calculus are not convergent in all cases with the fiscal ones, which do not subordinate to the presentation of a true and faire view of operations that are taking place within the company. The study object of fiscal management is constituted by the analysis of distortions resulted from the incompatibility between the fiscal rule and the accounting one and the determination, on the basis of this analysis, of the strategy, fiscal risk and company’s fiscal efficiency.

Within the legal frame created by the public authority, the company has the possibility that, in order to solve a problem, to choose between many methods and techniques whose fiscal incidences are different. Fiscal management proposes the optimization of pressure of taxation in conditions of efficiency and within the larger frame of the company’s total management. Yet, the options in fiscal matter at the level of the economic agent have also limits. First of all, there is the problem of juridical limits, in order not to slip down in tax evasion. Then, we have to take into account an opportunity limit which derives from the general policy of the company confronted with certain strategical objectives. It happens sometimes that the best fiscal choice not to be, in a compulsory way, the best solution for the company from the point of view of its development.
strategy. Some fiscal options can contravene to long term objectives regarding the imperatives of the capital’s financing or mobility. The profit diminution through fiscal techniques can reduce the investors’ trust, diminishing their interest and deteriorating the company’s image on the financial market. Also, even in an environment where financial market hasn’t a very important role (as it is the case of Romania) there are situations when the board of administration or the company’s managers have an interest that, through methods and options of any nature (including the accounting and fiscal ones), to achieve a bigger declared profit. This behaviour can be explained by the fact that the management position and the managers’ remuneration are often related to performances in terms of profit realized by the company in a given period.

The effective realization of fiscal management objectives takes place through the company’s fiscal policy, as a concrete manner of use of specific instruments and techniques of fiscal optimization. Therefore, fiscal policies chosen by the company with the purpose of diminution or deferral of pressure of taxation can refer to the optimum determination of profits, restructuring operations, choice of the company’s juridical form, depreciation methods, choice of the VAT taxation system, decision for investments, instruments of money investment, modalities of investments’ financing, the way of allocation of the net profit etc.

The decision for investments and the financing one take into consideration the deductible character of some expenses (expenses for interests, depreciation, provisions, royalties etc.), and their values constitute important variables for the fundamentation of the respective decisions.

Each tax that the company has to pay for the obtained profits/incomes or for the deployed activities has a date of payment stipulated by the fiscal legislation. What can be interesting for the company’s management is the modality through which all these payments are joined in a general plan of recurring payments, in other words, the way in which the company’s treasury will be affected as a result of the carrying out of tax liabilities.

In conclusion, we can affirm that fiscal regulations must be carefully analysed, not only from a strictly accounting point of view, but also from the perspective of the implications exerted upon the fundamental financial indicators which characterize the company, as well as upon the decisions of investment and financing as a whole. In this way, the manager can identify the most efficient ways of growth of his company’s value, by finding an optimum from a fiscal point of view.

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