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Research paper



Innovation Technologies Forming Taxable Statements by a Joint Activity without Creation of a Legal Entity

Alla Dmytrenko[1]*, Galina Lebedyk[2], Vitalii Nadobko[3], Alina Zygun[4]

[1]Poltava National Technical Yuri Kondratyuk University
[2]Poltava National Technical Yuri Kondratyuk University
[3]Poltava National Technical Yuri Kondratyuk University
[4]Poltava National Technical Yuri Kondratyuk University
**Corresponding author E-mail: av_dmitrenko@ukr.net*

Abstract

The article focuses on the improvement of the management system at economic objects in the conditions of application of advanced information technologies. The peculiarities of accounting of joint activity in the case of existence of an agreement on joint activity without the creation of a legal entity are investigated. It is proposed to set up a computer program for the possibility of forming standard accounting reports and regulated reporting, which will allow to conduct a complete accounting of joint activities.

Keywords: *information technologies, joint activity, taxation, tax declaration, value added tax.*

1. Introduction

This document can be used as a template for Microsoft Word The development of productive forces of society and production relations leads to the improvement and expansion of scientific research, the creation and implementation of advanced information technologies, which are rapidly expanding in various types of economic activity in the formation of market relations. New information technologies are characterized by displacement of manual procedures in the information provision of management activity, especially at the level of microeconomics, where the basis of the information management system of economic activities is accounting.

Issues of the formation of indicators of forms of tax reporting were dealt with a number of Ukrainian scientists, such as: V. Babich [8], A. Poddierogin [8], M.Shchiryk [9], N. Yanovska [10], Graham Roger C., King Raymond D., Morrill Cameron KJ [11] and others. But for today the questions of formation of indicators of tax reporting for joint activities without the creation of a legal entity are still open, including in the conditions of application of advanced information technologies. The main aim of this research is solve these problematic issues.

The purpose of the research is to improve the management system at economic objects, which carry out joint activities on the introduction of advanced information technologies, which will support different schemes of taxation and will allow to conduct a comprehensive accounting of joint activities.

2. Main body

Chapter 77 of the Civil Code of Ukraine, Ministry of Finance of Ukraine National provision (Standard) 12 «Financial Investments» and Ministry of Finance of Ukraine National provision (Standard) 1 «General Requirements for Financial Reporting», a few explanations and recommendations of the SFS, the requirement for separate accounting of incomes and expenses under a joint venture agreement is specified and «authorized payer» not only in the financial statements, but also in the primary documents and registers for the purpose of calculating and paying the value added tax and determining the profit and its subsequent distribution. Along with keeping accounting and tax records, the «authorized payer» also reports on the joint activities for accrued and paid value added tax and the results of financial and economic activity. In addition, only a legal entity can become an «authorized payer». The procedure for tax accounting and reporting on joint activities must be established by the central tax authority. When carrying out VAT tax accounting for the joint activity of the authorized payer, the data on tax invoices issued by buyers and received from suppliers, makes the register of issued and received tax invoices. The data of such a register is transferred to the corresponding lines of the VAT declaration.

The VAT declaration is filled in by the «authorized payer» in the general order. The peculiarity of filling such a declaration is that it marks «Agreement on joint activity from».

In the introductory part of such a declaration, the «authorized payer» shall indicate the number and date of the contract of the joint activity, as well as the tax number of the joint activity as the VAT payer. For the purpose of charging this tax, the joint activity is considered as an independent payer, who is assigned a personal nine-digit tax number, which is indicated in the tax invoice. The name of the authorized participant, the number and date of the contract of the joint activity is given in the section of the invoice where the parties enter placed.

Total automation of accounting and reporting dictates the demand in the market of software products to create a universal application of accounting for business, taxation and management of produc-

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tion processes. One such popular software is «1S: Accountanting Department 8.2», which confirms the possibility of using this accounting software for conducting joint activity, since the «authorized payer», which carries out the joint activity is a legal entity, and prepares the reporting documents separately for the joint activity contract. «1S: Accountanting Department 8.2» provides the solution of all tasks facing the accounting department of the enterprise, if the accounting service is fully responsible for accounting in the enterprise, including, for example, the formation of primary documents, accounting sales, etc. This software product can be used exclusively for the accounting and tax accounting of the joint activity. But other systems or specialized applications are used to solve the task of automating other services, such as personnel department, sales department.

The program «1S: Accountanting Department 8.2» allows simultaneously to keep accounting and tax accounting of economic activity of several business entities in the general information base (and in the role of a separate organization can act as individual entrepreneurs). This is convenient if the activities of these enterprises are closely linked: one can use the general nomenclature of inventories, a directory of contractors (business partners), a directory of individuals, a directory of warehouses (storage places), etc., and the mandatory financial and tax formulate and submit reports to the supervisory authorities separately.

In the configuration separately kept records of incoming and outgoing VAT. The first type of VAT is the acquisition and the procedure for determining the tax credit, the second - the implementation of transactions and definition of tax liabilities. Accounting for these types of VAT is carried out in the context of organizations and contracts with counterparties (fig. 1, 2).

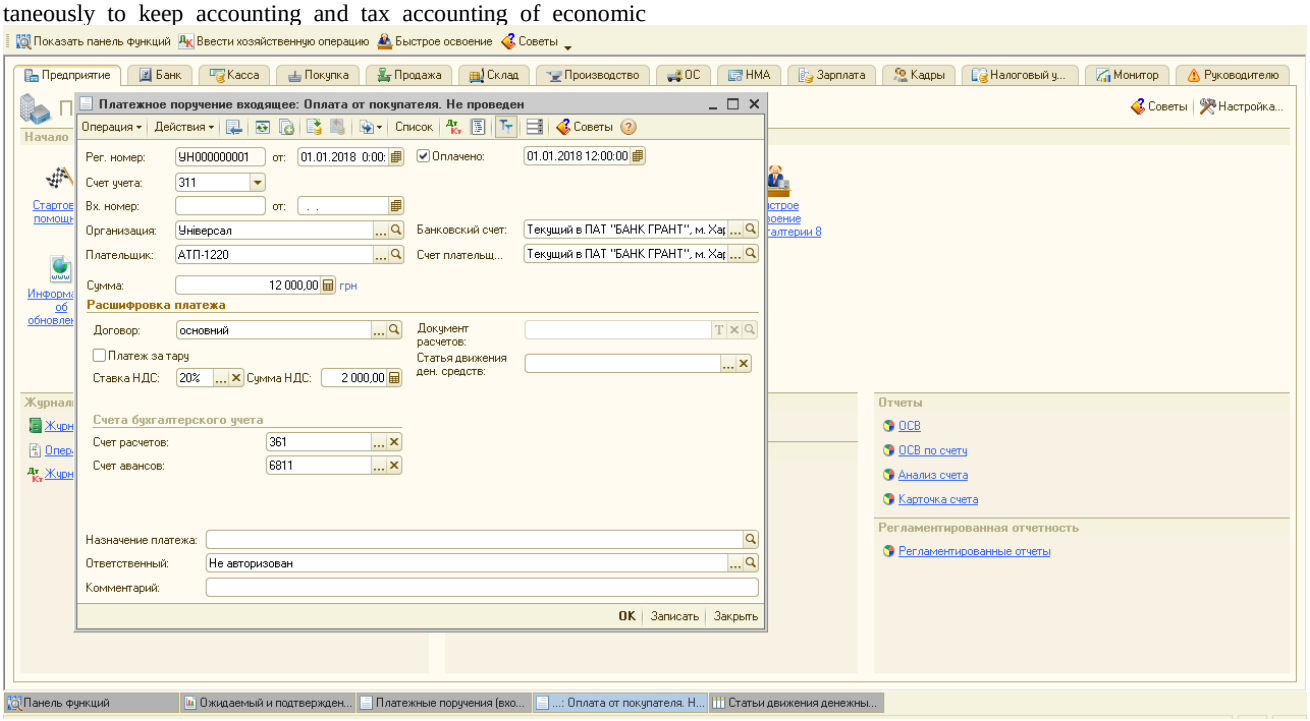


Fig. 1: Payment order incoming

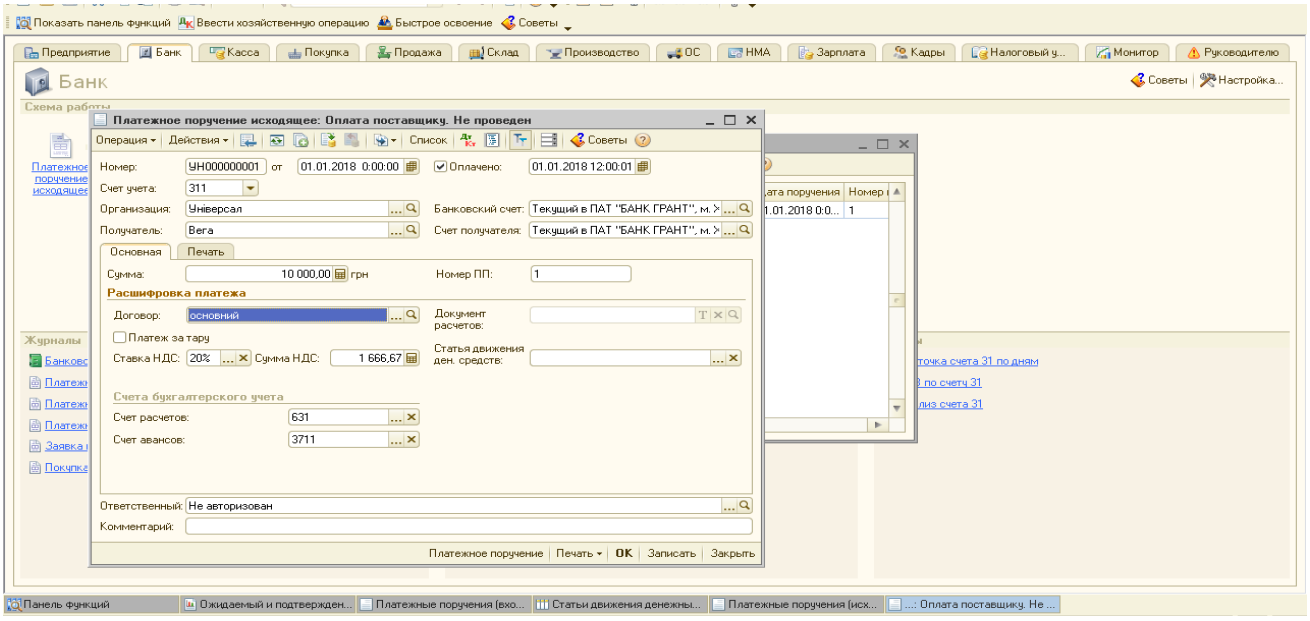


Fig. 2: Outgoing payment order

In addition, due to the obligatory registration of tax invoices in the Unified Register of Tax Bills and the occurrence of a time interval between the moment of formation and registration in the national register, the confirmed and expected incoming and outgoing VAT, which is reflected in the work plan of the accounts in the program «1S: Accountanting Department (Accountancy) 8.2».

The program «1S: Accountanting Department (Accountancy) 8.2» allows you to create and register all necessary tax documents: tax invoices, attachments to them; the register of tax invoices, the request to the Unified Register. VAT accounting for a period (month) is carried out «for shipment,» the regulatory document gives an opportunity at the end to determine the amount of tax duties and tax credit in the calculation of the required method (for the first event, for payment, for shipment). Particular attention deserves the scheme such as «Simple Accounting of VAT» and «Complicated Accounting of VAT» that proposed software product of «1S».

The choice of the VAT registration scheme is carried out in each separate «Contractor's Contract», requisition «Complicated VAT accounting». Thus, for the same party to the agreement, there is a possibility to choose different schemes, the following features should be taken into account: for a long period of contracts it is better to use a complex scheme, and for a one-time operation, choose a simple scheme of VAT accounting; the scheme of complex VAT accounting is appropriate, if accounting transactions with VAT are created only by shipping documents.

The scheme of complex accounting of VAT is characterized by a number of advantages: first of all, in the process of payment it is not always known what kind of material value or service is paid, for example, components can be represented both goods and fixed assets (which are subject to depreciation).

Secondly, when paying by installments or down payment, there are problems with understanding of the exact amount of money that is being added to the inventory. The method used in the configuration allows you to enter the display parameters in the tax accounting once at the end of the reporting period. Using the document «Registration of advances in tax accounting» at the end of the reporting (tax) period, enter information on all contracts of this period, during which the time of occurrence of VAT does not converge with the time «shipment». The document corrects the VAT generated during the reporting period, so that they correspond to the existing tax accounting scheme contract.

For each type of accounting, individual registries are used. The input VAT is recorded in the «Expected and confirmed VAT acquisition» registry. Information for the formation of Section I of the Register of tax invoices is accumulated in the register of «VAT tax liabilities».

Similarly, the input VAT is recorded in the «Expected and confirmed VAT sales» registry, and data from the register «VAT tax credit» is used to fill Section II of the Tax Billing Register. The data of the registers «VAT tax liabilities» and «VAT tax credit» are also used to fill the VAT declaration [6] (fig. 3).

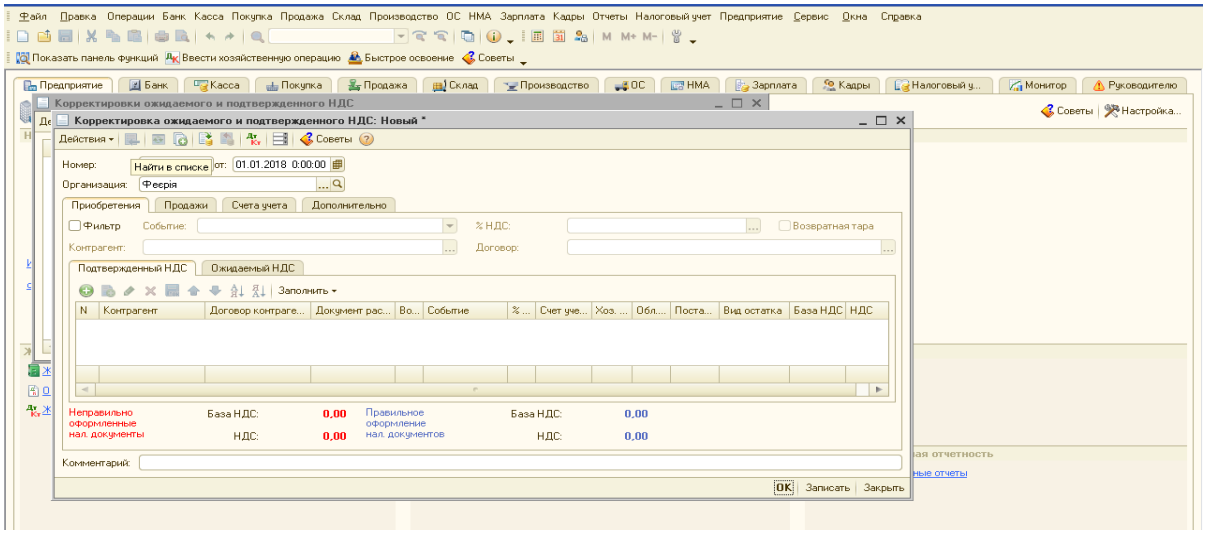


Fig. 3: Adjustment of expected and confirmed VAT

The critical analysis of the current norms of legislation carried out by us can be said about the leveling of sectoral and legal peculiarities of such a specific type of activity as a joint activity without the creation of a legal entity.

Since the construction of accounting in «1S: Accountanting Department (Accountancy) 8.2» is carried out in accordance with the legislation of Ukraine, we note the discrepancy of the configuration with the specifics of the accounting of the joint activity in the case of the existence of an agreement on the joint activity without the creation of a legal entity. In this case, there is no separate enterprise, but there is a separate VAT payer, according to the received VAT tax certificate, which causes difficulties in registering in the application of the new enterprise and filling the constants in the enterprise card. Therefore, when carrying out the accounting and tax accounting of joint activity, which are kept separate from the statutory activities of the enterprise, it is necessary to apply documents and registers that only concern the joint activity. First of all, in all documents (tax invoice, VAT declaration and register of received and issued tax invoices), the number and date of the contract on the joint activity, as well as the tax number of the joint activity as the VAT payer must be indicated. In addition, it is necessary to adapt the existing documents to the specifics of the implementation of the joint activity in the enterprise.

When reflecting transactions under the joint activity contract for practitioners of software products, there are a number of problems and difficulties, in particular, you can distinguish at the moment the following two schemes for adjusting software products to the needs of accounting. The first approach is to parallel conduct in the same base of double documents, dividing information flows by prescribing a separate block of sub-accounts of the third and fourth order using the abbreviations «S», «SD». Thus, getting the model of accounting «balance in the balance sheet», since the accounting data with abbreviations will be included in the financial statements, which can be distinguished in the formation of reverse-saldo and chess information. The second accounting model, that applied in practice, is more complex and enhances the likelihood of error: a permanent manual adjustment in the base of the authorized payer's details when forming primary documents and financial statements.

Taking into account the requirement of legislation on the delineation of the «authorized payer» of the joint activity of the results of financial and business activities and the results of operations under the joint activity contract, we consider it expedient to register a separate organization for the joint activity in one information base.

Adjust the system to different types of accounting and implement any accounting methodology, edit and create directories, customize the form and behavior of forms for maintaining information, edit existing ones and create new documents, create new forms of accounting registers, edit standard reports and generate new ones in mode Configurator.

In order to take into account the particularities of accounting and taxation transactions of joint activity without establishing a legal entity, it is proposed in the Configurator mode to modify the name of the field «EDRPOU Code (National State Registry of Ukrainian Enterprises and Organizations)» by changing the «Number and date of the joint activity agreement», as well as extend the field to 30 characters that will provide the possibility of entering during registration in the card system of the new organization to indicate in this field the number and date of the registered joint venture agreement. Since the settings of the «1S: Accountanting Department (Accountancy) 8.2» program provide the field «EDRPOU Code (National State Registry of Ukrainian Enterprises and Organizations)» as a constant, further information identifying the joint activity will be automatically inserted in the primary documents, registers and reporting forms [5].

Problems with imposing on the ready tax and financial statements of electronic signatures and seals for the purpose of sending them to the regulatory authorities by means of electronic communication does not arise, since in the centers of certification of electronic keys for the authorized payer of joint activity a legal entity is issued a separate package specially for registration of activities under the agreement on joint activities.

No less problematic today is the issue of taxation of profits from joint activities and the correct presentation of it in the reporting forms. Research on this subject shows that the distribution of the participants requires the actual profit, rather than the one formed according to the tax records.

Tax accounting in the configuration is carried out in the context of types of tax activities. This approach allows you to take into account income and expenses, stocks, fixed assets, etc., separately for activities that require separate accounting from the point of view of income tax.

The program «1S: Accountanting Department (Accountancy) 8.2», which is widely used in accounting practice, provides for a system of analytical decoding, a subcontot through which the correspondence of accounting and tax accounting is carried out for the tax accounting of profit tax. Parameters of accounting and formation of the information mass of data on profit tax data in the program «1S: Accountanting Department (Accountancy) 8.2» is realized on two levels: at the level of settings and at the moment of the direct display of the operation. In the program the binding of the accounting plan of accounts to the tax accounting is carried out at the expense of the subcontinent, a kind of decoding, detailing the content, which indicates which directory of tax accounting of income, expenses or types of taxes will be referred to the program after the transaction. The specification of the article on the income tax return takes place directly at the time of the formation of primary documents in the specially foreseen for this requisites.

The investor is required to maintain a separate tax accounting for the enterprise profit tax, obtained from the implementation of the production sharing agreement, and the corporate income tax received from other activities not related to the implementation of this agreement. The corporate income tax payable is determined and paid exclusively in cash. The income tax is paid by the investor on his profit from the implementation of production sharing agreements.

When entering into a multilateral agreement on the distribution of products or in the case of an investor being an association of legal entities, the calculation and payment of income tax is borne by the operator-investor, which maintains a separate accounting and tax accounting for transactions carried out under the agreement. The definition of an investor-investor and his powers shall be carried out in accordance with the procedure established by the legislation on the distribution of production.

Under Article 339 pp 339. 1 and 339. 2 PKU, accounting of the investor's financial and economic activity related to the performance of works (provision of services) provided for in the production-sharing agreement, is carried out separately from the accounting of other activities in order to avoid duplicate reflection of the investor's compensation costs. The procedure for such accounting, in particular for the purpose of reimbursing an investor's expenses and calculating the income tax, is determined by an agreement on the distribution of production in accordance with the requirements of the legislation of Ukraine [6].

Distribution between participants is subject only to data on the results of joint activities, which are listed in the accounts of accounting (non-tax accounting). The results of the joint activity are not reflected in the tax registration of the participants. In addition, profits derived from joint activities are not included in income.

Profit of an enterprise is the most important economic category and the main purpose of the activity of any commercial organization. Profit reflects the economic effect of the enterprise. Receiving profits at an enterprise means that the income received exceeds all expenses associated with its activities.

Profit remains one of the main economic categories and for unions that do not register a separate legal entity – a joint activity without a legal entity. Along with this important issues in accounting are the distribution of profits between the participants in the joint activity and the procedure for its taxation. With the profit always there is a need for his taxation.

The new wording of Section III «Corporate Income Tax» of PKU does not contain provisions for the separate accounting of the results of joint activities without the creation of a legal entity, since 01.01.2015, joint venture agreements are not separate payers of corporate profit tax. Consequently, the profit of each participant, received in the framework of joint activity, is taken into account in determining the financial result before taxing such participant in accordance with the accounting rules [7]. Accordingly, Article 36 of the PKU stipulates that taxpayers are required to declare their tax liabilities independently and determine the compliance of their transactions [2].

The above described service mechanisms and capabilities of the program «1S: Accountanting Department (Accountancy) 8.2» are fully capable of meeting the needs of the «authorized payer» for the completeness and truthfulness of the accounting information on the volumes of costs and income received under the joint activity contract, in order to determine and distribute the exact amount of profit, as they give the possibility of automated accounting of such business processes and operations:

- accounting material - production inventory, warehouse accounting;
- accounting of trading operations;
- accounting of commission trade;
- account of operations with container;
- accounting of bank and cash operations;
- accounting of settlements with counterparties;
- accounting of fixed assets;
- intangible and low value assets;
- accounting of the main and auxiliary production;
- accounting for semi-finished products;
- accounting for indirect costs;
- VAT accounting;
- salary accounting;
- personnel and personal accounting.

3. Conclusions

Thus, one of the main directions of improvement of the management system at the economic objects is the introduction of information technology. Applying in the accounting practice of the accounting program «1S: Accountanting Department 8.2», the configuration provides for a tax accounting procedure, which confirms the possibility of using this accounting program for conducting joint activity, since the «authorized payer», which carries out the joint activity is a legal entity, and prepares the accounting documents separately for agreement on joint activity.

But the above-mentioned version does not fully take into account the peculiarities of accounting for joint activities in the case of the existence of an agreement on joint activity without the creation of a legal entity. Therefore, it is suggested in the Configurator mode to modify the name of the field «EDRPOU Code (National State Registry of Ukrainian Enterprises and Organizations)» by changing the «Number and date of the contract on the joint activity», as well as extend the field to 30 characters, which will enable the introduction of the registration in the system of the card of the new organization to indicate in this field the number and the date of the registered joint venture agreement.

Consequently, the support of the application program solution «1S: Accountanting Department 8.2» for tax accounting of value added tax, accounting for the closing operations of the month (distribution of total production costs, determination of profit from activities, depreciation, etc.), the formation of standard accounting reports and regulated reporting, allows you to implement complete accounting of joint activities.

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