

EMPLOYEES STIMULATION POLICIES FROM ACCOUNTING AND FISCAL PERSPECTIVE

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Abstract: More and more frequently, the negotiation of the said wage of the employees is accompanied by the possibility to get additional bonuses by the nature of food vouchers, distributed profits, rewards granted by various circumstances, advantages in nature of other similar elements. The specialty literature defines the assembly of the elements mentioned through the concept of wage packet. At the level of the entity's management we can find, on one hand, the awareness of the fact that the proposal of some attractive wage packet represents an important factor for the increase of financial performances, but, on the other hand, it can be also noticed a reservation regarding the effective implementation determined, among others, by the fiscal implications related to these. This paper aims the approach of the mentioned aspects both in terms of the accounting treatment applied and in terms of the fiscal implications related.

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Key words: employees stimulation, food vouchers, personnel participation to profit, holiday vouchers, financial performance.

1. INTRODUCTION

The policies regarding the employees stimulation represent an usual concern of the management of any entity in the context of creation of the premises needed in order to increase its financial performance. Although, apparently, the employees additional stimulation supposes additional costs, the economic benefits subsequently obtained are superior to the financial effort undertaken.

More and more frequently, the negotiation of the said wage of the employees is accompanied by the possibility to get additional bonuses by the nature of food vouchers, profits distributed to them, holiday vouchers, advantages in nature and of other similar events. The specialty literature defines the assembly of the elements mentioned through the concept of wage package, concept which gets, in our opinion, an increasing significance in the national practice.

At the level of economic entities from our country, we can find the awareness of the fact that the proposal of some attractive wage packet represents an important factor for the increase of their financial performances, supported with financial efforts relatively low as compared with the increase of wages granted in money. Such practices become more and more frequent especially under the conditions of recent financial crisis, which limits, in many situations, the said wage increases.

Another recognized advantage of the employees stimulation policies refers to their loyalty against the increase of mobility in the European space.

On the other hand, there is a retention regarding the effective use of employees stimulation policies determined, among others, by the fiscal implications related to them, amplified by the instability of the national fiscal environment.

This paper presents for debates the main features of some stimulation policies of the employees considering, on one hand, the relevant elements founds in the specialty literature and, on the other hand, the regulating aspects specific to our country.

Within the context of those mentioned, we consider to be useful a succinct presentation of some situations of employees stimulation policies, in our opinion frequently found in the practice of the entities from our country, with the illustration of the definitive accounting and fiscal aspects related to them.

2. FOOD VOUCHERS AWARD

The food vouchers represent an efficient solution for the employees stimulation, being used with a high frequency in the European space too. Together with the obvious advantage of the increase of employees gains, these can contribute to the increase of the productivity and of the general health condition of people.

The vouchers award is realized in strictly regulated conditions, the employers giving a voucher for each working day of the month. The exceptions are represented by the situations in which the employee is in annual leave, benefits from payable days off, is delegated or detached in other locality, receives a compensation in this respect, is in leave for temporary work incapacity etc.

The use of the food vouchers represents an useful instrument for the management of labor power in the sense that, except the employees stimulation and motivation, it also allows the optimization of the wage costs, because of the fact that the entity has less resources out compared with the payment in cash of their value equivalent. Herewith, we mention the fact that the amounts granted by this title represent taxable revenues of the employees according to the fiscal regulations in force (Law 142/1998), aspect which initially determined a negative influence in the use of such instruments, diminished commensurate with the awareness of the other related advantages.

The said evidence of the food vouchers is realized according to some nominal tables which confirm their reception by the employees who have an individual employment agreement and the basic function at the entity which distributes them. This document is elaborated in the last decade of the current month for the next month and allows, among others, the determination of the number of vouchers to be returned if, at the end of the period for which they were granted, it is found that the employees should have received a lower number of vouchers. In our opinion, this aspect represents a failure in regulation terms, because the vouchers award is realized in advance, being a high possibility that the employees be under the necessity of returning, in the future period, the vouchers from which they cannot benefit.

Another aspect to be considered in respect to their evidence is represented by the special regime feature given to these instruments, fact which supposes the careful supervision of the number assigned by the issuing authority and also of the mentions aiming the issuer's name and address, the nominal value, the validity period, the interdiction of using them for buying products such as cigarettes and alcoholic drinks,

the reservation of the space for writing the name of the employee and the date and also the apposition of the seal by the entity to which the voucher was used.

In order to emphasize the food vouchers mechanism, we present a hypothetical situation for their use, in the following conditions:

- are purchased 10 cards, each of them with 20 food vouchers with the individual nominal value of 9,35 lei;
- the prints cost invoiced by the issuing entity is 200 lei, with a VAT of 24%;
- 2 cards from 10 cards purchased are returned to the issuer.

The accounting settlement of the situation presented is realized in the following way:

a. The reception of the vouchers received from the issuing unit, in the amount of 1.870 lei (10 cards X 20 vouchers X 9,35 lei), including the prints cost of 200 lei:			
%	=	401	<u>2.118 lei</u>
5328		<i>Suppliers</i>	1.870 lei
<i>Other cash equivalents</i>			
628			200 lei
<i>Other third party services expenses</i>			
4426			48 lei
<i>VAT deductible</i>			
b. The award of the vouchers, according to the specific regulations, in the amount of 1.496 lei (8 cards X 20 vouchers X 9,35 lei):			
6422	=	5328	1.496 lei
<i>Expenses with the vouchers awarded to the employees</i>		<i>Other cash equivalents</i>	
c. The taxation of the food vouchers awarded, in the amount of 239 lei (1.496 lei x 16%):			
421	=	444	239 lei
<i>Salaries payable</i>		<i>Tax on salaries</i>	
d. The accounting reflection of the food vouchers returned, in the amount of 374 lei (2 cards X 20 vouchers X 9,35 lei):			
461	=	5328	374 lei
<i>Various debtors</i>		<i>Other cash equivalents</i>	

As it can be noticed, the food vouchers aren't submitted for the calculation of social mandatory contributions at the employee's or at the employer's level, fact which can represent an additional element in taking the decision for awarding such bonuses to the employees.

3. PROFITS DISTRIBUTION IN THE EMPLOYEES FAVOR

In the practice of several economic entities at international level, the employees participation at the profits obtained represents an important category of benefits which can be granted to the employees for their additional stimulation. In our country, for a long period of time, such practice was found among the stimulation policies both within the national companies and the companies with lump or state majority capital and within the entities with private capital.

Once with the regulating amendments appeared in the year 2003 regarding the Trading Companies Law, there could be noticed, in the practical activity, retentions in respect of the use of such stimulation instruments determined by the interpretations of the specialists from the field, related to the legal framework on the award of such benefits.

Thus, in the specialty literature, are emphasized two opinions on this matter of fact, which can be cataloged as irreconcilable (Schuste R., Mitroi M.).

A first approach is that favoring the idea according to which the award of bonuses from the profit to the employees within the private capital companies has no legal framework starting with the profit of the financial year 2003. Its supporters argues this aspect through the fact that, by the amendment of the art. 178 paragraph 4 from the Trading Companies Law, the employees aren't found anymore among the participants to benefits within the company, its current form being: "The initiators will participate to profit if this thing is provided in the articles of incorporation or, in the absence of such provisions, it was approved by the extraordinary general meeting."

The second approach considers that the employees participation at the profit of the trading companies with private capital is possible and legal. Its background is found in other provision of the named law, namely that according to which the shareholdings decide in respect to the distribution of the net profit on destinations and, as a consequence, one of these can be represented by the award of bonuses from profit to the employees. The authors of this paper are in the favor of this approach, aspect also asserted in a previous work, in whose content it is mentioned that "in case of trading companies with private majority capital, the net profit is distributed by taking into account the legal mandatory destinations and also the decision of the General Meeting of Shareholders" (Mihai M., Drăgan C., Brabete V., 2012).

An additional argument in the favor of this last opinion can be also represented by the provision found in the Tax Code at the art. 296⁴, which includes in the calculation basis of the social individual mandatory contributions "the amounts representing the employees participation of profit", without clearly mention the type of property of the entity. This provision, interpreted as being applicable also for the private entities, contributes, in our opinion, to the significant decrease of the fiscal risk for this category of entities, because all related fiscal and social obligations are paid as in the case of any other wages paid to the employees.

Considering those presented, in our opinion we think that in the practical activity can be awarded bonuses from the profit to the employees, under the conditions of the provision of such an operation, expressly, in the articles of incorporation of the entity and, herewith, according to the decision of the general meeting of shareholders. We also express our opinion according to which it is imposed a clarification of this aspect on regulating level, thus shall be used such a stimulation instrument of the employees within the national economy, without any retentions.

But, in respect to the employees participation to the profit within the national companies, there are different regulating provisions allowing this thing and not generating controversies as in the situation exposed, regarding the entities with private capital. Notwithstanding, there is a limitation as in the case of these entities, in the sense that these amounts can be awarded in the limit of 10% from the net profit obtained, but not more than the level of an average monthly basic wage realized at the level of the economic agent in that year.

From the accounting point of view, the matter of fact submitted for debate finds its relatively simple solution in the sense that the entities elaborated a pay roll similar to that used for the payment of the wage related to the work provided, with the difference that for the expenses recognized by this nature is used the account 644 "Expenses with rewards representing the personnel participation to the profit", and for the generated debt the account 424 "Profit share payable to employees". Taking into account the provision of the art. 296⁴ from the Tax Code previously mentioned, are usually reflected from the accounting point of view the social individual mandatory contributions and those regarding the entity. From these considerations and also from reasons of space available within this paper, we think that it's not justified anymore the detailed presentation of the accounting registrations specific to the rights of this nature. Moreover, we mention the fact that if the entity has the intention to give such gains to the employees, it is imposed the constitution of a provision for risks and expenses with this destination, at the end of the financial year, from whose profit will be paid the amounts with this destination. Its accounting reflection is realized through the registration in the debit of the account of expenses 6812 "Provisions expenses", and the credit of the account 1518 "Other provisions". After the approval and, herewith, the said payment of such amounts, in the next year, the established provision is taken for revenues, using in this respect the credit of the account 7812 "Write back of provisions".

In respect to the accounts of expenses and revenues regarding the provision mentioned, it is also mentioned the fact that these are non-deductible and, respectively, non-taxable for the calculation of the profit tax.

4. HOLIDAY VOUCHERS AWARD

Holiday vouchers, until recently known in the national practice under the name of holiday tickets, represent an efficient way for stimulating the labor force, under the conditions of some possibilities more and more limited to ensure wage increases which shall have such destination. As in the case of the other instruments previously described, through them are generated increases of the real revenues of the employees and, herewith, possibilities in order to augment the motivation and the productivity of the employees work.

Besides the elements exposed, the holiday vouchers also contribute to the stimulation of the national tourism industry, because the supply of related services is realized within the touristic units authorized by the National Tourism Authority.

Their proper use aims the recovery and the maintenance of the work capacity of the personnel employed according to an individual employment agreement, regardless the type of the entity which gives them. Thus, the national regulations in the field (Law 94/2014) mention their applicability by the public central and local institutions, autonomous administration, trading companies, national companies etc in the limit of the amounts with this destination provided in the state budget or in the local budgets or in the revenues and expenses budgets of other categories of employers, but restricted at the counter-value of 6 minimum gross basic wages for country, guaranteed in the payment, for an employee, for a period of a tax year.

The accounting and tax policies set up in this respect by the entity have into account the fact that the bonuses of this nature fully represent expenses of it, deductible at the calculation of the profit tax within the limit mentioned. Herewith, the holiday

vouchers aren't submitted for the social mandatory contributions, but they enter in the sphere of the income tax regarding the employee.

In this respect, it can be noticed the fact that, although the award of the vouchers represents a significant financial effort from the entity, the deductibility of the amounts used in this purpose and also the absence of the related social mandatory contributions which can determine the frequent use in the practical activity.

In order to implement this way of stimulating the employees, we have to observe some mandatory regulating requirements concerning the elements of content of the holiday voucher, among which we mention:

- the identification of the issuer, of his identification data and of the nominal value of the voucher, which can be 10, 20, 30, 40 and 50 lei;
- the identification of the employer and of his identification data, of the employee, included of his personal number;
- the explicit presentation of the validity period (until 31st of December of the year in which it was issued), of the effective use period and also of the impossibility to make some payments in money in the favor of the vouchers beneficiaries, for the difference between their value and the value of the touristic services provided by the authorized touristic entity.

The accounting solution of the use of the vouchers doesn't put particular issues, in the sense that is debited the account 6458 *Other social security and welfare contributions* through the credit of the account 5328 *Other cash equivalents*, with the value distributed to the employees, and the taxation of the revenues of this nature is similarly reflected in the wages.

5. CONCLUSIONS

The stimulation policies of the employees, by giving them additional possibilities for the increase of their real revenues, represent useful instruments in the management of any entity. Basically, these have inferior financial costs compared with the cash payments, because of the significant decrease of related tax and social costs.

Despite all advantages presented, in the practical activity are found retentions regarding their effective use. The research undertaken illustrates two major causes represented by the risks generated by the tax instability, and also the non-correlation of some provisions at regulating level.

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