In a globalized economy, business borderless, the Romanian accountancy reorganisation process registered an accelerated rhythm, caused by the need of information and communication in a common book-keeping language, which was to assure the comparativeness, credibility and relevance of the information offered by the financial situations for all the users’ categories.

The recent extension of the European Union in the context of the financial markets’ deregulation and harmonization, comes to confirm the necessity of transparency in the financial communication. In this context, the accountancy as a business science has to become a solid basis economically and juridically indisputable, which, on the grounds of relevance, credibility and comparativeness of the produced information, has to be able to assure the conformity with the demands of a reference book-keeping system for the financial situations and to allow the creation of a common language in the communication between all the users’ categories.

The embracing in Europe of a book-keeping referential based sooner on general principles than on detailed rules, that was to promote an analysis of the transactions and events’ economical substance, imposed the assimilation of the IFRS norms as a result of a strategical option meant to respond to the convergence’s objective. Even though this process represents a real revolution in accountancy, it implies at the same time a series of time and resources restraints at the level of each member state and also powerful consequences on the financial communication and operational policies at the level of some economical entities categories.

The evolution of the Romanian accountancy in the last ten years was characterised by seekings and modifications, precisely from the need to create a basis for the harmonization between national, throughout the European book-keeping norms, and international, throughout the International Accountancy Standards (IAS) ulcerously named the International Financial Reference Standards (IFRS), as an alternative for the international convergence.

In the elaboration of the Romanian book-keeping regulations, there has been used a mixed approach in favour of the European book-keeping norms on one side, (which contain obligatory stipulations for all the EU member states) and the International Accountancy Standards on the other, (which become obligatory only if the country has declared its conformity with the stipulations of these standards).

Therefore, by anticipating Romania’s adhering to the European Union, there have been taken up new book-keeping regulations applicable starting with the 1st of January 2006, emphasizing thus the orientation towards the Romanian accountancy conformity with the fourth and seventh Norm of the
European Economical Communities. This led to the giving up of the intention to completely apply IAS/IFRS, even though their gradual implementation kept going on. We still have to mention that the European book-keeping regulations, are, in their turn, more or less harmonized with IAS/IFRS.

In the basis of the national normative documents, which have undertaken the European regulation, the obligation of applying IFRS in Romania starting with the financial situations of the year 2007, regards the entities whose movable values registered at the time of the balance sheet are admitted for transactions on a regulated market, with the aim of creating solid financial situations, while the other entities of public interest public can apply IFRS only for personal information necessities. In this sense, the public entities category contains:

- the credit/loan institutions;
- the non-banking financial institutions, defined according to the legal regulations, registered in the general Register;
- the insurance, insurance-reinsurance and reinsurance societies;
- the authorized entities, regulated and supervised by the Supervision Committee of the Private Alimony System;

¹ O.M.F.P. 1752/2005 regarding the book-keeping regulations corresponding to the forth and seventh Norm of CEE was published in the Official Monitor no.1080 from the 30th of November 2005.
²OMFP no. 907/2005 regarding the approval of the juridical persons categories which applies the book-keeping regulations corresponding to the IFRS and ulteriorly to teh OMFP no. 1121/2006 regarding the IFRS application, applicable to the financial situations of the year 2007 published in the Official Monitor no. 602/12.07.2006.
and fiscal rules, which demand a more and more utilization of the professional reasoning by the book-keeping practitioners, a tendency amplified each day by the fact that the biggest part of the fiscal contributions is based on the book-keeping information.

Due to the aim of bestly grasp the relation between accountancy and fiscality, there have been made several assessments in the book-keeping approaches, using collocations as: "accountancy subordinated to fiscality", "accountancy polluted by fiscality", "accountancy abused by fiscality", "accountancy ranged to fiscality", "accountancy connected to fiscality" sustaining as being necessary a "total disconnection of the fiscality from accountancy".

A more thorough analysis would make us understand that we can not speak about a total disconnection of the accountancy from fiscality, because of the realities that the practice permanently highlights. It is unanimously accepted that each economical and juridical entity has to make a balance sheet and a profit and loss account whose source of documentation can only be the accountancy, being also true the fact that the same entity has to make a fiscal declaration which uses as a source of information all the book-keeping system, the sole organised and credible system for the fiscal checking.

Therefore, we can plead for the acceptance of a connexion in the ratio between accountancy and fiscality, because by the same system, the book-keeping one, there can be accomplished two finalities: the book-keeping one and the fiscal one. At the same time, we also sustain a disconnection of the accountancy from the fiscality, taking into consideration the differences between the book-keeping rules and principles and the fiscal ones for which in order to obtain the fiscal basis, there exists the possibility that after observing the differences, we can proceed to to the reintegrations and deductions imposed between the book-keeping and fiscal values.

If we accepted the existence of a entire connexion between accountancy and fiscality would mean that the Treasury has to accept without resistance the book-keeping reality regarding the setting out of fiscal duties. Yet, at the same time, we have to accept that not even the economical entity always has an entire availability towards the payment of the fiscal duties in their entirness, its interests do not converge with the state’s interests, and the accountancy, in its turn, is not perfect, as its rules and norms allow in some situations subjective abstainings and interpretations of the events. We sustain this point of view, especially if we take into consideration the existence of the possibility of chosing the allowed book-keeping policies and options, the essential treatements and alternatives, the possibility of preferentially apply the evaluations in accountancy, in objective or subjective conditions that can ultimately lead to creating an innovative accountancy- in its negative sense- for the state’s interests in its quality of tax collector.

That is why we have to accept the fact that also the fiscal authorities should interprete the information coming from the financial situations according to its personal interests, even if sometimes the fiscal influences on the accountancy seem intolerable, making thus necessary a disconnection of the accountancy from fiscality.

In practice, due to the fact that in the relation between economical entities and he state the fiscal rules have the precedence to the book-keeping rules, in order to tax the profit, there are calculated two categories of results: the book-keeping result and the fiscal result. In this situation, one of the most eloquent manifestations of the reconciliation between the accountancy and the fiscality, is represented by the reconciliation of the book-keeping profit with the income payable/tax, by the put
off income tax/payable, as a result of the temporary differences impact between the book-keeping value and the fiscal value of the actives and debts from the financial situations as it is stipulated in O.M.F.P. 1752/2005.

The term „put off tax”, appeared from the necessity to mention in the balance sheet the put off liabilities or debts, in the relation of the enterprise with the state’s budget, resulted because of the temporary differences between the fiscal basi of the actives or liabilities and their book-keeping value, registered in a balance sheet and are highlighted when we wish to consistently apply the principle of the exercises independence, but at the same time we also have to take into consideration the prudence principle, so that to create a good association between the two principles. Yet, the put off taxes have to be used highly reasonably observing thus the prudence principle.

The immediate positive effect of using the put off taxes would be that it is diminished a current debt with the taxes towards the state’s budget and it is ulteriously avoided the distribution of unreal profits towards the owners, both generating an egress of resources, which according to their volume, can decapitalize the firm. At the same time, it should be kept a reasonable measure, without using the put off taxes in such way that the next owner be forced to pay the expense made by the present owner.

The put off tax, through the point of view of the regulations in agreement with the European norms.

Corresponding to the regulations stipulated in the CEE fourth Norm, which is applied in Romania at present, the recognised term of „tax on put off profit” used in the book-keeping language is being given up quite easily and replaced by the term „commissions for profits”, using the 1516 account „Commissions for profits/incomes”, which takes over the liabilities regarding the tax on put off profit encountered in the entities’ balance which had used the registration until that time.

Regarding the debts of the tax on put off profit, (the debit balance of the 4412 account „Tax on put off profit”), the regulation does not contain stipulations referring to this economical category, and by transposing the balance of the accounts from the checking balance sheet at the 31st of December 2005 in the new general plan of accounts, with the debit balance of the 4412 account „Tax on put off profit”, there will be affected the 1176 account „The carried forward result given by the application of the book-keeping Regulations corresponding to the forth Norm of the European Economical Communities”, a method which influences the personal capitals. The same regulations define the commission as being a debt with uncertain exigibility or value, recognised only if:

- an entity has a current obligation generated by a previous event;
- it is probable that an egress of resources be necessary in order to honour the respective obligation;
- there can be made a credible estimation of the obligation’s values.

Together with other elements for which there can be made commissions, this time the taxes are also included, representing future payment amounts towards the state’s budget, not registered yet as a debt to the state but which have to accomplish the recognition conditions previously mentioned.

Ulterior to the constitution, at each balance sheet, the commissions for taxes will be revised and adjusted in order to make the best rational and credible estimation of the necessary costs for the ending of the current obligation, so that the annual financial situations offer a proper image of the

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5OMFP no. 94/2001 for the approval of the book-keeping Regulations harmonized with the CEE fourth Norm and with the Accountancy International Standards, that is OMFP no. 306/2002 for the approval of the simplified book-keeping Regulations, harmonized with the European norms.
financial position, of the financial performance and of the other information regarding the carried on activity.

We notice that, probably because of an excessive prudence, the Romanian book-keeping regulations in agreement with the forth Norm recognize in accountancy only the effect of taxable temporary differences, under the form of commissions for taxes, creating thus a non-uniform approach of the taxable temporary differences compared to the deductible temporary differences (debts), from the fiscal point of view. Moreover, the debts non-registration in accountancy regarding the put off tax can lead to:

- the artificial reduction of the book-keeping profit, with significant influences on the process of informing the investors.
- affecting the dimension of the book-keeping result by the fiscal rules
- affecting the credibility of the book-keeping information.

**The put off tax, through the point of view of the IAS/IFRS international regulations**

The IAS 12 (revised) „The tax on profit”\(^6\), has the aim of prescribing the book-keeping treatment and presenting the information regarding the tax on profit, demanding the applying of the professional reasoning – in order to appoint the put off tax in the basis of the balance sheet method, according to which the book-keeping value of the actives and liabilities from the balance sheet is compared with their basis of taxing. The balance sheet method takes into consideration all the variations of the put off tax between the opening balance sheet and the closing one.

The differences between the fiscal basis and the book-keeping value can be:

-**permanent differences**, as reintegrated elements in the fiscal result which find themselves inside the financial exercise, do not make the object of the put off tax and do not not lead to the act of carrying forward in the future periods. It is the case of the fiscal deductions and reintegrations in the case of the current tax method such as: the non-deductible fiscal expenses (protocol expenses, interest and penalties of non-payment the budgetary obligations) or non-taxable incomes.

-**temporary differences**, as differences between the book-keeping value at which the actives and liabilities of the society’s balance sheet are registered in the financial situations and their fiscal basis (of taxing). These differences will generate taxable or deductible amounts when the active’s or debt’s book-keeping value is retrieved, respectively closed.

The fiscal basis of an active or passive is the value given to this one with fiscal aims.

The temporary differences start from the premise that the registration in the balance sheet of a certain value of an active or debt implicitly means that the society is expecting to regain that active or to abolish that debt at the decalred value.

The temporary differences can raise both from the differences between the book-keeping result and the taxable result and from the differences generated by the adjustment of some balance sheet elements made both at the moment of the re-treatment as well as at the actual application, and can occur in the following situations:

- the book-keeping value of an active or debt represents incomes or expenses which belong or not to the current exercise;
- the taxing basis of the active or debt represents the deductible or fiscally taxable amounts which belong or not to the current exercise;
- the moment of the book-keeping recognition is different from the moment of fiscal recognition.

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\(^6\) The IAS 12 revised by IASB in 2002, being applicable to the financial situations starting with the 1st of January 2001. The previous standard took into consideration the differences between the book-keeping profit and the fiscal one and based itself on the profit and loss account.
The IAS 12 "Tax on profit" distinguishes two types of temporary differences which have a fiscal impact:

- **temporary taxable differences**, the ones that will generate in the future exercises taxable amounts at the fixing of the taxable profit, when the active's (debt's) book-keeping value is regained (discounted). These differences can appear when:
  - the active's book-keeping value > the fiscal basis or,
  - the debt's book-keeping value < the fiscal basis.

- **temporary deductible differences**, the ones that will generate in the future exercises deductible amounts at the fixing of the taxable profit, when the active's (debt's) book-keeping value is regained (discounted). These differences can appear when:
  - the active's book-keeping value < the fiscal basis, or
  - the debt's book-keeping value > the fiscal basis.

This standard recognizes both the effect of the temporary taxable differences, under the form of registering the debts regarding the put off tax (passive), and the effect of the temporary deductible differences, from the perspective of recognizing the debts regarding the put off tax (active), provided that in the case of the debt, in the future exercises, there would be created sufficient taxable profits in order to allow the regaining/recovering of the put off taxes.

The debts regarding the put off tax are represented by the tax on profit values payable in the future bookkeeping periods, concerning the temporary taxable differences.

The debts regarding the put off tax are represented by the tax on profit values, recoverable in the future bookkeeping periods, as a result of the existence of temporary deductible differences, of the carrying forward the loss or unused fiscal credits.

The standard brings forward the process of differentiating the tax on profit in two structures: the current tax and the put off tax.

*The current tax* stands for the value of the payable/recoverable tax on profit proportional to the taxable profit/fiscal loss on a certain period.

The tax on profit calculated at the registering in accountancy of the flat profit/flat loss of a financial exercise has to contain both the current tax and the put off tax.

The method of the put off tax is characterized by the fact that the expense with the tax on profit differs from the amount of the demandable taxes, considering the temporary differences.

In conformity with the fiscal regulations in our country, the put off taxes can appear in the following situations:

- in the case of corporal or non-corporal immobilizations for which the redemption recognised in accountancy differs from the one used at the calculation of the taxable profit (different redemption methods, different utilization periods, different redeemable values);
- in the case of registering adjustments for depreciation or value loss, fiscally unrecognised;
- in the case of registering fiscally unrecognised commissions;
- in the case of reevaluating the actives;
- in the case of registering fiscal losses, so on.

The passing from the bookkeeping result to the fiscal result can be reflected by the relation:

\[ \text{Fiscal result} = \text{Book-keeping result} +/- \text{Permanent differences} +/- \text{Temporary differences} \]

The debts and liabilities regarding the put off profit need to be evaluated at the taxing rates/installments that are expected to be applied for the period in which the active will be made or the debt will be discounted, on the basis of the taxing rates (and of the fiscal stipulations) which have been regulated.
or are estimated to be regulated until the time of the balance sheet.

We believe that the restraining from entirely applying IFRS in Romania takes into consideration various objective and subjective cause.

In this sense, if we keep in mind the fact that the IFRS application\(^7\) has to be wholly made and that the entities’ management is responsible for its accurate application, we have to admit that not all the entities are still capable of coming up to the professional standards of their management.

If we analyze things through the fact that the IFRS application might lead to the modification of the taxable basis, sometimes diminishing it and implicitly diminishing also the fiscal duty – even if it is not final- together with the recognition of the debt with the put off tax, then the volume of the budgetary incomes can be negatively affected.

Moreover, the issue of recognizing the actives and duties/debts at their righteous value creates influences at the level of the incomes and expenses and implicitly leads to result adjustments, aspects which remained unsolved even in other European states.

We can thus believe that the Romanian accountants’ (who maintain the normalizations) refusal of implementing the IAS/IFRS stipulations, regarding the put off taxes, is a cause of a possible discouragement or interest.

We have to mention that although IAS/IFRS offer solutions for presenting the put off taxes, these have not been created in order to directly respond to the fiscal interest.

Still, even if it is proved the non-applying in the Romanian accountancy of the stipulations regarding the put off taxes in conformity with the international regulations, it can still be considered a failure.

\(^7\) By IFRS we must understand IFRS, IAS, IFRIC Interpretations and applying guides.