

Discrepancies and Coordination between Financial Accounting and Tax Accounting

Yan Hou^{1,*}, Ziyang Yuan², Wanxin Ma

¹ Yunnan Institute of Business, Yunnan, 651701, China

² Yunnan Audit Office, Yunnan, 651701, China

Keywords: Financial Accounting, Tax Accounting, Discrepancies and Coordination.

Abstract: With the continuous development of our economy, more small and medium-sized enterprises are booming like bamboo shoots after a rain, and enterprise finance, as the foundation and premise of the steady development of enterprises, plays an important role in enterprises. Financial accounting and tax accounting belong to the important components of enterprise accounting system. From the history of financial accounting, the birth of financial accounting is earlier than that of tax accounting, which has certain differences in essence, but at the same time, it has a supervisory role for the taxpayers of enterprises. With the continuous maturity of the financial tax reform system in our country, how to reduce the difference between the two in the development of each enterprise finance and improve the synergy between the two is of great significance to the steady development of the enterprise. In this paper, only from the perspective of the difference between financial accounting and tax accounting and how to improve the coordination between financial accounting and tax accounting.

1. Differences Between Financial and Tax Accounting

Financial accounting is the main component of enterprise finance, with the continuous promotion of enterprise tax reform system, enterprise financial system gradually mature and perfect, and tax accounting as an important branch of financial accounting, and financial accounting has an inseparable internal relationship, mainly reflected in the two supervision of enterprise finance. But because of the difference between the two jobs, there are still some differences in the specific job responsibilities and job division, so we should combine the specific situation of enterprise finance, constantly improve the coordination between the two, play a good role in common between the two.

1.1. Different Basis of Measurement and Starting Point

According to the specific work content and post responsibility of the two, the difference of measurement basis is one of the main differences between the two, in which the main measurement basis of financial accounting is the accrual basis of the enterprise, that is, the "receivable and payable system", which is an accounting system in which all expenses and income are recorded into the profits and losses of the current period during the accounting period. Under the accrual basis of financial accounting, all expenses payable or unpaid in the current accounting are fully accounted for, but not included in the expenses or income incurred in the current period. And tax accounting is the "mixture" of accrual basis and cash basis, that is, the current accounting period, not included in the income and expenses of the enterprise, its calculation is based on the tax law of the enterprise, and it needs to be calculated according to the different tax system regulations of each region, and can not violate the national tax system and regulations, etc. Combined with the above measurement basis, the accounting period of financial accounting is more comprehensive, which has a certain reference for the future operation and planning of enterprises, while tax accounting is more suitable for the tax accounting of enterprises, and has a certain supervisory role for the operation of enterprises.

1.2. Different Accounting Objects and Their Impact on the Operation of the Enterprise

Financial accounting and tax accounting are one of the main recording work of enterprise financial management activities, but combined with the accounting process and accounting object, financial accounting and tax accounting have different effects on the business activities of enterprises, and their essence is that the accounting objects of the two are different. The object of financial accounting is based on the actual occurrence of financial activities of the enterprise, including the owner of the enterprise, investors, equity holders, creditor's rights debtors and so on, which refers to all the financial activities in the form of money funds in the operation of the enterprise. And the object of tax accounting is the tax economic activities that the enterprise takes place as the taxpayer in the operation, such as tax declaration and payment according to the relevant tax legal regulations of the state, and enjoying the tax subsidy of the state. On the whole, the accounting object of financial accounting is the real economic activity of the enterprise, while the object of tax accounting is the tax economic activity of the enterprise. It can be seen that the record and reflection of financial accounting to the economic activity of the enterprise is relatively true, which can clearly reflect the operating condition and capital flow of the enterprise.

1.3. Different Accounting Elements and Design Purposes

Accounting elements are the main information to reflect the financial and economic activities of enterprises, and also the main data source to evaluate the qualifications of enterprises, but there are great differences in the embodiment of financial accounting and tax accounting. First of all, because financial accounting is the content that reflects the real economic activities of enterprises and the flow of funds, the requirements for accounting elements are relatively detailed and extensive, such as the creditor's rights, debts, assets, income quotas, equity, net profit, expenditure expenses, etc. The composition of accounting elements of tax accounting is carried out around economic activities such as tax and tax, such as tax payable, deduction expenses, tax receivable, etc., which are used to reflect the tax situation and tax return status of the enterprise. Secondly, from the design purpose of the two, the design purpose of financial accounting is mainly used for the business reference of the enterprise, to help the relevant owners and investors of the enterprise to master the business situation of the enterprise, while the purpose of the tax accounting design is to help the enterprise reduce the negative tax and help the enterprise to carry out the business planning at all stages.

To sum up, the differences between financial accounting and tax accounting can be summarized as follows, as detailed in the table:

Table 1 Accounting differences

Accounting classification	Measurement basis
Financial accounting	Accrual basis
Tax accounting	Accrual basis, cash basis

Table 2 Accounting variances

Accounting classification	Object of accounting
Financial accounting	Enterprise investor, owner, creditor debtor
Tax accounting	Corporate taxpayers

Table 3 Accounting differences

Accounting classification	Objective of elements
Financial accounting	All the financial data in the real business activities of the enterprise, which is used for the reference of the business operation
Tax accounting	Relevant data in enterprise tax activities for enterprise tax

2. How to Achieve the Coordination Between Financial Accounting and Tax Accounting

2.1. Strengthening the Respective Optimization and System Improvement of Tax Accounting and Financial Accounting

Compared with financial accounting, tax accounting starts late, so it lags behind in system and system, and financial accounting, as the main component of enterprise financial accounting system, should be more optimized and perfected in the reform of enterprise financial system. First of all, the enterprise tax accounting personnel should further strengthen the concept of tax accounting, formulate a set of scientific and perfect tax theory system suitable for enterprises, such as the relevant management system of tax accounting, post responsibility, supervision and responsibility, etc., to ensure the fairness, equalization and rationalization of enterprise tax economic activities. Secondly, the tax accounting system needs to be deepened and perfected in combination with the business activities of the enterprise, optimized by the relevant tax regulations of the state and the tax policies of various localities, and made clear the internal relationship between the two, so as to promote the continuous integration of accounting practice and theoretical system in an all-round way. Finally, tax accounting should strengthen the service of enterprises, and on the basis of the coordination of financial accounting, around the operation and production of enterprises, improve the reference of financial accounting to business activities, tax accounting to the supervision of business activities, comprehensively promote the steady development of business operations[1].

2.2. Strengthening the Unification of the Basis of Financial Accounting and Tax Accounting

The difference of accounting basis is the main reason for the difference between financial accounting and tax accounting. The accrual basis of financial accounting is the real economic activity of enterprises, while tax accounting is more inclined to the mixture of accrual basis and cash basis, so the fairness of tax is difficult to be reflected. First of all, we should try our best to unify the accounting basis on the basis of accrual basis, promote the synergy between taxable income amount and profit of enterprises, and realize the fairness and openness of tax accounting, such as extending and enriching the scope of accrual basis of tax accounting with the business activities and profit of enterprises, and streamlining the scope of cash basis with the unincurred income and expenses of enterprises[2].

2.3. Strengthening the Management and Improvement of the Enterprise Financial System

Strengthening the improvement and optimization of enterprise financial internal management system is the basis to promote the coordinated development of financial accounting and tax accounting, which is of great significance to both financial staff and financial system management. First of all, we should reasonably select the relevant staff of financial accounting and tax accounting, select people with both professional accomplishment and management experience to take up accounting posts, make accounting work professional and scientific, require accountants to strictly abide by and memorize the relevant management systems and regulations of enterprises, and strictly abide by relevant regulations in registration, financial information publicity, asset management, accounting voucher making and so on. Secondly, we should combine the management of enterprises to establish financial internal management system, such as supervision system, accounting system, audit system and so on, so as to be dedicated, detailed and rigorous. Finally, we should take the tax law as the foundation, perfect the accounting system, make the tax law and the accounting system have the organ union, promote the financial accounting and the tax accounting coordination[3].

2.4. Facilitating Communication Between Financial Accounting and Tax Accounting Personnel of Enterprises

Financial accounting and tax accounting are important components in the enterprise financial system. In the development of economic activities of enterprises, we should combine the design purpose of enterprise financial accounting and tax accounting, strengthen the communication and

communication between the two staff, and jointly assist the economic planning of enterprises. First of all, we should publicize some basic financial and accounting information of enterprises, so that tax personnel can fully grasp the operating situation and profit and income of enterprises, and do a good job in the relevant work of tax business. Secondly, the tax personnel should communicate with the financial personnel, such as the relevant contents of the tax and the provisions of the tax law, so as to help the operators of the enterprise to do a good job in business planning and reference, and to improve the internal management and external tax payment of the enterprise. Finally, we should strengthen the financial audit to audit the disclosure information of the two, realize the efficient cooperation between the two in an all-round way, and help enterprises to do a good job in the reference and planning of business development.

3. Conclusion

Financial accounting and tax accounting are important parts of enterprise financial system, but there are some differences between them in essence, so we should improve the synergy between them and promote the steady development of enterprises. First of all, we should strengthen the improvement and optimization of tax accounting system; secondly, promote the unification of the accounting basis of the two; at the same time, improve the accounting management of enterprises by perfecting the accounting system of enterprises, promoting the exchange of financial accounting and tax accounting personnel, etc.

References

- [1] Chen, Hui. Discrepancies and Coordination between Financial Accounting and Tax Accounting. *Economic Research Guide* , no. 30, pp. 89-90, 2017.
- [2] Wei, Wei. Discrepancies and Coordination of Financial Accounting and Tax Accounting in Enterprises. *Managers* , no. 2, pp. 54-55, 2015.
- [3] Yang, Jinhui. Discrepancies and Coordination between Financial Accounting and Tax Accounting in Enterprises. *Chinese business theory* , no. 8, pp. 77-78, 2017.