Research on Accounting Treatment and Tax-related Management of Enterprise Financial Assets

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Abstract: Due to the wide variety of financial assets, enterprises always hold some necessary financial assets. For SMEs, the accounting treatment and tax-related management of corporate financial assets is a difficult problem that affects the legality of enterprises after processing financial assets. Sex and compliance are worthy of discussion by relevant researchers. Taking A company as an example, this paper discusses the accounting treatment methods and tax-related management methods of enterprise financial assets after initial measurement, fair value change, post-measurement and financial assets disposal, in order to enhance the accounting treatment and tax-related treatment of financial assets. Legality and compliance in management.

1. Introduction

Corporate financial assets can be classified into transactional financial assets or available-for-sale financial assets by nature, but as financial assets, they are mainly held by enterprises in the form of bonds, stocks, funds, etc. Transactional financial assets usually refer to short-term financial assets held by an enterprise for the purpose of earning a difference in price for commercial benefits. The characteristic is that the enterprise will sell the part of the financial assets held in the future according to a certain plan. The purpose of holding the financial assets is very clear. The available-for-sale financial assets are regarded as available-for-sale non-derivative financial assets when they are sold. Therefore, they have certain overlap with trading financial assets, but they also include undivided held-to-maturity investments. Receivings and loans, financial assets measured at fair value through profit or loss. The purpose of holding an available-for-sale financial asset is not as clear as the holding of a transactional financial asset. The holding period may be short-term or long-term, so its accounting treatment is significantly different from that of transactional financial assets.

Under the background of “de-leverage” and “supply-side reform”, Chinese enterprises experienced a change from market tension to relatively loose in 2018. The financial assets held by some enterprises depreciated sharply, and the bond default rate also reached a record high. The Financial Stability Development Committee of the State Council has repeatedly stressed the need to prevent and resolve financial risks, and put the issue of “financing difficulties” and “funding expensive” for SMEs in an important position. The situation of the deteriorating funds of SMEs has eased but still exists. Therefore, in order to alleviate the financial constraints of the company, it is an option to deal with the financial assets held. However, how to deal with financial assets when dealing with financial assets, how to carry out tax-related management is an important issue for the legal compliance of enterprises after processing financial assets. Therefore, this paper analyzes the accounting treatment and tax-related management of corporate financial assets based on specific hypothetical cases.

2. Accounting treatment analysis of corporate financial assets

The accounting treatment of corporate financial assets should be based on specific cases. This paper will analyze the accounting treatment of corporate financial assets by taking the whole process of A corporate financial assets from holding. In December 2018, Company A spent 2.08 million of its own bank deposits to purchase 400,000 shares of B-shares at a price of 5.2 yuan per

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share, including dividends of 0.2 yuan per share that have been declared but not withdrawn, and transaction tax of 0.8. Ten thousand yuan. If the fair value of the financial assets held by the A company at the end of the balance sheet date of the year is 2.2 million yuan, the fair value of the stock will change to 2.08 million at the end of February of the following year, and since the stock price of the B company continues to fall, at 6 At the end of the month, the fair value of the stock changed to 1.2 million yuan. A company sold all the 400,000 shares of B company shares in June to obtain a price of 1 million yuan.

2.1 Analysis of the initial measurement of corporate financial assets

The initial recognition of an enterprise's financial assets is measured at fair value, and its changes and related transaction expenses are directly recognised in profit or loss. The initial transaction costs of other types of financial assets are also included in the initial recognition amount. Since the financial assets held by the enterprise can be divided into two types: transactional financial assets and available-for-sale financial assets, the transaction costs and transaction nature generated during the initial measurement accounting treatment are different. Transactional financial assets are included in the investment income in the financial statements and available-for-sale financial assets are presented as investment costs in the financial statements. After initial measurement of the amount of the amount, dividends, unreceived dividends, investment income and all related costs, you can open an account with the relevant trading unit and prepare for the transaction. The specific initial measurement accounting entries are shown in Table 1:

Table 1 Initial measurement of enterprise financial assets

Transactional financial assets			Available for sale financial assets		
borrow	Trading financial assets---cost	2000000	borrow	Available-for-sale financial assets---cost	2008000
	Dividend receivable	80000		Dividend receivable	80000
	Investment income	8000	loan	Bank savings	2088000
loan	Bank savings	2088000			

2.2 Analysis of the recognition of corporate financial assets holding benefits

The holding of financial assets by enterprises may produce positive benefits and may also produce negative benefits. In the process of operating financial assets, the benefits generated by financial assets will be reflected in the form of credits in the debit-keeping accounts of enterprise establishment projects. Credits record the holdings of trading financial assets such as stocks, bonds, funds, etc. announced by the company, and are included in the “loss of fair value changes” in the financial statements based on the difference in fair value of the holding period, which directly affects the current profit of the enterprise. . Among them, when generating dividends or interest, debit “dividends receivable” or “interest receivable” and credit “investment income”. For financial assets available for sale, changes in fair value are included in the “capital reserve” in the financial statements, which has no direct impact on the current profit of the enterprise. If the fair value of the financial assets of the enterprise decreases by a large margin, the transactional financial assets may not be accrued for impairment, and only need to be reflected in the “profit and loss of changes in fair value”, while the financial assets available for sale need to balance the “capital reserve”. It is included in the “asset impairment loss” and the “capital reserve” is written off. The specific accounting treatment when the fair value of the financial assets of the enterprise at the end of the period is as shown in Table 2:

Table 2 Accounting entries when the fair value of corporate financial assets changes

When the fair value rises					
Transactional financial assets			Available for sale financial assets		
borrow	Trading financial assets----change in fair value	200000	borrow	Available-for-sale financial assets----change in fair value	200000
loan	Changes in fair value gains and losses	200000	loan	Capital reserve----other capital reserve	200000
Carry forward the gains and losses from changes in fair value to “profit for the current year”					
borrow	Changes in fair value gains and losses				200000
loan	Profit this year				200000
When the fair value declines					
Transactional financial assets			Available for sale financial assets		
borrow	Changes in fair value gains and losses	120000	borrow	Capital reserve----other capital reserve	120000
loan	Trading financial assets----change in fair value	120000	loan	Available-for-sale financial assets----change in fair value	120000
When the fair value continues to fall and the decline is large					
	Transactional financial assets			Available for sale financial assets	
borrow	Changes in fair value gains and losses	880000	borrow	Asset impairment loss	808000
loan	Trading financial assets----change in fair value	880000		Capital reserve----other capital reserve	72000
			loan	Provision for impairment of available-for-sale assets	880000

2.3 Post-measurement analysis of corporate financial assets

According to the Accounting Standards for Business Enterprises, the financial assets at the end of the period are subject to fair value or capital reserve in the financial statements according to different types, and the changes are included in the changes in fair value, and the fair value of available-for-sale financial assets should be accrued when the decline is significant. Provision for impairment of available-for-sale assets and write-off of the original “capital reserve” difference, the provision for impairment is allowed to be reversed when the fair value of available-for-sale financial assets rebounds and stabilizes. Deferred income tax assets or liabilities should be recognized when the difference between the profit or loss arising from the comparison between the fair value and the carrying amount is included in the financial statements.

2.4 Accounting treatment of corporate financial assets disposal

The way in which an enterprise disposes of financial assets is often sold. The difference between the confirmed transfer price and the relevant account is included in the investment income, and the accounting entry debit and credit are changed based on the initial measurement results of the financial assets and the changes in fair value arising from the actual transaction. The method changed the debit to a “bank deposit” account and changed the credit to “financial assets---cost”. Then, the gains and losses from changes in fair value are transferred to “investment income” and “capital reserve” respectively, and the holding gains and losses are changed to disposal profit and loss. The specific accounting entries are shown in Table 3.

Table 3 Accounting entries for the sale of corporate financial assets

Transactional financial assets			Available for sale financial assets		
borrow	Bank savings	1000000	borrow	Bank savings	1000000
	Investment income	200000		Provision for impairment of available-for-sale financial assets	880000
	Trading financial assets----profits and losses from changes in fair value	800000		Investment income	200000
loan	Trading financial assets---cost	2000000	loan	Available-for-sale financial assets---cost	2008000
borrow	Investment income	1000000		Available-for-sale financial assets----change in fair value	720000
loan	Changes in fair value gains and losses	1000000			

3. Taxation management of corporate financial assets

3.1 Corporate financial assets income tax treatment

Regardless of whether it is a corporate transactional financial asset or a financial asset available for sale, its financial asset income can generally be divided into stock dividends, securities and fund dividends, etc., as this paper assumes that A corporate investment targets B shares, therefore, Discuss the treatment of tax-related issues based on stock dividends. According to the relevant laws and regulations of corporate taxation and stock trading in China, the accounting department of the enterprise needs to calculate the actual benefits generated by the financial assets invested by the enterprise, and incorporate the income into the amount of the actual investment income of the enterprise for tax treatment. A company generates a transaction fee of RMB 0.8 million at the initial measurement. The transaction fee is included in the transaction financial cost in the tax law and is not allowed to be deducted before the current tax. It is treated as a tax increase; at the end of the year, the A company holds The face value of Company B's stock has changed to RMB 2.2 million, and its fair value has changed by RMB 120,000. It is different from the accounting treatment and directly included in the current income. The tax treatment does not directly confirm the change in the value of this asset, and the deferred income tax assets and The form of tax payment is shown in the accounting entries. It should be noted that the company may comply with other tax reductions or preferential policies when dealing with the transaction. The relevant taxes and fees may be deducted from other taxes or may be reflected in the accounting records in the form of deferred income tax liabilities after the subsequent fair value becomes again. in.

3.2 Changes in the fair value of corporate financial assets

According to the current relevant tax laws and other laws in China, the pre-tax deduction of corporate financial assets is subject to the principle of deduction, that is, the tax deduction only occurs in real transactions, and only the changes in deferred taxes and fees caused by changes in the fair value of assets are only required. Record without paying. If the fair value of the financial assets held by the enterprise depreciates sharply, the fair value changes and any reserves of the held financial assets shall be recorded in accordance with the Accounting Standards for Business Enterprises and the company's articles of association. The change in fair value does not include bad debts, bad debts, and commodity price cuts. The reserve under. In this example, if the enterprise does not sell the financial assets, the difference in fair value changes can be included in the provision for impairment of the available-for-sale assets. If the future fair value increases, the impairment provision can be recovered.

3.3 Tax treatment of the transfer of corporate financial assets

The sale of the B company's stock held by the company A belongs to the transfer of the financial assets of the enterprise A. According to the relevant tax laws of China, the transaction income of the enterprise for the transfer of the short-term equity teaching must be incorporated into the taxable income of the enterprise. The tax law also stipulates that the relevant tax law for the loss of equity investment in an enterprise may be deducted, but the deducted equity investment loss cannot be greater than the income obtained from the annual equity investment or the transfer said, and the excess of the tax can be indefinitely delayed until the next tax payment. Annual carry-forward deduction.

4. Conclusion

Since the purpose of holding financial assets is sometimes not very clear, it may be difficult for enterprises to directly divide available-for-sale financial assets and transactional financial assets when dealing with financial assets. It is recommended to conduct accounting treatment and tax-related management in accordance with available-for-sale financial assets. . In addition, the available-for-sale financial assets can be provided for impairment of available-for-sale assets, which may provide enterprises with surplus management operation space, which brings certain risks of accounting supervision and tax supervision. Finally, enterprises still need to improve their accounting and tax management capabilities, and try to avoid accounting violations that bring unnecessary risks to the company.

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