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FEATURES OF THE ACCOUNTING AND INTERNAL CONTROL OF VAT TO COMPANIES WITH DIFFERENT TAX SYSTEMS

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Варчук О.А., Амурова О.В. Особливості обліку та внутрішнього контролю податку на додану вартість на підприємствах з різними системами оподаткування.

У статті досліджені особливості обліку та внутрішнього контролю ПДВ на підприємствах з різними системами оподаткування та визначені проблемні питання. Проведено порівняння систем оподаткування у розрізі податкових ставок, кількості працівників, максимального доходу, строків подання звітності та сплати податку. Визначена необхідність проведення внутрішнього контролю ПДВ та запропоновано впровадження внутрішнього аудиту, як одного з його засобів. Визначені стадії проведення внутрішнього аудиту ПДВ та відповідні аудиторські процедури. На прикладі трьох підприємств з різними системами оподаткування – ТОВ «АТП-1524», ТОВ «АГРОПАРТНЕР-XXI», ТОВ ВКА «Маяки», проведено аналіз обліку та внутрішнього контролю ПДВ та порівняння аудиторських процедур.

Ключові слова: податок на додану вартість, внутрішній контроль, облік, загальна система оподаткування, спрощена система оподаткування, внутрішній аудит

Варчук О.А., Амурова О.В. Особенности учета и внутреннего контроля налога на добавленную стоимость на предприятиях с различными системами налогообложения.

В статье исследованы особенности учета и внутреннего контроля НДС на предприятиях с различными системами налогообложения и определены проблемные вопросы. Проведено сравнение систем налогообложения в разрезе налоговых ставок, количества работников, максимального дохода, сроков представления отчетности и уплаты налога. Определена необходимость проведения внутреннего контроля НДС и предложено внедрение внутреннего аудита как одного из его средств. Определены стадии проведения внутреннего аудита НДС и соответствующие аудиторские процедуры. На примере трех предприятий с различными системами налогообложения – ООО «АТП-1524», ООО «АГРОПАРТНЕР-XXI», ООО ПКА «Маяки», проведен анализ учета и внутреннего контроля НДС и сравнения аудиторских процедур.

Ключевые слова: налог на добавленную стоимость, внутренний контроль, учет, общая система налогообложения, упрощенная система налогообложения, внутренний аудит

Varchuk O.A., Amurova H.V. Features of the accounting and internal control of VAT to companies with different tax systems.

In the article the features of accounting and internal control VAT on companies with different tax systems and identified issues. A comparison of tax systems in terms of tax rates, number of employees, the maximum income, terms of reporting and paying the tax. Identified the need for internal controls of VAT implementation and proposed internal audit as one of its tools. Stages of the internal audit of VAT and appropriate audit procedures. For example, the three companies with different tax systems – LLC "ATP-1524", LLC "AGROPARTNER-XXI", LLC ICA "Mayaki", analyzes the accounting and internal control VAT and comparison of audit procedures.

Keywords: value added tax, internal control, accounting, general taxation, simplified tax, internal audit

The value added tax (VAT) is on one of the first places among the indirect taxes which arrive in the budget. It is one of the most difficult taxes, and around it there are many contradictions, it can lead to increase and reduction in budget revenues. In particular, this evasion from payment of the VAT, in a significant amount of privileges abuses and intentional increase in the tax credit that leads to reduction of budget incomes.

Analysis of the last researches and publications

Works of local and foreign scientists and specialists were devoted to studying of the problems connected taking into account and internal control of the value added tax: Semenکو T.M. [9], Matviyenko T.A. [6], Orlova V.K., Homa S.V., Orlov M.C. [2], Butynets F.F. [3], Budko A.V. [7], A.V. Lega [8] and others. Today these problems are very urgent as in legal acts constantly there are changes.

The aim of the article is features of accounting and internal control of the value added tax at the enterprises with various taxation systems.

The main part

Since January 1, 2016 there was new edition of the Tax code of Ukraine which shall make taxation system more clear and transparent. In this Code some articles were left without changes, and others incurred specific changes. But to understand the main operation of schemes of taxation system, it is necessary to know not only about innovations, but to remember earlier adopted laws.

Now in Ukraine the following taxation systems work (fig. 1). So, according to the Tax code of Ukraine there is a general taxation system and special tax regimes. Comparison of taxation systems are provided to tab. 1.

If the entrepreneur chooses general system, then payments are calculated proceeding from a taxable basis which represents a difference between the income and expenses of the enterprise for a certain period. Subjects of business activity as legal entities and physical persons can use a simplified taxation system. In case of the choice of the simplified system, taxes are calculated agrees with all means earned for a certain period [1]. Determinations of the concept "value added tax" in the context of various authors are provided to tab. 2.

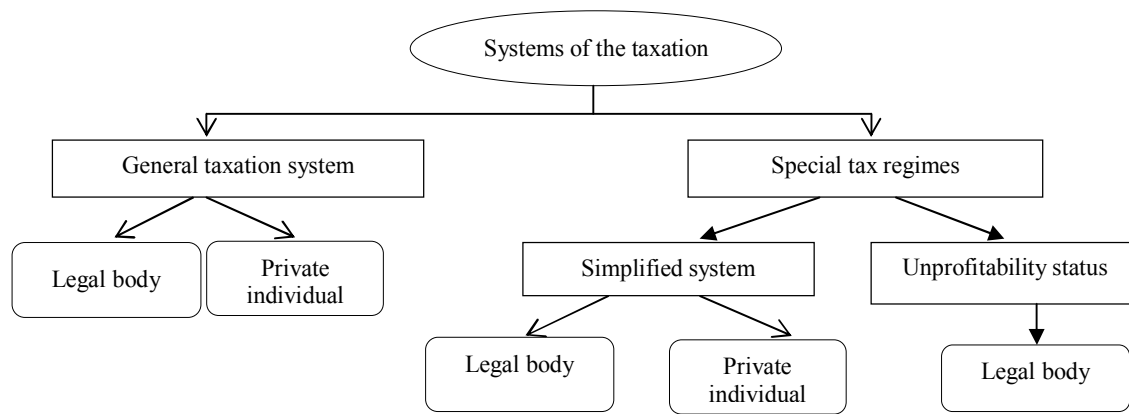


Fig. 1. Taxation systems in Ukraine

Source: Compiled by the author according to the materials [1, 6, 7, 10]

Table 1. Comparison of taxation systems in 2016

Taxation systems	General system	Simplified system			
		1 group	2 group	3 group	4 group
Tax rate	18% from profit	To 10% from minimum salary	To 20% from minimum salary	3% of profit + VAT 5% of profit	Depending on category of lands where a taxation basis is standard cash assessment of one hectare of agricultural grounds
Restriction of workers number	No	-	No more than 10	No	No
Maximum yield	No	150 thous. UAH	1,5million UAH	5 millionUAH	It isn't limited, provided that the share of agricultural production in total income constitutes at least 75%
Reports delivery		Once a year, no later than February 9	Once a year, no later than February 9	Physical person the entrepreneur – once a year, no later than February 9; The legal person – quarterly, no later than the 20th following a reporting quarter	No later than February 20 the current year
Restriction of calculations	No	Only cash and cashless payments			

Source: Compiled by the author according to the materials [1]

Table 2. Determination of the concept "value added tax" in the context of various authors

Authors	Concept VAT
Matviyenko T.A.	It is indirect tax, namely one of types of the universal excises. The value added tax has outstanding performance from the fiscal point of view. The wide taxation basis which includes not only goods, but also works and services provides reliability and stability of the budget receipts.
Orlova V.K., Homa S.V., Orlov M.S	Indirect tax on consumption which withdraws a part of the value added created on all production stages and addresses to the budget. It is incorporated of a price increment of goods, works and services and is completely paid by the final consumer.
Budko A.V.	The tax which is charged and paid at each stage of goods promotion from the producer to the final consumer and influences processes of pricing and consumption amounts.
Lega A.V.	Indirect tax which enters enterprise expenses and isn't paid for the account of profit; doesn't enter a sales price, and it is established over a sales price. It helps the state to fill the budget, transferring money is collected from the final consumer.

Source: Compiled by the author according to the materials [2-3, 6-9]

Let's provide in fig. 2 frequency, payment due dates and submission of reports on the VAT at the enterprises with various taxation systems.

It is possible, also to receive unprofitability status which allows public organizations, charity

foundations, cooperatives and other types of non-profit organizations to receive certain income types, without paying at the same time the income tax.

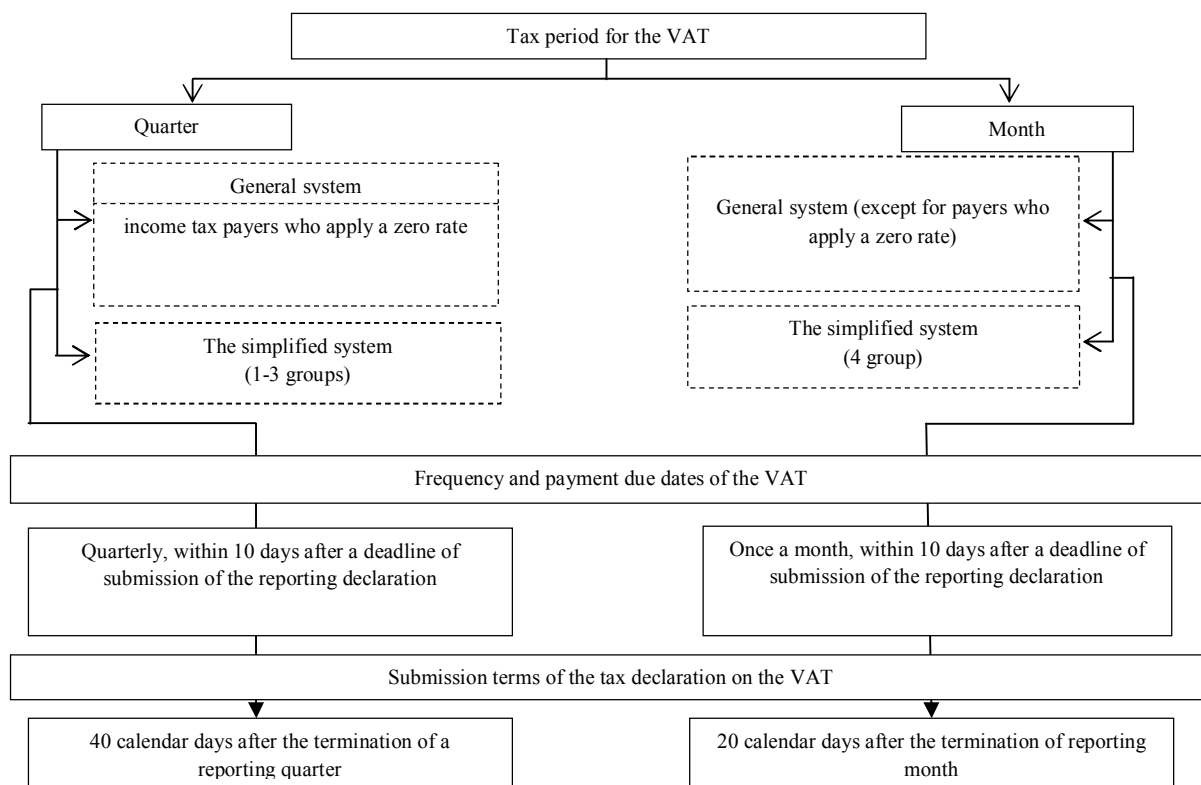


Fig. 2. Frequency, payment due dates and submission of reports on the VAT at the enterprises with various taxation systems

Source: Compiled by the author according to the materials [1]

Payment of the single tax releases subjects of managing, who are on the 1 or 2 group of a simplified taxation system from charge and payment of the VAT according to 297.1 Tax codes of Ukraine [1].

The enterprises on general system, turnover of which exceeds 1 000 000 UAH for calendar year, are obliged to be registered by VAT payers. The tax rate in Ukraine constitutes today 20% [1].

The control VAT presently is very necessary as:

- constantly the legislation changes that leads to increase in demand for auditor services concerning the control VAT, since January 1, 2017 a number of changes is made to the Tax code of Ukraine);
- the significant role in correctness of accounting, calculation of the VAT is played by professionalism and awareness of company accountants, not the awareness of personnel can lead to the criminal and administrative liability;

— heads of the enterprises consciously try to minimize the amount of taxes that at best leads to imposing of sanctions, in the worst to criminal liability therefore the organization of control (audit) of the VAT will give to confidence in correctness of accounting and calculation of this tax.

Audit is one of VAT control types. For correctness of carrying out audit inspection of accounting and calculation of the VAT the auditor needs to organize first of all correct control (audit), to choose a technique of audit organization, to constitute the plan.

Audit process has many stages, some of them was researched and characterised by professor F.F. Butynets [4]. Let's provide stages of audit inspection of the VAT which were considered by scientists (tab. 3).

Table 3. Stages of audit VAT inspection

Stages	Butynets F.F.	Sokolskaya R.B.	Petrik O.A.	Ilyina S.B.
Organizational	+			+
Preparatory	+			+
Initial			+	
Methodical	+			
Effective	+	+		+
Technological stage				+
Closing stage			+	
Preliminary planning		+		
Research stage			+	
Planning		+		

Source: Compiled by the author according to the materials [3, 11-13]

Proceeding from table 3, it is possible to allocate the main stages of internal VAT audit:

- an organizational stage (collecting documents which are necessary for VAT control; documentary ensuring internal audit);
- a methodical stage (verification of tax accounts on the VAT);
- a closing stage (summing up by results of work and creation of an audit opinion).

According to scientists E.F. Volontsevich and I.M. Kozlova, during audit of VAT accounting the auditor first of all shall study correctness of accounting organization of the value added tax, namely [10]:

- to check correctness of reference of the tax credit or the liability to the declaration;
- to check correctness of VAT charge and its reflection in financial accounting;

— to be convinced of timeliness and completeness of VAT payment in the government budget, introduction of advance payments on the VAT.

Considering the provided stages of VAT check, will allow to perform in more detail and qualitatively audit VAT inspection. Therefore when carrying out audit inspection of the tax liability and tax credit it is necessary to perform:

- check of application legitimacy of VAT rates;
- check of completeness and timeliness of recognition of the tax liability on the VAT;
- verification of VAT payer status of company partners.

We represent features of accounting and internal VAT control at the enterprises with various systems of the taxation to table 4.

We represent comparison of the audit procedures necessary for carrying out internal VAT audit on the example of the enterprises with various systems of the taxation to table 5.

Table 4. Activity types and features of accounting and internal VAT control at the enterprises with various taxation systems

Name of the enterprise	LLC "ATP-1524"	LLC "AGROPARTNER-XXI"	LLC ICA "Mayaki"
1. Core activity	Road freight transport; transportation provision of services	Wholesale trade by chemical goods	Cultivation of grain crops (except rice), bean cultures and seeds of oil-bearing crops; Wholesale trade by grain, seeds
2. Taxation system	General system	Payer of the single 3rd group tax	Payer of the single 4th group tax General system
3. A tax period for the VAT:			
– Frequency	Monthly	Quarterly	Monthly
– Payment due dates	Once a month, within 10 days after submission deadline of the reporting declaration	Quarterly, within 10 days after submission deadline of the reporting declaration	Once a month, within 10 days after submission deadline of the reporting declaration
– Report delivery	20 calendar days after the termination of reporting month	40 calendar days after the termination of a reporting quarter	20 calendar days after the termination of reporting month
4. VAT rates	20%		
5. Payment of the VAT	100%	100%	100%, but occur distribution of the added VAT in such proportion: 85% (50%) - in the government budget, 15% (50%) - leaving at the disposal of the agricultural producer, depending on a transaction type.
6. Tax accounts on the VAT	The declaration on the VAT + Appendices 1 (if there are correcting), 2,5	The declaration on the VAT + Appendices 1 (if there are correcting), 2,5	The declaration on the VAT + Appendices 1 (if there are correcting), 5,9,10 The declaration on the VAT + Appendices 1 (if there are correcting), 2,5
7. Software	1C: The enterprise 8.2 Accountancy for Ukraine "M.E.Doc", "Art Report"	1C: The enterprise 7.7 Accountancy for Ukraine "M.E.Doc"	1C: The enterprise 8.2 Accountancy for Ukraine, "M.E.Doc", "Art Report"
8. The account for VAT accounting	Account 641.1	Account 641.2	Account 641.2, 641.2
9. Internal VAT control	It is performed by the chief accountant when forming the Tax declaration on the VAT and annexes to it		
10. VAT audit:			
– External	It wasn't performed	It wasn't performed	It wasn't performed
– Internal	It wasn't performed	It was performed in 2013	It wasn't performed

Source: Compiled by the author according to the materials [10]

Table 5. Comparison of the audit procedures necessary for carrying out internal VAT audit for the enterprises with different taxation systems

List of audit procedures	Enterprises			Information sources	
	LLC "ATP-1524" (general system)	LLC ICA "Mayaki" (Payer of the single 4th group tax)	LLC "AGROPARTNE R-XXI" (Payer of the single 3rd group tax)		
1. VAT control					
1.1. Assessment of availability and execution correctness of source documents on VAT accounting:					
— verification of presence and execution correctness of accounts, delivery note, acts	+	+	+	Regulating and legislative documents, Acts of the performed works, Tax delivery notes, Bank statements, The declaration on the VAT with annexes to it, the posting log, the Financial statement of small business entity (Form the 1st)	
— verification of presence and registration correctness of the tax delivery notes which are issued/received which belong to the general Declaration on the VAT (20%)	+	+	+		
— verification of presence and registration correctness of the tax delivery notes which are issued/received which belong to the special Declaration on the VAT (20%)	-	+	-		
1.2. Verification of the register of tax delivery notes:					
— comparison of the register of tax delivery notes to the available delivery notes which belong to the general Declaration on the VAT (20%)	+	+	+		
— comparison of the register of tax delivery notes to the available delivery notes which belong to the special Declaration on the VAT (20% agricultural)	-	+	-		
1.3. Correctness check of VAT charge:					
— correctness check of charge of the tax credit and tax liability (20%)	+	+	+		
— correctness check of charge of the tax credit and tax liability (20% agricultural)	-	+	-		
— correctness check of VAT amount determination (20%)	+	+	+		
— correctness check of VAT amount determination (20% agricultural)	-	+	-		
1.4. Verification of the tax declaration on the VAT and annexes to it:					
— data comparison of the general Declaration on the VAT according to the register of tax delivery notes	+	+	+		
— data comparison of the special Declaration on the VAT according to the register of tax delivery notes	-	+	-		
— timeliness check of submission of the Declaration on the VAT	+	+	+		
1.5. Control of VAT payment:					
— check of an amount due of the VAT on general taxation system	+	+	-		
— check of an amount due of the VAT on a special tax regime	-	+	-		
— check of VAT compensation	-	+	+		
— timeliness check of VAT payment	+	+	+		
2. Report preparation	+	+	+		

Source: Compiled by the author according to the materials [4]

Necessary condition of successful plan accomplishment of auditor works is audit program. The internal audit program represents the detailed list of the audit procedures necessary for practical implementation of the verification plan of VAT accounting. The program serves as the detailed instruction for audit participants and a control tool for quality of their work. The questions list which should be found out is provided in it: carrying out period, and also amount and types of the audit procedures necessary for plan accomplishment of audit inspection. The internal auditor shall formalize documentary the audit program which is an integral part of the order on carrying out internal audit. Along with the program the plan of sudden simultaneous carrying out inventory count is developed [4].

Conclusions

In this article opinions and proposals of many local scientists, concerning accounting and internal VAT control are considered.

It is possible to allocate the main problems, concerning the value added tax, namely: constant change of legal acts; system imperfection of tax accounting. The above-stated problems very much influence timeliness and reliability of VAT

accounting. Even entering of system of electronic administration didn't improve a situation, and on the contrary caused a number of questions.

The control VAT presently is very necessary as:

- constantly the legislation changes that leads to increase in demand for auditor services concerning the control VAT, since January 1, 2017 a number of changes is made to the Tax code of Ukraine);
- the significant role in correctness of accounting, calculation of the VAT is played by professionalism and awareness of company accountants, not the awareness of personnel can lead to the criminal and administrative liability;
- heads of the enterprises consciously try to minimize the amount of taxes that at best leads to imposing of sanctions, in the worst to criminal liability therefore the organization of control (audit) of the VAT will give to confidence in correctness of accounting and calculation of this tax.

It is offered to implement internal VAT audit at the enterprises, to develop the plan and the internal audit program, templates of working documents of the internal auditor, to carry out auditor check and to create the audit report.

Abstract

In the article the theoretical aspects of accounting value added tax, the features of the accounting and internal control of the value added tax on enterprises with different systems of taxation and identified issues, the analysis of the accounting and internal control VAT on enterprises with different systems of (at example of LLC "ATP-1524", LLC "AGROPARTNER-XXI", LLC ICA "Maiaky"), presents a comparison of audit procedures necessary for the internal audit of VAT to companies with different tax systems.

Thus, we can identify the main problems regarding value added tax, namely the constant change of legislation; imperfect system of taxation. The above problems have a major impact on the timeliness and accuracy of VAT. Even the introduction of electronic administration did not improve the situation, but instead led to a number of issues.

JEL Classification: M41, M42.

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