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ASSESSMENT OF THE CURRENT LEGISLATION ON ACCOUNTING AND TAXATION OF FIXED ASSETS OF THE ENTERPRISE

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The article examines and analyzes the views of domestic and foreign scientists regarding the essence of the concept of “fixed assets” as an accounting and analytical category. The main differences in the interpretation of the term “fixed assets” in the current legal acts have been identified. On the basis of the conducted analysis, the concept of “fixed assets” is generalized. The system of normative legal acts on the regulation of accounting of fixed assets in Ukraine, a number of laws and normative acts regulating the organization of accounting at enterprises were considered. The goal of state regulation of accounting and financial reporting has been studied. Features of accounting and tax accounting of fixed assets are defined. Order № 73 of the Ministry of Finance of Ukraine “On approval of the National Regulation (standard) of accounting 1” General requirements for financial reporting was analyzed in comparison with Regulations (standards) of accounting 1–5. Order № 73 dated February 7, 2013 introduced new forms of financial reporting that are as close as possible to IFRS. Also, the difference between Regulation (standard) of accounting 7 “Fixed Assets” and IAS16 “Fixed Assets” is clarified and shown. It is found that the difference lies in the scope of application, the objects of assessment and the details of the cost assessment taken into account in these two normative documents, depending on the scope of the organizations that use them. It was determined that Regulation (standard) of accounting 7 “Fixed Assets” defines the methodological principles of forming in accounting information about fixed assets and other non-current assets, their classification, as well as disclosure of information about them in financial reporting. According to the results of the identified discrepancies, which prevent companies that keep records according to national standards, it is easier to enter the international market. It is proposed to bring national standards closer to international ones, and especially Regulation (standard) of accounting 7 “Fixed Assets”, this will allow to harmonize domestic accounting with international standards and reduce inconsistencies and problematic issues of accounting for fixed assets.

ОЦІНКА ДІЮЧОГО ЗАКОНОДАВСТВА З ПИТАНЬ БУХГАЛТЕРСЬКОГО ТА ПОДАТКОВОГО ОБЛІКУ ОСНОВНИХ ЗАСОБІВ ПІДПРИЄМСТВА

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бухгалтерський облік, закон,
нормативно-правові акти

У статті досліджено та проаналізовано погляди вітчизняних та зарубіжних науковців щодо сутності поняття «основні засоби», як обліково-аналітичної категорії. Визначено основні відмінності в трактуванні терміну «основні засоби» в діючих нормативно-правових актах. На основі проведеного аналізу узагальнено поняття «основні засоби». Розглянуто систему нормативно-правових актів щодо регулювання бухгалтерського обліку основних засобів в Україні, ряд законів та нормативних актів які регламентують організацію бухгалтерського обліку на підприємствах. Досліджено мету державного регулювання бухгалтерського обліку та фінансової звітності. Визначено особливості бухгалтерського та податкового обліку основних засобів. Проаналізовано Наказ № 73 міністерства фінансів України «Про затвердження Національного положення (стандарту) бухгалтерського обліку

1» Загальні вимоги до фінансової звітності» в порівнянні з Положеннями (стандартами) бухгалтерського обліку 1–5. Наказом № 73 від 07.02.2013 р. введені нові форми фінансової звітності, які максимально наближені до МСФЗ. Також, з'ясовано та показано різницю між НП(С)БО 7 «Основні засоби» та МСБО 16 «Основні засоби». Встановлено, що різниця полягає у сфері застосування, об'єктах оцінки та деталях оцінки вартості, що враховуються в цих двох нормативних документах в залежності від сфери застосування організацій, які їх використовують. Визначено, що Положення (стандарт) бухгалтерського обліку 7 «Основні засоби» визначає методологічні засади формування в бухгалтерському обліку інформації про основні засоби, та інші необоротні активи їх класифікацію, а також розкриття інформації про них у фінансовій звітності. За результатами виявлених розбіжностей, які заважають компаніям, що ведуть облік за національними стандартами, простіше вийти на міжнародний ринок. запропоновано національні стандарти наблизити до міжнародних, а особливо НП(С)БО 7, це дозволить гармонізувати вітчизняний облік з міжнародними стандартами та зменшити невідповідності й проблемні питання обліку основних засобів.

Statement of the problem

In today's business environment, there is a constant need for companies to disclose information about their performance. Thus, a significant part of this information is information about the state of the company's assets, in particular fixed assets. The functioning of any business entity begins with the organization of the material and technical base, in which fixed assets are the main element. This requires constant monitoring of the efficiency of the use of fixed assets for the management of production activities. One of the main tasks of accounting for fixed assets is to provide complete, truthful and unbiased information about them. However, the information contained in the financial statements regarding property, plant and equipment is not always such due to imperfections in the domestic legislation and constant changes in it, assessment of the current legislation on accounting and taxation of property, plant and equipment.

Analysis of recent studies and publications

Both domestic and foreign scholars are constantly researching issues related to improvement of accounting and tax accounting of fixed assets. In particular, these issues are covered in the works of S.F. Holovan, V.V. Sopka, F.F. Butynets, O. Bondar, I. Pavliuk, V. Babich, S. Chernenko and others. However, a number of issues, such as determining fair and revalued value, depreciation methods, approximation of national accounting to international standards, remain relevant and require further research.

Objectives of the article

The purpose of the article is to assess the current legislation and identify the main aspects of accounting and taxation of fixed assets, to establish their differences and common features, and to provide recommendations on how to bring them closer together and overcome their differences.

The main material of the research

The essence of the category of "fixed assets" has been repeatedly studied by scholars of Ukraine and foreign countries. Among the domestic ones, it should be noted

Butynets T.A., Baranik O., Babich V., Bondar M.I. and others. Among foreign authors, the issue of fixed assets was studied by V.F. Paliy and others. Comparisons are presented below (Table 1).

Based on the analysis of the scientific literature, it can be concluded that "fixed assets" means labor means that have a tangible form and are used to conduct business by an enterprise. The direction of use of fixed assets depends on industry specifics. It can be production, provision of services, sales, etc.

Accounting in Ukraine is based on internationally recognized accounting and reporting standards, the main requirements of which are established by law, and is maintained by the company from the date of its registration until the moment of liquidation.

The entire system of regulations governing the accounting of fixed assets in Ukraine can be represented by a 5-level structure:

- 1) the Constitution of Ukraine, laws and other bylaws;
- 2) Acts of the supreme body in the system of executive authorities;
- 3) accounting regulations and other regulatory acts (orders, instructions, etc.) adopted by central bodies of special competence (the Ministry of Finance of Ukraine, the State Statistics Committee of Ukraine and other agencies);
- 4) methodological recommendations on accounting, which are developed and approved taking into account the specifics and needs of certain types of activities;
- 5) working documents on the organization and maintenance of accounting and application of accounting policies adopted by the owner of the enterprise on the basis of regulatory documents developed and approved by the state authorities.

The organization of accounting at enterprises is regulated by a number of laws and regulations.

The Law of Ukraine "On Accounting and Financial Reporting in Ukraine" defines the legal framework for the regulation, organization, accounting and financial reporting in Ukraine. According to this document, accounting is a mandatory type of accounting maintained by companies. This law contains general provisions, state regulation

Table 1 – Definition of the term “fixed assets” by some scholars and legislation

Author	Definition
Regulation (standard) of accounting 7 “Fixed Assets”	“tangible assets held by an enterprise for the purpose of using them in the production or supply of goods, performance of works and services, leasing to other persons or for administrative, social and cultural functions, with an expected useful life of more than one year (or an operating cycle, if it is longer than one year)” [10].
IAS 16	“tangible assets that are: a) are held for use in the production or supply of goods or services, or for rental or administrative purposes; b) are expected to be used for more than one period” [6].
Bondar O.	“is a set of tangible assets in the form of labor means that repeatedly participate in the process of production and commercial activities and transfer their value to products in parts” [3].
Babich V.	“is a set of labor means that function in the sphere of material production in an unchanged natural form for a long time and transfer their value to a newly created product in parts as they wear out” [1].
Baranik O.	“means of labor for production and non-production purposes” [2].
Kovalev D.	“tangible assets that an enterprise forms for the purpose of using them in the process of production or supply of goods, provision of services, leasing to other persons or for administrative, social and cultural functions and whose expected useful life exceeds one year” [5].
Pirozhok E.	“tangible assets held by an enterprise for the purpose of using them in the production or supply of goods, provision of services, leasing to others, or for administrative, social and cultural functions, with an expected useful life of more than one year (or an operating cycle if it exceeds one year)” [11].
Chernenko S.	“these are means of labor for production and non-production purposes (buildings, structures, machines, transmission devices, inventory, etc.) that participate in the production process for many cycles, while maintaining their natural form, and gradually (as they wear out) transfer their value to the products they produce” [14].
Yalovega L.	“the amount of capital invested in a set of tangible objects and values used in the production process to influence the objects of labor and transform them into products suitable for consumption” [15].

Source: compiled by the author based on [1–3; 5; 6; 7; 11; 14; 15]

of accounting and financial reporting, a section on the organization and maintenance of accounting, information on financial reporting, and final provisions [13].

The Tax Code of Ukraine regulates the procedure for recognizing income and expenses for tax purposes, the possibility of granting and receiving benefits in the course of business activities, the procedure for taxation of services rendered, the composition of operating expenses (cost) and other expenses (general, administrative, sales, etc.), and other issues. As regards fixed assets, the law divides them into 16 groups, determining the minimum term of their operation, methods of depreciation, formation of the initial value of fixed assets, rules of indexation, etc. [12].

The Civil Code of Ukraine regulates the purchase and lease of vehicles and the rules for using vehicles as fixed assets.

The Commercial Code of Ukraine defines the concept of company property, including fixed assets, sources of its formation, etc.

State regulation of accounting and financial reporting in Ukraine is carried out with the aim of creating uniform rules for accounting and financial reporting that are mandatory for all companies and improving accounting and financial reporting.

In addition to these basic documents, legal regulation of accounting in Ukraine is carried out on the basis of:

- decrees and orders of the President of Ukraine;
- resolutions of the Cabinet of Ministers and other executive authorities;
- resolutions of the National Bank on the organization of settlement and credit and cash transactions, opening accounts in national and foreign currency, etc;
- resolutions of statistical authorities approving statistical reporting forms;

- regulations of the Ministry of Economy, sectoral ministries and other bodies to which companies report (State Tax Administration, State Treasury, State Commission on Securities and Stock Market, Pension Fund, etc.).

Methodological regulation of accounting in Ukraine is carried out by the Ministry of Finance, which develops

- charts of accounts;
- regulations on documentary support of accounting records;
- the scope, forms and procedure for preparing annual (quarterly) financial statements;
- the procedure for maintaining accounting registers by various enterprises;
- other regulatory documents that define the rules for accounting in general and for individual business transactions.

According to the Accounting Law, a national accounting regulation (standard) is a legal act approved by the Ministry of Finance of Ukraine that defines the principles and methods of accounting and financial reporting that do not contradict international standards.

The Ministry of Finance of Ukraine approved Order № 73 dated 07.02.2013 (as last amended on 20.06.2018 in sections) “On Approval of the National Regulation (Standard) on Accounting 1” General Requirements for Financial Reporting”.

Order № 73 dated February 07, 2013 introduced new forms of financial statements that are as close as possible to IFRS (Annex 1 to the Regulation (standard) of accounting):

- Balance sheet (Statement of financial position);
- Statement of financial results (Statement of comprehensive income);
- Statement of cash flows (using the direct method);
- Statement of cash flows (using the indirect method);
- Statement of Equity.

The new reporting forms now contain four-digit line codes, some lines have been shortened, and new ones have been added to bring the Regulation (standard) of accounting reporting forms as close as possible to IFRS requirements to make it easier to integrate into the European system and find investors abroad.

National Regulation (standard) of accounting 1 also establishes that companies that use international financial reporting standards in accordance with IFRS1 “First-time Adoption of International Financial Reporting Standards” and submit their first annual financial statements in accordance with international standards, provide information in the balance sheet as of the beginning and end of the reporting period, as well as as of the date of transition to international financial reporting standards [7].

In addition, it is determined that the International Financial Reporting Standard for Small and Medium-sized Enterprises may be used by enterprises that are required to apply IFRS in accordance with the law, as well as by those enterprises that have made such a decision on their own. The application of the International Financial Reporting Standard for Small and Medium-sized Entities is not allowed by entities that are not within the scope of its application. Enterprises that use the International Financial Reporting Standard for Small and Medium-sized Enterprises to prepare their financial statements shall use the reporting forms approved by National Regulation (standard) of accounting 1.

However, there are still inconsistencies between national and international standards that “prevent” companies from entering the international market and attracting foreign investors without any problems. Not everyone will be able to understand financial statements or fixed assets accounting under Regulation (standard) of accounting 7, because IAS16 understands it partially differently (Table 2).

To summarize, the difference is generally in the scope of application, valuation objects and details of the valuation, which are taken into account in these two regulations, depending on the scope of application of the organizations that use them.

According to National Regulation (standard) of accounting 1, the financial statements must contain the information required to be disclosed by national accounting regulations (standards) or international financial reporting

standards and/or other regulatory legal acts of the Ministry of Finance of Ukraine on accounting. The information to be disclosed should be provided directly in the financial statements or in the notes to the financial statements.

In addition, National Regulation (standard) of accounting 1 stipulates that legal entities (except for banks and budgetary institutions) that are required to submit financial statements in accordance with the law shall apply the new forms of financial statements starting from the reporting for the first quarter of 2013 and in subsequent reporting periods.

National Regulation (standard) of accounting 7 “Property, Plant and Equipment” defines the methodological principles of accounting for information on property, plant and equipment and other non-current assets, their classification, and disclosure of information about them in the financial statements [10]. This regulation defines all the key terms related to fixed assets.

National Regulation (standard) of accounting 15 “Revenues” defines the methodological principles of forming information on the company’s revenues in accounting and its disclosure in the financial statements, recognition and classification of revenues, and measurement of revenues [8].

National Regulation (standard) of accounting 16 “Expenses” [9] defines the methodological principles of forming information about the company’s expenses in accounting and its disclosure in financial statements, recognition of expenses, and composition of expenses.

Instruction № 291 as amended by № 148 of 26.05.2022 on the use of the chart of accounts for accounting for assets, capital, liabilities and business transactions of enterprises and institutions establishes the procedure for maintaining accounting accounts for summarizing information on the availability and movement of assets, capital, liabilities and facts of financial and economic activities of enterprises, institutions and other legal entities by the double entry method. The chart of accounts is a list of accounts and schemes for registering and grouping financial and economic activities (correspondence of accounts) [4].

Conclusions

The accounting and control of fixed assets in Ukraine is at a high level, but it needs to be improved in the methodological and organizational aspects, as well as the

Table 2 – Comparison of Regulation (standard) of accounting 7 and IAS 16

	Regulation (standard) of accounting 7	IAS 16
Application	applies to the financial statements of public sector entities	applies to the financial statements of commercial entities
Object of valuation	intangible assets, tangible assets and intangible assets acquired for use in business operations	tangible assets, such as machinery, equipment, vehicles and real estate, are the main object of valuation
Submission of reports	public sector reporting is prepared in accordance with National Regulation (standard) of accounting standards and includes information on intangible assets and tangible assets	the financial statements of commercial enterprises are prepared in accordance with IAS standards and include information on tangible assets
Estimation of value	the value of intangible and tangible assets in the public sector may be measured based on market value or value in use	angible assets are measured at cost and may be subject to depreciation and amortization
Depreciation methods	5 depreciation methods have been established for fixed assets	3 methods: straight-line method, declining balance method, and unit-of-production method

Source: compiled by the author based on [6; 10]

consistency of legal and regulatory documents, namely national standards and international regulations. To give an example, there are discrepancies with international standards in National Regulation (standard) of accounting 7 that prevent companies that keep records according to national standards from entering the international market

more easily. Therefore, we propose to bring national standards closer to international standards, especially National Regulation (standard) of accounting 7, which will harmonize domestic accounting with international standards and reduce inconsistencies and problematic issues in the accounting of fixed assets.

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