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Fiscal and Accounting Aspects Concerning Social Liabilities

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SECTION OF FINANCES, ACCOUNTING, SECURITY

ABSTRACT:

Considering that both financial units and their employees contribute to establishing some funds of national importance for the social security, the purpose of this paper is to make a presentation of the contributions paid by employees and employers in 2007 and 2008, specifying the corresponding quotas and their evolution, as well as how they are pointed out in accounting.

In order to establish social security funds at national level, both the companies with employees with individual employment contract and the employees must pay certain contributions whose amount is set by special laws.

1. The structure of debts concerning social security:

* The contributions concerning the social security may be classified as:

➤ Contributions paid by the employees, that is:

- social security individual contribution,
- individual contribution due to the unemployment insurance budget,
- employees' contribution to health

insurance;

➤ Contributions paid by the employers, that is:

- entity's contribution to social security,
- employers' contribution due to the unemployment insurance budget,
- employers' contribution due to health insurance,
- employers' contribution concerning the insurance against employment accidents and occupational diseases,
- employers' contribution to the Wage Claim Guarantee Fund,
- employers' contribution for holidays and allowance.

Each year, the contribution quotas may be changed by the State Budget Law and the State social insurance budget law according to the necessary of resources to pay off the budgetary expenses.

The social contribution agenda is presented in table 1 for the year 2008, compared to 2007.

Table 1: Contributions concerning the social security

No.	Name of the contribution	Quota			
		2007	2008		
			01.01.2008	01.07.2008	01.12.2008
<i>1. Contributions paid by employees</i>					
1.1.	Social security individual contribution, according to Law no. 19/2000	9,5% to the wage income	9,5% to the wage income		
1.2.	Individual contribution due to the unemployment insurance budget, according to Law no. 76/2002	1% to the wage income	0,5% to the wage income		
1.3.	Employees' monthly contribution to health insurance, according to Law no. 95/2006	6,5% to the taxable wage income	6,5% to the taxable wage income	5,5% to the taxable wage income	
<i>2. Contributions paid by employers</i>					
2.1.	Social security contribution, according to Law no. 19/2000, for: - normal labour conditions	19,5% to the wages fund	19,5% to the wages fund	18% to the wages fund	
	- particular labour conditions	24,5% to the wages fund	24,5% to the wages fund	23% to the wages fund	

	- special labour conditions	29,5% to the wages fund	29,5% to the wages fund	28% to the wages fund
2.2.	Employers' contribution due to the unemployment insurance budget, according to Law no. 76/2002	2% to the wages fund	1% to the wages fund	0,5% to the wages fund
2.3.	Employers' monthly contribution to health insurance, according to Law no. 95/2006	6% to the wages fund	5,5% to the wages fund	5,2% to the wages fund
2.4.	Employers' contribution concerning the insurance against employment accidents and occupational diseases according to the risk category, in accordance with Law no. 346/2002	0,4% - 3,6% to the wages fund	0,4% - 2% to the wages fund	
2.5.	Employers' contribution to the Wage Claim Guarantee Fund, according to Law no. 200/2006	0,25% to the wages fund	0,25% to the wages fund	
2.6.	Employers' contribution for holidays health insurance grants, according to Law no. 399/2006	0,85% to the wages fund	0,85% to the wages fund	

The quotas stipulated for 2008 shall apply, as the case may be, starting with the revenue corresponding to January 2008, July 2008 or December 2008.

Comparing the data presented in the previous table we have the following results:

➤ if in 2007 the contribution quota for both employees and employers had a single level for the entire period, in 2008 there are the following situations:

- unique contribution quotas throughout the entire year (1.1, 1.2, 2.4, 2.5, 2.6);

- contribution quotas differentiated in two periods, that is:

* 01.01.2008–30.11.2008 and
01.12.2008 – 31.12.2008 (2.1., 2.2, 2.3);

* 01.01.2008–30.06.2008 and
01.07.2008 – 31.12.2008 (1.3);

➤ in 2008 the level of the contribution quota of 2007 shall be kept (1.1, 2.5, 2.6);

➤ although the contribution quota is the same for the entire year 2008 its level decreases compared to 2007 (1.2, 2.4);

➤ in a first period of 2008 the level of the contribution quota is kept at the level of 2007 following a decrease in the second period (1.3, 2.1).

2. Accounting for settlement of contributions regarding the social security

The synthetic accounting of settlement of contributions with the social security budgets is made using the accounts of group 43 "Social security and similar accounts" that is:

➤ *the account 431 "Social security", that is*

carried out in the following operational synthetic accounts of second degree:

- *the account 4311 "Company's contribution to social security"*

- *the account 4312 "Employees' contribution to pension fund"*

- *the account 4313 "Company's contribution to health insurance"*

- *the account 4314 "Employees' contribution to health insurance"*

➤ *the account 437 "Unemployment Fund", that is detailed in the following operational synthetic accounts of second degree:*

- *the account 4371 "Company's contribution to unemployment fund",*

- *the account 4372 "Employees' contribution to unemployment fund".*

Considering that in the General Plan of Accounts stipulated in the accounting regulations compliant with the European Directives approved by the Order of the Ministry of Public Finance no. 1752/2005 there are no distinct accounts corresponding to all the contributions regarding the social security to the operational synthetic accounts of second degree 4311 "Company's contribution to social security", 4313 "Company's contribution to health insurance" and 4371 "Company's contribution to unemployment fund", we shall open distinct analytical accounts, thus:

- *the account 4311.1 "Company's contribution to social security"*

- *the account 4311.2 "Employer's*

contribution concerning the insurance against employment accidents and occupational diseases",

- *the account 4313.1* "Company's contribution to health insurance"
- *the account 4313.2* "Company's contribution for holidays and health insurance grants"
- *the account 4371.1* "Company's contribution to unemployment fund",

➤ The individual contribution for social security shall be pointed out:

% = 4312 "Employees' contribution to pension fund"

421 "Employees - salaries payable"

423 "Other social benefits granted to employees"

➤ The employees' contribution to the unemployment insurance budget shall be reflected:

% = 4372 "Employees' contribution to unemployment fund"

421 "Employees - salaries payable"

423 "Other social benefits granted to employees"

➤ There shall be recorded employees' contribution to the National Health Insurance Fund:

421 "Employees - salaries payable" = 4314 "Employees' contribution to health insurance"

➤ Company's contribution to social security shall be reflected:

6451 "Company's contribution to social security" = 4311 "Company's contribution to social security"
- analytical 4311.1

➤ There shall be pointed out the contribution due by the employer to establishing the unemployment fund:

6452 "Company's contribution to unemployment fund" = 4371 "Company's contribution to unemployment fund"
- analytical 4371.1

➤ There shall be recorded employer's contribution to the National Health Insurance Fund:

6453 "Company's contribution to health insurance" = 4313 "Company's contribution to health insurance"
- analytical 4313.1

➤ There shall be reflected company's contribution concerning the insurance against employment accidents and occupational diseases,

6451 "Company's contribution to social security" = 4311 "Company's contribution to social security"
- analytical 4311.2

➤ There shall be reflected company's contribution for holidays and health insurance grants:

6453 "Company's contribution to health insurance" = 4313 "Company's contribution to health insurance"
- analytical 4313.2

➤ There shall be recorded the allowance for temporary labour incapacity, paid from the health insurance budget:

4313 "Company's contribution to health insurance" = 423 "Other social benefits granted to employees"
- analytical 4313.2

➤ There shall be reflected company' contribution to the Wage Claim Guarantee Fund:

6452 "Company's contribution to unemployment fund" = 4371 "Company's contribution to unemployment fund"
- analytical 4371.2

➤ The reimbursement of contributions paid by employees and employers for the social security from account available in lei at the bank:

% = 5121 "Cash at bank in lei"

4311 "Company's contribution to social security"
- analytical 4311.1
- analytical 4311.2

4312 "Employees' contribution to pension fund"

4313 "Company's contribution to health insurance"
- analytical 4313.1
- analytical 4313.2

4314 "Employees' contribution to health insurance"

4371 "Company's contribution to unemployment fund"
- analytical 4371.1

- *the account 4371.2* "Company' contribution to the Wage Claim Guarantee Fund".

The settlement of contributions concerning the social security generates in accounting the following *economic transactions*:

- analytical 4371.2

4372 "Employees' contribution to unemployment fund"

- The abolishment of debts regarding social security, corresponding to previous accounting reference periods as a consequence of prescription of the amounts:

$$\% = 1174 \text{ "Retained earnings due to the correction of accounting errors"}$$

4311 "Company's contribution to social security"

- analytical 4311.1

- analytical 4311.2

4312 "Employees' contribution to pension fund"

4313 "Company's contribution to health insurance"

- analytical 4313.1

- analytical 4313.2

4314 "Employees' contribution to health insurance"

4371 "Company's contribution to unemployment fund"

- analytical 4371.1

- analytical 4371.2

4372 "Employees' contribution to unemployment fund"

fund"

In the same manner there shall be reflected the favourable differences from the correction of debts regarding the social security corresponding to previous accounting reference periods.

If the differences are unfavourable, the previous accounting formula shall be reversed.

3. Conclusions

We may conclude that in 2008, employees and employers' contributions to social security are lower than in 2007, so that at the end of 2008 this reduction shall be of 1% for employees and 3.8%-5.4% for entities, and the greatest decrease shall be recorded starting with 1 December 2008.

About the reflection in accounting of contributions to social security for which in the General Plan of Accounts there were no distinct accounts provided for this purpose, we opt for the use of analytical accounts open at operational synthetic accounts of second degree, taking into account the budget in which the payment of contributions is made.

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