



Munich Personal RePEc Archive

The Book-Keeping of Inside-Community Transactions

Paliu-Popa, Lucia

University of Constantin Brancusi Targu Jiu, Romania

7 March 2008

Online at <https://mpa.ub.uni-muenchen.de/12192/>
MPRA Paper No. 12192, posted 16 Dec 2008 07:57 UTC

THE BOOK-KEEPING OF INSIDE-COMMUNITY TRANSACTIONS

Paliu-Popa Lucia
University „Constantin Brâncuși”
Faculty of Economical Science
Târgu Jiu, Victory Street, Block. 9, Staircase.1, Flat.8
univers_cont@yahoo.com
0721840684

ABSTRACT

Starting from the reason that since the first January 2007 in the frame of foreign/abroad trade are not included the commercial operations or economical participation operations or technical-science operations in relations with states members of European Union, in the work presented below I intended to approach the way to evidence the inside-community transactions book-keeping, taking into account the acquisitions and inside-community goods deliveries, illustrating the way the fiscality influences the book-keeping.

Key words: transactions, acquisition, delivery, inside-community

1. Introduction

The active participation to international work split/division represents an essential component of development process from every country. Illustrating relations established inside the world's countries in development process of production and international trade, the international work split is a worldwide phenomenon, which actions in the frame of one worldwide/aggregate inter-related economy.

In present times, a lot of enterprises adopt affairs strategies which focus the entirely global market, strategies which inside frame are made various international economic forms of transactions, such as: international trade operations, alliances/unions and international co-operations/participations, foreign implement or combinations between these elements.

The foreign trade as different branch of one national economy includes commercial operations or economic, technical-science participations in abroad relations related to sell-buy process of wares, works, services, licenses, consignment or deposit, representation or allowances, the financial operations, ensurances and, generally, any document or fact of trading.

Accordingly to this definition, the foreign/abroad trade includes *two basic elements*, such as:

- international commercial operations;
- participations and international economic co-operation.

The international commercial operations represents a form of inter-relations between entities and national economies in the sphere of commercial trade, including :

- the international trade with wares/goods (export of wares, import of wares);
- the international trade with commercial services (the invisible commerce);
- the combined commercial operations.

The participations and international economic co-operation represent a developed form of economical connections between states in order to achieve a common strategy, for a long period, in various activity areas, including:

- participation on contract bases;
- strategy co-operations as participations, holdings etc.;
- co-operation between institutions.

Taking into account the fact that starting from the first January 2007 the foreign/abroad trade does not include the commercial operations or economic co-operation or technical-science operations in relations with the member states of

European Union, in the following presentation I have proposed to illustrate the way of accounting representation of inside-community commercial transactions, respectively:

- the inside-community acquisition of goods;
- the inside-community deliveries of goods.

2. The book-keeping of inside-community commercial transactions

The inside-community commercial transactions are related to acquisitions and deliveries of goods which are made between the member states from the community space.

Are considered *inside-community acquisition of goods* to obtain the right to dispose, as an owner, by the tangibles goods send or transport to the indicated address of the supplier, the buyer, or any other person, inside the account belonging to the supplier or the buyer, to a member state, different from the exit point of transport or send the goods.(Article no. 130 from Law no. 571/2003 regarding the Taxes Code).

The delivery inside-community represents a delivery of goods which are send or transport from a member state into an other member state by the supplier or the person to whom are made the delivery or by other person in the account of those. (Article no. 128, paragraph. (9) from Law no. 571/2003 regarding the Taxes Code).

Related to manner to illustrate into book-keeping the acquisitions and inter-community deliveries of goods, all these issues are proceeded after, first, was made an analysis regarding the tax treatment of value added tax for the respectively operation.

a) *The book-keeping of inside-community acquisitions of goods*

We appreciate that is necessary that before registration into book-keeping of inside-community acquisitions of goods to make some specifications from tax point of view, respectively :

- the place of inside-community acquisitions of goods is considered to be the place where are situated the goods in moment to which are settled their sending or transport;
- value added tax payment for an inside-community acquisition will be always the obligation of person which are proceeding the acquisition;
- the romanian persons registered from value added tax considerations, will apply the inverted taxation procedure by registering value added tax from Romania in the invoice received from the supplier belonging to an other member state.
- the value added tax are registering both as deduct value added tax also as collect/gather tax into the same account;
- in situation when the supplier don't make the invoice until the 15 th of the next month for th efect which produced the tax, the buyer writes down an self-invoice and in the moment when receive the invoice from the supplier are make references on both invoices regarding that issue.

a1) We assume that a romanian taxed person registred from value added tax point of view acquires wares in total value of 5.000 euro (to the index of 3,7 ron/euro) from a taxed person belonging to France, to which supplies it's valid code from value added tax point of view, extant same time the transport proof.

This situation generates/engenders in accountancy/book-keeping the following registerings:

- acquisition of wares from community space:
371 „Goods purchased for resale” = 401 „Suppliers” 18.500 ron
- same time are illustrating the deduct value added tax which is gathered:
4426 „Deduct VAT” = 4427 „Gather/Collect VAT ” 3.515 ron

a2) We assume that a taxed free person which has not surpassed the maximum of 10.000 euro acquires wares in total value of 1.000 euro (to index 3,7 ron/euro) from a taxed person from Italy registered from value added tax point of view. The place of inside-community delivery is Italy , and the italian supplier writes down the invoice with value added tax in percentage of 20%, due the fact that is not fulfilled the condition that both taxed persons to be registred in value added tax goals and operates the general rule. In order to don't overcome the ceiling, the romanian unit is free from

value added tax payment in Romania, but pays the value added tax in Italy, the tax which will be not recover due the fact that is not registred from value added tax goals.

This situation engenders in book-keeping the following registering:

- acquisition of wares from Italy:
371 „Goods purchased for resale” = 401 „Suppliers” 4.440 ron

a21) We assume that a legal romanian person surpassed the maximum of 10.000 euro and ask for registering from value added tax goals obtaining a valid registering code which could be used only in relations with partners from European Union and which don't give the right to deduce the value added tax in Romania.

In this situation, the italian partner will write down the invoice without value added tax, but the legal romanian entity will calculate and pay the value added tax in Romania, writing down the Rehersal/Recapitulative Declaration and the Specially Claim.

In book-keeping are generate the following registerings:

- acquisition of wares from the italian partner :
371 „Goods purchased for resale” = 401 „Suppliers” 3.700 ron
- illustrating the value added tax payd to romanian state:
371 „Goods purchased for resale ” = 446 „Other impositions, taxes and
assimilated amounts payable” 703 ron
- distinctly analytic -
- duty payment to the state budget :
446 „Other impositions, taxes and
assimilated amounts payable” = 5121 „Cash at banks in ron” 703 ron
- distinctly analytic -

a22) We consider that a romanian legal person surpassed the ceiling of 10.000 euro, but are not registered from value added tax goals. In this situation the italian partner writes down the invoice with value added tax, and the romanian legal entity will pay both the tax calculated by the legal entity from Italy also the value added tax from Romania, writing down in this situation the Rehersal/Recapitulative Declaration and the Specially Claim.

In book-keeping are generate the following registerings:

- acquisition of wares from Italy:
371 „Goods purchased for resale” = 401 „Suppliers” 4.400 ron
- illustrating the value added tax payd to romanian state:
371 „Goods purchased for resale” = 446 „Other impositions, taxes and
assimilated amounts payable” 703 ron
- distinctly analytic -
- duty payment to the state budget :
446 „Other impositions, taxes and
assimilated amounts payable” = 5121 „Cash at banks in ron” 703 ron
- distinctly analytic

b) The book-keeping of inside-community deliveries

Even in the case of inside-community deliveries of goods is necessary to make some specifications regarding the exempt, which is given in the following conditions i:

- the supplier must to issue an invoice which must to contain the elements mentioned in article no. 155 from Law no. 571/2003 regarding the Taxes Code;
- the invoice will contain also a valid code for value added tax, communicated by the beneficiary from other member state;
- the supplier has to obtain justificatory documents for the transport made in other member state, which must to present to control officilities at their demands: command, offer or contract, documents of transport and ensurance, payment documents etc..

b1) We assume that a romanian taxed person registered from value added tax point of view deliveries to a Greece legal entity a bunch of wares in total value of 3.000 euro (to index of 3,7 ron/euro). Is known the fact that the beneficiary communicates to the romanian supplier it's code of value added tax from Greece. In This situation the invoice is writing down in foreign currency, without value added tax, with mention: „, inverted taxa-exempt with right to deduce”.

In book-keeping is make the registration :

- delivery of wares to the greek partner :
 4111 „Customers” = 707 „Revenues from wares sell ” 11.100 ron

The inside-community delivery of goods, value added tax free are registred to the inside-community deliveries sentence/position Value Added Tax Claims and in Recapitulative Declaration which are transmit to teritory tax officiality for each year quarter during which takes place the inside-community deliveries (including transfers).

b2) In the case that thes three conditions mentioned before are not fulfilled, the delivery is not exempt from value added tax(the romanian legal entity is registred in value added tax goals).

This situation engenders in book-keeping the following registering:

4111 „Customers”	=	%	<u>13.209 ron</u>
		707 „Revenues from wares sell ”	11.100 ron
		4427 „Collect VAT ”	2.109 ron

3. Conclusions

From the previous examples it results the fact that before registering into accountancy/book-keeping, an operation which takes place between the member states of community space, has to be analysed from tax treatment regarding value added tax point of view, responding in this sense to the following answers :

- Is the operation made by a taxed person ?
- Is the operation located in value added tax area?
- Where is the place of operation prooved with documents? In Romania? (the place where is finalised the transport for inside-community acquisitions of goods, the place where starts the transport in the situation of inside-community deliveries of goods).
- There is exemptions?
- Is the romanian legal entity oblige to value added tax payment ?
- Is it some specific obligations regarding operations registering in Value Added Tax Claim, the Rehersa/Recapitulative Declaration, the Specially Claim etc.?

Bibliography

1. Dumitrana, M. And collective– Book-keeping in commerce and tourism, Universitaria Publishing House, Bucharest, 2008
2. Paraschivescu, M.D. – Concepts and book-keeping models in abroad commerce activity, Radu, F. Tehnopress Publishing House, Iași, 2005
3. Popa, A.F., Popa, N. – Duties and taxes settled by The Taxes Code,practical – case studies , Contaplus Publishing House, Ploiești, 2008
4. Popa, I. – Tranzacțiuni of abroad trade, Negociation - Contract - Proceed, Economical Publishing House, Bucharest, 2002
5. Radu, F. – The book-keeping of abroad commerce operations , Applications and case studies, Tehnopress Publishing House, Iași, 2007
6. *** - Law no. 571/2003 regarding the Taxes Code, with future modifications and completions
7. *** - Order of public finances ministry no. 1752/2005 for approval of accountancy/book-keeping regulations accordingly to the european directives, with future modifications and completions