

On the Relationship between Financial Accounting and Tax Accounting Based on Working Process

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Abstract: With the wide application of Internet technology and the continuous innovation of information technology, we have been in the era of big data. In today's era, enterprises are facing a more complex economic and social environment. The status of knowledge and technology in the economic market is rising rapidly. The development of enterprises will not only rely on capital, but also pay more attention to the role and creativity of people. With the change of business conditions and accounting information requirements, enterprises have to change their original financial and tax working methods and optimize the working process of financial accounting and tax accounting. Tax accounting is a new subject evolved from financial accounting. Therefore, there are some similarities between tax accounting and financial accounting, and at the same time, it has its own characteristics, which is obviously different from financial accounting. Our country is still in the primary development stage of tax accounting, and the working mechanism of tax accounting needs to be improved, which requires timely summary and improvement in the development process.

1. Introduction

Under the social background of the development of economic globalization, the international coordination of financial accounting and taxation affects the convergence of China's financial accounting and tax accounting to a certain extent. In recent years, China's accounting system and taxation system have undergone significant changes, gradually moving towards rationalization and standardization. China is gradually strengthening the international coordination of accounting and taxation. This trend is more consistent with the convergence of financial accounting and tax accounting. The difference between accounting is inevitable. The key factors for the separation of the two are the difference between accounting income and taxable income, and the adjustability of the difference. Therefore, it is recommended that financial accounting and tax accounting should be appropriately adjusted. Coordinated development [1]. Generally speaking, from the perspective of stakeholders, the main users of financial accounting information can be divided into three categories: investors, shareholders, creditors and government. Financial accounting is a tool for an enterprise to determine, form and distribute business achievements among shareholders, creditors and the government. Enterprises have the obligation to provide accurate and true accounting information to investors, creditors and the government. This is because, in the process of providing funds to the enterprise, the shareholders and creditors of the enterprise need to understand the profit situation and formation process of the enterprise, as the basis for their investment and credit decisions [2]. In the process of business operation, the value increment and profit distribution of enterprises should be supervised by investors and creditors. However, the government provides production conditions and social environment for enterprises by providing public finance, and it is necessary to confirm the taxable income and tax payable to the state by virtue of the accounting information provided by enterprises. In a certain sense, it can be considered that the government participates in the business process of enterprises because it provides public production conditions and social environment, and becomes the partner and shareholder of enterprise management. Tax can also be regarded as the share income of public investment realized by the government on the basis of mastering enterprise accounting information. Therefore, the tax accounting system has

become the rule system for confirming and distributing profits between the capital investor shareholders of enterprises and the government, a public investor “shareholder” [3].

In today's era, enterprises are facing a more complex economic and social environment, and the status of knowledge and technology in the economic market has risen sharply. The development of enterprises no longer only depends on capital, but will pay more attention to the role and creativity of people. The changes in business conditions and accounting information requirements have forced companies to change their original financial work and tax accounting work methods, and optimize the work process of corporate financial accounting and tax accounting. In the actual operation of tax accounting and financial accounting, it is necessary to clarify the connection and difference between the two, distinguish the different objects they dominate and their respective accounting tasks in practical applications, and then apply them appropriately in accordance with China's tariff law standards [4]. With the development of Chinese tax accounting, the difference between them is becoming more and more obvious. On the premise of the consistent general objective of enterprise accounting, the purpose of financial accounting is to reflect the financial situation and operating results of the enterprise. The purpose of tax accounting is to reflect the tax situation of enterprises correctly, timely and completely, to fulfill the tax obligations according to law and to pursue the tax benefits of enterprises. Financial accounting accounts for all business activities related to production and operation, while tax accounting only accounts for the business related to tax [5].

Financial accounting needs to be carried out in accordance with relevant standards and requirements, while tax accounting is mainly carried out in accordance with the tax guiding law, and the auditing standards of tax accounting need to be regulated according to the Constitution. From the principle of accounting, the accuracy and objectivity of tax accounting is lower than that of financial accounting. However, the compulsory strength and rigidity of tax accounting need to be applied to finance with the help of tax law. In recent years, the separation of financial accounting and tax accounting has been a hot topic in Chinese accounting and tax academic circles. The core of discussion is whether financial accounting and tax accounting need to be separated and how to separate them is strong or weak. In recent years, China's reform and opening up have been intensified, and the trend of economic integration has become more and more obvious [6]. China's requirements for the use of financial accounting and tax accounting have become higher and higher. To grasp the connection between financial accounting and tax accounting, it should be coordinated. The relationship between the two, so that the value of accounting can be better brought into play, and the development of accounting business can also be accelerated. In the period of China's planned economy, the government integrates the investors and creditors of enterprises, and the three kinds of objects of financial accounting services are highly unified. Therefore, financial accounting and tax accounting are highly overlapped, that is, the tax payable to the state is calculated based on the profits calculated by the accounting system. However, after the reform and opening up and the implementation of the socialist market economy, the objects of financial accounting services have been divided, and the requirements of the three types of objects for financial accounting information have changed. Although all objects require the financial accounting information provided by enterprises to be true, the understanding of each object is different [7].

2. Financial Accounting and Tax Accounting

2.1 The Information Base of Tax Accounting is Financial Accounting

Tax accounting is a new frontier accounting discipline. It is based on the current national tax laws and regulations. Take monetary measurement as the basic form. Applying accounting theories and accounting methods. Continuous, systematic and comprehensive formation, calculation and payment of taxes. That is, a specialized accountant who accounts and supervises the capital movement caused by tax activities. Financial accounting is to confirm, measure and record the economic business that has occurred or completed under the guidance and specification of generally accepted accounting principles and accounting systems. And thus form financial information. Provide reports to enterprises and external parties with interests. Accounting whose goal is to meet

the needs of economic decision-making. The coordination of financial accounting and tax accounting is finally fully reflected in the financial reports prepared by the company. Affected by certain factors influencing the financial status of the enterprise caused by tax accounting treatment, its influence will inevitably have a certain degree of influence on the financial report. The enterprise compares assets and liabilities, and then clarifies the difference between the book value and the tax base according to relevant regulations. The income tax generated by the difference is used to record the temporary difference between the company's accounting profit and the enterprise income tax. General enterprises have a complete set of financial accounting databases. Most of the materials needed by the financial accounting department in the enterprise to make the report are from this database. From the current financial work of various countries. Tax accounting is generally in the primary stage of development. It does not have a sound tax accounting database that meets its own needs. So Most of the data information needed in the actual accounting work of tax accounting is from the financial accounting database. It's just a flexible transformation on this basis. Then, tax burden should be accounted. For example, the basis for accounting an unit's income tax is the accounting profit within the enterprise. Then, it is integrated and perfected according to the relevant provisions of the national tax law.

2.2 Connection and Difference between Tax Accounting and Financial Account

The purpose of financial accounting is to provide useful information for decision-making to management departments, shareholders, lenders and other relevant parties, while the purpose of tax law is to ensure fair taxation. An obvious example of this is that financial accounting adopts accrual basis, while tax law adopts cash basis. Since the goals of tax departments are far from those of financial accounting and reporting organizations, it is not surprising that tax accounting and financial accounting are not identical with each other. Tax accounting is separated from financial accounting after the social economy develops to a certain stage. Tax accounting is a special field of corporate accounting. It is based on financial accounting, and adjusts or recalculates accounting items in financial accounting that are inconsistent with the tax law. Most of the tax accounting information comes from financial accounting. After tax adjustments, calculations, and tax adjustment accounting entries are made, they are then integrated into the financial accounting books and financial accounting reports. Figure 1 shows the relationship between the two as follows:

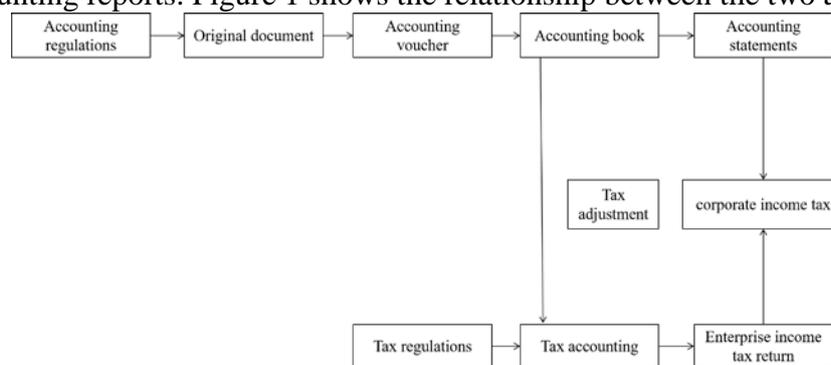


Fig.1 The Connection between Financial Accounting and Tax Accounting

The difference of the historical cost principle, accounting treatment according to the historical cost valuation principle, is not only conducive to the stock measurement of assets, liabilities, owner's equity, but also conducive to the flow measurement of income, expenses, profits. Therefore, it can objectively and truly reflect the financial situation and financial results of enterprises. In financial accounting, this principle has some limitations. In order to correct its shortcomings, we can make provision for impairment of assets according to the judgment standard, so as to revise the historical cost pricing principle. However, in tax accounting, unless otherwise stipulated in the tax law, taxpayers must follow the principle of historical cost valuation, because it has certainty and verifiability. According to the accrual basis, an enterprise must carry out accounting treatment on the premise of the occurrence of rights and obligations in economic business, which is consistent with the spirit of determining tax obligations in the tax law. Therefore, the tax law generally holds a

positive attitude towards accrual basis. This is evident in income tax-the taxable income is adjusted on the basis of financial accounting profits.

On the other hand, the accrual system brings a lot of accounting estimates, and the tax law has reservations about it. When the accrual system is not conducive to tax preservation, the tax law has to take preventive measures. The principle of substance over form is an important principle of financial accounting, and its content is that enterprises should conduct accounting in accordance with the economic substance and economic reality of transactions or events, rather than just according to their legal form. The correct application of the principle of “substance is more important than form” in financial accounting depends on whether the professional judgment of Accountants is reliable. The recognition and measurement of tax related matters in tax law must have clear legal basis, which can not be estimated, “Its purpose is to prevent taxpayers from abusing tax provisions. The principle of prudence in financial accounting requires enterprises to maintain necessary prudence when making professional judgments in the face of uncertain factors, fully estimate various risks and losses, and neither overestimate assets or gains nor underestimate liabilities or expenses. According to the principle of prudence, the impairment reserve of assets extracted by financial accounting can make the “virtual assets” of enterprises become real, solve the false profits and real losses of enterprises to a certain extent, and curb the short-term behavior of enterprises, which is conducive to improving the quality of financial accounting information. But it violates tax accounting principles, because the basic principle of the tax law for the deduction of expenses before income tax is “deduction according to the facts”, that is, unless any expenses are actually incurred, the deduction may be deemed as tax evasion.

3. Financial Accounting and Tax Accounting Based on Working Process

3.1 The Working Process of Financial Accounting and Tax Accounting

Because the traditional financial accounting and tax accounting work is mainly manual operation and calculation, the traditional accounting process is a kind of sequential business procedures, only the mechanical record of accounting data information of different work content. With the emergence and update of new accounting technology, accounting computerization system appears, which makes the accounting management mode improved to a certain extent. Enterprises can use part of computer technology to serve the accounting work, and enterprises have also established their own material accounting system and financial processing system and other independent systems. Traditional financial accounting and tax accounting processes do not adopt scientific accounting processing technology, and manual operations and other means reduce the authenticity and accuracy of financial data. Such financial information and tax information recording methods are slow and complex, and the timeliness of information cannot be guaranteed. It is difficult for financial information and tax information to timely and accurately reflect the internal problems of enterprises, so they cannot provide information basis for enterprises to make scientific decisions. The daily operation of an enterprise is closely related to funds. Due to the inherent lag in traditional accounting processes, the changes in funds reflected in financial accounting and tax accounting information do not match the actual use of funds, thus giving the company the ability to control the flow of funds decline. When financial accounting and tax accounting are integrated or separated at a low level, the accounting treatment of enterprises is mainly close to the tax law. When the separation degree of financial accounting and tax accounting is high, the accounting treatment of enterprises is mainly based on financial accounting, that is, close to accounting. It is shown in Figure 2.

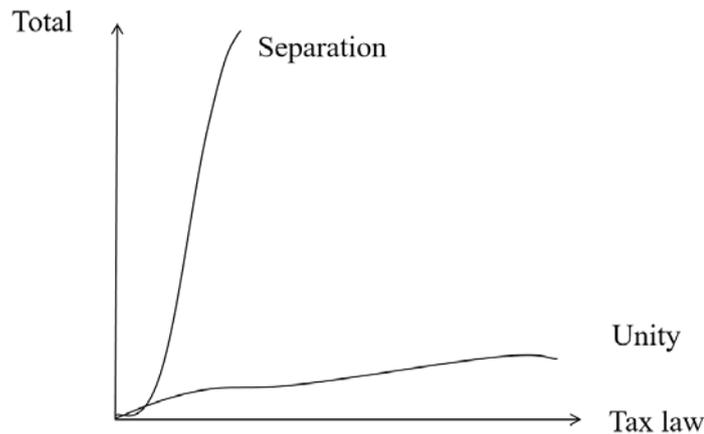


Fig.2 Coordination of Tax Accounting and Financial Accounting

In the daily business process, enterprises should save the confirmed documents and vouchers in the business information database, and realize the integration mode of financial accounting and tax accounting processes. Enterprises should be good at transforming business information into accounting vouchers and saving them in the information database of enterprises. Enterprises should actively construct an integrated financial accounting and tax accounting process so that they can obtain real-time financial data and information in the database, and improve the scientific and rationality of financial decision-making. Enterprises should clearly prepare non-value-added steps such as accounting vouchers according to the concept of process reengineering, and should give full play to the role and advantages of financial information and tax information data systems, and realize that business data can be transformed into financial information and tax information in a timely manner. Reduce the reduction in timeliness due to repeated data processing. The recognition and measurement of tax accounting are based on the tax law. Therefore, the recognition and measurement principles of tax accounting are implied in the tax law. Combined with the principles of financial accounting recognition and measurement, and through the abstract summary of tax law, we can conclude the principles of tax accounting recognition and measurement. As shown in Table 1.

Table 1 Comparison of Financial Accounting and Tax Accounting Confirmation and Measurement Principles

Financial accounting recognition, measurement principle	Principles of tax accounting confirmation and measurement
Principle of Reliability	Principle of actual occurrence
The principle of relevance	Relevance principle
Accrual principle	The principle of accrual basis
Historical cost principle	Historical cost principle
Principle of prudence	Principle of certainty
The principle of substance over form	Form over substance
Importance principle	Principle of legality
The principle of dividing income expenditure and capital expenditure	The principle of dividing income expenditure and capital expenditure
Matching principle	Proportioning principle
	Principle of rationality
	Principle of tax paying capacity

In the process of building an integrated working process, enterprises should be good at using the dynamic accounting platform model, make business information automatically transform documents into implementation vouchers, continuously improve the unity and matching between financial information and tax information, and reduce the negative effects caused by the lag of financial information and tax information. Furthermore, enterprises should pay attention to the role of basic elements such as receiver, generator and real-time voucher in the construction of platform

model, and provide technical support and financial support for the construction of dynamic accounting platform.

3.2 Suggestions on the Coordinated Development of Financial Accounting and Tax Accounting

Regarding the coordinated development of financial accounting and tax accounting, there are two choices: First, continue to expand the difference between the two, and adhere to the principle of separating financial accounting and tax accounting from each other. The second point is to further do a good job in the coordination of financial policies, tax policies and accounting policies to minimize differences. After more than ten years of reform, we have basically determined the relationship between financial accounting and tax accounting, and strive to do a good job in the process of China's continuous development, so as to maintain the consistency of policies between the two, and avoid the phenomenon of doing things separately and uncoordinated. In the process of dealing with accounting income and taxable income, we should strive to control the temporal differences and reduce the differences as much as possible. Although the differences between financial accounting and tax accounting tend to shrink, it is possible that the inherent differences between financial accounting and tax accounting exist for a long time. Financial accounting and tax accounting are easily affected by external factors, among which the allocation of resources is not reasonable and proper. Therefore, when companies manage financial accounting and tax accounting work, they need to adhere to the strategic thinking of sustainable development, and promote the simultaneous development of financial accounting work and tax accounting work. For example, the Chinese government has specially formulated countermeasures to adapt to the accounting system and tax laws. All activities from theory to practice are the prerequisites for the convergence and development of internal financial accounting and tax accounting.

At present, with the deepening of market legalization, the co direction of financial accounting and tax accounting is becoming more and more obvious, which has become an important turning point in the relationship between them. At present, enterprises should take effective tax management measures, constantly reduce their own tax pressure, and promote the coordination and unification of financial accounting and tax accounting. In order to make large enterprises with diversified financing develop better, Chinese system makers should consider the specific situation of the reform of accounting system and tax law. On the one hand, the government can not restrict the direction of marketization of accounting norms, because it is the key to promote fair competition in the market and mature capital market. On the other hand, it is necessary to strengthen the perfection of the legal system represented by tax law. Under the condition of market economy, the premise of separating tax accounting from financial accounting is that tax law is a legal norm higher than administrative power, and accounting is objective and independent information

4. Conclusions

There are big differences and relevance between financial accounting and tax accounting in the process of business operation and development, but there are still big differences between them. Then managers need to grasp the differences and similarities between the two, and understand the commonalities between the two, so that they can better improve the quality and level of financial data, and ensure the authenticity and effectiveness of financial information. Ensuring enterprise managers to make more scientific and effective decisions can also better achieve the goals of enterprise development. This paper starts with the relationship between financial accounting and tax accounting, the difference between financial accounting and tax accounting, and the controllability of the difference between financial accounting and tax accounting in the working process, and then leads to the elaboration of suggestions on the coordinated development of financial accounting and tax accounting, so as to meet the needs of China's economic development to the greatest extent. Tax accounting in its primary stage of development, there are still many need to improve and perfect, accounting work should pay attention to the connection and difference between tax accounting and financial accounting, through practice to make tax accounting constantly standardized. At the same

time, the traditional forms of financial accounting are improved, so that they can work together under the support of relevant laws and regulations, do a good job in the relevant financial work of enterprises, and lay a good foundation for the smooth development of national tax work. In order to optimize the process of financial and tax affairs, enterprises should formulate financial accounting and tax accounting control standards and establish a unified financial and tax data system. In daily business work, it is necessary to use the controller to judge the financial information and tax credit of the company's operations, and it is necessary to continuously strengthen the company's real-time control of business and financial information. Accounting staff must use real-time control methods to judge the standardization and legitimacy of the business, and strengthen risk identification and control in system control, so as to effectively avoid risks.

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