

## INCOME TAX: THE RELATIONSHIP BETWEEN ACCOUNTING AND TAXATION

Liliana LAZARI \*<sup>1</sup>

Roman VIERU \*<sup>2</sup>

**Abstract:** *The present research focuses on the study of income tax through the lens of accounting and the lens of taxation by establishing the interdependence links that are formed. The taxation of entities' income and profits is a particularly important component of any tax system, but also of how it is determined, calculated, recorded, and reported (by accounting) for each entity. In this context, this research addresses the relationship between accounting and taxation with regard to income tax, starting from the principles on which it is based, the reporting period, and the regulatory framework.*

**Keywords:** *income tax, accounting, taxation, accounting information, tax reporting*

**UDC:** 657.446:336.226.1(478)

**JEL Code:** M41, H29

*The hardest thing in the world to understand is the income tax.*

*Albert Einstein*

### Introduction

The complexity of today's economies creates many difficulties in the management of activities carried out by legal entities and/or individuals in order to earn income. These activities directly involve tax issues, which need to be known and integrated into the decision-making process.

The issue of fair taxation has firmly established itself on the European political agenda, but it remains a difficult concept to define in a clear and generally accepted way (Accountancy Europe, p.1).

The relationship between accounting and taxation is a highly complex subject that requires continuous study, giving rise to different opinions, conceptions and attitudes and leading to complex and complicated situations that pose challenges to the enforceability of regulations.

There is certainly a lot of research on the relationship between the accounting and tax fields, which in different periods have evolved differently, sometimes by connecting, sometimes by disconnecting, and the importance of research is also determined by the fact that taxation has a national approach within each state.

As regards the analysis of bibliographical sources and authors who have studied the income tax in the Republic of Moldova both from the accounting and taxation point of

---

\*<sup>1</sup> Liliana LAZARI, PhD, Academy of Economic Studies of Moldova, email: [liliana.lazari@ase.md](mailto:liliana.lazari@ase.md) ORCID: 0000-0001-8310-234

\*<sup>2</sup> Roman VIERU, Phd student, State Tax Service of the Republic of Moldova email: [roman.vieru@sfs.md](mailto:roman.vieru@sfs.md)

view, we can mention Bucur V. and Graur A. (Bucur, Graur, 2017), and as a result of the application of the National Bibliometric Tool (National Bibliometric Tool) using the keywords "income tax" for the publication period 2016-2023, 15 scientific publications were identified, varying 1-2 per year and only in 2023 being 3 scientific publications; of which on the field of economics being 12 scientific publications and 3 on the field of law; of them 10 were publications in the materials of scientific conferences and 5 scientific articles in journals.

In our scientific journey, it will be presented that accounting and taxation are distinct scientific fields, but at certain stages, they are in close interaction. The study will be based on the interaction between accounting and taxation on income tax, which is a tax levied by the state on the income of individuals and legal entities, thus, broad in scope.

The existing research starts in general by addressing the objectives of accounting and taxation, the principles underlying these areas, the regulatory body for each area presented, the period for which it is presented, and last but not least, the income tax regulations through the lens of taxation and how its accounting is organised.

## **2. Data and Methodology**

The present research is interdisciplinary between the fields of accounting and taxation in its approach and treatment of income tax. From the point of view of applicability, it is fundamental research that aims to broaden scientific knowledge on the approach to income tax for accounting and tax purposes, In terms of objectives, it is explanatory research that includes attempts to explain the relationship between the two fields (accounting and taxation) on the treatment of income tax in terms of its functional purpose It is exploratory research that aims to clarify the existing problems in the conditions of the treatment of income tax in accounting as well as in the treatment of income tax for tax purposes. In terms of the way of analysing the information subject to the research, it is qualitative research of both the regulatory framework related to the study and the existing research.

Based on the research, some questions were also established: what is income tax, and what is the relationship between the entity's accounting and taxation? The study used scientific research methods, such as analysis of bibliographical sources related to the regulatory framework covering the study, synthesis of information, comparison in order to identify distinctive features, and deduction of challenges, through which it was possible to present income tax both in the framework of accounting and taxation.

## **3. The Model and Findings**

The state, wherever it may be in the world and whatever form it may take, uses fiscal policy to give the income/profit tax, a significant source of state activity, a significant role in the realization of its revenues (Burada, 2002, p. 144). Ensuring the effective collection of tax revenues is vital for the financing of quality public services and is a prerequisite for a fair



sharing of the tax burden among taxpayers. It also contributes to creating a level playing field for businesses and improving EU competitiveness (business taxation). Tax legislation is mainly decided by each European Union (EU) country at the national level. The European Commission can put forward proposals for tax legislation when it considers that action is needed at the EU level to make the internal market work properly (taxation).

In this context, the Tax Code of the Republic of Moldova (Tax Code) contains 11 chapters (including VII), the tax regulation of income tax is found within Title I General Provisions where the definition of basic concepts on taxes and duties and their classification is presented; Title II Income tax where all the requirements of income tax regulation are described with 81 basic articles (12-92) but also multiple supplementary articles included later, Title V Tax administration which describes the conditions of tax administration for all taxes including income tax, Title X Other tax regimes which regulates the tax regime for residents of information technology parks and with regard to income tax (Tax Code).

Within an entity, income or profit tax is an expense determined by the compensation of the macroeconomic factor.

The fundamental issue of the relationship between accounting and taxation requires a permanent connection between the norms, rules, principles and regulations of the two components of of an entity's life, which are often not congruent.

Table 1 illustrates the interaction between the two domains of accounting and taxation in this context, from general to private.

<p><b>Accounting</b> a complex system for gathering, classifying, recording, processing, generalising, and presenting data on accounting items (Accounting and Financial Reporting Act, art. 3)</p>	<p><b>Separate domains</b></p>	<p><b>Taxation</b> Tax collection system (dex.md)</p>
<p><b>Financial accounting</b> system for collection, registration, processing and generalising information concerning the existence and movement of assets, equity, liabilities, revenues and expenses, in order to draw up financial statements (Law on Accounting and Financial Reporting, art. 3)</p>		<p><b>Tax system</b> all taxes and fees, principles, forms and methods of their establishment, modification and annulment as well as all the measures that ensure their payment (the Tax Code, art. 2)</p>
<p><b>Tax accounting and reporting/ Tax accounting</b> System for calculating, recording, processing, and generalising information on taxes and duties for the preparation of tax reports and financial statements. A component of financial accounting.</p>	<p><b>Interconnection</b></p> 	<p><b>Taxes and fees</b> (Tax Code, art. 6) <i>The tax</i> is a compulsory payment with gratuitous title, which is not related to the performance of some specific and determined actions by the authorized body or the official thereof, for or in relation to the taxpayer who made this payment. <i>The duty</i> is a compulsory payment with a gratuitous title, which is not a tax.</p>

↓		↓
<p><b>State tax accounting and reporting</b> System for calculating, recording, processing, and generalising information on direct taxes for the preparation of related tax reports and financial statements.</p>	↔	<p><b>State taxes</b> are the taxes established by Article 6, paragraph 5 of the Tax Code of the Republic of Moldova and are controlled by the state budget (Tax Code, art. 6)</p>
↓		↓
<p><b>Income tax accounting and reporting</b> System for calculating, recording, processing, and generalising income tax information for the preparation of tax reports and financial statements.</p>	↔	<p><b>Income tax</b> is a tax levied by the state on the income of natural and legal persons.</p>
↓		↓
<p><b>Income tax accounting and reporting</b></p> <ul style="list-style-type: none"> <li>- from entrepreneurial activity</li> <li>- from professional activity</li> <li>- withholding tax</li> </ul>	↔	<p><b>Subjects of income tax</b></p> <p>a) legal entities and natural persons residing in the Republic of Moldova who are engaged in entrepreneurial activity, persons performing professional services, as well as persons engaged in professional activity in the justice and health sectors, who, during the tax period, derive income from any sources in the Republic of Moldova, as well as from any sources outside the Republic of Moldova;</p> <p>b) resident natural persons who are citizens of the Republic of Moldova and who do not carry out entrepreneurial activity and, during the tax period, obtain taxable income from any sources in the Republic of Moldova and from any sources outside the Republic of Moldova for their activity in the Republic of Moldova;</p> <p>c) resident natural persons who are self-employed and during the tax period derive income from any sources in the Republic of Moldova and from any sources outside the Republic of Moldova for their activity in the Republic of Moldova; resident individuals who are citizens of the Republic of Moldova who are not engaged in entrepreneurial activity and derive investment and financial income from any sources outside the Republic of Moldova;</p> <p>d) resident natural persons who are foreign citizens and stateless persons who carry out activities on the territory of the Republic of Moldova and derive income from any sources in the Republic of Moldova and from any sources outside the Republic of Moldova for their activities in the Republic of Moldova, except for investment and financial income from any sources outside the Republic of Moldova;</p> <p>e) non-resident natural persons who do not carry out entrepreneurial activity on the territory of the Republic of Moldova and during the tax period obtain income according to Chapter 11 of Title 2 of the Tax Code.</p>

**Table 1. Income tax: the interaction between accounting and taxation**

Source: developed by the authors based on the Law on Accounting and Financial Reporting [3] and the Tax Code of the Republic of Moldova [4]

Considering the relationship between accounting and taxation, through the prism of accounting interest and tax interest, we can regard the entity as being subject to pressures and transformations (Burada, 2002, p. 40). While accounting interest aims at obtaining a true and fair view of the financial position and performance based on general principles, tax interest is on the side of maximising budget revenues by applying the proper principles of taxation.

Thus, the underlying principles of accounting and taxation, which are presented in Table 2, serve as defining elements for each of the research areas (accounting and taxation).

**Table 2. Accounting and financial reporting principles and tax and fees principles**

Accounting and financial reporting are based on the following general principles (Accounting and Financial Reporting Act, art. 6):	Taxes and fees are based on the following principles (Tax Code, art. 6):
<b>10 principles</b>	<b>5 principles</b>
<p>a) <b>going concern</b> – assumes that the entity will continue its normal operation for at least 12 months from the reporting date, without the intention or need to liquidate or significantly reduce its activity;</p> <p>b) <b>accrual accounting</b> – provides for the recognition of accounting items as they occur, regardless of when cash is received/paid or otherwise cleared;</p> <p>c) <b>constancy of methods</b> – refers to the application of accounting policies consistently from one reporting period to the next;</p> <p>d) <b>prudence</b> – requires that the overstatement of assets and income and/or the understatement of liabilities and expenses are not allowed;</p> <p>e) <b>inviolability</b> – implies that the balance on the balance sheet at the start of the current reporting period must match the balance on the balance sheet at the end of the prior reporting period.;</p> <p>f) <b>separation of assets and liabilities</b> – requires disclosure in the financial statements only of information about the entity's assets and liabilities, which must be accounted for separately from the assets and liabilities of owners and other entities;</p> <p>g) <b>non-compensation</b> – provides for the separate recognition and disclosure in the financial statements of assets and liabilities, income, and expenses. Mutual offsetting of assets and liabilities or income and expenses is not allowed, except as provided for in this Act and accounting standards;</p> <p>h) <b>priority of substance over form</b> – this implies that the information presented in financial statements must reflect rather the core and content of economic facts, than their legal form;</p> <p>i) <b>evaluation at entry cost</b> – requires accounting items presented in the financial statements to be measured at acquisition cost or production cost, except as required by accounting standards;</p> <p>j) <b>relative importance</b> – this provides that it is not necessary to meet the requirements concerning recognition and evaluation of accounting items, concerning presentation, publication and consolidation of information related to them when the effects of meeting the respective requirements are insignificant.</p>	<p>a) <b>taxation neutrality</b> – ensuring, through tax legislation a level playing field for investors, local and foreign capital;</p> <p>b) <b>taxation certainty</b> – the existence of clear legal norms that exclude arbitrary interpretations, and ensure clarity and accuracy of terms, ways and payment amounts for each taxpayer, enabling the latter to analyze the influence of his financial management decisions on his tax obligation;</p> <p>c) <b>tax equity</b> – equal treatment of natural and legal persons operating under similar conditions to ensure an equal rate of taxation;</p> <p>d) <b>tax stability</b> – performance of any amendments and supplements to the tax legislation provisions directly by amending and supplementing the Tax Code;</p> <p>e) <b>tax effectiveness</b> – levying taxes and fees at the minimum cost, as acceptable as possible for taxpayers.</p>
General principles contribute to a true image	Principles of taxation serve the tax interest

Source: developed by the authors based on the Law on Accounting and Financial Reporting [3] and the Tax Code of the Republic of Moldova [4]

When analyzing the principles underlying accounting and those underlying taxation, it can be seen that accounting should present a picture of the financial position and performance of entities, while taxation should present the taxable amount of income, profit, etc. Thus, taxation seeks to determine a tax base, and accounting seeks to provide users with useful information for decision-making through financial statements [12, p. 301].

The regulatory bodies, highlighted in Table 3, are particularly significant when examining the connection between accounting and taxation for income tax.

**Table 3. Accounting and taxation regulatory bodies**

Accounting and taxation regulatory bodies in the Republic of Moldova	
Accounting and financial reporting	Taxation
Public Authority: <b>Ministry of Finance of the Republic of Moldova</b> (mf.gov.md)	
Accounting Policies and Corporate Sector Audit Directorate of the Ministry of Finance	Directorate-General for Tax and Customs Policies of the Ministry of Finance
	Direct Tax and International Regulations Directorate
Accounting and Financial Reporting Board under the Ministry of Finance	<b>State Tax Service of the Republic of Moldova</b>

Source: developed by the authors based on the study of the website of the Ministry of Finance of the Republic of Moldova

Both accounting and taxation are under the national public regulatory authority of the Ministry of Finance of the Republic of Moldova.

Another element related to the areas of accounting and taxation that also relates to income tax is the period covered, presented in Table 4.

**Table 4. Accounting management period and tax period related to income tax**

Accounting management period (Accounting and Financial Reporting Act, art. 24)	Tax period related to income tax (Tax Code, art. 12)
The management period for all entities that draw up and present financial statements is a calendar year, which covers the period from <i>January 1 until December 31</i> , except: a) cases of reorganisation and liquidation of entities; b) entities that apply another reporting period, which coincides with the financial reporting period of the parent entity; c) entities, for which the Ministry of Finance, depending on the particularities of their activity, sets a management period that does not coincide with the calendar year; d) newly established entities, for which the first management period covers the period from the state registration date to 31 December of the same calendar year or the last day of the management period.	(1) The tax period related to income tax is the <i>calendar year</i> at the end of which the taxable income is determined and the amount of tax to be paid is calculated. (2) For newly established entities, the fiscal period is considered the period from the registration date until the end of the calendar year. (3) For the economic agent who has adopted the liquidation decision during the calendar year, the fiscal period shall be considered: a) the period from the beginning of the calendar year up to the date of drawing up the provisional liquidation balance sheet; b) the period from the beginning of the calendar year up to the date of approval of the final liquidation balance sheet.
The tax period referred to shall be subsequently changed only if the reporting period for the preparation and presentation of financial statements is changed in accordance with the stipulations of the Accounting and Financial Reporting Act	

Source: developed by the authors based on the Law on Accounting and Financial Reporting [3] and the Tax Code of the Republic of Moldova [4]

According to the information presented in Table 4, a link presented in the tax regulations regarding income tax is the tax period, particularly the calendar year, and the change in the tax period is correlated with the change in the management period for the preparation and presentation of financial statements, which determines a strict relationship that corresponds and correlates in both areas related to income tax: taxation and accounting.

Accounting and taxation are based on normative regulations, therefore, the following will examine the normative regulatory framework of accounting and corresponding taxation with respect to income tax, presented in Table 5.

**Table 5. Income tax regulatory framework on accounting and taxation**

Regulatory framework for income tax accounting		The regulatory framework for income tax through the lens of taxation
Accounting and financial reporting law (3)		Tax Code of the Republic of Moldova (4)
<i>Entities organising their accounts based on the SNC</i>	SNC “Equity and Debt”	<p>The regulation on the recording and calculation of depreciation of fixed assets for tax purposes was approved by Government Decision No. 704 of 27.12.2019.</p> <p>The regulation on the determination of tax obligations related to the income tax of legal entities and individuals carrying out entrepreneurial activity was approved by Government Decision No. 693 of 11.07.2018.</p> <p>The regulation on the determination of tax obligations related to income tax of resident natural persons citizens of the Republic of Moldova, approved by Government Decision No. 693 of July 11, 2018, on the determination of tax obligations related to income tax.</p> <p>The regulation on non-resident income tax, approved by Government Decision No. 693 of July 11, 2018, on the determination of income tax obligations Regulation on the withholding of income tax from wages and other payments made by the employer for the benefit of the employee, as well as from payments made for the benefit of individuals not engaged in entrepreneurial activity for services rendered and/or work performed, approved by Government Decision No. 697 of August 22, 2014.</p>
	SNC “Expenditure”	
	SNC “Presentation of financial statements”	
	The general chart of accounts	
<i>Entities organising their accounting based on IFRS</i>	IAS 12 “Income Taxes”	<p>The regulation on non-resident income tax, approved by Government Decision No. 693 of July 11, 2018, on the determination of income tax obligations Regulation on the withholding of income tax from wages and other payments made by the employer for the benefit of the employee, as well as from payments made for the benefit of individuals not engaged in entrepreneurial activity for services rendered and/or work performed, approved by Government Decision No. 697 of August 22, 2014.</p>
	IAS 1 “Presentation of Financial Statements”	
	IFRIC 21 “Levies”, IFRIC 23 “Uncertainty over Income Tax Treatments”	

*Source: developed by the authors based on the study of the regulatory framework related to accounting and taxation of income tax*

According to the income tax regulatory framework, in the organisation of accounting, entities that keep accounts according to national accounting standards (SNC) will be governed by the national regulatory framework, and entities that keep accounts according to International Financial Reporting Standards (IFRS) will comply with the provisions of the Law on Accounting and Financial Reporting and will apply the international regulatory framework for accounting (IAS, IFRS, IFRIC) and the national regulatory framework for taxation. Similarly, we would like to mention that there is an accounting standard in the international financial reporting framework that presents the accounting treatment of income tax, which is not reflected in the national accounting regulations.

Although accounting and income tax regulations are distinct, there are provisions in the accounting regulations that refer to taxation as well as tax regulations that refer to accounting. Given this, each area has particular interests in the other, and their interactions are crucially important both generally and in terms of income tax in particular.

The relationship between accounting and taxation related to income tax has been and is one of the most sensitive and controversial issues dealt with in accounting and tax regulations.

It is true that an income tax return cannot be prepared without the use of accounting information, but this does not imply that accounting must serve taxation at all times; rather, it only does so at particular stages in the activities it uses, applies, and provides data for.

The income tax laws in the Republic of Moldova have undergone numerous changes over the past fifteen years. These changes are still happening today, starting to become the norm. The tax code has been systematically changed several times a year for the past ten years. In this respect, making changes several times a year becomes a norm too. Thus, the large number of amendments and adjustments made has contributed to complicating the legal framework. National and international economic developments and international competition have determined and continue to determine the need for new tax concepts that require integration into the modernised Tax Code (Concept of Modernization of the Tax Code, p. 5). Updating the Tax Code of the Republic of Moldova is a crucial step, the importance of which is reflected in the need to create a comprehensive legal framework of tax rules that facilitates the understanding and application of legal provisions (Concept of Modernization of the Tax Code, p. 6). In this context, we would like to emphasise the need and importance of ensuring the stability of the tax regulatory framework, at least for a fiscal period, because the stability of tax regulations is an essential condition for the foresight of the business conducted.

At the professional level, the situation is more complicated, as the relationship between accounting and taxation is a subject of debate among representatives of the accounting (accountants) and taxation (tax specialists) professions. Accountants are well-placed to deal with the changing tax environment on behalf of taxpayers, tax authorities, and legislators. Globally, according to Accountancy Europe, the accounting profession supports tax collection by helping taxpayers deal with complex tax legislation, comply with reporting obligations, and provide independent assurance. It works with tax authorities to develop new systems that improve interaction with the taxpayer and also increase efficiency by implementing innovations such as big data analytics and artificial intelligence. These will benefit tax authorities, which often face a shortage of resources, an ageing workforce, and traditional tax infrastructure. The accountancy profession's knowledge of global tax systems helps advise legislators on how to draft effective and practical tax laws or certify tax returns (Accountancy Europe, p. 2).

According to the Federation of European Accountants, the accounting profession is a key player in the functioning of the tax system. Why? The accounting profession holds:



- A global set of ethical standards as well as a specific professional scepticism and integrity derived from professional education, standards and practise, but also subject to strong public oversight;
- Unrivalled technical expertise, covering not only tax law and practice but also accounting issues (the two are often interdependent);
- A crucial role in the functioning of the tax system by helping taxpayers cope with the increasing complexity of tax legislation and improving mutual trust between taxpayers and tax administrations;
- Ability to help grow business and investment by identifying and advising on tax exemptions introduced for this purpose and protecting taxpayers' rights; and
- Experience in analysing the effectiveness of the current tax system and offering cost-effective suggestions for improvement.

Accountants should provide tax advice based on a realistic assessment of existing tax legislation. In the case of uncertainties, the accountant should provide the client with an honest assessment of these uncertainties and the potential risks associated with them. Where necessary, the accountant should obtain appropriate additional advice to confirm the position taken (Accountancy Europe, p. 3). Accountants should provide tax advice tailored to each client. In practice, they should not promote pre-determined tax avoidance schemes but base their advice on the economic and commercial realities of their clients. (Accountancy Europe, p. 4).

There is also a growing trend for tax authorities to outsource tax compliance. In such situations, the taxpayer has a responsibility to ensure that they have adequate systems in place to ensure the generation of accurate tax returns. Where tax authorities are satisfied that systems are properly designed, implemented, and monitored, the taxpayer is usually rewarded with a relaxed tax control regime (Accountancy Europe, p. 5). In terms of tax compliance, we believe that external certification of tax accounting systems can help to increase confidence in the effective operation of the systems in place, both from the point of view of tax authorities and taxpayers (Accountancy Europe, p. 6).

Legislators and tax administrators, in turn, have a clear moral, if not legal, obligation to ensure that the law is clear and precise, thereby ensuring taxpayers' ability to comply fully and easily with their tax obligations. Only public authorities have the ability to clarify and change the rules to make their own intentions clear. They are also obliged to realise that, in today's world, there is no alternative to international cooperation and constant communication with taxpayers. As in other areas of public policy with a deep, complex, and unpredictable impact on society, tax policies and their reforms are difficult to resolve. It is to the benefit of all stakeholders, including taxpayers as well as authorities, legislators, and policymakers, that this legal framework (and any amendments to it) is clear in intent, understandable, coherent in content, and faithful to established societal principles. In this respect, the accountancy profession can and will play a key role (Federation of European Accountants, p. 4).

The accounting profession, with its knowledge and experience of the current tax system, is a key contributor to the debate on tax policy developments. The work of the

accountancy profession is vital not only in the day-to-day operation of Europe's tax systems but also in identifying the limitations of current tax systems, conceptualising potential solutions, and facilitating the transformation of governments' visions of tax reform into reality (Federation of European Accountants, p. 3).

We support the view of the European Federation of Accountants as to what the accountancy profession cannot take responsibility for: it cannot decide on the 'correct' amount of tax a client should pay; it is and always has been the legislator's job to set the right rules and determine what constitutes a 'correct' amount of tax (Federation of European Accountants, p. 3).

Perhaps nothing expresses this complex relationship between accounting and taxation more clearly than Charles Penglaou's reference in his article "On the Effect of Doctrine on Accounting Practise" in the *Journal of Political Economy*, May-June 1947: "Taxation is to accounting what snobbery is to art. We must not say too generous words about taxation, because it has done much harm to accounting. But neither should we speak too highly of it, because it has done much good for accounting" (Feleagă, 1996, p. 373).

## Conclusions

No single actor – be it authorities, legislators, accountants, lawyers, banks, or taxpayers – is responsible for the current deficiencies in tax systems, and no single actor can rectify these deficiencies alone. Instead, all actors should accept collective responsibility for improving tax systems, not only in terms of improving current shortcomings and inefficiencies but also by considering alternative means of raising tax revenues. Only in this way can we ensure that there is sustainable funding for our public services in the future. For its part, the accounting profession is ready to play its full part in developing fair and sustainable tax systems (Accountancy Europe, p. 6).

The study's findings allowed for the establishment of the following conclusions: Accounting should present a picture of the entity's financial position and performance, while taxation should present the entity's taxable income and profit; as a result, the principles governing the fields of accounting and taxation have different objectives and are fundamentally different; both accounting and tax areas are under the public regulatory authority of the Ministry of Finance of the Republic of Moldova; a connection presented in the tax regulations on income tax is the tax period, especially the calendar year, and the change in the tax period is correlated with the change in the management period for the preparation and presentation of financial statements, which determines a strict relationship that corresponds and is held within both areas related to income tax: taxation and accounting; as regards the regulatory framework for income tax, in the organisation of accounting, entities that keep accounts according to national accounting standards (SNC) are governed by the national regulatory framework, and entities that keep accounts according to International Financial Reporting Standards (IFRS) follow the provisions of the Law on Accounting and Financial Reporting and apply the international regulatory

framework for accounting (IAS, IFRS, IFRIC), and with regard to the regulatory framework for taxation, it is the national one presented by the Tax Code. Similarly, we would like to mention that there is an accounting standard in the international financial reporting framework that presents the accounting treatment of income tax, which is not similar to the national accounting regulations. As a result of the study conducted, a connection was identified between accounting and taxation with regard to income tax, and the degree of connection is given by the bilateral dependence in which each area depends on the other and each has interests in the other to achieve its own objective.

The complexity of income tax and the continuous changes in tax legislation raise many difficulties related to its correct application by entities and business management. We can mention that in the Republic of Moldova, there have been important actions in the fields of accounting and taxation in general and on the treatment of income tax by both areas in particular, and the process of improvement will continue because both at the European and international level the mentioned fields are dynamic.

## References

- Accountancy Europe. Accountancy Europe. (2019). *Rolul profesioniștilor contabili în domeniul fiscal*. [https://ceccar.ro/ro/wp-content/uploads/2019/01/doing-the-right-thing-2017\\_in-template-RO-consilier.pdf](https://ceccar.ro/ro/wp-content/uploads/2019/01/doing-the-right-thing-2017_in-template-RO-consilier.pdf)
- Federation of European Accountants. Accountancy Europe. (2018). *Profesia contabilă și fiscalitatea: abordarea corectă*. [https://ceccar.ro/ro/wp-content/uploads/2018/06/1510\\_The\\_accountancy\\_profession\\_and\\_taxation-RO.pdf](https://ceccar.ro/ro/wp-content/uploads/2018/06/1510_The_accountancy_profession_and_taxation-RO.pdf)
- Legea nr. 287 din 1.12.2007 contabilității și raportării financiare. (2007). [https://www.legis.md/cautare/getResults?doc\\_id=133844&lang=ro#](https://www.legis.md/cautare/getResults?doc_id=133844&lang=ro#)
- Cod nr. 1163 din 24.04.1997. Cod Fiscal al Republicii Moldova. (1997). [https://www.legis.md/cautare/getResults?doc\\_id=133844&lang=ro#](https://www.legis.md/cautare/getResults?doc_id=133844&lang=ro#)
- Burada, C. (2002). *Armonizarea dintre contabilitate și fiscalitate*. Independența economică. ISBN 973-8112-41-9.
- Definiții pentru fiscalitate*. (n.d.). <https://www.dex.md/definitie/fiscalitate>
- Ministerul Finanțelor al Republicii Moldova. (2023). *Structura Ministerului Finanțelor din Republica Moldova*. <https://mf.gov.md/ro/ministerul-finan%C8%9Belor/structura>
- Ministerul Finanțelor al Republicii Moldova. (2023). *Conceptul de modernizare a Codului Fiscal. Document strategic ce vizează armonizarea cadrului legislativ național la prevederile directivelor Uniunii Europene și perfecționarea cadrului legislativ existent în perioada 2023-2026*. <https://mf.gov.md/ro/content/proiectul-conceptului-de-modernizare-codului-fiscal>
- European Union. (2015). *Taxation. The European Union Explained*. [https://taxation-customs.ec.europa.eu/system/files/2016-09/taxation\\_internal\\_market\\_en.pdf](https://taxation-customs.ec.europa.eu/system/files/2016-09/taxation_internal_market_en.pdf)
- European Commission. (2021). *Communication from the commission to the european parliament and the council. Business Taxation for the 21st Century*. [https://taxation-customs.ec.europa.eu/system/files/2021-05/communication\\_on\\_business\\_taxation\\_for\\_the\\_21st\\_century.pdf](https://taxation-customs.ec.europa.eu/system/files/2021-05/communication_on_business_taxation_for_the_21st_century.pdf)

- Lazari, L., & Vieru, R. (2019, 15 martie). Abordări conceptuale și evoluția impozitului pe venit. In *Provocările contabilității în viziunea tinerilor cercetători*. Conferința Științifică Internațională. (pp. 23-29). ISBN 978-9975-75-950-2. [https://caae.ase.md/files/caae/conf/conf\\_con\\_15.03.19.pdf](https://caae.ase.md/files/caae/conf/conf_con_15.03.19.pdf)
- Lazari, L. (2011, 23-24 septembrie). Contabilitatea și fiscalitatea: un conflict nestins, dar o conviețuire eternă. In *Republica Moldova: 20 de ani de reforme economice*. Conferința Științifică Internațională (Vol. 2, pp. 300-303). ISBN 978-9975-75-588-7.
- Feleagă, N. (1996). *Contabilitate Aprofundată*. Editura Economică. ISBN 973-9198-36-8.
- Ciumag, M., & Ciumag, A. (2021). Fiscal and accounting aspects regarding the profit tax. In *Annals of the „Constantin Brâncuși” University of Târgu Jiu, Economy Series*, 6. ISSN 2344–3685/ISSN-L 1844–7007. [https://www.utgjiu.ro/revista/ec/pdf/2021-06/08\\_Ciumag.pdf](https://www.utgjiu.ro/revista/ec/pdf/2021-06/08_Ciumag.pdf)
- Gurău, M., & Grigore, M. Z. (2015). Study about the Relationship between Accounting and Taxation. Proposals for Disconnection. *Global Economic Observer*, 3 (1), 96-100. [http://www.globeco.ro/wp-content/uploads/vol/split/vol\\_3\\_no\\_1/geo\\_2015\\_vol3\\_no1\\_art\\_011.pdf](http://www.globeco.ro/wp-content/uploads/vol/split/vol_3_no_1/geo_2015_vol3_no1_art_011.pdf)
- Vokshi, B. V. (2018). The Connection between Accounting and Taxation from the Perspective of Preparing the Financial Statements. *International Journal of Economics and Business Administration*, 6, (4), 34-47. <https://www.um.edu.mt/library/oar/bitstream/123456789/43931/1/The%20Connection%20between%20Accounting%20and%20Taxation%20from%20the%20Perspective%20of%20Preparing%20the%20Financial%20Statements.pdf>
- Instrumentul Bibliometric Național*. (2023). [https://ibn.idsi.md/ro/analyze\\_results\\_page?filter\\_id=1](https://ibn.idsi.md/ro/analyze_results_page?filter_id=1)
- Bucur, V., & Graur, A. (2017). *Contabilitatea impozitelor: teorie și practică*. Manual. ASEM. ISBN 9789975758307.