

Accounting and Fiscal Aspects Related to Certification Expenditure in Compliance with the ISO

Nicolai Jieri¹

¹ Academy of Economics Studies of Moldova

Received: 12 June 2015 Accepted: 1 July 2015 Published: 15 July 2015

Abstract

With the globalization phenomenon and with the accelerated pace of development of the modern economy from the last decades it becomes increasingly important not only the volume of the products and services from the world market, but a special focus is placed on the quality. To ensure comparability on the global economic space in 1947, ISO- (International Organization for Standardization) was founded - a network of institutions in more than 150 countries with the headquarter in Geneva, which implemented from its establishing over 15,000 standards for agriculture, trade, construction, technical and medical equipment.

Index terms—

1 Introduction

ith the globalization phenomenon and with the accelerated pace of development of the modern economy from the last decades it becomes increasingly important not only the volume of the products and services from the world market, but a special focus is placed on the quality. To ensure comparability on the global economic space in 1947, ISO-(International Organization for Standardization) was founded -a network of institutions in more than 150 countries with the headquarter in Geneva, which implemented from its establishing over 15,000 standards for agriculture, trade, construction, technical and medical equipment. "Why is the ISO certification important?", This is the first question that companies ask themselves, the answer is clear and of great interest in the existing state of affairs of development of the current economy: keeping market position and conquering new market niches; improving the quality of the products and services delivered to customers; economic benefits generated by decreasing the share of defective products, lowering customers migration to other companies; fulfillment of the conditions for participation in the auction.

Therefore in accounting often some difficulties can occur at the recognition, measurement and recording of these expenditures. In this context, we further propose some methods which reflect these expenditures related to ISO certification based on some examples: E.g. 1 On 03(day)/07(month)/2014 the entity "Omega" LLC has entered into a contract with the "Consulting" LLC, empowered to carry out implementation of quality management ISO 9001: 2008. Cost of services is 84000 MDL, VAT is included, the whole package of services (training of staff, preparation of documents, internal audit) within 5 months. So entity will reflect: Payment of the debt related to provided services 74000 521 242

We note that the entity "Omega" recognized these expenses during the current reporting period, but if we include the condition: the entity's accounting policies stated that these preliminary expenditures for certification which exceed the significance threshold, which is 35000 MDL, will be recognized as a prepaid expenditure, knowing the information that these types of certificates are usually issued for a period of three years, it is needed to spread the costs in accordance with the straight-line method throughout the period of usage, so for the No. According to the first method of reflecting the expenses recognized only in a reporting period, if the sum of the revenue is not significant there will be some fiscal losses which must be carried forward in the future according to art. 32 of the Fiscal Code. In the second case we have a more complicated reflection but also a more accurate one, both in terms of accounting and fiscal.

1 INTRODUCTION

After we have carried out the registration of the preliminary certification expenditures we will analyze the In either case, both the basis for apportionment for costs and amortization will be the period of validity of the certificate. E.g. 2 Entity "Alfa" has implemented quality management and has entered into a contract to conduct the external audit with the international organization of accreditation "Gama". The cost of services is 3000 euro, at the official rate 19.3684MDL. The certificate was received for a period of 3 years. Payment of the debt related to provided services 58105,20 521 243

In this example we will find a correct registration from the perspective of accounting but some fiscal issues may occur, these services will not be with VAT since they are intended for certification. Another important point here is withholding payment from the income for a nonresident in accordance with art. 91-92 of FC (Fiscal Code) in the amount of 12% from the paid sum and the presentation by the end of the month in which the payment was made with INR-14 form to the tax body.

In accounting practice many entities choose to recognize the quality certificates as intangible assets, which does not contradict the new NSC(National Standard of Accounting) "Tangible and intangible assets"

In the example 1 and 2 we will assign the costs for certification to the creation of an intangible asset: The process of obtaining a certificate in accordance with ISO is not a simple one, it must comply with certain requirements set out by these standards, the economic entity can receive also a refusal to the request of obtaining a certificate, in such a situation the entity shall reflect:

* Dt 713 Ct -171, 261 or 111 the amount of the total expenditures incurred by the economic entity. ¹



Figure 1:

¹© 2015 Global Journals Inc. (US) 1

1

No.	The content of economic operation	Sum, MDL	The correspondence of accounts	
			Debit	Credit
1.	Reflecting the service cost excluding VAT	70000	713	521
2.	Reflecting VAT on services	14000	534.4	521
3.				

Figure 2: Table 1

2

No.	The content of economic operation	Sum, MDL	The correspondence of accounts	
			Debit	Credit
1.	Reflecting the cost of services (3000e * 19,3684)	58105,20	171	521
2.				

Figure 3: Table 2

3

No.	The content of economic operation	Sum, MDL	The correspondence of accounts	
			Debit	Credit
1.	Reflecting preliminary certification service cost	70000	111	521.1
2.	Reflecting the cost of external audit services	58105,20	111	521.2
3.	Commissioning the intangible asset	128105,2	112	111
4.	The calculation of the amortization (128105.2 MDL: 3 years : 12 months)	3558,48	713	113

Figure 4: Table 3

63 Author: second year student, faculty of "Accounting" Group CON 132. Scientific coordinator: Cușmăuș
 64 Rodica, PhD in Economics, university lecturer.
 65 [Țirulnicova ()] '???? ? ????????????????? ?????? ?? ????????? ISO'. N Țirulnicova . *Contabilitate și audit* ? 9,
 66 2014.
 67 [SN C ()] *Cheltuieli*, SN C . în vigoare 01.01. 2014.
 68 [SN C] *Imobilizări corporale și necorporale*, SN C . (în vigoare 01.01.2014)