Research on the Difference and Coordination between New Accounting Standards and Tax Law Based on Computer Aided Technology

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Abstract. China's tax system reform in 1994 and enterprise accounting standards reform in 2006. When both of them operate at the same time, the difference between accounting standards and tax law in our country leads to an enduring topic. The differences between accounting system and tax law are mainly reflected in the forms of expression, influencing factors and ways of coordination, which are related to the perfection of tax system and accounting system in China. Therefore, the difference and coordination between tax law and accounting is a difficult and hot topic in the theoretical circle. This paper takes China's new accounting standards and tax law as the research object, uses computer-aided technology as a research tool. Firstly, the differences between China's new accounting standards. Secondly, this paper analyses the reasons for the differences between accounting standards and tax law. Finally, some strategies are proposed.

Keywords: Tax Law, New Accounting Standards, Differences, Coordination, Computer-aided Technology

1. Introduction
Since the implementation of the tax-sharing system in China every year, the market economy has been constantly improving in the past 20 years. The two systems of accounting and taxation have been revised many times, which has gradually increased the separation of tax law and accounting system. How to deal with the difference between accounting income and taxable income has become a hot issue for scholars. Taxation and accounting are two important branches of economics. They interact and influence each other. Taxation is not only the unavoidable accounting content of economic subjects, but also the social responsibility and obligation that taxpayers must undertake. The provisions of tax law affect the methods of accounting confirmation, measurement, recording and reporting, which restricts the formulation of accounting system by the government and the choice of accounting methods. Taxation is one of the environmental factors of accounting, and accounting is also the realization condition of taxation. Accounting not only provides basic information for tax collection and management, but also promotes the
reform and perfection of tax revenue through the change and improvement of accounting theory and accounting methods\(^{[1]}\).

2. Differences between tax law and accounting system

2.1. Differences in asset recognition and measurement

According to the current accounting system and tax law in China, there are differences in asset recognition and measurement. The specific differences are shown in Table 1\(^{[2]}\).

| Project                    | Business Guidelines                                                                 | Tax Law                                                                 |
|----------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| Accounts receivable        | The method and proportion of accounting provision for bad debts shall be determined by the enterprise itself. | The provision for bad debts shall not be deducted before tax. |
| Transactional financial assets | Fair value changes are recorded in current profits and losses, fair value and subsequently measured. | Value changes affect the basis of non-taxation. |
| Sellable financial assets  | Changes in fair value are directly included in capital gains and subsequently measured according to fair value. | Changes in fair value do not affect the basis of taxation. |
| Long-term equity investment | Investors use retained earnings to increase equity, and investors do not make accounting treatment. | The investor shall use retained earnings of the investee; the long-term equity impairment reserve shall not be deducted before tax. |
| Goodwill                   | Tickets may be amortized, and whose time limit is uncertain may not be amortized. | The provision for impairment shall not be deducted before tax. |

2.2. Differences in income recognition and measurement

According to accounting needs, accounting divides income into commodity income, labor income and income of transferring the right to use assets. Tax law divides income into tax revenue, non-tax revenue and tax-free revenue according to the requirements of tax collection and management. The differences in income recognition and measurement between China's accounting standards and tax laws are shown in Table 2\(^{[3]}\).

| Project                | Business Guidelines                                                                 | Tax Law                                                                 |
|------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| Interest income        | Based on accrual basis and real interest rate                                        | Interest Date Payable as stipulated in the Contract                      |
|                        | During each period of the lease period, the Lessor is recognized as the current profit according to the straight line method. Other methods are more systematic and reasonable. | Date of rent payable by lessee |
| Rent income            | Whether the owner's rights and interests increase or not, whether there is a corresponding consideration to realize revenue recognition | Consideration of sales |
| Equivalent sales revenue | Accounting according to actual amount incurred                                    | Out-of-business expenses are included in taxable income                  |
| Out-of-business income |                                                                                   |                                                                         |
2.3. Differences in cost recognition and measurement
China's accounting standards and tax law are also different in cost recognition and measurement, as shown in Table 3.

| Project                  | Business Guidelines                                                                 | Tax Law                                                                 |
|-------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| Interest expenditure    | Income or loss in the current period with the expenditure of assets that meet the capitalization requirements. | No capitalization is required and deductions are allowed.               |
| Donation expenditure    | Accounting according to actual amount incurred                                       | Expenditures on public welfare donations not exceeding 12% annual profits can be deducted. |
| Equivalent sales revenue | Include the related cost in proportion to the beneficiaries of employees              | The allowable deduction shall not exceed 12% of my average salary of the previous year, which meets the prescribed limits and standards. |
| Advertising and Business Promotion Fees | Accounting according to actual amount incurred | It can deduct a portion of the annual sales (business) income not exceeding 15%, and the rest can be carried over and deducted in the following tax year. |

3. Reasons for differences between accounting standards and tax law

3.1. Different purposes
Differences between accounting standards and tax laws depend on differences in their objectives. The main purpose of accounting standards is to provide investors, managers and other users of accounting information with true and complete accounting information about the financial situation, cash flow and other aspects of the enterprise, which can support information users to make better decisions [4].

There are two main purposes of tax law. Firstly, the tax law can ensure that the state receives tax revenue. Secondly, the government can implement macro-regulation and control through tax leverage. Because there are differences in purpose, the specific object and content of requirements are also different. Tax law mainly regulates and requires the state tax authorities, which can better promote the rational allocation of social wealth. It shows two characteristics: one is compulsory, the other is free. However, accounting standards are designed to standardize the organization's accounting and other work. It ensures the authenticity and accuracy of accounting information, so as to meet the requirements of information users. So, it's bound to show some difference [5].

3.2. Following different principles
For enterprises, accounting principles and basic principles of tax laws and regulations are the rules that can not be violated in accounting. Accounting standards specify the relevant information quality requirements of accounting. Accounting standards include the following contents: the evaluation of accounting information quality, the accrual basis of recognition and accounting, and the prudence of improving functions. The principles of tax law are rationality, proportionality, and relevance.

3.3. Different service objects
Accounting standards are formulated to provide enterprises with accurate and effective records and management vouchers in the process of capital flow. The implementation of the new accounting standards in China is also to provide a more scientific and systematic financial report, which can quickly and clearly
give the company's financial information for reference. Tax law is the legal guarantee to provide the main revenue of the state, that is, tax revenue. It is one of the important means to assist the state in macroeconomic regulation and control[6].

4. Suggestions on promoting the coordination of tax club differences

4.1. Harmonization of accounting standards to tax law
China's accounting standards are mainly formulated on the basis of drawing lessons from the Anglo-American model. Tax laws and accounting standards in Britain and the United States provide information for two different groups of people, which leads to a deeper and deeper contradiction between the two. Therefore, in the process of establishing and perfecting the accounting system in the future, we should strengthen the consideration of the demand for accounting information from tax departments. Accounting standards should be inclined to the demand of accounting information in tax law. Accounting information that meets the requirements of tax law can find a way out in the accounting system.

4.2. Harmonization of tax law to accounting standards
With the increasingly fierce competition in China's market, improving the efficiency and quality of accounting information will be of great help to the development of enterprises. However, China's tax laws and regulations restrict the normal development of enterprises. Therefore, when formulating the relevant tax law documents, all regions should fully consider the impact on the accounting information processing of enterprises. Therefore, tax law should improve the efficiency and authenticity of accounting information processing. That is to say, tax law inclines to accounting standards to a certain extent. This will achieve the coordination between tax law and the main body of accounting system. At the same time, we should actively use computer-aided technology to improve efficiency in the process of research and analysis.

5. Conclusion
With the issuance of new accounting standards, enterprises are facing the problem of inconsistency between accounting system and tax system. However, enterprises can be more aware that the development of the national economy is improving day by day. Any new laws and regulations will lead to new problems. Therefore, how to coordinate the difference has become a problem that we need to analyze and study at present.

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