

The Decision-Making Mechanisms of Tax Regulations

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Abstract : In the nearest future among the important problems which Georgia has solve the most important is economic stability, that bases on fiscal policy and the proper definition of the its directions. The main source of the Budget revenue is the national income. The State uses taxes, loans and emission in order to create national income, were the principal weapon are taxes. As well as fiscal function of the fulfillment of the budget, tax systems successfully implement economic and social development and the regulatory functions of foreign economic relations. A tax is a mandatory, unconditional monetary payment to the budget made by a taxpayer in accordance with this Code, based on the necessary, nonequivalent and gratuitous character of the payment. Taxes shall be national and local. National taxes shall be the taxes provided for under this Code, the payment of which is mandatory across the whole territory of Georgia. Local taxes shall be the taxes provided for under this Code, introduced by normative acts of local self-government representative authorities (within marginal rates), the payment of which is mandatory within the territory of the relevant self-governing unit. National taxes have the leading role in tax systems, but also the local taxes have an importance role in tax systems. Exactly in the means of local taxes, the most part of the budget is formatted. National taxes shall be: income tax, profit tax, value added tax (VAT), excise tax, import duty, property tax shall be a local tax The property tax is one of the significant taxes in Georgia. The paper deals with the taxation mechanism that has been operated in Georgia. The above mention has the great influence in financial accounting. While comparing foreign legislation towards Georgian legislation we discuss the opportunity of using their experience. Also, we suggested recommendations in order to improve the tax system in financial accounting. In addition to accounting, which is regulated according the International Accounting Standards we have tax accounting, which is regulated by the Tax Code, various legal orders / regulations of the Minister of Finance. The rules are controlled by the tax authority, Revenue Service. The tax burden from the tax values are directly related to expenditures of the state from the emergence of the first day. Fiscal policy of the state is as well as expenditure of the state and decisions of taxation. In order to get the best and the most effective mobilization of funds, Government's primary task is to decide the kind of taxation rules. Tax function is to reveal the substance of the act. Taxes have the following functions: distribution or the fiscal function; Control and regulatory functions. Foreign tax systems evolved in the different economic, political and social conditions influence. The tax systems differ greatly from each other: taxes, their structure, typing means, rates, the different levels of fiscal authority, the tax base, the tax sphere of action, the tax breaks.

Keywords : international accounting standards, financial accounting, tax systems, financial obligations

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