The Philosophical Reflection on the Balance Sheet Liability Method

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Abstract. On February 15, 2006, the ministry of finance issued new enterprise accounting standards system, including the accounting standards for enterprises - income tax, which has clearly shown that we should apply the international balance sheet debt method to tax accounting. The view of assets and liability, as the theoretical basis of balance sheet debt method pays more attention to the reality of transaction and event, so that it can make financial statements more true and fair. Accounting theory is a complicated system, and it is beneficial to solve the problem of accounting theory in the study of accounting theory, and it is beneficial to promote the study of accounting theory. In this paper, combined with the "enterprise accounting standards - income tax", the income tax calculation of the balance sheet liability method contained in the philosophy of thinking is discussed.

Introduction

Philosophy is a systematic and theoretical world outlook. It is a theoretical system of the whole world and the relationship between man and the world. What kind of world outlook, there is what kind of methodology, the world outlook and methodology is the same. Philosophy, philosophy, philosophy, and even philosophy, all the time, affect the development of accounting practice and accounting theory. Many controversies in the study of accounting practice and accounting theory relate to the philosophical world outlook and methodology. Marx philosophy is a scientific world outlook and methodology, and the unity of materialism and dialectics of Marx philosophy throughout the entire system, each principle and proposition throughout it, is the core of Marx's philosophy. The basic point of view of Marx's philosophy to study some problems in accounting, is conducive to the promotion of accounting practice and theoretical study of the solution of many theoretical problems. In February 2006 the Ministry of Finance issued 38 specific standards, the "biggest breakthrough in the accounting standards for enterprises - income tax" that will change the income tax accounting method from the income statement liability method for the balance sheet liability method. The balance sheet debt method contains a wealth of philosophical thought, this paper aims to explain the influence of philosophy on accounting theory through the philosophy of enterprise accounting standards - income tax.
Balance Sheet Debt Method from the Perspective of Dialectical Materialism

The Balance Sheet Liability Method Reflects the Relationship between the Philosophy of Movement and the Rest

Dialectics tells us that movement is absolute, eternal, unconditional; stillness is relative, temporary, conditional. Motion and rest are dependent on each other, there is no movement of the so-called static; there is no static and no so-called movement. The movement and static penetration, the absolute movement contains the relative static, the relative static contains the absolute movement, anything is the absolute movement and the relative static unification. In determining the tax base of the income tax, "compared to the accounting standards for enterprises - income tax" and the original "accounting treatment of corporate income tax provisional regulations", does not follow the differences will be permanent difference and timing difference approach, but directly from the "International Accounting Standards No. twelfth - income tax", using the concept of temporary difference. Since the Ministry of Finance issued the Interim Provisions on the accounting treatment of enterprise income tax in 1994, the income tax accounting of enterprises in our country is basically the coexistence of tax payable method and tax effect accounting method (including the deferred method and debt method). Both the tax payable method and tax effect accounting method, are standing in the income and expenses of the two elements of the position to investigate the problem of income tax. The "enterprise accounting standards - income tax" provisions for temporary differences on tax impact to the balance sheet liability method of accounting, the core and the balance sheet liability method is in the end of each accounting period calculate the carrying value of assets or liabilities and their tax base difference, and then calculate its impact on tax. From the accounting point of view, we know that the income and expenses of two elements are dynamic elements, is the "virtual elements", and the assets and liabilities of the two elements are static elements, is the "real elements"; from the angle of philosophy, income and expenses reflect the motion characteristics, and the assets and liabilities of the two elements of a static characteristic. Although the movement is absolute, is relatively static, but the two major elements of the absolute motion of the income and expenses will eventually through the profit factor to the assets, liabilities and owners' equity elements transformation during this transition process, assets, liabilities and owners' equity of the "quantity" relative to the beginning, will also appear changes. Due to the net assets of the rights and interests of the owners on behalf of the enterprise from the amount of assets and liabilities is the difference between the two elements, "and thus the static balance sheet debt method of concept" is essentially a manifestation of "sports concept", and the assets and liabilities in a stationary point relative to the product at the beginning of the period is also moving.

The Balance Sheet Liability Method Reflects the Relationship between the System and the Factors

System is the interaction of a number of elements (not less than two elements), which is an integral part of the interaction. Systems and elements of this category in the modern society, the modern practice has an important significance. It not only enriches the understanding from the perspective of the world, with multidimensional coordinate multi-level and multi angle, multi network expanded people's understanding of space, but also provides a scientific method to study complex things and their relations, namely the method of system theory. Accounting, as a system, it consists of a number of interrelated and mutually restricted, and has a specific goal and function of the organic whole. Although the accounting system
presents the goal, boundary, integrity, relevance, many features of hierarchy and dynamic, but from the perspective of accounting, the accounting system is nothing more than the accounting system by the assets, liabilities, equity, income, expenses and profits of the six elements into the group. Standing on the balance sheet liability method income tax issues in the assets and liabilities of the two elements of the position, and the assets and liabilities of the two elements in the "quantity". Weakness lends wings to rumours. Point is not, they are the six elements of a comprehensive accounting period by the stock movement at one point, essentially reflects the influence of the six elements on the accounting system.

**The Balance Sheet Liability Method Reflects the Relationship between the Phenomenon and the Essence**

The phenomenon is the external connection and the surface characteristic of the thing, it is the external expression of the thing. Essence is the fundamental nature of things, and is the inner link of the basic elements of the things. Is the essence of the phenomenon of the basis, essence and phenomenon, and some phenomena of their existence; phenomenon always from different aspects of the nature of things, it exists and change, after all is subordinate to the nature. Although the accounting system of assets and liabilities, owners' equity revenue expenses and profits of the six elements of internal change process and provide information, and income, expenses and profits of the three elements is the owner's equity accurate accounting tools, with the end of the accounting period between people, they will eventually transform to the interests of the owner of elements. Because of increased income tend to reduce increases in assets or liabilities, increased costs tend to increase or decrease the assets liabilities, so the income statement liability method of income tax accounting problems reveals the phenomenon, with the balance sheet debt method of accounting income tax reveals the essence, so with the balance sheet liability method income statement debt method to change the nature of the problem in accounting for income taxes can reveal the income tax accounting.

**The Balance Sheet Liability Method Embodies the Relationship of the Law of the Unity of Opposites in Philosophy**

The law of Unity of Opposites (also known as the law of contradiction) reveals the source, motive force and essential content of the development of things. The contradictory attribute is called the struggle, and the same attribute of the contradiction is called the identity. The identity of contradiction refers to a tendency and relationship between the opposites of opposites, which are mutually dependent, mutual attraction and mutual penetration. The struggle of contradiction is the attribute of the contradiction between the opposites, which reflects the tendency and tendency of the two sides to separate from each other. Although the impact of tax debt law accounting law with respect to the tax payable method and tax effect accounting method deferred method in theory is more convincing, but because of the still through the elements of income and expenses on income tax issues, so it can be called the income statement liability method. The balance sheet liability method through the assets and liabilities of the problem of income tax, income statement of income and expenditure through the income of income tax issues, from this point of view there is a contradiction between the two. However, the income statement debt method and the balance sheet liability method also exist the same, both of which are provided by the accounting system, "indicators" and the tax law of the "indicators" of the comparison of the product. Therefore, we can say that the
balance sheet liability method and income statement debt law is "the unity of opposites, the struggle against".

The Debt Method of Balance Sheet Reflects the Law of Negation in Philosophy

The law of negation of negation reveals that due to the inherent contradiction or inherent negative force, promote their existing things certainly into their opposites, must reach by negation of their own, and then from the negative to a new affirmation. The law of negation of negation shows the complete process of the development of things, and the replacement of the balance sheet debt method also reflects the negative law of the negative. The income statement liability method income and expense recognition analysis of different time in accounting and tax law based on the analysis of time difference; and the debt method of balance sheet analysis of assets and liabilities of the two elements of the book value and tax base in different time point based on the temporary difference analysis. From the concept of speaking, the temporary difference is wider than the time difference, because the time difference is a temporary difference, but the temporary difference is not necessarily the time difference, so the accounting balance sheet liability method can solve the income tax. Therefore, the balance sheet liability method is used to replace the income statement debt method to reflect the philosophy of the law of negation of negation.

The Impact on the Enterprise of Change of the Income Statement Debt Method to the Balance Sheet Liability Method

Impact on Enterprise Financial Statements Constitute Items

The Enterprise Accounting Standards - income tax requires companies to lists deferred income tax assets and deferred income tax liabilities which come from temporary differences between the book value of the assets, liabilities and the tax base as non-current assets and non-current liabilities in the balance sheet respectively. At the same time, enterprises should check the book value of the deferred income tax assets based on the requirements of caution. If enterprises can’t obtain sufficient taxable income in the future to offset the benefit of the deferred income tax assets and deferred income tax assets, they will write down the book value of the deferred income tax assets. Therefore, deferred income tax assets and deferred income tax liabilities produced by the balance sheet debt method have important influences on the composition of the financial statements of the enterprise.

It Reduces the Fluctuations of After-Tax Profit

Implementing tax rules can reflect the ratio of the income tax expenses shown in income statement and the current accounting profit more reasonably, thereby reducing the fluctuations of after-tax profit because the caliber between the tax law and accounting regulations is different. The balance sheet debt method recognizes assets and liabilities confirmed in balance sheet as the tax basis, and confirm influences of income tax due to temporary differences between accounting rules and tax law. In this way, it reduces the fluctuations of after-tax profit due to caliber inconsistent between accounting and tax law.

It Limit the Choice of the Income tax Accounting Method, Contain the Enterprise Profit Operation Space

The Enterprise Accounting Standards - income tax abandons the enterprises to adopt taxes payable method, income statement debt method and other methods. It requires using the
balance sheet debt method for income tax accounting treatment, and confirm the result of the temporary differences of deferred income tax assets or the deferred income tax liabilities. When tax rate changes, enterprises should adjust the influence of the income tax due to the temporary differences between book value of assets, liabilities and different tax basis. Therefore, the implementation of the Enterprise Accounting Standards - income tax can match the income tax expenses shown in the income statement with the current accounting profit, which contain the enterprise profit operation space from a certain sense.

**Accounting Personnel to Use the Balance Sheet Debt Method to Face the Challenge**

Through the analysis of the application of balance sheet liability method, we can see that this method compared with the traditional method of accounting for income tax, the concept, analysis and treatment methods have great changes. The provisions of the new income tax standards, since January 1, 2007 the first implementation of the balance sheet debt method within the scope of listed companies, and encourage the implementation of other enterprises, after gradually expand the scope, and finally extended to all large and medium-sized enterprises. However, the method can be implemented gradually and smoothly in all large and medium-sized enterprises, and it is closely related to the level of accounting personnel. In other words, the accounting personnel using this method will face the challenges of professional technical and practical operation and so on. Mainly reflected in the following aspects.

**Professional Technical Standards and Operational Capacity**

Enterprise income tax accounting treatment method from the tax payable method or the tax effect accounting method (including the deferred method and the income statement liability method) to the balance sheet debt method. In the old and new methods of transformation, enterprises in accordance with the provisions of the "accounting standards" for the first time the implementation of enterprise, the effect of temporary differences between the carrying amount of the assets or liabilities and tax base two of the income tax retroactive adjustment. And will affect the amount of retained earnings, accounting treatment is difficult to be seen, the requirements of accounting personnel with a high professional quality and rich experience in practice.

**Professional Judgment Ability**

Due to the increase of the occupation judgment and information disclosure of the contents of the balance sheet liability method, such as determination limit, final judgment can be deferred income tax assets impairment of deferred income tax assets, which require accounting personnel with high professional quality and professional level. From the balance sheet debt method, it requires the capital market to be more perfect. The accuracy of this method is based on the accurate measurement of the book value of assets and liabilities. The new accounting standards of assets and liabilities are defined from the future economic benefits of the inflow and outflow angle, and careful introduction of fair value measurement attribute, relative to the previous single historical cost measurement attributes, measurement of assets and liabilities is more complex, more technical. The future cash inflow and outflow to achieve more accurate and fair measurement depends on the perfection of the capital market, it is able to measure the assets and liabilities on and reference standards, so that the balance sheet debt method based on balance sheet under the concept of the real value of.
**Integrated Operational Capability**

With the implementation of new accounting standards on enterprise merger, debt restructuring, asset impairment accounting business will be a substantial increase, which will produce a lot of temporary differences do not belong to the time difference, need to carry on the accounting treatment of income tax. 2008 implementation of the new "enterprise income tax law", the domestic enterprises and foreign-funded enterprises income tax were merged, namely "unification". "Tax", unified income tax rate adjustment enterprises 25%. Changes in tax rates require accounting personnel to adjust the income tax for listed companies, because of its implementation of the balance sheet liability method, when the tax rate changes. Re-measurement of the deferred income tax assets or deferred income tax liability. These will increase the difficulty of accounting for income tax, improve the cost of accounting treatment. Requires the accounting personnel to have the corresponding comprehensive business ability.

**The Application of the Balance Sheet Debt Method**

**Strengthen the Concept of Income Tax Accounting and Strengthen the Construction of Management System**

The evaluation index is a kind of practical guidance. The transformation from profit outlook to balance sheet outlook asked that the original profit evaluation index change to enterprise capital management ability and other indicators, and it requires countries and enterprises and even the whole society should have a quick change in the concept, government performance evaluation system and construction of enterprise internal control process and management system should adapt to this change, so as to ensure the tax and income and other financial information can be correctly reflect and measure.

**Strengthen the Training of Financial Personnel and Improve the Quality of Accounting Information**

The balance sheet liability method requires that accounting personnel in enterprise must have fundamental reconsideration on accounting theory and practice, which requires that the accounting personnel must have higher professional ability and professional quality. Therefore, the enterprise must strengthen the training of professional financial personnel, to let them deeply study and grasp the essence of the balance sheet liability method, to improve accounting personnel’s ability to understand and use the balance sheet liability method, and to improve the quality of accounting information.

**References**