

Analysis of Valuables in Accounting of Business Entity from the Internal Controller's Point of View

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Summary

The purpose of this contribution is to point out the particular issues for businesses in the area of registration, accounting, taxation and control of the valuables. Reference of the electronic registration or invoice from the supplier is not always sufficient for correct booking and the valuables worth evidence. In accordance with all applicable laws are correct rated valuables issued for consumption charged to the cost, the consistent application of legislation norms affects the outcome of the management of slovak businesses and the tax base revenue.

Key words

the accounting of postal stationery, highways stickers, meal tickets, phone cards, income, the base of income tax, VAT (Value Added Tax)

Corporations conducting double entry accounting, charge purchased valuables in the blotter (in chronological order) and the main book (systematically) and register them in the books of analytical records (in the book of valuables - valuables for each species separately) in the value from which it will be possible to draw after their release for use. Accounting units, conducting a simple accounting (non-entrepreneurs in the commercial register) charge the valuables in cash journal only if the decline of moneyed resources occurred in classification of the cash operating expenses, and register them in the book of valuables.

Valuables in general are postal stamps, duty and fee stamps, meal tickets, highway stickers, phone cards and other cards with a nominal value of which it will be possible to draw after their release for use. Purchased valuables have the same nature as money (currency), they are short-term financial assets, that are charged on the basis of a voucher from the electronic registration treasury or invoices in the accounting class 2 - Financial accounts; for the account 213 - valuables under the Measure of the Ministry of Finance of the Slovak Republic No. 23 054/2002-92 establishing the details of accounting procedures and Chart of Accounts for businesses accounting in the system of double accounting, as amended, applicable in the Slovak Republic. According to the various purpose of use, are to the synthetic account 213 - valuables divided into analytical accounts by various types of valuables in regard to materially responsible

persons and the relevant currencies, whereby as valuables can be considered motorway stickers, telephone cards, smart cards, meal vouchers. The rules of accounting and registration of the individual sort of valuables must be defined in its own directive of each accounting entity. In an internal directive must also be stated the frequency of a physical inventory of valuables; physical inventory is part of the internal control system business unit, in case of the entity with an obligation to certify the accounts is also this part of the internal control system considered as a subject of verification by the auditor.

The proof of electronic registration itself or invoice issued by the seller - supplier - are not always sufficient to bussiness accounting unit (especially payers of the value added tax) for proper booking and charging the value (valuation). Due to the content of several laws there are contentious views about accounting and taxation of highway stickers. The underlying part of the highway fee sticker, is also required. In the next section we will be analyzing this issue.

Toll stickers are in the Slovak Republic issued by the National Highway Company, a. s. (further NDS), which distributes them by a distributor and a seller (e.g. fuel stations), it means sells for purpose of use of specified sections of highways for some vehicles defined by law. The revenues from the sale of motorway stickers are considered as revenue and a taxable providing services income under the Income Tax Act [2, § 19], even under the Law on Value Added Tax [3, § 2 paragraph 1. b)].

Due to the subsistence of several legal provisions applicable in the Slovak Republic in this field, in theory and in practice the problem arises with the specification of motorway stickers in different legislation that faces the manufacturer - NDS, a distributor in (gas) as well as the buyer (business):

1. On authority of the Slovakian legal provision of accounting and taxation are purchased toll stickers for the use of specified highways considered by business entity as *valuables*, expenditure, respectively highway use is considered as an expense (cost) include to base income taxes (consumption of the motorway sticker is charged on the account 538 - Other taxes and fees).
2. As it is clear from the statement of the Ministry of Transport, Posts and Telecommunications from 20.4.2005 and subsequently on the basis of statement of the Ministry of Finance No. MF/13920/2005-73 from 3.5.2005 is sticker issued NDS, which shows the payment for the use of legally defined sections of highways, roads for motor vehicles and road I. class of motor vehicle, not considered as an official *valuables*.
3. The toll sticker itself cannot even be considered as *goods*; NDS by the manufacturing and a distributor by sale do not develop characteristics of accounting entities by the supply of goods (goods are purchased and sold in the same state to make a profit, i.e. the commercial margin), but, in our opinion, in the case of NDS it is a supply of *service to person* that will have the right to use the highway.
4. From these findings then results that if under the terms of the Law on Value Added Tax there is the tax liability due to this service on the side of the NDS - as a supplier of services - (on the day of the sale of motorway stickers distributors), then on the same day at the same time arises on the distributors side the right to deduct the tax; and therefore, on the day of sale motorway sticker to the business entity, the tax liability arises to distributors and thereby arises (ie the buyer toll sticker for the use of selected highways and roads, if the payer of value added tax) the right to deduct the tax [3, § 49 paragraph . 1]. Under current law, business buyers may charge and deduct the value added tax, if it is asserted by other domestic taxpayers on the delivered goods and services, which is used for the purposes of own business [3, § 49 paragraph. 2. b)].
5. The right to deduct the tax may be applied by the buyer (payer of value added tax) if there is an invoice made out by the payer, whereby in case of the motorway sticker for the invoice (tax document) may be considered part of the background labels, which will remain to a corporate buyer after a sticker is affixed to the front glass [3, § 71 paragraph. 4. b)].
6. In this context corporate (payers of value added tax) faces the problem with setting the proper valuation of the sticker, but also with accounting for the issue, it means consumption of the motorway sticker from the accounting view, because distributor and seller of motorway stickers only facilitates the sale of motorway stickers for NDS on the basis of the mandate contract. On the side of distributors and dealers as intermediaries to sell them, not to purchase these *valuables*, does not arise right to deduct the value added tax, nor the tax liability by their sales and therefore there is not indicated the value added tax on the document from the electronic registration Treasury, where it is marked with a zero value. This means that the distributor and dealer is acting in the sale of motorway stickers for and on behalf of the NDS and invoices reward for brokerage.

From the facts noted above follows that procured highway stickers are in the accounting business entity considered as *valuables*, and on the basis of electronic registration treasury document issued by distributors (*intermediaries*) without marking the basis of value added tax and the rate and amount of VAT, are charged on the basis of the part underlying motorway stickers, in the amount of value added tax base, it means in the price without the tax charged to account 213 - *Valuables* unless they are issued to the immediate consumption and in the amount of value added tax charged to account 343 - Value added tax and account corresponding to 211 - Cash payment in cash or in the case of payment by credit card in account 221 - Bank accounts.

On the other hand, the problem arises also with the registration of these *valuables*: the person responsible for keeping records of motorway stickers by their acceptance must also register the

valuation without VAT, despite the fact that the printed face value includes a 19% VAT. However, the motorway sticker itself does not include this tax data nor indirectly. Thus there is a breach of the principles of valuation of assets in terms of the law on accounting, under which the assets (and liabilities as they arise) are assessed by the nominal value in respect of money, valuables, bank accounts and the like (consequently by valuation given on the property).

Correctly rated (evaluated) purchased, charged and registered valuables are issued to consumption for the purpose of achieving, maintaining and provision of incomes and in accordance with all applicable laws upon their issue for use in the current financial year they are charged to the cost (at motorway sticker on account 538 - Other taxes and charges), in the case of the issue before beginning of the validity period of motorway stickers they are charged to the account of accruals (381 - Expenses in the future) and in the consistent application of legal rules affect the outcome of the management of slovak businesses and their income tax base.

However, when charging the cost to 538 - Other taxes and fees, on the basis of facts noted above may also occur contradiction: is it the fee for the right to use the highway and other roads or the subscribed service? If it is the fee (tax paid by the State indirectly to NDS), then according to the law on VAT, the tax obligations do not include VAT (fee exempted from tax) and thus the entity accounting to the business debit 538 - Other taxes and charges should not make a claim on VAT. However, if the use of motorway sticker is considered as a service, then is the business entity entitled to the application of the VAT, but the cost should be in this case charged on the account 518 - Other services.

There is no regulation in the Slovak Republic in connection with the problems noted above concerning decline of these valuables as a consequence of *damage* or *deficit*. In the case of *deficit*, it appears that the issue could be solved by analogy with the case of deficit and damage of other types of assets: for a shortage found by physical inventory answers the person entrusted with registration (receipt and expenditure) in the valuation of stamps forming nominal value (ie sticker price without VAT increased by this tax), which is recorded as an occurrence of accounts receivable towards the materially responsible person and corresponding to the decline of valuables and the liability of enlistment of the

VAT. In case of *damage* (ie not using) of motorway sticker, which was not released for consumption, it is necessary to weigh the margin of blame of the person responsible for registration and custody (eg deterioration through moisture).

- a) If the inventory Commission concludes that the specific person is responsible for the wrong custody of motorway stickers, then the corresponding registration into the relevant book of valuables will be done on the basis of inventory report and such a valuable asset will be discarded in the same way as in the case of shortage (terms of inflicted injury).
- b) However, if it was not possible to prevent this type of valuables from damage (accidental damage), then are the unusable motorway stickers discarded from the property (registration and accounts) in the valuation of accounting, the VAT is charged and the amount of the nominal value is the part of the accumulated cost 569 - deficit and damages (financial assets), eventually may be charged to account 582 - deficit and damages (such as special events as a consequence of natural disasters or theft by an unknown perpetrator and this fact was announced to the police). In the case of incidents noted here the business entity is not obliged to pay the VAT on sticker.
- c) If the annual sticker is in use (glued on the front glass of a car) and it already was booked to cost (538 - Other taxes and charges) in the full valuation in conformity with the internal directive early in the accounting period and the decline was registered in the book of valuables, but during the accounting period such damage to the front glass (or car) occurred that it had to be replaced, it is questionable whether it will be charged on these facts in by the business entity also in relation to highway tag. In our view there should minimally two implications: adjusting of the originally entered costs and impact on the liability of enlistment of the VAT. The reasons for this conclusion are: an annual (as well as weekly, etc..) sticker is nonassignable, it is not possible to stick it upon another windshield, and in case of exchange it supposed to (if the business entity considers business suggests the frequent use of roads for settlement) to procure a new motorway sticker. This motorway sticker

becomes a document authorizing the use of specified roads during the rest of the accounting period. If we consider that the business entity would not charge already incurred costs of a motorway sticker (until the day of exchange of the windscreen), then a single vehicle would have for a concrete period two or possibly even more stickers. In terms of the claim of deduction of the VAT would be the business entity supposed to pay this tax two- or possibly several times during the accounting period. From this follows that the calculation of a tax-inefficient cost should be based on the formula: price of the annual sticker / 365 days x number of days remaining until the end of the year (or the calculation of tax expense recognized, which is probably correct, because the exchange of the windscreen, respectively a car repair is not supposed to be done on the day, when the damage occurred: price of the annual sticker / 365 days x number of calendar days until the date of damage). Of the amount of the days remaining of the period of a down state of sticker should be paid the VAT. Costs 538 - Other taxes and fees should be reduced by the amount of the the days remaining of the period of a down state of sticker by charging to account 569 - Deficit and damage on the date of damage of the glass, but no later than on the date of submission of automobile for repair, or the date of obtaining a written entry from the police. From the tax impact of this entry to the account 569 - deficit and damage follows an increase of the corporate tax base (which the business units try to avoid).

- d) By simple accounting, this issue would be solved only as a non-monetary transfer operation between the operating mode (recognized tax expense) and other expenditure (expenditure, which is not supposed to affect the tax base of natural person) and registration of the obligation to pay VAT on the day of the accounting item (the occurrence of damage). However, according to the way of keeping a simple accounting in the Slovak Republic, the non-cash transactions are charged within the closing operations (on the date on which the cash log is being closed). But if an unincorporated business entity establishes thus in the internal directive, it is possible to

use a registration of a non-monetary transaction on the day of occurrence of the accounting item (not to forget this fact), for example on the date of payment for the Exchange of a windscreen, or when buying a new motorway sticker.

- e) However, many business entities choose a simpler approach to the charge of motorway stickers; it generally concerns such entities, for which the stamps are not considered as a major item (they own 1-2 cars with a low capacity of the engine).
- f) These operators register and assess the motorway sticker by its face value (including VAT). The issue stickers for consumption is accounted to the costs (or to the accrued costs), even the deficit or damage in its nominal value. Charging into the costs (538 - Other taxes and fees) is in the full nominal value tax recognized expense (to reduce the corporate tax), in case of damage (total loss or uselessness throughout the accounting period) charged to cost 569 - Deficit and damage influences the outcome of management, without an impact on the tax base.
- g) If a business entity sells a prepaid car during the accounting period, it is not supposed to consider the sale of a highway sticker as the sale of a separate property, in this case it ought not to act upon the remaining period of non-usage of a motorway sticker, its residual value is included into the selling price (in sales contract there are no consequences concerning it).
- h) When buying a used car with a pasted highway tag from another subject it is also not supposed to charge about (can be considered as a bonus in the year of acquisition for the buyer).

In the execution of *internal controls* (or internal audit) internal controller / auditor in addition to comparing the accordance of wording of the internal directives in the field of valuables - motorway stickers with legislative standards applicable in the Slovak Republic, verifies eligibility of their acquisition, this means that he verifies the number of registered cars (long-term tangible property), to which were the valuables acquired during the accounting period (the maximum number of labels should be consistent with the number of motor vehicles, the difference can occur only in exceptional cases, but they must undergo an inspection investigation), respectively their

valuation and charging to costs for tax purposes should represent the aggregate value of taxes and fees paid to the State for all cars (listed in the inventory of assets of a business entity by the engine swept volume of cylinders), any difference in the costs is inadmissible. In case that through the internal control was found an unauthorized expenditure of labels, it is necessary to ensure recovery from materially responsible person or from the person identified as the person responsible for the decline of this kind of valuables.

The meal tickets supplied to enterprise subject seem to be another sort of problem. Under contract (not seldom concluded for a period of one year) the supplier invoices the meal tickets for a future demand of meal in catering establishment of supplier (eventually the supplier delivers meal to the workplace to the premises of an enterprise subject), at which these meal tickets are not a kind of gastro tickets (meal vouchers) and meal is neither not provided through an employees chip card; this means that the meal tickets are valid wholly in the meal regime of the supplier. When the meal tickets are procured, the enterprise subject accounts the rating value of meal tickets according to contractual terms, as well as the value added tax (if he and also the supplier are registered as the tax payers of this tax) on the basis of the invoice. Following the contractual terms, the rating value shall not be marked on delivered meal tickets, even though the tickets are registered in rating value and delivered quantity on the basis of the invoice.

In event of the expense (sale) of these meal tickets the enterprise subject has to consider the practises according to following several legislative precepts of law: the Law of Travel Compensations, the Law of Income Tax, the Labour Code, the Law of Social Fund, the Law of VAT and the Law of accounting. These obligatory standards for entrepreneurs are the basis for the composition of its own internal directive. These precepts of law define the following:

- The Law of Travel Compensations defines the upper limit of board-money compensation (the first zone for the assessment of board-money refund on the domestic official journeys, by the year 2008 board-money refund was 98 Sk for 1 meal unit, exclusive of VAT),
- The Labour Code defines the minimal base of the employer's contribution (of enterprise subject) per meal unit; in 2008 minimal base was 74Sk, the maximum which could be

admitted from this amount was 55% i.e. 40,70 Sk,

- The Law of Income Tax for the purposes of including the employer's contribution on board-money to tax expenses (costs) determines the max. 55% of the value of board-money according to the Law of Travel Compensations, it was 53,90 Sk in 2008 per 1 meal unit), however the contribution can not be less than the maximal contribution of the board-money from the mentioned minimum according to the Labour Code (40,70 Sk), therefore the limit of law employer's contribution to the meal value was in 2008 in the range from 40,70 – 53,90 Sk per 1 meal unit;
- The employer may contribute to meal unit also with the higher value, as it is concluded for the recognition to tax expenses, if the employer decided for this way, the value exceeding law contribution is already not appreciated expense for calculating the tax base,
- The contribution for meal unit from the social fund depends on amount (0,6% - 1% of annual gross wages) in which the fund was established and what rules were set for a contribution to the board-money (5% - 95% of the established Social Fund.

Following these all precepts of law in internal directive of enterprise subject the rules have to be uniquely determined for their correct (in accordance with them) compliance and accounting and to be a good base for the calculation of the VAT and the tax base of corporate entity. This means that enterprise subject is accounting when he is buying meal tickets:

- a) In backward invoicing (i.e. after the end of the month) per meal unit
 1. directly to the costs (if it is defined in internal procedure) accepted service (518 - Other services, in the necessary analytical evidence) and the pretension to deduction VAT with the counterentry – engagement with supplier,
 2. consequential abandonment (reducing the expense of account 518 - Other services, not the creation of revenues) - expression of the sale (therefore the method of compensation of already consumed meals) to the expenses of social character in the legal amount respectively according to an internal

directive, the costs in the amount of voluntary contribution, to the account of the Social Fund and the rest (difference) will be the employee's receivables; the part of receivables is also the VAT, which the employee is obliged to pay from difference and the employer is obliged to take it out.

3. directly to the expenses of social character: the expense account 527 – legal social expenses, 528 - Other social expenses, 472 - the Social Fund, pretension to the deduction of VAT from the value of meal units and the difference as the employee's receivable; by an internal document, it is necessary to account VAT as a part of the employee's receivable,
4. by internal document for the costs of social character in the current accounting period: cost account 527 - Legal social costs 528 - Other social costs, 472 - the Social Fund, that relate with the identified liability, however, the document will be issued in the next accounting period (the liability from uninvoiced supplies) about the demand to deduction of VAT enterprise subject may or may not account on 31.12. of the current accounting period (according to the decision and direction in internal directive: if he decides about the VAT accounting, then on the base of an internal document with corresponding entry - the creation of liability from uninvoiced supply) and other internal document will be difference accounted as the receivable compared with the employees and the liability from uninvoiced supplies; if the enterprise subject decides in the current accounting period not to account about VAT by internal document, then it will account about it after the registration of the invoice (tax document for VAT); however, the employer has to take out the VAT from the receivable in the period of taxation, sk
- b) About postal stationery - meal tickets (in the analytical classification) to the account 213 – Postal stationery. In case of the backward invoicing of board-money the meal tickets already consumed, can not be registered.

When there is a loss (sale) of meal tickets provided to the employees of enterprise subject, it is not being accounted about the revenues (although it is a sale), but about the loss of postal stationery in rating value because of their use to the costs of social character in the legal amount respectively according to an internal directive, the costs in the amount of voluntary contribution, to the account of the social fund and the rest (difference) as the receivables compared with employees; including the receivables there is also the VAT, which the employee is obliged to pay from the difference and the employer is obliged to take it out.

- c) In the invoicing of the expected consumption of meal units in a form of meal tickets (based on contractual terms of the stability of meal prices and the specification of number of meal tickets, for instance as a result of temporary sickness absence, official journeys, spending holidays, etc.). the number of meal tickets will be registered in rating value (the value not necessarily marked on meal ticket), and the increase will be accounted to the account 213 – Postal stationery as well as pretension to deduction of VAT with the corresponding entry - the creation of liability compared to the supplier, even if the meal tickets are used as a means of payment in the next accounting period. The issue of meal tickets (sale) still in the current accounting period for the future accounting period has to be accounted to the costs of future periods (without the influence on income and tax base of current accounting period); the costs of future periods are accounted by internal document to social costs not until following accounting period. In a registration, these costs will be noticed (delivered from warehouse) already in current accounting period,
- d) On the postal stationery - meal tickets in the form of cheques for board-money (gastro tickets) are applied similar accounting, tax and registration rules as on meal tickets that are registered. They differ from meal tickets by the rating value marked off (which means the elimination of problem with valuation indentifying), they are purchased through a distributor, to which enterprise subject pays the provision and the VAT from the provision. The provision – even if it is related to the purchase of property is not

part of the purchase price (i.e., that it is accounted to the costs as the service); in selling this type of postal stationery, enterprise subject has no right to require the payment of this provision and the VAT from its own employees. Another difference is also that their using is not verified, it is not bound to any meal regime, to which should be given priority in making decision of enterprise subject to ensure statutory obligations as an employer. As various foodstuff are payed by these postal stationery, it is possible, that the employee spends gastro tickets to provide the household by foodstuff and not for his own provision by cooked (hot) meal, in consequence of it, it is possible to spend gastro tickets before the ending of the month for which they were determined.

In the realization of *internal control* (respectively internal audit) internal controller / auditor in addition to comparing the accordance of internal directive version in the scope of boarding including postal stationery – meal tickets and also gastro tickets (such as cheque for the board-money) with the legal standards valid in Slovakia, verifies competence of their legitimation, i.e., he verifies also the range and number of employees (employed on permanent employment, the agreements on working action, the agreements on the performance of labour, pensioners, etc.). including the attendance (the employees have the pretension to one meal unit in the case, that they worked at least 4 hours in workday, at the same time, it is a deal that one employee has the pretension also to 2 or 3 meal units in the case that he worked 2 or 3 shifts and at the same time the supplier secures this board-money, these conditions are valid also for a meal cheque; on the contrary, the employee does not have pretension to meal unit in the case, that he was on official journey for which he received the compensation for a board-money – so travelling instructions are also the subject to the verification). All the rules, in their compliance, should be proved by correct accounting (on the correct accounts and in the correct sums).

Other postal stationery, by which there may be the problems by an enterprise subject in the accounting and taxation are the phone cards. These postal stationery are purchased by the accounting entity for using in public payphones (phone boxes) and for charging, respectively for exchange to mobile phones, eventually to portable equipment in

the cars. The credit charging to mobile phones is considered as a service, which are not registered as a postal stationery, but as the using of service provided by operator. Even with this service the subject might have a problem in accounting and taxation, because of the fact, that the charging of telephone services through ATM (automatic teller machine) is generally documented by extract printed on thermopaper (permanent record of the transaction has to be secured), but if that person (employee of enterprise subject or partner) charges the credit from his own (personal) account and ATM does not issue the following document, then it is on subject's decision, how he will approach a problem. This fact can be verified only indirectly, by the claiming the extract of calls from bound call number and then additionally pay, and at the same time, account cash disbursement of credit charging to the costs that affect the income and also the base of Income Tax. In connection with this service, there is also the problem of possibility to claim the right of VAT deduction: the withdrawal sheet from the ATM shows only the total amount charged, therefore it's not a tax document.

The enterprise subject has the option to obtain a tax document at the operator's, whose services he is using, but this procedure is often time-consuming, eventually it is related to the origin of induced costs (fuel consumption, or late arrival to work or its suspension, or the arranging labour matters in a personal free time, etc.), so therefore this document is not effective for enterprise subject. The business subject in its own directive has to determine the persons to who will be issued phone cards (most enterprise subjects have signed the contracts with the operators for the using of telephone services on the invoices, sometimes, in concluding the contract referred to specific persons, so these people should not have presentation to special cards), such as: heads of departments, employees selected on operations, head masters, and so on. Sometimes, enterprise subject can choose a portable form (also the responsibility) of phone cards (for example, in turn working changes can be established that a phone with a rechargeable card head establishments will pass on taking a change, etc.). This rule can be adopted in connection with the phone card for using in public phones machines (boxes).

The purchase of phone cards is usually realized by cash payment at the operator's, the enterprise subject will receive the accounting and tax document (VAT) about the purchase of cards, so even if it is a short-term financial property, in this

property is the exception from the Law about VAT, that the subjects who are registered on this tax as the taxpayers, have the right to make its deduction.

Telephone cards bought as a reserve must be as postal stationery the subject of evidence. The accounting entity decides for the method of recording itself, as well as responsibility for their recording (competences distribution). The recording depends on the organizational structure of the business entity, but also on the way of work organization. Competences distribution is an important element, which can be fundamental in determining of responsibilities for any inventory differences (shortages). For the take-over of all procured phone cards is responsible a person with material responsibility until the devolution of responsibility to the other persons responsible for the operation, modification, and so on. Assumption of responsibility for the phone cards will be registered in a central register of a enterprise entity in the book of these postal stationery; the assumption must be signed by all concerned persons. Since taking over their responsibility, the persons are responsible for these postal stationery, and then they must keep their own records of the state and the movement of phone cards.

When issuing the cards according to conditions listed in an internal directive, although they have been issued for consumption (issued to specific persons), they are accounted as the claims against persons who have been intended for use on the account 335 - Loans to employees. After spending of credit, these persons must give the blank cards back, in case that they do not give them back, they are required to pay the full amount of originally paid credit (that is, with VAT). Up to the moment of card disposal, there is a settlement of cost of telephone calls (518 - Other services). The question is, when the expense incurred (in which accounting period it is accounted), if the person with the right to use the card would hand over the card in the next accounting period. In the case of these valuables, the business entity can not account for the accrual, as he has a claim against an employee up to the card handover. Internal directive can specify that time aspect is used in the specific case of credit drawings in periods' turnig point (this solution is absolutely impugnable) on the basis of the probable period of card exhaustion, or if a test call is carried out up to the date of the inventory, after the end of it, there is found out the actual carrying value of the not spent credit (after the reduction of original value, there it will be the sum,

which will be the object of accounting to the costs on the account 518 – Other services with actual reduction of receivable compared with the person. This credit verification leads to reduce of receivable, and at the same time it confirms the existence of a telephone card, and in the case that the employee does not hand in the phone card after the credit has been spent, he should pay for shortfall (damage) only to the residual value. This assumption is related to the fact, that this person on day 31.12. (possibly on another day of inventory) should not be vacationng and a mobile phone including the phone card stays in the residence of the accounting unit on a day of the inventory.

The problem of monitoring the costs of telephone calls by the drawing of credit is also demonstrativeness, because it is not possible to identify the drawing exclusively for the purposes of business unit (private calls). In an internal directive may be determined that the person drawing the credit from the card will pay the lump-sum to accounting unit for the possible (or actual) private calls. This lump-sum payments are accounted to the revenues of accounting unit and these payments are considered to be the delivery of services, therefore, they are also the taxable payments of value added tax.

If the card is lost by the employee, he is obliged to pay it. In the registration of phone cards will be mentioned the record of person, who handed in the card with the signature; if in this registration are these records, but in the delivery of cards for settling (to the costs) the number of signatures is higher than the number of passed cards, the person, who is responsible for evidence is also responsible for the difference (shortfall). In accounting, this fact will be displayed by abandonment receivables compared with employees in the analytical accounts and it does not affect on the accounting about the postal stationery.

To the phone cards may occur the damage, which is charged to the account 569 - Shortfalls and damages in the rating value (excluding VAT), the level of damage is increased by the obligation to pay the VAT.

Telephone cards as well as the other postal stationery, which were purchased by the enterprise subject for the enterprise objectives, are not generally considered as the objects of sale (exception is a highway sticker, but its sale is not accounted), so even in accounting procedures, that are valid in Slovakia, there are not listed rules of postal stationery sales.

Internal control (internal audit) except for evidence obligations must know the functioning, organising and attributions of individual persons, including the responsibility point of view. Thereinafter it should acquaint with the internal directive regarding the usage of phone cards (consider the frequency of card charging, the amount of credits), concept of accounting. By internal control it is possible to reach cost savings on calling and on the contrary, increased sums of chosen costs might be caused by insufficient coverage by phone cards (internal transit, costs on fare for business and etc.).

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