THE POSITION OF ACCOUNTING AND TAXING IN PROSPERITY AND THE GROWTH OF ECONOMIC

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Abstract— Economic development normally brings with it positive consequences, including these, rising the living standards of the people in the society, promote international supervision, establishment of economic relations among the countries and increasing the productive capacity of the countries that have relative superiority. On the other hand, the absence of Natural Resources, the lack of skilled needed human force, such as managers, skilled workers, lack of the consistant policy, existing of untrustable exclusive market and information financial systems, are some factors that cause degradation or stop in economic development. Extending the economic development and growth programs in the country is of great importance. For right exploiting from the huge set investments in different economical parts and rapid rate in development and growth, it's very important to provide proper right on time information that implementation of proper accounting systems can provide and present a big part of this information, specially financial information.

Keywords— Economy, Economic Development, Auditing, Accounting, Tax.

I. INTRODUCTION

Accounting and auditing career development in the world is caused by economic activity's expansion in the societies and governments increasing willingness on economic unit's monitoring and corruption and fraud prevention through trade rules in order to support safe investments and protection of the public treasury. Furthermore, bank credits on economic unit's activities lead to increased requirements for more control of this units and accounting and auditing expansion. Finally, accounting career legitimation and perform regular audits is essential because of ownership segregation and its issues and rules.

As trade and industry evolved from basic form to sophisticated forms in human society, accounting evolved from simple registration and receives and pays form to the advanced and comprehensive accounting system in order to meet financial needs and economic management of large-sized units. In the other words, accounting history is a reflection of trade and industry history and government intervention in economic activities, so in order to meet the existing needs with accounting and auditing, and it becomes a valuable tool for economic growth and development goals it should be changed by an economic and social change.

Fortunately, public and private economic units, financial and economic issue's authorities and existing professional associations have special attention to accounting and auditing importance in a recent decade, and various meetings and seminars have been held by audit firms and chartered accountants of Iran major universities, public agencies such as banks, insurances, Tehran securities and stock exchange organization and other economic entities in recent years.

Accounting career consists of wide fields of economic and financial activities; in this paper we discuss about issues such as the taxes role on economic development, accounting and taxes role on the economic development of the country and so on.

II. ACCOUNTING AND TAX'S STATUS ON ECONOMIC PROSPERITY AND GROWTH

Iran economy is in the stagnation and inflation cycle, presently. Economic experts believe this is not a fleeting crisis, due to the published sources by international authorities. Economic researches show 30 thousand dollars of the per capita income for historical capacity of Iran economic, while only eight percent of this capacity was used in 1394. The economic assets of Iran are about 240 billion dollars, but the investment growth rate is negative, and country economy is faced with capital shortage. The economic estimations show our country economic needs to 50 billion dollars in cash, and it means there is no economic usage of 240 billion dollars of the country's assets. Furthermore, economic inefficiency effects on governmental, public and private units, simultaneously. On the other hand, it shows productivity index is extremely low across the economy. Although, society potential demands are high, but the cost of products is high too due to incompatibility of available resources with high volume and low gross domestic product, so society is incapable of financing its requirement.

Available resources (economic assets) demand on many reasons. Economic asset's combination is unsuitable. The main volume of these assets is fixed, with low flexibility on the optimum exploitation field. Other reasons are inefficiency, shortage or disproportional combination of economic infrastructure and dysfunctions and lack of transparency in government regulation, policies and plans and low Manpower productivity. Unfortunately, macroeconomic structure is dominated on an enterprise economy in both public and private sections.

At the beginning of the devaluation against currency, a stream of investment growth appears in enterprise economy. The currency rate differentials and its incremental changes in a recent decade lead to the propensity to invest in assets and appear agencies and companies with high-volume assets and liquidity of economic institutions limited to fixed assets. The source of such behavior in economic institutions is increasingly growing in the exchange rate, and managers of these institutions faced with increasing the assets value always, so they continue the investment way, on the other hand, the purchasing power of community declined at the same pace. Therefore, some institutions and companies emerged with big capital, and they were possessed from suitable returns in a period that it was the resulting difference between the value of assets and these institution's inventories, mainly. This was accounting profit, not economic value added. Therefore, reinvestment and business development was impossible. As a result, some actions appear in these institutions such as changed assets into cash, exit the liquidity sources with increased financial and current costs or cash dividend, and these actions faced them with liquidity shortage.

Social institutions are dependent on each other as other social phenomena, and any kind of changes effect on the society general movement. Taxes have been deemed as government twin. Taxes role was determinant in all aspects of the community's social life in last two centuries, and in the second half of the twentieth century, obviously. Developing process of countries shows increases of operating range of states in economic institutions and industry bodies through taxes, so that the average rate of taxes in United States of America is about 40 percent.

In our country relation between states and nations is not based on the wisdom and authority, and taxes tribute aspects are more than other aspects, and public participation culture in social costs through paying taxes are very low and don't pay taxes considered a social privilege because of the distance between government from the people. Tax in Iran is about 30 – 35 percent of government revenue, which the main part of this amount consists of indirect taxes such as customs duties, consumption and sale taxes, and direct taxes don't play a dominant role in taxes revenues. Actually, when receiving system has a serious deal with a person who knows himself / herself tax-exempt, it faced with tax strike.

III. THE ROLE OF ACCOUNTANTS IN ECONOMIC DEVELOPMENT

One of the accountant's tasks is creating informatics system and financial systems, especially. While, there were competitions between operational research, computer science and accountant's experts, it seems a significant amount of information in institutions is associated with financial basis. This attribute is more in developing countries, because the role of management and informatics system is not comprehensive enough for using non-financial information in their decisions.

In many cases, managers in developing country pay attention to information systems just as a task requirement. It seems, accountants can have better leadership role based on their career and experience to create the financial and non-financial informatics system, which it is essential for economic development. Effective accounting systems help the countries as the following:

-- Use of available sources to improve the lives
-- Prevent foe waste of efforts, waste reduction, theft and other economic losses
-- Answer the domestic and foreign investments and attract investors
-- Responsiveness about government revenue from taxes and other sources

IV. THE ROLE OF TAXES ON THE ECONOMY

Unfortunately, from the first legislative period in Iran, political and marginal issues are an obstacle for oriented thinking and national interests; so many laws and regulations do not have executive ability, and its operational problem was not considered before. Desired dimensions in a tax law are as follows:

-- Levying taxes as the only solution for the government role
-- Taxes proportionality with taxpayer ability (tax justice)
-- Taking any funds from the public according to the law

-- Simple taxes collection with taxpayers self-reported

With the mentioned principles and assumption's acceptance, and in order to achieve the socio-economic development objectives, maintaining existing jobs and job creation are in the second priority, and the aim of taxes law is creating the enabling environment for investments as the only way to maintain and create the job. Unfortunately, in current taxes law, these objectives are extremely inaccessible. On the one hand, tens economic enormous sources such as institutions and nonprofit institutions with macroeconomic activities in their dominance, evade to pay taxes with various excuses; on the other hand, other labor and commodity producers, the real owners of community, tolerate a disproportionate burden. Hidden and underground economy access to billions of Tomans I revenue to purchase and sale of foreign currency, gold, iron, nuts and even trash wastes, but economic activities like thinking invention and industry included high rates of taxes. Furthermore, sometimes issued various regulations of levy devices violate current inexpressive laws, that it makes double current law problems. Moreover, accounting standards application is faced with numerous problems due to the multiplicity of effective authorities.

Stagflation on Iran's economy is because of decrease in purchasing power and the inflation persistence in recent years, and it leads to reduce the return rate on investments and government tax revenue, stop development projects, production activities being uneconomic and rising unemployment, that the management of these consequences is very difficult or impossible.

The current economy signs show the country is involved in a crisis and investment growth is the only loophole. Lack of capital consequences in economy is very widespread, so to describe this issue, there is no need to widespread, complex and time consuming investigations. For example, consider the rate of unemployment, which authorities declared this number 2 – 4 millions of people, so if we accept 3 million as the exact number for the unemployed, the foreign-currency cost of job creation for every unemployed person in a country like ours is about ten thousand dollars based on available standards, so 30 billion dollars required for job creation, also we need eight billion dollars based on statistics of 800 thousand unemployed people, which added to unemployed collection yearly, and there are only the foreign-currency costs of employment. The need for capital in the country is associated with astronomical amounts.

Investment protection is essential from every point of economic problems, and difficulties view. However, capital formation depends on numerous factors in every country, such as political sovereignty, common social culture, population composition, demographic characteristics of the community and taxation system. However, its dependence of the taxes system is directly. Investment growth relation with tax doesn't mean that the taxes are an investment growth inhibitor, obviously. If government taxes revenue is not enough, the construction of way, road, port, telecommunication network and so on (this funded from tax revenues) decrease, also it limits capital formation and investment activities, so our suggestion is making required balance between reasonable return in investment and having logical motivation for investment and taxes. If taxes limit and decrease private investment, then it is not explainable, and it doesn't meet government goals. If investment in economic private sector is not economical, then it doesn't decrease the administration. Therefore, following recommendations presented as basic principles and assumptions for fundamental revision in current direct tax's law:

1- It should not be considered only more taxes in development of direct tax's law, but the main objectives and policies make income distribution and decrease in the existing gap possible, and investors tend lead to the production and the parts of economic with adoption to government macro policies, and it should consider simple understanding and low enforcement, especially in executive methods, reform mechanism considerations about issues, which associated with problems.

2- Company's requirement to determine an independent auditor and accept diagnostic taxes of the independent auditor.

3- Individuals and business owner's requirement to complete tax's declaration and use of financial and tax's advisors with at least three years' experience in accounting and auditing work.

4- Direct tax's law should be conflicted with other laws, especially business law, and it should be matched with them (especially for corporate income tax and partners or shareholders profit on contribution with respect of the equity uniformly).

5- In some cases, direct tax's law is in stark contrast with accounting standard principles, which cause problems to perform accounting standard and sometimes make impossible to

access necessary information for micro and macro decisions due to influence from tax's aspects. Therefore, mentioned standards acceptance was essential in tax's fields.

6- Government and parliament should receive a formal written opinion of audit organization, Iranian Institute of certified accountants and other shareholders for amending any law provision in order to law enforcement according to tax justice.

7- Revision on accounting financial principles of public sector, which leads to lack of transparency macroeconomic statistics of the country.

8- Accounting culture improvement of the infrastructure of financial correct calculations and an accurate reflection on the economic – financial data through natural and legal person's requirement to observe accounting standards

9- New rules should not be interpreted as current rules, and its interpretation should be more limited and all the rules should be clear it doesn't require issuing circular and votes. Furthermore, necessary informing methods should be predicted about regulations, circular and votes, and all persons and taxpayer's access to required information, timely. The law should be clear, simple and explicit.

10- Law prediction of the presence of at least official accountants, audit organization representatives and Iranian Institute of certified accountants in tax dispute resolution delegations in order to maintain the taxpayer's rights.

11- Law executive attitude is not considered in current laws, for example, sometimes tax deducted at source of taxpayers don't pay to finance ministry by payer person, or it pays with delay, which auditors don't accept the first case as the second. For example, deducted taxes of contractor company fees in 1393, sometimes pay to finance ministry in 1395, and these taxes paying are usable by mentioned company (auditors of the finance ministry don't accept any delay and overpayment in taxes of the last years).

12- Various depreciation table's considerations and don't accept the resulting differences, while companies used from other methods and rates, which concluded companies don't consider reasonable estimates from their assets. Therefore, we recommended that companies are free in choose of in use or non-use of any predicted methods and rates, and apply the resulting difference of mentioned table usage with their estimations in profit and loss field (even in such cases which depreciation costs are less than table usage based on desired methods and rate of company, it is allowed to subtracting the two methods difference of taxable income).

13- Identify tax evasion cortex of the country which depends on traditional market, major retailers, large brokerage and successors to the bourgeoisie, and they access to millions of dollars with mobile phone and any need to move products, and receive state taxes from them. In this regard, custom's mechanisms and tax service unit of economy and finance ministry are effective factors to receive taxes from these persons.

14- Tax exemption canceling for foundations and public institutions, which doing detrimental economic activities with the use of revolutionary institution's name, to provide competition background and possibility for economic units, because until some companies use from currency and special rent, competition, optimum usage and efficiency don't make any sense.

In technology era and the threshold of the third millennium, it seems accounting, computer audits and e-commerce issues are on the agenda of developed laundries, and according to Iran's joining to world trade organization, it is essential to have serious attention in accounting and taxes within the framework of national interests and accounting standards, and it expected this issue to be in the agenda of reformists with the desired tide of reforms.

CONCLUSION

According to economic policies, taxes role as the only solution for government financing have a special significance and priority, in order to perform national development plans to provide a mechanism for economic circulation. Taxes deemed as a twin for government; since the state formation, ransom, tribute, dues and tax was the state treasury; taxes role in all aspects of the community's social life was crucial in the last two centuries.

Country's development processes shows, government's role on the economic and industrial institutions increased more than ever through taxes. Tax's law is not ransom and tribute and cost of king's court, but it is a tool to promote economic growth in contemporary and rationalism era; because taxes ensure the establishment of government revenues, and it receipts and spending in the country fiscal and monetary policy; the expropriations of the wealth and social justice are the main objectives of the executive tax collection.

Taxes and tax system play a significant role on the country's development, without a doubt. Taxes play a vital role in industrial development policy as a tool for government

indirect guided through impact on the firm's activity. Government can effect on achieve development goals with the formulation of an appropriate taxes system.

Receivables are a main way to supply government spending. Since, oil income was available for our government as a main source over the past decades, so there is not appropriate organization for tax collection. Finally, taxes system is essential in economic orientation, supplying government spending and helping to achieve economic development strategy.

Therefore, in order to better performance of the tax collection system, it is necessary to correct tax's laws; create favorable and worthy management; management plays a fundamental role in tax system performance, actually.

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