THE IMPACT OF INTERNATIONAL TAXATION SYSTEMS VARIATIONS ON THE APPLICATION OF FINANCIAL ACCOUNTING PRINCIPLES

Najim Abd Aliwie Al Karaawy, University of Al Qadisiyah
Qassim Mohammed Abdullah Al Baaj, University of Al Qadisiyah

ABSTRACT

The precedence and sequence that led to a common set of financial accounting principles is the irresponsibleness for professional essence that these standards embody today. Stakeholders in accounting globally may feel the necessity to cut down the gap among the existing streams of accounting application through harmonization. However, there still exist several influencing deviations and hurdles in attaining harmonization, such as the variations in the taxation systems. Taxation system alterations offer obstacles towards financial accounting practices harmonization and have an impact on the applications of the stipulated financial accounting principles. Nevertheless, the accounting profession has witnessed some developments in the recent years through the process of international convergence. This article analyses the impact of international taxation systems variations on the application of financial accounting principles. It includes a literature review of the study showing the reports and scholarly findings regarding the relationship between tax amendments and the application of financial accounting systems. The discussion of the results and the possible solutions are also included. Then a conclusion is derived at, with regard to the results and solutions discussed in this article.

Keywords: IFRS (International Financial Reporting Standard), ASC (Accounting Standards Codification), GAAP (Generally Accepted Accounting Principles), Taxation Systems, Accounting principles, Harmonization of Accounting Standards.

INTRODUCTION

The requirement and purposes of taxation and commercial accounting principles are not always similar. According to Hoggett (2017) and Collier (2015), accounting usually involves the information prepared for the need of decision making and control and it can also require the interpretation and the recording of factual information. On the other hand, the purpose of taxation is mainly on the raising of revenue and can be used as a government's social and economic policy instrument (James, 2017). Additionally, there are alternative methods of accounts preparations that are equally tolerable in terms of the standards of accounting but their choice can be influenced by the implications of taxation policies.

Financial accounting managers have the principal responsibility for accuracy and adherence to the applications of accounts principles. Book keeping managers must ensure that the publication and preparation of financial reporting statements are complete and correct at all times as reported in accounting records. The records will be as a representation of financial and economic transactions on the business enterprises. They must also ensure that the tax statements are correctly prepared and submitted (Adrian, 2014). Therefore, financial accounting, based on the application of financial accounting principles, becomes the main source of information and knowledge to economic stakeholders (Porte & Norton, 2007).

Historical progress has resulted through a range of approaches put in place by European Union member countries, the United States and the third world countries. At the scope of one end, there are some member nations that have kept a monetary accounting and tax entirely separate (The World Bank, 2007). At the other range, some member states have established a direct and legal relationship linking financial accounting and tax in order to avoid generating into two parallel set of rules (Broe, 2008).

Hitt (2016) and Drake (2010) argue that financial affairs of any kind of international business activity or business organization will be effectively and efficiently evaluated, analysed and managed at all times. In this regard, they will be able to manage their cross-border activities. The principal tool to achieve this is through the means of organizational accounting systems which are guided by the application of financial accounting principles. With regards to the globalized world economy, there has been a rapid amplification in the volume of businesses worldwide and the progress of internationalizing accounting systems (US Securities and Exchange Commission, 2000).

According to the report by the House of Commons treasury committee (HC 753, 2011), state governments were required to develop their taxation systems and taxation policies. These systems and policies are guided by particularly designed tenets since taxation affects prices and incomes of services and goods causing businesses and individuals to react in different ways towards the alterations in relative prices and income. Therefore, the analysis of the impact of tax policy variations for public and business decision makers is critical.

According to Holmes (2007), it is not eminent for every country in the world to apply different taxation policies. Consequently, this would affect the application of various financial accounting principles. Additionally, they argue that a single unified financial accounting system does not exist globally. Therefore, accounting practices and standards vary significantly across the economies. As a result, these variations in financial accounting principles are strongly influenced by the economic, political cultural and legal (taxation) systems of individual economies. Subsequently, the different accounting principles and tax policies in the world significantly complicate international business operations. According to various research findings, tax laws of individual countries have a direct influence on the net profit after tax of an organization's operations in a foreign economy. The effect on net income makes some tax payers to be attempted in evading the payment of taxes (Nellen & Maloney, 2017). International organizations face complex arrangement of changing rules of intricate and complicated tax laws. Know-how in the host country's taxation policies can enable business managers to develop appropriate and efficient tax strategies to increase their net after-tax revenues.

Watkins (2009, p. 4) and Chinwendu (2012) illustrated that taxation was one of the major means through which governments raised their revenues in order to meet its expenditures. It was also used by these governments as the means of influencing various economic decisions or as a way of controlling their economies (Lymer & Hasseldine, 2012). In this regards, taxation also reflects existing social priorities and values in every economy. This particular attribute assist in explaining why two economies' tax systems cannot be similar in every respect and also it helps in explaining why governments frequently make changes in their taxation systems (Rolfe, 2006). As a result, they lead to an impact on international taxation systems which end up influencing the applications of financial accounting systems.

This article will look at the common impacts on the variations of the international taxation systems on the applications of financial accounting principles. It will also examine the basic tax planning strategies on financial accounting principles that can be used by the international business organizations, to minimize tax liabilities abroad and domestically. It is important to note that international taxation systems and the application of financial accounting principles are the integral part of global business operations and development (European Commission, 2012).

Statement of the Problem

Since 1986, the legal corporate rates of tax in the United States have been experiencing relatively a number of changes. Meanwhile, the majority of the advanced and developed industrial states across the world have reduced their tax rates (Tax Policy Centre, 2016). As a result the changes, top corporate rate of tax, including the average corporate tax in the United States, is now to a great extent higher than that of the top corporate rates of tax of other top or developed countries and also more than ten percent point superior than the GDP's (Gross Domestic Product) weighted average rate for the other organization of development and economic co-operation countries. These adjustments on taxation systems between ranges of countries in the globe influence the functions of financial accounting principles as corporations will react with sharp tax planning strategies.

Studies have shown that the EU-28's average standard VAT rate remained at 21.5 percent in 2016 and 2017 (GDP). According to reports, a sharp rising of tax trends in the VAT standards as compared to the years 2014 and 2015 gives an impression that it has stopped (Quest, 2017). Following this, the European Commission proposed on the changes to the way through which sales taxes are supposed to be levied in the EU from the multinational companies. This is an effort of closing down any taxation loopholes and fraud elimination (Andersson et al., 2007). This effort also tends to mostly tackle fraud through which multinational companies pocket VAT proceeds from sales that they make cross-borders instead of remitting them to their respective local governments. The move also aimed at ending the practice of VAT evasion by multinational companies which base themselves in low VAT countries (Guarascio, 2017). In consequent, these companies will now pay the VAT that is charged by the economies where they sell their products according to the general rule. The act will more likely affect the principles of financial accounting.

Based on the various research findings, this article will establish the impact of the international taxation systems variations on the application of financial accounting principles and suggest the various solutions which might solve the issue of the un-matching the international taxation systems with the financial accounting principles. The article will further compare taxation and accounting variations in different nations and establish the reason behind the variations. The aim is to fill the gap regarding financial statements conforming the accounting principles and applied approaches regardless the taxation rules on a global scale. Furthermore, the research will further try to establish the purpose of impendence in generating temporary and permanent differences between taxable income and accounting.

Objective

1. To establish the impact of international taxation systems variations on the application of financial accounting principles.

2. To provide suggestions for the possible solutions that might help in the successful application of the accounting principles to the international taxation systems.

THEORETICAL LITERATURE REVIEW

In the globe and in particular the European level, the correlation between taxation structures and accounting practices is one of the largely debated topics. According to Dacian (2012), for example, latest empirical studies have revealed five cases of the association or links among taxation and accounting. The study was performed in four nations (Germany, France, UK and the US). These cases are distinguished as; identity, tax leads, accounting leads, tax dominates and disconnection. A study investigation that was undertaken was made by considering a variety of factors of influence to the tie between the two (tax and accounting). This research concluded that, accounting tax have a sturdy link in those states that are incorporated in the accounting scheme of the EC. Example of these countries includes Germany and France. This case applies the contrary to the countries that are dominated by regulations that are more flexible like in the case of the US and UK (Gee, 2010).

Based on the study on the impact of taxation system variations, on the application of accounting principles by Cuzdriorean (2012) conducted a Romanian case analysis on its SMEs. The study involved 336 business organizations operating in Romania. The author's results demonstrate that the SMEs' accountings are extremely influenced by taxation regulations variations.

Not even one unified accounting system exists globally; accounting practices and standards significantly vary across countries (Kwok, 2005). These variations in the accounting practices and standards are stoutly influenced by factors such as economic, cultural, political and legal systems across the globe (Chon & Yu, 2012). These different applications of accounting principles greatly complicate international business operations.

Business taxation differs from one country to another thus influencing the applications of financial accounting principles. When an international corporation expands into foreign countries, it must examine the tax rules of its host country and the interactions of between tax and financial accounting (Chon & Yu, 2012). There are two general approaches to taxation: worldwide principle and the territorial principle (Tax Policy Centre, 2016). Countries that follow the territorial principle of taxation believe that they have the right to tax income earned inside their borders, while income earned from outside their borders should not be taxed. Such countries that follow territorial principle include Hong Kong, Panama, Argentina, Switzerland and many other Central American countries (Henderson, 2008). It is also noted that many countries adopt the worldwide principle of taxation, that they have the right to tax income earned inside their borders, but also income earned outside their borders by organizations registered in the country (White, 2010). The worldwide taxation approach can cause double taxation since the international company registered in the host country has to pay income to the local government and its parent government when the earnings are repatriated to the home company (Chon & Yu, 2012). However, most countries follow the worldwide principle that grants some form of relief for foreign companies to reduce or eliminate double taxation.

Scholars have developed a taxonomy that considers the relationship existing between taxation and accounting in major European Union states. According to Dacian (2012) in his studies, the taxonomy considered states that 'taxation and accounting are dependent; consequently, this kind of rapport is not likely to change in any case. Dacian’s study established that a binding relationship that exists between taxation and application of financial accounting principles is an obstacle to the harmonization of accounting principles. According to the comprehensive research analysis that was conducted by Blake in 1993 on the relationship between taxation and financial regulations in the United Kingdom, Spain and German which are known to have different approaches on the link between taxation and accounting, it was established that Germany tends to have a binding link that exists between taxation and accounting (Dacian, 2012). The finding is attributable to wider 000 Kingdom, the connection between taxation and accounting tends to be very strong, both in practice and principles, although studies shows that they do not have a formal link between them and that, tax factors tend to have more powerful impacts on accounting regulations. Finally, in Spain, this relationship is usually strong, but major alterations in their link have been experienced as a result of the EC fourth directive implementation.

The scholar, Dacian established a categorization of the relationship that exists between taxation and accounting, the classification include five cases that are listed below (Dacian, 2012):

1. Case 1- Disconnection: Different options or different financial reporting and taxation are followed regarding their different purpose.
2. Case 2- Accounting Leeds: In this case, an accounting regulation is followed by a monetary reporting function. The financial reports are then used for tax purposes. It is possible when there is no sufficiently specific tax rule.
3. Case 3- Identity: There is distinctiveness or uniqueness among financial reporting and tax policies.
4. Case 4- Tax leads: A regulation for tax or tax rule is followed for the purpose of taxation and for the purpose of financial reporting. It is possible in the lack of definite financial reporting rules.
5. Case 5- Tax dominates: This means that, a tax regulation tenet is followed for tax and financial reporting purposes, instead of contradictory financial reporting canons.

Scholars have established that companies and tax authorize have different perceptions concerning the relationships between taxation and accounting. In this regard, on financial reporting, managers tend to either use the tax depreciation methods other than accounting depreciation methods in order to increase their corporate profits.

With regard to the various study reports from the perspective of financial reporting, the enactment of the HR 1 (the tax cut and Jobs Act) that was signed by the US President, it would oblige business organizations, which are under the 740, income taxes ASC (Accounting Standards Codification), to be aware with the impact of the alterations in the rates of tax and regulation on the overdue tax liabilities and assets and the retroactive effects of the tax laws changes (EYGM Limited, 2017). The act included the on-time transition tax that had earlier been discussed by the American government. According to the United States' Generally Accepted Accounting Principles, financial accounting statements effects of the tax law are recorded in the financial records as a discrete item and should be part of the company's tax expense or as the benefit of a company's continuing operations, despite the category of loss or income to which those particular deferred taxes relate.

According to (IFRS) International Financial Reporting Standards, the deferred taxes related to tax effects must be traced back to the income component to which they are related to (Bellandi, 2012). This step is regarded to have a great impact on the application of financial accounting principles in various multinational organizations. This is because the fiscal year end organizations will need to determine an appropriate rate to apply based on their various or respective year ends. Therefore, business and financial institutions will be needed to re-measure their existing deferred tax liabilities and assets and, under the United States GAAP, record the period of enactment date as an income tax expense component from the continuing operations.

Theoretical Framework

The link between taxation and application of financial accounting principles has dynamics and complexity of the main characteristics. Given the tax and accounting relationships, the beginning of IFRS in the European Union created a whole set of the analysis of the standards of accounting by tax authorities. Based on this piece of information, a theoretical structure is developed. When tax to accounting connection is addressed, the following elements must be considered: Monetary and accounting regulations, tax and book-keeping concepts, the economic environment under the influence of elements that include; IFRS, tax and accounting principles and the association between taxation and accounting based on regions, like the European Union states experience. The Figure 1 below is a suggestion of a framework for the integrated approach of the link between taxation and accounting.

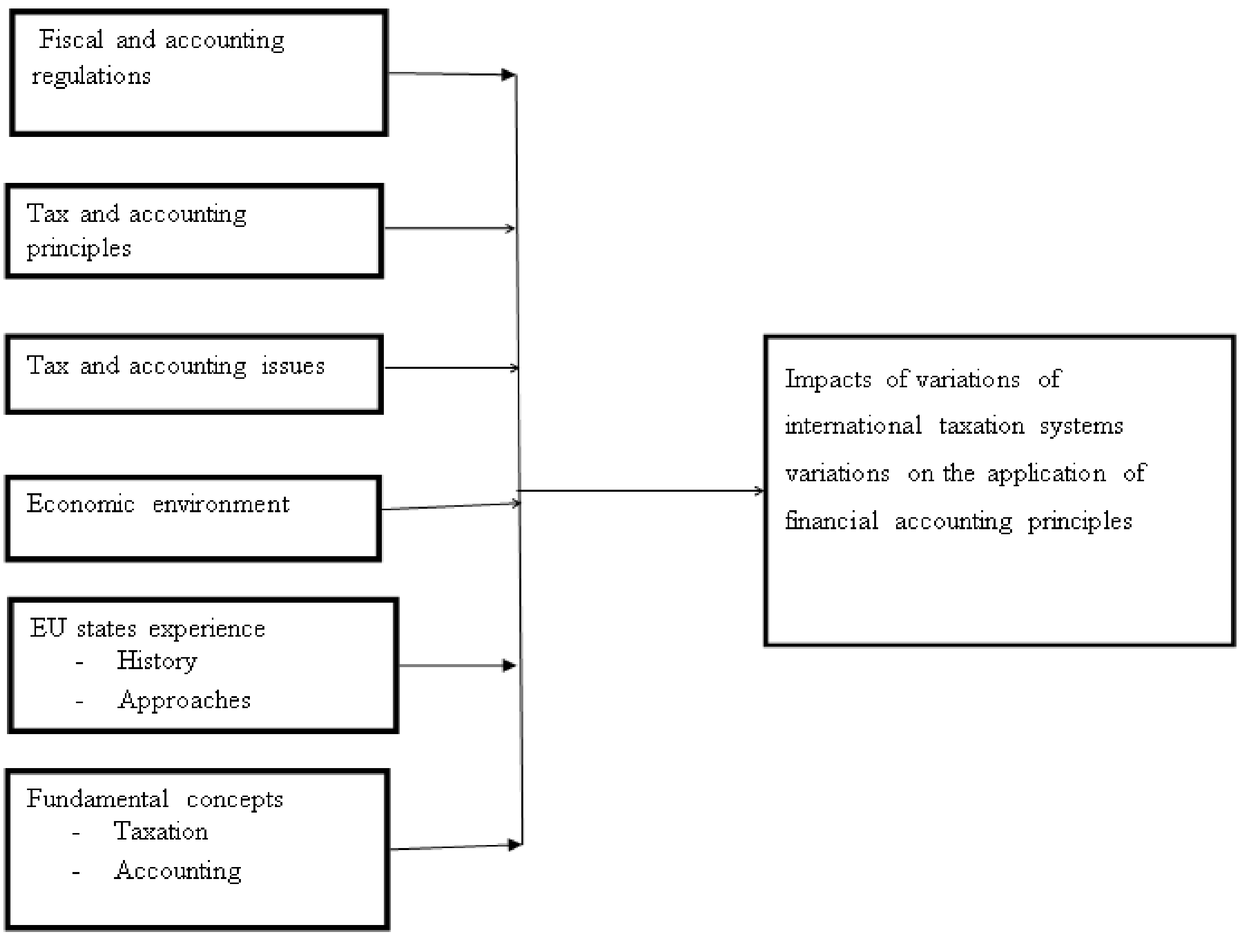

FIGURE 1
THEORETICAL FRAMEWORK FOR THE CONNECTION BETWEEN TAXATION AND APPLICATION OF FINANCIAL ACCOUNTING PRINCIPLES

Empirical Literature

Järvenpää (1996) conducted a research to determine the connection between taxation and financial accounting in the Finland. The main emphasis was on major changes in tax and accounting regulations (Järvenpää, 1966). The author suggests that the taxation and financial accounting in the nation have been based on the accounting theory, 'expenditure-revenue.' The author goes ahead stating that the Company Income Law developed in 1968 still played a major role in the institutionalizing the usability of the accounting model. Järvenpää's (1996) findings propose that taxation in Finland has been linked strictly, to formal and material book-keeping. The flexible depreciation and inventory, as suggested by Järvenpää (1996), result from extension income smoothing from the under-values practices characterizing the nation accounting system since the 1990s. further findings suggests that the concept of deferred taxation is not the central issue in the nation's accounting that lacks detailed regulation towards accounting. Such reasons have allowed group accounts to divide the depreciation changes in financial and tax accounts and the untaxed reserves into deferred tax and equity liability in Finland balance sheets. Such findings by Järvenpää (1996) allow him to conclude that there exist an interesting interplay between needs for international comparability, harmonizing efforts, role of accounting theory and remaining tax dependence in the state of Finland.

Porcano and Tran (1998) focused on the financials between the Anglo-Saxon nations by examining the relationship between financial accounting and tax rules. The nations comprised of the US, Australia and United Kingdom. The research findings suggested that a major source of divergence exists between the dual set of regulations creating the difference between accounting and taxation. Income tax and book-tax relationship were the main findings creating the divergence between the nations.

Jílek (2015) described the tax decentralization towards the local government (s) and the explanation to the fiscal decentralization. The data analysis composed of a data panel of OECD-European between 1995 and 2013 to develop the regression model. The results showed that the slope parameters of population density had negative tax revenue in the local governments as a result of tax decentralization. Household inequality and share of urban population was not significantly significant. However, the real GDP per capita was significantly important towards tax decentralization and affected the international relations in the European nations' financials. The reason was the size of redistribution function because the nations with higher redistribution decentralize more taxes to the local governments.

DISCUSSION ON THE POSSIBLE RESULTS AND SOLUTIONS

The enactment of taxation laws impact significantly the organizations' effective tax rates, account balances and disclosure of their income tax. Therefore, multinational companies should develop project plans in order to prioritize the bills for business provisions and also scope out responsibilities and tasks. This strategy will include the cross-functional communication between the relevant organization departments to ensure that its processes and systems are appropriately planned to collect the necessary information to transition when and if the bill becomes law and how to calculate the organization's income taxation provision. The multinational companies should re-visit its internal controls to ensure that the accounting implications for the future tax provision or variations are recorded accurately in the financial statements.

There are various ways through which an international business company can come up with an international structure, which is tax efficient so as to avoid the conflict between its taxation and accounting principles with the aim of increasing its net after-tax revenues when setting tax planning strategies. One way is the choice of location of its foreign subsidiaries (Lubin, 2009). In this regard, a multinational company can choose to relocate her parent firm form one country to another (Voget, 2008). The finest alternative for the multinational companies is to opt for corporate inversion. In this case, the parent company turns out to be a foreign subordinate and the previous foreign subsidiary firm turns out to be the parent company. For instance, studies have established that inversions of the United States of America's international companies have encouraged the desire to evade corporate proceeds tax in the US on the external sources of earnings (Desai & Hines, 2002).

Researchers have also established that relocation of international headquarters of the multinational companies, are encouraged by the desire to cut down international double taxation (Desai & Hines, 2002). Moreover, more studies have found that, the likelihood of the multinational companies' headquarters relocation goes up. The possibility occurs if the difference between the average of the foreign subsidiaries' income tax rates and the home corporate tax rates is higher. Also, it applies when a company resides in an economy that provides double tax relief, in the host country (Barrios et al., 2009). Countries should work hard to ensure that there is uniformity in their accounting standards. The harmonization of accounting principles and standards will bring about the recognition of national differences in order to achieve the goals of their business companies (Dobrowolska, 2008).

Corporate tax for business revenues vary considerably from one state to another (Rolfe, 2006). Due to tax variances, countries that share similar economic cultures and policies should come up with plans to harmonize the accounting principles and practices. According to previous research studies, harmonization mean as the process of increasing the compatibility of financial accounting practices by setting the bounds to their degree of variation. The practice can assist in achieving the set organizational and government goals and objectives. Unlike using the standardization means of approaching accounting issues (Das, 2009). Scholars define standardization as an approach that implies to the imposition of a rigid and narrow set of rules (Wang, 2011). Additionally, standardization approach implies that, one technically right method can be recognized in all aspects of accounting and then it can be imposed on all preparers of accounts.

In a keen analysis of harmonization and standardization, full homogeny of financial accounting practices and principles is quite unlikely (Das, 2009). This complication is due to the taxation and other variations between different countries in the world. On the other hand, harmonization of financial accounting practices and principles is more likely to be effective, as the agreement of a regular conceptual framework of financial accounting.

CONCLUSION AND RECOMMENDATIONS

The study shows that there is a major obstacle in achieving the harmonization of the accounting practices and financial reporting due to variations of the international taxation systems and other factors including the absence of professional accounting agencies.

Some counties in the world have similar accounting principles and practices because of their related economic policies, political ties, similar legal systems and geographical proximity. Therefore, Countries should work hard to ensure that there is uniformity in their accounting standards. As a result, they will be able to have uniform applications of financial accounting principles thus leading to the success and the achievement of the various multinational companies' goals.

Following the consequences caused by the taxation scheme variations on the appliance of financial accounting principles and the incompatibility of the financial accounting and tax objectives, policy-makers and controllers should revisit the existing extent of the connection among financial and tax accounting in their particular jurisdiction.

Government and its stakeholders should set strict regulations on the ways through which sales taxes are supposed to be levied from the multinational companies. This preference will tackle fraud through which multinational companies pocket VAT proceeds from sales that they make cross-borders instead of remitting them to their respective local governments. The progress will also end the practice of VAT evasion by multinational companies which base themselves in low VAT countries. As a result, they will now pay the VAT that is charged by the economies where they sell their products according to the general rule. This is more likely to stop the negative relationship between taxation systems and the application of financial accounting principles.

A good multinational management system must constantly review the impact of tax policies and liabilities on the conduct of its business practice, by considering the configuration of data and information resulting from accounting and tax interrelation and through this basis, to make the necessary decisions. In this regard, it is necessary to plead for skilful and professional management, based on sound financially viable training jointly with personal skills for organizational leadership and prudence. The financial managers will be able to project for future taxation trends and set up tax plans and strategies so as to avoid the effects in the financial accounting principles and practices.

ACKNOWLEDGEMENT

I would like to recognize those who helped me and also gave me their support in various aspects towards my completion of this article. My incredible gratitude goes to my facilitator Mr. Abdullah Najim Al Khanaifsawy for his substantial support as far as of translation and giving me guidelines which empowered me to prevail with regards to doing this study; The whole school administration, for its entire support in providing me with the necessary library facilities and its conducive environment, which helped me to access, all the truly necessary data for my study. At long last, I wish to recognize my kindred colleagues who helped me in many ways. Their commitment had a positive contribution in finishing this article.

REFERENCES

Adrian, R.S. (2014). Impact of accounting: Tax relationship on managerial decision. *Journal of Knowledge Management, Economics and Information Technology, 4*(2), 1-12.

Andersson, K., Eberhartinger, E. & Oxelhei, L. (2007). *National tax policy in Europe: To be or not to be?* London: Springer Science & Business Media.

Barrios, S., Huizinga, H. & Nicodème, G. (2009). *International taxation and multinational firm location decisions*. Retrieved from https://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/taxation/gen_info/economic_analysis/tax_papers/taxation_paper_16_en.pdf

Bassanese, P. (2017). *Income tax rates in the European Union*. Retrieved from http://digitalnomadeurope.com/income-tax-rates-european-union/

Bellandi, F. (2012). *The handbook to IFRS transition and to IFRS US GAAP dual reporting*. Hoboken: John Wiley & Sons.

Bernardi, L.B., Chandler, M.C. & Gandullia, L. (2005). *Tax systems and tax reforms in new EU member states*. London: Routledge.

Blake, J., Amat, O. & Fortes, H. (1993). *The Relationship between Tax Regulations and Financial Accounting: A comparison of Germany, Spain and the United Kingdom, Economic Working Pape*r, 46, Universitad Pompeu Fabra, Barcelona, available at: http://www.econ.upf.edu/docs/papers/downloads/46.pdf

Broe, L.D. (2008). *International tax planning and prevention of abuse: A study under domestic tax law, tax treaties and EC law in relation to conduit and base companies*. Amsterdam: IBFD Press.

Chinwendu, E.J. (2012). *Effectiveness of taxation as an instrument for control of money in circulation*. Retrieved from http://www.unn.edu.ng/publications/files/EZE%20JUDITH.pdf

Chon, K.S. & Yu, L. (2012). *The international hospitality business: Management and operations.* London: Routledge Press.

Collier, P.M. (2015). *Accounting for managers: Interpreting accounting information for decision making*. Hoboken: John Wiley & Sons Press.

Cuzdriorean, D.D. (2012). *The relationship between accounting and taxation insight the European Union: The influence of the international accounting regul*ation. Retrieved from http://www.oeconomica.uab.ro/upload/lucrari/1420121/02.pdf

Dacian, C.D. (2012). *The relationship between accounting and taxation: The Romanian accounting environment*. Retrieved from http://steconomiceuoradea.ro/anale/volume/2012/n1/129.pdf

Das, B. (2009). Harmonization of accounting standards through internationalization. *International Business Research, 2*(2), 194-201.

Desai, A.M. & Hines, J.R. (2002). Expectations and expatriations: Tracing the causes and consequences of corporate inversions. *National Tax Journal*, *55*, 409-440.

Dobrowolska, B. (2008). Value added tax in European Union countries: Comparative analysis. *Folia Economy Ica, 223*, 79-94.

Drake, P.P. & Fabozzi, F.J. (2010). *The basics of finance: An introduction to financial markets, business finance and portfolio management*. New Jersey: John Wiley & Sons Press.

European Commission. (2012). *Tax reforms in the EU member states*. Luxembourg: Office for Publications of the European Communities.

European Commission. (2017). *VAT rates applied in the member states of the European Union*. Taxud.c.1(2017) - EN, 1-116.

EYGM Limited. (2017). *US tax reform: A guide to income tax accounting considerations*. Retrieved from http://www.ey.com/Publication/vwLUAssets/US_tax_reform_-_A_guide_to_income_tax_accounting_considerations/$FILE/2017G_07168-171Gbl_US%20tax%20reform%20A%20guide%20to%20income%20tax%20accounting%20considerations.pdf

Fekete, S. (2009). *An attempt at measuring the fiscal influence over accounting of Romanian listed companies*. Retrieved from https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1510430

Fekete, S. (2012). Is indeed SMEs accounting influenced by taxation? Some empirical evidence from Romania. *African Journal of Business Management, 6*(6), 2318-2331.

Gee, M.H. (2010). The influence of tax on IFRS consolidated statements: The convergence of Germany and the UK. *Accounting in Europe, 7*(1), 97-122.

Guarascio, F. (2017). *EU to reform sales tax, prepares changes to rates*. Retrieved from https://www.reuters.com/article/us-eu-tax-vat/eu-to-reform-sales-tax-prepares-changes-to-rates-idUSKCN1C81KE

HC 753. (2011). *Principles of tax policy*. London: United Kingdom Parliament.

Henderson, A. (2008). *10 best countries with a territorial tax system*. Retrieved from http://nomadcapitalist.com/2016/06/13/countries-territorial-tax-system/

Hitt, M.A., Ireland, R.D. & Hoski, R.E. (2016). *Strategic management: Concepts and cases: Competitiveness and globalization*. Boston: Cengage Learning.

Hoggett, J.E. (2017). *Decision making and the role of accounting*. Retrieved from http://www.johnwiley.com.au/highered/accounting/aia5e/student-res/study_guide_sampler.pdf

Holmes, K. (2007). *International tax policy and double tax treaties: An introduction to principles and application*. Amsterdam: IBFD Press.

Hoshi, I. (2012). *Barriers to entry and growth of new firms in early transition: A comparative study of Poland, Hungary, Czech Republic, Albania and Lithuania*. New York: Springer Science & Business Media.

James, S. (2017). *The relationship between accounting and taxation*. Retrieved from https://business-school.exeter.ac.uk/documents/papers/management/2002/0209.pdf

Järvenpää, M. (1996). The relationship between taxation and financial accounting in Finland. *European Accounting Review*, *5*(sup1), 899-914. doi:10.1080/09638189600000058

Jílek, M. (2015). Factors of tax decentralization in OECD-Europe Countries. *European Financial and Accounting Journal*, *2015*(2), 33-49. doi:10.18267/j.efaj.140

Kwok, B.B. (2005). *Accounting irregularities in financial statements: A definitive guide for litigators, auditors and fraud investigators*. Aldershot: Burlington, VT: Ashgate Press.

Lubin, M. (2009, January 01). *Consequences of international restructuring*. Retrieved from http://archives.cpajournal.com/old/14152816.htm

Lymer, A.L. & Hasseldine, J. (2012). *The international taxation* system. Birmingham: Springer Science & Business Media.

Nellen, A. & Maloney, D.M. (2017). *South-Western federal taxation 2018: Essentials of taxation: Individuals and business entities*. Boston: Cengage Learning Press.

Porcano, T.M. & Tran, A.V. (1998). Relationship of tax and financial accounting rules in Anglo-Saxon countries. *The International Journal of Accounting*, *33*(4), 433-454. doi:10.1016/s0020-7063(98)80003-4

Porte, G.A. & Norton, C.L. (2007). *Financial accounting: The impact on decision makers*. South-Western: Cengage Learning Press.

Quest, S. (2017). *Taxation trends in the European Un*ion. London: European Union Press.

Rolfe, T. (2006). *Financial accounting and tax principles 2007*. Amsterdam: Elsevier Publishers.

Statistical Office of the European Communities. (2012). *Taxation trends in the European Union: Main results*. London: Publications Office of the European Union.

Tax Policy Centre. (2016). *How does the current system of international taxation work?* Retrieved from http://www.taxpolicycenter.org/briefing-book/how-does-current-system-international-taxation-work

The World Bank. (2007). *An accounting and taxation conundrum*. Retrieved from http://siteresources.worldbank.org/EXTCENFINREPREF/Resources/Taxation_Conundrum.pdf

US Securities and Exchange Commission. (2000). *International accounting standards*. Retrieved from https://www.sec.gov/rules/concept/34-42430.htm

Voget, J. (2008). *Headquarter relocation and international taxation*. Oxford: Centre for Business Taxation.

Wang, C. (2011). *Accounting standards harmonization and financial statement comparability: Evidence from transnational information transfer*. Retrieved from https://www.kellogg.northwestern.edu/accounting/papers/Wang.pdf

Watkins, J. (2009). CIMA official learning system financial operations. Amsterdam: Elsevier.

White, J.R. (2010). *International taxation: Study countries that exempt foreign-source income face compliance risks and burdens similar to those in the United States*. Collingdale: DIANE Publishers.