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SYSTEMIZATION OF ACCOUNTING AND TAXATION APPROACHES OF COMMISSION OPERATIONS

Об'єктом даного дослідження визначено механізм здійснення комісійних операцій та управління ними як інструментом оптимізації використання фінансових ресурсів підприємства. Проблемним є цілий ряд питань, пов'язаних з ідентифікацією комісійної операції, її документуванням, статусом її учасників (комісіонера та комітента), методикою розрахунку плати за комісійні послуги та визначенням цінової політики. Також порядком відображення в бухгалтерському обліку та звітності стану та результатів здійснення вказаних господарських операцій. Крім того, потребують вирішення проблеми оподаткування комісійних операцій при різних податкових системах та обраних податках.

В ході дослідження використовувалися теоретичні та емпіричні методи дослідження, серед яких абстрагування та конкретизація, які забезпечили визначення меж комісійних операцій та процедури їх документування. Для побудови системи складових комісійної операції з метою організації облікових процесів їх відображення застосовано методи групування, аналогії та теоретичного узагальнення. Використання індуктивного підходу та моделювання сприяло розробці алгоритмів оптимізації оподаткування комісійних операцій. Крім того, застосовані методи порівняння, аналізу і синтезу в поєднанні з системним підходом дозволили визначити методіку бухгалтерського обліку комісійних операцій.

У результаті дослідження систематизовано порядок обліку комісійних операцій у обох сторін вказаного у роботі договору. Одним із напрямків удосконалення цінового механізму є також скасування обов'язкового проведення операцій уцінки, в результаті чого скоротяться витрати часу на документальне оформлення та обліковий процес зазначеної операції та підвищиться зацікавленість комітентів у послугах посередника. Запропоновано удосконалення розрахунку ПДВ в процесі здійснення комісійних операцій. При цьому забезпечується єдиний порядок формування податкових зобов'язань та податкового кредиту комітентів та комісіонерів, а ПДВ буде сплачений у бюджет тільки з комісійної винагороди, що дозволяє оптимізувати використання ресурсів підприємства. У порівнянні з існуючим порядком, це надає можливість оптимізувати договірну політику підприємства та стратегічне планування діяльності підприємства.

Ключові слова: бухгалтерський облік підприємства, процес документації комісійних операцій, комісійна винагорода, комісійна торгівля, договір комісії.

1. Introduction

In recent years, the Ukrainian economy has been characterized by a trend of increasing competition, a decrease in profits and a slowdown in the development of the domestic market. In this regard, the leaders of Ukrainian enterprises are in constant search for ways to improve the profitability of their activities. One of these ways is the effective management of inventory, based on the formation of accounting information on commission operations. So, it is necessary to pay special attention to the organization of the account of the calculations of the enterprise for commission operations in modern business conditions.

Today, commission trading occupies a particularly important place in the economy as a specific intermediary between the spheres of production and consumption. The effectiveness of the economic activity of an enterprise selling goods on the terms of commission trading depends on the organization of a mechanism for obtaining reliable and complete accounting and economic information. For which the role and importance of accounting for commission trade is increasing as one of the particularly important function of managing the economic activity of an enterprise. However, the existing system of organization of accounting

for commission operations at the enterprise is not able to fully meet the growing needs of management. The inaccuracy of presentation and frequent changes in legislative regulation led to a distortion of the essence of commission intermediation, a lack of understanding of the subject and object of accounting. The latter led to a decrease in the efficiency of commission operations and a decrease in the use of this yield management tool. Thus, it is relevant to study the essence of commission operations to determine directions for improving taxation mechanisms.

2. The object of research and its technological audit

The object of this research is the mechanism of commission operations and their management as a tool to optimize the use of financial resources of an enterprise.

Commission operation is an operation that is performed by one of the parties (commission agent) on behalf of the other party (commitment) for a certain fee (commission). Commission operations are carried out by functioning enterprises and banks. An enterprise that purchases or sells goods on behalf of and at the expense of the principal (secondary manager) is called a commission. The commission

is set mainly as a percentage of the volume of sales or purchases of goods.

The modern scientific and methodological base of accounting and taxation of enterprises' calculations for commission operations does not fully satisfy management needs. Economic activity of the enterprise involves making a profit, depends on the range of goods, the sale of which provides income. Therefore, the creation and operation of methods and forms of accounting and optimization of taxation of commissions of goods can be achieved through effective management of commodity resources.

3. The aim and objectives of research

The aim of research is systematization of the approaches to accounting and reporting in the taxation of commission operations.

To achieve this aim it is necessary to perform the following tasks:

1. To determine the elements of the commission operation as an object of accounting.
2. To systematize the set of documents drawn up when performing commission operations.
3. To update the order of accounting reflection of calculations for commission operations, taking into account the clarification of the positions of the subject of the commission operation.
4. To highlight points of attention to optimize the calculation of the value added tax within the commission operations.

4. Research of existing solutions of the problem

Accounting and taxation of commission operations is a direction, which is little studied in accounting scientific thought. The study of the peculiarities of accounting for commission operations, as a rule, occurs in educational literature. Moreover, questions of a methodological nature are disclosed in the process version [1, 2]. Particular attention is also paid to documenting transactions in commission trade [3, 4]. In particular, the researchers consider in detail the procedure for the formation of primary documents to ensure the reliability and transparency of the actions of participants in commission operations for the purpose of effective internal control.

However, a study of scientific works shows that the issues of commission operations are considered in terms of the organization of trade relations [5, 6]. Researchers are studying mechanisms for implementing commission operations as an object of managerial influence. In fact, these approaches are basic for organizing accounting records of the state and results of a commission transaction. In terms of accounting, attention to commission operations is paid in a small number of works [7, 8]. The authors systematize approaches to the formation of correspondence accounts, but taking into account the peculiarities of the norms of international law.

In scientific sources it is possible to find the consideration of the organizational aspects of the commission operations exclusively in the part of mediation. In particular, the peculiarities of the moral aspect of intermediary operations [9] are considered, indicating the need to comply with moral principles when representing the

interests of third parties and financial evaluation of such services. The most popular issues currently are identification and assessment of obligations in intermediary operations in electronic commerce [10, 11]. As a rule, this issue is considered in the writings of the legal direction.

However, the issue of improving the efficiency of documentation and taxation systems for commission operations in Ukraine requires further consideration and a comprehensive final decision.

5. Methods of research

The following research methods are used:

- abstraction and specification, which provided the definition of the boundaries of commission operations and procedures for their documentation;
- grouping, analogies and theoretical generalization is applied to build a system of components of a commission operation in order to organize the accounting processes of their display;
- inductive approach and modeling contributed to the development of algorithms for optimizing the taxation of commission operations;
- comparison, analysis and synthesis in combination with a systematic approach make it possible to determine the method of accounting for commission operations.

6. Research results

In the course of business, enterprises carry out various operations, including commission. Now in the scientific literature there is no classical definition of commission trading, which is considered mainly as a type of retail [5]. The study of the legal peculiarities of conducting trade transactions on commission terms makes it possible to determine commission trading as a form of trading activity. The basis is the relationship between the committent and the commission agent, occurring on the basis of the concluded commission agreement. The next element is the commission agents' relationship with the final buyer of the goods, which occur on the basis of the contract of sale. The identified stages and elements of commission trade testify to the specific intermediary nature of the commission transaction and help to establish the legal aspects of the relations between the parties, revealing the external and internal features of these operations.

The commission form of trade has all the features inherent in such an activity, but it also has its own specific differences. First of all, this is what commission trade combines two important structural elements – it is trade and the provision of services, hence its dual nature [6].

A commission operation is an operation that one of the parties (commission agent) performs on behalf of the other party (committent) for a certain fee (commission) [4]. Commission operations are carried out by functioning enterprises and banks. An enterprise that purchases or sells goods on behalf of and at the expense of the principal (secondary manager) is called a commission. The commission is set mainly as a percentage of the volume of sales or purchases of goods.

Commission is the fee that the company pays to the seller in exchange for services at the conclusion of the sale. Commission may be based on a payment plan, or (more often) as a percentage of income received. The slightest

distribution is a commission that is based on gross margin or net profit from the sale [2].

According to the accrual method, it is necessary to fix expenses and compensatory responsibility for the commission in the same period as the sale.

It should be noted that commission operations have the greatest value for enterprises in terms of occupying stable positions both in the domestic and foreign markets. The most used commission operations for the sale of exclusive goods, inventory items, antiques, owned by the company. In this case, the committent remains the actual owner of the goods until the moment they are transferred to the buyer, and the commission agent, in turn, is exempted from the risks arising during the sale of this goods. However, the main factor in the development of trade intermediation is legislation that allows participants in commission operations to calculate the object of taxation on a cash basis.

Today, commodity operations and settlements with committents are the basis of the financial and economic activities of the commission agent and, at the same time, is one of the most labor-intensive areas of accounting in the general system of organization of accounting in the enterprise.

Correspondingly organized information support of the accounting system at commission trading enterprises is provided by several components. Among them:

- clearly defined procedure for organizing the assembly and processing of primary documents (starting from the moment of their formation in the accounting department or receipt);
- mechanism of preservation with the subsequent archiving of these documents.

At the same time, an important decision at the present stage of management is the choice of the form of documentation: paper or electronic. The latter allows to significantly reduce the time and resources spent on organizational support of the operation.

An accounting document must not only officially confirm the actual conduct of a business transaction, but also provide the user with economic information in a convenient form. Here a number of difficulties arise (Fig. 1).

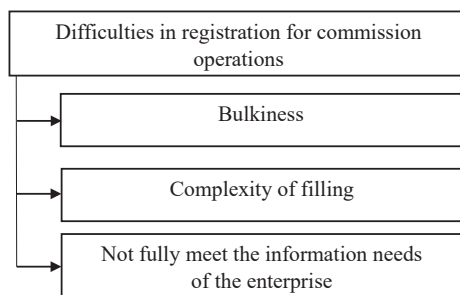


Fig. 1. Difficulties in processing primary documentation for commission operations [1]

Because of this, additional material and labor costs are generated.

Documentation of commission transactions begins with the drafting of a commission agreement. A commission agreement is a civil legal act whereby the commission agent undertakes, on behalf of the committent for the corresponding remuneration, to make transactions on his own behalf, but at the expense of the committent. The use of a commission agreement in trade relations is now quite common. Such

a business relationship scheme provides additional advantages over a classic sales contract. In particular, it allows the commission agent to enter the goods turnover at low costs, the committee can expand the sales market for its products, and also significantly optimize the costs of both. The procedure for recording business transactions under a commission agreement in accounting is largely determined by the provisions of the agreement concluded between the parties. And the extent to which transactions related to the commission agreement in accounting are reflected correctly also determines the size of the tax burden of the enterprise. As a rule, the implementation of commission operations allows to influence the amount, the period of occurrence of tax liabilities. Thus it turns out a reliable tool for managing resources that are sent to pay taxes.

In the current business environment, a specific set of various types of primary documents is applied for processing commission operations (Fig. 2). In this case, the base is a clear definition of the terms of the commission transaction in the contract and regulatory documents that accompany its implementation.

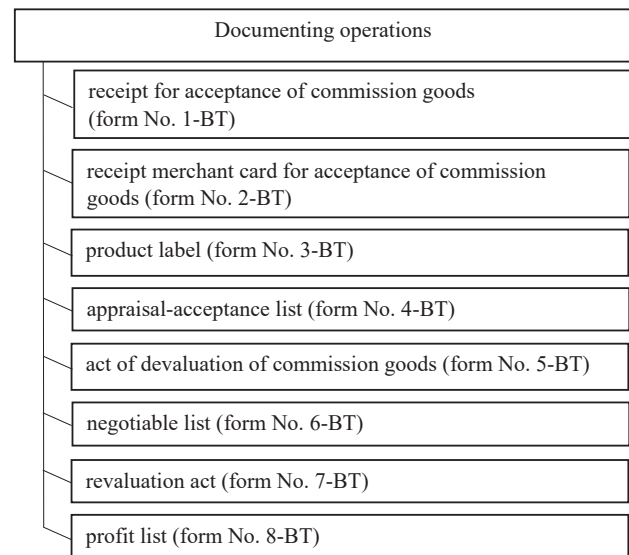


Fig. 2. Documentation of transactions [3]

The main primary documents that are issued in the implementation of commission operations are:

- receipt;
- product label;
- price tag;
- appraisal-acceptance list;
- sales receipt;
- cash receipt;
- register of sales receipts;
- register of copies of receipts;
- act of devaluation of the commission goods;
- revaluation act;
- act of withdrawal of commission goods from the sale;
- profit list. Negotiable list.

In accounting, which is carried out by the committent, the commission transaction for the purchase of goods is reflected in the same way as any other purchase. The only difference is that the counterparty is not the supplier of the goods, but the commission agent. The committent is recognized expenses in the amount of commission.

The committent takes into account the goods transferred to the commission agent for sale on subaccount 283 «Goods on commission». Moreover, analytical accounting is conducted on the types of goods transferred and commission agents. The committent who sold the goods that were intended for sale to the commission agent reserves the right of ownership of these goods until the time of their sale [12].

After the fact that the commission agent sells the goods that are owned by the committent, the committent must recognize the income from the sale. The specified amount of income received is reflected in the credit of subaccount 702 «Income from the sale of goods». At the same time, accounting standards oblige to recognize expenses in the amount of the initial cost of goods sold (debit 902, credit 283). The amount of commission, the committent charges and pays to the commission agent, is reflected in the debit of account 93 «Distribution costs».

Table 1 shows the features of accounting of commission transactions with the payment of services of the commission agent.

Table 1
Accounting of commission operations with payment of services of the commission agent*

No.	Business transaction	Debit	Credit
1	Goods transferred to the commission	283	281
2	Accrued tax liability for VAT with the subsequent transfer of goods to the commission agent	643	641
3	Sales of goods by a commission agent	361	702
4	Reflects the tax liability for value added tax	702	643
5	Reflects the cost of goods in the expenses of the enterprise	902	283
6	Credited proceeds from the sale of goods	311	361
7	Expenses for commission agent services	93	631
8	Accrued tax credit for value added tax for commission agent services	641	631
9	Transferred to the commission agent	631	311

Note: built by the authors on the basis of data [7]

The revenue of the sale of goods by the committent takes into account on the date of the sale of goods by the commission agent, indicated in the report of the commission agent, writing off their cost price from the balance. According to the certificate of services rendered by the commission agent, the principal in the amount of the commission recognizes the cost of sales.

Table 2 shows the commission delivery of goods in the accounting of the commission agent.

Goods accepted for sale are accounted for by the commission agent on off-balance sheet account 024 «Goods accepted for commission». At the time of sale of commissioned goods, income is recognized and the goods are debited from the «off balance».

One of the most important tasks of financial management in commission trading is the optimization of the pricing mechanism. This optimization should occur due to the improvement of the legal regulation of the issues of value added tax payment, since it is this that causes a significant overstatement of the selling price.

The tax base for the sale of products belonging to payers of value added tax should be the total value of the goods sold and commission; defaulters of value added tax –

the cost of services. This ensures a uniform procedure for the formation of tax liabilities and tax credit of commitments and commission agents, and VAT will be paid to the budget only from commission. This allows to optimize the selling price of the goods, reduce the tax burden of the commission agent and leads to an increase in sales. One of the ways to improve the pricing mechanism is the abolition of the mandatory performance of markdown operations, which reduces the time spent on documenting transactions and increases the interest of committees in the services of the commission agent. After all, the efficiency and effectiveness of the accounting process of commission operations are primarily related to the procedure for documenting financial and business transactions.

Table 2
Accounting of commission operations with payment of services of the commission agent at the expense of revenue*

No.	Business transaction	Debit	Credit
1	Goods transferred to the commission	283	281
2	Accrued tax liability for value added tax on the transfer of goods to the commission agent	643	641
3	Sales of goods by a commission agent	361	702
4	Reflects the tax liability for value added tax	702	643
5	Reflects the cost of goods in the expenses of the enterprise	902	283
6	Maintenance by the commission agent of the sum of its remuneration from the revenue for the goods	377	361
7	Accrued tax credit for value added tax	641	644
8	Received revenue from the sale of goods	311	361
9	Expenses for commission agent services	93	631
10	Reflects the tax credit for value added tax in the commission agent's remuneration	644	631
11	Organization of netting of debts	631	377

Note: built by the authors on the basis of data [7]

The Tax Code of Ukraine (TCU) equates the transfer of goods in the framework of the commission agreement to the delivery operations. The taxpayer must accrue tax liabilities on value added tax at the time of transfer of the goods to the agent. The time of tax liability is determined, taking into account the requirements of paragraph 189.4 of the TCU, while the rule of the first event [13] works. According to the commission agreement, the first event for sale is the shipment of goods to the commission agent, since the committent has obligations on this date, and the commission agent is accordingly entitled to a tax credit. The product sales service provided by the commission agent is a separate delivery operation. The «first event» rule also applies here. The commission agent recognizes the amount of the remuneration received as of the date that occurred earlier.

In the commission agent the tax is levied on the profits received from the provision of services on commission trading. At the same time, it is obligatory to observe the statutory mechanism for adjusting the financial result before tax. The corresponding value of the financial result determined by the national or international accounting (financial statements) regulations (standards) is adjusted for the differences established by the TCU.

Funds or goods received in favor of the principal shall not be included in the intermediary's income, since such revenues as «the amount of revenues under the commission

agreement, agency and other similar agreements in favor of the principal» are not recognized as income in accordance with the legislation.

7. SWOT analysis of research results

Strengths. As a result of research, critical elements of commission operations are revealed, and it is the basis for developing models for their accounting and taxation. The uniqueness of the mechanism of commission operations is that the service is clearly defined and the profit is set in advance. This makes it possible to predict the income of the enterprise and all the costs associated with them. In turn, it is determined that with this approach, it is commission agreements that acquire the role of a flexible tax optimization tool. The latter allows to predict the amount of the tax burden and distribute it between periods.

Weaknesses. At the same time, an integrated approach is needed in terms of reflecting the relationship between contractual, administrative and primary documents of processing commission transactions and their impact on the results of tax transactions. An attempt to improve the local mechanism of accounting display of a commission transaction does not lead to simplification and transparency of taxation procedures. In addition, only the combination of accounting models with proper legal registration will contribute to the effectiveness of the fulfillment of all obligations under commission operations.

Opportunities. Further research should be devoted to the development of integrated interdisciplinary models of management of commission operations. In particular, models are necessary, including accounting, legal regulation and taxation mechanisms to avoid problems of tax administration and control of parties to a commission transaction.

Threats. The main threat to the implementation of these studies is the need to rethink the role of commission operations in the economic mechanism and the presentation of new approaches to taxation of a commission transaction solely in terms of the net difference between income and expenses in an operation.

8. Conclusions

1. It is established that the commission operation contains the following basic elements as an object of accounting service between the commission agent and the committent – the essence of the contract – and the relationship between the commission agent and the final consumer. The identified elements make it possible to simulate a commission transaction and to ground financial plans, predicting future revenues. In particular, this allows to select the gross component of cash receipts, as well as part of the profit, which remains in the composition of cash, which remain in disposal.

2. The existing system of documentary support of commission operations with a detailed display of the stage of the operation and the order of reflection in the documents is the basis for building the document flow for the said operation. This is necessary for the development and practical use of a standard set of documents that can be prepared in electronic form. The latter, in turn, provides increased efficiency in the use of resources and reduces the time spent on documenting standard operations.

3. An accounting reflection of calculations for commission operations at the commission agent is presented, on the basis

of various payment terms of the specified service. The use of a unified accounting process for mapping a commission transaction will avoid duplicating the turnover of income and expenses in accounting. In addition, the clarity of the mechanism for the formation of correspondence accounts is the basis for improving the pricing mechanism.

4. Peculiarities of taxation of commission operations with value added tax are determined. In particular, the tax base for the sale of products belonging to VAT payers should be the total value of the goods sold and the commission; VAT defaulters – the cost of performed services. This ensures a uniform procedure for the formation of tax liabilities and tax credit of committents and commission agents, and VAT will be paid to the budget only from commission. This allows to optimize the selling price of the goods, reduce the tax burden of the commission agent and leads to an increase in sales.

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