



***The company's economic reality and the tax-legal aspects in
Algeria: analysis of the distortions between accounting and taxation***

OUARAB Ali

Ali90gmail.com@gmail.com

Mouloud Mammeri University of Tizi

Ouzou (Algeria)

Received:25/01/2024

Accepted :16/10/2024

Abstract

The objective of this study is to analyze the nature of the relationship between accounting and taxation in an environment marked by the accentuation of the role of reliable and relevant financial information highlighted by the SCF and IFRS standards.

The analysis of the distortions between accounting, as it is applied according to the SCF, and the provisions of the tax codes concludes that certain discrepancies which, sometimes have a significant impact, can be eliminated by a will of the state, represented by the tax administration, by aligning some tax provisions with the financial accounting system, guaranteeing both the quality of financial information and state tax reviews.

Keywords: taxation; tax; accounting; tax codes.

1. INTRODUCTION

The accounting-taxation tandem has always sparked discussions and virulent debates in accounting and tax environments between supporters of an alignment relationship

of these two disciplines, where accounting rules are almost modeled on tax provisions and those who are categorically opposed to an aligned relationship or even any rapprochement. At first glance, the divergences arise from different goals, however, other elements and factors are at the origin of the countries' choices to opt for the connection or the disconnection of accounting and taxation, such as cultural factors, the economic situation of each country, the activity of financial markets...(Rossignol, 1999) (Didelot Laurent; Barbe Odile, 2009) (Mohamed Ali Omri , Ines Bouaziz Daoud, 2013)

Accounting, as defined by international organizations or even by the financial accounting system, is a discipline which deals with the production of good quality financial information through an information system which consists of classifying, entering, recording and evaluate basic numerical data and present statements that reflecting a faithful image of the financial and asset situation, performance and cash flow of the entity, at the end of the financial year. (Ministère des finances, 2007, p. 3), these the accounting systems' outputs are used by the tax administration.

(Heitzman, 2020) confirms that any company is required to have an accounting system able to represent the commercial transactions carried out and product information that could serve as a tax base for the tax administration (Voksh, 2018) emphasizes that the tax services are required , voluntarily or not, to keep under their eyes the information produced by the accounting systems, however the quality of these, according to the tax administration, is different from the one perceived by the accounting standards. In the same wake, (James) affirms that the unavoidable reality is that taxation is based on accounting, however the different conceptions of the notion of expense, of taxable base product create a field of discussion and reflection, and this relationship will not cease to be disrupted in the near future.

Financial and economic changes force accounting to be more adapted and more sophisticated in order to keep up with these changes, on the other hand, the tax burden, additionally borne by companies following all tax obligations imposed by

states, is explained by the strengthening of the public treasuries resources , the development of the two disciplines must be done with a bilateral vision (Ana Clara Borrego Cidália M. Mota Lopes^b) underlines that, in fact, a solid relationship and a common development between these two branches, accounting and taxation, and it is essential that this evolution is made together and with coherence.

In Algeria, the reforms of the tax system contribute, on the economic level, in the establishment of a modern tax system that provides incentives for investment and employment. Financially, it contributes in a more efficient drainage of tax resources necessary for the functioning of the State and the progress of the country. Also, they help in the perceptible reduction of tax inequalities. Overall, the new system aims to be modern, efficient and favorable to investment. (Mohamed Abdou Bouderbala, 2014, p. 47)

Rational taxation must necessarily be based on the knowledge of the country's economic and social conditions. Since the tax is a levy on all individual income so overall on national income, it is essential to know the amount of this income and its distribution by sector of activity. In a country like Algeria, where tax is one of the main resources, the State is obliged to increase the tax pressure as much as possible. But the tax comes up against psychological limits which cannot be exceeded without the risk of disruption of economic activity and social resistance. (HOCINE, 1964, p. 225)

Study problem:

Like several countries which adopted international accounting standards from the beginning of the 2000s, Algeria, in turn, began the project of reforming its national accounting plan. The results of the work carried out jointly between professionals of Algerian accounting and the French national accounting council have finally led to the adoption of another hybrid accounting system, the SCF said to be inspired by international accounting standards existing until 2004 and certain provisions linked to the technicality of operation and the set of accounts of the French general accounting

plan, on the other hand, the Algerian tax system has also undergone reforms, notably after the application of the SCF in 2010 by providing that the provisions of the financial accounting system are applied for the determination of the result provided that these do not contradict tax rules. Therefore, the main question asked, in the context of this study, is the following: **To what extent can accounting according to the SCF be reconciled with taxation?**

To be able to respond to the problem posed and to identify clearly the axes of the research, it is necessary to carry out an analysis of the texts relating to the financial accounting system and the tax codes, for this purpose, a comparison between the two disciplines will be made to draw the similarities and the main points to be reviewed by the tax administrations in the tax codes to be published in the future in order to catch up with the advances in the financial accounting system not recognized by the Algerian tax system yet.

2. Financial information a major concern of accounting in SCF

Since the Second World War, information has become a major concern for everyone. It appears in the scientific works of many disciplines, but it has also invaded the private space of individuals. By its protean and polysemous nature, information is a concept whose several disciplines have taken over. (Sylvie Leleu-Merviel P. U., 2008, pp. 25-26)

For (Michaïlesco, 2009, p. 1) (Saboly, 2001) (Pascal Dumontier, Randa Maghraoui, 2006) (Olivier Ramond, Laurent Batsch, Jean-François Casta, 2007) (Gaëlle Lenormand, Lionel Touchais, 2009) accounting communication is made up of data deemed the most adequate to recreate the reality of the company in order to influence possibly a receiver's choices and actions. The representation of this reality must be considered as an attribute of the information, which without it, it could not have value. The dissemination of accounting information is a rule of the game which ensures the sustainability of relations between the company and its environment. In

fact, the presentation or the dissemination of this information is notably done through the financial statements.

2.1. Financial information for which destinaries?

Financial information is the basis of numerous communications to the third parties, in relation to the company; investors, administrations, partners, financial organizations, the works council, the public, etc.)

Indeed, according to (Houri, 2010), no one can deny the importance of accounting and its role in the modern economy, and whose goal is to provide the most reliable and faithful image of economic reality, accounting is a foundation. If it is reliable and imperfect, the constructions, that's to say, the economic and financial reasoning will be questionable. Today the world is complex and increasingly difficult to understand: the economy is globalizing, becoming financialized, information circulates very quickly, its resources are colossal and innovation is limitless. This makes the accountant's task difficult and accounting research essential to anticipate inevitable developments, update and enrich the arsenal of accounting standards and techniques. But the perception of the economic reality depends on the partners collaborating with the company. Workers, the State, the short-term investor, the long-term investor, the creditor... all have their own vision of the company, its balances and, therefore, the particular needs that its financial statements must satisfy.

The information needs of stakeholders continue to increase, moreover (Sylvie Leleu-Merviel P. U., 2008, pp. 25-26) underlines that "Since the Second World War, information has become a major concern for everyone. It appears in the scientific works of many disciplines, but it has also invaded the private space of individuals. By its protean and polysemous nature, information is a concept whose several disciplines have taken over.

Therefore, the IASB conceptual framework has determined the users of the financial information as follows: (Wolfgang Dick, 2006, p. 1)

- *Current investors (shareholders) and potential*
- *Capital lenders* : the information they seek must allow them to determine whether the amounts owed to them will be paid when due.
- *Customers* : they are looking for information about the continuity of the business
- *Suppliers and other creditors*: the information they seek must allow them to determine whether the amounts owed to them will be paid when due.
- *Company personnel (and their representatives)*: they seek information about the stability and operational continuity of the company that employs them.
- *States and their public bodies* : They determine appropriate tax policies based on national product statistics.
- *The general public*: He is interested in the activity of companies, because they contribute substantially to the local economy, in particular by employing a large workforce.

3. Conceptual framework: origin of changes in national and international accounting reasoning

The financial accounting concept map provides a guide for the development of accounting standards, their interpretation and the selection of the appropriate accounting method when certain transactions and other events are not addressed by a standard or interpretation. The conceptual framework of financial information defines the concepts that are the basis of the preparation and the presentation of financial statements.

3.1. Qualitative characteristics of useful financial information

(Obert, 2011) affirms that, in order to achieve its informative objective, financial information must be built on solid foundations, within the framework of accounting conventions. Qualitative characteristics are the qualities that financial information must have to be useful, these are classified according to the conceptual framework of financial information in 2018, into two subsets; the essential qualitative characteristics and the auxiliary qualitative characteristics:

3.1.1. Fundamental qualitative characteristics

Relevance: the information is relevant if it is likely to influence the decisions made by users. The relevant financial information is the information that can influence decisions if it has a predictive value, a confirmatory value, or both of them. The financial information has a predictive value if it can be used as data by users to predict future results. The financial information has a confirmatory value if it confirms or modifies previous assessments. The predictive value and the confirmatory value of the financial information are interdependent. The information that has predictive value often has confirmatory value too. For example, data on products produced for a current year can be used as a basis for forecasting revenues of the coming year. They can also be compared with revenue forecasts of the current year or the previous ones. The results of these comparisons can help the user to correct and improve the processes that were used to make these forecasts.

Faithful representation: The financial information gives a true and a fair view when it depicts an economic phenomenon in a complete, neutral manner and free from material errors. The financial information that presents fairly an economic phenomenon depicts the economic substance of the underlying transaction, event or circumstance, which does not always correspond to its legal form. To be a perfect faithful representation, an economical representation presented in the financial statements must have three characteristics. It must be complete, neutral and not contain any significant error. A complete representation includes all the information necessary for a user to understand the facts presented therein, including all necessary assessments, descriptions and explanations. A neutral representation is a choice without bias in the selection or presentation of the financial information. A neutral representation should not be oriented in order to increase the probability that the information will be favorably or unfavorably received by the users. However, a faithful representation does not mean an accurate representation in all respects.

3.1.2. Enhancing qualitative characteristics

Comparability, verifiability, timeliness and understandability are qualitative characteristics which reinforce the usefulness of the relevant and faithful information.

Comparability: comparability is the quality of information that allows users to identify the similarities and differences of two sets of economic phenomena. The consistency and the permanence of methods refer to the use of the same accounting methods and processes during the same period in different entities or from one period to another in the same entity. Comparability is the goal; the consistency and the permanence of the methods constitute a means which facilitate the achievement of this goal. Thus, since users' decisions involve choosing between alternatives, for example, selling or holding an investment, or investing in the reporting entity or another, the information about the reporting entity is more useful if it can be compared to similar information about other entities and with similar information about the same entity for another period or on another date.

Verifiability: Verifiability is the quality of information that helps to provide users with the confidence that the information gives a true and a fair view of the economic phenomena which it represent. Verifiability assumes that different knowledgeable and independent observers could reach a general consensus, although not necessarily complete, on one or other of the following points:

- ❖ That the information depicts without error or significant bias the economic phenomena which it claims to represent;
- ❖ That an appropriate accounting or measurement method was applied without significant error or bias.

Timeliness: Timeliness responds to the need to make information accessible to decision-makers before it loses its ability to influence their decisions. Making relevant information more quickly accessible can increase its ability to influence decisions, and a lack of timeliness can deprive information of its potential usefulness. Generally, the age of information makes it less useful. However, some information

may continue to be timely long after an establishment period has ended because, for example, some users may need to analyze trends.

Understandability: Understandability is the quality of information that allows users to understand its meaning. Understandability is increased when information is classified, defined and presented in a clear and concise manner. Comparability can also increase understandability.

The financial accounting system (Boubir, 2013, pp. 23-25) includes also a conceptual framework of financial accounting, accounting standards and a nomenclature of accounts allowing the establishment of financial statements on the basis of generally accepted accounting principles and in particular:

*Basic assumptions: accrual accounting, going concern,

*Qualitative characteristics of the financial information: Intelligibility, relevance, reliability, comparability,

*Fundamental accounting principles.

4. Accounting law and tax law: which relationship for which future?

Accounting and taxation are strongly or moderately connected or completely disconnected by going from a country to another and even from a large company to another small one. (Berinde, S. and Răchișan, R., 2005) notes that the degree of connection is different depending on the size of the companies which form the economic fabric of the country, arguing that the connection is strong between the two disciplines in small and medium-sized businesses which tend to align with tax provisions. (Hanh, 2020) reveals that the distortions between accounting rules and tax rules have their costs for both accounting and taxation, accounting compliance work with tax provisions will further complicate the achievement of the objective sought in accounting which consists in presenting a faithful image, on the other hand, the tax administration will spend a lot of effort and time in the verification of this process' validity.

According to (Soulef DAMMAK, 2006, pp. 143-144), the relationship between accounting and taxation is still at the heart of debates between the countries which experience a connection and the countries which favor their disconnection. In the United States, tax accounting principles are largely independent of financial accounting rules. Therefore, American companies have two sets of financial statements (accounting statements and tax statements) that allow them to benefit from certain tax advantages without distorting the financial information made available to the public.

- In the United Kingdom too, from a tax perspective, it is not necessary to make accounting entries relating to the company's accounts to benefit from tax exemptions and advantages. So, there are two forms of accounting within British companies; social accounting and tax accounting. Accounting rules are primarily applied to social accounting; tax accounting, for its part, is derived from social accounting but it is necessary to make some modifications to social accounting in order to arrive at tax accounting. However, there are very few tax accounting rules in itself and there are no standards for tax accounting.
- Likewise, German law makes a fundamental distinction between the accounting balance sheet, as it results from the application of accounting rules, and the tax balance sheet, determined in accordance with tax provisions. Although there is interdependence, to the extent that the tax balance sheet is based on the accounting balance sheet. On the other hand, according to the French system, the taxable profit corresponds to the accounting result, but, if necessary, this is subject of rectifications in order to take into account tax rules which deviate from the accounting rules.

4.1. Case of Algeria: peaceful or troubled relationship?

Accounting law: the sources of accounting law are numerous, in fact accounting law makes keeping this accounting a legal obligation. Thus, all companies must have accounting books in addition to presenting financial statements. Moreover, the

commercial code, modified and supplemented, is the source of the Algerian accounting law. Indeed, Article 9 provides that any natural or legal person having the status of trader must keep a diary recording, daily, the company's operations or summarizing, at least monthly, the results of these operations in condition of keeping , in this case, all documents allowing the verification of these operations day after day.

The financial accounting system is divided between the following laws, decrees and orders : (OUARAB, contraintes et obstacles d'application du SCF: constats et perspectives, 2022, p. 5)

- Law No. 07-11. (Ministère des finances, 2007)
- Executive Decree No. 08-156 (Ministère des finances, 2008)
- Order of July 26, 2008. (Ministère des finances, 2009)
- Order of 23 RAJAB 1429 corresponding to July 26, 2008 (appeared in the official journal No. 19 March 25th, 2009) setting the thresholds for turnover, workforce and activity applicable to small entities (Ministère des finances, 2009)
- Executive Decree No. 09-110 of April 7, 2009 (Ministère des finances, 2009)
- The accounting doctrine including opinions and methodological notes for the application of SCF.

Fiscal law: it is important to emphasize that the first source of tax law is the constitution, (Article 140.57 of the Algerian constitution) provides that parliament legislates, in the areas that the constitution assigns to it, creation, base and rate taxes, contributions, levies and duties of all kinds.

Secondly, the tax codes

- Code texts annotated and updated to finance laws; And
- International conventions;

Finally, the tax doctrine which brings together all notices, responses and administrative or ministerial instructions.

It seems that accounting law is independent of tax law, consequently, the objectives of both are different, from this we see the divergences between these two disciplines at least in terms of their purpose. while accounting financial has an informational purpose; present the economic reality of the company by following certain fundamental rules and principles, taxation has a purpose of another nature; which is the enrichment of the State treasury, also relying on rules or laws... so the difference is drawn from two benchmarks; accounting law for accounting and tax law for taxation. Indeed, the question to ask, at this level, is the following; since accounting has an informational purpose by presenting financial statements containing results and exposing the levels of financial performance of companies, can companies comply with pure accounting provisions? (OUARAB, Deferred taxes between accounting and fiscal constrain, 2020)

Algeria has always been considered as a country which has a connection between accounting and taxation, this connection is manifested during the determination of the income tax, where the tax administration uses accounting, taking into account what is provided by (article A141ter of the code of direct taxes and similar taxes 2024) which provides that companies must respect the definitions laid down by the financial accounting system, provided that these are not incompatible with the tax rules applicable to the tax base.

The nature of the relationship between accounting and taxation in Algeria is described with great realism by (Fouquet, 2021) (talks about France very close to Algeria) who notes that to understand fully what is happening, we will take a railway image. Accounting and taxation traveled together, not always in the same compartment, but certainly on the same train. From now on, jurisprudence (and even administration) is on the platform, while accounting has boarded the train that has started. Jurisprudence runs after the train, but embarrassed by the numerous baggages that have been bequeathed to it by the past, it cannot reach the helping hand that accounting extends to it. If jurisprudence does not manage to get on the train before

the end of the platform, the distance between jurisprudence and accounting will only grow. The tax-accounting convergence will become a building in danger, subject of a demolition order.

4.2. Transcription of future tax effects in accounting

Actually, the objective of an accounting system is presenting financial statements that reflect better economic reality. Compliance with accounting principles contributes largely to achieving this objective. Likewise, all elements constituting the accounts, including deferred taxes, must comply with accounting principles, particularly:

✓ *Fair presentation and recognition of deferred taxes*

As the activity is continuous and the life of an entity is divided into equal periods, it is necessary to impute the flows which may occur over several periods to the period in which they were born. Thus, each period can be compared to the others since each period will only contain the flows which originate in this period. Expenses not incurred at the end of a financial year yet but which have their origin in the operations carried out during this financial year must be attached to it. The same goes for products.

But, as it is known in international accounting standards; only the deferred tax method respects fully this principle. Consequently, for the standards which require the recognition of deferred taxes, the principle of independence of financial years, combined with the principle of prudence, constitutes the basis and the reason for the recognition of deferred taxes.

✓ *Deferred taxes and the principle of non-compensation*

Under this principle:

- The transactions must be entered in the accounts under the appropriate rubric, with the correct denomination and without offsetting between them;
- Assets and liabilities must be separately valued.

In the standards that provide the recognition of deferred tax, the question of compensation is very important in terms of deferred tax, because it arises throughout the process of determining and presenting deferred taxes. The possibility of offsetting or not deferred tax assets and liabilities depends, as we will see, on the level at which the compensation is likely to be made and on the satisfaction of the required conditions. (OUKHELLOU, 2006, pp. 18-19)

It is very important to emphasize that, contrary to the simplistic vision of some, the deferred tax technique does not, in any way, resolve the problem of divergence between accounting and taxation, in fact, that deferred taxes affect only temporary differences on the other hand, the deferred tax charge recorded in accounting is not recognized in tax purposes, therefore reconciliation is sought in order to minimize these differences as much as possible.

5. The hoped-for reconciliation between the SCF and taxation

After more than ten years of application of the financial accounting system and the debates around the difficulties, obstacles and its application, have not stopped, notably tax constraints. In fact, the authorities are faced to the obligation to carry out reforms of the Algerian tax system to bring it up to the level of the SCF's provisions, subsequently the main divergences between the tax rules and the accounting rules of the financial accounting system. Here, it is not a question of citing all the cases but the most important ones:

- ***Leasing: case marking the hesitation of tax reform***

According to the financial accounting system, and under the principle of *preeminence of economic reality over legal appearance*, the transactions and other events are recognized and presented in the financial statements according to their substance and their economic reality and not only according to their legal form. Transactions are recorded in accounting and presented in the financial statements in accordance with their nature and their financial and economic reality without relying only on their legal appearance. (Boubir, 2013) Consequently, the goods rented as part of a finance

lease are recorded in the assets of the company (lessee) and they are depreciated on the basis of their useful life or contract duration.

Fiscally, the case of leasing, in particular its depreciation, characterizes the hesitations of the tax legislator who provided in the finance law of 2010 the recognition of property acquired in the context of leasing as an asset in article 8 which modified article 141 of the financial code taxes, a position, revised, a few months later in the complementary finance law in article 27 which provided that the provisions prior to the finance law for 2010 related to the depreciation rules in the context of leasing contracts continue to be applied, on a transitional basis, until December 31st, 2012. Thus, and exceptionally, the lessor, in the context of leasing operations, continues to be deemed for tax purposes to have legal ownership of the leased property, and, as such, it is the holder to practice the depreciation of this property.

And, to add, the lessee, who is the economic owner of the property within the meaning of the new accounting standards, continues to have the right to deduct the taxable profit from the rents that he pays to the lessor practicing depreciation, until the above-mentioned deadline. (Ministère des finances, 2010, p. 09)

The expectations of the accounting community so that, in the end, it can recognize the goods acquired within the framework of leasing have fallen through since the 2014 finance law, in article 53 provided that without prejudice to the financial accounting system, the credit lessor is deemed to be the owner of the leased property for tax purposes, in leasing operations carried out by banks, financial institutions and leasing companies. It is required to register it as a fixed asset and carry out tax depreciation on the basis of the financial depreciation of the lease. Rents received are recognized as revenue. The credit lessee is deemed to be the tenant of the rented property for tax purposes. The rents paid to the lessor are recognized by the lessee as an expense. (Ministère des finances, 2013, p. 16).

- **Research and development costs:**

Development costs are recorded as assets under the conditions set out in article 121 of the 2008 decree (Ministry of Finance 2008) Development expenses or expenses resulting from the development phase of an internal project constitute an intangible asset only if:

- These expenses relate to future specific operations having serious chances of overall profitability;
- The entity has the intention and technical, financial and other capacity to complete operations related to such development expenditures and to use or sell them;
- These expenses can be reliably assessed.

For research expenses or expenses resulting from the research phase of an internal project constitute expenses to be recognized when incurred. They cannot be immobilized.

Fiscally, the article Art. 171 of the code of taxes and similar taxes provides that up to 30 percent (30%) of the amount of this income or profit are deductible from taxable income or profit, within the limit of a ceiling of two hundred million of dinars (200,000,000 DA).

- This limitation can be completely eliminated retaining the possibility of verifying the veracity of these charges incurred by companies, this elimination proves to be feasible particularly after the last modification of this article which previously authorized the deduction, up to ten per cent (10%) of the amount of this income or profit, within the limit of a ceiling of one hundred million dinars (100,000,000 DA).

- **Variable depreciation**

The SCF has introduced another mode of depreciation which is the units of production mode gives rise to a charge based on the expected use or production of the asset.

Fiscally, the tax code does not recognize this method of depreciation, which is, in fact, the method which reflects better the rate of consumption of the economic benefits linked to the asset.

Given that the tax legislator recognizes the decreasing depreciation method and the progressive depreciation method which lead to a non-linear charge, what prevents us from recognizing also the variable depreciation method?

- ***Residual value and depreciable amount***

The financial accounting system provided in article 121.7 of the 2008 implementing decree (Ministère des finances, 2008) that the depreciable amount is distributed systematically over the useful life of the asset, taking into account the probable residual value of this asset at the end of its useful period and as much as this residual value can be determined reliably.

Residual value is the net amount that an entity expects to obtain for an asset at the end of its useful life after deducting expected costs of disposal. This means that to calculate the depreciation annuity we eliminate the residual value.

Fiscally, this value is not recognized and the depreciation base is the entry value of the asset in the company's balance sheet. Eliminating a depreciation amount value will reduce the depreciation annuity which increases the result and consequently the income tax, this explanation will be enough for the tax services to recognize it.

- ***Component depreciation***

According to the financial accounting system article 121.4 of the 2008 implementing decree, the components of an asset are treated as separate elements if they have different useful lives or provide economic benefits according to a different pace (Ministere des finances 2008, p 8)

Fiscally, Circular No. 246 of 1992 emanating from the General Tax Directorate still in force and which demines the duration of the use of each category of assets according to the following table:

Table No. 01:tax depreciation rate

Asset class	Rate in%	Asset class	Rate in%
Commercial buildings	2 to 5	Furniture	10
Industrial buildings	5	office equipment	10 to 20
Ordinary residential houses	1 to 2	Fixtures and installations	5 to 10
Workers' houses	3 to 4	Patents and certificates	20
Material	10 to 15	Informational Materials	20 to 33.33
Tools	10 to 20	Automotive and rolling stock	20 to 25

Source : (Directorate General of Taxes, 1992)

Article 08 of the 2023 finance law which modifies article 141-3 of the direct tax code provides an order from the Minister of Finance to set the depreciation rates by category of equipment.

Therefore it is possible to determine at least the depreciation rate of certain components such as specific fixed assets.

- *Impairment loss of fixed assets*

According to the financial accounting system and under article 121.10 of the 2008 implementing decree. If the recoverable value of a fixed asset becomes lower than its net book value after depreciation, this is reduced to the recoverable value by the recognition of impairment loss.

Fiscally, the concept of the recoverable value can be adopted and recognize the possible impairment loss recorded in accounting given that the impairment loss, once recorded, will reduce the annual depreciation, that means, the effect on the result is the same.

5. CONCLUSION

The search for a single language for good communication to users of financial information is confronted with the reality of distortions between accounting which ensures the faithful and economical representation of entities and taxation imposed by states as part of their policy generally aimed at maximizing the tax revenue to be recovered from companies, in other words, the relationship between accounting and taxation is very unshakeable, complementing each other, hence financial accounting used as a tool for determining the tax burden, which considered as income for the state, at the same time additional cost for the company but which is remarkable.

Algeria, in the context of the accounting reform work undertaken at the end of the nineties, finally adopted an accounting system which is the hybrid financial accounting system (SCF) keeping a nomenclature of accounts and their operation on the one hand, with provisions and positions taken sometimes in an integral manner from international accounting standards on the other hand. However, the application of this system in Algerian companies encounters difficulties whether with the changes and new notions entered or those entered into the framework of calculation and determination of profit tax more precisely those which are sometimes opposed to the provisions of SCF, modifying certain accounting or tax provisions or at least getting closer to each other is possible during the revision of the tax codes which is done every year or even in the new version of the SCF which will be published once the updates are made, the following points are worth raising at the end of this study:

- The question of the relationship between accounting and taxation is not something to be neglected, however the accounting community must not drown in alignment with tax rules to the detriment of faithful representation of the economic reality of the entity;
- Using the deferred tax technique in the event of temporary differences between the accounting and tax bases for compliance with the principle of fair presentation, which requires paying a lot of attention to the process of determining the

discrepancies between accounting and taxation when determining corporate income tax;

- Algerian companies must attach more importance to the application of the rules of the financial accounting system including the concept of deferred tax for the consecration of faithful presentation;
- Algerian companies must also take an interest in human capital in the training and retraining of their staff for a good mastery of the deferred tax concept and its application with mastery of the nature of the relationship between accounting and taxation;
- Reviewing some tax provisions through the reform of tax codes and other taxes proves insufficient, but it is also important to train tax agents who sometimes have difficulty in understanding the nature and motivations of companies' accounting choices, the practice reveals in this wake that companies have been subject to tax adjustments even when carrying out extra-accounting adjustments;
- Create solid links between accountants and tax specialists for any consultation, consultation and debate around the nature of the relationship established between accounting and tax rules in order to issue their opinions, comments and proposals before the approval of any accounting reform. or fiscal;
- Tax and accounting reforms must be carried out taking into account the Algerian context without imitating countries which operate in a context and economic environment which are different from ours;
- Consolidate the links between the university and its environment by taking advantage of the academic research carried out by universities and research centers by associating academicians with every accounting or tax reform project.

5. Bibliography List :

- Ana Clara Borrego Cidália M. Mota Lopesb, c. C. (s.d.). accounting and tax normalizations: its relationship and the impact on tax compliance.
- Berinde, S. and Răchișan, R. (2005). Taxes impact on accounting”, The Impact of European Integration on the National Economy Babeș-Bolya. 201-208.
- Boubir, J. (2013). *comptabilité financière SCF-IFRS*. algerie: ITCIS.
- Didelot Laurent; Barbe Odile. (2009). pour une nouvelle approche des relations entre la comptabilité et la ...R.; *Revue Française de Comptabilité* (417), 34-39.
- Directorate General of Taxes. (1992). Circular No. 246 of 1992 relating to the amortization rates allowed for tax purposes.
- Fouquet, O. (2021). *la convergence entre fiscalité et comptabilité s'est-elle perdue dans le triangle des Bermudes (ce, ANC et DGFIP* . Récupéré sur <https://www.linkedin.com/pulse/la-convergence-entre-fiscalte-et-comptabilite->
- Gaëlle Lenormand, Lionel Touchais. (2009). les IFRS améliorent-elles la qualité de l'information financière ? Approche par la value relevance. *COMPTABILITÉ – CONTRÔLE – AUDIT* , 2 (15), 145 -164.
- Hanh, H. T. (2020). An Analysis of the Relationship between Accounting and Corporation Income Taxation: An Empirical Study in Vietnam. *International Journal of Innovation, Creativity and Change* , 12 (10), 432-445.
- Heitzman, H. (2020). A review of Tax research . *Jorunal of Accounting and Economics* (No 57), 127-178.
- HOCINE, B. h. (1964). la Réforme Fiscale. *revue Algérienne des Sciences Juridiques et Politiques* , 1 (1).
- Houri, D. (2010). *la comptabilité et la recherche comptable aujourd'hui, premiers états généraux de la recherche comptable*. france : ANC autorité des normes comptables .
- James, S. The Relationship Between Accounting and Taxation. *Discussion paper in management , Paper number 02/09*, 1-23.
- Michaïlesco, C. (2009). *qualité de l'information comptable In: Encyclopédie de comptabilité, contrôle de gestion et Audit.*, Paris, France: Economica.
- Minisetredesfinances. (2007). du 15 DHOU EL KAADA 1428 correspondant au 25 novembre 2007(apparu dans le journal officiel N° 74 du 25 novembre 2007) portant système comptable financier:.
- Ministère des finances. (2008). Arrêté du 23 Rajab 1429 correspondant au 26 juillet 2008 fixant les règles dévaluation et de comptabilisation.
- MINISTERE DES FINANCES. (2007). *LA LOI 07-11 du 25 novemre 2007*. ALGERIE.
- Ministère des finances. (2013). Loi n° 13-08 du 27 Safar 1435 correspondant au 30 décembre 2013 portant loi de finances pour 2014.
- Ministere des finanaces. (2008). *decret du 20 JOUMADA EL OULA 1429 correspondant au 26 mai 2008, le journal officiel N° 27* .
- Ministere des finances. (2009). Arrêté du 23 RAJAB 1429 correspondant au 26 juillet 2008 (apparu dans le journal officiel N° 19.
- Ministère des finances. (2010). Ordonnance n° 10-01 du 16 Ramadhan 1431 correspondant au 26 aout 2010 portant la loi de finances complémentaire.
- Minstere des finances. (2009). - Arrêté du 23 RAJAB 1429 correspondant au 26 juillet 2008 (apparu dans le journal officiel N° 19 du 25 mars) .
- Minstere des finances. (2009). Décret exécutif n° 09-110 du 11 RABIE ETHANI 1430 correspondant au 7 avril 2009 ,apparu dans le journal officiel N° 21 .
- Mohamed Abdou Bouderbala, M. (2014). la réforme fiscale en Algérie. *Revue Algérienne des Sciences Juridiques et Politiques* , 51 (2).

- Mohamed Ali Omri , Ines Bouaziz Daoud. (2013). Divergences comptabilité fiscalité en Tunisie. *revue des sciences de gestion, direction et gestion* (263-264), 179-197.
- Obert, R. (2011). Le nouveau cadre conceptuel de l'IASB. *revue Française de comptabilité* (439), 26-29.
- Olivier Ramond, Laurent Batsch, Jean-François Casta. (2007). Résultat et performance financière en normes IFRS : Quel est le contenu informatif du comprehensive income ? *COMPTABILITÉ – CONTRÔLE – AUDIT / , Numéro thématique* (13), 129 -154 .
- OUARAB, A. (2022). contraintes et obstacles d'application du SCF: constats et perspectives. *colloque sur le système comptable et financier (SCF) en Algérie Dix ans d'application (2010-2020) : quel bilan.* TIZI OUZOU, ALGERIE.
- OUARAB, A. (2020). Deferred taxes between accounting and fiscal constrain. *Journal of Economic Sciences Institute* , 23 (03), 1720-1721.
- OUKHELLOU, A. (2006). *problématique et démarche de révision des impôts différés*,. mémoire pour l'obtention de diplôme national d'expert comptable, Casablanca, Maroc.
- Pascal Dumontier, Randa Maghraoui. (2006). Adoption volontaire des IFRS, asymétrie d'information et fourchettes de prix : l'impact du contexte informationne. *COMPTABILITÉ – CONTRÔLE – AUDIT* , 2 (12), 27-48.
- Rossignol, J.-L. (1999). comptabilité et fiscalité : chronique d'une relation impérieuse. *Comptabilité - Contrôle – Audit* , , 2 (5), 5- 24.
- Saboly, M. (2001). information comptable et défaillance des entreprises : le le cas français. *COMPTABILITE-CONTROLE-AUDIT* , 2 (7), 67-86.
- Soulef DAMMAK. (2006). Impact de la fiscalité sur les décisions et modalités de financement des investissements, ainsi que sur la valeur de la firme,. Tunisie : Faculté de Sciences Economiques et de Gestion de Sfax.
- Sylvie Leleu-Merviel, P. U. (2008). quelques révisions du concept d'information, in : « problématiques émergentes dans les sciences de l'information . *traité des sciences et techniques de l'information*, .
- Sylvie Leleu-Merviel, P. U. (2008). quelques révisions du concept d'information, in : «problématiques émergentes dans les sciences de l'information traité des sciences et techniques de l'information. Dans *traité des sciences et techniques de l'information*. Hermès/ Lavoisier, Paris, France.
- Voksh, N. B. (2018). *International Journal of Economics and Business Administration* . VI, (Issue 4), 34-47.
- Wolfgang Dick, F. M.-P. (2006). *comptabilité financière en IFRS*. France: Pearson.