China-USA Business Review, Feb. 2017, Vol. 16, No. 2, 81-91
doi: 10.17265/1537-1514/2017.02.005

DAVID PUBLISHING

Income Tax, Deferred Tax and Their Impact on the Financial Statements in Slovenia, Croatia, and Serbia

Renata Gabršek
Kapitalska družba, d. d. Pension Fund Management, Ljubljana, Slovenia

Companies, which operate in different countries and generate same revenues and expenses due to different tax laws in each country, create larger or smaller results. Tax statements in most cases differ from the financial statements. The purpose of research was to determine what are the differences in corporate profits, and the amount of tax firms in different countries. It was made for the simulation calculations of business balance sheets and tax balance sheets for the three countries. The starting point is to identify the amounts of revenues, costs, and expenses and then add the impact of local laws and accounting standards which have an impact on different heights of the income tax and deferred taxes. The study includes three countries, which differ in their laws on corporation tax and have in their local accounting standards: International Financial Reporting Standards and International Accounting Standards. The research showed the least tax paying companies in Serbia and the more tax paying companies in Croatia. The maximum period for the tax payment is in Serbia, while Slovenia has the best conditions for the benefit tax losses from previous years.

Keywords: taxes, financial statements, costs, revenue, expenses, laws, accounting standards, accounting

Introduction

Slovenia, Croatia, and Serbia are in their legislation the compulsory use of International Financial Reporting Standards and the International Accounting Standards. The study presents the legal basis of each country for the calculation income tax laws and the Accounting Act.

On the case of each of the countries, they represented the difference between the accounting and tax statements, the difference between permanent and temporary differences, the impact of different levels of taxation across countries on tax liability, and the net profit. The study took into account only those categories of expenses, which are included in all three countries in their local laws on corporation tax.

The comparison was made for the costs of amortization, the cost of provisions for guarantees when selling products, entertainment expenses, and the tax losses.

Irrespective of the different tax rates in each country, the size of the income taxes is also affected by the amount of recognized costs, the basis upon which these costs can be taken into account, and the time in which they can be used.

Renata Gabršek, Deputy Executive Director of the Accounting and Finance Division, Kapitalska družba, d. d. Pension Fund Management, Ljubljana, Slovenia.
Correspondence concerning this article should be addressed to Renata Gabršek, Dunajska 416, Ljubljana, Slovenia.

Literature Review

Literatures of Lamb (2006), Holeckova (2006), Frydlender and Pham (2006), Rocchi (2006), and Shristiansen (2006) explored the relationship between accounting and taxation at the individual countries. The article of Artsberg (2006) describes a strong link that existed between business accounting and tax accounting in Sweden. This has resulted in some specific features such as untaxed reserves and the connection of tax and accounting to macroeconomic policy. Vargas's data on business balance sheets from 2008 identify the impact of the tax rate on the burden of the company (Vargas, 2015). Acuna (2009) in dissertation takes the contributions of the taxable income literature in the sense that personal income as a whole is a good indicator to survey how tax changes may affect taxpayers' behavior. Guenther and Sansing (2004) in research show that a decrease in that time it takes for the deferred tax liability to begin to reverse is neither necessary nor sufficient for the value of the deferred tax liability to increase. It also shows that the value of the deferred tax liability is not equal to the present value of the future deferred tax expense.

The objective of study in Australian is if the value-relevance of recognised deferred tax assets, which often represent unused tax losses, was affected by the financial crisis. A regression analysis of a sample of Australian and United Kingdom firms reveals that the value-relevance of recognised deferred tax assets was affected by the financial crisis (Badenhorst & Ferreira, 2016).

S. H. Ivancevich, S. L. Henning, D. R. Hermanson, and D. M. Ivancevich (2013) in research examine the economic impact of international differences in the accounting and tax treatments of goodwill. Vogeler (2007) examines tax accounting in the late medieval German territorial states. The research of Noguchi (2007) studies the issue of interaction between tax and accounting practice through an examination of the process followed by the Institute of Chartered Accountants in England and Wales (ICAEW) when formulating recommendation on accounting principles.

Gavana, Guggiola, and Marenzi (2013) in article analyze the evolution of the relationship between tax and financial reporting in Italy after the mandatory introduction of International Financial Reporting Standards (IFRS) in 2005. In the Netherlands accounting and taxation are formally independent. Both accounting and tax regulation leave room for much flexibility. The regulation regarding accounting for deferred taxation is in conformity with IASC E49, except for the fact that in the Netherlands deferred taxes may be discounted (Hoogendoorn, 2006). The research in Germany and Austria has been published on the potential tax effects and International Financial Reporting Standards (IFRS) should be used as the basis for corporate taxation. The result they calculate the discounted tax works for different scenarios (Eberhartinger & Klostermann, 2007).

Information of International Financial Reporting Standards and the Laws of the Accounting of Each Country

International Accounting Standard 12 (International Financial Reporting Standards, 2006) prescribes the accounting treatment for income taxes. It provides that the tax should be recognized as a liability if it is not paid, and if the amount paid exceeds the assessed tax is recognized as receivable. The standard specifies how to account for the current and future tax consequences and the recognition of deferred tax assets and deferred tax liabilities.

Slovenia

After Slovenia's accession to the European Union, the number of companies, which prepare financial statements in accordance with International Financial Reporting Standards greatly increases. In Slovenian legal

order has engaged regulation number 1606 of the European Parliament and of the Council about using International Accounting Standards (European Parliament and of the Council, 2002) in accordance with Commission Regulation of the European Parliament number 1126 (Commission Regulation (EC), 2008). The regulation stipulates that companies must prepare their consolidated financial statements in accordance with International Financial Reporting Standards and International Accounting Standards if their securities on the balance sheet date are admitted to trading on a regulated market of any Member State of the European Union.

Companies Act (Companies Act, 2015) in Article 54 stipulates that banks and insurance companies, and other companies if so decided by Assembly (and for a period of at least five years) consisting of individual financial statements in accordance with International Financial reporting standards.

Slovenia is to comply local standards with International Financial Reporting Standards in 2006 and renewed Slovenian Accounting Standards (SAS, 2006), which were not allowed in conflict with International Financial Reporting Standards and are valid until 31 December 2015. From 1st January 2016, new rules apply Slovenian Accounting Standards (SAS, 2016), which are independent standards and are fully coordinated with the International Financial Reporting Standards.

Croatia

Similar to other Member States of the European Union, Croatia was also required to include their national accounting system the order of Directive 2013/34/EU of the European Parliament and of the Council of 26 July 2013 (Directive/EU, 2013) by no later than 20 July 2015. The aim of the Directive was to establish a balance between the different interests of the users of the financial statements. Annual financial statements must be true and fair view of assets and liabilities and profit or loss. Croatia in 2015 published a new Accounting Act (National Newspapers, 134/2015), and published International Financial Reporting Standards in the Croatian language.

Serbia

Serbia adopted in 2013 the Accounting Act (Official Journal of the Republic of Serbia, 62/2013) in which the mandatory application of International Accounting Standards for large companies from 1st January 2014 onwards. For small and medium enterprises, International Financial Reporting Standards were used for small and medium enterprises. Medium-sized enterprises were free to decide if they would use the whole International Financial Reporting Standards or International Financial Reporting Standards for small and medium enterprises.

Presentation of Tax Legislation

Income Tax

Countries with their laws, define the amount of tax, which companies must calculate and pay; prescribe what the tax base is, what reduces the tax base, and what increases the tax base; specify recognized and unrecognized costs and revenues. The laws define specify deduction, the amount of amortization rates for tangible fixed assets, and intangible assets, in which reservations are recognized when formulating and in which a percentage specifies period of benefit of tax losses and a number of other provisions.

In Slovenia, the tax rate of 17% laid down in Article 60 of the Law on Corporate Income Tax (Law on Corporate Income Tax, 2015). The income of residents that is generated in Slovenia and outside Slovenia is taxed as well as the income of non-residents that is generated in Slovenia. Law on Tax Procedure Act (Law on Tax Procedure Act, 2015) of Article 358 sets a deadline for the submission of tax returns and Article 370

deadline for the payment. Tax return must be prepared within three months after the end of the tax period and the tax is payable within 30 days after submission of tax return.

In Croatia, the Law on Income Tax (National Newspapers, 2014) in Article 28 prescribed 20% of business taxation. Taxed income of residents of the Republic of Croatia engages in activities and generates income. In Article 35 of the Act, the time limitation prescribes the submission of tax returns and payment of tax. Income tax has to be paid to the award of tax returns, which has a period of four months following the completion of the period.

In Serbia, the Law on Corporate Income Tax (Official Journal of the Republic of Serbia, 2015) in the article 39 prescribes the 15% taxation. Article 63 prescribes deadline for submission of tax returns and payment of tax. Tax returns must be submitted within 180 days from the end of the period during which the report at the same time must be paid.

Deferred Tax

The consequences of tax regulations are seen as the difference between the tax statements and financial statements and may be permanent or temporary. Permanent differences are those which are final non-deductible expenses or the untaxed income and they will have no impact on future periods and consequently do not cause deferred taxes. Temporary differences will have an effect in future fiscal periods which are important calculation of deferred taxes.

Depending on impact on the tax statement, we are talking about two types of deferred taxes. If the deferred tax refers to tax payment in future periods, we are talking about deferred tax receivables; if the tax will have to be paid in future periods, we are talking about deferred tax liabilities. In the financial statements, deferred taxes are always recognized as a long-term item.

Temporary Differences and Deferred Taxes

Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. Temporary differences will have effect in future taxable periods and are therefore relevant to the calculation of deferred taxes.

Deductible temporary differences are temporary differences, which will in future periods decrease the taxable amounts and increase deferred tax assets. The deductible temporary differences can include:

- Reservations for guarantees from the sale of products.
- Amortization of tangible fixed assets and intangible assets if it is calculated over the tax allowable or with a different method.
- Tax losses.

Research Methods

The purpose of this research was to determine what are the differences between corporate profits and the amount of tax firms in different countries. It was made for the simulation calculations of business balance sheets and tax balance sheets for the three countries. First, it was necessary to examine the accounting standards and tax legislation of each country in the sample. This was followed by an overview of International Financial Reporting Standards and the International Accounting Standards. Then fixed assumptions were equal to the height of revenue and expense for the simulation. This was followed by the calculation of tax balance and business balance sheets without taxes. Then the impact of local laws and accounting standards has an impact on different heights of the income tax and deferred taxes.

Research Results

Tax Loss

Tax loss is the excess of expenditure over income. In the tax year, a taxpayer may be covered by a reduction in the tax base in subsequent tax periods. The tax base is reduced due to tax loss from previous tax periods, and then the tax base is first reduced by the antedated tax loser.

Given that the tax loss in future years reduces the positive tax base and these expenses in future financial statements will not be visible, it is necessary to create deferred tax assets. This, however, only provided that there is a likelihood of covering tax loss or that the company expects the taxable amount in future periods.

Article 36 of the Law on Corporate Income Tax in Slovenia enables the use of tax loss unlimited number of years. Reduction of the tax base due to tax loss from previous tax periods is allowed up to 50% of the tax base of the current tax period.

Article 17 of the Law on Corporate Income Tax in Croatia and Article 32 of the Law on Corporate Income Tax in Serbia allow the utilization of tax loss in five years. Reduction of the tax base due to tax losses from previous tax periods is allowed up to the amount of the tax base of the current tax period.

Examples of the impact of tax loss on deferred tax assets and the subsequent use of tax loss are shown in Table 1 and Table 2. It presents the differences between the financial statement and tax statements.

Table 1

Effect of Tax Losses on Deferred Tax Assets and Profit

	Slovenia		Croatia		Serbia	
	31.12.2014		31.12.2014		31.12.2014	
	Financial	Tax	Financial	Tax	Financial	Tax
% of tax in the country		17%		20%		15%
Revenue	100,000	100,000	100,000	100,000	100,000	100,000
Costs	-90,000	-90,000	-90,000	-90,000	-90,000	-90,000
Expenses	-70,000	-70,000	-70,000	-70,000	-70,000	-70,000
Profit or loss before tax	-60,000	-60,000	-60,000	-60,000	-60,000	-60,000
Income tax	0	0	0	0	0	0
Deferred tax	**10,200**	60,000	**12,000**	60,000	**9,000**	60,000
Net profit or loss for the period	**-49,800**		**-48,000**		**-51,000**	

Source: Research results.

Revenue in companies in all three countries is 100,000 euro, costs 90,000 euro, and expenses 70,000 euro. Because the tax loss is 60,000 euro and is expected in the next few years the positive tax base is recognized in the financial statements deferred tax assets. The example shows the amount of deferred tax assets in relation to the tax rate in each country and the impact on net loss (see Table 1).

Revenue in companies in all three countries is 300,000 euro, costs 200,000 euro, and expenses 40,000 euro. Because the company had in 2014 recognized tax loss and deferred tax assets and in 2015 use of tax loss reduces the basis for income tax. Since in Slovenia a tax loss may only be applied at 50% of the positive tax base, the deferred tax receivable is only reduced by half, whereas in other countries it is reduced by the full amount. In all other countries, the deferred tax assets were eliminated. Table 2 shows the impact of the use of tax loss on deferred tax assets and profit.

Table 2

Impact of the Use of Tax Loss on Deferred Tax Assets and Profit

	Slovenia		Croatia		Serbia	
	31.12.2015		31.12.2015		31.12.2015	
	Financial	Tax	Financial	Tax	Financial	Tax
% of tax in the country		17%		20%		15%
Revenue	300,000	300,000	300,000	300,000	300,000	300,000
Costs	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000
Expenses	-40,000	-40,000	-40,000	-40,000	-40,000	-40,000
Spending tax loss in 2014		**-30,000**		**-60,000**		**-60,000**
Profit or loss before tax	60,000	30,000	60,000	0	60,000	0
Income tax	-5,100		0		0	
Deferred tax	**-5,100**	**30,000**	**-12,000**	0	**-9,000**	0
Net profit or loss for the period	**49,800**		**48,000**		**51,000**	

Source: Research results.

Amortization

The amortization in operating costs allocates part of the value of tangible and intangible assets.

Height tax allowable amortization rates in Slovenia and Croatia set out in the Law on Corporate Income Tax. In Serbia, this area is govern by rules on classification of fixed assets by groups and the manner of determining amortization for tax purposes (Official Journal of the Republic of Serbia, 2010).

In Slovenia and Croatia, it is legally prescribed amortization method, straight-line (or proportionally). Serbia categorises fixed assets in its rules into five groups. The first group prescribed the proportional amortization, and other groups prescribed diminishing balance method amortization with descending base.

Deferred taxes arise only in the event if the amortization for business purposes accounted a higher amount than is recognized for tax purposes or in a case of a different method of amortization as a tax allowable.

The simulation was included annual cost of depreciation of computer equipment by companies for business purposes amortized in period of one year, which for tax purposes is not allowed. Each country is shown impact on income taxes, deferred tax, and net profit.

Table 3

Impact of Amortization of on the Deferred Taxes and Profit

	Slovenia		Croatia		Serbia	
	31.12.2015		31.12.2015		31.12.2015	
	Financial	Tax	Financial	Tax	Financial	Tax
% of tax in the country		17%		20%		15%
Revenue	300,000	300,000	300,000	300,000	300,000	300,000
Costs	-50,000	**-45,000**	-50,000	**-45,000**	-50,000	**-43,000**
Expenses	-8,000	-8,000	-8,000	-8,000	-8,000	-8,000
Profit or loss before tax	242,000	247,000	242,000	247,000	242,000	249,000
Income tax	**-41,990**		**-49,400**		**-37,350**	
Deferred tax	**850**	5,000	**1,000**	5,000	**1,050**	7,000
Net profit or loss for the period	**200,860**		**193,600**		**205,700**	

Source: Research results.

The companies in all three countries amounted to revenue in the business balance of 300,000 euro, costs 50,000 euro, and expenses of 8,000 euro. Computer equipment in all companies in the first year amortized in full. The total cost of depreciation of computer equipment amounts to 10,000 euros, which for tax purposes is not allowed.

In Slovenia and Croatia tax amortization rate is permissible for computer equipment 50% per annum, calculated on the straight-line method. Therefore, 5,000 euro is not recognized for tax purposes and forms the basis for deferred taxes.

In Serbia, the tax recognizes depreciation rate computer equipment 30% and is calculated using the diminishing balance method amortization with the method of descending base. In the first year, the purchase value of computer equipment represents the basis for depreciation and in the following years, its book value. Therefore, the non-deductible expenses in the first year of 7,000 euro represent the basis for deferred taxes.

Reservations

Reservations are in accordance with Slovenian Accounting Standard 10 formed for obligations arising from obligating past events and are expected to be settled in future periods, and whose size can be reliably estimated. The standard clearly defines that provisions are recognized if the obligation is greater than 50%.

Law on Corporate Income Tax persons in Slovenia, Article 20 provides that the amount of provisions is recognized as expense taxpayer in the amount of 50% of the established provisions, unless in the law (the other Articles in Law on Corporate Income Tax persons) otherwise specified.

The Croatian Law on Corporate Income Tax in article 11 provides that the reservations for guarantees from the sale of products give 100% recognition. In Serbia, the Law on Corporate Income Tax in Article 22 allows 100% recognition costs reservations for guarantees given from the sale of products.

The calculation of the simulation has been set cost of reservations and their impact on deferred taxes, the amount of income tax and profit.

Table 4

The Impact of the Amount of Reservations on Deferred Taxes and Profit

	Slovenia		Croatia		Serbia	
	31.12.2015		31.12.2015		31.12.2015	
	Financial	Tax	Financial	Tax	Financial	Tax
% of tax in the country		17%		20%		15%
Revenue	300,000	300,000	300,000	300,000	300,000	300,000
Costs	-50,000	**-47,500**	-50,000	**-50,000**	-50,000	**-50,000**
Expenses	-8,000	-8,000	-8,000	-8,000	-8,000	-8,000
Profit or loss before tax	242,000	244,500	242,000	242,000	242,000	242,000
Income tax	-41,565		-48,400		-36,300	
Deferred tax	**425**	2,500	**0**	0	**0**	0
Net profit or loss for the period	**200,860**		**193,600**		**205,700**	

Source: Research results.

Businesses in all three countries amounted to revenue in the business balance of 300,000 euro, costs 50,000 euro, and expenses of 8,000 euro. The annual cost of reservations for guarantees amounted to 5,000 euro. In Slovenia 50% of the provisions for guarantees are tax-deductable, therefore 2,500 euros will be recognized upon spending or elimination of the provisions.

In Croatia and Serbia the provisions for the guarantees are recognized in full and are therefore not shown as deferred taxes. Croatia has higher tax rates in the amount of tax higher than Slovenia. Serbia has a smaller amount of tax due to a lower tax rate and in full recognized reservations costs.

Permanent Differences

Permanent differences are those which are final and will not have an effect on future periods, and consequently do not cause deferred taxes. Permanent differences are entertainment expenses, donations, and attendance fees for members of supervisory boards and have the different tax treatments in the countries.

In Slovenia, Article 31 of the Law on Corporate Income is recognized for tax 50% of entertainment expenses. In Croatia, in Article 7 of the Law on Income Tax is recognized for tax 30% representation expenses. In Serbia, Article 15 of the Law on Income Tax is recognized for tax entertainment expenses amounting to 0.5% of total revenues.

The following (see Table 5) shows the differences between countries for entertainment expenses, the impact of tax rates on the amount of income tax, and the impact on the financial statements. Entertainment costs are intended for catering, entertainment, and gifts, which the company paid to business partners.

Table 5

Differences in Tax and Financial Statements (No Impact on Deferred Taxes)

	Slovenia		Croatia		Serbia	
	31.12.2015		31.12.2015		31.12.2015	
	Financial	Tax	Financial	Tax	Financial	Tax
% of tax in the country		17%		20%		15%
Revenue	300,000	300,000	300,000	300,000	300,000	300,000
Costs	-50,000	**-47,000**	-50,000	**-45,800**	-50,000	**-45,500**
Expenses	-8,000	-8,000	-8,000	-8,000	-8,000	-8,000
Profit or loss before tax	242,000	245,000	242,000	246,200	242,000	246,500
Income tax	**-41,650**		**-49,240**		**-36,975**	
Deferred tax	0		0		0	
Net profit or loss for the period	**200,350**		**192,760**		**205,025**	

Source: Research results.

Businesses in all three countries amounted to revenue in the business balance of 300,000 euro, costs 50,000 euro, and expenses of 8,000 euro. Entertainment costs amounted to 6,000 euro. In Slovenia, 50% of entertainment expenses are recognized as tax-deductable and in Croatia 30% are recognized as such.

In Serbia, the recognized expenses for tax entertainment amounted to 0.5% of the total revenue of the tax period. Non-deductible entertainment expenses in Slovenia were 3,000 euro, in Croatia 4,200 euro, and 4,500 euro in Serbia. The example can see the effect of the amount of the tax and the amount of persistent differences on net profit.

Conclusion

The study includes Slovenia, Croatia, and Serbia. Each in its legal order includes the mandatory use of International Financial Reporting Standards and International Accounting Standards. Each country sets through its local laws the amount of income tax which the companies must calculate and pay, and prescribes what

constitutes the tax base, what reduces and what increases the tax base, and defines the recognized and unrecognized costs, expenses and income, determined facilitation, height amortization rates for tangible and intangible assets, in which provisions are recognized when formulating and in which a percentage determines the period for use of tax losses and a number of other provisions.

Consequences of tax regulations are seen as the difference between the tax and financial statements and may be permanent or temporary. Permanent differences are those which are final and will not have an effect on future periods, and consequently do not cause deferred taxes. Temporary differences will have an effect on future fiscal periods and are relevant for the calculation of deferred taxes.

Each country presented differences between financial and tax balance, the difference between permanent and temporary differences, and the impact of different levels of taxation across countries on tax liability and net profit. The study includes only those categories of expenses, which are included in all three countries in their local laws on income tax. Comparison was made for the costs of amortizations, the cost of reservations for guarantees, entertainment expenses, and tax loss.

Tax liability is lowest in Serbia (15%), followed by Slovenia (17%) and Croatia (20%). Deferred taxes were recognized in every country but in different cases and different heights. Tax loss can benefit an unlimited number of years only in Slovenia, but only for 50% of the positive tax base for each year. Therefore, deferred tax assets from tax losses in Slovenia eliminate slower than in other countries. Deferred tax assets were recognized because of provisions for guarantees and amortization over the allowed rate. Annual allowable percentage of amortization of computer equipment is highest in Slovenia and Croatia.

Entertainment expenses cause permanent differences between financial and tax statements. Slovenia is recognized as expense in highest percentage. Serbia would be tax allowable entertainment expenses maximum in companies, which have large revenues from operations because they are the basis for the tax recognition.

Most of time for submission of the tax return is in Serbia, where it should be submitted within 180 days after the end of the tax period and at the same time to pay the tax. In Slovenia, the deadline for submitting tax returns is within three months after the end of the tax period and pays the tax within 30 days after submission of the tax return. In Croatia, the deadline for submission of the tax returns pays the tax within four months after the end of the tax period.

The research presented the tax implications of the functioning of businesses operating in different countries. The height tax depends on the different levels and types of recognized costs. Amount of profit depends on the tax and the recognition of deferred taxes.

References

Accounting Act. (2013). *Official Journal of the Republic of Serbia,* No. 46/2006, 111/2009, 99/2011, 62/2013. Zakon o računovodstvu.

Acuna, H. M. (2009). On the effect of personal taxes on personal income. Dissertation. The Florida State University College of Social Sciences and Public Policy, Florida.

Artsberg, K. (2006). The link between commercial accounting and tax accounting in Sweden. *European Accounting Review, 5*(1), 795-814.

Association of Accountants, Treasurers and Auditors of Slovenia. (2006). International Financial Reporting Standards. Ljubljana (Mednarodni standardi računovodskega poročanja).

Badenhorst, W. M., & Ferreira, P. H. (2016). The financial crisis and the value-relevance of recognised deferred tax assets. *Australian Accountig Review, 26*(3), 291-300.

Commission Regulation (EC). (2008). *Official Journal of the European Union,* No. 1126/2008 of 3rd November 2008, L 320/2008, L 338/2008, L 339/2008, L 17/2009, L 21/2009, L 80/2009, L 139/2009, L 149/2009, L 191/2009, L 239/2009, L 244/2009, L 311/2009, L 312/2009, L 314/2009, L 347/2009, L 77/2010, L 157/3/2010, L 166/6/2010, L 186/10/10, L 46/1/11, L 146/1/12, L 360/1/12, L 360/78/12, L 360/145/12, L 61/6/13, L 90/78/13, L 95/9/13, L 5/11/2014, L 330/20/2015, L 336/49/2015.

Directive 2013/34/EU. (2013). Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual accounts, the consolidated financial statements and related reports of certain types of companies. http://eur-lex.europa.eu/legal-content/SL/TXT/?uri=CELEX:32013L0034

Eberhartinger, E., & Klostermann, M. (2007). What if IFRS were a tax base? New empirical evidence from an Austrian perspective. *Accounting in Europe, 4*, 141-168.

Frydlender, A., & Pham, D. (2006). Relationship between accounting and taxation in France. *European Accounting Review,* (9), 845-857.

Gavana, G., Guggiola, G., & Marenzi, A. (2013). Evolving connections between tax and financial reporting in Italy. *Accounting in Europe, 3*, 43-70.

Guenter, D. A., & Sansing, R. C. (2004). The valuation relevance of reversing deferred tax liabilities. *The Accounting Review, 79*(2).

Holeckova, J. (2006). Relationship between accounting and taxation in the Czech Republic. *European Accounting Review, 9*, 859-869.

Hoogendoorn, M. N. (2006). Accounting and taxation in the Netherlands. *Economic Research-Ekonomska Istraživanja, 5*(1), 871-882.

Ivancevich, S. H., Henning, S. L., Hermanson, D. R., & Ivancevich, D. M. (2013). The economic impact of iternational differences in the accounting and tax treatments of goodwill: How are prospective acquirers of U.S. hospitality interests affected? *The Journal of Hospitality Financial Management, 4*, 21-31.

Lamb, M. (2006). The relationship between accounting and taxation: The United Kingdom. *European Accounting Review, 9*, 933-949.

Ministry of Finance Croatia. (2014). Law on income tax. *National Newspapers,* No. 177/04, 90/05, 57/06, 146/08, 80/10, 22/12, 148/13, 143/14. Croatia (Zakon o davku od dohodka).

Ministry of Finance Croatia. (2015). Croatia's act on accounting. *National Newspapers,* No. 109/07, 54/13, 121/14, 134/15. Zakon Hrvaške o računovodstvu.

Ministry of Finance Serbia. (2010). Rules on classification of fixed assets by groups and the manner of determining amortization for tax purposes. *Official Journal of the Republic of Serbia*, No. 116/04, 99/10 (Pravilnik o načinu razvrstavnja stalnih sredstava po grupama i načinu utvrđivanja amortizacije za poreske svrhe).

Ministry of Finance Serbia. (2015). Law on corporate income tax. *Official Journal of the Republic of Serbia*, No. 25/01, 80/02, 43/03, 84/04, 18/10, 101/11, 119/12, 47/13, 108/13, 68/14, 142/14, 91/15, 112/15.

Ministry of Finance Slovenia. (2015). Law on corporate income tax. *Official Journal of the Republic of Slovenia*, No. 117/2006,90/2007, 76/2008, 56/2008, 92/2008, 5/2009, 96/2009, 110/2009B, 43/2010, 59/2011, 30/2012, 24/2012, 94/2012, 81/2013, 50/2014, 23/2015, 82/2015 (Zakon o davku od dohodkov pravnih oseb).

Ministry of Finance Slovenia. (2015). Law on tax procedure act. *Official Journal of the Republic of Slovenia*, No. 117/2006, 24/2008, 125/2008, 85/2009, 110/2009, 1/2010, 43/2010, 97/2010, 24/2012, 32/2012, 94/2012, 101/2013, 111/2013, 22/2014, 40/2014, 25/2014, 90/2014, 95/2014, 23/2015, 23/2015, 91/2015 (Zakon o davčnem postopku).

National Assembly of the Republic Slovenia. (2015). Companies Act (ZGD-1). *Official Journal of the Republic of Slovenia*, No. 42/2006, 60/2006, 33/2011, 91/2011, 32/2012, 57/2012, 44/2013, 55/ 2015 (Zakon o gospodarskih družbah).

Noguchi, M. (2007). Interaction between tax and accounting practice: Accounting for stock-in-trade. *Accounting, Business & Financial History, 2*, 1-34.

Regulation 2002/1606/EU. (2002). Regulation 2002/1606/EU of the European Parliament and of the Council of 19 July 2002 on the application of International Accounting Standards. http://www.racunovodja.com/mdokumenti/mrs.pdf

Rocchi, F. (2006). Accounting and taxation in Italy. *European Accounting Review, 7*, 981-989.

Shristiansen, M. (2006). The relationship between accounting and taxation in the Denmark, Republic. *European Accounting Review, 9*, 815-833.

Slovenian Institute of Auditors. (2006). Slovenian accounting standards. *Official Journal of the Republic of Slovenia*, No. 118/2005 (Slovenski računovodski standardi).

Slovenian Institute of Auditors. (2016). Slovenian accounting standards. *Official Journal of the Republic of Slovenia*, No. 95/2015 (Slovenski računovodski standardi).

Vargas, M. V. (2015). From accrued to paid income tax: A review of effective tax rate calculation. *Revista de Contabilidad, 18*(1), 68-77.

Vogeler, G. (2007). Tax accounting in the late medieval German territorial states. *Accounting, Business & Financial History, 2*, 235-254.