

DEPRECIATION CALCULATION OF FIXED EQUIPMENT USED IN AGRICULTURAL PRODUCTION

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Abstract

The article describes the issue of depreciation calculation for the main means used in the production of agricultural products. In particular, opinions, approaches and suggestions on improving the calculation of depreciation for perennial plants used in the production of agricultural products on the basis of international standards have been formulated.

Keywords: fixed asset, biological asset, perennial plants, productive plants, agricultural product, depreciation, depreciation calculation method.

Decree of the President of the Republic of Uzbekistan No. PF-5853 dated October 23, 2019 "On approval of the strategy for the development of agriculture of the Republic of Uzbekistan for 2020-2030" provides for modernization of agriculture and diversification of production, improvement of the system of introduction of market mechanisms and science. In order to implement the achievements and ensure the implementation of the priority tasks set for increasing the financial interest of business entities, the recognition, evaluation, accounting, depreciation calculation and improvement of the methodological aspects of the financial reporting of the main means used in the production of agricultural products are of great importance.

It is known that perennial plants are one of the main tools used in agriculture. The main rules of their accounting in our national accounting system, in particular, determining the moment of recognition as an asset, determining their balance sheet value and depreciation calculation methods that must be applied to these assets, as well as determining other changes in the balance sheet value and financial results from their departure, and the accounting procedure 5- defined in the National Accounting Standard (BHMS) entitled "Fixed Assets" No. The issue of harmonizing these established rules with international standards is one of the urgent issues of today. This indicates that it is important to improve the methodical aspects of depreciation calculation for perennial plants used in the production of a single agricultural product.[1]

Analysis of literature on the subject

Of course, the issues of calculation, accounting and reflection of depreciation on fixed assets in the financial statements are discussed by economists R.D.Dusmuratov[2], A.A.Karimov[3],

K.B.Urazov[4], Z.N.Kurbanov[5], I.N.Ismanov[6], S.N.Tashnazarov[7], K.K. Khotamov [8] and G.M. Rakhimova's scientific and teaching-methodical works. That is, they have described the issues of calculation, accounting and financial reporting of depreciation of fixed assets classified in accordance with the requirements of the national legal framework and international standards and the rules established by them. However, they have not sufficiently studied the issue of depreciation calculation for the main tools used in agricultural activity, taking into account the specific features of agricultural activity accounting. For example, economists A.A.Karimov, A.K.Ibragimov, N.K.Rizayev and N.M.Imamova described the procedure for calculating depreciation of fixed assets in accordance with the requirements of the International Accounting Standard (BHXS) No. 16 "Fixed Assets" and the rules established therein. Also, economists classify fixed assets based on the requirements of BHXS No. 16. However, it did not take into account the group of perennial plants that are the main tools.[9] Economist S.N. Tashnazarov said that "Each enterprise should independently determine the composition of "property: land, building, machinery and equipment" used in the process of production, service or administrative management, which serves more than one period, based on its standard requirements. we think BHMS No. 5 "Fixed Assets" should include the components of "property: land, building, machinery and equipment" in accordance with international standards and develop a standard that defines the principles of recognition of working and productive animals and perennial plants as biological assets. In accordance with the requirements of international standards, separate lines in the balance sheet for "investment real estate" (line 080), "biological assets" (line 120) and "long-term assets classified as held for sale and assets of exiting groups" (line 150) We believe that it is appropriate." According to the economist's approach, "Working and productive animals" and "Perennial plants" should be recognized as biological assets in accordance with international standards and should be distinguished in a separate line in the financial report. Also, if perennial plants are recognized as biological assets in accordance with the above approach, they are not depreciated.

At the same time, the economist G. M. Rakhimova proposed to categorize the main means on the basis of national and international standards, according to her opinion, "Working and productive animals" and "Perennial plants" as the main means according to our national standards, No. 41 "Agriculture" it is noted that it is recognized as a biological asset according to the international standard of accounting. According to the economist's opinion, "Working and productive animals" and "Perennial plants" are biological assets for business entities that prepare financial reports based on international standards, and they should be recognized as the main tool for those who prepare financial reports based on national standards. Such an approach can be evaluated as an approach given in general terms. Because, in accordance with the current 5-BHMS, they are recognized as fixed assets and reflected in the financial statements. However, the issues of amortization of these assets, accounting and reflection in the financial statements were not specified.[10]

According to the economist K.B.Urazov, "... to the library fund; to perennial plants; to working and breeding animals; "conserved fixed assets" is not considered amortization. According to the current 5-BHMS, depreciation is calculated for perennial plants and working animals, only productive livestock are not amortized.

Research methodology

In researching the issue of depreciation calculation for the main tools used in the production of agricultural products, in the study of the current regulatory legal documents, logical thinking, evidence collection, imagination, comparison, formulation and problem-setting, and scientific literature, empirical research such as observation and periodical research. research methods were used.

Analysis and results

If we pay attention to the review of regulatory legal documents, recognizing the approaches of the above economists, we can observe different aspects in the rules on the procedure for calculating depreciation of fixed assets for accounting and taxation purposes (table).

Also, the conducted monographic studies show that some business entities are using the norms established for taxation purposes when calculating the depreciation of fixed assets, in particular, perennial plants. In our opinion, this approach implemented by business entities is not correct. Because, in the enterprise, the accounting entity and the heads of the accounting service must determine the useful life of the existing perennial plants and choose the depreciation calculation method. At the same time, in case of various changes related to them (significant change in economic benefit, extension or shortening of useful life), it is necessary to revise the methods of calculation of useful life and depreciation. Of course, such changes should be reflected in the accounting policy of the business entity.

At this point, questions arise: how can the rules of accounting policy for the purposes of accounting and taxation be coordinated in general, calculating amortization for the purposes of accounting and taxation in the same norms or different norms or higher norms for accounting purposes than those specified in the Tax Code?

We would like to present our approach to these questions through the following explanations: First, the calculation of depreciation at the same rates. In accordance with Article 306 of the Tax Code, the depreciation rate for perennial plants is 15 percent. This means using them for 7 (100 : 15) years. The business entity defined the useful life of perennial plants as 8 years. So, for accounting purposes, the depreciation rate for these perennial plants is set in the amount of 12.5 (100 : 8) percent. Since it allows the application of depreciation rates lower than those specified in Article 306 of the Tax Code, the 12.5% rate set for accounting purposes is also strengthened in the accounting policy for taxation purposes, ensuring their mutual compatibility and the application of the same rates.

Table 1. Comparative analysis of the procedure for calculating depreciation on fixed assets for accounting and taxation purposes

Indicators	For accounting purposes	For tax purposes
Calculation of depreciation:	- starts from the 1st of the month following the month in which the object is included in the fixed assets; - the depreciable value of the object is suspended from the 1st day of the month following the month in which it is fully written off or written off from the balance sheet.	- starts from the date of handing over to use (as part of fixed assets); - the value of fixed assets is eliminated from the date of complete write-off or when it is removed from the composition of depreciable assets on any basis.
Depreciation norms	The accounting policy determines the estimated useful life of fixed assets and depreciation depending on the calculation method.	The tax is determined in the accounting policy for tax purposes. They should not exceed the norms of amortization expenses included in deductible expenses.
Depreciation calculation methods	Depreciation is calculated using the following methods: - straight-line (straight-line) calculation of depreciation; - calculation of depreciation in proportion to the volume of work performed (production method); - the method of reducing the balance with the rate of double amortization; - sum of years method (cumulative method).	Depreciation is calculated using the straight-line method.
Calculation of depreciation on revalued fixed assets	In cases where the initial (restoration) value of fixed assets is revalued, the subsequent depreciation is calculated at the expense of the revalued value.	Only revaluation results carried out before January 1, 2021 are taken into account when determining deductible expenses for depreciation.
No amortization	Depreciation on the relevant part received or purchased (created) at the expense of sources specified in clauses 8-11 of part 7 of Article 306 of the Tax Code.	Depreciation is not considered for the relevant part received or purchased (created) at the expense of sources specified in clauses 8-11 of part 7 of Article 306 of the Tax Code.

- secondly, calculating depreciation using different norms. Let's say that the business entity has set the useful life of perennial plants as 10 years in order to use them for 10 years, and for accounting purposes, it reflects the depreciation rate as 10 (100 : 10) percent in the accounting policy. Due to the fact that it allows the application of depreciation norms within the norms established by Article 306 of the Tax Code, the business entity set the 15 percent norm for perennial plants in the accounting policy for taxation purposes. In this case, a

temporary difference occurs. Because, for accounting purposes, the amortization period is 10 years. For tax purposes, the value of perennial plants is written off as expenses in 7 years.

- thirdly, calculation of depreciation in case the norms set for accounting purposes are higher than the norms set by the Tax Code. For example, a business entity has determined the rate of depreciation for accounting purposes in the amount of 20 (100 : 5) percent in the accounting policy, considering the use of perennial plants included in fixed assets for 5 years. In this case, the business entity has the right to include only the 15 percent depreciation amount specified in Article 306 of the Tax Code as deductible expenses for taxation purposes. That is, the amount of depreciation on the difference of 5 percent in the middle is not deducted in the current year, but in the following periods it will be taken as deductible expenses in the tax calculation.

It is known that according to the international standards of financial reporting, the agricultural activity of business entities is the methodological basis of the rules established in the International Accounting Standard (IAS) No. 41 "Agriculture". Perennial plants recognized as fixed assets according to BHMS No. 5 are considered biological assets. Therefore, business entities that have switched to accounting on the basis of MHXS should recognize perennial plants as biological assets in accounting, take into account and reflect them in financial statements. Of course, it is important that the business entity determines the purpose of using biological assets. That is, perennial plants that are part of some biological assets may be excluded from the scope of application of BHXS No. 41 due to the fact that they do not correspond to the definition of agricultural activity. Because, in BHHSS No. 41, it is defined as "Agricultural activity is the management of biological transformation and collection of biological assets for sale or conversion into agricultural crops or additional biological assets by a business entity."

Therefore, only if biological assets are used in a business entity for the purpose of selling them, turning them into agricultural products or additional biological assets, they are included in the scope of application of BHXS No. 41. Biological assets that do not meet these requirements are recognized as fixed assets based on the requirements of BHXS No. 16 "Fixed Assets". Such assets are considered to be productive plants according to the BHXS. These include tea plants, vineyards, fruit trees and rubber trees. However, the agricultural products obtained from them are included in the scope of application of BHXS No. 41. Therefore, business entities should calculate depreciation for productive plants recognized as fixed assets. In this case, different methods of depreciation calculation can be used to systematically distribute the depreciable value of the productive plant during its useful life. The following methods of calculating depreciation for fixed assets are recommended in BHXS No. 16.

Of course, the method chosen by the business entity for calculating the depreciation of productive plants should reflect the economic value obtained from them in the future, taking into account the characteristics of their expected consumption. Therefore, the business entity

should choose the method that more accurately reflects the consumption characteristics of the economic name obtained in the future from the alternative methods recommended in the 16th BHXS. The method chosen by the business entity must be specified in its accounting policy. From the moment the business entity has the opportunity to use productive plants, they are included in the fixed assets and depreciation calculation begins. Also, when they are classified as an asset intended for sale or derecognition as a fixed asset, depreciation calculation is stopped.[11]

The amount of depreciation calculated for productive plants during the reporting period is included in the cost of agricultural products collected from them, and the amount of depreciation accumulated during the period of their use is deducted when calculating the balance value of productive plants, that is, the value of productive plants in the statement of financial position prepared at the end of the reporting period, minus the amount of accumulated depreciation on them is reflected. Depreciation of productive plants and changes in it are explained in detail in the notes to the financial statements.

Conclusion

Thus, the following conclusions and proposals were formed as a result of scientific research on the calculation of depreciation of the main means used in the production of agricultural products:

- 1). The procedure for calculating depreciation of productive plants used in agricultural activities by business entities was studied based on the requirements of national and international standards, and the procedure for coordinating the rules of accounting policies for accounting and taxation purposes was justified;
- 2). It was justified that the calculation of amortization of productive plants should be carried out through a professional approach based on the period expected to be used by the business entity or the agricultural products expected to be obtained from them;
- 3). At the end of each reporting year, the business entity must review the disposal value and useful life of the productive plant. If the expectations of the economic benefit expected as a result of certain technological, biological or climatic changes differ from the previously determined accounting estimates, such changes in accounting estimates should be taken into account in accordance with BHXS No. 8 "Accounting policy, changes and errors in accounting estimates";
- 4). The amortization method specified in the business entity's accounting policy for productive plants should also be reviewed at the end of each reporting year. Because, if there are various changes related to them (significant change in economic benefit, lengthening or shortening of the useful life), the depreciation calculation method can be changed to reflect this change.

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