

Tatsiana Rybak

Ph. D. (Economics), Associate Professor, Ministry of Finance of the Republic of Belarus, Minsk, Republic of Belarus, t.rybak@minfin.gov.by

**LEGAL AND INSTITUTIONAL ASPECTS OF ACCOUNTING
DEVELOPMENT IN THE REPUBLIC OF BELARUS IN THE CONTEXT
OF INTERNATIONAL INTEGRATION**

Abstract. In connection with the adoption of the International Financial Reporting Standards (IFRS) as the main tool for information support of the integration processes occurring at the post-Soviet territory, the issues of strengthening the legal framework for accounting and building up the relevant institutional capacity have become of current importance in the Republic of Belarus. The research aims at studying trends and determining the development directions of the legislative and institutional framework of accounting in the Republic of Belarus in the context of international integration. As a member state of the Commonwealth of Independent States (CIS) and Eurasian Economic Union (EAEU), the Republic of Belarus has complied with its obligation to create a mechanism for IFRS implementation in the legal system by establishing the procedure for IFRS recognition and ongoing actualisation, by determining the list of public interest entities liable to make IFRS-based financial statements. The Belarusian law stipulates for extra requirements for audit companies dealing with audit of IFRS-based financial statements and chief accountants of public interest entities. The accounting system modernisation currently in progress in the Republic of Belarus serves for the simplification and reduction of accounting procedures, adjustment of approaches to the recognition, classification and measurement of financial reporting elements. The test approbation of legislative and institutional changes in the Belarusian accounting system aimed at improving the investment climate, increasing the reliability of macroeconomic indicators, enhancing the information base for monitoring the financial position of entities, confirmed their high efficiency and practicability for unification of the information infrastructure at CIS and EAEU financial markets. The research outcome can be used in the elaboration of concepts related to formation of the uniform financial market within the framework of integration formations at the international level.

Keywords: international integration, legal aspects of accounting development, institutional aspects of accounting development.

JEL classification: M41, M48.

Т. М. Рибак

кандидат економічних наук, доцент, начальник головного управління регулювання бухгалтерського обліку, звітності та аудиту Міністерства фінансів Республіки Білорусь, Мінськ, Республіка Білорусь, t.rybak@minfin.gov.by

**ПРАВОВІ ТА ІНСТИТУЦІЙНІ АСПЕКТИ РОЗВИТКУ
БУХГАЛТЕРСЬКОГО ОБЛІКУ В РЕСПУБЛІЦІ БІЛОРУСЬ
У КОНТЕКСТІ МІЖНАРОДНОЇ ІНТЕГРАЦІЇ**

Анотація. У зв'язку з прийняттям Міжнародних стандартів фінансової звітності як основного інструменту інформаційного забезпечення інтеграційних процесів, що відбуваються на пострадянському просторі, актуальними для Республіки Білорусь є питання зміцнення правової бази бухгалтерського обліку та нарощування

© Рибак Т. М., 2018

відповідного інституційного потенціалу. У статті наведено огляд застосування Міжнародних стандартів фінансової звітності в інтеграційних об'єднаннях, учасником яких є Республіка Білорусь, викладено механізм імплементації зазначених стандартів у національну правову систему, розкрито закріплені в республіканському законодавстві нові підходи до визнання, класифікації та оцінки елементів фінансової звітності, проаналізовано основні складові інституційного середовища білоруського бухгалтерського обліку. Результати дослідження можуть бути використані при розробленні концепцій формування єдиного фінансового ринку в рамках інтеграційних утворень на міжнародному рівні.

Ключові слова: міжнародна інтеграція, правові аспекти розвитку бухгалтерського обліку, інституційні аспекти розвитку бухгалтерського обліку.

Літ. 10.

Т. Н. Рыбак

кандидат економічних наук, доцент, начальник главного управления регулирования бухгалтерского учета, отчетности и аудита Министерства финансов Республики Беларусь

ПРАВОВЫЕ И ИНСТИТУЦИОНАЛЬНЫЕ АСПЕКТЫ РАЗВИТИЯ БУХГАЛТЕРСКОГО УЧЕТА В РЕСПУБЛИКЕ БЕЛАРУСЬ В КОНТЕКСТЕ МЕЖДУНАРОДНОЙ ИНТЕГРАЦИИ

Аннотация. В связи с принятием Международных стандартов финансовой отчетности в качестве основного инструмента информационного обеспечения интеграционных процессов, происходящих на постсоветском пространстве, актуальными для Республики Беларусь являются вопросы укрепления правовой базы бухгалтерского учета и наращивания соответствующего институционального потенциала. В статье приведен обзор применения Международных стандартов финансовой отчетности в интеграционных объединениях, участником которых является Республика Беларусь, изложен механизм имплементации указанных стандартов в национальную правовую систему, раскрыты закрепленные в республиканском законодательстве новые подходы к признанию, классификации и оценке элементов финансовой отчетности, проанализированы основные составляющие институциональной среды белорусского бухгалтерского учета. Результаты исследования могут быть использованы при разработке концепций формирования единого финансового рынка в рамках интеграционных образований на международном уровне.

Ключевые слова: международная интеграция, правовые аспекты развития бухгалтерского учета, институциональные аспекты развития бухгалтерского учета.

Introduction

The current globalization trends give way to the widespread idea of national accounting system harmonization within various integration formations. The Belarusian national accounting system is developing under the influence of integration processes occurring at the post-Soviet territory.

Prominent Belarusian scientists – I. Bely, B. Gavrilov, N. Drobyshevskiy, L. Kravchenko, N. Ladutko, A. Marchenko, A. Mikhalkovich, D. Pankov, P. Papkovskaya, P. Ponomarenko, A. Prishchepa, M. Snitko, V. Strazhev, I. Tishkov, A. Shevlyukov, S. Shulman and others – contributed a lot to solving pressing issues of accounting. More active involvement of the Republic of Belarus in inter-

national integration raises new challenges for the accounting system to keep up further scientific development.

This article aims at studying trends and determining the development directions of the legislative and institutional framework of accounting in the Republic of Belarus in the context of international integration.

Legal aspects of accounting development in the Republic of Belarus in the context of international integration

The member countries of the European Union's Eastern Partnership Program, Commonwealth of Independent States, Eurasian Economic Union (EAEU) trend to incorporate the International Financial Reporting Standards (IFRS) in their national legal systems.

Georgia, Republic of Azerbaijan, Republic of Moldova, Russian Federation, Ukraine have introduced the mandatory requirement of IFRS implementation for certain categories of legal entities, while the rest companies prepare their financial statements in accordance with national standards developed, based on IFRS. In Georgia, IFRS shall serve the basis for presenting financial statements by public interest entities [1]. In the Republic of Azerbaijan, public interest entities shall prepare financial statements under IFRS only [2]. In the Republic of Moldova, public interest entities have been applying IFRS since 2011 [1]. Russian Federal Act No. 208-FZ related to consolidated financial reporting dated July 27, 2010 defines the range of entities that are required to prepare their consolidated financial statements according to IFRS [3]. Pursuant to Ukrainian Accounting and Financial Reporting Act No. 996-XIV of July 16, 1999, public joint-stock companies, banks, insurance companies and other entities engaged in businesses subject to the special list determined by the Cabinet of Ministers of Ukraine, shall prepare separate and consolidated financial statements in accordance with IFRS [4].

Kyrgyz Republic, Republic of Armenia, Republic of Kazakhstan have implemented the mandatory requirement of preparing financial statements under IFRS for all entities. In pursuance with Kyrgyz Accounting Act No. 76 of April 29, 2002, IFRS serves the unified methodological basis for accounting and financial reporting applicable at the Kyrgyz territory for all entities (except for individual entrepreneurs) [5]. Armenian Accounting Act No. AL-515 of January 31, 2003 stipulates for IFRS implementation at the Armenian territory [6]. In 2002, the Republic of Kazakhstan announced the full-scale transition to IFRS until 2006 [7].

In order to improve the operation of financial markets, Kyrgyz Republic, Republic of Armenia, Republic of Belarus, Republic of Kazakhstan, Republic of Tajikistan and Russian Federation ratified the Agreement on consolidated financial reporting, stipulating for parties' obligations to cause listed national entities to comply with the requirements of preparing their consolidated financial statements according to IFRS.

Pursuant to EAEU Treaty provisions, Kyrgyz Republic, Republic of Armenia, Republic of Belarus, Republic of Kazakhstan and Russian Federation shall harmo-

nize the IFRS-based financial reporting requirements for the banking and insurance sectors, as well as for professional traders at securities markets.

The Republic of Belarus fully complied with its obligations within the integration framework as related to IFRS implementation. Belarusian Accounting and Financial Reporting Act No. 57-Z of July 12, 2013 (Accounting Act) establishes the procedure for IFRS recognition at the Belarusian territory, stipulating the sequence of actions to give legal force to IFRS [8].

The Ministry of Finance of the Republic of Belarus and IFRS Foundation have entered into the Agreement for the Waiver of Copyright within the Republic of Belarus in order to obtain IFRS texts in Russian from IFRS Foundation. Pursuant to enactments of the Council of Ministers of the Republic of Belarus and the National Bank of the Republic of Belarus, 44 IFRS Standards and 27 IFRIC Interpretations were implemented on January 1, 2018.

IFRS legal database is used by public interest entities (banks, non-banking credit and financial institutions, insurance companies, public joint-stock companies) to prepare their consolidated financial statements for 2016 and subsequent years.

The annual consolidated financial statements of public interest entities are subject to mandatory audit and publication, accompanied with the respective auditor's report on these statements, on or before July 31 of the year following the reporting one [8].

The Accounting Act provisions were transposed with respect to national requirements into by-laws developed based on IFRS.

Enactment No. 50 of the Ministry of Finance of the Republic of Belarus dated June 29, 2011 established a Standard Chart of Accounts, which structure is substantially related with financial reporting items.

Enactments of the Ministry of Finance of the Republic of Belarus – No. 113 dated October 31, 2011, No. 25 dated April 30, 2012 – approved the procedure for financial reporting new items – deferred tax assets, deferred tax liabilities, investment property, non-current assets held for sale, disposal groups classified as held for sale.

The Income and Expenses Accounting Regulation, as approved by Enactment No. 102 of the Ministry of Finance of the Republic of Belarus dated September 30, 2011, stipulates for the procedure of income and expenses accounting, which provides for:

- recognition of income and expenses under the accruals principle;
- recognition of income and expenses related to long-term contracts using percentage of completion method;
- writing off administrative expenses directly as costs of the period;
- creating allowance for doubtful debts.

Enactments of the Ministry of Finance of the Republic of Belarus – No. 25 dated April 30, 2012, No. 26 dated April 30, 2012 – approved the procedures on accounting of property, plant and equipment and intangible assets, which provide for:

- measuring the impairment losses to be recognized in relation to property, plant and equipment and intangible assets;
- recognition of obligations to decommission property, plant and equipment.

Enactment No. 112 of the Ministry of Finance of the Republic of Belarus dated October 31, 2011 rules the accounting procedures for government grants with reference to income.

In 2011–2014, Belarusian legislators also approved other legal acts, which contributed to easier accounting process and more reliable financial reporting, including:

- abolishment of many mandatory forms of primary accounting records, expansion of the scope of e-document management;
- implementation of unified approach in income recognition for taxation and accounting;
- entities are allowed to make independent decisions on revaluation of property, plant and equipment.

The Accounting Act having been adopted, the hierarchy of the national legal acts incorporated the national accounting and financial reporting standard, which defines the general requirements for recognition, classification and measurement of financial reporting elements.

Starting in 2013, the national accounting and financial reporting standards are being developed to implement the methodological principles set forth in the Accounting Act (going concern, business entity, accruals, correlation of income and expenses, veracity, substance over form, prudence, neutrality, completeness, understandability, comparability, relevance).

The National Accounting and Financial Reporting Standard named Accounting policies, changes in accounting estimates and errors, as approved by Enactment No. 80 of the Ministry of Finance of the Republic of Belarus dated December 10, 2013, rules for a retrospective method of recognition and reporting any changes in accounting policies and corrections of errors.

The National Accounting and Financial Reporting Standard named Separate financial statements, as approved by Enactment No. 104 of the Ministry of Finance of the Republic of Belarus dated December 12, 2016, specifies the new formats of separate financial statements, where:

- assets and liabilities are grouped depending on their liquidity and repayment;
- income, expenses, cash flows are divided into groups of business activity (operating, investment, financial activities);
- other comprehensive income is presented in details.

Enactment No. 46 of the Ministry of Finance of the Republic of Belarus dated June 30, 2014 adopted the National Accounting and Financial Reporting Standard named Consolidated financial statements, which rules the process of consolidated financial reporting to stipulate:

- consolidation of separate financial statements as prepared by a parent and its subsidiaries;
- elimination of items related to intra-group transactions;
- recognition of goodwill, non-controlling interest, profit (loss) related to non-controlling interest;

- reporting of investments in associates and other indicators related to these investments in accordance with the equity method;
- information disclosure in explanatory notes to consolidated financial statements.

The National Accounting and Financial Reporting Standard named Effects of changes in foreign exchange rates, as approved by Enactment No. 69 of the Ministry of Finance of the Republic of Belarus dated October 29, 2014, provides for the non-recognition of exchange differences on foreign currency advances and prepayments.

Enactment No. 16 of the Ministry of Finance of the Republic of Belarus dated March 6, 2018 adopted the National Accounting and Financial Reporting Standard named Digital signs (tokens), which defines the general requirements for recognition and measurement of digital signs (tokens) arisen (generated) in the process of mining or acquired otherwise.

The aforesaid innovations in Belarusian laws and regulations on accounting contribute to improved reliability of macroeconomic indicators, enhanced information base for monitoring the financial position of entities, reduced risks for users of financial statements, including existing and potential investors, when making business decisions.

Institutional aspects of accounting development in the Republic of Belarus in the context of international integration

IFRS implementation contributes to further development of the institutional environment by advanced training of accountants and auditors, consolidation of financial reporting quality control, interaction with international organizations.

The Ministry of Finance of the Republic of Belarus organizes attestation to qualify for Professional Accountant Certificate. For this purpose, a legal framework, a set of tests and tasks and software package have been developed to ensure the automated attestation process and interaction with applicants. Professional Accountant Certificates being issued by the Ministry of Finance of the Republic of Belarus are mandatory for chief accountants of public joint-stock companies and insurance companies.

Educational institutions in economics developed adjusted curricula with emphasis on in-depth study of IFRS and development of skills for their practical application; appropriate teaching and methodological support has been created, and the professorial competence has been enhanced.

Belarusian Auditing Act No. 56-Z of July 12, 2013 establishes a mandatory audit requirement for IFRS-based financial statements and for contracted audit companies to have at least five staff auditors, including two auditors having special advanced training in IFRS application [9].

Presently, special measures are being taken to introduce International Standards on Auditing at the Belarusian territory and strengthen the external quality control process for the mandatory audit of IFRS-based financial statements.

The Ministry of Finance of the Republic of Belarus and other government authorities, educational institutions, public associations consolidate their contacts and cooperation in accounting and audit domains with international organizations.

Interaction with the International Accounting Standards Board is effected through participation in discussions of IFRS projects at working meetings and international conferences organized by the International Accounting Standards Board.

Cooperation with the World Bank is carried out within the framework of the regional program named Strengthening auditing and reporting in the countries of the Eastern Partnership (STAREP), aimed at creating a transparent policy environment and effective institutional framework for corporate reporting within the countries that make up the European Union's Eastern Partnership [10].

Belarusian representatives participate on permanent basis in the work of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting of the United Nations Conference on Trade and Development.

Conclusion

In the context of increasing integration processes, the Republic of Belarus is expanding its participation in the international cooperation in the accounting sphere; Belarusian entities are constantly improving the quality of their financial statements; accounting procedures are becoming simpler. Further development of the legislative and institutional framework of accounting in the Republic of Belarus is facilitated by creation of national accounting and financial reporting standards, increasing the competence of accountants and auditors, strengthening external audit quality control, developing international cooperation in accounting and auditing.

References

1. Ry'bak, T. N. (2013). Bukhgalterskij uchet i audit v stranakh Vostochnogo partnerstva: progress reform i poslednie iniciativy' [Accounting and audit in Eastern Partnership countries: progress of reforms and recent initiatives]. *Finansy', uchet, audit* [Finance, accounting, audit], 7 (270), 18–19 [in Russian].
2. Dzhabarov, E'. (2008). Reformirovanie bukhgalterskogo ucheta v Azerbajdzhane na baze MSFO [IFRS-based accounting system reformation in Azerbaijan]. *Mezhdunarodny' bukhgalterskij uchet* [International Accounting], 6 (114), 29–36 [in Russian].
3. Sukharev, I. R. (2012). Znachenie vvedeniya MSFO v Rossii [Importance of IFRS implementation in Russia]. *Bukhgalterskij uchet* [Accounting], 3, 7–13 [in Russian].
4. Bezverkhij, K. V. (2013). Nekotory'e aspekty' transformacii finansovoj otchetnosti pod trebovaniya MSFO: opyt' ukrainskikh predpriyatij [Some aspects of financial reporting adaptation to IFRS: Ukrainian business practice]. *Mezhdunarodny' bukhgalterskij uchet* [International Accounting], 29 (275), 48–54 [in Russian].
5. Trofimova, L. B., My'rzaliev, S. A. (2011). Osobennosti postroeniya bukhgalterskoj finansovoj otchetnosti Ky'rgyzstana [Peculiarities of financial reporting system reformation in Kyrgyzstan]. *Mezhdunarodny' bukhgalterskij uchet* [International Accounting], 8 (158), 63–67 [in Russian].

6. National Assembly of the Republic of Armenia. (2003). *O bukhgalterskom uchete* [Accounting Act] (Act No. 3P-515, January 31). Retrieved from http://base.spinform.ru/show_doc.fwx [in Russian].

7. Dujsebek, A. (2008). Opyt vnedreniya MSFO v Respublike Kazakhstan [IFRS implementation practice in the Republic of Kazakhstan]. *Mezhdunarodnyj bukhgalterskij uchet* [International Accounting], 2 (110), 48–50 [in Russian].

8. House of Representatives of Belarus. (2013). *O bukhgalterskom uchete i otchetnosti* [Accounting and Financial reporting Act] (Act No. 57-3, July 12). Retrieved from <http://pravo.by/document/?guid=3871&p0=H11300057> [in Russian].

9. House of Representatives of Belarus. (2013). *Ob auditorskoj deyatel'nosti* [Auditing Act] (Act No. 56-3, July 12). Retrieved from: <http://pravo.by/document/?guid=3871&p0=H11300056> [in Russian].

10. Ry'bak, T. N. (2014). Novaya programma Vsemirnogo banka po bukhgalterskomu uchetu i auditu v dejstvii [World Bank's new program on accounting and audit in action]. *Nalogi Belarusi* [Taxes of Belarus], 20 (308), 4–8 [in Russian].

Список використаних джерел

1. Рыбак Т. Н. Бухгалтерский учет и аудит в странах Восточного партнерства: прогресс реформ и последние инициативы. *Финансы, учет, аудит*. 2013. № 7 (270). С. 18–19.

2. Джафаров Э. Реформирование бухгалтерского учета в Азербайджане на базе МСФО. *Международный бухгалтерский учет*. 2008. № 6 (114). С. 29–36.

3. Сухарев И. Р. Значение введения МСФО в России. *Бухгалтерский учет*. 2012. № 3. С. 7–13.

4. Безверхий К. В. Некоторые аспекты трансформации финансовой отчетности под требования МСФО: опыт украинских предприятий. *Международный бухгалтерский учет*. 2013. № 29 (275). С. 48–54.

5. Трофимова Л. Б., Мырзалиева С. А. Особенности построения бухгалтерской финансовой отчетности Кыргызстана. *Международный бухгалтерский учет*. 2011. № 8 (158). С. 63–67.

6. О бухгалтерском учете : закон Республики Армения. *Законодательство стран СНГ*. 2003. URL: http://base.spinform.ru/show_doc.fwx.

7. Дуйсебек А. Опыт внедрения МСФО в Республике Казахстан. *Международный бухгалтерский учет*. 2008. № 2 (110). С. 48–50.

8. О бухгалтерском учете и отчетности : закон Республики Беларусь. *Национальный правовой интернет-портал Республики Беларусь*. 2013. URL: <http://pravo.by/document/?guid=3871&p0=H11300057>.

9. Об аудиторской деятельности : закон Республики Беларусь. *Национальный правовой интернет-портал Республики Беларусь*. 2013. URL: <http://pravo.by/document/?guid=3871&p0=H11300056>.

10. Рыбак Т. Н. Новая программа Всемирного банка по бухгалтерскому учету и аудиту в действии. *Налогов Беларусии*. 2014. № 20 (308). С. 4–8.