

TOLLING WORKS TO IMPROVE BUSINESS

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Abstract: This article presents scientific suggestions and recommendations for the reflection of tolling operations in economic entities in the accounting, the acceptance of processing raw materials for processing on an industrial basis and the future return of the products obtained from processing to the customer, as well as scientific proposals and recommendations for its improvement.

Key words: Tolling, daval raw materials, processing, BXMS, commodity, value added tax.



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Introduction

The organization of production on a global scale based on the requirements of increasing labor productivity and ensuring environmental sustainability is one of the most pressing issues of our time.

The word “tolling” is English and means payment for services in the processing of raw materials and materials. Initially, it applied only to mineral raw materials. In a broad sense, “tolling” and “tolling operations” mean a method of organizing the processing of raw materials and various methods of selling products obtained from processed raw materials and settlements for such products.

Tolling is a widespread production in world practice, in which the name “raw materials” is used. Raw materials are raw materials exported to another country for processing and subsequent return to the country in the form of a finished product. In a broad sense, "tolling" and "tolling operations" determine the method of organizing the processing of the supplied raw materials and the various methods of manufacturing products from the processed raw materials and the calculation of such products. Tolling operations are classified as export services. A tolling agreement is an agreement concluded between the customer and the enterprise providing services for the processing of a certain amount of raw materials for a certain period of time. Raw materials exported for processing are exempt from customs duties, including value added tax, and the value added tax paid is refunded when the finished product crosses the border during the export period.

Literature review

The term “medical raw materials” is often found in various regulatory documents. Medical raw materials are understood as materials that are accepted without payment for their cost, and raw materials and materials that are accepted for processing under a contract with a medical supplier and are recorded in off-balance sheet accounts in the accounting of the recipient of medical raw materials at the prices agreed in the contract.

Various tariffs for the concept of medical raw materials can be found in scientific literature, periodicals, and Internet sources.

For example, economist H.A. According to Artikov, ... “in practice, there are frequent transactions in which an economic entity transfers raw materials or materials to another economic entity for processing, while retaining the right to own them. In this process, the raw material transferred for processing is called “davalcheskoe syr’e” in Russian. Of course, since this is a special term used in accounting, it is almost not found in the generally accepted vocabulary of the Russian language.” [1]

L. V. Postnikova emphasizes that tolling is considered one of the forms of using raw materials under special customs control and defines tolling transactions as “foreign economic cooperation between enterprises of different countries, in which raw materials, semi-finished products of one enterprise are transferred to another enterprise for further processing and then finished products are obtained from the supplied raw materials”[2]

N. N. Parasotskaya describes tolling as the transfer of raw materials and materials to a third party for processing, and the operations related to it are defined as operations for processing raw materials and materials[3]. Based on the above considerations, it should be noted that in the economic literature, the terms raw material processing and tolling are considered identical. As a result, this leads to incorrect organization of accounting and tax reporting in the organization of economic activities of enterprises. These concepts have the following common features: namely, two business entities are considered to be the customer and the supplier, while the processing enterprise retains ownership and provides the customer with a finished product as a legal result during the execution of the contract. These operations mainly serve to perform certain types of work.

Results and discussion

Tolling operations can be conditionally divided into several groups: development, processing and production of excisable products under certain conditions; processing of excisable mineral raw materials under certain conditions; processing and production of alcoholic beverages under certain conditions; operations with excisable raw materials in agriculture; foreign trade tolling operations and others (ferrous and non-ferrous metallurgy, processing of precious metals with non-residents of the Republic of Uzbekistan, etc.).

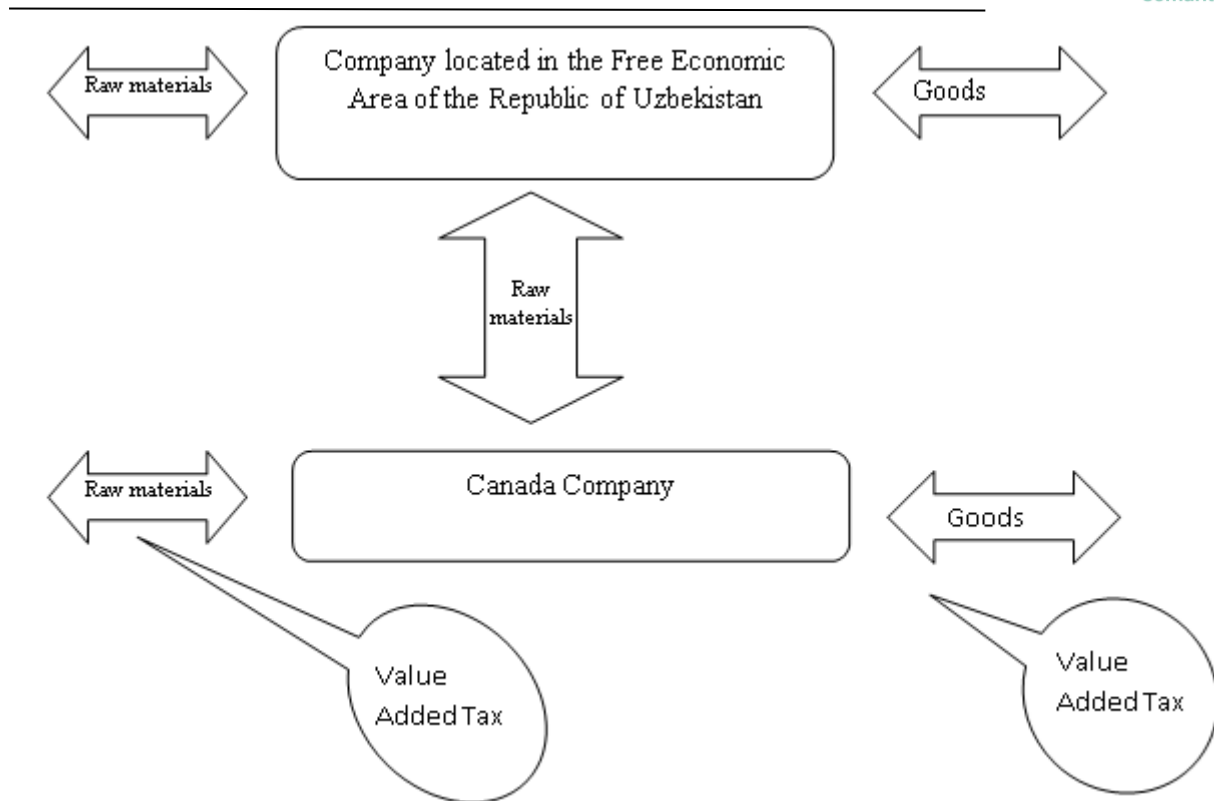


Figure 1. Scheme of the tolling operation.

The raw materials transferred for processing do not pass into the ownership of the processor, and the ownership rights remain with the tolling party. The processor does not produce finished products, but rather processes raw materials for the product. In this case, packaging and wrapping of finished products and goods by other organizations is not considered processing of materials under tolling conditions. Thus, in this case, the nature of the goods does not change.

With these features, the transfer of production and ownership rights leads to the legal (legal) regulation, accounting and taxation features of tolling operations.

Legal regulation of tolling operations

According to the Civil Code, the contract for the processing of raw materials under tolling conditions is not distinguished as an independent type of contract. In essence, such a contract is quite close to a contract. Under a contract of employment, one party (the contractor) undertakes to perform a certain work on behalf of the other party (the customer) and to deliver its results to the customer within a specified period, while the customer undertakes to accept the results of the work and pay for them. Unless otherwise provided by law or by agreement of the parties, the contractor bears the risk of performing the work.

A contract of employment is concluded for the manufacture or processing of a thing or for the performance of other work and the delivery of the results to the customer or in another way.

Unless otherwise provided for in the contract, the work shall be performed at the expense of the contractor's materials, his forces and funds.

Unless otherwise provided for in the contract, the contractor shall independently determine the methods of fulfilling the customer's assignment.

The contractor shall be liable for the inadequate quality of the materials and equipment provided by him, as well as for the provision of materials and equipment to which third parties have rights.[4]

As noted above, such a contract should include the following procedures:

- transfer of risks in the process of providing material assets related to processing, which are the result of the work performed;
- the cost of the work and the procedure for the cost of processing;
- the rights of the contractor in the process of performing the work by the processor;
- the procedure for accepting materials for processing by quality;
- responsibility for the uneconomical use of materials received from the processor and the storage of the received materials.

As previously noted, the owner does not change when the material is transferred for processing. If the processing contract provides for the processor's work to be paid for with the tolling received under the conditions of the payment (terms), then in essence we are witnessing 2 different types of relations:

- relations on the issue of processing raw materials and relations on the issue of the method of payment for processing, that is, barter (barter) relations.

Materials transferred to other organizations for processing are recorded in account 1070-“Materials transferred to other parties for processing” in accordance with BICP No. 21. These materials may or may not have undergone a certain processing within the enterprise.

Account 1070-“Materials transferred to other parties for processing” records the movement of materials transferred to other enterprises for processing, as well as reflects the cost of products obtained from this processing.

The costs of processing materials, that is, payments to processing enterprises, are reflected in the debits of accounts accounting for the costs of items obtained from processing.

The general scheme of accounting at the applicant.

The accounting of operations for the supply of raw materials on tolling terms is carried out on the supplier side in the following order:

In the process of receiving processed materials (tolling) from the processor, the following entry is made:

Dt 1070-“Materials provided to another party for processing”

Kt 1010 – “Raw materials and materials”

- materials processed on tolling terms are written off for production:

Dt 2010- Main production

Kt 1070-“Materials provided to another party for processing”

- the processor is charged for work performed:

Dt 2010- Main production

Kt 6010- Invoices payable to suppliers and contractors

VAT is charged on work performed by processors.

Dt 4410- Advance payments to the budget for taxes and fees

Kt 6010- Goods supplied accounts payable to suppliers and contractors

If, in addition to the costs of processing raw materials, other costs for the production of tolling are incurred under the terms of the contract, the following entry should be made.

Dt 2010- Main production

Kt 0200- accounts for the depreciation of fixed assets

Kt 0500- accounts for the depreciation of intangible assets

Kt 6710- Settlements with employees for wages

Kt 6520 Payments to state funds of 25%

The following entry is made when finished products are transferred to the warehouse.

The finished product was delivered at the cost of preparation.

Dt 2810- Finished goods in warehouse

Kt 2010- Main production

The general scheme of accounting in the processor

In order to summarize the information about the state and cost of the customer's raw materials and materials received for processing (recycled raw materials) according to BXMS 21, the materials received for off-balance processing are kept in the off-balance account 003-"recycled materials".

The account of the costs of processing raw materials and materials is kept in the accounts of production costs.

003--In the "recycled materials" account, the customer's raw materials and materials accepted for processing are taken into account according to the enterprises provided for in the contracts.

Analytical account on account 003-"recycled materials" is kept according to orders, types, types and locations of raw materials and materials.

According to the accounting account plan, account transactions are reflected in the processor in the following order.

For the amount of daval raw materials accepted for processing at the enterprise at the price stipulated in the contract

Dt 003-"recycled materials"

The costs of raw material processing (cost calculation) were reflected.

Dt 2010- Main production

Dt 2310- Auxiliary production

Dt 2510- General production costs

Kt 0200- accounts for depreciation of fixed assets

Kt 0500- accounts for depreciation of intangible assets

Kt 1010- Raw materials and supplies

Kt 6710- Settlements with employees for wages

Kt 6520- Payments to public trust funds

The submitted payment reflected the receipt of processing services based on the application.

Dt 4010- Accounts receivable from buyers and customers

Kt 9030- Income from performance of works and rendering of services

VAT was calculated on the processing value of Daval raw materials

Dt 4010- Accounts receivable from buyers and customers

Kt 6410- Debt on payments to the budget

The cost of processing services has been written off

Dt 9130- Cost of work performed and services rendered

Kt 2010- Main production

To the amount of financial receipts for Davlal's raw material processing services

Dt 9030- Income from performance of works and rendering of services

Kt 9910- Accounts accounting for the final financial result

For the cost of the services rendered

Dt 9910- Accounts accounting for the final financial result

Kt 9130- Cost of work performed and services rendered

Return of raw materials for processing under a processing contract

Kt 003- Materials accepted for processing

It should be noted that the processor's turnover on sales is not the full cost of finished products, but the cost of processing raw materials.

Therefore, when sending finished products, the processor issues an invoice only for the cost of processing.

If the contract stipulates that the processor will be paid for the work performed in terms of processed products or raw materials, that is, finished products, the finished products delivered to the customer by the manufacturing organization are deducted.

Conclusion

In order to ensure control over the movement of medicinal raw materials, in accordance with the Regulation "On the procedure for recording in accounting transactions related to raw materials submitted for processing", it is necessary to maintain a "Medical Raw Materials Accounting Sheet". The medical raw materials accounting sheet is signed by the head of the processor and persons authorized by law in the manner prescribed by law. In this sheet, information on the decrease in the quantity and total indicators of medicinal raw materials is indicated in the appropriate row for its types with a "minus" sign.

The cost of work performed on the processing of medicinal raw materials is recognized at their production cost, including costs directly related to the processing of medicinal raw materials, based on technology and the organization of production.

The composition of costs included in the production cost of work performed on the processing of medicinal raw materials is determined in accordance with the Regulation "On the composition of costs for the production and sale of products (works, services) and the procedure for forming financial results", approved by Resolution No. 54 of the Cabinet of Ministers of the Republic of Uzbekistan dated February 5, 1999.

The costs of delivering the product obtained from the processing of medicinal raw materials by the processor to the customer are not included in the production cost of work performed on the processing of medicinal raw materials, but are included in period costs.

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