Rehabilitation of mining sites: do taxation and accounting systems legitimise the privileged or serve the community?

Natalie P. Stoianoff¹, Mary A. Kaidonis∗,²

Faculty of Commerce School of Accounting and Finance, University of Wollongong, Wollongong, NSW 2522, Australia

Received 25 January 2002; received in revised form 22 January 2003; accepted 28 February 2003

Abstract

This paper explores both accounting standards and the taxation provisions with respect to the treatment of rehabilitation costs of mining entities in Australia. A special tax deduction is allowed only for expenditure actually incurred, yet the accounting standard provides a different calculative practice for the representation of the same event. With this example we demonstrate inconsistencies that exist between accounting and tax and although the accounting for income taxes standard accounts for the differences, we argue this merely legitimises them. We challenge this false consciousness that assumes these inconsistencies are merely incidental and point out that these two systems, of tax and accounting, implicitly sustain and reinforce each other. These institutional practices perpetuate the privileges, powers and impact of the mining industry, whilst claiming to serve the community as a whole.

© 2003 Elsevier Ltd. All rights reserved.

Keywords: Rehabilitation of mining sites; Calculative practices; Public interests; Taxation system; Accounting practices

1. Introduction

The relationship between the institutions that accounting and taxation systems represent are considered in this paper. Accounting systems in Australia are represented by the
Accounting Profession and its related institutions such as the Australian Accounting Standards Board and the Financial Reporting Council. The taxation system to which we refer is represented by the Australian Income Tax Assessment Act 1936 and 1997 and related legislation. The representation of the same economic events is often treated differently by the accounting and taxation systems. Indeed this difference in treatment between tax and accounting is not unusual but rather an accepted practice.

However, we consider them as part of a larger system which is an “intrinsic and constitutive component of the government of economic life” (Miller, 1994, p. 29). Not to consider accounting and taxation systems as part of a larger system is reflective of the prevailing false consciousness (Dillard, 1991; Held, 1980) that treats accounting and taxation as separate and having only technical relevance. Instead, Miller (1994) urges analysis of “the multiple practices” of accounting which are “institutionally localized” in order to gain an understanding of how accounting “has come to assume such a dominant position” (p. 30). Accordingly, this paper aims to challenge this unquestioned acceptance or rationalisation of society in terms of the institutional systems (Habermas, 1992) that accounting and taxation represent. In this way we intend to expose an implicit relationship that has a “profound sociological and institutional significance” (Miller, 1994, p. 31). To do this, we have focused on one industry and one aspect of one industry. This paper explores both accounting standards and the taxation provisions with respect to the treatment of rehabilitation costs of mining entities in Australia. We demonstrate inconsistencies that exist between accounting and tax in the context of mining, and instead of assuming that these inconsistencies should be treated as merely incidental, we wish to draw attention to them.

We have chosen to investigate an aspect of the natural resources industry because of the significant economic contribution the industry makes to Australia. The operations of this industry cannot occur without disrupting the environment. In recognition of this, the taxation system has granted concessions for expenditure incurred to rehabilitate the mining site (see Stoianoff, 2002). In particular, rehabilitation-related activities and expenditure incurred thereon has attracted a special tax deduction since July 1991. As with all allowable deductions there is a requirement that this expenditure be incurred and not merely anticipated. However, this requirement is ignored in accounting standards as it is not expected that accounting be consistent with taxation principles. The accounting treatment allows for anticipated restoration costs, not only incurred costs, to be incorporated. Hence, future estimated rehabilitation expenses are taken into account even when these are not allowed as taxation deductions. This is the case whether one is using a cash system or an accrual system of accounting.

We utilise Miller’s (1994, p. 2) discussion of accounting as a social and institutional practice to demonstrate the ability to have “transformative capacity” through financial reporting in annual reports and taxation returns. This paper offers an overview of the relevant tax provisions in order to demonstrate the “calculative apparatus” (Miller, 1994, p. 3) related to the representation of expenditure on the rehabilitation of mining sites since the tax regime has the capacity to transform the behaviour of mining entities, the community and ultimately society. Then, an analysis of the accounting standard for extractive industries is provided, with specific attention to the accounting treatment of rehabilitation of mining site expenditure. In this way we highlight another calculative apparatus of another institution which influences the representation of, the responses to and the responses of mining companies.
دریافت فوری متن کامل مقاله

امکان دانلود نسخه تمام متن مقالات انگلیسی
امکان دانلود نسخه ترجمه شده مقالات
پذیرش سفارش ترجمه تخصصی
امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
امکان دانلود رایگان ۲ صفحه اول هر مقاله
امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
دانلود فوری مقاله پس از پرداخت آنلاین
پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات