

# ***CREATIVE ACCOUNTING, AN EXPRESSION OF THE DISCONNECTION BETWEEN ACCOUNTING AND TAXATION***

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## ***Abstract:***

*In the context of a developed capital market, the dimensioning of the accounting profit is very important for investors, considering the financing of the economic entities to a higher degree than that offered by the banking system. We intend to emphasize some risks that appear from the perspective of creative accountancy (an expression of the disconnection between accountancy and taxation). The risks consist in some less ethical tendencies of artificially oversizing and undersizing the accounting and the tax profit according to certain objectives, risks that can be controlled through a better activity of accounting regulations. We can say that the accounting result can be influenced in the case of a taxation connected ratio. On the other hand, the accounting result is subject to an increasing risk due to the creative accounting. Under these circumstances, a question appears: Which risk is better to be assumed taking into account the dimension of the accounting result?*

***Keywords:*** Financial Regulations, Accounting Result, Investors, True and Fair Value, Risks

***JEL codes::*** M41