

FOREST COMMUNITIES BETWEEN TRADITION AND COMPLIANCE: FISCAL BENCHMARKS AND ACCOUNTING TREATMENTS

PALIU-POPA LUCIA

PROF. PHD, FACULTY OF ECONOMIC SCIENCE, FINANCE AND ACCOUNTING
DEPARTMENT, UNIVERSITY „CONSTANTIN BRÂNCUȘI” OF TÂRGU JIU, ROMANIA
e-mail: univers_cont@yahoo.com

Abstract

Forestry municipalities are non-profit entities with specific economic and legal characteristics, determined by the joint management of the forest fund. Although they do not seek to obtain profit, they carry out economic activities, mainly through the valorization of wood, as well as activities without patrimonial purpose, financed from contributions and subsidies. This duality generates significant challenges in terms of the delimitation and application of tax and accounting treatments, with a direct impact on the compliance and fair view of the financial statements. Given the complexity of the applicable regulatory framework and the interdependence between accounting and tax regulations, the purpose of the article is an integrated analysis of the accounting policies and tax treatments specific to forest municipalities.

The methodological approach is based on a theoretical-applicative approach, complemented by a comparative case study, which highlights the implications of inclusion in different tax regimes, including reporting the tax ceiling, as well as the taxation method of distributing the surplus to the members of the municipality. The research results contribute to clarifying applicable accounting and tax practices, while highlighting possible risks of non-compliance and providing useful benchmarks for accounting professionals and decision-makers involved in the management of these entities.

Keywords: forest communities, nonprofit entities, subsidies, taxable income, tax obligations, surplus distribution.

JEL Classification: M41, H25, Q23, K34, K11

1. INTRODUCTION

For the purposes of this paper, the term “forest communities” is used to refer to forms of collective ownership of forested land recognized by applicable law. In this sense, depending on their organizational form and established name, this includes communities of freeholders, communities of free peasants, composesorates, and other forms of collective ownership provided for by applicable legislation. (Law No. 1/2000, art. 26 para. (1), Forest Code, art. 8). [5]-[6]

Forest communities represent traditional associative forms of collective ownership in the wild, specific to the mountainous and sub-mountainous areas of Romania, having an important role in the management of the forest fund, being characterized by a distinct legal and economic regime. Re-established after 1990, they currently operate as entities with legal personality, with accounting and fiscal obligations similar to non-profit organizations, but adapted to the specifics of forestry activity. The particularity of these entities derives from the simultaneous performance of economic activities and those without a patrimonial purpose, which generates difficulties in the correct application of accounting and fiscal treatments.

In this context, this paper analyzes the legal, tax, and accounting framework governing forest communities, with a focus on distinguishing between taxable and non-taxable income and their related expenses, as well as on the specific accounting treatments and tax implications associated with the distribution of the annual surplus to members.

Throughout this paper, the term “forest communities” is used generically to refer to associative forms of ownership of forest lands.

2. SPECIALTY LITERATURE AND CONCEPTUAL FRAMEWORK

Forms of common ownership of natural resources, including forests, have been a central topic in the literature on the governance of common goods. In this context, Romanian forest communities are classified as traditional institutions for the collective management of forest resources, characterized by their own rules for the use and distribution of benefits, as well as by a strong community character.

Studies on post-socialist forest ownership highlight the fact that the processes of property restitution after 1990 led to a profound reconfiguration of the institutional structure of the forestry sector, generating hybrid forms of ownership and administration (Nichiforel & Schanz, 2011). These transformations have led to the emergence of legal entities with an active economic role, but which at the same time retain characteristics specific to community organizations.

From the perspective of commons governance, international literature emphasizes that such associative forms function efficiently when there are clear access rules, benefit distribution mechanisms and internal control systems, but they are sensitive to external institutional and fiscal pressures (Ostrom, 1990). In the case of Romania, these aspects are amplified by the overlap between the legal regime of common property and the requirements of fiscal and accounting compliance.

At the national level, research highlights the fact that forest communities have evolved from traditional forms of community organization to formalized legal entities, with a complex economic and social role, including both forestry activities and mechanisms for redistributing benefits to members (Vasile, 2018). This evolution has generated a hybrid institutional model, located at the intersection of the nonprofit sector and regulated economic activity.

During the transition period following 1990, the recognition of property rights over forest resources fostered the formation of associations focused on the joint management of their members' assets (Nichiforel & Schanz, 2011). What sets these organizations apart is their ability to combine the collective interests of the owners with activities aimed at utilizing forest resources, which gives them a distinct organizational structure.

From a legislative point of view, the legal regime of these entities is configured by a set of normative acts. Government Ordinance no. 26/2000 on associations and foundations constituted the initial framework for organizing associative forms, later completed and adapted by Law no. 1/2000 on the reconstitution of property rights over agricultural and forest lands, which provides in art. 26 para. (1) the issuance of a single title of ownership for forest lands managed in a disorderly manner, confirming the unitary nature of collective property. Also, Law no. 331/2024 – The Forestry Code establishes the general framework for the administration of the forest fund, in correlation with the statutes of the associative forms, to the extent that they do not contravene the legislation in force.

From a fiscal perspective, according to art. 13 and art. 15 of Law no. 227/2015 on the Fiscal Code, these entities are classified, in principle, in the category of taxpayers paying profit tax, while benefiting from a specific fiscal regime for entities without a patrimonial purpose. Thus, certain incomes are non-taxable, such as membership fees, contributions of members, subsidies or occasional incomes used according to the statutory purpose, and art. 15 para. (2)–(4) also provides for a ceiling of additional non-taxable incomes (15,000 euros, within the limit of 10% of non-taxable incomes).

However, economic activities carried out by the community, such as the valorization of wood and the provision of related services, are subject to value added tax (VAT) if the ceiling of 395,000 lei, provided for in art. 310 para. (1) of Law no. 227/2015 on the Fiscal Code, is exceeded, with registration for VAT purposes and fulfillment of the related tax obligations.

Also, the income distributed to members of the public from the exploitation and valorization of wood mass is non-taxable within the limit of a maximum volume of 20 cubic meters/year for each associated member, according to art. 105 para. (1) letter a) and art. 114 para. (2) letter f) of Law no. 227/2015 on the Fiscal Code. Income related to the volume exceeding this limit is included in the category of income from other sources and is subject to taxation, with withholding tax at source by the payer.

However, the literature mainly addresses the historical, institutional and socio-economic dimensions of forest communities, while the integrated analysis of accounting and fiscal implications remains underdeveloped. In particular, the correlation between the fiscal regime of non-profit entities

and the distribution of surplus within these associative structures is little explored, which justifies the need for an integrated approach.

3. METHODOLOGY

The research is based on a qualitative, theoretical-applicative approach, based on the analysis of the accounting and fiscal legislative framework applicable to forest communities. The main method used is the documentary study, which includes the analysis of relevant national regulations and specialized literature in the field of forestry economics and accounting of non-profit entities.

In addition, the comparative analysis method is used, which highlights the implications of different tax treatments on income and the distribution of surplus to members. This approach allows the identification of differences in accounting and fiscal treatment depending on the nature of the activities carried out (economic or nonprofit).

The interpretation of the results is carried out by referring to the principles of accrual accounting and the fiscal regulations in force, aiming to ensure a true and fair view of the financial statements. (Paliu-Popa, 2013).

Thus, the mechanisms for forming, determining and distributing the results obtained by forest communities are analyzed from a legal, fiscal and accounting perspective, by reporting to the particularities of the economic and non-profit activity carried out, as well as to the tax regime applicable to the distributed income and the amounts distributed together. To this end, the research pursues the following objectives:

- Identifying and structuring the main categories of income of the forest community, with the delimitation of income from the exploitation and valorization of standing timber from non-taxable income, depending on the nature, destination and applicable legal and fiscal regime;
- Delimitation of income and expenses related to economic activity from those related to non-profit activity, in order to properly calculate the results and elements relevant for taxation;
- Highlighting the conservation and regeneration fund, the forest accessibility fund and the environmental fund, as well as analyzing the implications of their establishment and use on the determination of the fiscal result;
- Establishing the taxable base related to the economic activity, by applying the applicable fiscal rules and by delimiting the deductible and non-deductible elements;
- Determining the net result related to the economic activity and the result related to the nonprofit activity, highlighting the differences in tax treatment and their implications on the distributable amounts;
- Analyzing the mechanism for distributing the proceeds from the two categories of activities to members, with regard to the legal nature of the distributed amounts and the tax regime applicable to them;
- Examining the application of the 20 cubic meters limit on timber per member, in relation to the nature of the distributed income, as well as the specific conditions for tax exemption;
- Identifying and quantifying the tax obligations applicable to community members, including those arising from exceeding the applicable limits or failing to meet the conditions for tax exemption;
- Determining the actual net amount distributed to members by correlating the distributable proceeds with the related tax obligations and the tax regime applicable to each category of income.

4. TAX REGIME AND SPECIFIC ACCOUNTING TREATMENT FOR FOREST COMMUNITIES

The legal and economic-patrimonial peculiarities of forest communities give their activity a distinct configuration in fiscal and accounting terms, determined by the nature of the administered patrimony, the methods of exploitation and valorization of forest resources and the way in which the surplus is distributed to members. Under these conditions, the application of fiscal norms and accounting regulations implies a differentiated approach to the operations carried out, depending on their characteristics and economic purpose, the sources from which the resources are generated and

the way in which they are used. Such a perspective constitutes the premise for the correct identification of the fiscal consequences and the adequate reflection in accounting of the community's activity.

From a tax perspective, the central issue is determining the applicable tax regime for various categories of income and expenses, in relation to the entity's purpose and the nature of the activities through which they are generated. The treatment of amounts distributed to members, as well as compliance with obligations regarding income tax and value-added tax, are also relevant from a tax perspective. Determining the tax liability thus involves assessing the transactions carried out against the conditions and criteria set forth in tax legislation, taking into account the legal status of the community and the characteristics of the activities related to the management and utilization of forest assets. In this way, the tax base can be properly established, and the entity's level of tax compliance can be evaluated.

From an accounting perspective, the specific characteristics of these entities are reflected in the organization and maintenance of accounting records, in the recognition and measurement of revenue and expenses, and in the determination of the net income for the fiscal year. The accounting records must provide a true and fair view of the community's financial position and performance, while clearly distinguishing between operations related to asset management and those related to the utilization of forest products (Paliu-Popa, 2013). Of particular importance is the traceability of the information underlying the calculation of the net income and the determination of the amounts that may be distributed to members, so that the economic and financial flow of resources can be tracked and verified in relation to the property rights established by the legal and statutory framework.

Therefore, the tax and accounting treatment of forest communities cannot be determined through an isolated analysis of the applicable regulations, but requires an examination of those regulations in light of the legal and economic characteristics of the entity. The interaction between the legal regime governing the assets, the exploitation and utilization of forest resources, the determination of profits, and their distribution to members generates consequences that affect both the tax and accounting frameworks simultaneously. From this perspective, the analysis aims to highlight the criteria and mechanisms by which the operations carried out by the community are classified, treated, and reflected, so that the results of the activity and the effects of their distribution are determined in accordance with the requirements of the applicable regulatory framework.

In order to achieve the established objectives, we are carrying out specific accounting records for a forest community, established as a non-profit entity and registered for VAT purposes, which carried out, during the 2025 financial year, both non-profit and economic activity and recorded the following data:

- volume of timber sold: 3,000 cubic meters; selling price, excluding VAT: 300 lei/cubic meter;
- number of general members: 22; number of shares held: 100;
- membership fees: 9,500 lei; interest income: 500 lei;
- subsidies related to non-profit activities approved and subsequently collected: 290,000 lei;
- direct expenses of the economic activity, excluding contributions for the establishment of specific funds: 200,000 lei; direct expenses of the non-profit activity: 120,000 lei;
- common expenses: 100,000 lei; conservation and regeneration fund share: 10%;
- accessibility fund share: 10%; environmental fund share: 2%.

In the public accounting, the specific accounting entries that affect the income accounts and that contribute to determining the result of the exercise are presented as follows:

- the income from the valorization of the wood mass is reflected (sales value: 3,000 cubic meters x 300 lei/cubic meter = 900,000 lei), which is delivered in full to a commercial company registered for VAT purposes (according to Art. 331 – Simplification measures, para. (1) and para. (2), letter b), reverse charge is applied, therefore invoicing is carried out without VAT): [7]
- | | | |
|-------------------------|---|--|
| 4111 “Customers” | = | 7015 “Revenue from the sale of finished products” |
| | | 900,000 |

Where applicable, the obtaining of finished products and the discharge of management of finished products sold are also recorded.

- the amounts collected from member dues, calculated based on the number of shares held (95 lei per share; $100 \text{ shares} \times 95 \text{ lei per share} = 9,500 \text{ lei}$), are shown:

5311 “Cash on Hand in lei” = **7311** “Revenue from membership fees and registration fees” 9,500

- income from interest related to the placement of cash resulting from non-property activities is recorded (Cash is separately highlighted in accounting depending on the nature of the activities carried out, through the appropriate analytical development of cash accounts, so as to ensure the delimitation of the amounts related to non-property activities from those related to economic activities: account 5121.1 Bank accounts in lei - economic activities, 5121.2 Bank accounts in lei - non-property activities):

5121 “Bank accounts in lei” = **7341** “Interest income obtained from the placement of assets resulting from activities without a patrimonial purpose” 500
5121.2 – 500 lei

- the value of subsidies for income related to non-profit activities, approved, related to 2025, is reflected:

4451 “Government subsidies” = **7369** “Revenue from operating subsidies related to other income” 290,000

- full collection of previously approved subsidies:

5121 “Bank accounts in lei” = **4451** “Government subsidies” 290,000
5121.2 – 290,000 lei

Given that the records related to the collection of expenses for the 2 activities are similar to those made by economic entities [11], in the following (Table no. 1) we deal with determining the result of the 2025 financial year, for the economic activity and for the activity without patrimonial purpose, without recording the expenses in the accounting, in order to subsequently distribute the profit/surplus to the members of the public.

Table no. 1 Determination of the result of the 2025 financial year and its distribution

No. crt.	Calculation elements	U.M.	Economic Activity	Non-Profit Activity	Total
1.	Revenue (2 + 3 + 4 + 5)	lei	900,000	300,000	1,200,000
2.	Timber sales	lei	900,000	-	900,000
3.	Membership dues	lei	-	9,500	9,500
4.	Interest income	lei	-	500	500
5.	Grants for non-profit activities	lei	-	290,000	290,000
6.	Expenses (7 + 8 + 9)	lei	275,000	145,000	420,000
7.	Direct expenses	lei	200,000	120,000	320,000
8.	Common expense allocation share	%	75	25	100
9.	Allocated common expenses	lei	75,000	25,000	100,000
10.	Gross profit / Surplus (1 – 6)	lei	625,000	155,000	780,000
11.	Non-taxable income under Article 15 para, (2)–(4) of the Tax Code [7]	lei	30,000	-	30,000
12.	Other tax-deductible amounts (12.1 + 12.2 + 12.3)	lei	116,400	-	116,400
12.1	Forest Conservation and Regeneration Fund	lei	49,200	-	49,200
12.2	Forest Accessibility Fund	lei	49,200	-	49,200
12.3	Environmental Fund	lei	18,000	-	18,000
13.	Taxable profit / Surplus (10 – 11 – 12)	lei	478,600	155,000	633,600
14.	Corporate income tax (13 x 16%)	lei	76,576	-	76,576
15.	Net profit / Surplus (13 – 14)	lei	402,024	155,000	557,024
16.	Statutory reserves – minimum 10% (15 x min. 10%)	lei	41,024	16,000	57,024
17.	Gross amounts distributed to members (15 – 16)	lei	361,000	139,000	500,000

To allocate common expenses between the two activities, the proportion of revenue from each type of activity relative to total revenue is used; this proportion is applied to the total common expenses to determine the amount of common expenses allocated to each activity, as follows:

- share of revenue from economic activity = Revenue from economic activity / Total revenue $\times 100 = 900,000 \text{ lei} / 1,200,000 \text{ lei} \times 100 = 75\%$;
- share of revenue from non-profit activities = Revenue from non-profit activities / Total revenue $\times 100 = 300,000 \text{ lei} / 1,200,000 \text{ lei} \times 100 = 25\%$;
- allocated common expenses for economic activities: $100,000 \text{ lei} \times 75\% = 75,000 \text{ lei}$;
- allocated common expenses for non-profit activities: $100,000 \text{ lei} \times 25\% = 25,000 \text{ lei}$.

In the case of the community, as a non-profit organization [7], respectively an entity without patrimonial purpose [8], [11], for the calculation of the fiscal result related to the economic activity, the non-taxable income is determined in accordance with the provisions of art. 15, para. (2)–(4) of Law no. 227/2015 on the Code, respectively:

- the amount in lei representing the equivalent of 15,000 euros, calculated using the average euro/lei exchange rate published by the National Bank of Romania for the 2025 fiscal year: $15,000 \text{ euros} \times 5.0415 \text{ lei/euro} [15] = 75,622.50 \text{ lei}$;
- the amount obtained by applying a 10% rate to the income from non-profit activities: $300,000 \text{ lei} \times 10\% = 30,000 \text{ lei}$;
- non-taxable income of 30,000 lei (the lower of the amounts determined above).

A characteristic feature of these communities is the establishment of funds aimed at ensuring forest regeneration, developing forestry infrastructure, and fulfilling the environmental obligations established by law, namely:

- Forest Conservation and Regeneration Fund, which, in accordance with the provisions of art. 124, para. (1) of Law No. 331/2024 — the Forestry Code — is treated as a fiscal reserve, is tax-exempt, tax-deductible, and interest-bearing, and is “at the disposal of and held in the account of the administrator or the forestry service provider.” For the year 2025, the fund’s contribution rate was 10%, established in accordance with art. 124, para. (1), letter g) [6], and the average price used for calculation for one cubic meter of standing timber, approved by Law No. 265/2017, [12] was 164 lei/cubic meter. Consequently, the value of the conservation and regeneration fund is 49,200 lei ($3,000 \text{ cubic meter} \times 164 \text{ lei/cubic meter} \times 10\%$).
- Forest Accessibility Fund, which, in accordance with the provisions of art. 113, para. (5), letter a) of Law No. 331/2024 — the Forest Code, in conjunction with the provisions of Articles 4 and 5 of Law No. 56/2010 on the establishment of the National Forest Fund, as republished, is constituted from the value of timber sold and collected or authorized for harvesting, and calculates the affordability of the average price per cubic meter of standing timber. For the year 2025, the contribution rate was 10%, and the average price used in the calculation for one cubic meter of standing timber [12] was 164 lei/cubic meter, resulting in a value of 49,200 lei ($3,000 \text{ cubic meter} \times 164 \text{ lei/cubic meter} \times 10\%$).
- The Environmental Fund is established through a contribution of 2% of the revenue generated from the sale of timber and/or wood products, with certain exceptions, in accordance with the provisions of art. 9, letter f) of Government Emergency Ordinance No. 196/2005 on the Environmental Fund; for the year 2025, the amount set aside is 18,000 lei ($900,000 \text{ lei} \times 2\%$).

In order to reflect in the accounting of these funds, the establishment of which is related to the conduct of economic activities (timber exploitation), we are of the opinion that the following accounts should be used, which are found both in the chart of accounts used by commercial companies, [10] and in the chart of accounts used by legal entities without a patrimonial purpose: [11]

- 462 “Miscellaneous creditors”, account to which we open two distinct analytical accounts to reflect the funds established according to forestry legislation (account 462.1 “Miscellaneous creditors - Forest conservation and regeneration fund” and account 462.2 “Miscellaneous creditors - Forest accessibility fund”). These amounts are tax deductible in accordance with the provisions of art. 124 para. (1) of Law no. 331/2024 - Forest Code, for the conservation and regeneration fund, respectively the provisions of art. 113 of the same law [6], in

conjunction with the provisions of art. 25 para. (1) of Law no. 227/2015 on the Fiscal Code, for the forest accessibility fund, to the extent that it establishes the general rule of deductibility of expenses incurred for the purpose of carrying out economic activity, including those regulated by regulatory acts in force.

- 447 “Special funds - taxes and similar payments”, to reflect the environmental fund, a tax deductible amount. [7]

In accounting, for the establishment of the aforementioned funds, the following entries are made:

- establishment of the Forest Conservation and Regeneration Fund and the Forest Accessibility Fund:

6586 “Expenses representing transfers and contributions due under special normative acts”	=	462 “Miscellaneous Creditors”	98,400
		462.1 – 49,200 lei	
		462.2 – 49,200 lei	

- establishment of the Environmental Fund:

635 “Expenses for other taxes, fees, and similar payments”	=	447 “Special funds - taxes and similar payments”	18,000
---	---	---	--------

- payment of previous obligations from the available account in lei:

%	=	5121 “Bank accounts in lei”	<u>116,400</u>
462 “Miscellaneous Creditors”		5121.1 – 116,400 lei	98,400
462.1 – 49,200 lei			
462.2 – 49,200 lei			
447 “Special funds - taxes and similar payments”			18,000

Based on the analysis of the final data (after calculating income tax and closing the income and expense accounts, which is carried out in accordance with applicable law [7], [10], [11]), presented in Table No. 1 “Determination of the Net Income for the Fiscal Year and Its Allocation”), we find that, at the end of 2025, the community realized a net profit from economic activities in the amount of 402,024 lei (closing credit balance of account 1213 “Profit or Loss from Economic Activities”) and a surplus from non-profit activities amounting to 155,000 lei (closing credit balance of account 1211 “Surplus or Deficit from Non-Profit Activities”), with the total result for the fiscal year being favorable, amounting to 557,024 lei.

Given that the accounting work for the 2025 fiscal year is completed in the first part of the 2026 fiscal year, the following entries relating to the 2025 results are made in January 2026:

- the net profit achieved in the recently concluded financial year, which was not subject to distribution, from economic activities:

1213 “Profit or loss from economic activities”	=	1172 “Retained earnings representing the undistributed profit or uncovered loss from business operations”	402,024
---	---	--	---------

- the surplus achieved in the recently concluded financial year, which was not subject to distribution, from activities without a patrimonial purpose:

1211 “Surplus or deficit from non-profit activities”	=	1171.01 “Retained earnings representing the undistributed surplus or uncovered deficit related to non-profit activities”	155,000
---	---	---	---------

In February 2026, in accordance with the Resolution of the General Assembly of Members and the Association’s Bylaws, at least 10% of the net profit and surplus shall be allocated to the establishment of statutory reserves (41,024 lei from economic activities and 16,000 lei from non-profit activities), and the remainder will be distributed to the members based on the number of shares they hold (361,000 lei from economic activities and 139,000 lei from non-profit activities, which will

be recorded in the following subsidiary ledgers: 462. 3 “Miscellaneous Creditors – Distributions from Economic Activities” and 462.4 “Miscellaneous Creditors – Distributions from Non-Profit Activities.”

In accounting, the following entries are made in February 2026:

- allocation of the net profit earned in the recently concluded fiscal year:

1172 “Retained earnings	=	%	<u>402,024</u>
representing the		1063 “Statutory or contractual	41,024
undistributed profit or		reserves”	
uncovered loss from		462 “Miscellaneous creditors”	361,000
business operations”		462.3 – 361,000 lei	
- distribution of the surplus achieved in the financial year 2025:

1171.01 “Retained earnings	=	%	<u>155,000</u>
representing the		1063 “Statutory or contractual	16,000
undistributed surplus or		reserves”	
uncovered deficit related		462 “Miscellaneous creditors”	139,000
to non-profit activities”		462.4 – 139,000 lei	

Given that the amounts distributed to community members are determined in proportion to the number of shares held by each member, for both categories of activities, the gross and net amounts corresponding to up to 5 shares are determined, which is the maximum number of shares that a community member may hold. (Table no. 1)

Table no. 2: Determination of the Gross and Net Amounts Corresponding to the Shares Held by Community Members

No. crt.	Calculation elements	U.M.	Economic Activity	Non-Profit Activity	Total
1.	Gross amounts distributed to members	lei	361,000	139,000	500,000
2.	Shares	nr.	100	100	100
3.	Gross value per share	lei	3,610	1,390	5,000
4.	Value per cubic meter of timber	lei	300	*	*
5.	Value of 20 cubic meters of timber (non-taxable) 20 cubic meters × 300 lei/cubic meter	lei	6,000	*	*
6.	Taxable value per share (3 – 5)	lei	-	1,390	1,390
7.	Income tax per share (6 x 10%)	lei	-	139	139
8.	Net value of one share (3 – 7)	lei	3,610	1,251	4,861
9.	Gross value of 2 shares (3 x 2)	lei	7,220	2,780	10,000
10.	Value of 20 cubic meters of timber (non-taxable)	lei	6,000	-	6,000
11.	Taxable value of 2 shares (9 – 10)	lei	1,220	2,780	4,000
12.	Income tax on 2 shares (11 x 10%)	lei	122	278	400
13.	Net value for 2 shares (9 – 12)	lei	7,098	2,502	9,600
14.	Gross value of 3 shares (3 x 3)	lei	10,830	4,170	15,000
15.	Value of 20 cubic meters of timber (non-taxable)	lei	6,000	-	6,000
16.	Taxable value of 3 shares (14 – 15)	lei	4,830	4,170	9,000
17.	Income tax on 3 shares (16 x 10%)	lei	483	417	900
18.	Net value for 2 shares (14 – 17)	lei	10,347	3,753	14,100
19.	Gross value of 4 shares (3 x 4)	lei	14,440	5,560	20,000
20.	Value of 20 cubic meters of timber (non-taxable)	lei	6,000	-	6,000
21.	Taxable value of 4 shares (19 – 20)	lei	8,440	5,560	14,000
22.	Income tax on 4 shares (21 x 10%)	lei	844	556	1,400
23.	Net value for 2 shares (19 – 22)	lei	13,596	5,004	18,600
24.	Gross value of 5 shares (3 x 5)	lei	18,050	6,950	25,000
25.	Value of 20 cubic meters of timber (non-taxable)	lei	6,000	-	6,000
26.	Taxable value of 5 shares (24 – 25)	lei	12,050	6,950	19,000
27.	Income tax on 5 shares (26 x 10%)	lei	1,205	695	1,900
28.	Net value for 2 shares (24 – 27)	lei	16,845	6,255	23,100

In order to establish the taxable income related to the amounts distributed to members from the result of the economic activity, from the gross value of the amounts distributed, corresponding to the quotas-shares held, the equivalent value of the non-taxable income provided for in art. 114 para. (2) letter f) of the Fiscal Code [7] is excluded, representing the equivalent value of the timber

exploited and exploited, within a maximum volume of 20 cubic meters/year for each associated member. The resulting difference, as well as the gross value of the amounts distributed from the surplus of the activity without patrimonial purpose, constitute income from other sources, taxed at a rate of 10%, by withholding at source, according to art. 115 para. (1) of the Fiscal Code [7].

The value of the timber corresponding to the tax-exempt volume of 20 cubic meters per year per member is determined based on the weighted average sale price of the timber sold by the community during the reference period, if it was sold at different prices.

From the analysis of the amounts calculated in Table no. 2 it results that the net value related to a share differs depending on the number of shares held by the community member. In the case of economic activity, this variation is determined by the fact that the same non-taxable value of 6,000 lei is deducted from the gross income related to the shares held, representing the equivalent of the volume of 20 cubic meters of wood related to each member, regardless of the number of shares held. Consequently, as the number of shares held by a member increases, the non-taxable value is distributed over a larger number of shares, which leads to differences in the net value related to a share. In contrast, in the case of activity without a patrimonial purpose, under the conditions of the analyzed example, the net value related to a share remains constant, at the level of 1,251 lei/share.

To record in the accounts the net amounts distributed to the members of the cooperative, broken down by type of activity, the data from Table No. 2 are used to determine, for each member, the net amounts corresponding to their shares, as well as the total net amounts distributed, as shown in Table no. 3.

Table no. 3: Determination of the net amounts distributed to community members

No. crt.	Member community	No. shares	Economic Activity					Non-Profit Activity			TOTAL Net amount
			Gross amount	Deduction 20 mc	Taxable Amount	Income tax	Net amount	Gross amount	Income tax	Net amount	
1.	Member 1	1	3,610	6,000	-	-	3,610	1,390	139	1,251	4,861
2.	Member 2	2	7,220	6,000	1,220	122	7,098	2,780	278	2,502	9,600
3.	Member 3	3	10,830	6,000	4,830	483	10,347	4,170	417	3,753	14,100
4.	Member 4	4	14,440	6,000	8,440	844	13,596	5,560	556	5,004	18,600
5.	Member 5	5	18,050	6,000	12,050	1,205	16,845	6,950	695	6,255	23,100
6.	Member 6	5									
.....											
22.	Member 22	5	306,850	102,000	204,850	20,485	286,365	118,150	11,815	106,335	392,700
TOTAL		100	361,000	132,000	231,390	23,139	337,861	139,000	13,900	125,100	462,961

An analysis of the data presented in the previous table shows that, for the 100 shares held, a gross amount of 500,000 lei was distributed to the members of the community, of which 361,000 lei represents the profit from economic activity, and 139,000 lei represents the surplus from non-profit activities. The total net amount to be distributed to the members is 462,961 lei, specifically 337,861 lei from the profit of economic activities and 125,100 lei from the surplus of non-profit activities, with the total income tax due amounting to 37,039 lei, of which 23,139 lei is for income from economic activities and 13,900 lei is for income from non-profit activities.

Based on the data presented in Table no. 3 and the amounts allocated from net profit and surplus, both pertaining to the 2025 fiscal year, the following journal entries are made in the accounting records in February 2026:

- distribution to the members of the community of the net amounts due from economic activity, after withholding income tax:

462 “Miscellaneous creditors”	=	%	<u>361,000</u>
462.3 – 361,000 lei		446 “Other taxes, fees, and similar payments”	23,139
		5121 “Bank accounts in lei”	337,861
		5121.1 – 337,861 lei	

- distribution to the members of the community of the net amounts due from non-profit activities, after withholding income tax:

462 “Miscellaneous creditors”	=	%	<u>139,000</u>
462.4 – 139,000 lei		446 “Other taxes, fees, and similar payments”	13,900
		5121 “Bank accounts in lei”	125,100
		5121.2 – 125,100 lei	

Based on the calculation presented in the paper, the distribution of amounts to members must be based on the number of shares held, and the determination of net amounts must distinctly reflect their origin from economic activity and from non-profit activity. This approach allows for transparent recording of the amounts due to each member and ensures the link between the result determined for each activity category, the approved distribution and the actual distribution.

Thus, the net value per share varies in economic activity depending on whether a member holds 1, 2, 3, 4, or 5 shares, as a result of applying the non-taxable threshold of 6,000 lei per member, whereas, in non-profit activities, it remains constant at 1,251 lei per share.

Furthermore, the analysis highlights the need to clarify the accounting treatment of the conservation and regeneration fund and the forest accessibility fund. The current wording of the relevant provisions, by classifying the Conservation and Regeneration Fund as non-taxable amounts and by using concepts that could be associated with reserves formed from the results of the fiscal year, may lead to the interpretation that these funds are established at the end of the fiscal year from the profit or surplus realized. However, such an approach does not reflect the nature and mechanism of establishing funds specific to forestry activities, the amounts of which are set aside and transferred in accordance with the specific obligations of this activity, regardless of whether a profit exists at the end of the fiscal year. In this context, it is necessary to explicitly clarify the nature, timing of establishment, and accounting treatment of these funds, so that they are not treated as reserves or other items used to allocate the financial year’s results.

From an accounting organization perspective, the research highlights the need to use separate accounts for the two categories of activities, so that the accounting information allows for the separate identification of revenues, expenses, and the resulting profit or loss. At the same time, the use of separate analytical accounts, whose coding is at the discretion of the accounting professional, must ensure a sufficiently detailed breakdown to track operations, revenue sources, expenses, reserve funds, and amounts distributed to members. Such an organizational structure contributes to greater transparency of accounting information and facilitates the verification of consistency between the accounting records, tax calculations, and distribution documents.

We can appreciate that the fiscal and accounting treatment of forest communities aims at a balance between sustainable forest management, protection of members' interests and compliance with fiscal obligations. By applying non-taxation limits and transparent accounting, the legislation supports responsible forest management and the maintenance of ecological balance, while the communities' income contributes to the development of local communities.

5. CONCLUSIONS

The analysis highlights the fact that forest communities represent legal entities with a complex regime, located at the intersection of traditional common property and regulated economic structures. Their particularity derives from the coexistence of economic activities, especially the exploitation and valorization of timber, with activities without a patrimonial purpose, which generates significant difficulties in the delimitation and application of accounting and fiscal treatments.

The applicable legislative framework, consisting of forestry, fiscal and accounting regulations, gives these entities a distinct legal status, but the overlapping of norms generates areas of interpretation that may affect the coherence of financial reporting.

In this context, there is a need for clear accounting policies, adapted to the specifics of the activity, which ensure the adequate separation of income and expenses related to economic activities from non-profit ones.

The analysis also reveals that the tax regime applicable to forest communities is a mixed one, with facilities specific to entities without a patrimonial purpose, but also with obligations similar to taxpayers in the economic sphere. This duality requires a rigorous approach in determining the taxable base and distributing the surplus to members.

In practical and normative terms, research supports the need to develop clearer rules regarding the establishment, highlighting and use of funds specific to forestry activity, especially the conservation and regeneration fund and the forest accessibility fund.

Clarifying the nature of the reserves of these funds, the moment of establishment and their relationship with the result of the exercise would contribute to avoiding their assimilation with those constituted from profit or surplus and to the uniform application of accounting treatment.

In conclusion, clarification and harmonization of accounting and tax treatments are essential to ensure transparency, compliance and a true reflection of economic reality in the case of forest communities.

6. REFERENCES

[1] Nichiforel, L., & Schanz, H. (2011). *Property rights distribution and entrepreneurial rent-seeking in Romanian forestry: A perspective of private forest owners*. European Journal of Forest Research, 130(3), 369–381.

[2] Ostrom, E. (1990). *Governing the Commons: The Evolution of Institutions for Collective Action*, First Edition, Cambridge University Press.

[3] Paliu-Popa, L. (2013). *Accounting, an Essential Component of the Information System*, Annals of „Constantin Brâncuși” in Târgu Jiu, Economy Series, Issue 1, pp. 66-73.

[4] Vasile, M. (2018). *Formalizing commons, registering rights: The making of the forest and pasture commons in the Romanian Carpathians from the 19th century to post-socialism*. International Journal of the Commons, 12(1), 170–201.

[5] *** Legea nr. 1/2000 privind reconstituirea dreptului de proprietate asupra terenurilor agricole și celor forestiere, cu modificările și completările ulterioare (Law no. 1/2000 on the reconstitution of property rights over agricultural and forest land, as subsequently amended and supplemented).

[6] *** Legea nr. 331/2024 – Codul silvic, cu modificările și completările ulterioare (Law No. 331/ 2024 – Forestry Code, as subsequent amendments and supplements).

[7] *** Legea nr. 227/2015 privind Codul fiscal, cu modificările și completările ulterioare (Law No. 227/2015 on the Fiscal Code, as amended and supplemented).

[8] *** Ordonanța Guvernului nr. 26/2000 cu privire la asociații și fundații, cu modificările și completările ulterioare (Government Ordinance No. 26/2000 on associations and foundations, with subsequent amendments and supplements).

[9] *** Legea nr. 247/2005 privind reforma în domeniile proprietății și justiției, precum și unele măsuri adiacente, cu modificările și completările ulterioare (Law No. 247/2005 on the reform in the fields of property and justice, as well as some adjacent measures, as subsequently amended and supplemented).

[10] *** Ordinul ministrului finanțelor publice nr. 1802/2014 pentru aprobarea Reglementărilor contabile privind situațiile financiare anuale individuale și situațiile financiare anuale consolidate, cu modificările și completările ulterioare (Order of the Minister of Public Finance No. 1802/2014 for the approval of the Accounting Regulations regarding individual annual financial statements and consolidated annual financial statements, with subsequent amendments and supplements).

[11] *** Ordinul ministrului finanțelor publice nr. 3103/2017 privind aprobarea Reglementărilor contabile pentru persoanele juridice fără scop patrimonial, cu modificările și completările ulterioare (Order of the Minister of Public Finance No. 3103/2017 on the approval of the Accounting Regulations for legal entities without patrimonial purpose, with subsequent amendments and supplements).

[12] *** Legea nr. 265/2017 pentru aprobarea Ordonanței Guvernului nr. 9/2017 privind prorogarea termenului prevăzut la art. IV din Ordonanța de urgență a Guvernului nr. 51/2016 pentru

modificarea și completarea Legii nr. 171/2010 privind stabilirea și sancționarea contravențiilor silvice (Law no. 265/2017 for the approval of Government Ordinance no. 9/2017 regarding the extension of the term provided for in art. IV of Government Emergency Ordinance no. 51/2016 for the amendment and completion of Law no. 171/2010 regarding the establishment and sanctioning of forestry contraventions).

[13] *** Legea nr. 56/2010 privind accesibilizarea fondului forestier național, republicată, cu modificările și completările ulterioare (Law No. 56/2010 on the accessibility of the national forest fund, republished, with subsequent amendments and supplements).

[14] *** Ordonanța de Urgență a Guvernului nr. 196/2005 privind Fondul pentru mediu, cu modificările și completările ulterioare (Government Emergency Ordinance No. 196/2005 on the Environmental Fund, with subsequent amendments and supplements).

[15] *** <https://www.cursbnr.ro/curs-valutar-mediu>