

AS 22

– Accounting for taxes in income

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## Summary...

- Taxable income vs. Accounting income (accrual concept)
- Permanent difference vs. Timing difference
- Recognise DTA when –
  - Normal scenario - Reasonable certainty
  - Unabsorbed depn or CF business loss – virtual certainty supported by convincing evidence
- Reassessment of unrecognised DTA
- Review of recognised DTA

## ASI...

- ASI 3 – Tax holiday u/s. 80IA and 80IB
- ASI 4 – Losses under the head Capital Gains (allowed as timing difference subject to reasonable/ virtual certainty)
- ASI 5 – Tax holiday u/s. 10A and 10B
- ASI 6 – In the context of Sec. 115JB (regular tax rates only)
- ASI 7 – Disclosure (under Investment/ Unsecured Loans)
- ASI 9 – Virtual Certainty (supported by convincing evidence)
- ASI 11 – In case of Amalgamation
  - Difference due to agreed values – permanent difference
  - DTA not recognised by seller – can be recognised by buyer