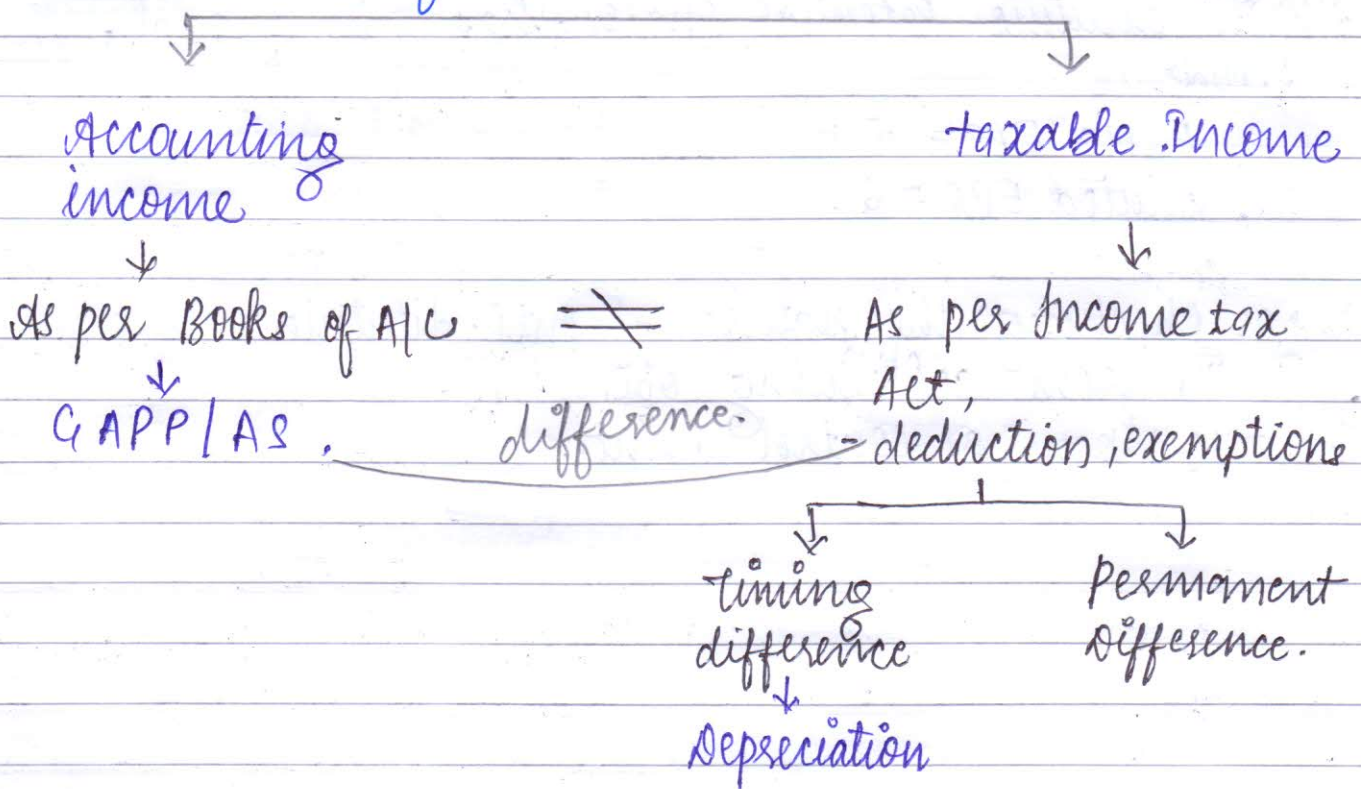
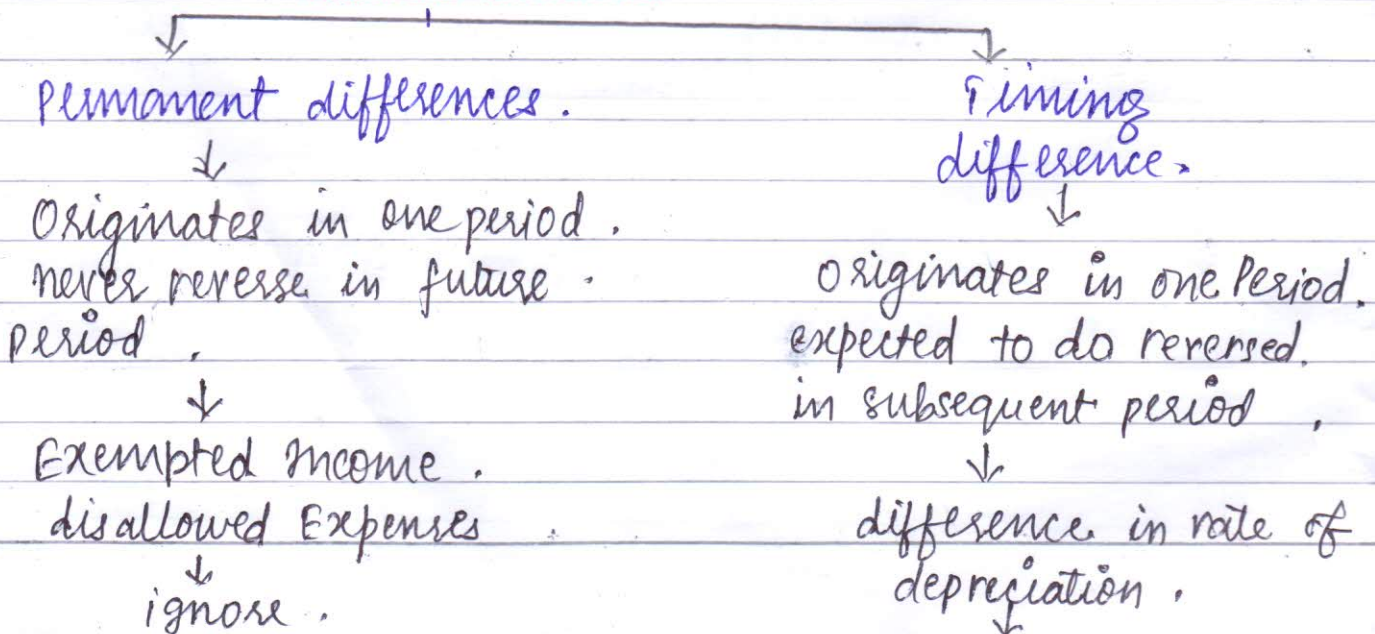


# AS 22: Accounting for taxes on Income

Profit



Taxable Income.

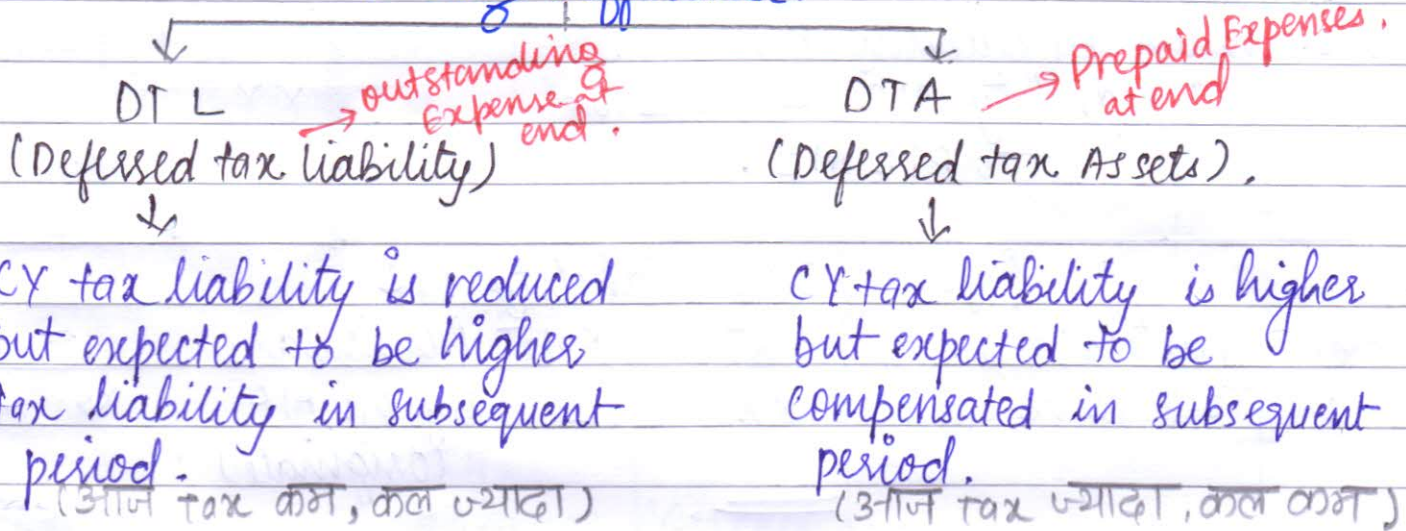


# Defered tax Accounting .

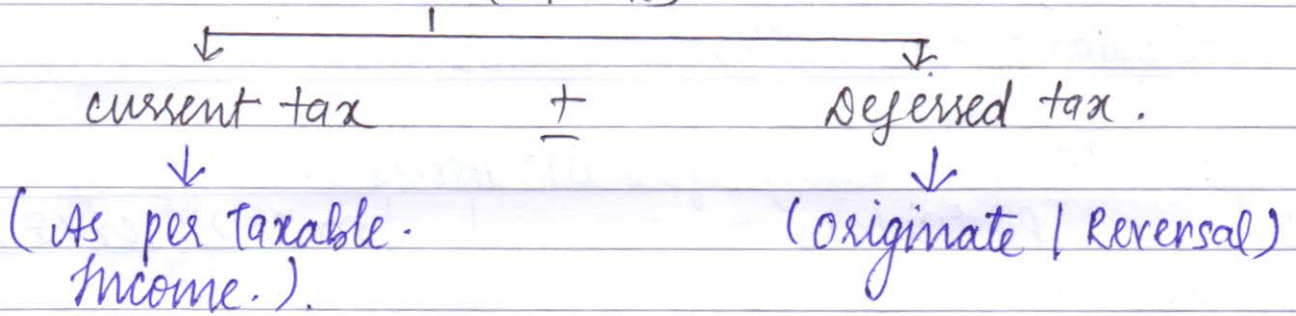
## Rule 2 :-

Defered tax

↓  
Timing difference.



## Rule 3. Tax expenses for the period (P/L A/c)



## Rule 4: Journal Entry for DT liability

Date	Particulars	Dr. (£)	Cr. (£)
1.	When DTL originates PIL A/c _____ Dr. To DT liability A/c.	XX	XX
2.	When DT liability Reversed. DT liability A/c _____ Dr. To PIL A/c.	XX	XX

### Deferred tax liability A/c

Date	Particulars	£	Date	Particulars	£
I	To Balance c/d	XX	I	By PIL A/c. (originate)	XX
		=====			=====
II	To PIL A/c. (Reverse)	XX.	II	By Balance b/d	XX
	To Balance c/d	XX.			

## Rule 5: Journal Entry for DT Assets

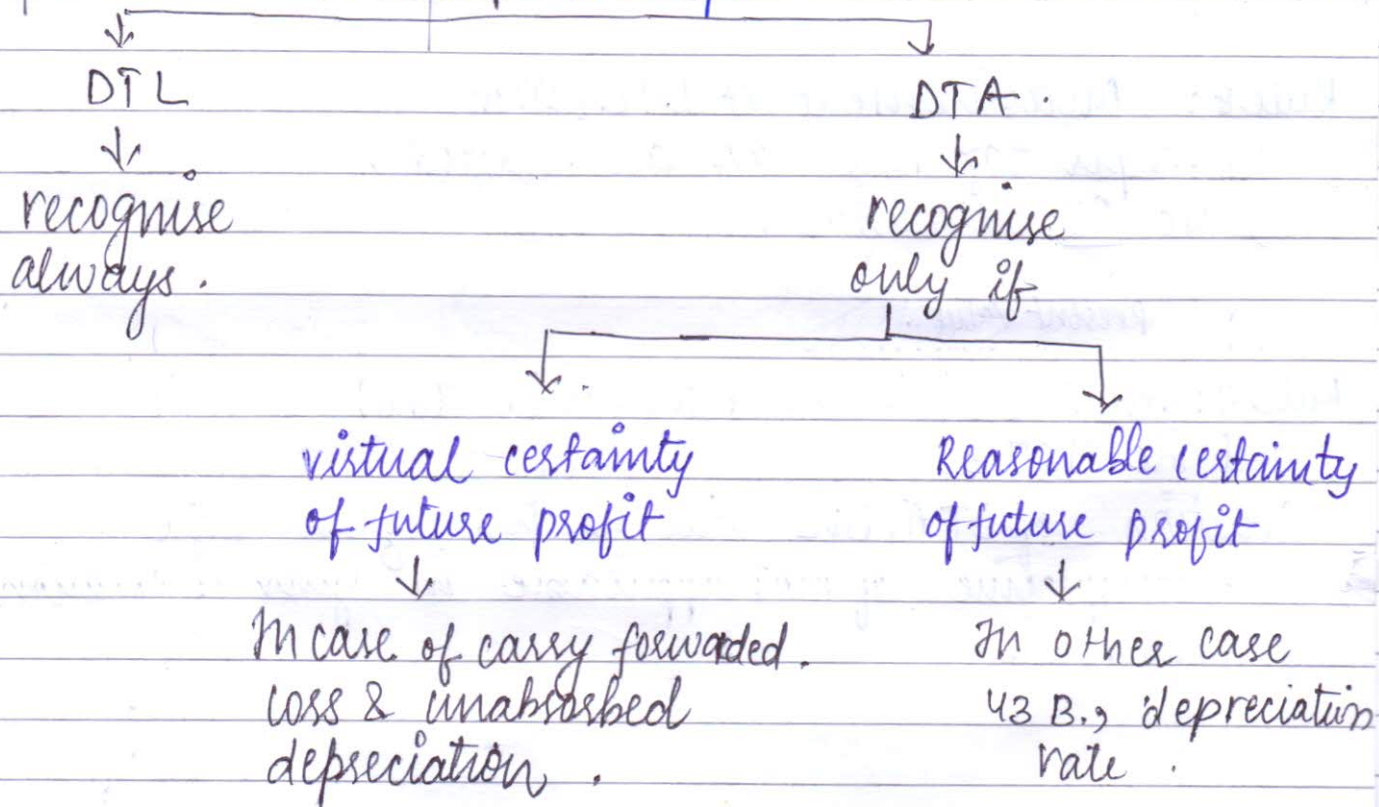
Date	Particulars	Dr. (£)	Cr. (£)
1.	When originate DTA A/c _____ Dr. To PIL A/c.	XX	XX
2.	When Reversal PIL A/c _____ Dr. To DT Assets A/c.	XX	XX

## Deferred tax Assets A/c

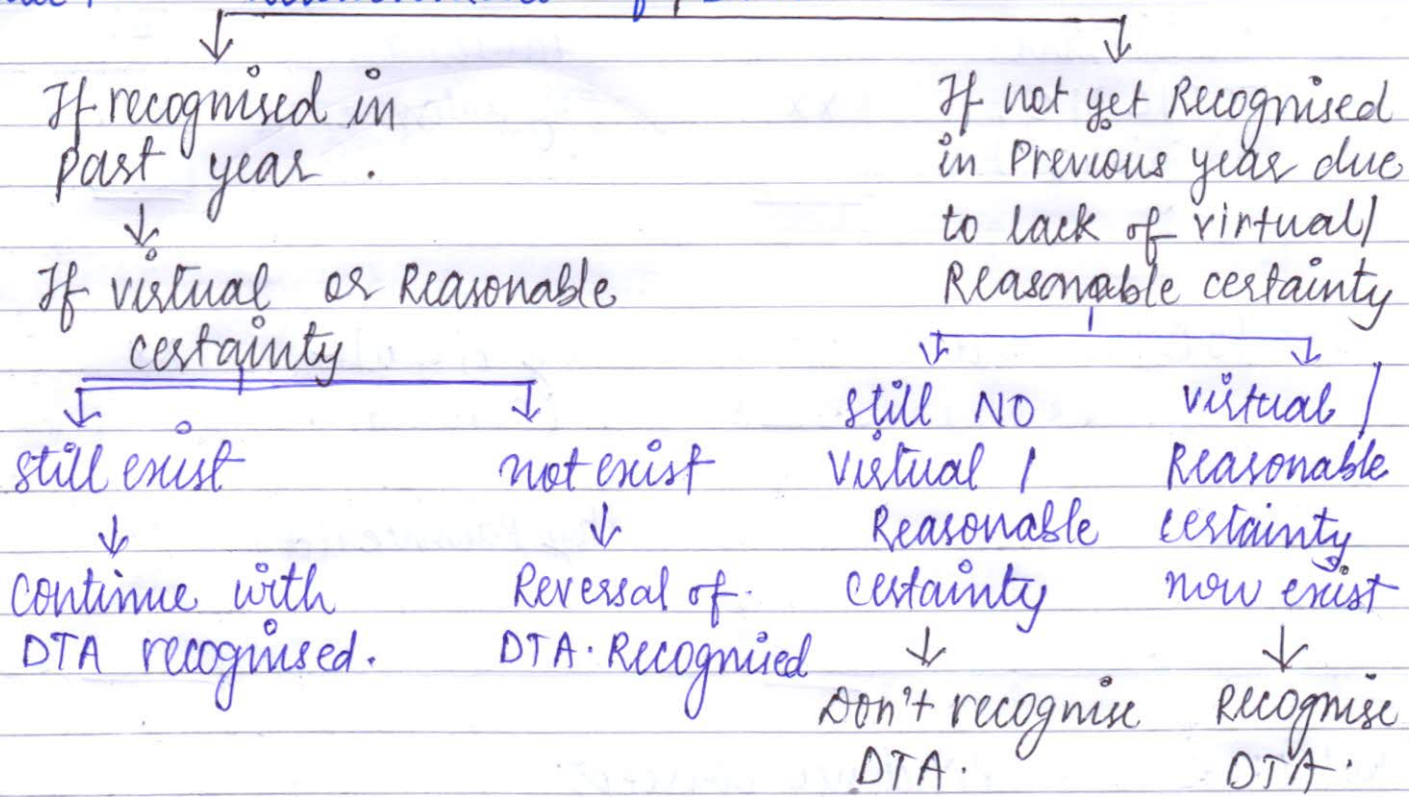
Date	Particulars	₹	Date	Particulars	₹
	TOP/L A/c. (originate)	xx		By Balance c/d	xx.
	To Balance c/d	xx		By P/L A/c (Reversed).	xx
				By Balance c/d	xx

Rules:

### Prudence Concept



## Rule 7: Reassessment of DTA



## Rule 8: Measurement of DTL/DTA

- As per tax rate / Tax law enacted.
- NO PV discounted.

↓  
Present Value.

## Rule 9: MAT (Minimum Alternative Tax)

(Sec. 115JB)

Creation of DTA/DTL will as per regular rate.

- Irrespective of MAT applicable in year of creation / Reversal.

Rule 10: In case of tax holiday i.e. section 80IA / section 10A / section 10B.

If timing difference originates (TD).

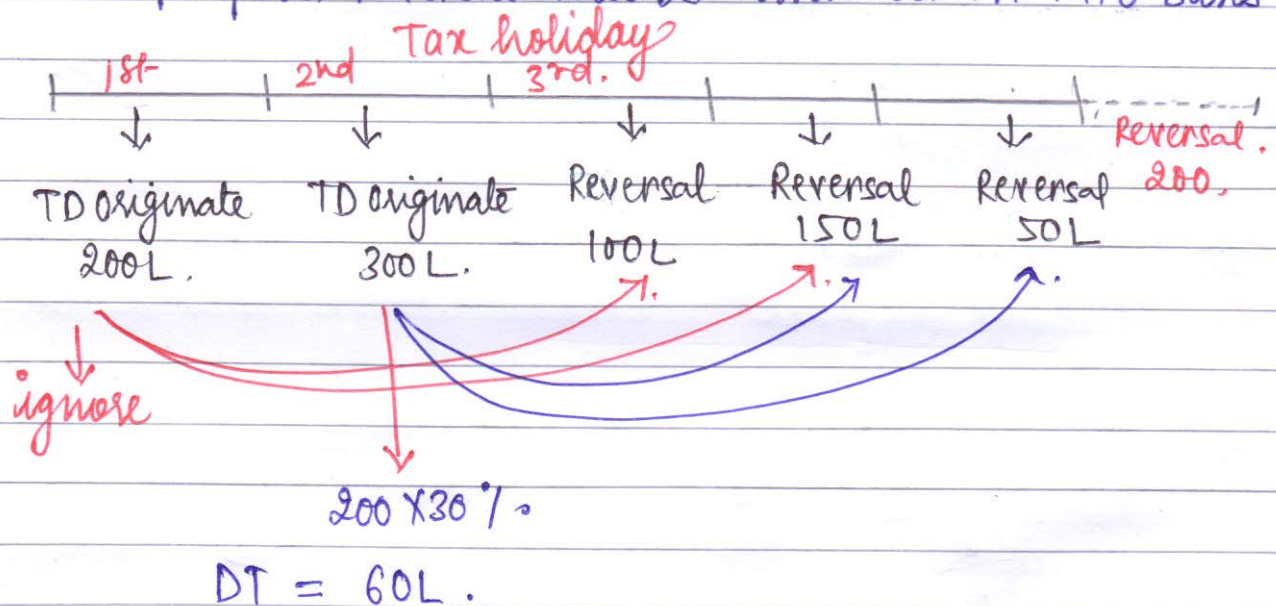
Expected to be reversed in tax holiday period itself

NO DTA / DTL created.

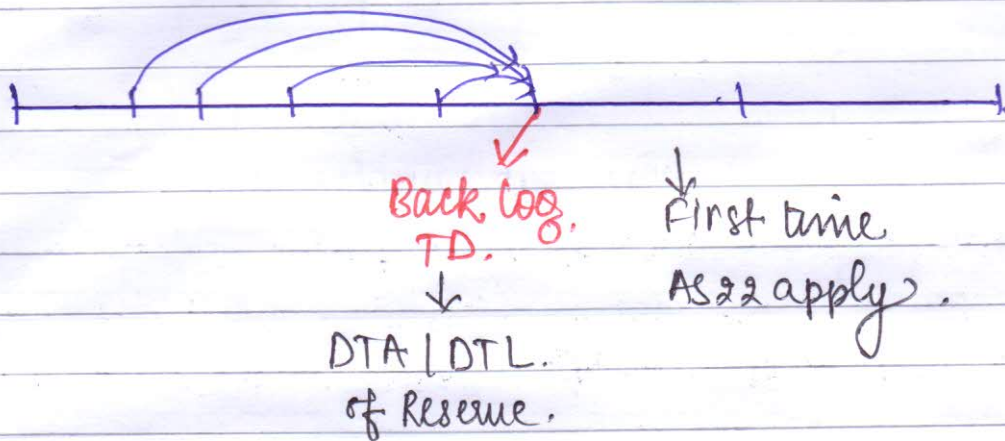
Expected to be reversed after tax holiday period.

create DTA / DTL as per regular rate.

For this purpose, reversal will be assumed on FIFO Basis.



# Rule 11: Transition Provision

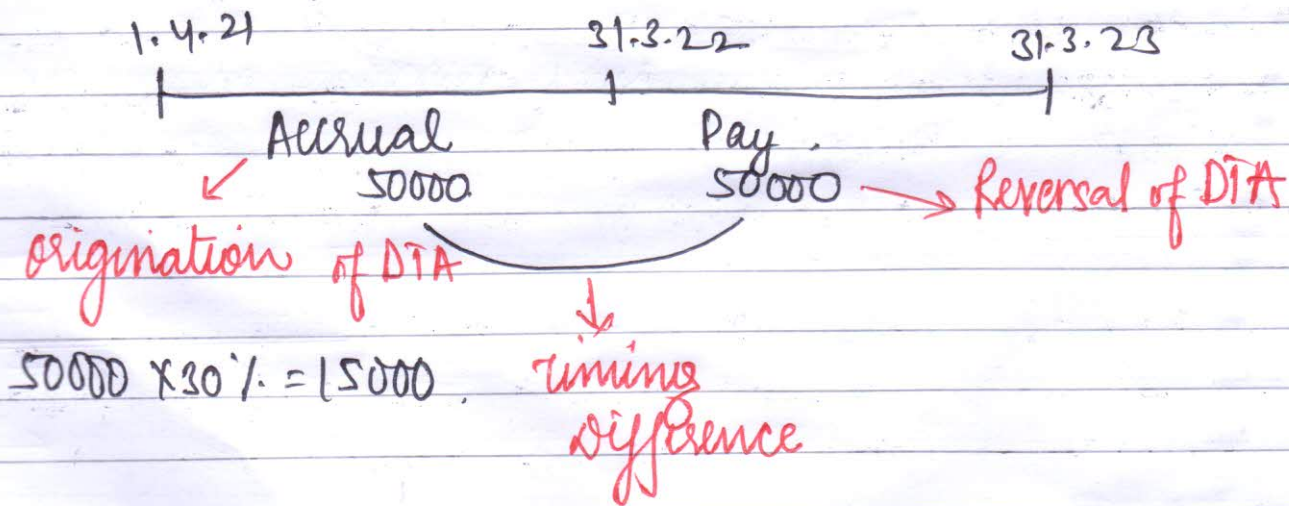


In the first year of adoption of AS 22.

- DTA / DTL creation due to past years accumulated timing difference.
- should be recognised through opening Reserve & surplus.

## # Section 43(B)

→ some expense are allowed on cash basis



$$50000 \times 30\% = 15000$$

$$\text{DTA creation} = 50000 \times 20\% = 10000$$