

INDAS 12 - Income Taxes

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Part B - Deferred Tax

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3. Share Based Payments
4. Temp Diff associated with Instln Subs Associates 954.

Ind AS 12 - Income Taxes

Off Ege

4r1

(20x1 - 20x2)

(20x1 - x2)

1000 disallow

Ultra Rex

1000 crores

Tax Books

taped

1000 crores

Exp

(700) crores

Exp

(600) crores

PBT

300

PBT

900 crores

Tax @ 30%

90

Tax @ 30%

120

To be Booked in AIC's Books 90

To be paid
Current Tax
durrett

JE Tax Exp (P/L) AIC Dr 90

Prepaid Exp A/c Cr 30 Def. Tax Asset

To Cr AIC 120

4r2

AIC's

Revenue 1000 crores

Exp (700) crores

PBT 300

Tax @ 30% 90

To be Booked

Tax

1000 disallow

Revenue → 1000 crores

Exp (800) crores

PBT 200 crores

Tax @ 30% 60

604g

Current Tax
Current

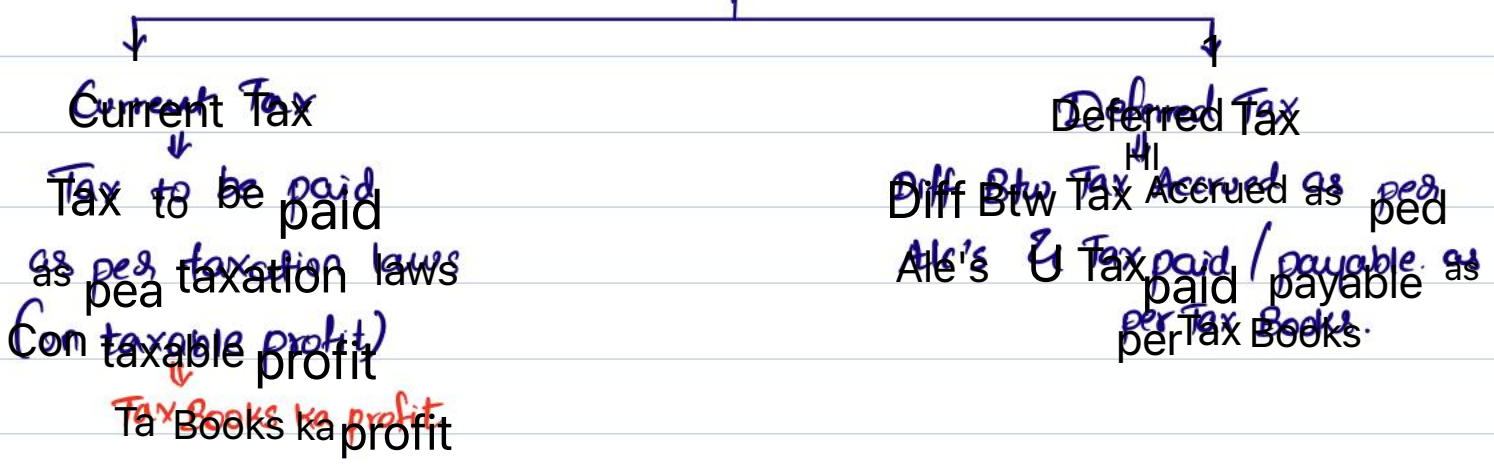
Tax Explain Dr 90

To Cr AIC 90

To Prepaid Exp A/c (30)

(Reverse) Def Tax Asset Reverse

Income Taxes



Eg 1 → Proper JE

① Current Tax

② Deferred Tax

Curr Tax Exp (PIL) 120
 TO CIB 120

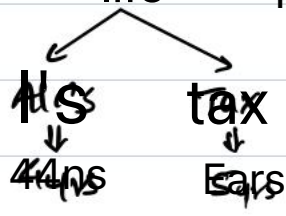
Deferred Tax Asset (BIS) 30
 TO D.T. EXP (PIL) 30

Sch III PIL (Dr)	Datt	
<u>Tax Exp</u>		
Tim Curr. Tax	120	
Def Tax	(30)	90

Deferred Tax ~~CPA Approach~~ [BIS Approach]

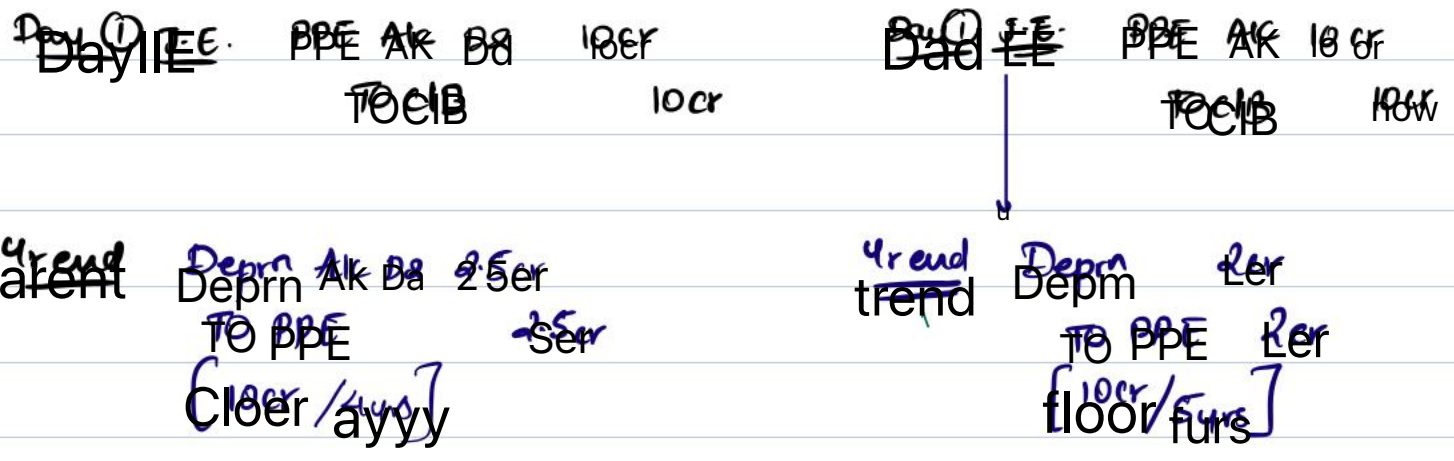
able eg (CA) x

01/04/21 - Asset Purchase → 10 cr → life Tax Rate = 30%



Alc's

Tax



BIS Approach for Def. Tax

DTA → Deferred Tax Asset
DTL → Deferred Tax Liability

Particulars	E.A. (Alc's)	Tax Base [Tax floors]	Diff	D.T.A / D.T.L
PPE (Day 1)	10cr	10cr	-	
(4cr end)	7.5cr (10cr - 2.5cr)	8cr (10cr - 2cr)	8.5cr	D.T. @ 30%
	Deprn	10cr		0.5cr CDTA
				DTA Alc DA TOB Exp Alc (yr)

Hint: Always Try to Bring C.A towards Tax Base

<p>Example List</p> <p>Particulars</p>	<p>A/c's Books € A</p> <p>EA</p>	<p>Tax Books € A</p> <p>T.B.</p>	<p>Diff</p>	<p>DTA/DTL</p> <p>e Boy</p>
<p>1] PPE C/Over</p> <p>Life A/c's → 4yrs</p> <p>Life Tax → 5yrs</p> <p>Day ①</p> <p>Trend</p>	<p>186K</p> <p>7 Ser</p>	<p>186K</p> <p>6er</p>	<p>-</p> <p>DTD</p> <p>e Ser</p> <p>Eger</p>	<p>-</p> <p>0015</p> <p>D-TA</p> <p>D-TA A/c De</p> <p>To D-T Exp</p> <p>(P/H)</p>
<p>2. Land → [€100 crores]</p> <p>Life A/c's → Infinite</p> <p>Tax life → Infinite</p> <p>↓</p> <p>Non-Deprn</p> <p>Day ①</p> <p>Yr end</p>	<p>100 cr</p> <p>100 cr</p>	<p>100 cr</p> <p>100 cr</p>	<p>-</p> <p>-</p>	<p>-</p> <p>-</p>
<p>3. Land → [€ 100 crores]</p> <p>On rent → A/c's → Rev. Inad</p> <p>→ You</p> <p>(Remains in core (NR))</p> <p>Tax → No Reval</p> <p>↓</p> <p>Book profit</p> <p>only when realised</p>	<p>150 cr</p>	<p>100 cr</p>	<p>(TTD)</p> <p>50</p> <p>50</p> <p>Rev. Gain</p> <p>coward</p>	<p>15 (D.TL)</p> <p>↓</p> <p>J-E</p> <p>OCI (NR)</p> <p>gqYE</p> <p>D-T Exp (NR)</p> <p>To DTL</p> <p>↓</p> <p>B/S</p>
<p>4. Prepaid Exp (Asset) 158 € 100</p> <p>[A/c's → Accrual Basis</p> <p>Tax → Cash Basis]</p>	<p>100</p> <p>A/c's</p> <p>AYE preparatory</p> <p>To c 13 100</p>	<p>0</p> <p>Tax</p> <p>preparatory</p> <p>To c 13 100</p>	<p>(TTD)</p> <p>100</p>	<p>30 (DTL)</p> <p>↓</p> <p>J-E</p> <p>D-T Exp (NR)</p> <p>To DTL 30</p>

<p>5. outstanding ^(Liab) 4188 2100</p> <p>[Ale's → Accrual Basis Tax → Cash Basis]</p>	<p>100</p> <p>J-E (Ale's)</p> <p>jaggery</p> <p>To 01 sec 100</p>	<p>0</p> <p>No entry</p>	<p>100 (DTB)</p>	<p>30 (DTA)</p> <p>Hs</p> <p>DTA</p> <p>To 01 Exp (CPU)</p>
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<p>→ (Liab)</p> <p>6. Advance Income \$100</p> <p>[Ale's - Accrual Tax - Cash Basis]</p>	<p>100</p> <p>J-E</p> <p>EEI</p> <p>ClB 100</p> <p>To Tax In Liab 100</p>	<p>0</p> <p>Tax</p> <p>ClB 100</p> <p>To Rev put 100</p>	<p>100 (DTB)</p>	<p>30 (DTA)</p>
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<p>→ (Liab)</p> <p>7. Prov for Bad debts \$100</p> <p>[Ale's - Accrual Tax - Cash Basis]</p>	<p>100</p> <p>Ale's</p> <p>EE</p> <p>Bad debts Plb 100</p> <p>To Pay 100</p>	<p>0</p> <p>Tax</p> <p>EE</p> <p>No entry</p>	<p>100 (DTB)</p>	<p>30 (DTA)</p>
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<p>→ (Liab)</p> <p>8. Payer for Gratuity</p> <p>[Ale's - Accrual Tax - Cash Basis]</p>	<p>100</p> <p>Ale's → Grat Exp 100</p> <p>To EX 100</p>	<p>0</p> <p>Tax</p> <p>Tag</p> <p>away</p>	<p>100 (DTB)</p>	<p>30 (DTA)</p>
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<p>→ (Asset)</p> <p>9. Interest Inc Receivable (Exp)</p> <p>[Ale's - Accrual Tax - Cash Basis]</p>	<p>100</p> <p>Ale's J-E</p> <p>EE</p> <p>receivable (Asset) 100</p> <p>To Julie CPU 100</p>	<p>0</p> <p>Tax</p> <p>EE</p> <p>No entry</p>	<p>100 (DTB)</p>	<p>30 (DTA)</p>
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<p>→ Prepaid Exp (Asset)</p> <p>10. Preliminary Exp → \$100</p> <p>[ACC's → Day 1 aloft Tax → over saw aloft]</p>	<p>0</p> <p>Ale's J-E</p> <p>EE</p> <p>do</p> <p>To ClB 100</p>	<p>80</p> <p>Tax J-E</p> <p>Taffy</p> <p>Asset</p> <p>80</p> <p>Exp (PIU) 20</p> <p>EPI 20</p> <p>100</p> <p>1/5</p>	<p>80 (DTB)</p>	<p>24 (DTA)</p>
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14. Fines & Penalties ₹100
 (Payable)
 (A/c's → Acc. Basis
 Tax → Disallowed)

Diff is other than Temporary
 Conclude → CA = T-B
 ∴ NO DTA/DTL.

15. Agriculture Income = ₹100
 (Taxable)
 (A/c's → Accrual Basis
 Tax → Exempt)

Diff is other than Temporary
 Conclude → CA = T-B
 ∴ NO DTA/DTL.

DTA → In future → Pay less tax → Deductible Temp Different (DTD)
 DTL → In future → Pay more tax → Taxable Temporary Diff (TTD)

Eg: On 01.04.21 AK ltd purchased car (PPE) → ₹500000

Tax Rate = 30% Alt's (life) Sys Tax (life) = 4 yrs.

Compute Deferred Tax for all years & Pass J.E for Deferred Tax.

[Assume Machine was used for all 5 years & Not sold in between]

Soln:

Time	CA	TB	Diff	DTA / DTL @ 30%
Day 1	500	500		-
Yr end 1	400 <i>(500 - 100) (500 × 1/5)</i>	375 <i>(500 - 125) (500 × 4/5)</i>	25 (TTD)	7.5 (DTL) ↓ J.E DT EXP (PIL) 7.5 TO DTL 7.5
Yr end 2	300	250	50 (TTD)	15 (DTL) ↳ cumulative till date J.E DT EXP (PIL) 15.75 TO DTL 15.75
Yr 3 end	200	125	75	22.5 (DTL) J.E DT EXP (PIL) 7.5 TO DTL 7.5
Yr 4 end	100	0	100	30 (DTL) J.E DT EXP 7.5 DTL 57.5
Yr 5 end	0	0	0	0 (DTL) → Ttl date No reversal J.E DTL (reversal) 30 TO DT EXP 30

Titus 16 (LDR)

(i) Tax loss = 20€ (Normally DTA is created on tax loss)

But since co. does not expect to earn future profits ∴ No DTA will be created

	GA	TB	Diff	DTA/DTL @ 20%
(ii) Prox forfeiture costs (Liab) <i>(A/c's - Accrual Tax - cash Basis)</i>	20L <i>J/E Exp 20L T/Prox 20€</i>	0 <i>J/E No Mutay</i>	20L (DTD)	4€ (DTA)
(iii) Intangible Assets	15-22 <i>(1.01.18 → 16L (-13m thom ca) (16 x 3/4 x 1/4) 31.145</i>	0 <i>J/Dev expand 16L T/DTB 16€</i>	15-22 (TTD)	304000 (D.T.L)
(ix) Loan taken (F.L)	1,07.80,000 <i>(KPM)</i>	1.00.00.000 <i>↑ Fair value.</i>	780000 (DTD)	156000 (DTA)

Step 1 CF

0 1€
1-3 → ay-coupon
33 → T. 30.43.800

Step 2 Lat

31.3.18 99.00.000
drend apn Fat @ 10% 9.8L

Repay -

CF
1,07.80,000
↓
da
in Me's

Step 3 Fx of Fe (no relation, NO CFI)
FYA T.PE Tr Cost

FUE 10% → 22
= 98L

Step 4 Diff EIR = 10%

Illustration (CPR)

Particulars	E-A	F-B	Diff	DTA/DTL @ 25%
① Investment (31.3 x 2)	240000	300000	40000 (TTD)	10000 (DTL)
<p>No profit is earned in tax books</p> <p>8. No Current Tax.</p>				

② Inventory (WMP)	38400	48000	9600 (DTD)	2400 (DTA)
<p>Current Tax</p> <p>Tax on Taxable Profit (Tax Books)</p> <p>16000 x 25% = 4000</p> <p>(No unrealised profit elimination in tax. 9. full 16k is taxable profit)</p>				

③ Advance Income	80K	0	80K (DTD)	20K (DTA)
<p>NEE</p> <p>Current tax = 22 x 25% = 5500 (Current Tax)</p> <p>J-E Alc's TO Rev 1.22 TO Adv Inc 80k</p> <p>J-E Tax TO Rev 2L TO Rev 2L</p>				

Parent	Subs	
Knthive	sassaby	
Cost	S-B	Profit
69000	80000	16000
not sold to 3rd party (25600)	(32000)	
60% of stock unsold 39400	48000	
Alc's C/A after elimination of unrealised profit		(No elimination of profit in Tax)

Ex: On 01/04/21 Akita purchased Ferrari (PPE) → ₹ 100L.
 Tax Rate = 30%. A's life = 5 yrs. Tax life = 4 yrs.

On 31/03/22 → Ferrari was revalued at ₹ 120 lakhs.

[In Income Tax → No Revaluation] Profits are taxed when realised.

Soln: Day 1 No Diff

Ed Dad

4r end In	C.A	fit	read	Actual C.A	gatter (Benar)	T.B.	Diff	DTL @ 30%
PPE 313x2	80			120		75	45 (TTD)	13.5 (DTD)

Remaining life = 4 yrs

~~D.T. Exp (PIL) 13.5
 TO DTL 13.5~~

Total Diff = ₹ 45

Depn (CA with)	C.A	T.B	Diff gift	D.T.L	Revaluation	Bar fig	C.B with	Diff	D.T.L
Depn CA with	80	120		15	80	120	40	12 (CITY)	
				TO D.T.L 15				D.T. Exp (COCINR) 12	
								TO D.T.L 12	

fake C.A. reason C.A (after Rev) 120 (If no reval) 80

4r 2 end Ygeny	Calif (Noren)	ca (after Reval)	T.B.	Diff	D.T.L
500x3	60	80	50	10	12 (DTD)
		[120 - 30] 1yr Depn (120/4)	[75 - 25] Depn In tax		

Total Diff 60

Depm He E.A 60
 T.B 50
 Diff DTL 3
 132
 Asan 42nd cumulative
 D.F Exp (M) 31.5
 TODT 371.5

react E.A 90
 for (7B) E.A 60
 Revaluation He Diff DTL@ Hoy 30 193
 EE DTL (Rev) 3
 TODT Exp (Oct) 3

OIL

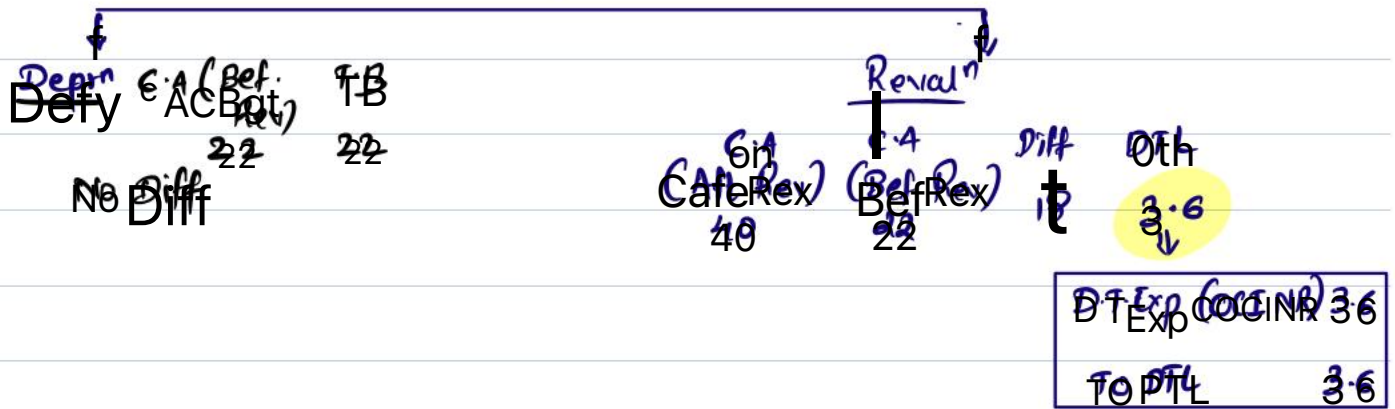
Yr end	Total DTL =	135
482	DTL created	15
Yr Dte Reverse	(3)	
Total DTL as on Yr end.		<u>12</u>

Quest 2 (LAR)

(i) MAT credit → 31/3/16 → 8.5 euros is ^{D.T.A} ^{8.5} ~~ftp.d.exp~~ 858g.
 He Create DTA
 → 31/3/17 → 9.75 euros → DTA ~~9.75~~ 1.25
 TO DTA Exp 9751.25

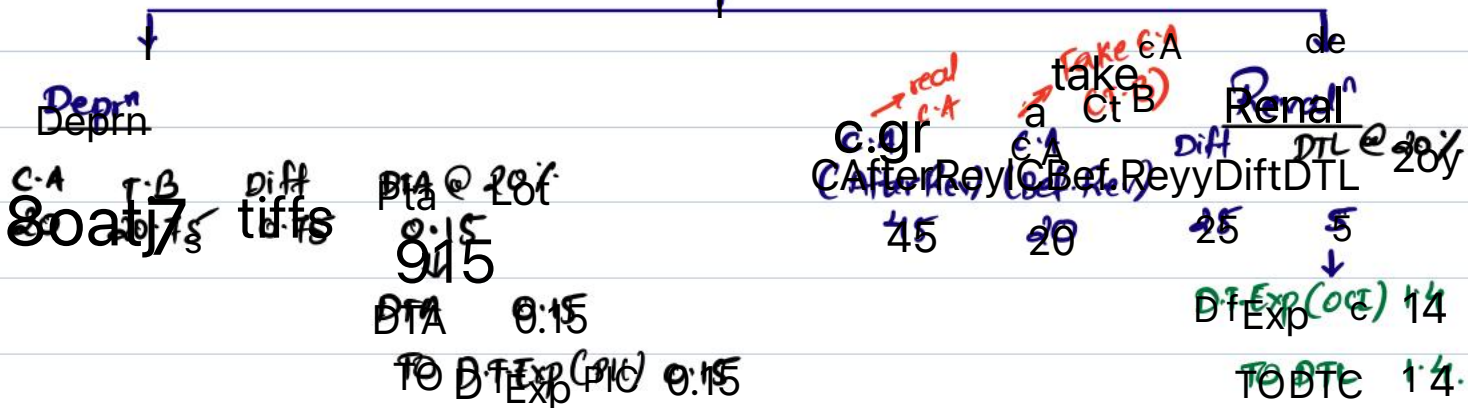
(ii) BPE 31/3/16
 €A (Bet Rex) 22 (?)
 CA (after Fey) 40
 TB 22
 Diff 18
 DTA | DTL 3:6 (DTL)
 Cassim to become as T-B

Total Diff = 18



(ii) 31/3/17 (PPE)
 €A (Bet Rex) 20 (22-2)
 €A (after) ~~40~~ 45 NEW Fair Value
 TB 20.75 (22-1.25)
 Diff 24.25
 DTL @ 70% 4.85
 DTL 10

Total Diff 24.25

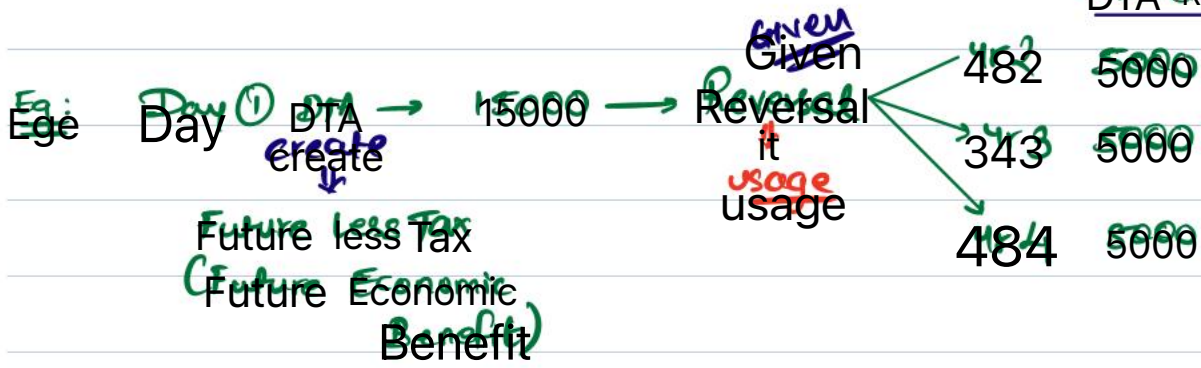


0.15
111

Ur1 and DTL 3.6
 (-) DTA (Ur2) 0.15
 (+) DTL (Ur2) 1.11
 Ur 2 (DTL) 4.85
 end.

* Assess / Re-assess DTD (DTA)

DTA (Reverse)



Ans 1

DTA can be used in following 3 cases.

- ① Against DTL Reversal (OR) → ill v 15 [Jiss yr DTA Rev hai uss yr DT Rex nona chahine]
- ② when there in future profits (In the yr of DTA Reversal) (OR)
- ③ Profits created through tax planning (in the yr of DTA Reversal) → ill v 6 ing

Illustration 15 (LDR)

Particulars

① TTD	31/03/21	31/3/22	31/3/23	31/3/24	31/3/25
9000 @ 30%					
DTL = 2700	2700	(900)	(900)	(900)	
	CDTL create DT Exp Ply 2700 to DTL etc. 1700	files DTL Reversal			

② DTD	1200	(300)	(300)	(300)	(300)
4000 @ 30%	Com create				
DTA = 1200	Recognised	dEfyq.net DTA Reverse.			
	DTA 2300 7900 H	Forfeits DTA Rev we dont have DTL Reversal			

(we can utilize only this much against DTL Rex)

Thin Alternative Tax

OFI (MAT credit)

Yr 1 Tax Profit = 0 → Tax payable = 0

Future mein that credit credit (future less tax)

Book Profit = 150000 @ 5% = 7500 (Tax as per MAT prov) He Pay Tax of 7500 to Govt in Yr 1.

Yr 2 Tax Profit = 80,000 @ 30% = 24000
ANAT Profit = 10000 @ 15% = 1500

Yr 2 Tax Pay = 24000 - 7500 = 16500
MAT credit

In Yr 2 co. will create DTA (MAT credit) = 7500

Hint:- Jitna MAT credit hai, utna DTA Banega.

* Determine Tax Rates in Deferred Tax.

Eg 1 C.Y (X1 - X2) → Tax Rate - 30%

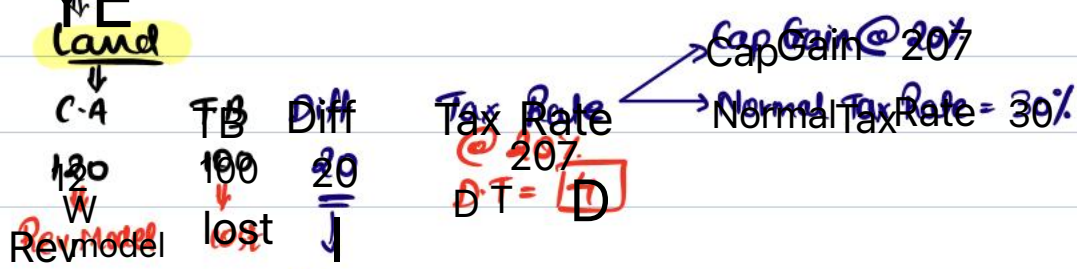
14th Feb, X2 → Announced from Next Yr (X2 - X3) Tax Rate = 35%
Implemented

Tax Temp Diff = 500000 / 35%
Future Rate.

DH Future more tax

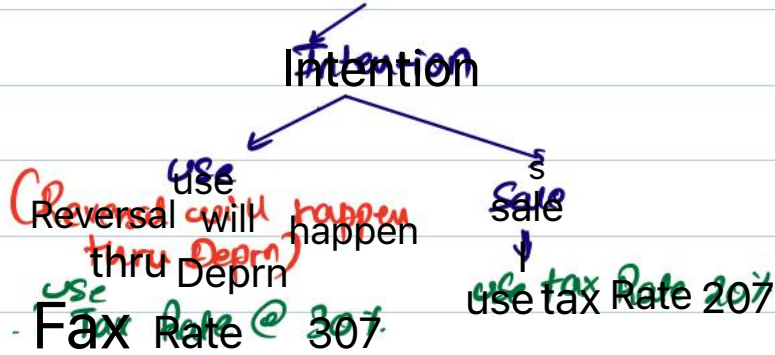
only if available announced & implemented in C.Y.

Eg 2: PPE (Non Deprn)

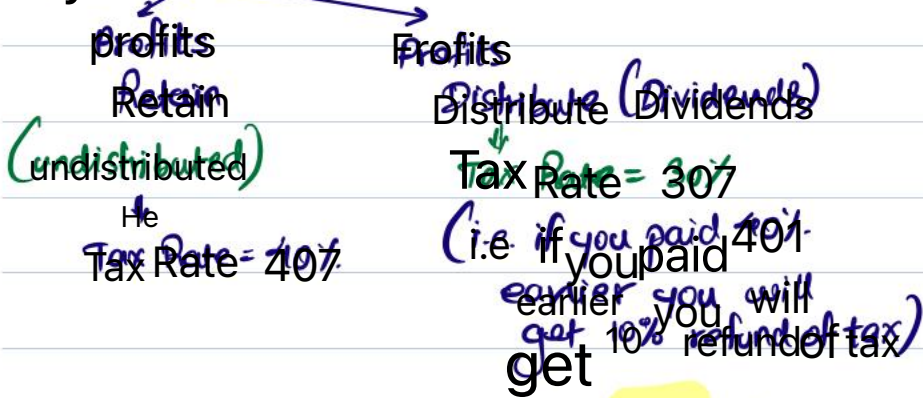


Diff Reversal
only possible
thru sale.

Eg 3: PPE (Deprn)



Eg 4: Co.



Cur Tax / Def Tax → Rate → 40% / 30%

In future if Co. distributes Div & 10% Tax becomes Refundable, the Co. can

Book a cur tax Asset for that 10%

Must 5 (LDR)

(£ in thousands)

① Current Tax

↳ on Taxable Profit

IOUX 25%

$$= 26$$

J-E: Carr Tax Exp (PLL) A/c Dr 26

To Curr Tax Liab A/c 26

② Deferred Tax

	C.A	T.B	Diff	DTL @ 25%
① PRE (Purchased on 1st Feb)				
CA 31.3×2	118	114	4 (TTD)	CITY
	$[120 - 2]$ $(120 \times \frac{1}{4} \times 2, 2)$	$[120 - (120 \times \frac{1}{4} \times 6 \frac{1}{2})]$		

ii) Donation → other than Temp Diff ∴ CA = TB ∴ No DTA/DTL

J-E

D.F. Exp (PLL) A/c Dr

To DTL

<u>PIE (Expense)</u>	
Tax Exp	
CF	26
DT	1
	<u>27</u>

OPF

As per Accrual in Ale's

Ale's Profit = 100

Tax Rate 25%

Tax Exp 2,511

27 ← Reco

Tax Reconciliation in absolute numbers.

Profit Before Tax (Ale's)	100
Tax Rate	25%
Tax Amt	25
Exp for which taxed ⁿ not allowed (8 x 25%)	2
Tax Exp (in PIE)	<u>27</u>

Tax Rate Reconciliation

Applicable Tax Rate	25%
Tax on Donath Not allowed	
Cin % = $\frac{2}{100} \times 100$	2%
Tax of Donath	↓
Profit (as per Ale's)	↓
Avg Effective Tax Rate	<u>27%</u>

illus 18 (CPR)

DTA @ 40%

80,000
80,000



RINDTA 3500
He

Pinata 6500

J.E.
D.F.A 3500
TO D.F. Exp 3500
(COP) MR

J.E.
D.F.A 6500
TO D.F. Exp 6500
(PI)

DTL
BTL
60000 → 40%
67500 → 45%

Min DTL → 7500

J.E.

D.F. Exp (PI) 7500

TO DTL 7500

Quest

Investment in Shares (asset)	C.A	T.B	Diff	DTL @ 20%
31.3.17	70	45	25	5 → D.F. Exp 5
31.3.18	75	45	30	6 → D.F. Exp 6

Q3

① Tax loss = 20L (Normally DTA is created on Tax loss)

But since co. does not expect to earn future profits ∴ No DTA will be created

ii) Financials	C.A	T-B	Diff	DT @ 20%
31/3/20	53.92 (C.A)	50L	3.92 (DTB)	78000 (DTA)

W.N ①

Eep

Step ① Ef

Step ② FM = F.P. | T.C
= 49L

Step ③ EIR = 10%

Step ④ CAT (In ques it is asked to verify EIR.)

i. Prepare CAT for all years & cus Bal @ the end should be NIL

Yr end	Op'n	Int @ 10%	Repay	End
31/3/2020	49L	4.92	-	53.92
31/3/2021	53.92	5.392	-	59.292
31/3/2022	59.292	5.9292	(65.2192)	NIL → EIR is correct

Q4

① Assets (Casset)	C.A	T-B	Diff	D.TA @ 30%
Yr end	652000	600000	150000 (DTB)	45000

C.A 10e
 R.A 6.5L
 Implied
 Rev. C.A 6.5L

* D.F arising on Business Combination

to PC = 43 lakhs

Seller Co. Danish Ltd				Purchasing Co. Akita		After DTL	
	EA	F.V	PE	43	432		
PPE	10L	15L	Net Asset @ F.V	(30L)	(30L)	(30L)	(272)
T.P	5L	8L	Glee	132	16L		
Tangible Asset	5L	74					
Cash	2L	21					

Gum after D.F arising on B.C.

FY = 22

Deferred Tax on Busn Comb'n [Ind AS 12 → AK Itd → C.A → Fair Value on B.C.]
 [Y.T.B → Seller Co's carrying Amt]

AKIta (Books)	(Evan B.C)	(E.A of Seller Co)	Diff	DT @ 30%
Items	EA	T.B		
① PPE	15	10	5	1.5 → DTL
② T.P	8L	5L	3	0.92 → DTL
③ T.A	7L	5L	2L	0.6L → DTL
④ Cash	22	24	—	—
⑤ Cash	24	24	—	—

Make it a part of net Assets acquired

D.F arising on Busn Comb'n → 7.32 (DTL)

Lose. piGW 32

TO DTL 32

Revised Glee = 13473L = 16L

Logic: Excess payment of PC over MA is adjusted against GW & Net P/L

i. Diff arising on Bush Combⁿ is also adjusted against Glue.

If in above eg: DTA / DTL was already existing in Seng Co's Books.

That will also be taken over by purchasing Co. & it will become part of Net Assets.

CA (FM or B.C) TB (Seng Co. ^{gray sum}) Diff

GW	16L	0
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ie
Other than Temp Diff

∴ CA = TB

∴ NO DTA / DTL

Amortization ✗

Separately Sale ✗

Cy: DTA / DTL arising on Bush Combⁿ
 ↳ Make it a part of Net Assets
 ↳ Automatically it is adj against Glue

Filter 3 (LDR)

Purchase Consideration (80%) → 25cr
 (+) NCF (20%) → 6cr → Pending → After Ind AS 103
 31cr

(E) Net Assets

As per Book Value 23

(+) Prop 3
 (+) Plant & Eq Fine Mdf 2
 (+) Inventory Adj 0.5
 (11) GD.TL

GCW

3.6

After DT arising on Bush Comb
 Tading

WN (1) and DT on B.C	(Fair value) C.A	(old carry amt) F.B	Diff	DT @ 201
① Property	18	15	3	0.6 → DTL
② Plant & Eq	13	11	2	0.9 → DTL
③ Inventory	3	2.5	0.5	0.1 → DTL
				<u>1.1</u> → 31

Illust. 14

Deferred Tax on B.E. Cambre

Item	€ ACED	€ (old COA)	Diff	DT-A @ 30%
① Plant	250	260	10	3 → DTA
② Inventory	120	125	5	1.5 → DTA
③ Debtors	200	210	10	3 → DTA
				<u>7.5</u> → DTA

Calc of GUN

PE	500
(-) Net Assets @ FY	477.5
	<u>gag</u>
(470 + 7.5)	
Net Asset	
DTA	
Net Asset	
GUN	<u>22.5</u>

Journal Entry

Plant	Dr	250	
Inventory	Dr	120	
Debtors	Dr	200	
DTA	Cr	7.5	
Glee	Cr	22.5	
	TO 97 Deb	100	
	TO PE	500	

Illus 10.

D.F arising on Bush Combⁿ.

Jump

tToX4o4 @ 30% 40%

Items	E.A <i>Cfy</i>	F.B <i>(old gag A)</i>	Diff	D.F
① Land & Bldg	700	500	200	(80) → DTL
② PPE	270	200	70	(28) → DTL
③ Inventory	80	100	20	8 → PTA
④ Accounts Receivable	150	150	-	-
⑤ Cash	130	130	-	-
⑥ A/c's Payable (liab)	160	160	-	-
⑦ Retirementob (liab)	90	0	-	40 → DTA
				<u>60</u>
			<i>Jump xp</i>	Net DTL

Car of GLW
gynofat

(Firm's goods)

(-) Net Assets @ FX
(1070 (-) 60)
Net Assets **9L**

1500
(1010)

GLW 490

why 40% Rate?
→ Originally Assets & liab belong to Sita (sell's @) i. use Tax Rate of Servco.

* Share Based Payment (Remember this)

Eg: 01/04/14 → Announce (3yrs plan)

V.B = 3yrs

No. of emp = 50 employees.

No. of shares = 100

FN. of shares = 775 per share

Ac's

4.D (or 84XD) & No entry.

Yr 1 end EXP → 125000

$\left[\frac{50 \text{ emp} \times 100 \text{ shares} \times 75}{3 \text{ years}} \right]$

Always
MMM

Tax Books

Had Exp is directly allowed @ the end of 3rd yr.

Hint: ALEEM

4/11

Trads 12.

C.A

T.B

Diff

D.F @ 301

Item

ESOP (Share Based Payment)

4r 1 end my

0

125000

125000

37500

Future exp claim Benefit

(DTA) Eth

DtA 37500

i. Future less tax (C.DTA)

B.D.F Exp PID 37500

Yr 2 end 952yd

0

250000

250000

75000 (DTA)

(Cumulative Exp till 2nd yr)

J.E. D.T.A 75 37500 To D.T. Exp (11) 75 Ep 37500

Yr 3 end

0

~~375000~~

0

0

0

last yr

why? Because in Yr 2 end full deduction is allowed in Tax ∴ Tax Base becomes Nil.

No entry

D.F Exp (PH) 75k

To DTA (Reverse) 75k

Caus for Share Based Payment (DT Impact)

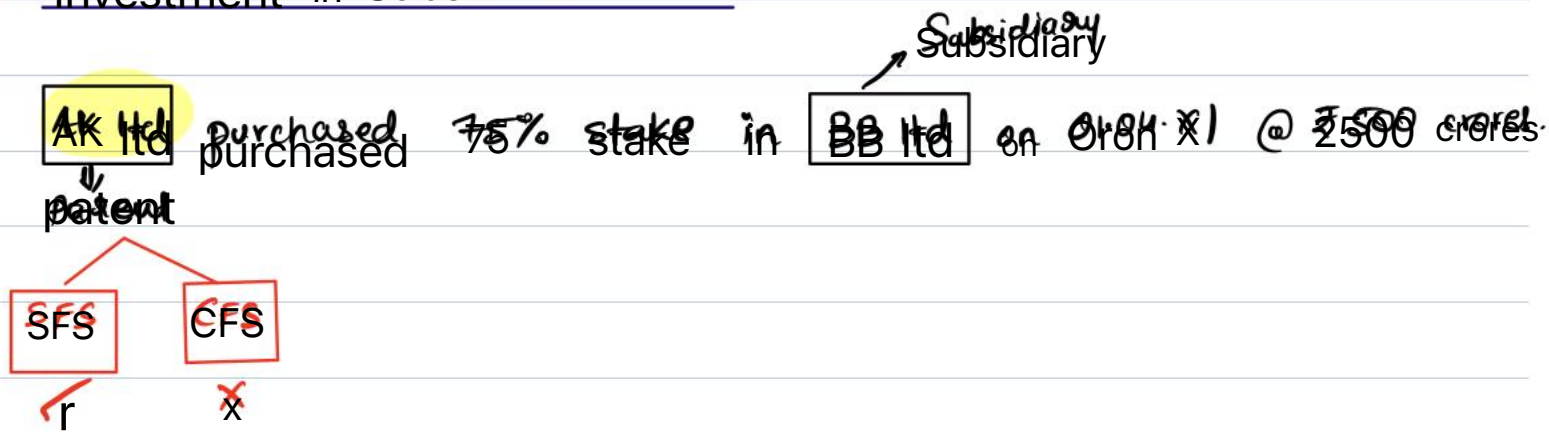
$\epsilon \cdot A$
 always zero
 $T \cdot B$
 17 exp.

Always DTA create, lastarfaudia Reverse

Illustration 4 (LDR)

SBP - Lynx alloy/x1 (pay)	$\epsilon \cdot A$	TB	Diff	DTA
31/03/2 (trem)	0	0.80 (1.612ms)	0.80	0.24 I-E- TEDTA AUDIO 24 TODT EXP 0.24
31/03/3 (arzend) ↳ Tax Exp claim i. Tax Base = 0	0	0	0	0 No entry J-E DT EXP (pic) 6.24 To DTA (Reversal) 0.24

* Investment in Subs / JV / Associate



AK Ltd (SFS) Day 1

AK's Invest in BB Ltd (75%) 500 crores

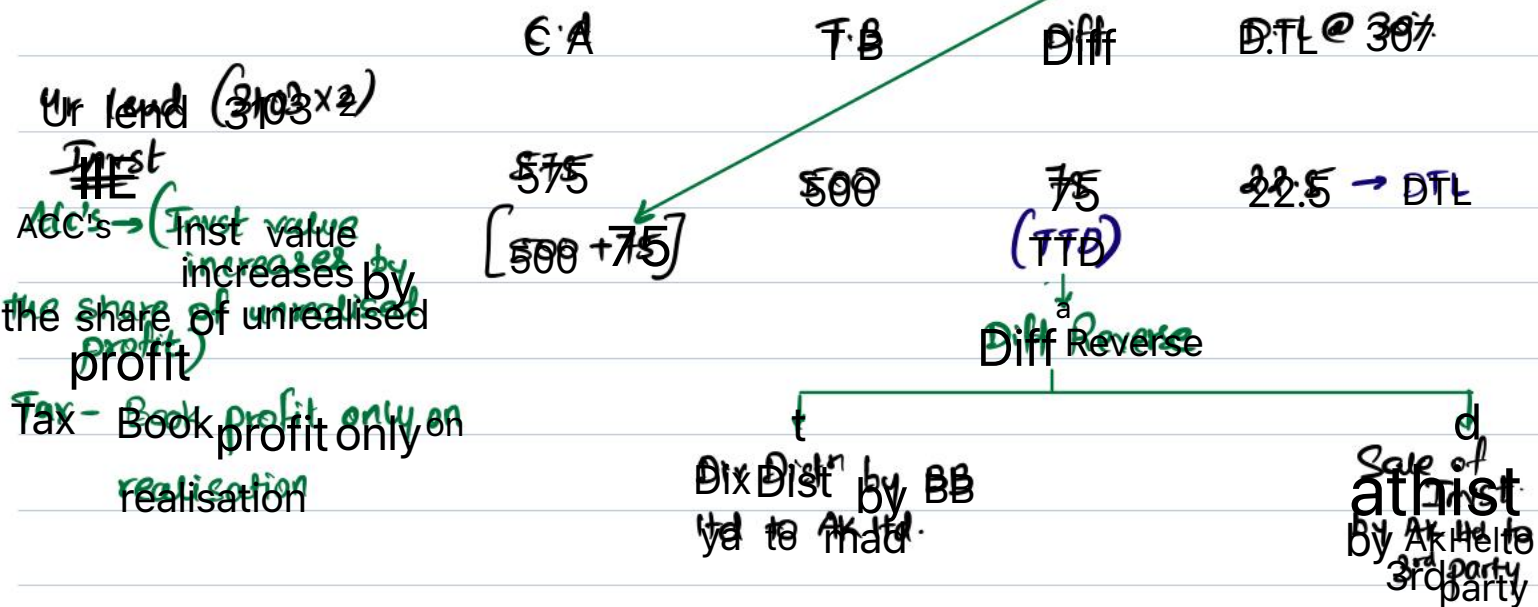
to CB 500 crores

Tax → Same on Day 1

Particulars	C.A	F.B	Diff	DTA / DTL
Invest in Subs (BB Ltd) (Camp)	500	500	-	-

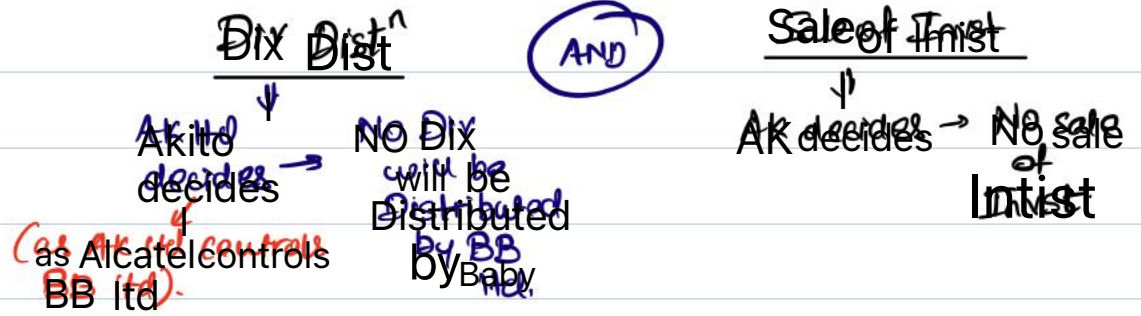
In the year XI-X2, BB Ltd earned profit of ₹100 crores.

↳ 75% of AK Ltd (AK's)



Exception :

In case of Trust in Subsidiary \rightarrow Diff Reverse



tomcatosaremathertwia

Not get reversed

\therefore Diff Becomes other than Temporary

\therefore EA = TB

\therefore NO DTA / DTL

In case of Subs (Invst more than 50%) He

Asse (20% - 50%)

Joint Venture (50:50 / 25:25 / 25:25)

AKITA acquired 35% of BB ltd.

EA TB Diff

create DT

Exception

① AKITA (+) other SH (agreement) that Div will not be distributed AND

② NO Sale of Invst

Same conditions as Associate

4

If both met then Diff other than Temp \therefore EA = TB \therefore NO DTA / DTL

Note: These above exceptions are Not applicable on normal Trust (which is Not Trust in Subs / Asse / JV)
 eg: Trust in Reltd (107) \rightarrow Asse J-v Sub Agc Jg Supy } \Rightarrow Diff \rightarrow Always create DT even if ques says that there is No intention sell