AS 22

List of Maximum possible examples of DTA/DTL & NO DTA/DTL

1) List of Items Creating Deferred Tax Asset (DTA)

Item	Remarks
Provision for bad & doubtful debts	Allowed for tax only when written off in future.
Provision for gratuity / leave encashment	Deductible only on payment basis in future (Sec 43B).
Bonus / Commission to employees	Deductible on payment basis in future.
Interest on loans / borrowings payable	Deductible on payment basis in future.
Employer's contribution to PF/ESI	Deductible on payment basis in future.
Statutory liabilities (GST, Excise, VAT, etc.)	Deductible on payment basis in future.`
Preliminary expenses u/s 35D	Written off fully in books, allowed 1/5th over 5 years for tax in future.
Legal damages, litigations provided	Deductible on payment basis in future.
Warranty provision	Deductible only when incurred and paid in future.
Provision for bad stock/obsolete inventory	Allowed when it will be actually written off in tax in future.
Expenses accrued but disallowed under IT Act temporarily	Allowed later.
Unabsorbed depreciation (carry forward)	Allowed in future only when there is VCCE for future taxable profit.
Business losses carried forward	Allowed in future only when there is VCCE for future taxable profit.
Income received in advance (rent, subscription)	Taxable on receipt basis in CY, income in books later → will be deducted in future while calculating taxable income.

(2) Items Creating Deferred Tax Liability (DTL)

Item	Remarks
Depreciation – WDV method (IT Act) vs SLM (Books)	Tax depreciation > book depreciation.
Additional depreciation allowed in tax books	Creates taxable income in future
Scientific research expenditure capitalised in books but fully deductible in tax (Sec 35)	Future depreciation will be disallowed
Interest income accrued in books but taxable on receipt basis	Future taxable income will be higher.
Export incentives / Duty drawback accounted on accrual but taxed on receipt	Future taxable income will be higher.
Lease income recognition for Lessor	Difference in book vs. tax recognition timing.
Construction contract revenue – Taxable on receipt basis.	Books revenue in earlier years is higher than receipts.

(3) Items with No DTA / DTL (Permanent Differences)

Item	Remarks
Agricultural income	Permanently exempt.
Dividend income if exempt	No deferred tax.
Personal expenditure	Permanently disallowed.
Fines, penalties, illegal payments	Permanent difference.
Donations to unapproved institutions	Permanent disallowance.
CSR expenditure (if disallowed under IT Act)	Permanent.
Share issue expenses (disallowed)	Permanent difference.
Expenses on acquisition of goodwill (not deductible)	Permanent.
Tax holiday – timing differences reversing within tax holiday period	No DTA/DTL.
Revaluation surplus (if recognised in books, not in tax)	Permanent difference.