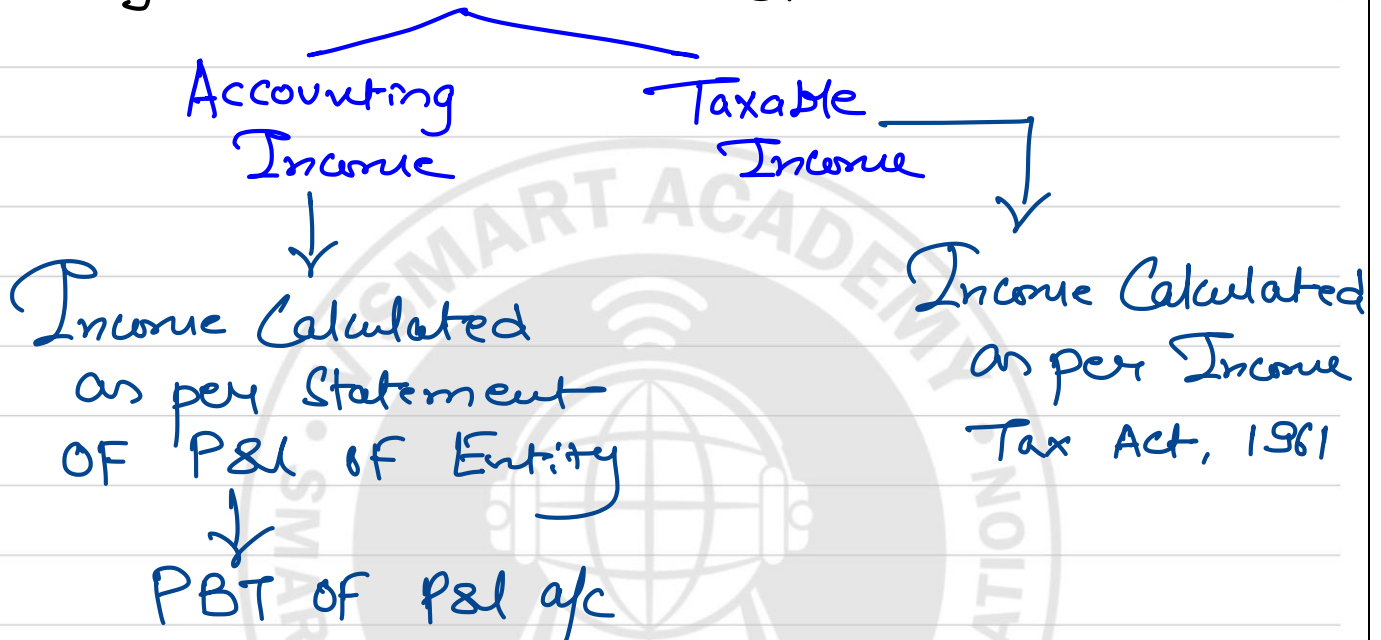


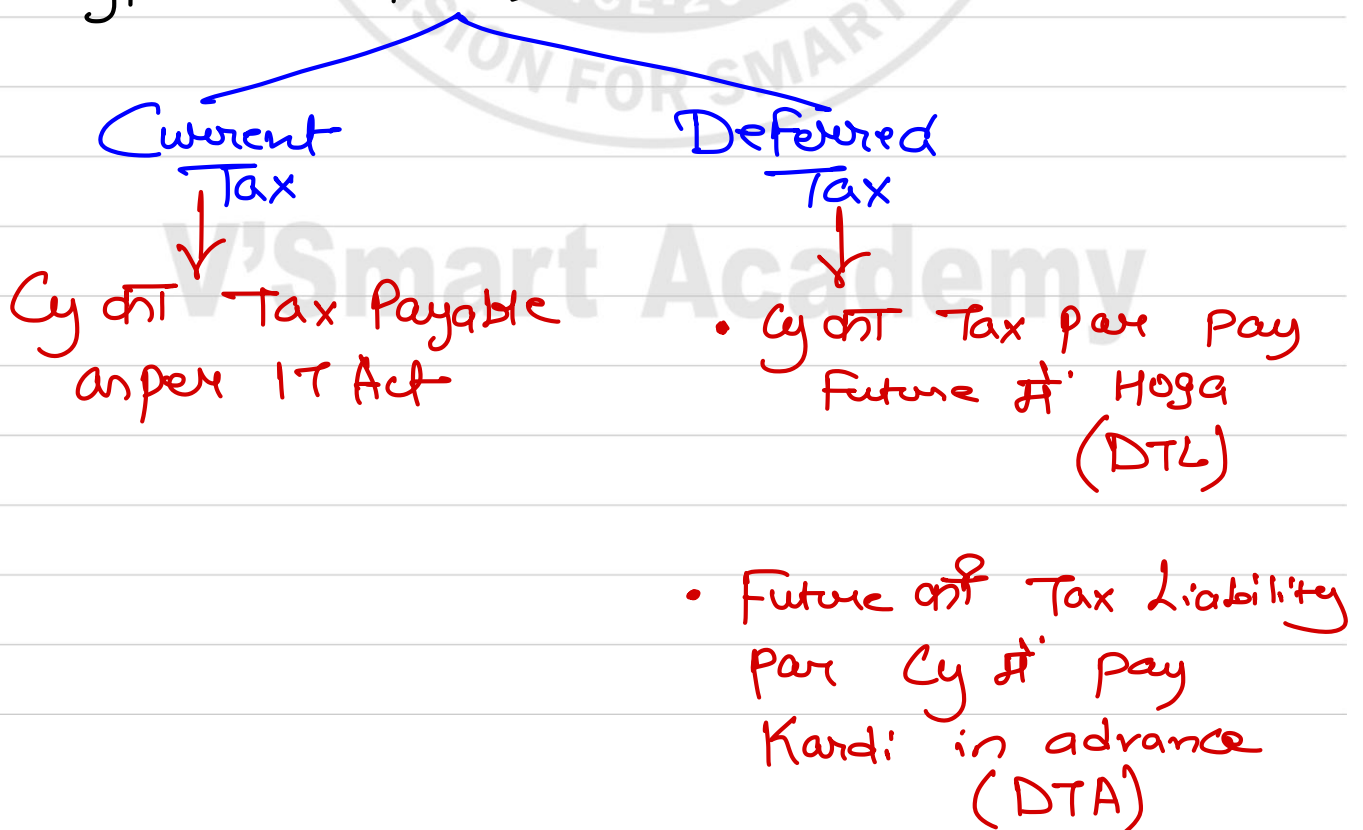
AS 22 - Accounting For Taxes on Income

1) This AS prescribes "Accounting of Income Tax"

2) Types of Incomes Under AS 22

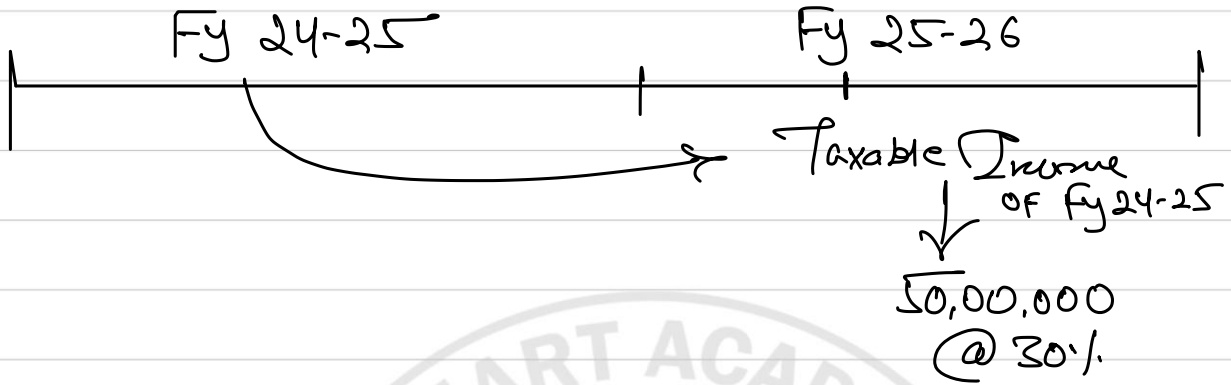


3) Types of Taxes Under AS 22



4) What is Current Tax ?

Tax ~~of~~ on Taxable Income



31/3/25 \Rightarrow Current Tax Exp. A/c Dr. 15 Lacs. CT = 15 Lacs.
To CT Payable a/c 15 Lacs.
(Prov. For Tax)

31/3/25 \Rightarrow P&L a/c Dr. 15 Lacs.
To CT Exp. a/c 15 Lacs.

SPL

R.F.OP
Other In.

Exp (Fitter)



PBT

(-) Tax

5) Let's Understand the Concept of Deferred

Tax :-

Ex-1

Current FY 24-25

Tax = 25%
Rate

Turnover = 15,00,000

Cash Exp. = 7,00,000

Depreciation (Comp. Act) = 1,50,000

Depreciation (I.T. Act) = 1,65,000

Calculate (i) Accounting Income

(ii) Taxable Income

(iii) CT

(iv) Timing Difference

(v) DT

Solution:-

Prepared by Accountant

1) Statement of Profit & Loss

Revenue from operations	15,00,000
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(-) Expenditures :-

a) Cash Exp.	7,00,000
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b) Depreciation (Comp. Act)	1,50,000
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Net Profit Before Tax	6,50,000
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(-) CT exp.	1,58,750 (WN-2)	(1,62,500)
DT exp	3,750 (WN-3)	

PAT = 4,87,500

3) Calculation of Deferred Tax as per As 22

<u>Particulars</u>	<u>Amount</u>	
a) A/c Income (PBT)	650000	Tax ispe Lagna Chahiye
b) Taxable Income	635000	Tax actual ispe Laga
c) Timing Difference (Taxable)	15000	ispe Tax abhi nai Laga Baad hi Lagega
d) DTL @ 25% on Timing Diff (Provision)	3750	
e) DT exp. a/c Dr. 3750 To DT Liability a/c 3750		itna Tax abhi Bhi Lagna Chahiye hi
P&L a/c Dr. 3750 To DT Exp. a/c 3750		

Ex-2

Tax 25%

PPE = 10,00,000
Cost

↓
Comp. Act
Life = 5 yrs.

SLM

↓
I. Tax. Act
Life = 4 years

Annual = 200000
Dep

Annual = 250000
Dep

Annual Before Depreciation = 600000 For all 5 years.
Income

	1	2	3	4	5
Annual Income Before Dep	600000	600000	600000	600000	600000
(-) Dep (Books)	(200000)	(200000)	(200000)	(200000)	(200000)
PBT Accounting Income	400000	400000	400000	400000	400000
Tax on A/c Income	100000	100000	100000	100000	100000
Taxable Income	350000	350000	350000	350000	600000
Class-2.5					
CT @ 25%	87500	87500	87500	87500	150000

Timing Diff (Difference between Ac Income & Taxable Income)	50000	50000	50000	50000	(200000)
	Taxable	Taxable	Taxable	Taxable	Timing Diff Reversed
	Timing Diff.				

DT (Tax on Tim. diff)	12500 DTL	12500 DTL	12500 DTL	12500 DTL	50000 DTL Reversal
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① DT Exp To DTL Same entry Same Same DTL Dr. To DT Income

② P&L To DT Exp. Same entry Same Same DT Income To P&L

B/s	
DTL	12500

B/s	
DTL	25000

3rd B/s	
DTL	37500

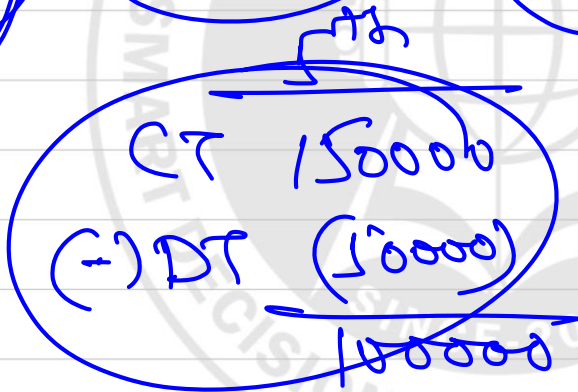
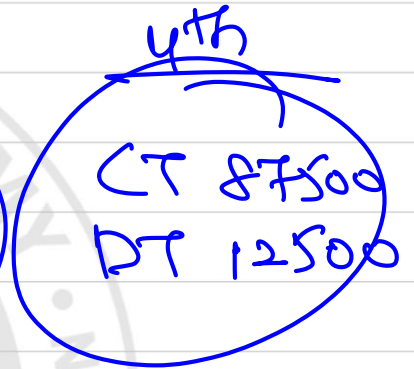
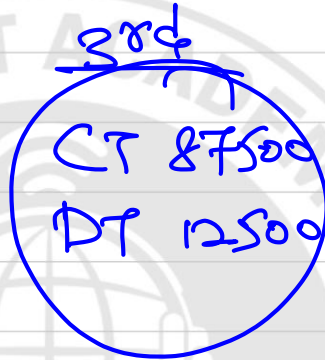
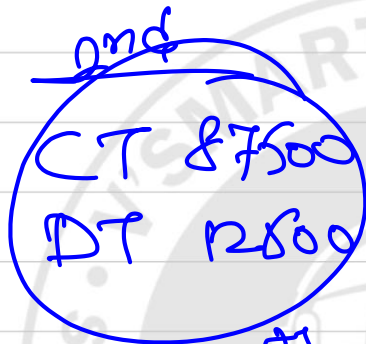
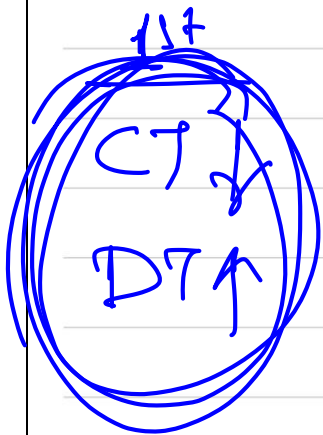
P&L	
PBT	400000
(-) Tax Exp	
CT 87500	100000
DT Exp 12500	

P&L	
PBT	4 lacs
(-) Tax Exp	
CT 87500	
DT 12500	

4th B/s	
DTL	50000

5th P&L

PBT	400000
(-) Tax exp.	100000
CT Temp 150000	
(-) DT Incom (50000)	



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