

IAS 12



Cam Accounting & Tax Service Co., Ltd.

Kreston International Ltd Member Firm

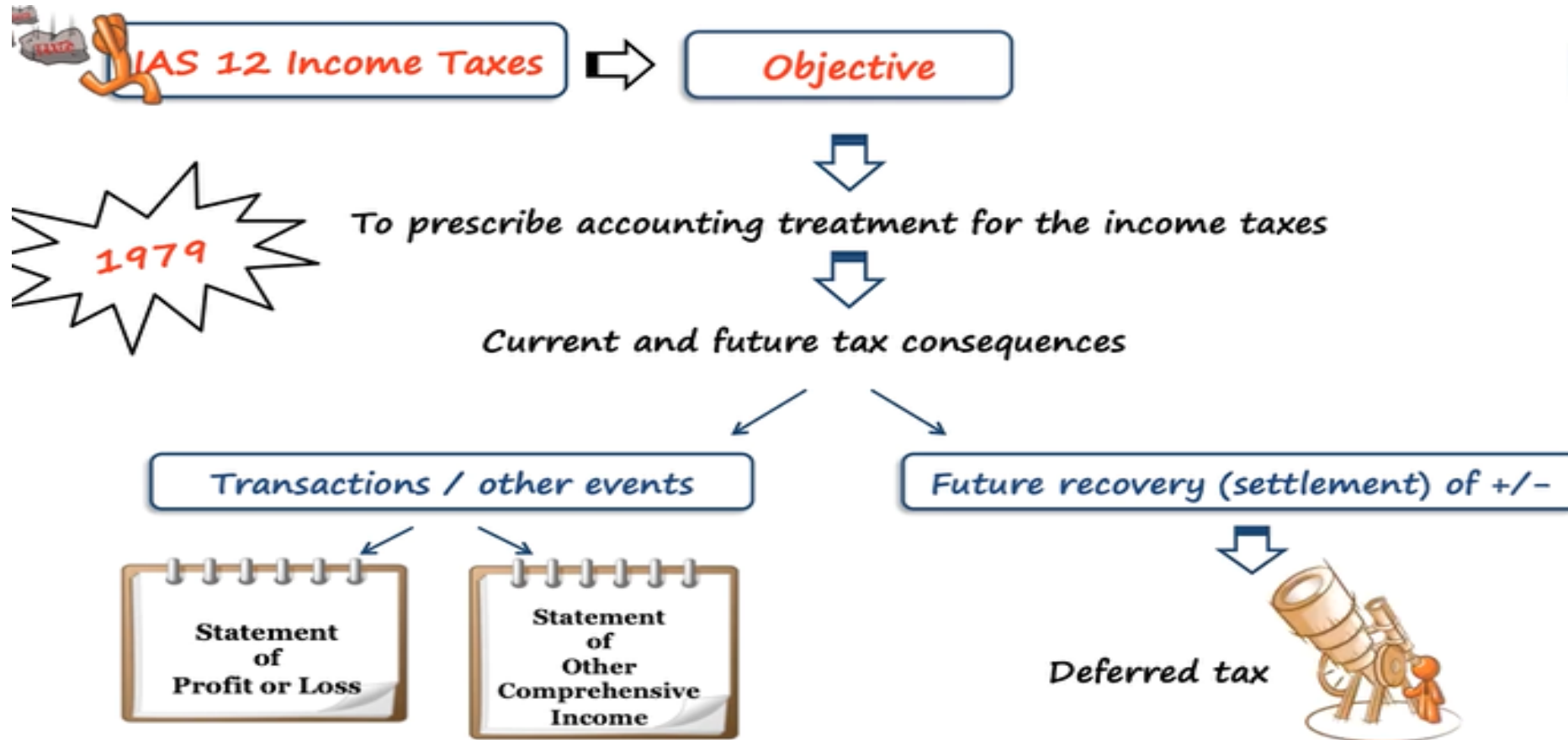
Income Taxes

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INTRODUCTION



ACCOUNTING VS TAXABLE PROFIT



Accounting profit / loss

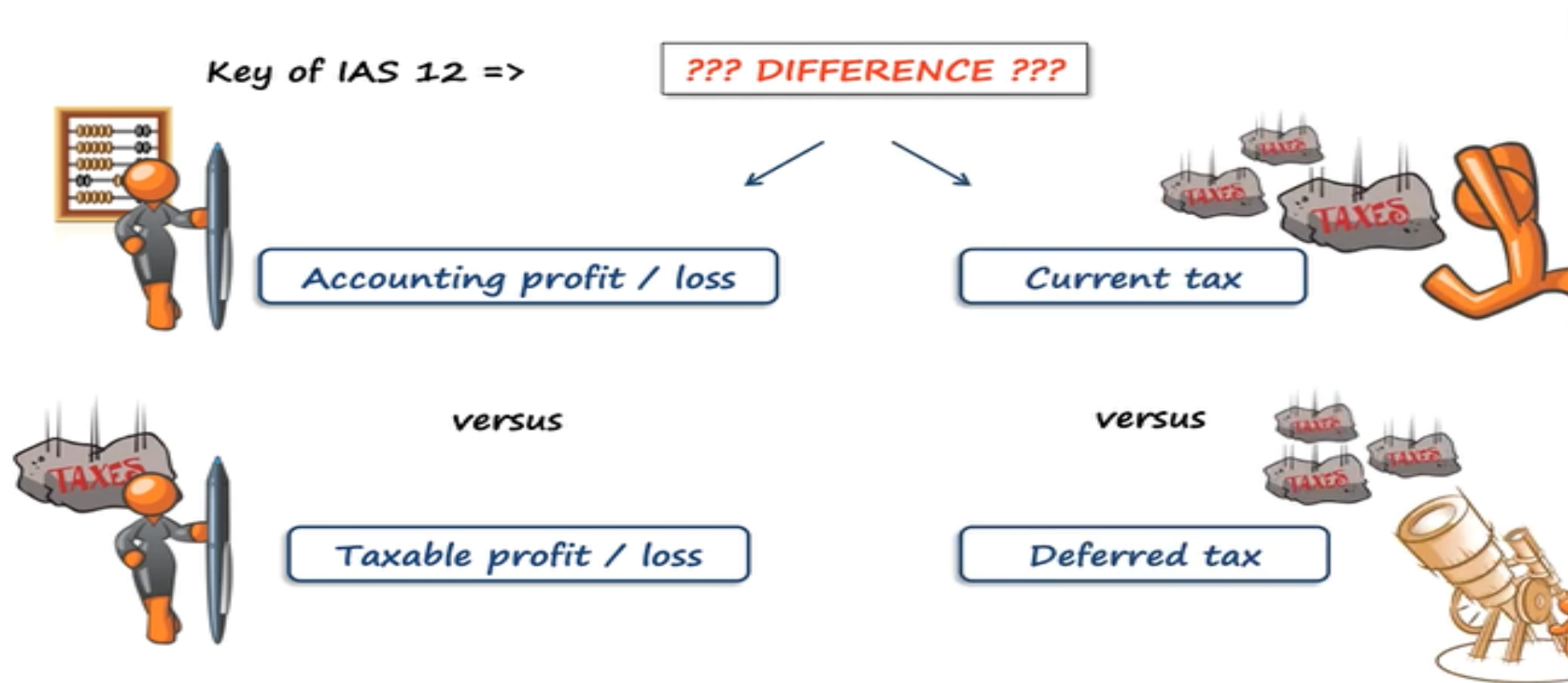
- = profit or loss for the period before deducting tax expense
- + expenses recognized, but non-deductible for tax purposes
- + income not recognized, but included under tax laws
- expenses not recognized, but deductible for tax purposes
- Income recognized, but not under tax laws



Taxable profit / loss

- = profit or loss for the period determined in accordance with applicable tax rules

ACCOUNTING VS TAXABLE PROFIT



CURRENT INCOME TAX VS DEFERRED INCOME TAX



SUBSTANCE:

- payable to tax office

BASIS:

- taxable profit (loss)

TIMING:

- current period

Deferred income tax



- accounting measure

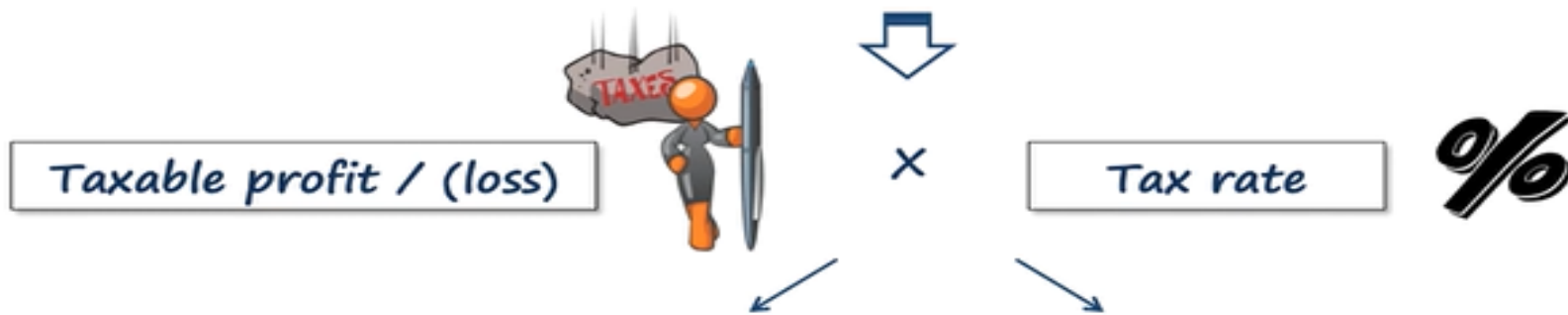
- temporary differences

- future periods

CURRENT INCOME TAX



= amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period



Debit: Expenses in the net P/L

Exception: Equity / OCI

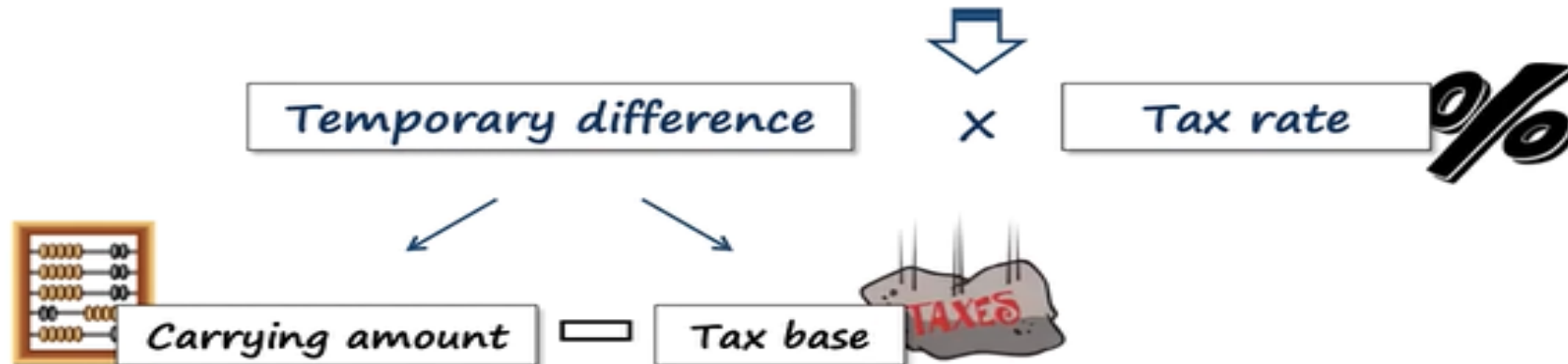
Credit: Tax liability

DEFERRED INCOME TAX

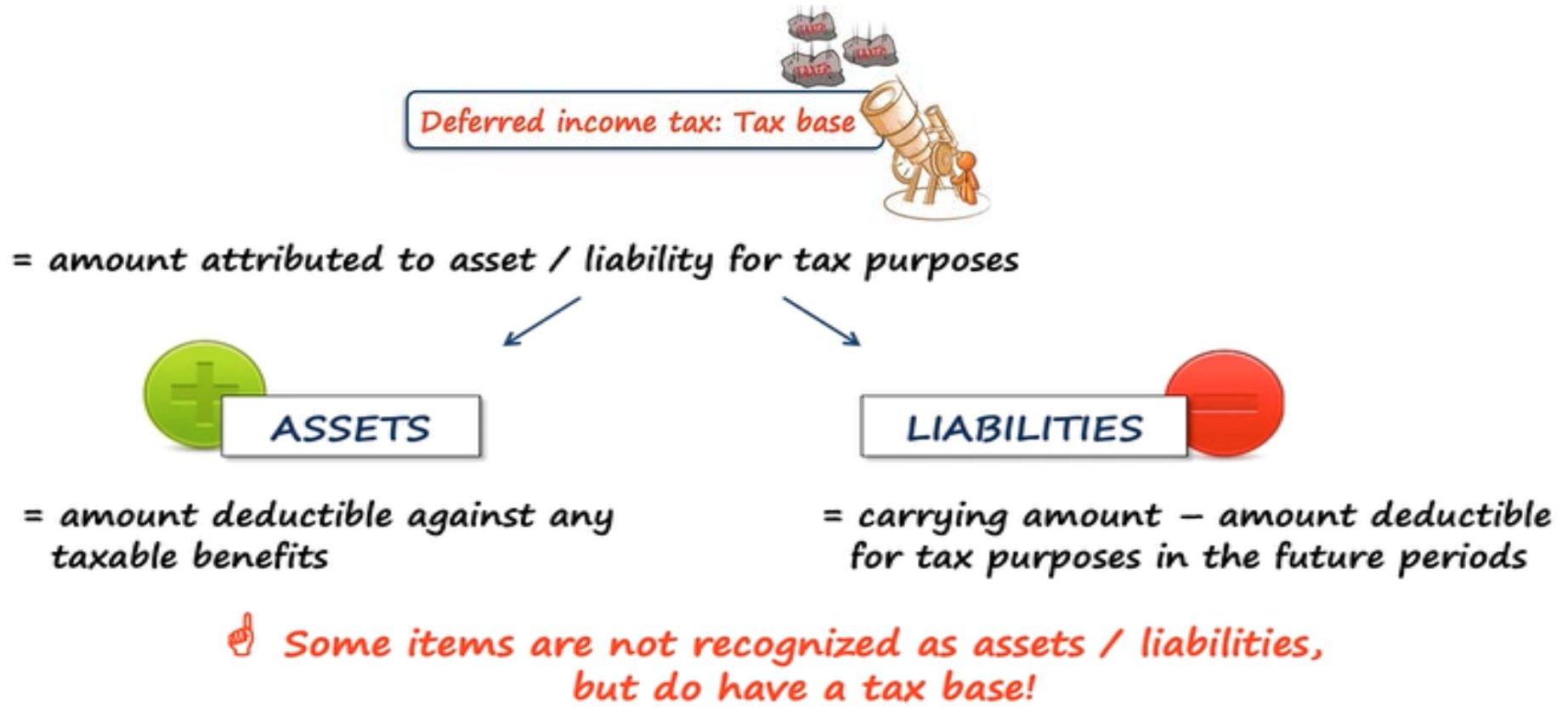
Deferred income tax: Overview



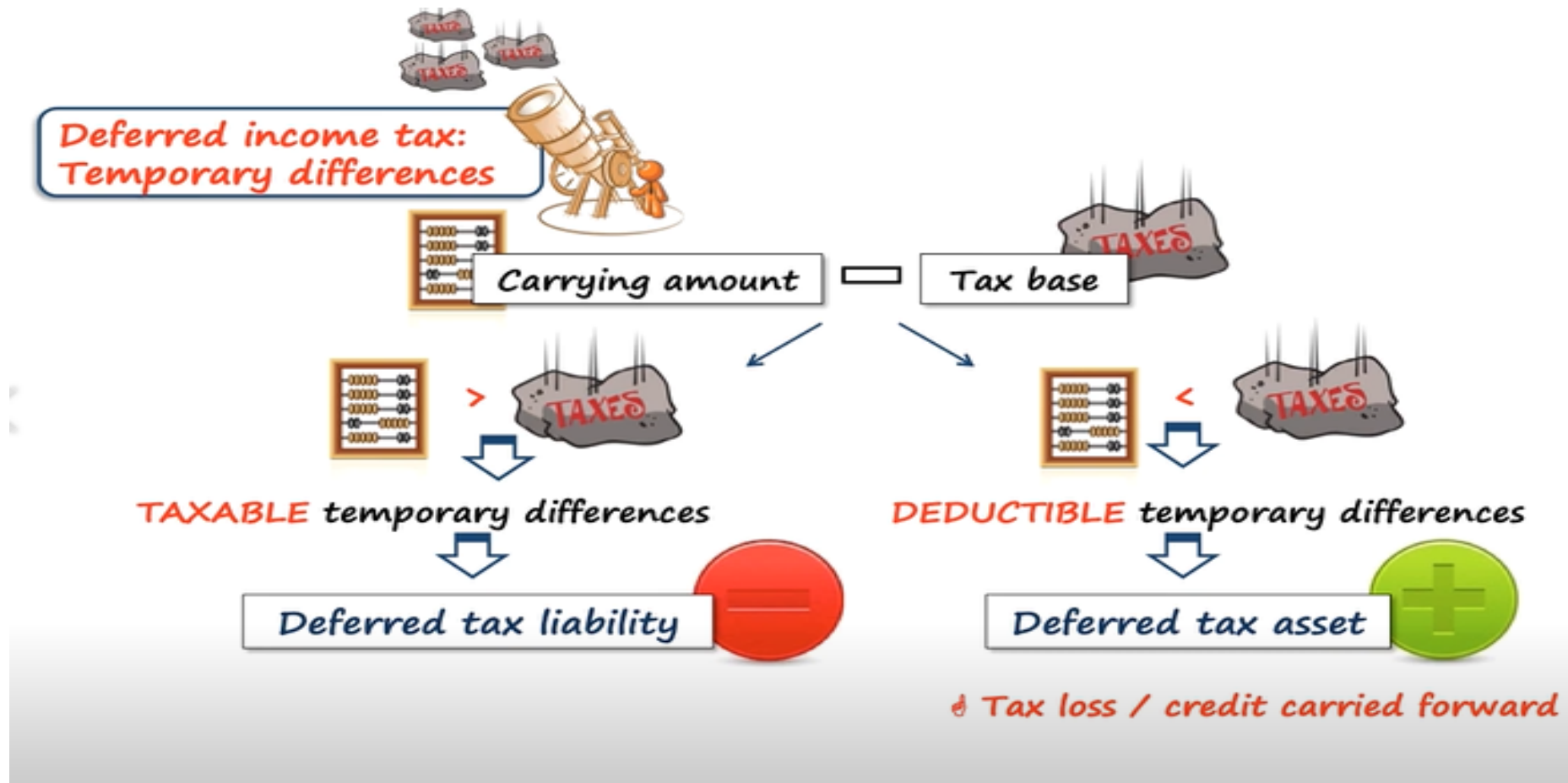
= income tax payable (recoverable) in future periods in respect of the temporary differences, unused tax losses and unused tax credits



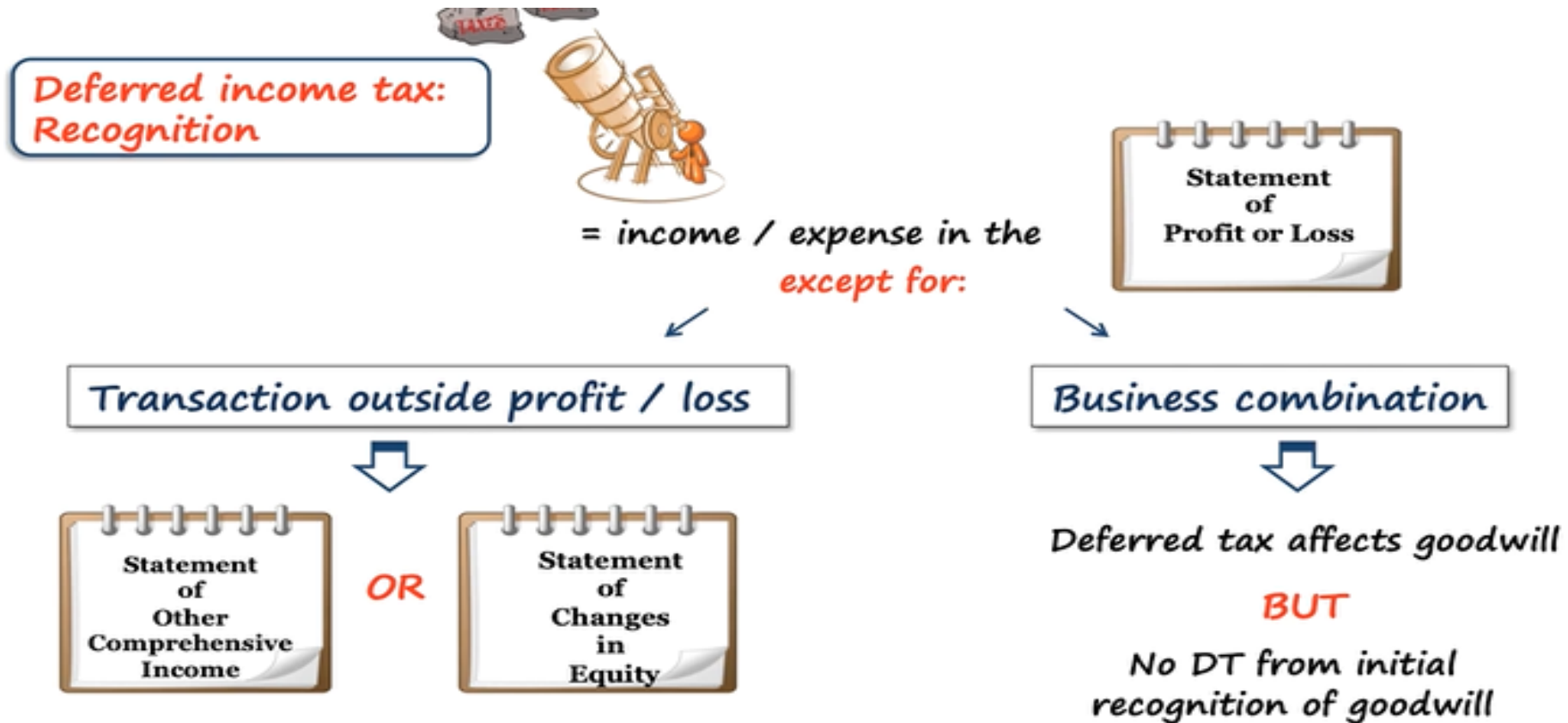
DEFERRED INCOME TAX



DEFERRED INCOME TAX



DEFERRED TAX RECOGNITION



DEFERRED TAX MEASUREMENT

*Deferred income tax:
Measurement*



Tax rates:

%

- ✓ Applicable in the period of recovery / settlement
- ✓ Based on rates / laws enacted

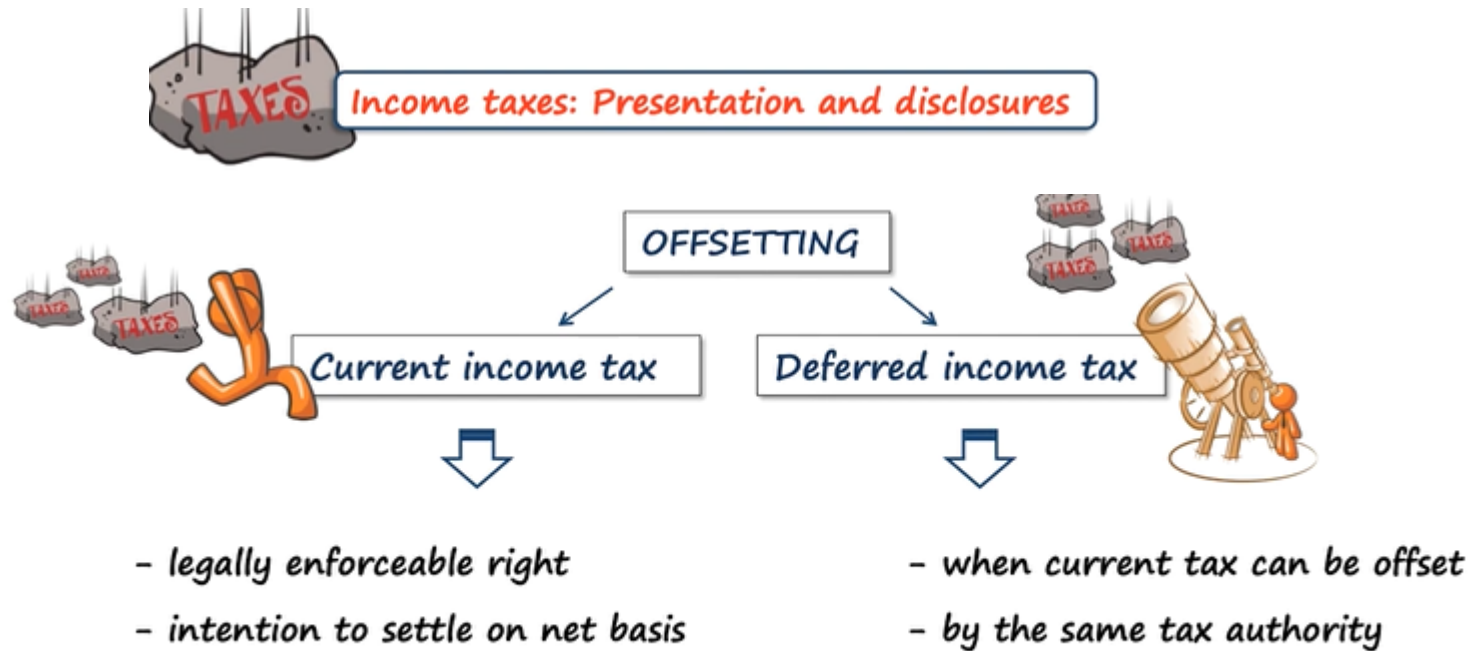
Manner:



- ✓ Tax consequences from the expected manner of recovery / settlement

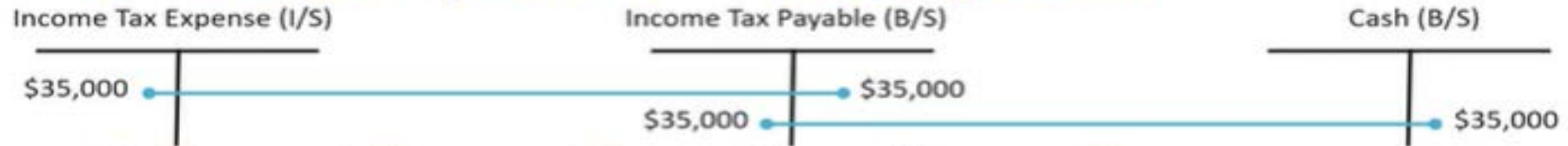
👉 No discounting!

PRESENTATION & DISCLOSURES

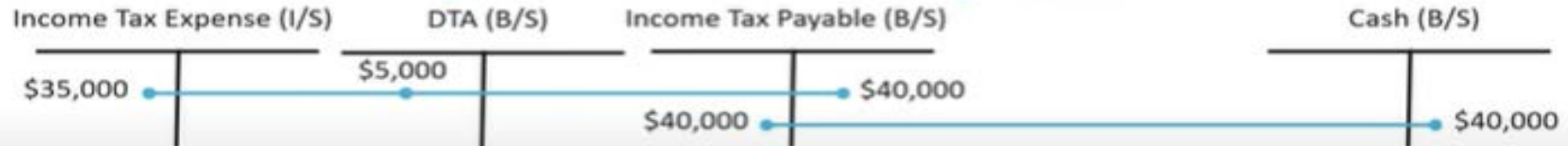


ACCOUNTING TREATMENT

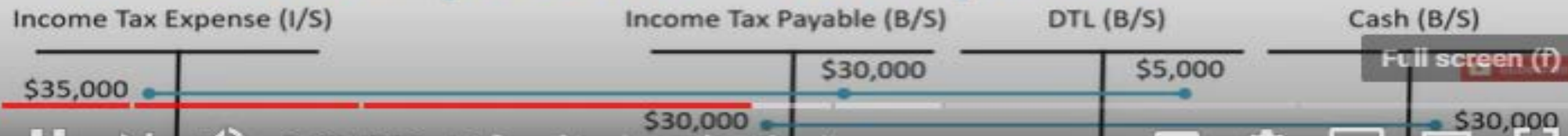
If "book" profit = "tax" profit



If "book" profit < "tax" profit



If "book" profit > "tax" profit



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