Presentation on AS 22 & 29, 24 & 25 – Practical Issues And Illustrative Disclosures

FOR WIRC, ICAI

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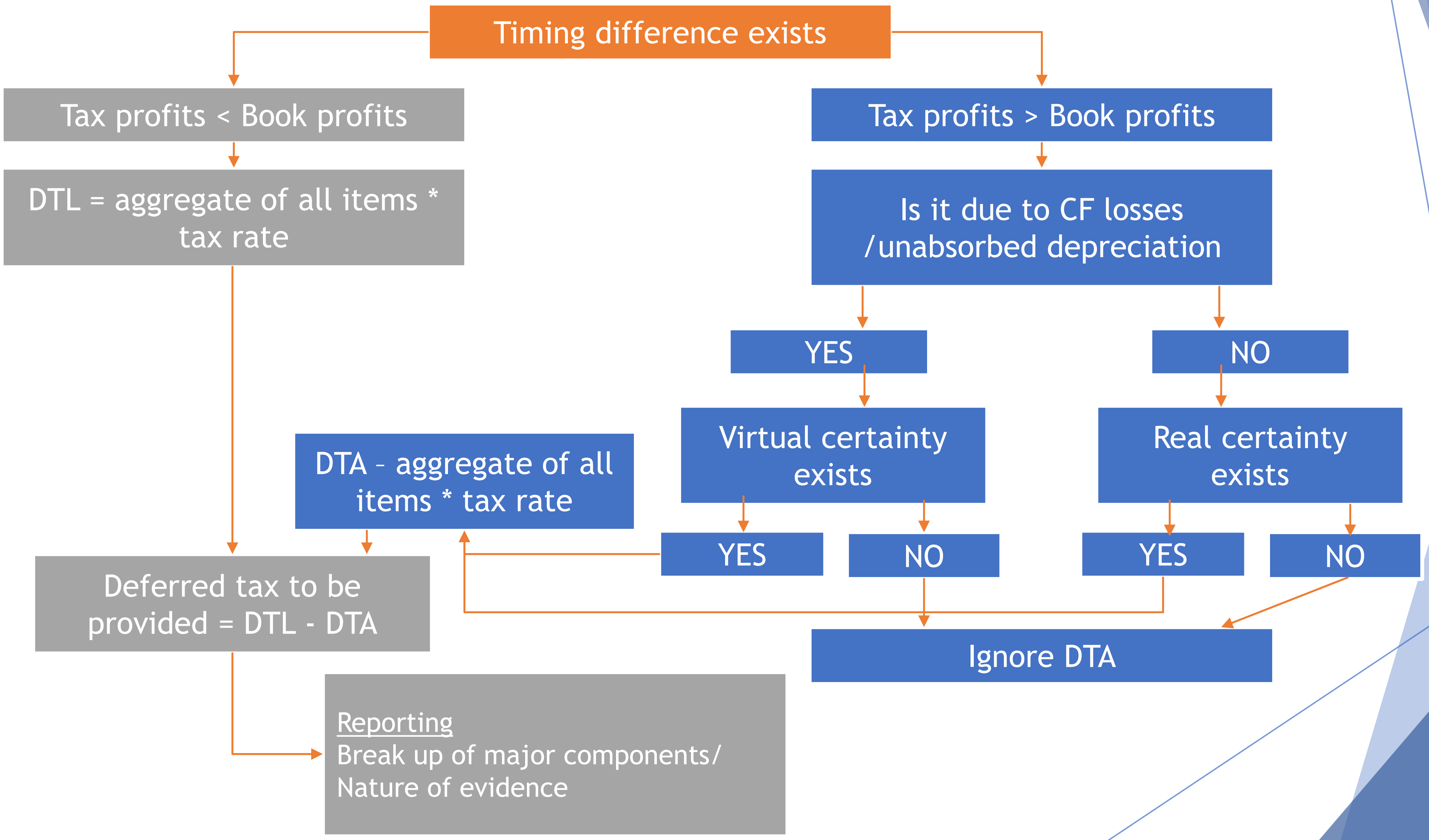
AS 22 - Accounting For Taxes On Income

Recognition criteria of AS 22



Key Concepts / Practical matters

- **Reasonable certainty vs. Virtual certainty supported by convincing evidence**

- DTA should be recognized and carried forward only to the extent that there is **reasonable certainty** (examining past records or realistic estimates of future profits) that sufficient future taxable income will be available against which they can be realized

Except, if under tax laws, an enterprise has

Unabsorbed losses or

Carry forward of losses

DTA should be recognised only to the extent that there is ***virtual certainty*** *(matter of judgement and cannot be based on forecasts) supported by convincing evidence of their realisation*

- **Carrying amount of DTA should be reviewed at each Balance Sheet date -** write down carrying amount of DTA to the extent it is no longer reasonably or virtually certain which is reversible on satisfaction of condition of reasonable/virtual certainty

Key Concepts (contd..)

- **Assets and Liabilities representing current tax to be offset if an enterprise**
  - **Has a legally enforceable right to set off and**
  - **Intends to settle the asset and the liability on a net basis**

E.g., Advance payment of tax for a fiscal year should be set off against the provision for current tax for that year

- **Situations of tax holiday under Sections 80-IA and 80-IB of the Income-tax Act, 1961**
  - Timing differences which **reverse during** the tax holiday period (whether originated in the tax holiday period or before that)

    Do not recognise deferred tax

  - Timing differences which **reverse after** the tax holiday period (whether originated in the tax holiday period or before that)

    Recognise deferred tax in the year in which the timing differences originate - subject to the consideration of prudence

For above purposes, timing differences originating first should be considered to **reverse first.**

Key Concepts (contd..)

- **DTA and DTLs in respect of timing differences arising in the period of payment of tax under section 115JB should be measured using regular tax rates and not tax rate under section 115JB**
  - Measurement of DTA using tax rate u/s 115JB would involve assessment of future taxable income and accounting income and therefore, is considerably subjective.

- **Deferred tax expense in consolidated financial statements**

No specific guidance. ASI 26 provides that tax expense to be shown in consolidated financial statements will be the aggregate of tax expense appearing in separate financial statements of parent and its subsidiaries.

Key Concepts (contd..)

ISSUE	SOLUTION
Amalgamation in nature of purchase, whether deferred tax should be recognised for differences between assets/liabilities arrived at basis fair value and carrying amounts for tax purposes?	Recognition of individual assets/liabilities at fair values as per AS 14 does not affect the statement of profit and loss. If the carrying amounts for tax purposes continue to be the same as that of the transferor enterprise, deferred tax should not be recognised for such differences
If the transferor enterprise has not recognised any DTA in respect of unabsorbed depreciation and carry forward of losses since conditions relating to prudence were not fulfilled, whether transferee enterprise can recognise it if conditions relating to prudence are satisfied on a subsequent date?	Yes, the transferee enterprise can recognise the DTA if other conditions are met : ▪ if at the time of amalgamation, recognise DTA that will automatically affect the amount of goodwill/capital reserve arising on amalgamation ▪ if by the first annual balance sheet date, recognise DTA with corresponding adjustment made to goodwill/capital reserve arising on amalgamation ▪ if subsequent to the first annual balance sheet date, recognise DTA with corresponding effect to the statement of profit and loss

Practical Issues

Matter contained in Annual Report	Observations
From the schedule of DTL and security premium account, it has been noted that while DTA was recognized for 'effect of public issue expenses' the public issue expenses were adjusted against the Securities Premium Account	Any expense charged directly to reserves and/or Securities Premium Account should be net of tax benefits expected to arise from the admissibility of such expenses for tax purposes
From one of the Notes to Accounts regarding deferred tax, it has been noted that the Company has adjusted MAT credit entitlement against the DTL	▪ Payment of MAT does not by itself, result in any timing difference ▪ DTA and DTL arise on account of differences in income and expense charged to Profit and Loss as compared to the items of income that are taxed ▪ MAT credit entitlement should be recognized as an asset only if there is convincing evidence of the realization of the asset

Practical Issues (contd..)

Matter contained in Annual Report	Observations
In case of tax payable as per provisions of MAT under Section 115 JB of the Income Tax Act, 1961, Deferred MAT Credit Entitlement is separately recognised as Advance	MAT credit should be recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period.
The accounting policy on Taxation reads as follows: 'Provision for Taxation is ascertained on the basis of assessable profit computed in accordance with the provisions of Income Tax Act, 1961 & tax advices, wherever considered necessary…'	Current tax should be measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws

Practical Issues (contd..)

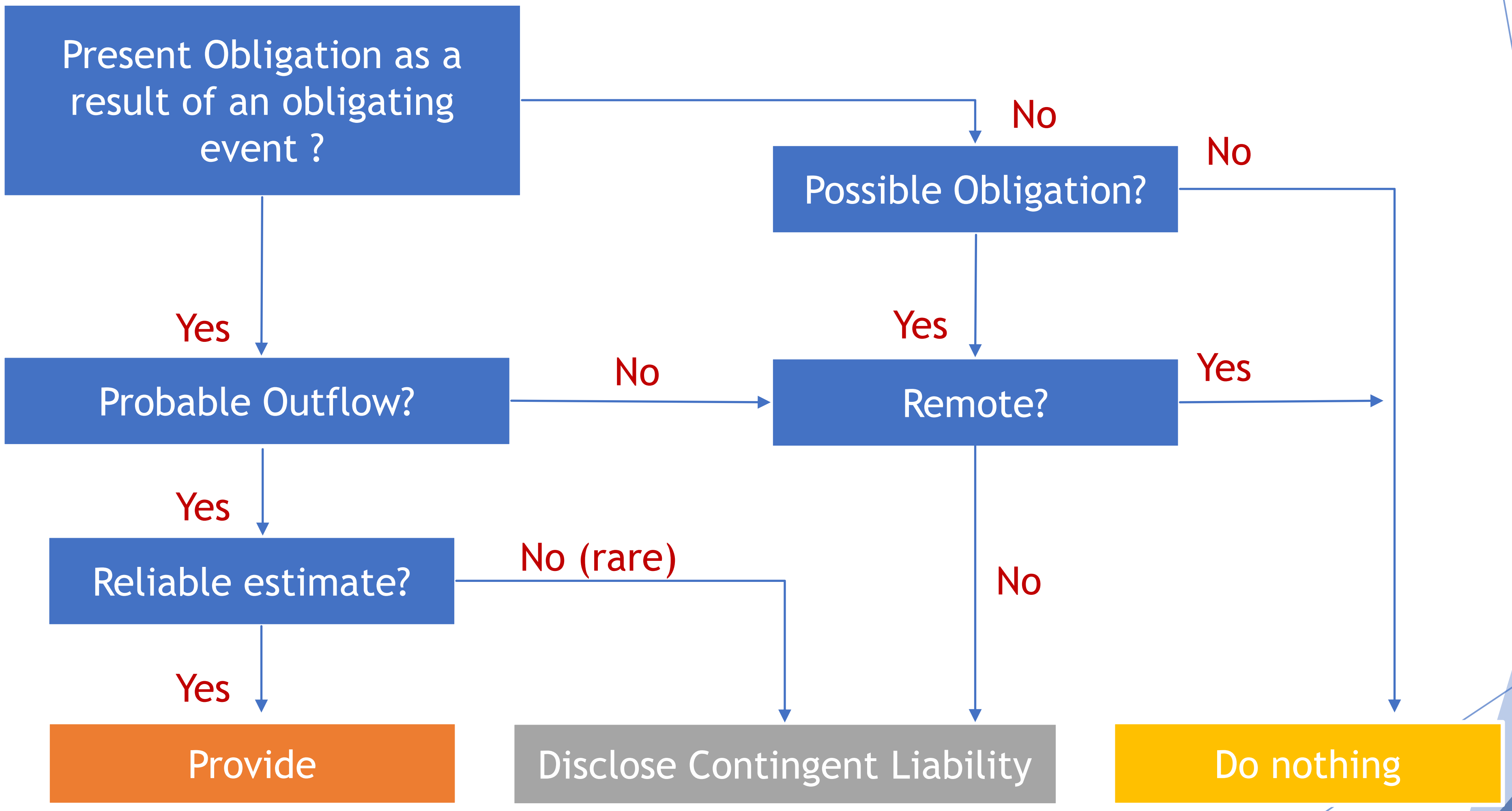
Matter contained in Annual Report	Observations
For recognition of DTA, certain levels of certainty needs to be established with regard to availability of sufficient future taxable income against which the DTA can be realised	Future reversal of DTL recognised at balance sheet date will give rise to taxable income for deduction of reversing DTA – recognise DTA to the extent of DTL
Deferred tax assets and liabilities should be measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date	Considering notification of new regime and lower taxes, appropriate adjustments to be made while measuring deferred taxes

Key Disclosures

Disclosure requirements
(i) Whether 'MAT' has been disclosed as current tax in the profit and loss account. (ii) If 'MAT credit' is recognised as an asset (subject to considerations of prudence), whether the same has been presented under the head 'Loans and Advances' as 'MAT credit entitlement'. (iii) In the year of set-off of 'MAT credit entitlement', whether: (a) the availed credit has been shown as a deduction from 'Provision for Taxation' on the liabilities side of the balance sheet. (b) the unavailed credit has been presented under head 'Loans and Advances' (subject to considerations of prudence). Note- In case 'MAT credit entitlement' has not been recognised as an asset (see (ii) above) on considerations of prudence but is subsequently recognised (whether before or in the year of set-off), in such later period, the presentation requirements of (ii) above should be met.
Whether the nature of evidence supporting the recognition of deferred tax assets have been disclosed, if an enterprise has unabsorbed depreciation or carry forward of losses under tax laws.
Micro Enterprises (Level IV noncompany entities) are required to apply the requirements of AS 22 for current tax only. Therefore, such entities are required to comply with the presentation and disclosure requirements as per paragraph 27.

AS 29 – Provisions, Contingent Liabilities and Contingent Assets

Decision Tree of AS 29



Key Concepts / Practical matters

- **Restructuring - material change in scope of business or manner of business operations- Provision to be made only when recognition criteria for provisions met**
- **Closure of business locations/Relocation of business activities from one country/region to another/Changes in management structure/Fundamental re-organisations -** Provide only when the actual action takes place except in case of resulting onerous contracts, if any - However these may indicate impairment of certain assets

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- **Onerous Contracts - contract under which neither party has performed any of its obligations or both parties have partially performed their obligations to an equal extent BUT in which unavoidable estimated costs of meeting the obligation exceed the economic benefits expected to be received**

Onerous present obligation under the contract should be recognised as a provision

Measurement at the lower of:

− The fulfilment cost; and

− Any compensation or penalties arising from failure to fulfil

If impairment losses on assets dedicated to the onerous contract have been recognised, provide for onerous obligation only if it is additionally required

Due to ESG obligations, it is important to keep an eye on contractual obligations turning onerous

Practical Issues

Matter contained in Annual Report	Observations
'In accordance with Accounting Standard 29, the following is considered as Contingent Liabilities: Guarantees given by bankers for performance of contracts & others.'	Guarantees given against own performance of the company do not give rise to any contingent liability because the company in any case holds an obligation to perform the event against which guarantee is given which is also supported by Guidance Note on Schedule III to the Companies Act, 2013.
In the notes relating to Long-term Provisions and Short-term Provisions "Provision for Expenses" has been included under these heads.	Expenses are generally considered as accrued against services that have been received but not settled. Therefore, disclosure of unpaid expenses under the head of provisions is not in accordance with AS

Practical Issues (contd..)

Case	Observations
An enterprise pays VRS in installments rather than lump-sum. For the purpose of making a provision in the books for such VRS expenses can it be made at the discounted value?	• Retirement benefits under AS 15 are provided on retirement and not for voluntarily retiring. • VRS to be paid in installment post AS 29 technically cannot be recorded at discounted value. • A point to be noted is that pre-AS 29, since discounting was not prohibited, VRS paid in installments could be recorded at discounted value.
An enterprise has contaminated land by dumping hazardous material in the backyard of its factory. The management got wind of it only recently when it conducted an exhaustive environmental audit. The enterprise has not violated any existing legislation; however, it belongs to an international group which maintains high environmental standards.	There is a present obligation because the company is obligated by its Group policies and hence provision is required, though the actual clean up may take place much later.

Practical Issues (contd..)

Case	Observations
Under new legislation, an enterprise is required to fit smoke filters to its factories by 30 September 20XX. The enterprise has not fitted the smoke filters at the balance sheet date of 31 March 20X1	• There is no obligation for the costs of fitting smoke filters because no obligating event has occurred (the fitting of the filters). • An obligation might arise to pay fines or penalties under the legislation because the obligating event has occurred (the non-compliant operation of the factory).
A vendor will be paid a bonus of Rs. 2 million if certain performance parameters are met before the end of the second year. At the end of the first year it is very probable that those parameters would be met.	The performance parameters will be met over a two-year period, a pro-rata provision of Rs. 1 million may be recognised in the first year.

Practical Issues (contd..)

		Current Year	Previous Year
		₹ Crore	
a)	Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	95.09	64.60

b) Aditya Birla Minacs Worldwide Ltd. (ABMWL), a subsidiary of the Company, has issued Zero Coupon Compulsorily Convertible Debentures (CCD) aggregating ₹250 Crore to be converted into Equity of ABMWL on the expiry of a period of 60 months from the date of allotment of such CCD. The Company has entered into an option agreement with the subscribers of such CCD pursuant to which the subscribers has put option on the Company and the Company has call option on the subscribers on expiry of 24, 36, 48 and 60 months from the date of allotment of CCD at a pre-agreed price. Further, on happening of certain events, the put option can also be exercised by the subscribers on the company on any other date on happening of such events.

c) Madura Garments Lifestyle Retail Company Ltd. (MGLRCL), a subsidiary of the company, has issued 0.01% Coupon Compulsorily Convertible Preference Shares (CCPS) aggregating ₹300 Crore to be converted into Equity of MGLRCL on the expiry of a period of 60 months from the date of allotment of such CCPS. The company has entered into an option agreement with the subscribers of such CCPS pursuant to which the subscribers has put option on the company, and the company has call option on the subscribers on expiry of 24, 36, 48 and 60 months from the date of allotment of CCPS at a preagreed price. Further, on happening of certain events, the put option can also be exercised by the subscribers on the company on any other date on happening of such events.

Practical Issues (contd..)

The company has following export obligations as at balance sheet date:

(₹ in Crore)

	As at March 31, 2011	As at March 31, 2010
Obligation under		
Exports Promotion Capital Goods Scheme (EPCG)	1,487.54	1,045.33
Advance License Scheme	67.63	670.06
Total	1,555.17	1,715.39

Based on past performance, market conditions and business plans, the Company expects to fully meet the EPCG export obligation and Advance License Scheme export obligation in the near future, and accordingly has not recognised the customs duty obligation amounting to ₹189.20 crore (Previous year ₹162.15 crore) on the related imports of crude and capital equipment as at balance sheet date. Export obligation of ₹1,555.17 crore (Previous year ₹1,715.39 crore) includes export obligation of ₹1,487.54 crore (Previous year ₹1,045.33 crore) against imports made by Vadinar Power Company Limited, an associate of the Company.

Practical Issues (contd..)

Certain disputed demand notices relating to Indirect Taxes amounting to **₹106.74 Crores** (2009: ₹100.50 Crores) have neither been considered as contingent liabilities nor acknowledged as claims, based on expert legal opinions obtained internal assessment. The Company is of the view that the possibility of the demands materialising is remote.

CONSOLIDATED CONSTRUCTION CONSORTIUM LIMITED

Contingent Liabilities

a. Bank Guarantees including Letter of Credit outstanding as on 31.03.2011 – 8792.77 Million (P.Y. 7210.62 Million). This includes Bank Guarantees and Letters of Credit executed by the company on behalf of Herve Pomerleau International CCCL Joint Venture for 96.00 Million (P.Y. 739.20 Million), on behalf of CCCL Infrastructure Limited 92.56 Millions (PY NIL), on behalf of CCCL Power Infrastructure Limited 10.00 Millions (PY Nil).

b. The company has executed Corporate Guarantees on behalf of its subsidiaries and AOP during the year.

   i) on behalf of Consolidated Interiors Ltd. – 140.00 Million (P.Y. 140.00 Million)

   ii) on behalf of Noble Consolidated Glazings Ltd. – 300.00 Million (P.Y. 170.00 Million)

   iii) on behalf of Herve Pomerleau International CCCL Joint Venture – 4820.00 Million (P.Y. 4820.00 Million)

Key Disclosures

Matter	Disclosure
Warranty Provision	1) AS-29 Para 66 specifically requires unused amounts of provision reversed during the period to be separately disclosed. 2) AS-29 Para 67 and 68 specifically requires disclosures relating to such provisions such as description of the nature of obligation, expected timing of resulting outflows, indication of uncertainties about the outflows.
Contingent Liabilities	AS-29 Para 71 specifically requires that when any information required by Para 68 is not disclosed because it is not practicable to disclose, such fact should be stated.
Provisions	Whether the enterprise has disclosed the following for each class of provision: (a) a brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits; (b) an indication of the uncertainties about those outflows. (Where necessary, to provide adequate information, whether enterprise has disclosed the major assumptions made concerning future events, as addressed in paragraph 41 of AS 29); and (c) the amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.

Key Disclosures

Matter	Disclosure
Provision and Contingent Liabilities	Where a provision and a contingent liability arise from the same set of circumstances whether the enterprise has made the disclosures mentioned in paragraphs 66-67 above in a way that shows the link between the provision and the contingent liability.
Disclosure not required	In EXTREMELY RARE circumstances when disclosure would seriously prejudice the position of the entity in a dispute with another party – Disclose the general nature of the dispute and the fact that, and reason why, the information has not been disclosed – Due care needs to be exercised to ensure that exception is not misused to avoid disclosures

AS 24 – Discontinuing Operations

Key concepts

AS 24 defines discontinuing operations as a component of an entity that meets the criteria to be classified as held for sale, or is disposed of, or is classified as held for distribution to owners. A component of an entity can be a segment, subsidiary, or other business activity.

There has to be a single plan of selling / disposing / abandonment, represents major line of business or geographical segment, can be distinguished operationally or for financial reporting purpose

When a component qualifies as a discontinuing operation, the entity must measure its assets, liabilities, and any related assets and liabilities held for distribution separately from continuing operations.

Assets and Liabilities of discontinued operations are assessed at each Balance Sheet date. Impacts of any impairment and write-backs are dealt with in the Profit and Loss Account. AS 24 requires detailed disclosures about discontinued operations in the financial statements.

Practical Examples

Matter contained in Annual Report	Observations
A Ltd has one common unit for manufacturing Computers and Peripherals Peripheral segment was not considered as separate segment. It decides to close down manufacturing of Peripheral products on account of competition and substantial reduction in selling price However, it continues to manufacture computer from that unit.	• Closure of peripheral manufacturing shall not be treated as Discontinuing Operation as computers are continued to be manufactured from the same place. • It will not make any difference if trading of peripheral products continue, in the present case. • However, if factory was considered as separate geographical segment, one may have to consider it as Discontinuing operations.
A Ltd is manufacturing Electronic goods which are sold within India (and also outside India in different countries It has identified certain geographical segment for AS 17 If the Company decides to stop its operation in China.	The response will depend upon segments considered for the purpose of AS 17 If China was considered as separate geographical segment, it should be treated as Discontinuing Operations If China business was not tracked separately on materiality ground, it may not be Discontinuing Operations.

Practical Examples

Matter contained in Annual Report	Observations
During the year, the Company transferred one of its business as ongoing business, on slump sale basis to its holding company as per the terms of Business Transfer Agreement (BTA) for a total consideration which was lower than the net business assets value. As a result, the Board of Directors of the company is looking for alternative business plans including supporting the execution of the upcoming projects for the group companies in its domain as a service. In view of this, the Going concern Assumption is not affected.’	It was viewed that the loss was incurred by the company due to such business agreement. However, it was noted from the financial statements that neither the loss arising on such business transfer has been recognised in the Statement of Profit and Loss

Practical Examples (contd…)

Gulf Oil Corporation

Effective 30th November 2009, IDL Speciality Chemicals Limited, one of the subsidiaries, sold its Active Pharmaceuticals Ingredients (API) business including fixed assets, current assets and current liabilities to Biocon Limited (Biocon) on a going concern, slump sale basis for a consideration of 2200.00 lakh. In terms of the agreement in addition to the aforesaid consideration Biocon would pay the amount realised out of current assets after adjusting for the current liabilities within the agreed period. The Company has incurred a loss of 2047.00 lakh on selling the API undertaking. How should it be disclosed as per AS 24?

Particulars	Continuing Operations		Discontinued Operation in respect of IDLSC		Total	
	2011	2010	2011	2010	2011	2010
Total Income	-	106636.81	-	302.73	-	106939.54
Less: Operating Expenses	-	100679.52	-	1837.36		102516.88
Loss on sale of API Undertaking	-	-	-	2047.00	-	2047.00
Pre-tax profit from operating activities	-	5957.29	-	(3581.63)	-	2375.66
Less: Interest expense	-	2542.16	-	83.78	-	2625.94
Profit /(Loss) before Tax	-	3415.13	-	(3665.41)	-	(250.28)
Less : Taxation	-	1009.04	-	562.32	-	1571.36
Profit /(loss) from operating activities	-	2406.09	-	(4227.73)	-	(1821.64)

Cash flow from discontinued operations is shown separately from continuing operations

Practical Examples (contd...)

Grasim Industries – OCI and EPS is also disclosed separately

₹ in crore

			Note No.	Year Ended 31st March 2023	Year Ended 31st March 2022
Other Comprehensive Income			3.12		
A	(i)	Items that will not be reclassified to profit or loss		(3,482.59)	3,443.92
	(ii)	Income Tax relating to items that will not be reclassified to profit or loss		400.12	(224.86)
				(3,082.47)	**3,219.06**
B	(i)	Items that will be reclassified to profit or loss		14.20	0.50
	(ii)	Income Tax relating to items that will be reclassified to profit or loss		(5.74)	(0.49)
				8.46	**0.01**
Other Comprehensive Income for the Year (VI)				**(3,074.01)**	**3,219.07**
Total Comprehensive Income for the Year (V + VI)				**(950.28)**	**6,270.34**
Paid-up Equity Share Capital (Face Value ₹ 2 per share)				131.69	131.67
Earnings Per Equity Share (Face Value ₹ 2 each)			3.13		
	Basic - Continuing Operations (₹)			32.34	41.05
	Diluted - Continuing Operations (₹)			32.31	40.99
	Basic - Discontinued Operations (₹)			-	5.42
	Diluted - Discontinued Operations (₹)			-	5.41
	Basic - Continuing Operations and Discontinued Operations (₹)			32.34	46.47
	Diluted - Continuing Operations and Discontinued Operations (₹)			32.31	46.40

Practical Examples (contd…)

Grasim Industries – OCI and EPS is also disclosed separately

D.	**Net Decrease in Cash and Cash Equivalents (A+B+C)**	**(1,606.07)**
	Cash and Cash Equivalents at the Beginning of the Year (note 2.12)	69.22
	Net Cash Flow Transferred from Discontinued Operations to Continuing Operations	1,589.54
	Cash and Cash Equivalents at the End of the Year from Continued Operations (note 2.12)	**52.69**
	Discontinued Operation	
	Cash and Cash Equivalents at the Beginning of the Year	-
	Net Cash Generated from Operating Activities (A)	(217.33)
	Net Cash (used) in Investing Activities (B)	(48.93)
	Proceeds from divestment of Fertiliser Business	1,855.80
	Net Cash Generated from/ (used) in Financing Activities (C)	-
	Net Cash Flow Generated from Discontinued Operations (A+B+C)	1,589.54
	Reclassified as Held for Sale	-
	Net Cash Flow Transferred from Discontinued Operations to Continuing Operations	(1,589.54)
	Cash and Cash Equivalents at the End of the Year of Discontinued Operations	-
	Cash and Cash Equivalents at the End of the Year	**52.69**

Cash flow from discontinued operations is shown separately from continuing operations

Description	Gross Block				
	As at 1st April 2021	**Additions**	**Deductions**	**(Transfer) from Discontinued Operations**	**As at 31st March, 2022**
TANGIBLE ASSETS #					
Freehold Land	831.52	370.90	-	-	1,202.42
Leasehold Improvements	2.51	4.46	-	-	6.97
Buildings	1,913.14	680.77	1.72	(3.02)	2,595.21
Plant and Equipment	10,242.25	3,485.67	63.23	(0.31)	13,665.00
Furniture and Fixtures	80.52	14.45	3.58	-	91.39
Vehicles	134.83	23.05	15.77	-	142.11
Office Equipment	123.77	117.15	7.60	(0.04)	233.36
Salt Pans, Reservoir and Condensers	7.41	-	-	-	7.41
Railway Sidings	20.57	1.25	-	-	21.82
Total Tangible Assets	**13,356.52**	**4,697.70**	**91.90**	**(3.37)**	**17,965.69**

Assets pertaining to discontinued operations is disclosed separately.

Key Disclosures

- On disposal of assets or settlement of liabilities or on entering into binding agreement for disposal settlement, the financial statements of an enterprise should include the following-
  - Gain loss recognised on the disposal settlement including amount of pre tax gain loss and income tax thereon (to be disclosed on the face of the profit and loss account)

- In case enterprise has entered into binding sale agreements (when impact is not recognised in financial statements)
  - Net selling price or range of prices (after deducting expected disposable costs)
  - The expected timing of receipt of consideration
  - The carrying value of such Net assets on the balance sheet date

- Financial statement for a period subsequent to the one in which initial disclosure event occurs should disclose-
  - Details of significant changes, if any, in the amount or timing of cash flows relating to the assets to be disposed or liabilities to be settled;
  - Event triggering those changes.

Key Disclosures

- The disclosures should continue for a periods up to and including the period in which discontinuance is completed i.e.: plan is substantially completed or abandoned.

- For abandonment and withdrawal of plan the facts, reasons and effects should be disclosed, including reversal of impairment loss or any provisions

- Restatement of Prior Periods - Comparative information for prior periods that is presented in financial statements prepared after the initial disclosure event should be restated to segregate assets, liabilities, revenue, expenses, and cash flows of continuing and discontinuing operations

AS 25 – Interim Financial Reporting

Key Disclosures

Matter	Disclosure
Annual Financial Statements	If an enterprise prepares and presents a complete set of financial statements in its interim financial reports, whether the form and content of those statements conform to the requirements as applicable to annual complete set of financial statements.
Earnings per share	If an enterprise presents basic and diluted earnings per share in its annual financial statements in accordance with AS 20, 'Earnings Per Share', whether basic and diluted earnings per share are presented in accordance with AS 20 on the face of the statement of profit and loss, complete or condensed, for an interim period.
Estimate	If an estimate of an amount reported in an interim period is changed significantly during the final interim period of the financial year but a separate financial report is not prepared and presented for that final interim period, whether the nature and amount of that change in estimate has been disclosed in a note to the annual financial statements for that financial year.

Key Disclosures

Matter	Disclosure
Policy changes	A statement that the same accounting policies are followed in the interim financial statements as those followed in the most recent annual financial statements or, if those policies have been changed, a description of the nature and effect of the change;
Segment	Segment revenue, segment capital employed (segment assets minus segment liabilities) and segment result for business segments or geographical segments, whichever is the enterprise’s primary basis of segment reporting (Disclosure of segment information is required, in terms of AS 17, ‘Segment Reporting’, to disclose segment information in its annual financial statements);
Material Events	Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period;
Contingent Liabilities	Material changes in contingent liabilities since the last annual balance sheet date

Measuring Income Tax Expense for Interim Period

Calculate Estimated Annual Tax Rate	Determine the estimated annual effective tax rate based on the expected tax liability for the full fiscal year. This rate considers both current taxes and deferred taxes resulting from temporary differences between accounting and taxable income.
Apply Estimated Effective Tax Rate	Apply the estimated annual effective tax rate to the year-to-date income before taxes for the interim period. This will give you an estimate of the current tax expense for the interim period.
Consider Specific Period Transactions	Account for any significant transactions, events, or items that have occurred during the interim period and could impact the effective tax rate. Adjust the estimated tax expense calculation if necessary.

Measuring Income Tax Expense for Interim Period

Review Deferred Taxes	Review any deferred tax assets and liabilities recognized in previous periods. Adjustments might be needed to reflect changes in expectations or circumstances during the interim period.
Disclosures	Ensure proper disclosures in the interim financial statements. These disclosures may include explanations of the estimated effective tax rate, significant changes in tax rates, or other relevant information about tax expenses for the interim period.

ANY QUESTIONS?

THANK YOU