IAS - 12

Income taxes

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International Accounting Standard No 12 (IAS 12)

Income taxes

In October 1996, the council approved the revised Standard, published as IAS 12 (revised 1996), income taxes and repealed the previous IAS 12 (reformatted 1994), accounting for taxes on income. The revised standard was effective for financial statements beginning from January 1 1998.

In May 1999, IAS 10 (revised 1999), events after the balance sheet date, amended paragraph 88. The amended text is effective for annual financial statements covering periods beginning on or after January 1, 2000.

In April 2000, were amended paragraphs 20, 62 (a), 64 and Appendix A, paragraphs A10, A11 and B8 to update cross-references and terminology as a result of the issuance of IAS 40, investment property.

In October 2000, the Council approved certain amendments to IAS 12, adding paragraphs 52A, 52B, 65A, 81 (i), 82A, 87A, 87B, 87C and 91, while removing paragraphs 3 and 50. These revisions limited specify the accounting treatment of the consequences of dividends in income tax. The revised text is effective for financial statements covering periods beginning on or after January 1, 2001.

Have been issued two interpretations SIC that are relevant to IAS 12:
• SIC-21, income taxes - Recovery of Revalued non-depreciable assets, and
• SIC-25, income taxes - Changes in the tax status of the Company or its shareholders.

Note: The Appendices cited in the text of the Standard were not included in this release.

Introduction

The Standard (IAS 12 revised) replaces IAS 12, accounting for income taxes (IAS 12 original). IAS 12 (revised) is effective for fiscal years beginning on or after January 1 1998. The major changes contained in respect of IAS 12 (original) are as follows:

1. The original IAS 12 required the companies to account for deferred taxes using the deferral method or the liabilities, also known as passive method based on the income statement. IAS 12 (revised) prohibits the deferral method and requires the application of another variant of the method of passive, known as passive method based on the balance sheet.

   The method of liability that is based on the income statement focuses on temporary differences of income and expenditure, while the one based on the balance sheet but also includes those temporary differences arising from the assets and liabilities. The timing differences in income are differences between the profit tax and accounting, which originate in one period and reverse in the other post. Temporary differences in the balance sheet are those between the tax base of an asset or liability and its carrying amount, within the balance sheet. The tax base of an asset or liability is the value attributed to them for tax purposes.

   All the temporary differences are also temporary differences. Temporary differences also are generated in the following circumstances, which do not give rise to temporary differences, although the original IAS 12 gave them the same treatment to transactions that give rise to temporary differences:

   (a) subsidiaries, associates or joint ventures that have not distributed all its profits to the parent or the investor;

   (b) assets which are accounted revaluation, without making a similar adjustment for tax purposes, and

   (c) the cost of a business combination will be distributed among the identifiable assets acquired and liabilities assumed identifiable, based on their fair values but without an equivalent adjustment for tax purposes.

   In addition, there are temporary differences that are not temporary differences, for example, those temporary differences that arise when:

   (a) The non-monetary assets and liabilities of an entity that is valued in its functional currency but the taxable gain or loss (and therefore the tax base of these non-monetary assets and liabilities) is determined in a different currency;

(b) the non-monetary assets and liabilities of the company are restated to follow the provisions of IAS 29, financial reporting in hyperinflationary economies, or

(c) the carrying amount of an asset or liability is different, at the time of his initial recognition of its tax base accordingly.

2. The original IAS 12 allowed the company did not recognize assets and deferred tax liabilities when it had reasonable evidence that the temporary differences were not related to reverse in a period of time. IAS 12 (revised) requires the company to proceed to acknowledge, with some exceptions mentioned below, either a deferred tax liability or a deferred tax asset for all temporary differences, except as noted below .

3. The original IAS 12 requires:

   (a) deferred tax assets arising from temporary differences were recognized when there is a reasonable expectation of conduct and

   (b) deferred tax assets arising from tax losses were recognized as such only when security has, beyond any reasonable doubt that future revenues would be sufficient to make the tax benefits resulting from losses. IAS 12 original permit, but not obliged, to the company to defer recognition of the benefits of tax losses not used until the year they are produced its effective realization.

   IAS 12 (revised) requires the recognition of deferred tax assets when it is probable that the company has revenues in the future to realize the deferred tax asset. When a company has a history of losses, will recognize a deferred tax asset only to the extent that is taxable temporary differences in amounts sufficient, or have other evidence about the existence of tax benefits available in the future.

4. As an exception to the general requirement set out in paragraph 2 above, IAS 12 (revised) prohibits the recognition of assets and deferred tax liabilities arising from some types of assets and liabilities whose books differ in amounts, at the time of recognition Initial, its original tax basis. As these circumstances did not give rise to timing differences in the original IAS 12, did produce neither assets nor deferred tax liabilities.

5. The original IAS 12 required that they recognized the taxes to pay for the undistributed earnings of subsidiaries or partners, unless it was reasonable to assume that such gains would not be distributed, or that its distribution would not lead to tax obligations. However, IAS 12 (revised) prohibits the recognition of such deferred tax liabilities (as well as those encountered by any adjustment for conversion on them), provided that it includes the following two conditions:

(a) the dominant investor or participant is able to control the timing of the reversal of the temporary difference and

(b) it is probable that the temporary difference not reverse in the foreseeable future. When this occurs as a result that prohibition does not recognize deferred tax liabilities, IAS 12 (revised) requires the company to disclose information about the cumulative amount of temporary differences involved.

6. The original IAS 12 was not referring explicitly to adjustments to the fair value of assets and liabilities arising from a business combination. These adjustments will result in temporary differences, and IAS 12 (revised) requires an entity to recognize the liability or deferred tax asset (the latter subject to the discretion of probability of occurrence), which will have a corresponding effect on the determining the amount of goodwill or excess of embodying a share of the acquiring in the fair value of net assets, liabilities and contingent liabilities identifiable entity acquired, the cost of the combination. However, IAS 12 (revised) prohibits the recognition of deferred tax liabilities arising from the initial recognition of goodwill.

7. In the event of a revaluation of assets, the original IAS 12 permits, but does not require that the company recognizes a deferred tax liability. IAS 12 (revised), by contrast, requires the company to recognize a deferred tax liability in the case of assets revaluations have been made.

8. The tax consequences of the recovery of the carrying amount of certain assets or liabilities may depend on how they will recover or be paid, respectively, for example:

   (a) in certain countries, capital gains are not taxed at the same rates as other revenues, and

   (b) in certain countries, the amount is deducted for tax purposes, in the case of sale of an asset is greater than the amount that can be deducted as depreciation.

   The original IAS 12 did not give indications on the valuation of assets and deferred tax liabilities in such cases. IAS 12 (revised), by contrast, requires that the valuation of assets and deferred tax liabilities based on the tax consequences that could arise from the manner in which the company expects to recover or pay the amount of its assets and liabilities, respectively.

9. The original IAS 12 did not indicate whether the items of deferred tax assets and could be discounted to account for its current value. IAS 12 (revised) prohibits the deduction of such assets and deferred tax liabilities. Paragraph (i) of paragraph B16 of IFRS 3 Business Combinations prohibits discounting of deferred tax assets acquired, as well as the deferred tax liabilities incurred from a business combination.

10. The original IAS 12 did not specify whether the company should classify the items as deferred tax items such as running or not running. IAS 12 (revised) prohibits the companies making the distinction between current and non-current in its financial statements to classify assets and liabilities as current assets or deferred tax liabilities.

11. The original IAS 12 states that the debit and credit balances representing, respectively, deferred tax assets and could be compensated. IAS 12 (revised) provides more restrictive conditions for the compensation, based largely on those that have been fixed for the financial assets and liabilities in IAS 32, Financial Instruments: disclosure and presentation.

12. The original IAS 12 requires an explanation, the notes on the relationship between tax expense and accounting profit, if such a relationship was not explained adequately considering the tax rates prevailing in the country of the company. IAS 12 (revised) requires that this explanation take one of the following two forms or both:

    (i) a reconciliation of figures representing expense (income) taxes, and the result of multiplying the result by the accounting rate or rates of tax applicable, or

    (ii) a reconciliation of numerical amounts representing the average effective tax rate and the existing tax rate.

    IAS 12 (revised) also requires an explanation of the changes in the rate or rates applied, compared with the previous year.

13. Among the new information to disclose, according to IAS 12 (revised) include:

    (a) for each class of temporary difference, as well as compensate for the losses and unused tax credits:

        (i) the amount of assets and deferred tax liabilities that have been recognized and

        (ii) the amount of expenses or income from deferred tax recognized in the income statement, if this information is not obvious when considering the changes in stocks listed on the balance sheet;

    (b) with respect to discontinued operations, the tax expense on:

        (i) the gain or loss resulting from the final interruption, and

        (ii) gains or losses of operating the business interruption final and

(c) the amount of deferred tax asset and the nature of the evidence that supports the recognition of the same, when:

(i) the realization of the deferred tax asset is dependent on future profits over the profits arising from the reversal of existing taxable temporary differences, and

(ii) the company has experienced a loss, whether in the current period or in the above, in a country with which relates the deferred tax asset.

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The normative part of this Statement, which appears in bold italics, it must be understood in the context of the explanations and guidelines for implementing them and in line with the Preface to International Accounting Standards. It is not intended that international accounting standards are applied in the case of non-significant (see paragraph 12 of the Prologue).

Objective

The purpose of this rule is to prescribe the accounting treatment of income taxes. The main problem which is presented to account for income taxes is how to address the current and future:

(a) recovery (settlement) in the future of the carrying amount of assets (liabilities) that have been recognized on the balance sheet of the company; and

(b) transactions and other events for the current period that have been recognized in the financial statements.

Following the recognition by the company, of any asset or liability is inherent in the expectation that the first recovered or settled on the second, for the amounts contained in books in the relevant headings. When it is probable that recovery or liquidation of the securities accounts will result in future tax payments larger (or smaller) from those who would take if such a recovery or liquidation did not have tax consequences, this standard requires the company to recognize a liability (or asset) for deferred tax, with some very limited exceptions.

This standard requires entities to account for the tax consequences of transactions and other events in the same way it accounted for these same transactions or economic events. Thus, the fiscal effects of transactions and other events that are recognized in profit or loss is recorded in the results. The tax effects of transactions and other events that are recognized directly in equity, will take you directly to equity. In a similar vein, the recognition of assets or deferred tax liabilities, in a business combination, affect the amount of goodwill arising from the combination or the extra constituting the acquiring institution's participation in the fair value of net assets, liabilities and contingent liabilities identifiable entity acquired, the cost of the combination.

The Standard also addresses the recognition of deferred tax assets that appear linked to losses and unused tax credits, as well as the submission of income tax in the financial statements, including the disclosures about them.

Scope

1. **This standard must be applied in accounting for income taxes.**

2. For purposes of this Standard, the term gains tax includes all taxes, whether domestic or foreign, that relate to the profits subject to tax. The income tax also includes other taxes, such as withholding taxes on dividends that are paid by a company subsidiary, associate or joint venture, when they come to distribute profits to the company submitting the financial statements.

3. [Deleted]

4. The Standard does not address the methods for accounting for government grants (see IAS 20, accounting for government grants and disclosure of government assistance), or the tax credits for investments. However, the Standard deals with accounting for temporary differences that may arise from such subsidies or tax credits.
Definitions

5. **The following terms are used in this Standard with the meanings specified below:**

Accounting result is the net gain or net loss for the year before deducting the expense for income tax.

Gain (loss) is tax gain (loss) for a year, calculated in accordance with the rules established by the tax authority, which are estimated taxes payable (recoverable).

Expense (income) income tax is the amount that, for this concept, is included in the determination of net profit or loss for the year, containing both the current and deferred tax.

Current tax is the amount payable (recoverable) for income tax on the gain (loss) for the fiscal year.

Deferred tax liabilities are the amounts of income taxes payable in future periods, related to taxable temporary differences.

Deferred tax assets are the amounts of income taxes to recover in future periods, related to:

(a) deductible temporary differences;

(b) compensation for losses from previous years who have not yet been subject to tax relief; and

(c) compensation for unused appropriations from previous years.

Temporary differences are the differences between the carrying amount of an asset or liability and the value that constitutes the tax base of the same.

Temporary differences may be:

(a) taxable temporary differences, which are those temporary differences that give rise to taxable amounts in determining the gain (loss) for fiscal future periods when the amount of the asset is recovered or liabilities will be liquidated, or

(b) deductible temporary differences, which are those temporary differences that give rise to amounts that are deductible in determining the gain (loss) for fiscal future periods when the amount of the asset is recovered or liabilities will be liquidated.

The tax base of an asset or liability is the amount allocated for tax purposes, to the asset or liability.

6. The expense (income) tax on the profits encompasses both the part concerning expense (income) tax for the current spending (income) tax deferred.

Tax Base

7. The tax base of an asset is the amount that will be deductible for tax purposes, the economic benefits that the company obtained in the future, when it recovers the carrying amount of the asset. If such economic benefits are not taxed, the tax base will be equal to its carrying amount.

Examples:
1. The cost of a machine is 100. Of them, has already been deducted accumulated depreciation of 30 in the current financial year and the preceding, and the rest of the cost will be deductible in future years, either as depreciation or a deductible amount in case of sale of the asset in question . Revenue generated by the use of the machine are taxed, any profits from their sale are also subject to taxation and potential losses from sales are tax deductible. The tax base of the machine, therefore, is 70.

2. The entry of interest receivable has an amount of 100. Fiscally, these financial revenue will be subject to taxation when they are received. The tax base of interest

receivable is zero.

3. The trade debtors of a company have an amount of 100. Revenue for the same have already been included in the determination of the gain (loss) for tax purposes. The tax base of commercial debtors is 100.

4. Dividends receivable from a subsidiary have an amount of 100. Such dividends are not taxed. In essence, the entire amount of the asset is deductible from the economic benefits. As a result, the tax base of the dividends to be paid is 100.1

5. A loan granted by the company has an amount of 100. The recovery of the amount has no tax consequences. The tax base of the loan is 100.

8. The tax base of a liability is equal to their book value minus any amount that eventually will be deductible for tax on such an item in future periods. In the case of revenues that are received in advance, the tax base of the liability is its carrying amount, minus any potential revenue that is not taxable in future periods.

Examples

1. Among the short-term liabilities are debts arising from accrued expenses, with an amount of 100. The expenditure will be deductible for tax they pay. The tax base of the debts accrued for such costs is zero.
]
2. Among the short-term liabilities are financial revenue collected in advance, with an amount of 100. The corresponding income tax is charged on precisely when. The tax base of revenue collected in advance is zero.

3. Among the short-term liabilities are debts arising from accrued expenses, with an amount of 100. The expenditure has already been the subject of tax relief. The tax base of the debts accrued expenses (or earned) is 100.

4. Among the short-term financial liabilities are penalties and fines with an amount of 100. Neither sanctions nor the fines are tax deductible. The tax base of the sanctions and fines is de100.2

5. A loan has received an amount of 100. The repayment of the loan has no tax. The tax base of the loan is 100.

9. Some items are tax base while not appearing recognized as assets or liabilities on the balance sheet. It is the case, for example, the research and development costs accounted for as an expense, to determine the outcome in the gross accounting period

in which they occur, it will not be deductible expenses for the determination of the gain (loss) to a prosecutor year later. The difference between the tax base of research and development costs, this is the amount that the authority will deduct tax in future years, and no amount of books in the line item on the balance sheet is a deductible temporary difference that produces an asset deferred tax.

10. When the tax base of an asset or liability is not immediately obvious is useful to consider the fundamental principle on which this standard, namely that the company must, with certain limited exceptions, recognize a liability (asset) for taxes deferred, provided that the recovery or the payment of the amount of an asset or liability will produce more tax payments (lower) than those that would result if such recoveries or payments did not have tax consequences. The example that follows the C paragraph 52 illustrates the circumstances in which it may be useful to consider this fundamental principle, for example when the tax base of an asset or a liability depends on how they are expected to recover, or to pay the same.

11. The consolidated financial statements, the temporary difference will be determined by comparing the carrying amounts of assets and liabilities, including in them, with the tax base that is appropriate for them. The tax base is calculated by reference to the consolidated tax return in those jurisdictions, or countries in his case, in which such statement is submitted. In other countries or jurisdictions, the tax base is determined by reference to the tax returns of each group company in particular.

Recognition of tax assets and liabilities flows

12. **The current tax, for the present and previous financial year, should be recognized as an obligation to pay to the extent that it has not been discharged. If the amount already paid, which corresponds to the present and previous financial year, exceeds the amount to pay for these exercises, the excess must be recognized as an asset.**

13. **The amount receivable corresponding to a tax loss, if it can be back to recover the fees paid in prior years running, must be recognized as an asset.**

14. When a tax loss is used to retrieve the current tax paid in prior years, the company will recognize such a right as an asset in the same year in which occurs this tax loss, since it is likely that the company obtains the economic benefit such a right, and this benefit can also be measured reliably.

Recognition of liabilities and deferred tax assets

Taxable temporary differences

15. **Will recognize a liability to tax by reason of any taxable temporary difference, unless the difference has arisen:**

(a) the initial recognition of goodwill, or

(b) the initial recognition of an asset or liability in a transaction that:

(i) is not a business combination, and also

(ii) at the time it was made did not affect either the result or the gross profit (loss) for tax purposes.

However, it must be recognized a deferred tax liability, with the precautions set out in paragraph 39, for taxable temporary differences associated with investments in subsidiaries, branches and associates, or in joint ventures.

16. Any recognition of an asset carries the inherent assumption that amount in its books will be recovered in the form of economic benefits; the company will receive in future periods. When the amount of an asset exceeds its tax base, the amount of taxable economic benefits exceeds the tax deductible amount of that asset. This difference will be a taxable temporary difference, and the obligation to pay the corresponding taxes in future years will be a deferred tax liability. As the company recovers the amount of the asset, the deductible temporary difference will be reversed and, therefore, the company will have a taxable gain. This makes it likely that the economic benefits of leaving the company in the form of tax payments. Therefore, this standard requires the recognition of all deferred tax liabilities, except in certain limited circumstances described in paragraphs 15 and 39.

> Illustration of paragraph 16
> An asset whose historical cost was 150, has an amount of 100. The accumulated depreciation for tax purposes is 90 and the applicable tax rate is 25%.
>
> The tax base of assets is 60 (150 cost less accumulated depreciation tax of 90). To recover the amount of 100, the company must make profits tax amounting to 100, though you can only deduct a tax depreciation of 60. In consequence, the company must pay income taxes worth 10 (25% of 40), as it takes to recover the amount of the asset. The difference between the amount of 100 and the tax base of 60, is a taxable temporary difference of 40. So the company recognizes a deferred tax liability amounting to 10 (25% to 40) representing the taxes to meet, as it takes to recover the amount of the asset.

17. Temporary differences arise when certain expenses or revenues are recorded in an accounting exercise, while in another tax is computed. Such temporary differences are also known by the name of temporary differences. Those who remain are examples of

temporary differences of this nature, which are taxable temporary differences and therefore give rise to deferred tax liabilities:

(a) regular financial revenue, which are included in the result set in proportion to the time elapsed, but can in some tax systems, tax be computed at the time they are charged. The tax base of any interest receivable recognized on the balance sheet from such income is zero, since the regular income will not affect the profit tax until they are charged.

(b) The shares of depreciation or amortization used to determine the gain (loss) tax, may be different from those calculated for accounting purposes. The temporary difference is the difference between the amount of the asset and its tax base, which is equal to the original cost less any deductions in respect of the said assets that have been allowed under the tax rules for determining taxable profit in the current financial year and of the above. Under these conditions there will be a taxable temporary difference that will produce a deferred tax liability, when depreciation for tax purposes will be accelerated. On the other hand, there will be a deductible temporary difference that will produce a deferred tax asset as depreciation for tax purposes is lower than the records.

(c) Development costs eligible for capitalization and depreciation in subsequent years, for purposes of determining the outcome accountant, but tax deduction in the year they are incurred. Such capitalized development costs have a tax base of zero, since they have already been fully deducted from taxable profit. The temporary difference is that resulting from subtracting the amount of development costs and its tax base void.

18. Temporary differences arise when:

(a) distributes the cost of a business combination, through recognition of the identifiable assets acquired and liabilities assumed identifiable by their fair values, but this adjustment has no tax purposes (see paragraph 19);

(b) are revalued assets, but is not carried out a similar adjustment for tax purposes (see paragraph 20);

(c) there is a goodwill in a business combination (see paragraphs 21 and 32);

(d) the tax base of an asset or a liability, at the time of being recognized for the first time, differs from its initial amount in books, for example when a company is benefiting from government grants relating to non-taxable assets (see paragraphs 22 and 33); or

(e) the carrying amount of investments in subsidiaries, branches and associates, or from participation in joint ventures, differs from the tax base of these items (see paragraphs 38 to 45).

Business Combinations

19. The cost of the business combination will be distributed through the recognition of the identifiable assets acquired and liabilities assumed identifiable by their fair values at the date of acquisition. Temporary differences appear when the tax bases of the identifiable assets acquired and liabilities assumed identifiable not altered by the combination of business and do it differently. For example, there will be a taxable temporary difference, resulting in a deferred tax liability in the event that the amount of an asset is increased to its fair value after the combination, but the tax base of the asset is the cost of the previous owner. The deferred tax liability resulting affect, to goodwill (see paragraph 66).

Assets carried at fair value

20. IFRS permit or require that certain assets are recorded at fair value or are revaluation (see, for example, IAS 16 Property, plant and equipment, IAS 38 Intangible Assets, IAS 39 Financial Instruments: Recognition and Measurement and IAS 40, Investment Real estate). In some countries, the revaluation or any reconsideration of the value of assets, to bring it closer to its fair value, affects the gain (loss) tax for the current period. As a result, you can also adjust the tax base of assets, and not any temporary difference arises. In other countries, however, the revaluation or reconsideration of the value does not affect the taxable profit for the year in which either take effect and, therefore, not be made to adjust the tax basis. However, the recovery of the amount in future books will produce a flow of economic benefits taxable for the company, since the amounts deductible for tax purposes will differ from the amounts of those economic benefits. The difference between the carrying amount of a revalued asset and its tax base is a temporary difference and therefore gives rise to an active or deferred tax liability. This is true even when:

(a) the company does not want to sell the assets. In such cases, the amount will be recovered in books revalued by the use, which will generate tax benefits in excess of the depreciation tax-deductible in future periods, or

(b) defer the payment of income taxes, provided that the amount of the sale of assets is reinvested in similar. In such cases the tax will end up paying when they sell new assets, either as they used to be.

Goodwill

21. The goodwill that arose in a business combination will be valued by the excess of the cost of the combination on the participation of the acquiring institution in the fair value of net assets, liabilities and contingent liabilities of the acquired identifiable. In many cases, tax authorities do not allow reductions in the carrying amount of goodwill are an expense deductible in determining taxable profit. Furthermore, in these countries, the cost of goodwill is generally not deductible, when the entity dependent alienates or otherwise

available to the business of which is provided. In these situations, the goodwill has a tax base equal to zero. Any difference between the carrying amount of goodwill and its tax base void, it will be a taxable temporary difference. However, this rule does not allow the recognition of deferred tax liability in question, since the goodwill is valued on a residual, and the recognition of a liability of this nature could increase the carrying amount of goodwill.

21A. The subsequent reductions of a deferred tax liability, which was not recognized because it arises from initial recognition of goodwill, which also will be considered from that initial recognition and, thus, does not recognize, as stated in the (a) of paragraph 15. For example, if the goodwill acquired in a business combination comes at a cost of 100 but a tax base void, paragraph (a) of paragraph 15 prohibits an entity to recognize the related deferred tax liability. If the entity subsequently recognized a loss from the impairment of value of that goodwill, 20, the amount of taxable temporary difference related to goodwill, would be reduced from 100 to 80, with a corresponding decrease in the value of liabilities Deferred taxes are not recognized. This decrease in the value of deferred tax liability is deemed to be related to the initial recognition of goodwill and, therefore, paragraph (a) of paragraph 15 prohibits recognition.

21B. However, the deferred tax liabilities related to goodwill will be recognized provided they have not emerged from the initial recognition of that goodwill. For example, if the goodwill acquired in a business combination comes at a cost of 100, which is deductible for tax purposes at a rate of 20 per cent per annum, starting from the year of the acquisition, the tax basis of goodwill is 100 at the time of initial recognition, and 80 to pass a year after the acquisition. If the carrying amount of goodwill at the end of the first year after the acquisition remains constant at 100, there will be a taxable temporary difference amounting to 20 to the end of this year. Since that taxable temporary difference is not related to the initial recognition of goodwill, is recognized for the deferred tax liability.

Initial recognition of an asset or liability

22. Temporary differences may also appear when registering for the first time an asset or a liability, for example when a part or all of their value are not deductible for tax purposes. The method of accounting for such temporary difference depends on the nature of the transactions that produced the original registration of assets:

(a) In the case of a business combination, an entity recognized assets or deferred tax liabilities, and this affects the amount of goodwill or the amount of the excess cost of business combination on the participation of the acquirer Fair value of net assets, liabilities and contingent liabilities identifiable from the acquired entity (see paragraph 19).

(b) If the transaction affects the accounting or taxable profit, the company will proceed to recognize the assets or deferred tax liabilities and the corresponding income or expense for deferred tax, respectively, in the income statement (see paragraph 59).

(c) If the transaction is not a business combination, and affects neither the accounting nor taxable profit, the company could recognize the corresponding asset or deferred tax liability, provided that no exemption was given to that in paragraphs 15 and 24, and thus adjust the amount of an asset or a liability for the same amount. Such adjustments could return less transparent financial statements. Therefore, this rule does not allow companies to recognize the said assets or deferred tax liability, either at the time of initial registration or later (see the example that illustrates this paragraph). In addition, companies do not recognize either, as the redemption of assets, the following changes in the asset and the deferred tax liability that was not initially registered.

23. In accordance with IAS 32, Financial Instruments: disclosure and presentation, the issuer of a compound financial instrument (e.g. a convertible bond) will proceed to classify the liability component of the instrument as a financial liability, and as a component of capital A net worth. In some countries, the tax base of the liability component is equal to the amount in books of the sum of the components of liabilities and assets. The taxable temporary difference will appear at the record, right from the start, the liability component and the heritage of the instrument separately. Therefore, the exception set out in paragraph 15 (b) shall not apply. As a result, the enterprise recognizes the related deferred tax liability. According to paragraph 61, the deferred tax is charged directly to the amount of the equity component of the instrument in question. Similarly, according to paragraph 58, the following changes in the value of deferred tax liability will be recognized in the income statement as an expense (income) for deferred taxes.

Illustration of paragraph 22 (c)
One company plans to use a productive asset, whose cost has been 1,000, over its useful life of five years and then sell it at a price of zero. The tax rate is 40%. The depreciation of assets is not deductible for tax purposes. In making its sale, the capital gain is not taxed, and if losses would not be deductible.
As the company is recovering the amount of the asset, the company will get 1,000 taxable income and paid taxes by 400. The company has failed to recognize the related deferred tax liability in the amount of 400 because it is derived from the initial registration of the asset.
The following year, the amount of the asset will be 800. As you are getting the taxable income of 800, the company paid taxes worth 320. The company has not recognized the deferred tax liability of 320 because it is derived from the initial registration of the asset.

Deductible temporary differences

24. **Will recognize a deferred tax asset because of all deductible temporary differences, to the extent that it is probable that the entity has against future revenues to load these deductible temporary differences, except that the deferred tax asset appears Because of the initial recognition of an asset or liability in a transaction that:**

(a) is not a business combination, and that

(b) when conducting, or has not affected the outcome nor the accounting profit (loss) for tax purposes.

However, it should be recognized a deferred tax asset as set out in paragraph 44, for deductible temporary differences associated with investments in subsidiaries, branches and associates, as well as in joint ventures.

25. Behind the recognition of any liability is inherent in the expectation that the amount will be settled in future years, through an outflow of resources embodying economic benefits. When such resources effectively leaving the company, part or all of their amounts may be deductible in determining taxable profit in subsequent years to the recognition of liabilities. In such cases there will be a temporary difference between the carrying amount of the aforementioned liabilities and its tax base. In line with this, a deferred tax asset with respect to taxes on the profits that were recovered in subsequent years, whenever possible deduction of liabilities to determine the taxable profit. In a similar vein, if the amount of an asset is less than its tax base, the difference between the two amounts will give rise to a deferred tax asset with respect to taxes on the profits that were recovered in subsequent years.

Illustration of paragraph 25
A company recognizes an obligation for payment amounting to 100, resulting in the provision for guarantees of products sold. The amount of the provision endowed is not deductible for tax purposes until the company paid the relevant claims. The tax rate is 25%.
The foundation's tax liabilities created by the provision is null value (amount of 100 minus the amount that will be deductible for tax liabilities in respect of the exercises). To meet the provision, by its carrying amount, the company reduced its profit tax amounting to 100 and, consequently, reduced tax payments amounting to 25 (25% of 100). The difference between the amount of 100 and the tax base, which has a value of zero, is a deductible temporary difference amounting to 100. Therefore, the company recognized a deferred tax asset of 25 (25% of 100), where you should be able to obtain sufficient taxable profit in subsequent years as to achieve such a reduction in payments by the

tax.

26. The following examples reflect deductible temporary differences that produce deferred tax assets:

(a) the retirement benefit, which can be inferred to determine the accounting as they receive the services of employees, but you, cannot deduct for tax purposes until the company actually paid to the workers, or make the appropriate contributions to a fund that operates outside. In this case, there will be a temporary difference between the carrying amount of the liability and its tax base, that base will usually zero. This deductible temporary difference will emerge the deferred tax asset as the economic benefits of leaving the company in the form of a tax deduction when you pay the retirement benefits or contributions are made to the external fund;

(b) the research costs are treated as an expense in the period in which they occur to determine the outcome accountant, but his deduction for tax purposes cannot be permitted until a year later for the purposes of calculating the gain (loss) for tax purposes. The difference between the tax base of research spending, which is equal to the amount that the tax deduction allowed for future years, and its carrying amount, which is equal to zero, will be a deductible temporary difference that will lead to an asset deferred tax;

(c) the cost of a business combination will be distributed through the recognition of the identifiable assets acquired and liabilities assumed identifiable, as their fair values at the date of acquisition. When you recognize liabilities assumed at the time of acquisition, but the costs are not related tax deduction until a later period, there will be a deductible temporary difference that gives rise to a deferred tax asset. We also see a deferred tax asset when the fair value of identifiable assets acquired is less than its tax base. In both cases, the deferred tax asset arising affect the goodwill (see paragraph 66) and

(d) certain assets can be accounted for at fair value, or may not be revalued to make a similar adjustment for tax purposes (see paragraph 20). In this case, a deductible temporary difference, as long as the tax base of the asset exceeds its carrying amount.

27. The reversal of deductible temporary differences will, as its name suggests, to reductions in determining the taxable profit for subsequent years. However, the economic benefits in the form of reductions in tax payments, will arrive only if the company is able to obtain sufficient revenues to cover potential deductions. Therefore, the company will recognize deferred tax assets tax only if it is likely to have those benefits against future tax deductions by charging that temporary differences.

28. Will likely become available revenues, against those who bear the deductions for temporary differences, provided that there are differences in amounts sufficient taxable

temporary, related to the same taxation authority and referring to the same taxable entity, which is expected reversal:

(a) in the same fiscal year in which he is expected to revert the deductible temporary differences, or

(b) in exercises in which a tax loss, which arose by a deferred tax asset can be offset by gains earlier or later.

In such circumstances, it will recognize a deferred tax asset in the period in which the deductible temporary differences appear.

29. When the amount of taxable temporary differences related to the same taxation authority and referring to the same taxable entity, is insufficient, only recognize deferred tax assets as they would any of these assumptions:

    (a) if it is likely that the company will have sufficient revenues related to the same taxation authority and the same taxable entity, in the same year in which the reverse deductible temporary differences (or in the years in which the tax loss from a deferred tax asset can be offset by gains earlier or later). In assessing whether the company will have sufficient revenues in future periods, have been unaware of the taxable items that come from deductible temporary differences that are expected in future periods, since the deferred tax assets, which arise because of these deductible temporary differences require them to be future gains actually made, or

    (b) where the company has the ability to exploit opportunities for tax planning to create revenues in the exercises timed.

30. The opportunities for tax planning are actions that the company can take to create or increase revenues in a given year, before prescribing the ability to deduct a tax loss or credit for previous operations at the time. For example, some countries can be created or increased taxable profit through the following actions:

    (a) choosing the time of the taxation of financial income, either at the time they fall due or at the time of receipt;

    (b) deferring the exercise of the right of certain deductions from taxable profit;

    (c) selling, leasing and perhaps later with an option to purchase assets that have appreciated but whose tax base has not been subject to adjustments to reflect the rise in value, and

    (d) by selling an asset that generates no taxable profits (for example, in certain countries, the bonds issued by the state), to purchase other investments that generate taxable gain.

In the event that the opportunities for tax planning anticipate the taxable gain of a year later after another in time, the use of losses or tax credits for prior years even operations depend on the availability of future taxable profits, from sources other than those that may cause temporary differences in the future.

31. When the company has a history of recent losses, should consider the guidelines given in paragraphs 35 and 36.

32. [Deleted]

Initial recognition of an asset or liability

33. A display case where a deferred tax asset, after the initial recognition of an asset is when the government grant related to it is deducted from the cost to determine the amount of the asset in question, but it appears not to impact of calculating the depreciable tax (in other words, is part of the tax base). In this case the amount of the asset is less than its tax base, which will show a deductible temporary difference. Government grants may also be accounted for as deferred income, in which case the difference between the amount of deferred income and its tax base, which is zero, a temporary difference will be deductible. Whether one or another method that the company is taking to the accounting, never proceed to recognize deferred tax asset resulting, for reasons that were given in paragraph 22.

Losses and unused tax credits

34. **It should be recognized a deferred tax asset, provided that it can compensate with revenues from future periods, losses or unused tax credits so far, but only to the extent that it is likely the availability of future revenues, against whom bear such losses or unused tax credits.**

35. The criteria to be used for the recognition of deferred tax assets, which rise to the possibility of compensation for losses and unused tax credits, are the same as those used to recognize deferred tax assets arising from deductible temporary differences. However, the existence of unused tax losses can be an evidence to suspect that, in future, will not be available revenues. So when a company has in its recent record losses, will proceed to recognize a deferred tax asset or losses arising from unused tax credits only if you have a sufficient amount of taxable temporary differences, or whether there is any convincing evidence that there will in future of sufficient taxable profit Against that bear such losses or credits. In such circumstances, paragraph 82 requires disclosing the amount of deferred tax asset as well as the nature of the evidence which supported recognition of it.

36. In assessing the availability of revenues to load up against the losses or unused tax credits, the company will consider the following criteria:

(a) if the company has sufficient taxable temporary differences relating to the same taxation authority and referring to the same taxable entity, which may result in taxable amounts, sufficient to charge them against losses or unused tax credits, before the expiration of right of use;

(b) if the company is likely to make a profit before tax to be prescribed by law to compensate for the losses or unused tax credits;

(c) whether the unused tax losses have been caused by identifiable causes, that is unlikely to be repeated, and

(d) if the company provides opportunities prosecutors (see paragraph 30) that will generate revenues in the years in which losses or tax credits can be used.

To the extent that it is not likely to have revenues against the charge that the losses or unused tax credits, will not be to recognize deferred tax assets.

Reconsideration of deferred tax assets not recognized

37. At the end of each year, the company will proceed to reconsider the deferred tax assets that had not previously acknowledged. At that time, the company will proceed to record an asset of this nature, previously unrecognized, provided that it is probable that future taxable profit will allow the recovery of the deferred tax asset. For example, an improvement in the development of sales may make it more likely that the company is able to generate revenues in amounts sufficient to meet the criteria set out in paragraphs 24 or 34 for their recognition. Another example is when an enterprise to reconsider the deferred tax assets at the time of a business combination or thereafter (see paragraphs 67 and 68).

Investments in subsidiaries, branches and associates, and interests in joint ventures

38. Temporary differences appear when the carrying amount of financial investments in subsidiaries, branches and associated companies or participations in joint ventures (equal to the portion representing the investor's participation in the net assets of the subsidiary, branch or business partner Overall, even counting the carrying amount of goodwill) is different from its tax base (which often coincides with the cost). These differences may arise in a whole variety of circumstances, such as:

(a) the existence of undistributed earnings in subsidiaries, branches, associates or joint ventures;

(b) by the exchange, where the parent and its subsidiary are located in different countries;

(c) by a reduction in the carrying amount of investment in an associate, having fallen as a result of the recoverable amount of it.

The consolidated financial statements, the temporary difference can be different from the temporary difference recorded in the financial statements of the dominant, if it counted in its financial statements, the investment at cost or revalued its value.

39. **The company must recognize a deferred tax liability in all cases of taxable temporary differences associated with investments in subsidiaries, branches and associated companies, or in joint ventures, except it's making together the following two conditions:**

    (a) the dominant investor is able to control the timing of the reversal of temporary difference and

    (b) it is probable that the temporary difference not reverse in the foreseeable future.

40. As the dominant power to establish the dividend policy of its subsidiary, also will be able to control the timing of the reversal of temporary differences associated with the investment (which will include not only those temporary differences stemming from undistributed profits, but also those related to differences in conversion). In addition, they often could be very difficult to estimate the amount of taxes to pay when temporary differences reverse. Therefore, when the parent has estimated that these gains will not be subject to distribution in the foreseeable future, will not recognize a deferred tax liability. The same considerations apply in the case of branches.

41. The non-monetary assets and liabilities of an entity is valued in terms of their functional currency (see IAS 21 The Effects of Changes in exchange rates of foreign currencies). If the losses or gains tax of the entity (and therefore the tax base of their non-monetary assets and liabilities) are calculated in a currency other than the variations in the exchange rate will result in temporary differences, which occur on recognition of a liability or a deferred tax asset (in this case, under conditions established by paragraph 24). The resulting deferred tax is charged or credited to income for the year (see paragraph 58).

42. The company has invested in an associate does not control this company and usually not in a position to determine its dividend policy. Therefore, in the absence of an

agreement stipulating that the dividends of the associate will not be broken in the foreseeable future, the investing company will recognize a deferred tax liability born of taxable temporary differences relating to its investment in the partnership. In some cases, the investor may not be able to determine the amount of taxes they would have to pay if you recover the cost of its investment in an associate, but you can determine who will be at or above a minimum. In such cases, the deferred tax liability is measured by reference to that minimum.

43. Normally, the agreement between the parties to create a joint venture envisages the division of profits, and whether the decision establishes distribution requires the consent of all participants or a specified majority of them. When the participant can control the distribution of profits, and probably not be distributed dividends in the foreseeable future, need not recognize any deferred tax liability.

44. **The company must recognize a deferred tax asset for all temporary differences arising from investments in subsidiaries, branches and associated companies, or in joint ventures, only to the extent that:**

    (a) temporary differences will reverse in the foreseeable future, and

    (b) are expected to have revenues against which to load those temporary differences.

45. In deciding whether or not to recognize deferred tax assets, for temporary differences associated with its investments in subsidiaries, branches and associates, or with interests in and joint ventures, the company will consider the guidelines set out in paragraphs 28 to 31.

Poll

46. **Liabilities (assets) of current fiscal, and come from the exercise of this or previous years, must be measured by the amount that is expected to pay (to recover) from the tax authority, using the regulations and tax rates have been approved, or are about to be adopted at the balance sheet date.**

47. **The assets and liabilities for tax deferred long-term rates should be valued according to be applied in the years in which the assets are expected to perform or pay the liabilities, to the regulations and tax rates have been approved , Or are about to be adopted at the balance sheet date.**

48. The assets and tax liabilities, whether current or deferred long-term, is usually valued using the rules and rates that have been approved and are in force. However, in some countries, the official announcements of tax rates (and tax laws) have an effect similar to that of existing rules, which appear for a few months after the announcement. In such

circumstances, assets and tax liabilities are valued using the regulations and tax rates announced in advance.

49. In cases where different tax rates depending on the levels of taxable profit, assets and deferred tax liabilities are valued using the average rates are expected to apply, the gain or loss prosecutor, in the years in which wait to be reversing the corresponding differences.

50. [Deleted]

51. **The valuation of assets and deferred tax liabilities should reflect the tax consequences that would result from the manner in which the company expects the balance sheet date, to recover the carrying amount of its assets or liquidate the amount of its liabilities.**

52. In some countries, how the company will recover (liquidate) the amount of an asset (liability), may affect one or both of the following circumstances:

(a) the rate to apply when the company recovers (realize) the amount of the asset (liability) and

(b) the tax base of assets (liabilities).
In such cases, the company will proceed to value assets and deferred tax liabilities using the rate and the tax base that is consistent with how we expect to recover or pay the appropriate heading.

Example A

An asset is an amount of 100 and a tax base of 60. If the asset is sold, would apply to profits a rate of 20%, but if you get another of the same type of income, the applicable rate is 30%.
The company recognizes a deferred tax liability of 8 (20% of 40) whether they plan to sell assets without using it, and a deferred tax of 12 (30% of 40) whether they plan to conserve the assets and recover its value through the use.

Example B

An asset has cost 100, and is at present in an amount of 80 books, proceeding to practice on a revaluation this value reaching 150. This adjustment of the value does not have tax consequences. The accumulated depreciation for tax purposes is 30, and the

tax rate is 30%. If the asset was sold for a price higher than their cost, accumulated depreciation tax of 30 would be included in taxable profit, but the amounts received in excess of the cost would not be taxable.
The tax base of assets is 70 and there is a taxable temporary difference amounting to 80. If the company expects to recover the amount of the asset through its use, you must generate taxable income amounting to 150, but you can only deduct depreciation amounting to 70. Considering that this is the situation, there is a deferred tax liability amounting to 24 (30% of 80). Alternatively, if the company expects to recover the amount by the sale of assets amounting to 150, the deferred tax liability resulting COMPUTATION are as follows:

	Taxable Temporary Difference	Tax Rate	Deferred Tax Liability
Accumulated Depreciation Tax	30	30%	9
Net Income (less Cost)	50	Free	-
Total	80		9

(Note: In accordance with paragraph 61, the additional tax-deferred to appear on the revaluation will be charged directly against equity)

Example C

The situation is the example of B, but if the asset is sold for more than their original cost, accumulated depreciation will be included in taxable profit (at the rate of 30%), and the sales amount taxed at 40%, after deducting an inflation-adjusted cost of 110.
If the company expects to recover the amount of the asset through its use must generate taxable income amounting to 150, on which you can only deduct depreciation amounting to 70. Considering that this is the situation, the tax base is 70, there is a taxable temporary difference of 80 and a deferred tax liability 24 (30% of 80), as in the example B.

Alternatively, if the company expects to recover the amount by immediately selling the assets by 150, the company may deduct the adjusted cost of 110. Net gains tax of 40 taxed at 40%. In addition, the accumulated depreciation of 30 will be included in taxable profit and taxed at 30%. In this situation, the tax base is 80 (110 less 30), a taxable temporary difference of 70 and therefore a deferred tax liability of 25 (40% of 40 plus 30% of 30). If the value of the tax base is not evident in this example, it might be useful to review the fundamental principle set out in paragraph 10.

(Note: In accordance with paragraph 61, the additional tax-deferred which appears with the revaluation is charged directly against equity.

52A. In some jurisdictions, income tax is levied at a rate higher or lower, provided that all or a portion of net profit or retained earnings as dividends paid to shareholders of the company. In some other jurisdictions, income tax can be refunded or paid if all or a portion of net profit or retained earnings Cumulative paid as dividends to shareholders of the company. In such circumstances, assets and liabilities and deferred taxes are measured at the rate applicable to undistributed profits.

52B. In the circumstances described in paragraph 52A, the consequences of dividends in relation to income taxes are recognized when appropriate to recognize the liability for payment of dividends. The consequences of the tax on dividends are most directly related to transactions or past events that made distributions to owners. Therefore, these consequences of dividends in income taxes are recognized in net profit or loss for the year, as required in paragraph 58, except to the extent that the tax consequences of dividends arising from the circumstances described in paragraphs 58 (a) and (b).

Illustration of paragraphs 52A and 52B

The following example deals with the valuation of assets and liabilities for the tax, whether current or deferred, for a company in a jurisdiction where they are taxed at a higher rate undistributed earnings (50%), and is reimbursed a Part of the amount when the gains are distributed. The rate on distributed profits is 35%. In the balance sheet date, Dec. 31 20X1, the company has not recognized any liability for dividends proposed or declared after the balance sheet date, and therefore were not recognized dividend for the year 20X1. The taxable gain for 20X1 is 100,000. The net taxable temporary difference, for the year 20X1, is 40,000.

The company recognizes a liability for current tax, and a current expenditure for the same purpose, by 50,000. Is not recognized by any assets the amount potentially recoverable as a result of future dividends. The company also recognized a deferred tax liability and a deferred tax expense 20,000 (50% of 40,000), representing gains tax paid when the company recovers or pay the amount of its assets and liabilities, based at the rate of tax applicable to retained earnings.

Later, on March 15 20X2, the company recognized as a liability approximately 10,000 dividend from the profits of the previous operations.

On March 15 20X2, the company will recognize the recovery of income taxes 1,500 (15% of dividends recognized as a liability), which will be an asset for current taxes and lower spending by tax 20X2.

53. The assets and deferred tax liabilities should not be discounted.

54. A reliable assessment of the amount deducted from the assets and deferred tax liabilities would raise the timing of each temporary difference. In many cases this distribution is highly complex or impractical to perform. Therefore it is inappropriate to require discounting of the assets or deferred tax liabilities. The fact allow this discount, without demand, could lead to some figures on deferred taxes that were not comparable between companies. Therefore, this rule does not require, or permit, discounting the balances of assets and deferred tax liabilities.

55. Temporary differences are calculated by reference to the amount of the asset or liability. This applies even when the balance in question is determined by discounting, for example in the case of passive fund retirement benefits (see IAS 19, employee benefits).

56. **The amount of a deferred tax asset should be reviewed at each balance sheet date. The company must reduce the amount of the balance of the deferred tax asset to the extent that it deems likely to not have sufficient taxable profit in future to allow the same charge against all or a portion of the benefits that entails the active Taxes Deferred. This reduction should be reversed if the company recovers the expectation of future tax gain enough to be able to use the balances written off.**

Recognition of current taxes and deferred

57. Accounting for tax purposes, both in the current period as deferred to later periods of a particular transaction or economic event, it must be consistent with the accounting records of the transaction or event in question. Paragraphs 58 to 68c develop this principle.

Income statement

58. **The taxes, whether the current period as if they are delayed, should be recognized as income or expense, and included in the determination of net profit or loss for the year, except where such taxes have emerged:**

    (a) a transaction or economic event that has been recognized in the same year, charging or paying directly to equity (see paragraphs 61 to 65), or

    (b) a business combination (see paragraphs 66 to 68).

59. Most of the liabilities and the deferred tax assets will appear when revenues and expenditures, which are included in the accounting result of a year, are counted within the taxable profit in another. The corresponding deferred tax is recognized in the income statement. Examples of the above:

(a) ordinary income for interest, dividends or royalties that are received at the end of the periods to which they relate and are counted in the income statement in proportion to the time that has elapsed until closing, according to IAS 18, Income Ordinary, but are included in the profit or loss for tax if they are charged, and

(b) costs of intangible assets, which have been capitalized in accordance with IAS 38, intangible assets, and is written off afterwards, while deducted for tax purposes in the same year they are incurred.

60. The amount of assets and deferred tax liabilities can change, even when there is no change in the amount of temporary differences involved. This can happen, for example, as a result of:

(a) a change in rates or tax rules;

(b) are of the recoverability of deferred tax assets, or

(c) a change in the manner expected to recover the carrying amount of an asset.

The tax deferred, for these changes, will be recognized in the income statement except to the extent that it relates to items previously charged or credited directly to the accounts of net assets (see paragraph 63).

Items charged or credited directly to equity

61. Taxes on profits, whether the current period or deferred, must be charged or credited directly to equity if they relate to items that will lead directly to the accounts of shareholders' equity, either in the same year or at a different location.

62. The International Financial Reporting Standards require or allow certain items are charged or credited directly to equity. Examples of such items are:

(a) a change in the amount of books from the revaluation of property, plant and equipment (see IAS 16, property, plant and equipment);

(b) an adjustment to the opening balance of earnings from a change in accounting policy, which applies retroactively, or the correction of an error (see IAS 8 Accounting policies, changes in accounting estimates and errors)

(c) the exchange differences resulting from the conversion of the financial statements of a foreign operation (see IAS 21 The Effects of changes in exchange rates of foreign currencies); and

(d) the amounts arising from the initial recognition, in a compound financial instrument, component of net assets (see paragraph 23).

63. In some very exceptional circumstances can be difficult to determine the amount of taxes, whether the current period or deferred, which correspond to the items charged or credited directly to equity. This could be the case, for example, when:

(a) there is a progressive scale in income tax, and it is impossible to calculate the rate at which it has offered a specific component of the gain or loss for tax;

(b) a change in the rate of tax or other tax rule affects an asset or deferred tax liability relating, in whole or in part with an item that has been taken directly to equity, or

(c) determines that the company should recognize, or be given to low, their total amount, a deferred tax asset, if such an asset is related, in whole or in part with an item that has been taken directly to equity .

In such cases, the determination of the portion of the tax for the year and part deferred, which are related to items that have been charged or credited directly to equity, will be based on a reasonable proportion of current taxes and deferred by the entity in the corresponding country or in another method with which to achieve an appropriate under the circumstances.

64. IAS 16 Property, Plant and Equipment, does not specify whether the company should move every year since the revaluation reserve to retained earnings an amount equal to the difference between the depreciation or amortization of the revalued asset and the depreciation or amortization that had been practiced on the original cost of the asset. If the company makes this transfer, the same amount will be calculated net of any tax-deferred for him. Similar considerations apply to transfers made after the sale of an item of property, plant and equipment.

65. When an asset is revalued for tax purposes and that revaluation is related to another revaluation, only accounting is practiced in previous years, or one that is expected to perform at some later period, the fiscal effects of the revaluation adjustment in accounting procedures and The tax base will be debited or credited to equity in the exercises that takes place. However, if the upgrades with tax purposes not related to accounting revaluations practiced in the past, or other actions are expected to perform in the future, the fiscal effects of the adjustment of the tax base will be recognized in the income statement.

65A.When a company pays dividends to its shareholders, may be required to pay a portion of such dividends to the tax authorities on behalf of shareholders. In many jurisdictions, these amounts are known as withholding of taxes. Such amounts paid or payable to the tax authorities are charged to equity as part of the dividends.

Deferred tax arising from a business combination

66. As explained in paragraph 19 and paragraph (c) of paragraph 26, may be temporary differences in a business combination. According to IFRS 3 Business Combinations, an entity recognize deferred tax assets (if they meet the criteria for recognition in paragraph 24) or the deferred tax liabilities arising as identifiable assets and liabilities at the date of acquisition . Accordingly, these assets and deferred tax liabilities will affect the amount of goodwill, or in his case, the excess involving the participation of the acquiring in the fair value of net assets, liabilities and contingent liabilities of the acquired identifiable on the cost of the combination. However, in accordance with paragraph (a) of paragraph 15, the entity will not recognize deferred tax liabilities arising from the initial recognition of goodwill.

67. As a result of a business combination, the acquiring institution may consider the likely recovery of their own deferred tax assets that were not recognized prior to the combination. For example, the purchaser could use now the ability to deduct from their tax losses not used to fill future revenues of the acquiree. In these cases, the acquirer will recognize a deferred tax asset, but not as part of the accounting for the business combination, and therefore not taken into account in determining the goodwill or the excess that involves the participation of the acquiring in the fair value of net assets, liabilities and contingent liabilities of the acquired identifiable on the cost of the combination.

68. If the potential benefit of tax losses offset in the future, or other deferred tax assets did not meet the criteria imposed by IFRS 3 for recognition separately when they initially counted the combination, but was subsequently conducted, the acquiring institution recognize the corresponding income for the deferred tax on profit or loss. In addition, the purchaser:

(a) reduce the carrying amount of goodwill to the amount that would have recognized if it had counted the deferred tax asset as an identifiable asset from the date of acquisition, and

(b) recognizes the reduction in the carrying amount of goodwill as an expense. However, this procedure does not lead to the emergence of an excess of the acquiring institution's participation in the fair value of net assets, liabilities and contingent liabilities of the acquired identifiable on the cost of the combination, or increase the amount previously recognized for such excess.

Example

An entity acquired a subsidiary that was deductible temporary difference of 300. The tax rate at the time of the acquisition was 30%. The corresponding deferred tax asset of 90 was not recognized as an identifiable asset in determining the goodwill of 500 from the business combination. After 2 years following the combination, the entity believed likely that future taxable profit will be sufficient for the institution to regain all deductible temporary differences.

The entity recognizes a deferred tax asset of 90 (30% of 300) and the outcome of the exercise, a deferred tax income of 90. The entity will also reduce the carrying amount of goodwill amounting to 90, and will recognize an expense for this amount in profit or loss. Consequently, the cost of goodwill will be reduced to 410, which is the amount at which it would have been recognized if they also counted the deferred tax asset of 90 as an identifiable asset at the date of acquisition.

If the tax rate was increased to 40%, the entity would recognize a deferred tax asset of 120 (40% of 300), and the result of the exercise, a deferred tax income amounting to 120. If the tax rate had been reduced to 20%, the entity would recognize a deferred tax asset amounting to 60 (20% of 300) and a deferred tax income of 60. In both cases, the entity would also reduce the carrying amount of goodwill amounting to 90, and would recognize an expense for that amount in profit or loss.

Current and deferred tax arising from a transaction with payment based on actions

68A. In some jurisdictions, tax, the entity can get a tax deduction (i.e., an amount that is deductible in determining the tax base) associated with a remuneration paid in the form Shares in stock options or other equity instruments of the entity itself. The amount of the tax deduction could differ from the expense of pay associated accumulated, and could also arise in a later period. For example, in some jurisdictions, the entity could recognize an expense for the consumption of services from an employee in exchange for stock options, according to IFRS 2 Share-based payment, and receive no tax deduction up that stock options are exercised, so that the valuation of the tax deduction is based on the price of having the shares of the entity at the date of exercise.

68B. As with the costs of investigation, discussed in paragraphs 9 and paragraph (b) of paragraph 26 of this Standard, the difference between the tax base of services received from employees so far (which is the amount that tax authorities will allow as a deduction in future periods), and the amount of zero value, will be a deductible temporary difference that gives rise to a deferred tax asset. If the amount that the tax authorities allow deduction in future years is not known at the end of the year, to be estimated from information available at the end of the year. For example, if the amount to the tax authorities allow deduction in future years depends on the price of the shares of the entity at a future date, the valuation of the deductible temporary difference will be based on the price of the shares of the entity at the end of the exercise.

68C. As noted in paragraph 68A, the amount of the tax deduction (or estimated future tax deduction, valued in accordance with paragraph 68B) could differ from the corresponding expense for accrued wages. Paragraph 58 of the Standard requires that current taxes are deferred and recognized as income or expense, and are included in profit or loss, and except to the extent that they come from (a) a transaction or event that is recognized, in the same or a different period, directly in equity, or (b) of a business combination. If the amount of the tax deduction (or estimated future tax deduction) exceeds the amount of wages earned by corresponding spending, this would indicate that the tax deduction relates not only to expenditure on salaries, but also with a net worth. In this scenario, the excess of current or deferred tax partner will be recognized directly in equity.

Presentation

Assets and tax liabilities

69. **[Deleted]**

70. **[Deleted]**

Compensation items

71. **An enterprise should offset the tax assets and tax liabilities if, and only if, the entity:**

(a) have a legally recognized right to offset against the tax authority the amounts recognized in these items, and

(b) intends to liquidate the debts resulting net, or perform simultaneously liquidate assets and debts that has compensated for them.

72. Although the assets and liabilities of tax is assessed and recognized separately, they can offset the balance sheet with the same criteria as for financial instruments in IAS 32, Financial Instruments: disclosure and presentation. A company will normally a legally recognized right to offset current tax assets to current liabilities of the same nature when they relate to income taxes for the same fiscal authority, and this enables the company to pay or receive a alone amount to reverse the situation existing net.

73. The consolidated financial statements, an active fiscal nature of current in a company shall be compensated by a current tax liability of another group company if, and only if, businesses concerned have legally recognized the right to receive or pay a single amount to reverse the situation net in the event that such enterprises have the intention to make or receive such net payment or retrieve the asset and pay simultaneously liabilities.

74. **An enterprise should offset deferred tax assets with deferred tax liabilities if, and only if:**

(a) is legally recognized the right of offset, as opposed to the tax authority, the amounts recognized in these items, and

(b) deferred tax assets and deferred tax liabilities arising from income taxes for the same fiscal authority, which fall on:

(i) the same entity or subject prosecutor, or

(ii) or different entities subject to tax purposes that seek to either liquidate the assets and liabilities for its current fiscal net amount, either make the assets and pay the liabilities simultaneously in each of the years in the future that is expected liquidate or recover significant amounts of assets or liabilities for deferred taxes.

75. To avoid the need for a detailed timetable for the moments at which each temporary difference will revert, this standard requires companies to compensate for assets and deferred tax liabilities of the same entity or subject tax if, and only if, it was relate to income taxes for the same tax administration, as long as the company has legally recognized the right to offset the current deferred tax assets, with current liabilities of the same nature.

76. In some circumstances, very rare in practice, the company may have legally recognized the right of offset, and the intention to settle on a net tax debts of certain exercises, but not others. In these very special cases, may require a detailed time schedule to determine if the deferred tax liability, or an entity subject to tax, will result in an increase in payments for taxes, in the same year in which a deferred tax asset of prosecutor or other entity subject will produce a decrease in payments for this fiscal second entity.

Spending by income tax

Expense (income) income tax on the gain or loss from ordinary activities

77. **The amount of the expense (income) tax on the gain or loss from ordinary activities to be displayed in the main body of the income statement.**

Exchange differences on the assets or deferred tax liabilities in foreign currency

78. IAS 21, Effects of Changes in Exchange Rate of Foreign Currency, requires the recognition as income or expense of certain exchange differences, but does not specify whether such differences are to be presented in the income statement. Accordingly, when the exchange differences in the assets and foreign deferred tax liabilities are recognized in the income statement, such differences can be presented as separate expenses or income tax on the profits, if you consider that this presentation is more useful for users of financial statements.

Information Disclosure

79. **The major components of the expense (income) income tax must be disclosed separately in the financial statements.**

80. The components of the expense (income) income tax may include:

(a) the expense (income) stream, and therefore for the present financial year, for the tax;

(b) any adjustment of current taxes this year or earlier;

(c) the amount of the expense (income) for deferred taxes related to the birth and reversal of temporary differences;

(d) the amount of the expense (income) for deferred taxes related to changes in tax rates or the emergence of new taxes;

(e) the amount of the benefits of tax losses from tax, tax credits or temporary differences not recognized in prior periods, which have been used to reduce the tax expense this year;

(f) the amount of the benefits of a fiscal nature, from tax losses, tax credits or temporary differences not recognized in prior periods, which have been used to reduce deferred tax;

(g) deferred tax arising from the low, low or reversal of previous stock of deferred tax assets, as set out in paragraph 56; and

(h) the amount of the expense (income) tax, related to changes in accounting policies and mistakes, which is included in determining the outcome of the exercise, in accordance with IAS 8 Accounting policies, changes in Estimates and errors because it could not be accounted for retrospectively.

81. **The following information must be disclosed, separately, within the financial information of the company:**

(a) the total amount of taxes, current or deferred, relating to items charged or credited directly to the accounts of net assets in the period;

(b) [repealed]

(c) an explanation of the relationship between spending (income) tax and accounting, in one of the following forms, or both at once:

(i) a reconciliation between the numerical expense (income) tax and the result of multiplying the result by the accounting rate or rates of tax applicable, specifying the manner of computing the applicable rates used, or

(ii) a reconciliation between the numerical average cash and the tax rate applicable, specifying the manner of computing the applicable rate used;

(d) an explanation of the changes in the rate or rates applied, compared with the previous year;

(e) the effective date and, if they had, any deductible temporary differences, losses or tax credits for which they are not recognized deferred tax assets on the balance sheet;

(f) the total number of temporary differences relating to investments in subsidiaries, branches and associated companies, or in joint ventures, for which they were not recognized on the balance sheet deferred tax liabilities (see paragraph 39);

(g) for each type of temporary difference, and for each type of loss or unused tax credits:

(i) the amount of assets and deferred tax liabilities recognized in the balance sheet for each of the years reported;

(ii) the amount of expenses or income deferred tax recognized in the income statement, if it is not apparent from the changes recognized in the balance;

(h) with respect to discontinued operations, the tax expense on:

(i) the loss or gain derived from the final interruption, and

(ii) the loss or gain on ordinary activities, as the farm has provided definitive interruption in the exercise, together with the corresponding amounts for each period reported, and

(i) the amount of the impact on income tax to dividends that have been proposed or declared to shareholders of the company, prior to the financial statements have been made but have not been recognized as liabilities within the financial statements.

82. **The company must disclose the amount of deferred tax asset as well as the nature of the evidence that supports its recognition, when:**

(a) the realization of the deferred tax asset is dependent on future earnings, above the gains arising from the reversal of existing taxable temporary differences, and

(b) the company has experienced a loss, either in the current year or in the above, in a country with which relates the deferred tax asset.

82A. In the circumstances described in paragraph 52A, a company must disclose the nature of the potential consequences that might occur in income tax, in the event that dividends paid to shareholders. In addition, the company must disclose the amount of the potential consequences, it is practicable to determine, in income tax, and if there are other potential consequences that it is not practicable to determine.

83. [Deleted]

84. The disclosures required by paragraph 81 (c), will enable users of financial statements to understand whether the relationship between spending (income) tax and accounting is out of the ordinary, as well as understand the significant factors that might affect this relationship in the future. The relationship between spending (income) tax and accounting may be affected by factors such as ordinary income exempt from taxation, the expenses are not deductible in determining the gain or loss for tax, the effect of tax losses or of the potential tax rates incurred abroad.

85. In explaining the relationship between spending (income) taxes and accounting, the company will use the tax rate applicable to provide more meaningful information for users of its financial statements. Very often, the most significant is the nominal rate of the country in which the company is domiciled, adding the rate applied to national taxes associated with any local taxes, which are calculated on a level of earnings or losses. However, for a company that operates in different countries or tax authorities, may be more meaningful to add reconciliations made separately by using the national rates of individual countries. The example illustrates how prepared to effect the filing of the numerical may be affected by the applicable tax rate.

86. The average rate is equal to the cash expense (income) tax on the profits divided between the accounting results.

87. Often, it may be impracticable to compute the amount of deferred tax liabilities arising from investments in subsidiaries, branches and associated companies or participations in joint ventures (see paragraph 39). Therefore, this standard requires the company to disclose information about the underlying temporary differences, but not on the deferred tax liabilities related. However, wherever possible, advises companies that also reveal information about the amounts of deferred tax liabilities are not recognized, since users of financial statements may find this information useful.

87A. Paragraph 82A requires the company to disclose the nature of the potential consequences, in income tax, may occur in the event that pay dividends to its shareholders. The company will disclose the important features of the tax system on earnings and the factors likely to affect the amount of the potential consequences of payment of dividends on income tax.

87B. Sometimes, it may not be practicable to calculate the total amount of the potential consequences on the tax, will have to pay dividends to shareholders. This could be the case, for example, for a company with a large number of foreign subsidiaries. However, even in such circumstances, some portions of the total amount can be easily identifiable. For example, in a consolidated group, the parent and any of its subsidiaries may have paid income taxes at a higher rate because they no longer undistributed profits, and be aware of the amounts that they could be reimbursed in the event of payment dividend to shareholders in the future, from the consolidated retained earnings. In this case, disclosed the amount of reimbursement. Where applicable, the company also disclosed that there are additional potential consequences, in income tax, which cannot be determined. In the separate financial statements of the parent, if any, revelations of their potential impact on the income tax will be related to the retained earnings of its own dominance.

87C. A company responsible for providing the information in paragraph 82A may also be required to provide other information related to temporary differences that are associated with its investments in subsidiaries, branches and associated companies or in joint ventures. In such cases, the company will consider this to determine what information to disclose as set out in paragraph 82A. For example, a company may be forced to disclose the total amount of temporary differences associated with investments in subsidiaries, for which were not recognized deferred tax liabilities (see paragraph 81.f). If it was not practicable to the computation of the amount of deferred tax liabilities (see paragraph 87), there may be amounts, related to the dependent and associated with the potential consequences of dividend, which is also not practicable to determine.

88. The company will reveal information about any contingent assets and contingent liabilities related to taxes in accordance with IAS 37, Provisions, contingent liabilities and contingent assets. May appear contingent assets and contingent liabilities, for example, from unresolved disputes with the tax authorities. Similarly, in the case have been adopted or announced tax laws, or simply changes in tax rates, after the balance sheet date, the company will reveal information about any significant impact that such changes will pose on their assets and tax liabilities, whether current or delayed-type (see IAS 10, events after the balance sheet date).

Illustration of paragraph 85
In 19X2, the company has had an income before tax, in its own country (country A) 1,500 (was 2,000 in 19x1) and in country B by 1500 (in 19x1, 500). The tax rate is 30% in country A and 20% in country B. In country A costs have been taken, which are not tax deductible, amounting to 100 (19x1 200).

Following is an example of conciliation with the national rate.

	19x1	19X2
Book income	2.500	3.000
Taxes to the national rate (30%)	750	900
Effect of expenses are not deductible for tax	60	30
Effect of lower rates in country B	(50)	(150)
Spending by the tax	760	780

Following is an example of reconciliation, prepared by aggregation of reconciliations separated from each country. In this method, the effect of differences between the tax rate in the country of the company and the tax rate in the other country does not appear as separate information in the state. The company may need to discuss the effect of the significant changes, either in tax rates or the mixture of gains in the different countries in order to explain the changes in the rate or rates applied, as required under paragraph 81 (d).

Book income	2.500	3.000
Taxes at rates applicable to profits	700	750

in each country		
Effect of expenses that are not tax	60	30
Spending by the tax	760	780

Effective Date

89. **The International Accounting Standard is effective for financial statements covering periods beginning on or after January 1, 1998, except as specified in paragraph 91. If an enterprise applies this standard in financial statements covering periods beginning before January 1, 1998, is required to disclose the fact that the same applies as provided in this rule, instead of the old IAS 12, accounting for taxes on Earnings, adopted in 1979.**

90. The Standard supersedes IAS 12, accounting for income taxes adopted in 1979.

91. **Paragraphs 52A, 52B, 65A, 81 (i), 82A, 87A, 87B and 87C, and the elimination of paragraphs 3 and 50, will be effective for financial statements anuales3 covering periods beginning on or after January 1, 2001. The early application is advised. If the early adoption affects the financial statements, the company must disclose that fact.**