

Exposure Draft

Limited revisions to Accounting Standard 22

Accounting for Taxes on Income

(Last date for Comments: October 10, 2012)



Issued by
Accounting Standards Board

The Institute of Chartered Accountants of India

Exposure Draft

Limited revisions to Accounting Standard 22: *Accounting for Taxes on Income*

The following is the Exposure Draft of the limited revisions to Accounting Standard (AS) 22, *Accounting for Taxes on Income*. The limited revisions are proposed primarily to synchronise the presentation requirements of AS 22, with the presentation requirements prescribed under revised Schedule VI notified under the Companies Act, 1956. As the earlier, Schedule VI to the Companies Act, 1956 was silent regarding the presentation of deferred tax assets and deferred tax liabilities, an Explanation has been provided to paragraph 30 of AS 22 prescribing the presentation of deferred tax assets and liabilities. Since Part I of revised Schedule VI to the Companies Act, 1956 specifically provides for the presentation of deferred tax assets and deferred tax liabilities, which is inconsistent with the Explanation to paragraph 30 of AS 22, it is proposed to amend the Explanation to paragraph 30 of AS 22.

The changes made in the Standard are indicated in track-changes mode.

The Board invites comments on any aspect of this Exposure Draft. Comments are most helpful if they contain a clear rationale and, where applicable, provide a suggestion for alternative wording.

Comments should be submitted in writing to the Secretary, Accounting Standards Board, The Institute of Chartered Accountants of India, ICAI Bhawan, Post Box No. 7100, Indraprastha Marg, New Delhi – 110 002, so as to be received not later than October 10, 2012. Comments can also be sent by e-mail at edcommentsasb@icai.org or asb@icai.org.

Explanation to paragraph 30 is amended. New text is underlined and deleted text is struck-through.
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30. ***Deferred tax assets and liabilities should be distinguished from assets and liabilities representing current tax for the period. Deferred tax assets and liabilities should be disclosed under a separate heading in the balance sheet of the enterprise, separately from current assets and current liabilities.***

Explanation:

In the case of companies, ~~d~~Deferred tax assets (net of the deferred tax liabilities, if any, in accordance with paragraph 29) is disclosed on the face of the balance sheet separately under the head “Non-current Assets” after the subhead ‘Investments’ ‘Non-current investments’ and deferred tax liabilities (net of the deferred tax assets, if any, in accordance with paragraph 29) is disclosed on the face of the balance sheet separately under the head ‘Non-current Liabilities’ after the subhead ‘Unsecured Loans’ ‘Long-term borrowings’.