

Tax accounting retrospective

July to December 2013

January 2014

Exploring tax accounting issues impacting your company

Highlights

*Explore and read
more about this
issue's highlights:*

- *Accounting for
Income Taxes: 2013
Year-end Hot
Topics*
- *Income tax
disclosure*
- *10Minutes on
transforming the
tax function*
- *Patent box and
technology
incentives: Tax and
financial reporting
considerations*

As part of our continued effort to help organizations navigate through the complexity of today's tax accounting issues, we've assembled a compilation of our Tax Accounting Services' publications released between July 2013 and December 2013.

A brief summary of the publications and links to the relevant documents are included for each topic.

December 2013

Accounting for income taxes: 2013 year-end hot topics

Calendar year 2013 has seen considerable activity across the global legislative and regulatory landscapes. There have been changes to tax laws in several key territories with certain legislative trends having a significant impact on income tax accounting. These developments, combined with an environment of economic uncertainty, have added to the challenges in accounting for income taxes. Topics covered in this publication are as follows:

- Tax law developments
- SEC comment letters
- Standard setting
- Uncertain tax positions
- Valuation allowances
- Indefinite reinvestment assertions
- Foreign currency
- Business combinations and disposals
- Intraperiod tax allocation
- Tax credits and incentives
- Presentation and disclosure

[Read](#) the full story.



Tax accounting retrospective

Income tax disclosure

Users of financial statements continue to emphasize the importance of informative, decision useful disclosures. Numerous income tax accounting matters require the use of estimates, judgments, and other subjective information. Clarifying disclosures can enable users to gain a better understanding of the reporting entity's income tax environment. [Read](#) the full story.

FAF completes review of accounting for income taxes

The Financial Accounting Foundation (FAF) completed its post-implementation review (PIR) of Financial Accounting Standards Board (FASB) Statement No. 109, Accounting for Income Taxes (FAS 109). The FAF concluded that FAS 109 adequately achieved its intended purposes, although the complexity associated with accounting for income taxes has not been reduced. Additionally, the FAF concluded that FAS 109 generally provides investors with decision-useful information noting, however, that investors struggle to assess cash tax effects and find it difficult to understand the potential tax costs associated with foreign earnings considered to be indefinitely reinvested. The FAF further indicated that preparers have difficulty with 'intrapariod tax allocation,' accounting for intercompany transfers of assets, and indefinitely reinvested foreign earnings.

The FASB subsequently released its response to the FAF's report on FAS 109. The FASB indicated that it will follow-up on areas of concern noted in the report by seeking input from financial statement users, preparers,

auditors, and others. [Read](#) the full story.

Global Tax Accounting Services Newsletter (July to September 2013)

In this release we discuss a variety of accounting and regulatory updates. We also draw your attention to some significant tax law and tax rate changes during the quarter ended September 30, 2013, as well as a tax accounting refresher detailing key tax accounting considerations for mergers and acquisition transactions. [Read](#) the full story.

November 2013

10Minutes on transforming the tax function

In this publication, we discuss how the tax function is often overlooked as an area for improvement, unlike more obvious choices such as supply chain or business services. A detailed assessment of a company's tax group can reveal untapped opportunities where changes in technology, process, people, and data can lead to benefits for the broader business. [Read](#) the full story.

October 2013

Tax holidays and other incentives: determining the right accounting model

To incentivize foreign direct investment and economic development, governments have provided relief from income taxation in increasingly creative

ways. In addition to offering the traditional full tax holiday for a specified time period, governments now also provide reduced tax rates, exemptions, and similar special deductions. Some of these benefits are generally available to any enterprise operating in the jurisdiction while others require application or qualification procedures.

Determining whether these government tax incentives are tax holidays for accounting purposes, or whether they should receive some other income tax accounting treatment, can be a challenge. In some cases, the incentives may represent government grants or subsidies that fall outside of income tax accounting.

This Tax Accounting Insight provides a comparison of the potentially relevant accounting models and highlights some of the factors to consider in determining which model applies. [Read](#) the full story.

September 2013

Global Tax Accounting Services Newsletter (April to June 2013)

In this release, we discuss a variety of accounting and reporting developments and their related tax accounting considerations (e.g., revised exposure draft on leases, tax transparency and country-by-country reporting). We also draw your attention to significant tax law and tax rate changes during the quarter ended June 30, 2013.

This issue's tax accounting refresher walks through some of the key considerations and complexities in accounting for tax incentives. [Read](#) the full story.

Tax accounting retrospective

August 2013

Patent box and technology incentives: Tax and financial reporting considerations

Business expansion and transformation resulting from technological advances has increased the competition between governments in their efforts to attract research investments through the use of tax subsidies. The historic governmental trend of providing incentives for front-end expenditures has evolved toward using income-based incentives such as patent box regimes. Depending on the terms and operation of each specific incentive, varying financial reporting impacts may occur.

It's more important than ever for companies to understand and regularly assess financial accounting treatment for credits and incentives in order to ensure timely identification, reporting, and disclosure of such benefits. Financial reporting considerations are being given increased attention by policymakers in the design of tax law incentives, which may become apparent in the context of future US tax reform proposals. [Read](#) the full story.

July 2013

Revised exposure draft on leases may have significant tax accounting, state tax, and systems implications

The FASB and the International Accounting Standards Board (IASB) issued a revised exposure draft on leases. The May 16 exposure draft attempts to address criticisms of the 2010 exposure draft while meeting the key objective of recognizing leased assets and liabilities on the balance sheet. [Read](#) the full story.

Additional resources

Check out a comprehensive library of our tax accounting thought leadership or visit:

www.pwc.com/us/en/tax-accounting-services/newsletters/tax-accounting/index.jhtml

PwC Guides to Accounting, including [Accounting for Income Taxes](#), are available through:

- [CFODirect](#)
- [Comperio](#)

Tax accounting retrospective

Let's talk

For questions about income tax accounting matters, please contact your local PwC team, our Tax Accounting Services leaders listed below, or the primary authors of each publication.

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