

# Deferred Taxes



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## **Training objectives**

It is intended to:

- Study out the concept and technique of deferred taxes calculation in Separate Financial Statements under IFRS requirements,
- Understand the sense of deferred taxes balance method of calculation and to master this method,
- Get into the terminology and to understand the logic of the source of reference (i.e. IFRS 12),
- Perform case studies that involve various complicated issues of deferred taxes calculation and recognition in Separate Financial Statements,
- Study out the deferred taxes principle of calculation at consolidated Financial Statements level,
- Perform case studies that involve various complicated issues of deferred taxes calculation and recognition in the Group Financial Statements,
- Compare the requirements for deferred taxes accounting under Accounting Statute 18/02 and IAS 12,
- Perform deferred taxes calculation under IFRS requirements for the purposes of Financial Statements (at restatement/transformation of Financial Statements from the Russian Accounting Standards in the event that there is a Russian deferred tax and permanent differences from conversion of Russian system of accounting to the financial reporting under IFRS),
- Consider the expected changes in approaches to the deferred taxes concept within the framework of IFRSs and GAAP USA convergence project.

## **Training audience**

Training has been developed for the specialists having basic knowledge of deferred taxes and actively working with the issues of deferred taxes at the level of Russian Accounting Standards and IFRS or GAAP USA.

## **Trainees acquired skills and abilities**

Trainees will be able to:

- Perform and check the deferred tax calculation for purposes of financial statements preparation under IFRS requirements regarding separate and consolidated financial statements,
- Use the source of reference (IAS 12) working at the complicated practical issues, and to track further changes in regulatory documents.

## Contents of Training

**Day 1: 09:30 – 17:30**

### ***1. Come together***

- Introduction of participants to one another, getting acquainted with the instructor, review of training topics and methods of working;
- Solving of introductory (warming-up) test  
*Expected time: 30 minutes*

### ***2. Concept and approaches to deferred taxes recognition***

- Deferral method and liability method under Generally Accepted Accounting Principles and under the Balance Sheet
- Deferred tax “behavior” within the time slice under various scenarios
- Taxable base: approach under IAS 12 requirements
- Formulas for calculating the taxable base of assets or liabilities; case studies
- Permanent differences: approach under IAS 12 requirements
- Examples of deferred tax balance calculation and this balance recovery
- Summary example of deferred tax calculation and reconciliation under IAS 12 in the ordinary financial statements for 2 years (including permanent differences)
- Deferred tax calculation at financial statements transformation from one accounting system to another (for example, under IFRSs requirements)  
*Expected time: 4,5 часа*

Coffee-break (15 min) and lunch (1 hour) inside the session. Coffee-break (15 min) before the next session.

### ***3. Complicated issues of measurement and recognition of deferred taxes in Separate Financial Statements (each topic followed by a case study)***

- I. Deferred tax assets recognition
  - i Specifics of deferred tax assets recognition resulted from tax losses
- II. Exemption at initial recognition  
*Expected time: 1 hour*

**Day 2: 09:30 – 17:30**

**4. *Complicated issues of measurement and recognition of deferred taxes in Separate Financial Statements (each topic followed by a case study) – Continued***

III. Taxes deferred in equity and such taxes discharge (by the example of combined financial instruments)

IV. Deferred taxes depending from the method of refund (SIC-21)

V. Change of the taxable status (SIC-25)

VI. Unclassified tax positions in GAAP USA (FASB FIN 48 2007)  
*Expected time: 2 hours*

Coffee-break (15 min) inside the session.

**5. *Deferred taxes in the Group Financial Statements***

- Principles of deferred taxes recognition by the Group
- Deferred tax from the fair value adjustments
  - i. Deferred tax and Goodwill
  - ii. “First day impairment”
- Deferred tax at intercompany transactions (sales)
- Deferred tax on retained profit of subsidiaries and associates
- Different rates of tax on income in the Group reporting
  
- Summary example of deferred tax calculation for the Group financial statements (subsidiary and associate company – performing of consolidation adjustments and attributing of the adjustment results to deferred taxes)

*Expected time: 3,5 часа*

Lunch from 13:00 to 14:00 and coffee-break (15 min) inside the session.

**6. *Expected amendments to IAS 12 for purposes of convergence with GAAP USA (presumably become operative since 2010)***

- Definitions of taxable bases
- Initial recognition
- Methods of assets refunding
- Translating adjustments
- Separation of deferred tax assets and deferred tax liabilities for short-term and long-term ones

*Expected time: 30 minutes*