

**public sector accounting handbook
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HIGHLIGHT SUMMARY

(Note: New Handbook material or changes in existing material are identified in each HANDBOOK REVISIONS RELEASE.)

Tax revenue, Section PS 3510

This new Section establishes recognition, measurement, presentation and disclosure standards relating to tax revenue reported in financial statements.

The main features of the new Section are as follows:

- Tax revenue should be grossed up for transfers made through the tax system.
- Tax revenue should not be grossed up for the amount of tax concessions (that are often referred to as tax expenditures.)
- Tax revenue should be recognized when it is authorized and the taxable event occurs.
- Tax revenue should be recognized by the government that imposes the tax except in flow-through arrangements.
- Guidance is provided for identifying and distinguishing between tax concessions and transfers made though a tax system.

The Section applies to fiscal years beginning on or after April 1, 2012. Earlier adoption is encouraged.

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