INCOME TAXES (IAS 12).

- Income tax This include all domestic and foreign taxes which are based on taxable profit.
- **Deferred Tax-**This is the tax payable in the future which arises as a result of taxable temporary differences.
- Temporary Difference-Is the difference between the carrying amount and the tax base of an asset or liability.
- Tax Base-Is the amount attributable to an asset or liability for the tax purposes.
- Taxable temporary Differences-This are temporary differences that will result in deferred tax liability.
- **Deductible temporary Differences-**This are temporary differences that will result in deferred tax asset.
- **Deferred tax liability**-these are amount of income taxes payable in future period in respect of taxable temporary difference.
- **Deferred tax asset**-these are amount of income taxes recoverable in future period in respect of deductible temporary difference.

Basis of measuring for current tax and deferred tax.

- > Tax expense for the period is made up of two elements:
 - Current tax
 - Deferred tax.
- Current tax is the tax for the period based on the taxable profit for the year ie (gross income-allowable expenses).
- Deferred tax on the other hand arises as a result of temporary differences. Increase in deferred tax is an expense which increases the tax liability for the year while a decrease in deferred tax is an income hence reducing the tax liability for the period.

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	"deductable te	imporung difference.	(His a till a part	(4 mks)
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	2010	900,000	30% on	cost
	2011	950,000	20% on	COST
With I	2012	850,000		cost
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	Required			- 100 E
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APRIL 2022 Q 56

Details	Comjuy	Tax	Temporerry
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PPE	3050	2750	300
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	in a fire of the		510

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	<i>J</i>		y der operat general rest generaliste in helle, hen enthancies have former or went from the second	Reuchlection genr	272 (pp=(30&x150) 45
	Balance ci		153		
			317		317

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Borrowing a	25 <u>†</u>	2000 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		
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///////////////////////////////////////		project A	project	<u>~B.</u>
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was 9%.		0	10 170 1	
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)		project A	in hyddair	presect-B
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	Computation of barrowing e	cost	18/67
*	Manager St. Market St. Committee St.	in the second second	Mart / Lawy
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		storage facili	
76 12	100,000 X 10.8 % X 1/2 = 5400	60,000 x 6 %x 9/12	= 2700
0) 9,			The state of the state
	10 Dec 2020	100	2 0W
٠.	175,000 x 10.88 x 6/2= 9450	,)	UNIGONY PER
64	Burrocully cost to capitalize 14 850	Market Contraction	2700
(m/m +	J	21 90 10 10	
(11)	Value of the Asset	<u> </u>	105-16
-		point plant	stereige facility
See all approved the separate party and approved the separate	Cost of construction.	175,000	601000
4 4100	Burrowing east	14 850	2700
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