Oracle® Hyperion Tax Provision

User's Guide

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Documentation Accessibility ........................................................... 5

Chapter 1. About Tax Provision .......................................................... 7
  Overview ........................................................................ 7
  Tax Provision Process ........................................................ 8
  User Roles .................................................................... 9
  Data Forms .................................................................... 10

Chapter 2. National Tax Process ........................................................ 13
  Tax Rates ........................................................................ 13
  Consolidated Tax Rate ..................................................... 14
  Tax Automation .............................................................. 15
  Current Provision ............................................................ 15
    Net Income Before Tax .................................................. 16
    Permanent and Temporary Differences ................................ 16
    Deductible Regional/Other Taxes ..................................... 17
    Tax Losses .................................................................. 17
    Tax Credits .................................................................. 17
    Additional Provision Items ............................................. 18
  Tax Losses ..................................................................... 19
  Tax Credits ..................................................................... 19
  Acquisitions .................................................................... 20
  Temporary Differences ........................................................ 20
  Deferred Tax .................................................................... 23
  Statutory and Consolidated Effective Tax Rate (ETR) ................. 26
  Tax Account RollForward (TAR) ........................................... 26
  Tax Basis Balance Sheet .................................................... 29
  Return to Accrual ............................................................. 29
  Supplemental Schedule - Balance Sheet Adjustments .................. 30
  Supplemental Schedule - Fines and Penalties .......................... 31

Chapter 3. Regional Tax Process ........................................................ 33
  Current Provision Regional .................................................. 33
    Net Income Before Tax .................................................. 34
    Permanent and Temporary Differences ............................. 35
    Deductible Regional/Other Taxes and Reversal ..................... 35
    Tax Losses .................................................................. 36
    Tax Credits .................................................................. 36
    Additional Provision Items ............................................. 36
Acquisitions Regional .................................................. 37
Temporary Differences Regional ................................. 37
Deferred Tax Regional ................................................ 40
Statutory Effective Tax Rate (ETR) Regional .................. 42
Jurisdictional Netting ................................................. 43
Return to Accrual Regional ........................................... 43

Chapter 4. IFRS Tax Process ........................................... 45
Book versus Tax Schedules ........................................... 45
Tax in Equity ........................................................ 46
Tax Risk Provision .................................................... 47
Deferred Tax Not Recognized ...................................... 47

Chapter 5. Journal Entry and Tax Footnote Process ........ 49
Journal Entry ........................................................ 49
Tax Footnote ........................................................ 50
Tax Account Navigation ............................................. 54

Chapter 6. Tax Provision Custom Screens ....................... 57
Custom Properties Custom Screen ............................... 57
Entity Properties ...................................................... 58
Permanent Account Properties ..................................... 58
Temporary Account Properties ..................................... 59
Jurisdiction Properties .............................................. 60
Tax Automation ........................................................ 61
Validations ............................................................ 61

Glossary .................................................................... 63

Index ....................................................................... 65
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This guide is designed for tax staff whose role is using the Oracle Hyperion Tax Provision application.

This guide assumes that users are already familiar with accounting for income tax under a basis of accounts (for example, US GAAP ASC740 or IFRS IAS12). Users should also be familiar with the Oracle Hyperion Financial Close Suite products: Oracle Hyperion Financial Management (HFM), Oracle Hyperion Financial Reporting (FR), and Oracle Hyperion Smart View for Office.

This guide focuses on how to use the Tax Provision application. For information regarding system setup and implementation, see the *Oracle Hyperion Tax Provision Administrator’s Guide*. Also, refer to the relevant sections of the individual product administrator and user guides for further information related to the Financial Close Suite products.

**Overview**

Tax Provision calculates your company’s global tax provision, effective tax rate, and deferred tax for tax provisioning purposes. The application is designed to comply with the standards for accounting for income taxes under US GAAP ASC740 and IFRS IAS12.

Tax Provision may use the same platform as your corporate close process and therefore may be directly integrated utilizing the same metadata. As one solution, consolidated pretax income can be reported by legal entity to calculate the consolidated income tax provision. When Corporate Accounting finalizes the period-end close, and all required amounts — such as permanent and temporary differences, tax rates, and foreign exchange rates—are entered in the system, Tax Provision automatically calculates the current and deferred income tax provisions by legal entity and by jurisdiction.

From the provision calculation, Tax Provision produces a journal entry and draft income tax financial statement disclosure, complete with supporting schedules. The supporting schedules provide details for the required disclosures in the income tax footnote to the financial statements, including:
- Pretax income by foreign and domestic entities
- Consolidated tax provision by current and deferred tax expense
- Consolidated and statutory effective tax rate reconciliations
- Composition of deferred tax assets, liabilities, and valuation allowance (as required)
- Tax loss expiration table

**Tax Provision Process**

The Tax Provision process enables you to prepare a full tax provision based on year-to-date numbers. The global provision process starts at the legal entity level in the desired reporting standard (for example, US GAAP, IFRS, UK GAAP) and local currency.

The following flowchart details the tax process in Tax Provision:

To begin the process, trial balance data by legal entity is loaded into Tax Provision using Financial Management or another data load tool.

After the data is loaded, the Tax Automation process is run to load and populate the provision schedules with the data from the trial balance (for example, Net Income Before Tax, and selected permanent and temporary differences).
When the Tax Automation process is complete, the next step is to input the remaining data using the pre-built data forms, or through submissions from Smart View. This data includes:

- Tax rates
- Non-automated amounts for pretax income adjustments or reclassifications
- Non-automated amounts for permanent and temporary differences
- Any additional provision items
- Return to Accrual amounts
- Manual activity in the Tax Account RollForward (for example, payments, refunds, reclassifications)
- Any adjustments to automated amounts to remove differences that may exist within the trial balance (for example, travel expenses included in Meals & Entertainment).

After the automated and manual amounts are input, the system calculates:

- Current Provision
- Deferred Provision
- Deferred Tax RollForward
- Tax Account RollForward
- Effective Tax Rate reconciliations in the reporting currency and local currency

After calculation, the system automatically translates the tax data from the local currency to the reporting currency for the consolidated reports. The provision can be calculated on a monthly, quarterly, or annual basis as required. The provision is always calculated on a year-to-date basis no matter how frequently it is calculated.

Available forms and reports:

- Current Provision
- Temporary Difference RollForward
- Deferred Tax RollForward
- Effective Tax Rate Reconciliation—Consolidated
- Effective Tax Rate Reconciliation—Statutory
- Tax Account RollForward
- Tax Journal Entry (using Smart View and based on the Tax Account RollForward)
- Tax Footnote (using Smart View and based on Current Provision and Deferred Tax RollForward)

### User Roles

Tax Provision can be set up to grant data access and functionality depending on the role to which you are assigned in your organization.
• Tax Users—Responsible for preparing the tax provision for the legal entity to which they are assigned. Tax Users access various data grids, data forms, reports and Smart View worksheets for their entity.

• Tax Reviewers—Responsible for reviewing and approving the tax provision for the legal entity to which they are assigned. Tax Reviewers access data grids, data forms, reports and Smart View worksheets.

• Tax Administrators—Responsible for maintaining the entity-level and consolidated data and settings. Maintenance includes updating foreign exchange rates, updating tax rates, and importing data into the system.

**Data Forms**

The Standard Tax Package includes the following data forms, grouped into folders.

<table>
<thead>
<tr>
<th>Table 1</th>
<th>Data Forms</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Data Form</strong></td>
<td><strong>Description</strong></td>
</tr>
<tr>
<td><strong>Folder - Current Provision</strong></td>
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<td>Current Provision</td>
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<td>Current Provision Regional</td>
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<td>Inactive</td>
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<tr>
<td>Inactive Regional</td>
<td>Inactive Regional</td>
</tr>
<tr>
<td>Interim Tax Provision</td>
<td>Interim Tax Provision</td>
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<tr>
<td>Tax Automation Trace</td>
<td>Tax Automation Trace</td>
</tr>
<tr>
<td>Tax Automation Trace Regional</td>
<td>Tax Automation Trace Regional</td>
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<tr>
<td>Tax Credits - By Year of Expiration</td>
<td>Tax Credits - By Year of Expiration</td>
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<td>Tax Credits</td>
<td>Tax Credits</td>
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<td>Tax Credits Regional - By Year of Expiration</td>
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<td>Tax Losses - By Year of Expiration</td>
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<td><strong>Folder - Deferred Provision</strong></td>
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<td>Deferred Tax - Details</td>
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<td>Deferred Tax Regional</td>
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<td>Temporary Differences</td>
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<tr>
<td>Temporary Differences Regional</td>
<td>Temporary Differences Regional</td>
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<tr>
<td>VA Allocation</td>
<td>Valuation Allowance Allocation</td>
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<tr>
<td><strong>Folder - ETR</strong></td>
<td></td>
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<tr>
<td>Consolidated ETR</td>
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<tr>
<td>Statutory ETR Regional</td>
<td>Statutory ETR Regional</td>
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<tr>
<td><strong>Folder - IFRS</strong></td>
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<tr>
<td>Deferred Tax - IFRS - Details</td>
<td>Deferred Tax - IFRS - Details</td>
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<td>Deferred Tax - IFRS</td>
<td>Deferred Tax - IFRS</td>
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<td>Deferred Tax for TAR Reclass - IFRS</td>
<td>Deferred Tax for TAR Reclass - IFRS</td>
</tr>
<tr>
<td>Deferred Tax Not Recognized</td>
<td>Deferred Tax Not Recognized</td>
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<tr>
<td>Deferred Tax for TAR - IFRS - Details</td>
<td>Deferred Tax for TAR - IFRS - Details</td>
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<td>Deferred Tax for TAR - IFRS</td>
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<tr>
<td>Sch - Book v Tax Analysis 1</td>
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<tr>
<td>Sch - Book v Tax Analysis 2</td>
<td>Sch - Book v Tax Analysis 2</td>
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<tr>
<td>Sch - Book v Tax Analysis 3 with IRE</td>
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</tr>
<tr>
<td>Sch - Book v Tax Analysis 4</td>
<td>Sch - Book v Tax Analysis 4</td>
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<tr>
<td>Sch - Tax in Equity &amp; Reserves</td>
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<tr>
<td>Sch - Tax Risk Provision</td>
<td>Sch - Tax Risk Provision</td>
</tr>
<tr>
<td>Tax Rates - IFRS</td>
<td>Tax Rates - IFRS</td>
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<td><strong>Folder - Rates</strong></td>
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<td>Consolidated ETR Tax Rate</td>
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<td>Exchange Rates</td>
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<tr>
<td>Override Tax Rates</td>
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<td>Tax Rates</td>
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<tr>
<td><strong>Folder - Supplemental Schedules</strong></td>
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<tr>
<td>Acquisitions</td>
<td>Acquisitions</td>
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<td>Acquisitions Regional</td>
<td>Acquisitions Regional</td>
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<td>Return to Accrual</td>
<td>Return to Accrual</td>
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<td>Return to Accrual Regional</td>
<td>Return to Accrual Regional</td>
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<tr>
<td>Sch - Balance Sheet Adjustments</td>
<td>Sch - Balance Sheet Adjustments</td>
</tr>
<tr>
<td>Sch - Fines &amp; Penalties</td>
<td>Sch - Fines and Penalties</td>
</tr>
<tr>
<td>Tax Basis Balance Sheet</td>
<td>Tax Basis Balance Sheet</td>
</tr>
<tr>
<td>Validations</td>
<td>Validations</td>
</tr>
<tr>
<td><strong>Folder - Tax Account RollForward</strong></td>
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</tr>
<tr>
<td>Deferred Tax for TAR - Details</td>
<td>Deferred Tax for TAR - Details</td>
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<tr>
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<td>Deferred Tax For TAR Regional - Details</td>
<td>Deferred Tax For TAR Regional - Details</td>
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<td>Deferred Tax for TAR Regional</td>
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<tr>
<td>Deferred Tax for TAR Reclass</td>
<td>Deferred Tax for TAR Reclass</td>
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<tr>
<td>Deferred Tax for TAR Reclass Regional</td>
<td>Deferred Tax for TAR Reclass Regional</td>
</tr>
<tr>
<td>Deferred Tax For TAR - IFRS</td>
<td>Deferred Tax For TAR - IFRS</td>
</tr>
<tr>
<td>TAR</td>
<td>Tax Account RollForward</td>
</tr>
<tr>
<td>TAR - Additional Provision</td>
<td>TAR - Additional Provision</td>
</tr>
<tr>
<td>TAR - Adjustments</td>
<td>TAR - Adjustments</td>
</tr>
<tr>
<td>TAR - Payments &amp; Refunds</td>
<td>TAR - Payments &amp; Refunds</td>
</tr>
<tr>
<td>TAR - PaymentsRefunds - Regional</td>
<td>TAR - PaymentsRefunds - Regional</td>
</tr>
<tr>
<td>TAR - Provision &amp; NonProvision</td>
<td>TAR - Provision &amp; NonProvision</td>
</tr>
<tr>
<td>TAR - Reclass - Regional Detail</td>
<td>TAR - Reclass - Regional Detail</td>
</tr>
<tr>
<td>TAR - Summary</td>
<td>TAR - Summary</td>
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Tax Rates

Tax Provision requires input of the appropriate national income tax rates and regional income tax and apportionment rates at the legal entity level.

The Tax Rates form contains the national and regional tax and apportionment rates needed by the system to compute the national and regional provision for a specific entity. These tax rates are listed below:

- **Prior Year Tax Rate**—The national statutory tax rate for the prior year; used for informational purposes.
- **Current Year Tax Rate**—The national statutory tax rate for the current period; used in the calculation of the current provision, current year activity in the deferred tax rollforward, foreign rate differential in the consolidated effective tax rate report, and the current year tax rate change component in the deferred tax rollforward.
- **Current Temp Opening Rate**—The beginning-of-year deferred tax rate to be used for temporary differences classified as current; used in the calculation of the beginning of year
deferred tax asset/liability and the beginning of year rate change component in the deferred
tax rollforward.

- **Current Temp Closing Rate**—The end-of-year deferred tax rate to be used for temporary
differences classified as current; used in the calculation of ending deferred tax asset/liability
and the beginning-of-year and current-year rate change components in the deferred tax
rollforward.

- **Non-Current Temp Opening Rate**—The beginning-of-year deferred tax rate to be used for
temporary differences classified as noncurrent; used in the calculation of the beginning-of-
year deferred tax asset/liability and the beginning-of-year rate change component in the
defered tax rollforward.

- **Non-Current Temp Closing Rate**—The end-of-year deferred tax rate to be used for
temporary differences classified as noncurrent; used in the calculation of the ending deferred
tax asset/liability and the beginning-of-year and current-year rate change components in
the deferred tax rollforward.

Additionally, the system requires the apportionment rate for regional calculations on a
jurisdiction-by-jurisdiction basis. The apportionment rate is listed below:

- **Apportionment Percentages, Opening**—The prior-year apportionment percentage to be
  used by the system in the calculation of the opening tax balances in the deferred provision.

- **Apportionment Percentages, CY**—The current-year apportionment percentage to be used
  by the system in the calculation of apportioned income in the current provision and tax
  based on current-year activity in the deferred provision.

- **Apportionment Percentages, Closing**—The end-of-year apportionment percentage to be
  used by the system in the calculation of closing tax balances in the deferred provision.

To enter tax rates:

1. Open the Tax Rates form.
2. Set the Point of View by selecting members for the Scenario, Year, Period, and Entity dimensions.
3. Enter the rate for each type.
4. Click Submit Data.

**Consolidated Tax Rate**

You must enter the appropriate consolidated income tax rate to create the Consolidated Effective
Tax Rate Reconciliation.

To enter the consolidated tax rate:

1. Open the Consolidated ETR Tax Rates form.
2. Set the Point of View by selecting members for the Scenario, Year, and Period dimensions.
3. Enter the rate.
4. Click Submit Data.
Tax Automation

Using the Tax Automation process, the system copies the Net Income Before Tax from the entity’s income statement into the Net Income Before Tax row of the Current Provision. This ensures that the starting point of the Current Provision equals pretax income of the legal entity’s financial statements. The Tax Automation process can also be used to automate the amount of Net Income Before Tax adjustments that flow to the Current Provision (for example, Book adjustments and Book reclassifications).

Using the Permanent and Temporary Difference automation process, Financial Management uses the Balance Sheet and Income Statement data to populate those permanent and temporary differences, which can be automated from the general ledger to reduce reconciliation time and increase accuracy.

The Application Administrator defines the source and destination members, and runs the Tax Automation process.

Current Provision

The current provision calculation is as follows:

- NIBT FDM/ERP—Automatically populated from the income statement loaded into the system plus/minus
- NIBT Total Book Adjustment—Usually manual adjustments or automated amounts
- NIBT Total Book Reclass—Usually manual adjustments or automated amounts
- Net Income Before Tax— Also the starting point for the effective tax rate report. The following items are then added to/subtracted from this balance:
  - Total Permanent Differences (GAAP to Stat)—A combination of automated and manual amounts plus/minus
  - Total Temporary Differences (GAAP to Stat)—A combination of automated and manual amounts equals
  - Local Statutory Net Income Before Tax—Plus/minus
  - Total Permanent Differences (Stat to Tax)—A combination of automated and manual amounts plus/minus
  - Total Temporary Differences (Stat to Tax)—A combination of automated and manual amounts equals
  - Deductible Income tax—A combination of automated and manual amounts, depending on the nature of the deductible taxes equals
  - Taxable Income Before Loss—Plus/minus
  - Tax Losses—Net Operating Loss—Manual input in the current provision input schedules plus/minus
  - Special Deductions—Manual inputs for dividends received deduction or other items equals
  - Taxable Income—Multiplied by

Deductible Income tax—A combination of automated and manual amounts, depending on the nature of the deductible taxes equals
The form contains the following members in the columns (across):

- **CYSys**—Current Year System—Current year book-tax difference automated in the current provision. This amount automatically flows to the temporary difference rollforward. Amounts for this column are automated and impact the current tax expense.

- **CYAdj**—Current Period Adjustment—Current year book-tax difference adjustments input in the current provision. This amount automatically flows to the temporary difference rollforward. Amounts for this column are automated and impact the current tax expense.

- **CY**—Current Period Total—The sum of CYSys and CYAdj.

## Net Income Before Tax

Net Income Before Tax is automatically populated in the Current Provision form through the Tax Automation process. The system provides for several existing Net Income Before Tax adjustments as well as the ability to configure adjustments for situations where the Net Income Before Tax must be adjusted (for example, late adjustments, partnership income, and other). The system provides these Net Income Before Tax adjustments:

- **Book Adjustment**
- **Book Reclassification**

You can configure the Net Income Before Tax and Net Income Before Tax adjustments to be automated from the general ledger or manually input.

**Automated Setting**—If an account is configured as automated, the Net Income Before Tax automation process populates the current provision using both the local currency and the reporting currency values from the general ledger. Automatic configuration ensures that the Net Income Before Tax in Financial Management matches the financial statements.

**Manual Setting**—If an account is configured as manual, the value in this account is entered manually in the current provision and the system translates this value using the average FX rate in the system.

## Permanent and Temporary Differences

Permanent and temporary differences are categorized into two categories to account for the differences between GAAP and Statutory reporting requirements of entities:

- **GAAP to Statutory adjustments**
• Statutory to Tax adjustments

For some legal entities, the local tax regulations require a different basis of accounting from those of the parent. These entities use GAAP to Stat adjustments.

Entities that do not use or do not have GAAP to Statutory permanent or temporary differences (entities for which reporting standards and local tax regulations are the same) can use the Statutory to Tax permanent and temporary differences sections.

Temporary differences may be classified as current or noncurrent for purposes of determining the correct Balance Sheet classification.

The permanent and temporary difference amounts can be manually input or automated. The manual inputs also include adjustments to the automatically calculated values that may be needed.

Deductible Regional/Other Taxes

This section provides for the automatic deduction of regional taxes that are configured to be deductible in the system, as well as manual adjustments for other taxes that are deductible at the national level.

• Regional Income Taxes—Automated value comes from the regional current provision if the regional deduction is configured to be deductible plus/minus
• Other Deductible Income Taxes—Manual input for other taxes that are deductible at the national level equals
• Deductible Income Tax

Tax Losses

The system tracks National tax losses in these categories:

• National Tax Losses—Current—used to bring taxable income up to 0 for an entity with a loss in the current year, which should be carried forward
• Net Operating Loss—Carryforward—used to record the utilization of any Net Operating Loss carryforward against the current year taxable income

For details, see “Tax Losses” on page 17.

Tax Credits

The system tracks the impact of tax credits. National tax credits utilized in the current year are input in the Current Provision form and automatically flow to the gross temporary difference input schedule, thereby automating the calculation of the related deferred tax asset. The system then tracks Tax Credit carryforwards in the gross temporary difference rollforward, but not the detailed composition form (by year, expired, and so on). The detailed composition of individual
Additional Provision Items

The system has additional provision items that are manually input or automated on a tax-effected basis. These items are used for taxes that are not based on taxable income or multiplied by a tax rate or other adjustments that are reported in the current provision of the financial statements (for example, FIN48). These additional provision items affect the total tax provision and are reflected in the Effective Tax Rate (ETR) reports as rate reconciliation adjustments. Below is a list of additional provision items.

Source

- Additional 1
- Additional 2
- Additional 3
- Return to Accrual—Current Tax Expense—Automated

Manual

- Audit Adjustments—Current Tax Expense—(Current and Total Tax Expense)
- Texas Margin Tax—Current Tax Expense—(Current and Total Tax Expense)
- FIN48 Adjustments—Current Tax Expense—(Current and Total Tax Expense)

Calculated

- Return to Accrual—Current Tax Expense—Automated
- Permanent Equity Adjustments—Current Tax Expense—Automated
- Temporary Equity Adjustments—Current Tax Expense—Automated

Signage

The signage of the current provision:

- Pretax income is reflected as a positive value, and a loss is reflected as a negative value. This signage is the same through the calculation of taxable income.
- Tax expense is reflected as a positive value, and a tax benefit is reflected as a negative value. This is true for the presentation of calculated tax, credits, and additional provision items to arrive at the total current provision.
**Tax Losses**

The tax loss process is designed to capture the detail composition of the tax losses including the year generated and the corresponding year of expiration. The process is integrated with the current provision and the temporary difference rollforward. The tax year generated is maintained in the rows including the current year and 10 previous years, and one category for losses originated 10+ years ago.

The form provides a rollforward of the tax loss balances by year as follows:

- **Original Loss** (calculated from prior period)—Amount of the original loss, plus
- **Created** (calculated)—Amount of the current year tax loss coming to be deferred that is coming from the current provision, plus
- **Expiration** (calculated)—Amount of the current year tax expiring that is automated by the system, equals (subtotal)
- **Available** (calculated)—Amount of tax losses available to offset taxable income in the current period, plus
- **CY Utilization** (manual input)—Amount of tax losses utilized in the current period that will be transferred to the current provision, plus
- **Return to Accrual adj** (manual input)—Amount of tax loss adjusted in the current period due to Return to Accrual adjustments as a result of the filing of tax returns. (Note: Amount goes to the temporary difference rollforward to be written off in RTA Deferred only), plus
- **Other Adjustments** (manual input)—Amount of tax loss adjusted in the current period due to other adjustments. (Note: Amount goes to the temporary difference rollforward to be written off in Other Adjustments Deferred Only), equals
- **Carryforward** (calculated)—Amount of tax loss carried forward.

The Tax Losses Form contains data used to consolidate the financial statement footnote disclosure for amount and expiration of Tax Losses. This disclosure can be constructed in Smart View.

**Tax Credits**

The tax credit process is designed to capture the detail composition of the tax credits, including the year generated and the corresponding year of expiration. The process is not integrated with the current provision or temporary difference rollforward. The tax year generated is maintained in the rows including the current year and 10 previous years, and one category for credit originated 10+ years ago.

The form provides a rollforward of the tax credit balances by year as follows:

- **Original Credit** (calculated from prior period)—Amount of the original credit, plus
- **Created** (manual input)—Amount of the current year tax credit to be deferred, plus
- **Expiration** (manual input)—Amount of the current year tax credit expiring, equals (subtotal)
Available (calculated)—Amount of tax credit available to offset taxable income in the current period, plus

CY Utilization (manual input)—Amount of tax credit utilized in the current period that will be transferred to the current provision, plus

Return to Accrual adj (manual input)—Amount of tax credit adjusted in the current period due to Return to Accrual adjustments as a result of the filing of tax returns. (Note: Amount goes to the temporary difference rollforward to be written off in RTA Deferred only), plus

Other Adjustments (manual input)—Amount of tax credit adjusted in the current period due to other adjustments, equals

Carryforward (calculated)—Amount of tax credit carried forward.

The Tax Credit Form contains data used to consolidate the financial statement footnote disclosure for amount and expiration of tax credits when applicable. This disclosure can be constructed in Smart View.

**Acquisitions**

Acquisitions in the current year can be input in the Temporary Difference and Deferred Tax columns of the Acquisition form. The system does not calculate the deferred taxes.

Any rate changes that result from acquisition amounts are calculated by the system. Tax rate change adjustments in the system are recorded as P&L expense. To adjust the P&L for tax rate changes that should not affect the P&L, the changes should be entered to Impact to Tax Rate Changes-Adjustment.

The Acquisitions form provides accounting for the following situations:

- The system allows for multiple acquisitions throughout the year.
- For each period, an acquisition input template enables you to input values for each temporary difference, carryforward, credit, and valuation allowance for a company acquired in the current period.

**Temporary Differences**

The Temporary Differences form is used to enter the temporary differences that are not automated in the system. Amounts include temporary differences, tax losses, tax credits, federal or state credits, and the related valuation allowances. You can also enter activity such as current year and prior year adjustments and nonprovision/equity items.

Each temporary difference may be set up as either Current or Noncurrent for Balance Sheet classification purposes. To view these classifications, open the Temporary Differences Properties report. Temporary differences, Tax Losses, and Valuation Allowance (for example, current, noncurrent and tax losses) adjustments are entered on a pretax basis. Tax credits and valuation allowance–tax credits are entered on a tax-effected basis. The following valuation allowance accounts are provided:
- Current temporary differences
- Noncurrent temporary differences
- Tax Losses
- Tax Credits

All valuation allowances should be negative values, except for current year or other adjustment amounts that are meant to reduce the valuation allowance.

The application meets the requirements of ASC740 so that the total valuation allowance is allocated between the Current and Noncurrent assets in proportion to the respective values of the Current and Noncurrent deferred tax assets. For example, if the total valuation allowance is $100,000 with gross Current deferred tax assets of $200,000 and gross Noncurrent deferred tax assets of $800,000 (Noncurrent temporary differences, Tax Losses, and credits), the valuation allowance is allocated $20,000 (20%) to Current, and $80,000 (80%) to Noncurrent.

The form contains the following members in the columns (across):

- **Opening**—Opening Balance—The prior year end temporary differences. It is populated automatically.
- **PYAdj**—Prior Year Adjustment (Restatement)—This column is used when the opening balance of a deferred tax asset/(liability) must be restated with no impact on the provision. This adjustment affects only the beginning balance of the deferred tax asset/(liability) and does not affect the deferred provision. The amounts are entered manually.
- **OpenAdjusted**—Temporary Differences Balance as Adjusted—The beginning-of-year balance after adjustments and is calculated (Opening + PYAdj).
- **CYSys**—Current Year System—The current year book-tax difference automated in the current provision. This amount automatically flows to the temporary difference rollforward. Amounts for this column are automatically only and affect the deferred tax expense.
- **CYSysReversal**—Current Period System Reversal—The reversal of the current-year book-tax difference automated in the current provision. This amount is automated based on the setting of equity temporary differences at the account level. Amounts for this column affect the deferred tax expense.
- **CYSysTotal**—Current Period System Total—The sum of CYSys and CYSysReversal.
- **CYAdj**—Current Period Adjustment—The current-year book-tax difference input in the current provision. This amount automatically flows to the temporary difference rollforward. Amounts for this column are manually input and impact the deferred tax expense.
- **CYAdjReversal**—Current Period Adjustment Reversal—The reversal of the current year book-tax difference manually input in the current provision. This amount is automated based on the setting of equity temporary differences at the account level. Amounts for this column affect deferred tax expense.
- **CYAdjTotal**—Current Period Adjustment Total—The sum of CYAdj and CYAdjReversal.
- **CY**—Total Current Period—The sum of CYSysTotal and CYAdjTotal.
- **RTADO**—Return to Accrual—The adjustments to temporary differences based on the Return to Accrual form. This amount is automated from the Return to Accrual form and affects deferred tax expense.

- **AuditDO**—Audit Settlements—The adjustment to temporary differences resulting from audit settlements. This amount is manually entered to the temporary difference rollforward and affects deferred tax expense.

- **OtherDO**—Other Adjustments—The adjustment to temporary differences resulting from any other type of adjustment. This amount is manually entered to the temporary difference rollforward and affects deferred tax expense.

- **TransfersDO**—Transfers—The adjustment to temporary differences resulting from transfers of assets/liabilities and the related temporary differences. This amount is manually entered to the temporary difference rollforward and affects deferred tax expense.

- **PYAAdjDO**—Prior Year Adjustments—The adjustment to temporary differences resulting from prior year adjustments. This amount is manually entered to the temporary difference rollforward and affects deferred tax expense.

- **ContingencyDO**—Contingency—The adjustment to temporary differences resulting from tax contingencies related to temporary differences. This amount is manually entered to the temporary difference rollforward and affects deferred tax expense.

- **TempDiffCyTotal**—Temporary Differences P&L Total—The total of CY, RTADO, AuditDO, OtherDO, TransfersDO, PYAAdjDO, and ContingencyDO.

- **AcqNP**—Acquisitions—The adjustment to temporary differences resulting from the acquisition of assets/liabilities and the related temporary differences. This amount is automatically transferred from the Acquisitions form. Amounts do not affect deferred tax expense.

- **DisposalsNP**—Disposals—The adjustment to temporary differences resulting from the disposals of assets/liabilities and the related temporary differences. This amount is manually entered to the temporary difference rollforward and does not impact deferred tax expense.

- **EquitySysNP**—Equity System—The adjustment to temporary differences resulting from equity transactions. This amount is automated based on equity temporary difference settings at the account level and does not affect the deferred tax expense.

- **EquityAdjNP**—Equity Adjustment—The adjustment to temporary differences resulting from equity transactions. This amount is manually entered to the temporary difference rollforward and does not affect the deferred tax expense.

- **EquityNP**—Total Equity—EquitySysNP—The total of EquitySysNP and EquityAdjNP.

- **EquityRTA**—Equity RTA—The adjustment to temporary differences resulting from equity transactions and return filing. This amount is automated based on equity temporary difference settings at the account level and does not affect the deferred tax expense.

- **EquityOtherNP**—Equity Other—The adjustment to temporary differences resulting from all other equity transactions. This amount is manually input and does not affect the deferred tax expense.

- **EquityNPTotal**—Total Equity Activity—The sum of EquityNP, EquityRTA, and EquityOtherNP.
- **TempDiffNPTotal**—Temporary Differences non P&L Total—The sum of AcqNP, DisposalsNP, and EquityNPTotal.

- **Closing**—Temporary Differences Closing Balance—The sum of OpenAdjusted, TempDiffCYTotal, and TempDiffNPTotal.

The form contains the following members in the rows (down):

- **TempGSTotal**—Total Temporary Differences (GAAP to Stat)—The parent of base accounts that are user-defined upon implementation.

- **TempSTTotal**—Total Temporary Differences (STAT to Tax)—The parent of base accounts that are user-defined upon implementation.

- **TaxLossesTotal**—Total Tax Losses—The parent of system-provided base accounts that are used for Tax Losses that are deferred. These are system-defined, and two accounts are provided: Current Year and Carryforward. Carryforward is linked to the Tax Losses form. See “Tax Losses” on page 17.

- **TaxAttribTotal**—Total Tax Attributes—The parent of base accounts that are user-defined upon implementation. Amounts are usually entered on a tax-effected basis in the temporary difference rollforward and may be considered adjustments to deferred tax.

- **VATotal**—Total Valuation Allowance—The parent of base accounts that are used to record valuation allowances against assets as required. Four accounts are provided: Current, Noncurrent, Credits, and TaxLoss. Credits are entered on a tax-effected basis, while amounts entered in the other accounts are entered on a pretax basis.

### Deferred Tax

The Deferred Tax form is used to view the deferred tax calculation.

The form contains the following members in the columns (across):

- **Opening**—Opening Balance—The tax effect of the prior year end temporary differences.

- **NBROpening**—Opening Balance—NBR—The Net Benefit of Regional (NBR) deferred tax on the opening balance when the regional income taxes (for example, U.S. state income taxes) are deductible for federal tax purposes.

- **OpeningTotal**—Net Opening Balance—The sum of Opening and NBROpening.

- **PYAdj**—Prior Year Adjustment (Restatement)—The tax effect of prior year adjustments.

- **NBRPYAdj**—Prior Year Adjustment (Restatement)—The Net Benefit of Regional deferred tax on prior year adjustments when the regional income taxes (for example, U.S. state income taxes) are deductible for federal tax purposes.

- **PYAdjTotal**—Prior Year Adjustment Total—The sum of PYAdj and NBRPYAdj.

- **OpeningAdjusted**—Opening Balance as Adjusted—The sum of OpeningTotal + PYAdjTotal.

- **CYSys**—Current Year System—The tax effect of the current year book-tax difference automated in the current provision.
- **CYSysReversal**—Current Period System Reversal—The tax effect of the reversal of the current year book-tax difference automated in the current provision.
- **CYSysTotal**—Current Period System Total—The sum of CYSys and CYSysReversal.
- **CYAdj**—Current Period Adjustment—The tax effect of the current year book-tax difference input in the current provision.
- **CYAdjReversal**—Current Period Adjustment Reversal—The tax effect of the reversal of the current year book-tax difference manually input in the current provision.
- **CYAdjTotal**—Current Period Adjustment Total—The sum of CYAdj and CYAdjReversal.
- **CY**—Total Current Period—The sum of CYSysTotal and CYAdjTotal.
- **RTADO**—Return to Accrual—The tax effect of the adjustments to temporary differences based on the Return to Accrual form.
- **AuditDO**—Audit Settlements—The tax effect of the adjustment to temporary differences resulting from audit settlements.
- **OtherDO**—Other Adjustments—The tax effect of the adjustment to temporary differences resulting from any other type of adjustment.
- **TransfersDO**—Transfers—The tax effect of the adjustment to temporary differences resulting from transfers of Assets/Liabilities and the related temporary difference.
- **PYAAdjDO**—Prior Year Adjustments—The tax effect of the adjustment to temporary differences resulting from prior year adjustments.
- **ContingencyDO**—Contingency—The tax effect of the adjustment to temporary differences resulting from tax contingencies related to temporary differences.
- **TempDiffCyTotal**—Temporary Differences P&L Total—The total of CY, RTADO, AuditDO, OtherDO, TransfersDO, PYAAdjDO, and ContingencyDO.
- **RCOpen**—Impact from Change in Tax Rates—Opening—The tax effect of tax rate changes as it relates to the beginning balance.
- **RCCY**—Impact from Change in Tax Rates—Opening—The tax effect of tax rate changes as it relates to current year activity.
- **RCAcqNP**—Impact from Change in Tax Rates—Acquisitions—The tax effect of tax rate changes as it relates to acquisitions.
- **RCTotal**—Impact from Change in Tax Rates—The sum of RCOpen, RCCY, and RCAcqNP.
- **NBRCY**—Net Benefit of Region—The tax effect of the Net Benefit of the Regional deferred tax expense as it relates to current-year activity.
- **CYTotal**—Total Deferred Tax Expense—The sum of CY, RTADO, AuditDO, OtherDO, TransfersDO, PYAAdjDO, ContingencyDO, RCTotal, and NBRCY.
- **AcqNP**—Acquisitions—The tax effect of the adjustment to temporary differences resulting from the acquisition of assets and liabilities and the related temporary difference.
- **RCAcqReversal**—Impact from Change in Tax Rates—Acquisitions—Reversal—The tax effect of the adjustment to rate. It is the reversal of the amount in RCAcqNP.
• **DisposalsNP**—Disposals—The tax effect of the adjustment to temporary differences resulting from the disposals of assets/liabilities and the related temporary difference.

• **EquitySysNP**—Equity System—The tax effect of the adjustment to temporary differences resulting from equity transactions.

• **EquityAdjNP**—Equity Adjustment—The tax effect of the adjustment to temporary differences resulting from equity transactions.

• **EquityNP**—Total Equity—EquitySysNP—The total of EquitySysNP and EquityAdjNP.

• **EquityRTA**—Equity RTA—The tax effect of the adjustment to temporary differences resulting from equity transactions and return filing.

• **EquityOtherNP**—Equity Other—The adjustment to temporary differences resulting from all other equity transactions. This amount is manually input and does not affect the deferred tax expense.

• **EquityNPTotal**—Total Equity Activity—The total adjustment to temporary differences resulting from equity transactions. This is the sum of EquityNP, EquityRTA, and EquityOtherNP.

• **NBRNP**—Net Benefit of Regional—Non Provision—The tax effect of the Net Benefit of the Regional deferred tax expense as it relates to nonprovision activity.

• **NPTotal**—Total Non Provision Adjustments—The sum of AcqNP, RCAcqReversal, DisposalsNP, EquityNPTotal, and NBRNP.

• **Closing**—Temporary Differences Closing Balance—The sum of OpeningAdjusted, CYTotal, and NPTotal.

The form contains the following members in the rows (down):

• **TempGSTotal**—Total Temporary Differences (GAAP to Stat)—User-defined upon implementation.

• **TempSTTotal**—Total Temporary Differences (STAT to Tax)—User-defined upon implementation.

• **TaxLossesTotal**—Total Tax Losses—Used for Tax Losses that are deferred. These are system-defined, and two accounts are provided: Current Year and Carryforward. Carryforward is linked to the Tax Losses form. See “Tax Losses” on page 17.

• **TaxAttribTotal**—Total Tax Attributes—User-defined upon implementation. Amounts are generally entered on a tax-effected basis in the temporary difference rollforward and are considered adjustments to deferred tax.

• **VATotal**—Total Valuation Allowance—Used to record valuation allowances against assets as required. Four accounts are provided: Current, Noncurrent, Credits, and TaxLoss. Credits are entered on a tax-effected basis, while amounts entered in the other accounts are entered on a pretax basis.

The form also provides the classification of deferred tax assets and liabilities as follows:

• **Closing**—Current Asset

• **Closing**—Current Liability
• Closing—Noncurrent Asset
• Closing—Noncurrent Liability

The Current or Non-Current setting, together with the value of the Closing—Total Closing Balance, defines in which column the amount is displayed. If this balance is positive, then the amount is classified as an Asset. If this balance is negative, then the amount is classified as a Liability. Valuation allowance is classified using a factor of -1 (for example, Closing*-1) and is therefore always reflected as a contra-asset.

**Statutory and Consolidated Effective Tax Rate (ETR)**

Tax Provision calculates the Effective Tax Rate (ETR) reconciliation automatically at the statutory and consolidated rates. The statutory and consolidated rate reconciliation forms capture the following items on a pretax and tax-effected basis:

• Net Income Before Tax Adjusted
• GAAP to STAT permanent differences
• STAT to TAX permanent differences
• Regional and additional taxes
• Special Deductions
• Change in valuation allowance
• Foreign rate difference (consolidated ETR)
• Additional provision items
• Effective tax rate

The consolidated rate reconciliation starts with the global statutory tax rate to reconcile to an entity’s tax rate using the categories noted above. The statutory rate reconciliation calculation is similar to the consolidated rate reconciliation, but the starting point is based on the entity’s statutory tax rate and, therefore, there is no foreign rate difference.

The rate reconciliation automatically calculates the tax impact of reconciling items as a percentage of pretax net income before taxes as adjusted. The system provides the ability to drill down to the lowest level of detail of each of the above reconciling items to view the contribution of each item to the overall effective tax rate, depending on the level of information that is entered.

The foreign rate difference is calculated by taking the difference between the consolidated tax rate and the statutory tax rate and multiplying it times Net Income Before Tax Adjusted, GAAP to STAT permanent differences and STAT to TAX permanent differences.

**Tax Account RollForward (TAR)**

The system automatically loads the beginning of the year and end of period general ledger balances to the tax accounts rollforward and system-calculated provision. The TAR form provides detail for the current and deferred income tax expense, deferred tax assets/liabilities,
current tax payable/receivable, and equity accounts. You can import or enter amounts for payments or refunds and enter adjustments to account balances as necessary through the use of linked forms. Data in the TAR form is used to prepare the tax journal entry. It should be reconciled periodically to the general ledger accounts as required.

This form contains the following members (TaxType and DataCategory) in the columns (across):

- **National/TARFExpenseCurrent**—National Current Expense—The current national income tax amount calculated in the current provision.
- **National/TARFExpenseDeferred**—National Deferred Expense—The deferred national income tax amount calculated in the deferred provision.
- **National/TARFExpense**—National Total Expense—The sum of National Current and Deferred.
- **Regional/TARFExpenseCurrent**—Regional Current Expense—The current regional income tax amount calculated in the current provision.
- **Regional/TARFExpenseDeferred**—Regional Deferred Expense—The deferred regional income tax amount calculated in the deferred provision.
- **Regional/TARFExpense**—The sum of Regional Current and Deferred.
- **TotalNationalandRegional**—The sum of the total National and Regional Current and Deferred.
- **NationalCurrentAsset**—National Current Asset—The amount of national deferred taxes classified as a current asset.
- **National Current Liability**—National Current Liability—The amount of national deferred taxes classified as a current liability.
- **NationalNonCurrentAsset**—National NonCurrent Asset—The amount of national deferred taxes classified as a noncurrent asset.
- **NationalNonCurrentLiability**—National NonCurrent Liability—The amount of national deferred taxes classified as a noncurrent liability.
- **National/TARFDeferredVAAlocCurrent**—Current Valuation Allowance—The amount of national deferred taxes classified as a current valuation allowance.
- **National/TARFDeferredVAAlocNonCurrent**—NonCurrent Valuation Allowance—The amount of national deferred taxes classified as a noncurrent valuation allowance.
- **National/TARFDeferred**—Total Deferred Tax—The sum of National Current Asset/Liability, Noncurrent Asset/Liability and Current/Noncurrent Valuation Allowance.
- **RegionalCurrentAsset**—Regional Current Asset—The amount of Regional deferred taxes classified as a current asset.
- **RegionalCurrentLiability**—Regional Current Liability—The amount of Regional deferred taxes classified as a current liability.
- **RegionalNonCurrentAsset**—Regional NonCurrent Asset—The amount of Regional deferred taxes classified as a noncurrent asset.
- **RegionalNonCurrentLiability** — Regional NonCurrent Liability—The amount of Regional deferred taxes classified as a noncurrent liability.

- **Regional/TARFDeferredVAAllocCurrent**—Current Valuation Allowance—The amount of Regional deferred taxes classified as a current valuation allowance.

- **Regional/TARFDeferredVAAllocNonCurrent**—NonCurrent Valuation Allowance—The amount of Regional deferred taxes classified as a noncurrent valuation allowance.

- **Regional/TARFDeferred**—Total Deferred Tax—The sum of Regional Current Asset/Liability, Noncurrent Asset/Liability, and Current/Noncurrent Valuation Allowance.

- **TotalNationalandRegional**—The sum of the total National and Regional Deferred Assets and Liabilities.

- **National/TARFCurrentPayable**—National Income Tax Payable—The national current tax payable. Amounts are automatically posted from the Current Provision. Payments and refunds are manually input.

- **Regional/TARFCurrentPayable**—Regional Income Tax Payable—The regional current tax payable. Amounts are automatically posted from the Current Provision Regional. Payments and refunds are manually input.

- **National/TARFCurrentReceivable**—National Income Tax Receivable—The national current tax receivable. Amounts are manually posted using the reclassification accounts in the TARF. Payments and refunds are manually input.

- **Regional/TARFCurrentReceivable**—Regional Income Tax Receivable—The regional current tax receivable. Amounts are manually posted using the reclassification accounts in the TARF. Payments and refunds are manually input.

- **National/TARFLongTermPayable**—National Income Tax Long Term Payable—The national tax long-term payable. Amounts are manually posted using the reclassification accounts in the TARF. Payments and refunds are manually input.

- **Regional/TARFLongTermPayable**—Regional Income Tax Long Term Payable—The regional tax long-term payable. Amounts are manually posted using the reclassification accounts in the TARF. Payments and refunds are manually input.

- **TotalNationalandRegional/TARFCurrent**—Total National and Regional—Net (Payable)/Receivable—The total national and regional tax payable/receivable.

- **National/TARFEquity**—National Equity Adjustments—The national equity transactions based on the nonprovision adjustments the deferred tax rollforward. These amounts are automated from the deferred tax rollforward.

- **Regional/TARFEquity**—Regional Equity Adjustments—The regional equity transactions based on the nonprovision adjustments the deferred tax rollforward. These amounts are automated from the deferred tax rollforward.

- **TotalNationalandRegional/TARFEquity**—Total National and Regional—Equity Adjustments—The total national and regional equity adjustments.
Tax Basis Balance Sheet

Tax Provision automatically loads the book basis assets/liabilities and the end of period gross temporary differences to create the Tax Basis Balance Sheet. The Tax Basis Balance Sheet can be used to enter adjustments and the actual tax basis of assets/liabilities based on the return as filed.

This form contains the following RollForward members in the columns (across):

- **TBClosing**—Trial Balance Closing Balance—Automatically populated with the book balance sheet.
- **TaxBasisBSAdjustment**—Used to manually input any adjustments to the book balance sheet as required.
- **TaxBasisBSClosingTotal**—The sum of TBClosing and TaxBasisBSAdjustment.
- **ClosingEquity**—Automated with the end-of-period temporary differences and the offsetting adjustments to equity.
- **TaxBasisBSFinal**—Tax Basis BS Final—The sum of TaxBasisBSClosingTotal and ClosingEquity. The preliminary tax basis balance based on the accounting for income tax records.
- **TaxClosing**—Current Year Tax Data (Book Accounts)—The tax basis for the book accounts (for example, non-Temporary Differences). These amounts are manually input.
- **TaxClosing**—Current Year Tax Data (Tax Accounts)—The tax basis for the tax accounts (for example, Temporary Differences). These amounts are manually input.
- **TaxClosing**—Current Year Tax Data—The tax basis for both the book and tax accounts. The sum of Tax Closing for both the book and tax accounts.
- **TBBSTaxBaseVariance**—Tax Basis BS Variance. The difference between the tax basis per the accounting records and the tax basis per the return as filed.

Return to Accrual

Tax Provision provides the ability to true-up the prior-year provision amounts. The tax provision is automatically populated in the form. The return data can be manually input or loaded in the application.

The application allows for multiple years to be analyzed and true-ups posted in the current period. Any data changes to the input schedule initiate automatic calculations to determine the Return to Accrual adjustments required in the current period provision for income taxes (for example, current provision, deferred provision, and so on). The amounts computed flow to the current provision as additional provision items, and into the Temporary Difference form, where the system default assumes all Return to Accrual adjustments impact deferred tax expenses only. Note that the system processes the Return to Accrual in period 13 or P13.

The Return to Accrual may be computed and booked during different quarters depending on the entity. For example, during a calendar year, Canadian entities may book the adjustment in Q3, while U.S. entities may book it in Q4. Therefore, the system is set up to compute a Return
To Accrual difference only when a user populates the data, sets the period and year for booking, and calculates the form.

The form contains the following RollForward members (across):

- **CYSys**—Provision System—The automated amounts from the provision for the year specified in the POV.
- **CYAdj**—Provision Adjustment—The manually input amounts from the provision for the year specified in the POV.
- **CY**—Total Provision—The sum of CYSys and CYAdj.
- **CYSys**—Return System—The automated amounts from the return for the year specified in the POV.
- **CYAdj**—Return Adjustment—The manually input amounts from the return for the year specified in the POV.
- **CY**—Total Return—The sum of CYSys and CYAdj.
- **CY**—Return-to-Accrual Differences—The difference between the Total Provision and Total Return

When calculated, the amount flowing to the current provision is the amount in the account CurrentTaxReturn/Current Tax per Return. Differences for temporary differences flow automatically when calculated to the column in the temporary difference rollforward—RTADO—Return to Accrual.

### Supplemental Schedule - Balance Sheet Adjustments

Tax Provision provides the ability to use supplemental schedules to automate book-tax differences to the deferred tax rollforward. It provides a supplemental schedule to document and calculate the ending book-tax difference based on the Balance Sheet adjustments by legal entity. You manually input data into the form.

The form contains the following RollForward members (across):

- **TBOpening**—Trial Balance Opening Balance—Automatically populated with the beginning of the year account balances per the book balance sheet.
- **Tax Opening**—Prior Year Tax Data—Automatically populated with the beginning of the year tax balances per the tax basis balance sheet.
- **BookTaxDiffOpening**—Prior Year Book-Tax Difference—Automatically populated with the prior year end cumulative book-tax difference.
- **TBClosingTotal**—Trial Balance Closing Balance—Automatically populated with the current period ending account balances per the book balance sheet.
- **TaxClosing**—Current Year Tax Data (Book Accounts)—Manually input with the current year tax basis for book accounts.
- **TaxClosing**—Current Year Tax Data (Tax Accounts)—Manually input with the current year tax basis for Tax accounts.
- **BookTaxDiffClosing**—Closing Book versus Tax Difference—The sum of TBClosingTotal, TaxClosing—Current Year Tax Data (Book Accounts), and TaxClosing—Current Year Tax Data (Tax Accounts). The amount is the current year end cumulative book-tax difference for the balance sheet account. This amount can be automated to the temporary difference rollforward so that the end of period book-tax difference equals this schedule.

### Supplemental Schedule - Fines and Penalties

Tax Provision provides the ability to use supplemental schedules to automate book-tax differences to the current provision. It provides a supplemental schedule to document and calculate the total nondeductible fines and penalties by legal entity. You manually input data into the form.

The form contains the following RollForward members (across):

- **Source**—**Amount**—Used to enter the amount of the nondeductible fine or penalty.
- **Source**—**Jurisdiction**—This column is text and is used to enter the jurisdiction or payee of the fine or penalty.
- **Source**—**Date of Payment**—This column is text and is used to enter the date the fine or penalty was paid.
- **Source**—**Related Tax Year**—This column is text and is used to enter the tax year.
The Current Provision Regional calculation is as follows:

- **NIBT FDM/ERP**—Automatically populated from the income statement loaded into the system plus/minus
- **NIBT Total Book Adjustment**—Generally manual adjustments or automated amounts
- **NIBT Total Book Reclass**—Generally manual adjustments or automated amounts
- **Net Income Before Tax**—Also the starting point for the effective tax rate report. The following items are then added to or subtracted from this balance:
  - **Total Permanent Differences (GAAP to Stat)**—Combination of automated and manual amounts plus/minus
  - **Total Temporary Differences (GAAP to Stat)**—Combination of automated and manual amounts equals
  - **Local Statutory Net Income Before Tax**—Plus/minus
  - **Total Permanent Differences (Stat to Tax)**—Combination of automated and manual amounts plus/minus
  - **Total Temporary Differences (Stat to Tax)**—Combination of automated and manual amounts equals
  - **Deductible Income Tax**—Combination of automated and manual amounts depending on the nature of the deductible taxes equals
  - **Taxable Income Before Loss**—Plus/minus
• Tax Losses—Automated based on the jurisdictional setting and manual input in the current provision input schedules plus/minus
• Special Deductions—Automated based on the jurisdictional setting and manual input for dividends received deduction or other items equals
• Regional Taxable Income after National Loss and Special Deduction—Plus
• Deductible Income Tax Reversal—Equals
• Regional Tax Base—Plus
• Total Regional Permanent Differences—Plus
• Regional Tax Deduction—Plus
• Total Regional Temporary Differences—Equals
• Regional Taxable Income before Apportionment—Times
• Apportionment Rate—Equals
• Regional Apportioned Income—Plus
• Regional Apportionment Adjustments—Plus
• Regional Tax Losses—Equals
• Regional Taxable Income—Times
• Regional Tax Rate—Equals
• Regional Current Tax on Taxable Income—Plus
• Regional Total Tax Credits—Equals
• Regional Current Tax per Return—Plus
• Regional Provision Items—Combination of automated and manual adjustments on a tax-effected basis equals
• Regional Current Provision

The form contains the following members in the columns (across):
• CYSys—Current Year System—Current year book-tax difference automated in the current provision. This amount automatically flows to the temporary difference rollforward. Amounts for this column are automated and impact the current tax expense.
• CYAdj — Current Period Adjustment—Current year book-tax difference adjustments input in the current provision. This amount automatically flows to the temporary difference rollforward. Amounts for this column are automated and impact the current tax expense.
• CY—Current Period Total—The sum of CYSys and CYAdj.

Net Income Before Tax

Net Income Before Tax is automatically populated in the Current Provision form through the Tax Automation process. The system provides for several existing Net Income Before Tax adjustments, as well as the ability to configure adjustments for situations where the Net Income
Before Tax needs to be adjusted (for example, late adjustments, partnership income, and other). The system provides these Net Income Before Tax adjustments:

- Book Adjustment
- Book Reclassification

The Net Income Before Tax and Net Income Before Tax adjustments can be configured to be automated from the general ledger or manually input.

**Automated Setting:** If an account is configured as automated, the Net Income Before Tax automation process populates the current provision using both the local currency and the reporting currency values from the general ledger. This ensures that the Net Income Before Tax in Financial Management matches the financial statements.

**Manual Setting:** If an account is configured as manual, the value in this account is entered manually in the current provision and the system translates this value using the average FX rate in the system.

### Permanent and Temporary Differences

Permanent and temporary differences are categorized into two categories to account for the differences between GAAP and Statutory reporting requirements of entities:

- GAAP to Statutory adjustments
- Statutory to Tax adjustments

For some legal entities, the local tax regulations require a different basis of accounting from those of the parent. These entities use GAAP to Stat adjustments.

Entities that do not use or do not have GAAP to Statutory permanent or temporary differences (entities for which reporting standards and local tax regulations are the same) can use the Statutory to Tax permanent and temporary differences sections.

Temporary differences may be classified as current or noncurrent for purposes of determining the correct Balance Sheet classification.

The permanent and temporary difference amounts can be manually input or automated. The manual inputs also include adjustments to the automatically calculated values that may be needed.

### Deductible Regional/Other Taxes and Reversal

This section provides for the automatic deduction and reversal of regional taxes that are configured to be deductible in the system, as well as manual adjustments for other taxes that are deductible at the national level.

- **Regional Income Taxes**—An automated value that comes from the Regional Current Provision if the regional deduction is configured to be deductible plus/minus
• **Other Deductible Income Taxes**—A manual input for other taxes that are deductible at the national level equals

• **Deductible Income Tax**

**Tax Losses**

The system tracks tax losses in these categories:

• **Regional Tax Losses**—**Current**—Used to bring taxable income up to 0 for an entity with a loss in the current year which should be carried forward.

• **Regional Tax Losses**—**Carryforward**—Used to record the use of any net operating loss carryforward against the current year taxable income.

When configured, Tax Losses and Special Deductions from the Current Provision can be deductible by jurisdiction.

**Tax Credits**

The system tracks the effect of tax credits. Tax credits used in the current year are input in the Current Provision form and automatically flow to the gross temporary difference input schedule, thereby automating the calculation of the related deferred tax asset. The system then tracks tax credit carryforwards in the gross temporary difference rollforward, but not the detailed composition form (by year, expired). The detailed composition of individual tax credits (for example, year, expiration) can be tracked in the Tax Credits Form and Report; however, no automation is available.

**Additional Provision Items**

The system has additional provision items that are manually input or automated on a tax-effected basis. These items are used for taxes that are not based on taxable income multiplied by a tax rate or other adjustments that are reported in the current provision of the financial statements (for example, FIN48). These additional provision items impact the total tax provision and are reflected in the Effective Tax Rate (ETR) reports as Rate Reconciliation adjustments. Below is a list of additional provision items.

**Source**

• Additional 1

• Additional 2

• Additional 3

• Return to Accrual—Current Tax Expense—Automated

**Manual**

• Audit Adjustments—Current Tax Expense—(Current and Total Tax Expense)
• FIN48 Adjustments—Current Tax Expense—(Current and Total Tax Expense)
• Regional Tax Adjustments—Other

Calculated
• Return to Accrual—Current Tax Expense—Automated
• Permanent Equity Adjustments—Current Tax Expense—Automated
• Temporary Equity Adjustments—Current Tax Expense—Automated

Signage
The signage of the current provision is:

• Pretax income is reflected as a positive value, and a loss is reflected as a negative value. This signage is the same through the calculation of taxable income.

• Tax expense is reflected as a positive value, and a tax benefit is reflected as a negative value. This is true for the presentation of the calculated tax, credits, and additional provision items to arrive at the total current provision.

**Acquisitions Regional**

Acquisitions in the current year can be input in the Temporary Difference and Deferred Tax columns of the Acquisition form. The system does not calculate the deferred taxes. Any rate changes that result from acquisition amounts are calculated by the system.

Tax rate change adjustments in the system are recorded as P&L expense. To adjust the P&L for tax rate changes that should not affect the P&L, the changes should be entered to Impact to Tax Rate Changes - Adjustment.

The Acquisitions Regional form provides accounting for the following situations:

• The system allows for multiple acquisitions throughout the year.

• For each period, there is an acquisition input template that enables you to input values for each temporary difference, carryforward, credit, and valuation allowance for a company acquired in the current period.

**Temporary Differences Regional**

The Temporary Difference form is used to enter the temporary differences that are not automated in the system. Amounts include temporary differences, tax losses, tax credits, federal or state credits, and the related valuation allowances. You can also enter activity such as current-year and prior-year adjustments and nonprovision/equity items.

Each temporary difference may be set up as either Current or Non-Current for Balance Sheet classification purposes. To view these classifications, open the Temporary Differences Properties report. Temporary differences, Tax Losses, and Valuation Allowance (for example, current, noncurrent, and tax losses) adjustments are entered on a pretax basis. Tax credits and valuation
allowance—tax credits are entered on a tax-effected basis. The following valuation allowance accounts are provided:

- Current temporary differences
- Noncurrent temporary differences
- Tax Losses
- Tax Credits

All valuation allowances should be negative values, except for current year or other adjustment amounts that are meant to reduce the valuation allowance.

The form contains the following members in the columns (across):

- **Opening**—Opening Balance—The prior year end temporary differences. It is populated automatically.
- **PYAdj**—Prior Year Adjustment (Restatement)—Used when the opening balance of a deferred tax asset/(liability) must be restated with no impact on the provision. This adjustment affects only the beginning balance of the deferred tax asset/(liability) and does not impact the deferred provision. The amounts are entered manually.
- **OpenAdjusted**—Temporary Differences Balance as Adjusted—The beginning-of-year balance after adjustments and is calculated (Opening + PYAdj).
- **CYSys**—Current Year System—The current-year book-tax difference automated in the current provision. This amount automatically flows to the temporary difference rollforward. Amounts for this column are automated only and impact the deferred tax expense.
- **CYSysReversal**—Current Period System Reversal—The reversal of the current-year book-tax difference automated in the current provision. This amount is automated based on the setting of equity temporary differences at the account level. Amounts for this column impact the deferred tax expense.
- **CYSysTotal**—Current Period System Total—The sum of CYSys and CYSysReversal.
- **CYAdj**—Current Period Adjustment—The current-year book-tax difference input in the current provision. This amount automatically flows to the temporary difference rollforward. Amounts for this column are manually input and impact the deferred tax expense.
- **CYAdjReversal**—Current Period Adjustment Reversal—The reversal of the current year book-tax difference manually input in the current provision. This amount is automated based on the setting of equity temporary differences at the account level. Amounts for this column impact deferred tax expense.
- **CYAdjTotal**—Current Period Adjustment Total—The sum of CYAdj and CYAdjReversal.
- **CY**—Total Current Period—The sum of CYSysTotal and CYAdjTotal.
- **RTADO**—Return to Accrual—The adjustments to temporary differences based on the Return to Accrual form. This amount is automated from the Return to Accrual form and affects deferred tax expense.
- **AuditDO**—Audit Settlements—The adjustment to temporary differences resulting from audit settlements. This amount is manually entered to the temporary difference rollforward and affects deferred tax expense.
- **OtherDO** — Other Adjustments—The adjustment to temporary differences resulting from any other type of adjustment. This amount is manually entered to the temporary difference rollforward and affects deferred tax expense.

- **TransfersDO**—Transfers—The adjustment to temporary differences resulting from transfers of assets/liabilities and the related temporary differences. This amount is manually entered to the temporary difference rollforward and affects deferred tax expense.

- **PYAAdjDO**—Prior Year Adjustments—The adjustment to temporary differences resulting from prior year adjustments. This amount is manually entered to the temporary difference rollforward and affects deferred tax expense.

- **ContingencyDO**—Contingency—The adjustment to temporary differences resulting from tax contingencies related to temporary differences. This amount is manually entered to the temporary difference rollforward and affects deferred tax expense.

- **TempDiffCyTotal**—Temporary Differences P&L Total—The total of CY, RTADO, AuditDO, OtherDO, TransfersDO, PYAAdjDO, and ContingencyDO.

- **AcqNP**—Acquisitions—For the adjustment to temporary differences resulting from the acquisition of assets/liabilities and the related temporary differences. This amount is automatically transferred from the Acquisitions form. Amounts do not impact deferred tax expense.

- **DisposalsNP**—Disposals—For the adjustment to temporary differences resulting from the disposals of assets/liabilities and the related temporary differences. This amount is manually entered to the temporary difference rollforward and does not impact deferred tax expense.

- **EquitySysNP**—Equity System—For the adjustment to temporary differences resulting from equity transactions. This amount is automated based on equity temporary difference settings at the account level and does not impact the deferred tax expense.

- **EquityAdjNP**—Equity Adjustment—For the adjustment to temporary differences resulting from equity transactions. This amount is manually entered to the temporary difference rollforward and does not affect the deferred tax expense.

- **EquityNP**—Total Equity—EquitySysNP—The total of EquitySysNP and EquityAdjNP.

- **EquityRTA**—Equity RTA—For the adjustment to temporary differences resulting from equity transactions and return filing. This amount is automated based on equity temporary difference settings at the account level and does not impact the deferred tax expense.

- **EquityOtherNP**—Equity Other—For the adjustment to temporary differences resulting from all other equity transactions. This amount is manually input and does not impact the deferred tax expense.

- **EquityNPTotal**—Total Equity Activity—The sum of EquityNP, EquityRTA and EquityOtherNP.

- **TempDiffNPTotal**—Temporary Differences non P&L Total—The sum of AcqNP, DisposalsNP and EquityNPTotal.

- **Closing**—Temporary Differences Closing Balance—The sum of OpenAdjusted, TempDiffCYTotal and TempDiffNPTotal.

The form contains the following members in the rows (down):
- **TempGSTotal**—Total Temporary Differences (GAAP to Stat)—The parent of base accounts that are user-defined upon implementation.
- **TempSTTotal**—Total Temporary Differences (STAT to Tax)—The parent of base accounts that are user-defined upon implementation.
- **RTempTotal**—Regional Temporary Differences—The parent of a base account that is user-defined upon implementation.
- **RTaxLossesTotal**—Regional Tax Losses Total—The parent of a base account that is user-defined upon implementation.
- **RTaxCreditTotal**—Regional Tax Credits Total—The parent of a base account that is user-defined upon implementation.
- **RTaxAttribTotal**—Regional Tax Attributes—The parent of a base account that is user-defined upon implementation.
- **RVATotal**—Regional Valuation Allowance—The parent of a base account that is user-defined upon implementation.

### Deferred Tax Regional

The Deferred Tax form is used to view the deferred tax calculation.

The form contains the following members in the columns (across):

- **Opening**—Opening Balance—The tax effect of the prior year end temporary differences.
- **PYAdj**—Prior Year Adjustment (Restatement)—The tax effect of Prior year adjustments.
- **OpeningAdjusted**—Opening Balance as Adjusted—The sum of OpeningTotal + PYAdjTotal.
- **CYSys**—Current Year System—The tax effect of the current year book-tax difference automated in the current provision.
- **CYSysReversal**—Current Period System Reversal—The tax effect of the reversal of the current year book-tax difference automated in the current provision.
- **CYSysTotal**—Current Period System Total—The sum of CYSys and CYSysReversal.
- **CYAdj**—Current Period Adjustment—The tax effect of the current year book-tax difference input in the current provision.
- **CYAdjReversal**—Current Period Adjustment Reversal—The tax effect of the reversal of the current year book-tax difference manually input in the current provision.
- **CYAdjTotal**—Current Period Adjustment Total—The sum of CYAdj and CYAdjReversal.
- **CY**—Total Current Period—The sum of CYSysTotal and CYAdjTotal.
- **RTADO**—Return to Accrual—The tax effect of the adjustments to temporary differences based on the Return to Accrual form.
- **AuditDO**—Audit Settlements—The tax effect of the adjustment to temporary differences resulting from audit settlements.
- **OtherDO**—Other Adjustments—The tax effect of the adjustment to temporary differences resulting from any other type of adjustment.
- **TransfersDO**—Transfers—The tax effect of the adjustment to temporary differences resulting from transfers of assets/liabilities and the related temporary difference.
- **PYAAdjDO**—Prior Year Adjustments—The tax effect of the adjustment to temporary differences resulting from prior year adjustments.
- **ContingencyDO**—Contingency—The tax effect of the adjustment to temporary differences resulting from tax contingencies related to temporary differences.
- **TempDiffCyTotal**—Temporary Differences P&L Total—The total of CY, RTADO, AuditDO, OtherDO, TransfersDO, PYAAdjDO, and ContingencyDO.
- **RCOpen**—Impact from Change in Tax Rates—Opening—The tax effect of tax rate changes as it relates to the beginning balance.
- **RCCY**—Impact from Change in Tax Rates—Opening—The tax effect of tax rate changes as it relates to current year activity.
- **RCAcqNP**—Impact from Change in Tax Rates—Acquisitions—The tax effect of tax rate changes as it relates to acquisitions.
- **RCTotal**—Impact from Change in Tax Rates—The sum of RCOpen, RCCY and RCAcqNP.
- **CYTotal**—Total Deferred Tax Expense—The sum of CY, RTADO, AuditDO, OtherDO, TransfersDO, PYAAdjDO, ContingencyDO, and RCTotal.
- **AcqNP**—Acquisitions—The tax effect of the adjustment to temporary differences resulting from the acquisition of assets/liabilities and the related temporary difference.
- **RCAcqReversal**—Impact from Change in Tax Rates—Acquisitions—Reversal—The tax effect of the adjustment to rate. It is the reversal of the amount in RCAcqNP.
- **DisposalsNP**—Disposals—The tax effect of the adjustment to temporary differences resulting from the disposals of assets/liabilities and the related temporary difference.
- **EquitySysNP**—Equity System—The tax effect of the adjustment to temporary differences resulting from equity transactions.
- **EquityAdjNP**—Equity Adjustment—The tax effect of the adjustment to temporary differences resulting from equity transactions.
- **EquityNP**—Total Equity—EquitySysNP—The total of EquitySysNP and EquityAdjNP.
- **EquityRTA**—Equity RTA—The tax effect of the adjustment to temporary differences resulting from equity transactions and return filing.
- **EquityOtherNP**—Equity Other—The adjustment to temporary differences resulting from all other equity transactions. This amount is manually input and does not impact the deferred tax expense.
- **EquityNPTotal**—Total Equity Activity—The total adjustment to temporary differences resulting equity transactions. This is the sum of EquityNP, EquityRTA and EquityOtherNP.
- **NPTotal**—Total Non Provision Adjustments—The sum of AcqNP, RCAcqReversal, DisposalsNP, and EquityNPTotal.
● Closing—Temporary Differences Closing Balance—The sum of OpeningAdjusted, CYTotal and NPTotal.

The form contains the following members in the rows (down):

● TempGSTotal—Total Temporary Differences (GAAP to Stat)—These accounts are user-defined upon implementation.
● TempSTTotal—Total Temporary Differences (Stat to Tax)—These accounts are user-defined upon implementation.
● RTempTotal—Regional Temporary Differences—The parent of a base account that is user-defined upon implementation.
● RTaxLossesTotal—Regional Tax Losses Total—The parent of a base account that is user-defined upon implementation.
● RTaxCreditTotal—Regional Tax Credits Total—The parent of a base account that is user-defined upon implementation.
● RTaxAttribTotal—Regional Tax Attributes—The parent of a base account that is user-defined upon implementation.
● RVATotal—Regional Valuation Allowance—The parent of a base account that is user-defined upon implementation.

The form also provides the classification of deferred tax assets and liabilities as follows:

● Closing—Current Asset
● Closing—Current Liability
● Closing—Non-current Asset
● Closing—Non-current Liability

The Current or Non-Current setting, together with the value of the Closing—Total Closing Balance, defines in which column the amount is displayed. If this balance is positive, the amount is classified as an Asset. If this balance is negative, the amount is classified as a Liability. Valuation allowance is classified using a factor of -1 (for example, Closing *-1).

**Statutory Effective Tax Rate (ETR) Regional**

Tax Provision calculates the regional Effective Tax Rate (ETR) reconciliation automatically at the statutory rates. The Statutory Rate Reconciliation form captures the following items on a pretax and tax-effected basis:

● Net Income Before Tax Adjusted
● GAAP to STAT permanent differences
● STAT to TAX permanent differences
● Regional and additional taxes
● Special deductions
- Change in valuation allowance
- Additional provision items
- Effective tax rate

The statutory tax rate is the product of the current year statutory tax rate times the current year apportionment rate.

**Jurisdictional Netting**

Tax Provision provides the ability to calculate the adjustments required under various accounting standards with respect to Jurisdictional Netting of deferred tax assets and deferred tax liabilities. The administrator sets up an alternate entity hierarchy containing base entities that require Jurisdictional Netting. The application nets asset and liabilities at the parent level versus the entity level. You can compare the Jurisdiction Netted amounts versus the entity level to determine the consolidating adjustment required. The adjustment can be booked in accordance with your accounting policy.

**Return to Accrual Regional**

Tax Provision provides the ability to true-up the prior-year provision amounts. The tax provision is automatically populated in the form. The return data can be manually input or loaded in the application.

The application allows for multiple years to be analyzed and true-ups posted in the current period. Any data changes to the input schedule initiate automatic calculations to determine the Return to Accrual adjustments required in the current period provision for income taxes (for example, current provision, deferred provision, and so on). The amounts computed flow to the current provision as additional provision items, and into the Temporary Difference form, where the system default assumes all Return to Accrual adjustments impact deferred tax expenses only. Note that the system processes the Return to Accrual in period 13 or P13.

The Return to Accrual may be computed and booked during different quarters depending on the entity. For example, during a calendar year, Canadian entities may book the adjustment in Q3, while U.S. entities may book it in Q4. Therefore, the system is set up to compute a Return To Accrual difference only when a user populates the data, sets the period and year for booking, and calculates the form.

The form contains the following RollForward members (across):

- **CYSys**—Provision System—The automated amounts from the provision for the year specified in the POV.
- **CYAdj**—Provision Adjustment—The manually input amounts from the provision for the year specified in the POV.
- **CY**—Total Provision—The sum of CYSys and CYAdj.
- **CYSys**—Return System—The automated amounts from the return for the year specified in the POV.
- CYAdj—Return Adjustment—The manually input amounts from the return for the year specified in the POV.
- CY—Total Return—The sum of CYSys and CYAdj.
- CY—Return-to-Accrual Differences—The difference between the Total Provision and Total Return

When calculated, the amount flowing to the current provision is the amount in the account CurrentTaxReturn/Current Tax per Return. Differences for temporary differences flow automatically when calculated to the column in the temporary difference rollforward—RTADO—Return to Accrual.
In This Chapter

- Book versus Tax Schedules ................................................................. 45
- Tax in Equity ...................................................................................... 46
- Tax Risk Provision ............................................................................. 47
- Deferred Tax Not Recognized .......................................................... 47

Book versus Tax Schedules

Tax Provision provides the ability to rollforward book and tax account activity for the purposes of determining the current year and cumulative difference between book and tax basis. The Account dimension can be expanded to include any number of book and/or tax to be included in the analysis. The RollForward dimension can be configured in multiple views including vertical and horizontal. The RollForward dimension can also be configured to expand or change the columns or rows as required. Current year differences can be automated in the current provision or deferred tax rollforward with equity or P&L impact.

Several Book versus Tax schedules are included in Tax Provision.

The forms generally contain the following RollForward members:

- **OpeningBVT**—Opening Balance — The beginning balance rolling forward from the prior year.
- **PYAdjBVT**—Opening Adjustment (Restatement) — The manually input amount from the for prior year adjustments.
- **OpenAsAdjustedBVT**—Opening Balance As Adjusted — The sum of OpeningBVT and PYAdjBVT.
- **CYSysBVT**—Current Year P&L — The manually input amounts for changes in the book and tax balances that will impact tax expense.
- **PriorYearBVT**—Prior Year P&L — The manually input amounts for changes in the book and tax balances that originate from the prior year that will impact tax expense.
- **OtherDOBVT**—Other Adjustments — Any other manually input amounts for changes in the book and tax balances that will impact tax expense.
- **PLBVTTotal**—P&L Total — The sum of OpenAsAdjustedBVT, CYSysBVT, PriorYearBVT and OtherDOBVT.
- **AcqNPBVT—Acquisitions** — The manually input amounts for changes in the book and tax balances due to acquisitions that will not impact tax expense.

- **DisposalsNPBVT—Disposals** — The manually input amounts for changes in the book and tax balances due to disposals that will not impact tax expense.

- **EquityNPSysBVT—Current Year Equity** — The manually input amounts for changes in the book and tax balances for equity related accounts that will not impact tax expense.

- **EquityRTANPBVT—Prior Year Equity** — The manually input amounts for changes in the book and tax balances in equity related accounts that originate from the prior year that will not impact tax expense.

- **OtherEquityBVT—Other Equity** — Any other manually input amount for changes in the book and tax balances in equity related accounts that do not impact tax expense.

The forms generally contain the following Account members:

- **PPETotal-PPE Total** — The manually input amounts are entered into book and tax accounts such as PPE, PPE Investment Properties, PPE equipment, PPE Operating Lease, and so on.

- **IntangiblesTotal-Intangibles Total** — The manually input amounts are entered into book and tax accounts such as Intangible–Goodwill, Intangibles-Software, Intangibles-Licenses, and so on.

- **PensionTotal-Pension Total** — The manually input amounts are entered into book and tax accounts such as payments and accruals.

The forms generally contain the following DataCategory members:

- **BookBVT-Book** — The manually input amounts for changes in the book balances.

- **TaxBVT-Tax** — The manually input amounts for changes in the tax balances.

- **TotalBVT - Book vs Tax** — The difference between book and tax movements and basis.

### Tax in Equity

Tax Provision provides the ability to calculate the current tax charge in equity related accounts (for example, Gain/Loss from Available for Sale Securities, Cash Flow Hedges, and so on). Tax Provision also provides the ability to automatically transfer current year temporary difference amounts directly to the EquityAdjNP- Equity Adjustment column in the Temporary Difference form. The RollForward dimension can be expanded to include any number of equity type items.

The tax in equity calculation is as follows:

- **EquityGainLoss**—Automatically populated from the trial balance loaded into the application plus/minus

- **EquityBATotal-Total Book Adjustment**—Usually manual adjustments or automated amounts

- **EquityGainLossAdjusted**—The sum of EquityGainLoss and EquityBATotal

The following items are then added to/subtracted from this balance:
- Total Equity Permanent Differences—Manually entered adjustment amounts plus/minus
- Total Equity Temporary Differences—Manually entered adjustment amounts plus/minus equals
- Taxable Gain/(Loss) in Equity—Multiplied by
- Equity Tax Rate equals
- Equity Current Tax Charge on Gain/(Loss)-Plus/minus
- Total Equity Additional Provision Items—Manually entered amounts for additional tax adjustments to the current tax charge entered on a tax-effected basis equals
- Equity Current Tax Charge

**Tax Risk Provision**

Tax Provision provides the ability to rollforward the tax risk positions on a tax effected basis. The risk provisions are stored in the Accounts dimension. You can add any number of accounts to the form. The form features risk provisions summarized by amounts that impact both the current and deferred tax charge in the P&L and in equity. The columns include the beginning balance, current period activity including P&L and equity rolling up to the ending balance. Amounts entered in the schedule can be automated to the current and deferred tax charge using standard tax automation.

**Deferred Tax Not Recognized**

Tax Provision provides the ability to enter deferred tax amounts entered on a tax effected basis as P&L (impacting tax expense) or on a non P&L amount. The Deferred Tax Not Recognized form includes deferred tax amounts before deferred tax not recognized and a rollforward of the adjusted amounts. Amounts may be entered for each individual temporary difference account. The impact of the deferred tax not recognized rollforward can be seen in the Deferred Tax – IFRS form.
Journal Entry

Tax Provision provides a MS Excel worksheet template for the preparation of the tax journal entry. The journal entry is created in Smart View, the Excel add-in for the Tax Provision application. For more information, see the *Oracle Hyperion Smart View for Office User’s Guide*.

Generally, you use one of these methods to record taxes:

- Cumulative year-to-date (default method in worksheet)
- Change in year-to-date (for example, month/quarter)

When using cumulative year-to-date, you reverse tax entries the first day following the month/quarter end close. Therefore, the ending balances in the general ledger are the same as the beginning balance throughout the year. Consequently, you see the same opening balance as closing balance and this is not an error. This allows you to rebook the full YTD provision each month/quarter end close.

The following section shows a sample pro forma journal entry:
Tax Footnote

The tax footnote is created in Smart View, the Excel add-in for the Tax Provision application. For more information, see the Oracle Hyperion Smart View for Office User’s Guide.

The following section shows a sample pro forma tax footnote:
19. INCOME TAXES

The Income (loss) before provision (benefit) for income taxes includes the following components (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>Years Ended December 31,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
<td>2011</td>
</tr>
<tr>
<td>Domestic</td>
<td>$ 2,449</td>
<td>$ -</td>
</tr>
<tr>
<td>Foreign</td>
<td>$ 8,045</td>
<td>$ -</td>
</tr>
<tr>
<td>Total income before provision for income taxes</td>
<td>$ 10,494</td>
<td>$ -</td>
</tr>
</tbody>
</table>

Significant components of the income tax provision (benefit) are as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>Years Ended December 31,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
<td>2011</td>
</tr>
<tr>
<td>Domestic</td>
<td>$ 871</td>
<td>$ -</td>
</tr>
<tr>
<td>State, Provincial and local</td>
<td>$ 219</td>
<td>$ -</td>
</tr>
<tr>
<td>Foreign</td>
<td>$ 2,577</td>
<td>$ -</td>
</tr>
<tr>
<td>Total current (benefit) provision for income taxes</td>
<td>$ 3,668</td>
<td>$ -</td>
</tr>
<tr>
<td>Domestic</td>
<td>$ (302)</td>
<td>$ -</td>
</tr>
<tr>
<td>State, provincial and local</td>
<td>$ 81</td>
<td>$ -</td>
</tr>
<tr>
<td>Foreign</td>
<td>$ (231)</td>
<td>$ -</td>
</tr>
<tr>
<td>Total deferred (benefit) provision for income taxes</td>
<td>$ (452)</td>
<td>$ -</td>
</tr>
<tr>
<td>Total provision for income taxes</td>
<td>$ 3,216</td>
<td>$ -</td>
</tr>
</tbody>
</table>
The temporary differences that give rise to significant portions of the deferred income tax provision (benefit) are as follows (in thousands):

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation</td>
<td>$ (84)</td>
<td>$ -</td>
</tr>
<tr>
<td>Bad Debts</td>
<td>$ 73</td>
<td>$ -</td>
</tr>
<tr>
<td>Stock Compensation</td>
<td>$ 2</td>
<td>$ -</td>
</tr>
<tr>
<td>Credits &amp; NOLs</td>
<td>$ (496)</td>
<td>$ -</td>
</tr>
<tr>
<td>Other</td>
<td>$ (118)</td>
<td>$ -</td>
</tr>
<tr>
<td>Valuation Allowance</td>
<td>$ 172</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>Total deferred (benefit) provision for income taxes</strong></td>
<td><strong>$ (452)</strong></td>
<td><strong>$ -</strong></td>
</tr>
</tbody>
</table>

The reconciliation of income tax provision (benefit) computed at the U.S. federal statutory tax rate to the Company’s effective income tax provision (benefit) is as follows (in thousands):

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>US tax at statutory rate</td>
<td>$ 3,673</td>
<td>$ -</td>
</tr>
<tr>
<td>State income taxes, net of federal tax benefit</td>
<td>$ 257</td>
<td>$ -</td>
</tr>
<tr>
<td>Change in valuation allowance, net of related adjustments</td>
<td>$ 172</td>
<td>$ -</td>
</tr>
<tr>
<td>Return true-up</td>
<td>$ (40)</td>
<td>$ -</td>
</tr>
<tr>
<td>Foreign rate differential</td>
<td>$ (608)</td>
<td>$ -</td>
</tr>
<tr>
<td>Permanent differences</td>
<td>$ 309</td>
<td>$ -</td>
</tr>
<tr>
<td>Audit adjustments</td>
<td>$ (25)</td>
<td>$ -</td>
</tr>
<tr>
<td>Tax rate changes</td>
<td>$ (22)</td>
<td>$ -</td>
</tr>
<tr>
<td>Change in uncertain tax positions</td>
<td>$ 10</td>
<td>$ -</td>
</tr>
<tr>
<td>Deferred tax adjustments</td>
<td>$ (520)</td>
<td>$ -</td>
</tr>
<tr>
<td>Other</td>
<td>$ 11</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>Total provision for income taxes</strong></td>
<td><strong>$ 3,216</strong></td>
<td><strong>$ -</strong></td>
</tr>
</tbody>
</table>
The reconciliation of income tax provision (benefit) computed at the U.S. federal statutory tax rate to the Company's effective income tax provision (benefit) is as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>Years Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>US tax at statutory rate</td>
<td>$3,673</td>
</tr>
<tr>
<td>State income taxes, net of federal tax benefit</td>
<td>$257</td>
</tr>
<tr>
<td>Change in valuation allowance, net of related adjustments</td>
<td>$172</td>
</tr>
<tr>
<td>Return true-up</td>
<td>$ -</td>
</tr>
<tr>
<td>Foreign rate differential</td>
<td>$ -</td>
</tr>
<tr>
<td>Permanent differences</td>
<td>$ -</td>
</tr>
<tr>
<td>Audit adjustments</td>
<td>$ -</td>
</tr>
<tr>
<td>Tax rate changes</td>
<td>$ -</td>
</tr>
<tr>
<td>Change in uncertain tax positions</td>
<td>$ -</td>
</tr>
<tr>
<td>Deferred tax adjustments</td>
<td>$ -</td>
</tr>
<tr>
<td>Other</td>
<td>$11</td>
</tr>
<tr>
<td><strong>Total provision for income taxes</strong></td>
<td><strong>$3,216</strong></td>
</tr>
</tbody>
</table>

Deferred income taxes reflect...

The Company has been granted tax holidays...
Tax Account Navigation

In the Oracle Hyperion Tax Provision application, the data entry forms and financial reports are configured to have the valid Point of View (POV) for each Tax account. However, if additional analysis is needed, you can define customized grids for navigation. You can also define customized grids when using Oracle Hyperion Smart View for Office to access the data.

Below is the POV information to access some of the common Tax account data in the Tax application:

### Table 2  Tax Rates

<table>
<thead>
<tr>
<th>Dimension</th>
<th>CY Tax Rate</th>
<th>Consolidated Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scenario</td>
<td>Actual*</td>
<td>Actual*</td>
</tr>
<tr>
<td>Year</td>
<td>2012*</td>
<td>2012*</td>
</tr>
<tr>
<td>Period</td>
<td>P12*</td>
<td>P12*</td>
</tr>
<tr>
<td>View</td>
<td>YTD</td>
<td>YTD</td>
</tr>
<tr>
<td>Dimension</td>
<td>CY Tax Rate</td>
<td>Consolidated Tax Rate</td>
</tr>
<tr>
<td>----------------------</td>
<td>------------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>Entity</td>
<td>LE101</td>
<td>[None]</td>
</tr>
<tr>
<td>Value</td>
<td>&lt;Entity Currency&gt;</td>
<td>[None]</td>
</tr>
<tr>
<td>Account</td>
<td>TaxRateCY</td>
<td>TaxRateConsETR</td>
</tr>
<tr>
<td>ICP</td>
<td>[ICP None]</td>
<td>[ICP None]</td>
</tr>
<tr>
<td>RollForward</td>
<td>[None]</td>
<td>[None]</td>
</tr>
<tr>
<td>Jurisdiction</td>
<td>US **</td>
<td>[None]</td>
</tr>
<tr>
<td>ReportingStandard</td>
<td>[None]</td>
<td>[None]</td>
</tr>
<tr>
<td>DataCategory</td>
<td>[None]</td>
<td>[None]</td>
</tr>
<tr>
<td>TaxType</td>
<td>National ***</td>
<td>[None]</td>
</tr>
</tbody>
</table>

* Specify valid member for Scenario, Year, period, Entity as per the application

** Specify the valid Jurisdiction as per the Entity specified (per entity’s Domicile)

*** Specify National or Regional TaxType
Custom Properties Custom Screen

You can view the properties information in the Custom Properties custom screen.

**Note:** The Custom Properties screen only displays information if the tax application contains more than the required five dimensions.

The Custom Properties custom screen displays all of the applicable properties defined in metadata.

This screen is view-only. You must make any changes in the metadata file and then reload it into the application. You must recalculate data if there are property changes.
## Entity Properties

You can view the properties information in the Entity Properties screen.

The Entity Properties custom screen displays all of the applicable properties defined in metadata. You can display the Entity Description (default), Entity Label, or both. You can also rearrange the columns or suppress any of the columns. This screen is view-only. You must make changes in the metadata file and reload the file into the application. You must recalculate data if there are property changes.

## Permanent Account Properties

You can view the properties information in the Permanent Accounts Properties custom screen.

The Permanent Accounts Properties screen automatically displays the following base members for these parent accounts:
- NIBTBA
- NIBTBR
- PermSTTotal
- PermGSTotal
- RPermTotal
- TaxCreditTotal
- TaxAttribTotal
- CurrentAddtlSrcTotal
- CurrentAddtlManualTotal
- CurrentAddtlCalcTotal
- RTaxCreditTotal
- RTaxAttribTotal

For each account in row, the system displays all applicable properties defined in the metadata. You can display the Account Description (default), Account Label, or both.

You can also rearrange the columns or suppress any of the columns.

This screen is view-only. You must make any changes in the metadata file and reload the file into the application. You must recalculate data if there are property changes.

**Temporary Account Properties**

You can view the properties information in the Temporary Accounts Properties screen.

The Temporary Accounts Properties custom screen automatically displays the following base members for these parent accounts:

- TempSTTotal
For each account in row, the system displays all applicable properties defined in metadata. You can choose to display the Account Description (default), Account Label, or both.

You can also rearrange the columns or suppress any of the columns.

This screen is view-only. You must make any changes in the metadata file and reload the file into the application. You must recalculate data if there are property changes.

### Jurisdiction Properties

You can view the properties information in the Jurisdiction Properties custom screen.

The Jurisdiction Properties custom screen automatically displays all Jurisdiction members in the AllRegional hierarchies.
For each Jurisdiction member in the row, the system displays all applicable properties defined in metadata. You can choose to display the Jurisdiction Description (default), Jurisdiction Label, or both.

You can also rearrange the columns or suppress any of the columns.

This screen is view-only. You must make changes in the metadata file and reload the file into the application. You must recalculate data if there are property changes.

**Tax Automation**

Tax Automation is a key process to provide data for the core tax calculation. It represents the links between the Book data and the Tax data. After Trial Balance data is loaded into the application, the Application Administrator defines and runs the Tax Automation process to link tax-sensitive Book data to Tax accounts.

The Application Administrator manages the Tax Automation process using the Tax Automation Custom Screen. For users, this screen is view-only.

**Validations**

The Validations custom screen enables you to manually perform the metadata validation process. After the process is complete, if any metadata is invalid, the system displays warning or error messages with explanations.
To run the validation process:

1. From the Document Manager, open the **Validations** custom screen.
2. From the toolbar, click **Run Validations**.
**Glossary**

**Additional Provision**  Components of the tax provision that are applied after-tax. For example, an additional tax may be paid at a different tax rate. Often manually entered into the calculation.

**Balance Sheet Approach**  An alternate approach to provisioning that is very important in mainland Europe (particularly Germany). It is an incremental additional step to the traditional provision process that is used in different parts of the world.

**Book**  Term used to refer to the finance data and process. For example, the classic temporary difference, depreciation, is the difference in the amounts recorded for “Book depreciation” (also known as GAAP depreciation) and the amount recorded for tax depreciation.

**CTA—Cumulative Translation Adjustment**  A calculation resulting from foreign currency translation.

**Current Provision**  A primary tax calculation in the tax provision calculation. It calculates the corporations “Current Tax Expense” that is recorded on the P&L. At its simplest for the tax provision calculation, it is “Current Expense + Deferred Expense = Total Expense”.

**Deferred Provision**  A primary tax calculation in the tax provision calculation. It calculates the corporations “Deferred Tax Expense” that is recorded on the P&L. It is also a key driver of the deferred tax calculation on the balance sheet. At its simplest for the tax provision calculation, it is “Current Expense + Deferred Expense = Total Expense”.

**Deferred Tax**  A primary calculation in the Tax Provision. It calculates the Deferred tax amounts on the balance sheet. Among the more complex parts of the tax calculation.

**Equity Adjustment**  Some tax flows through the balance sheet instead of the P&L. These balances are recorded as “Equity Adjustments” in the equity section of the balance sheet. These are often manually entered into the tax provision.

**ETR—Effective Tax Rate**  The effective rate at which the company pays tax. The effective rate is almost always different than the statutory rate. This term is also used to refer to the “ETR Reconciliation” which is one of the primary disclosures and a key KPI for the tax department.

**Legal Entity**  The primary level of detail for calculating the provision. It represents the entity at which tax jurisdiction is applied.

**Permanent Difference**  One of two types of “tax differences” that are applied to GAAP income to arrive at taxable income, the other being “Temporary Difference”. The permanent difference has an effect on the current year only (because it is permanently different from GAAP rules). The classic example of a permanent difference is “Meals & Entertainment”.

**Pre Tax**  A term that is used as a contrast to “Tax Effected”. For example, the value of a deferred tax asset is entered as a “pretax” amount and the tax provision calculates the “tax effected” amount.

**Rate Reconciliation**  A primary tax disclosure and a key KPI for the tax department. It is a reconciliation of the Tax Expense (current + deferred). It reconciles the statutory Tax Rate (35% in the US) to the effective rate.

**Return-to-provision True-up**  A unique process that feeds into the Tax provision calculation. It compares last year’s tax return to last year’s Tax provision and identifies variances. The variances are then automatically moved into the tax provision calculation (specifically into the deferred provision). This process happens once a year. Tax returns are usually filed in August (eight months after the year-end). A key touch-point with the tax compliance process.
**Statutory Tax Rate**  The tax rate specific to the jurisdiction. For example, the corporate tax rate in the US is 35%, but in Canada it is 22.5%.

**Tax Account Rollforward—TARF**  A key report in the tax provision. It shows the theoretical movement of balances in the tax accounts (P&L and B/S) and compares them to the actual balances in the consolidation system. A key touch-point between tax and Financial Management (and or G/Ls).

**Tax Basis Balance Sheet**  A parallel process to the tax provision calculation. This is a mapping of tax data to book data (for example, tax permanent and temporary differences to accounts on the balance sheet). It is closely related to the “Balance Sheet Approach”.

**Tax Credit**  Corporations can earn tax credits that offset tax liability. The best-known example is the R&D Credit. Credits have special behavior in the Tax Provision calculation.

**Tax Data Automation**  An automated balance is a number that has been populated in the core calculation through the Tax Data Automation process. Typically, the automated balances are numbers that originated on the trial balance, have been calculated through the Tax Data Automation process, and result in a populated balance to a permanent difference or temporary difference.

**Tax Difference**  (also known as book-to-tax difference) Differences between GAAP income and Taxable Income. There are two types of Tax differences (permanent differences and temporary differences). The classic example of a permanent tax difference is Meals and Entertainment. The classic example of a temporary tax difference is tax depreciation as compared to book depreciation.

**Tax Effected**  Term is used in contrast to “Pre-Tax”. For example, the value of a deferred tax asset is entered as a “gross” amount and the tax provision calculates the “Tax Effected” amount.

**Tax Journal Entry**  The final step in the tax provision process. After the tax provision has been completed, the balance in the Tax Account Rollforward is compared to the balances in consolidation. The variance represents the “tax journal entry”, and must be exported from the tax system back to the consolidation system and/or G/L. It should be exported in a suitable debit/credit format for import into finance systems. This is a key touch-point between tax and Oracle Hyperion Financial Management (and or G/Ls).

**Tax Provision**  The process of calculating the quarterly and annual income tax expense and liability.

**Tax Reporting**  For purposes of development activities, a generic way to refer to tax provision. In fact, the term is slightly broader in scope than the tax provision; however, the terms can be synonymous.

**Tax-Sensitive**  Tax-sensitive refers to the nature of the tax impact of an account on the income statement or balance sheet. Accounts on the income statement are binary as they relates to tax sensitivity. The account either has different treatment between tax and book accounting, or it has identical treatment under both tax and book accounting. For example, the “meals & entertainment” expense is an account that is tax sensitive because it is treated differently for tax purpose (for example, M&E is only 50% deductible). However, salary expense is not tax-sensitive, because salary is treated the same for book and tax accounting.

**Temporary Difference**  One of two types of “tax differences” that are applied to GAAP income to arrive at taxable income, the other being “permanent difference”. The temporary difference has an effect on the current year provision as well as the deferred provision and deferred taxes. A tax difference is temporary because it may turn around over time. The classic example of a temporary difference is “depreciation”. Book and tax depreciate assets at different rates. In general, tax permits depreciation at a much faster rate than book. This generates a “tax difference”. However, when the book asset is completely depreciated, there is no more tax difference (book = zero and tax = zero).
## Index

| A | Acquisitions, 20  
|   | Acquisitions Regional, 37  
|   | apportionment rates, 13 |

| B | book adjustment  
|   | National, 16  
|   | Regional, 34  
| book reclassification  
|   | National, 16  
|   | Regional, 34  
| Book versus Tax schedules, 45 |

| C | Consolidated Effective Tax Rate (ETR), 26  
|   | Current Provision, 15  
|   | Current Provision Regional, 33  
| Custom Properties custom screen, 57  
|   | custom screens  
|   | Custom Properties, 57  
|   | Entity Properties, 58  
|   | Jurisdiction Properties, 60  
|   | Permanent Account Properties, 58  
|   | Tax Automation, 61  
|   | Temporary Account Properties, 59  
|   | Validations, 61 |

| D | data forms available, 10  
|   | deductible regional, 35  
| Deferred Tax, 23  
| Deferred Tax Not Recognized, 47  
| Deferred Tax Regional, 40 |

| E | Entity Properties custom screen, 58 |

| G | GAAP to STAT adjustments, 16 |

| I | IFRS Tax process, 45 |

| J | journal entry process, 49  
| Jurisdiction Properties custom screen, 60  
| Jurisdictional Netting, 43 |

| N | National tax process, 13  
| Net Income Before Tax  
|   | National, 16  
|   | Regional, 34 |

| P | Permanent Account Properties custom screen, 58  
| Point of View (POV) for common accounts, 54 |

| R | rate reconciliation adjustments, 36  
| Regional Tax process, 33  
| Return to Accrual, 29  
| Return to Accrual Regional, 43 |

| S | STAT to Tax adjustments, 16  
| Statutory Effective Tax Rate (ETR), 26  
| Statutory Effective Tax Rate (ETR) Regional, 42 |
Supplemental Schedule

- Balance Sheet adjustments, 30
- Fines and Penalties, 31

T

- Tax Account RollForward (TAR), 26
- Tax Automation
t  - custom screen, 61
tax automation process
t  - overview, 15
- Tax Basis Balance Sheet, 29
- Tax Credits, 19
- Tax Credits Regional, 36
- Tax footnote, 50
- Tax in Equity, 46
- Tax Losses, 19
- Tax Losses Regional, 36
tax provision process, 8
- Tax Rates form, 13
- Tax Risk Provision, 47
- Temporary Account Properties custom screen, 59
- Temporary Differences, 20
- Temporary Differences Regional, 37

U

- user roles, 9

V

- Validations custom screen, 61